

4th July 2024

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

Dear Sir/Ma'm,

Sub: Annual Report for the FY 2023-24 and Notice convening the 70th Annual General Meeting (AGM)

Pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Annual Report of the Company for the Financial Year 2023-24.

In accordance with the relevant circulars, the Notice convening the AGM and the Annual Report of the Company for the Financial Year 2023-24 are being sent through electronic mode to all the members of the Company whose email addresses are registered with the Company and/or Depository Participant(s).

The Notice convening the 70th AGM along with the Annual Report for the Financial Year 2023-24 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.

Kindly take the aforesaid on your record.

Thanking you.

Yours faithfully,
For Akzo Nobel India Limited

Rajiv L. Jha
Company Secretary & Compliance Officer
Membership No. F5948

Encl : as above

REPORT
2023-24

AkzoNobel

70 years
of transforming
with India



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This annual report can be downloaded from www.akzonobel.co.in



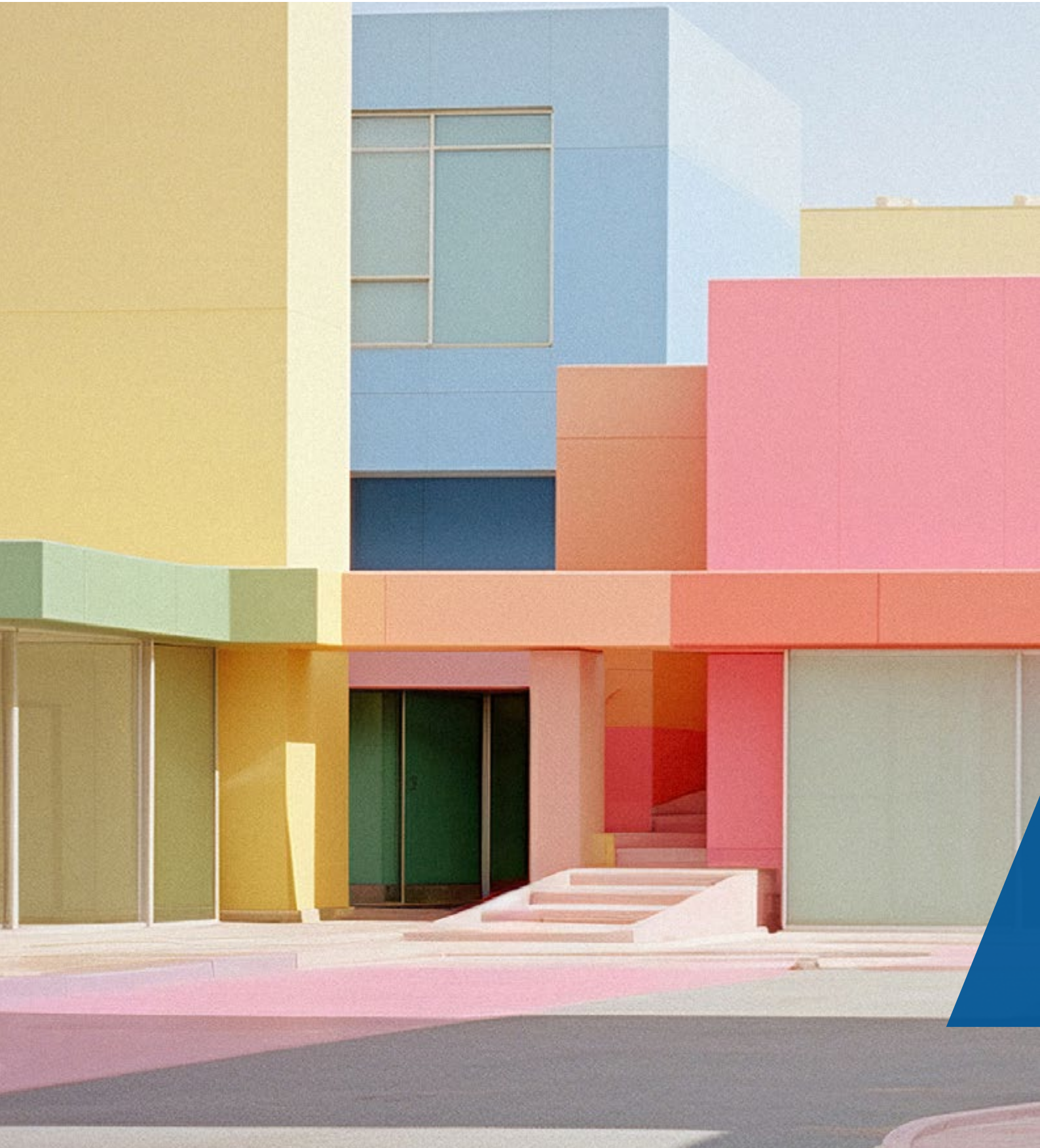


REFLECTIONS – AN EXTERIOR COLOUR STORY

Dulux Weathershield invites Indian consumers to translate the dream home exteriors they envisaged into a reality with the 'Reflections - An exterior colour story'. Our colour experts have distilled 100 hours of research, in-depth interviews with architects, interior designers and design editors into four thoughtfully curated themes and future-worthy colour palettes on nostalgia, nature, heritage and mindful expressions.

To know more and be inspired, scan the QR code.





Let's paint *the future together*

Ever since we first lifted the lid on our paints and coatings in 1792, we've been coloring people's lives and protecting what matters most. From deep underground, to homes, cities, transport and even outer space, we use our expertise and sustainable solutions to enhance and sustain the fabric of everyday life.

For us, every layer tells a story. So we focus on making the things you see and use every day do more than expected. We want to make the ordinary extraordinary, which means our sights are set on opening up a world of possibilities – and seeing potential where others can't. Because every surface is an opportunity and every challenge sparks our creativity.

It's about preserving the best of what we have today – and creating an even better tomorrow.

Let's paint the future together.

Message From Chairman & MD's Desk



As an integral contributor to India's unprecedented transformation, Akzo Nobel India's milestone 70th anniversary is a matter of great pride for us. Not only because we are coating almost every surface but more so going beyond to contribute to a more equitable future for communities in need through our CSR initiatives.



Rajiv Rajgopal

Chairman & Managing Director

70-years of partnering with India's transformation

Our journey started in 1954 and we now celebrate 70 years of contribution to the prosperity and development of India. Our wide range of sustainability-driven innovations across paint products (Decorative and Coatings) brought alive by the strength of our iconic global brands, including Dulux, International, Sikkens and Interpon is protecting and beautifying homes, and infrastructural sectors that touch lives everyday – be it on water, land or air – power, shipping, oil and gas, steel, construction, consumer durables, packaged food and beverages and more.

As an integral contributor to India's unprecedented transformation, Akzo Nobel India's milestone 70th anniversary is a matter of great pride for us. Not only because we are coating almost every surface but more so going beyond to contribute to a more equitable future for communities in need through our CSR initiatives, such as education of girl child and Project Indradhanush that promotes micro-entrepreneurship amongst rural women. Equally, this milestone is

an opportune moment to renew our commitment towards painting the future for India and our stakeholders.

India – the epicenter of the new global order

The global economy is projected to maintain its growth pace of 3.2 percent in 2024 and 2025 with a decline in inflation levels (as per the International Monetary Fund). The world too is convinced of India's role as one of the fastest-growing economies in 2024, with the robustness reflecting the continuing strength in domestic demand and a continuously rising working-age population. India's transition from the 11th largest economy in the world a decade ago to the 5th largest today with massive and sustained investments in both digital and physical public infrastructure augur well not only for the India of today, but also lay the foundation for the Viksit Bharat of tomorrow.

Opportunities galore in the Indian Paint and Coatings industry

Driven by new investments and sustained demand from both industrial

segments and end-users, the Indian Paints and Coatings industry continues to register vibrant growth. Increased government focus on affordable housing and infrastructure development, robust real estate demand, higher per-capita incomes driving new demand and shortened re-painting cycle and rise of new consumers in tier 3 and beyond geographies are some of the key reasons why the sectoral growth outlook continues to be robust. This attractiveness of the sector has also led to new entrants in the market. In turn, I am delighted to share that your Company continues to move from strength to strength and is geared up for meeting the requirements and expectations of the Viksit Bharat.

Our record performance

On the business front, building on our record growth trajectory for the third straight year, your Company closed FY'24 with new highs in absolute performance across revenue, gross margin, EBIT from operations and Profit After Tax. In performing so, our double-digit profitable momentum of five years gained further traction during FY'24.

While the pressure of industry-wide price corrections was witnessed in the later part of the fiscal, sustained raw material deflation and favourable mix allowed us to invest in brand visibility and growth, while delivering further margin and profit expansion. In parallel, continued improvement in working capital resulted in stronger operating cash flow.

India – a focus market

With India becoming the regional headquarters of the new 'South Asia' organization structure in decorative paints within AkzoNobel Group, the focus of AkzoNobel to grow in this key market is evident.

We are now in a unique position – leveraging AkzoNobel's global brands, expertise and breakthrough innovations with empowered decision making and faster speed to market acting as a tailwind to our profitable growth momentum in India.

Our India strategy

Building on our strong foundation, AkzoNobel strategy for India is aligned to the socio-economic and consumer demand shifts with a strong sustainability and innovation focus.

While continuing to strengthen our Premium product portfolio with differentiated offerings and investments across our operating segments, we are accelerating our play in mass market and value segments as well as increasing our width of play in adjacent categories.

In Decorative paints, our commitment to best-in-class quality was brought alive by Dulux Assurance™ - our first warranty program. Innovations such as the tintable shades in Sadolin range of premium PU wood coatings and specialized solutions like Dulux Weathershield Protect Rainproof as developed for high humidity and rainfall areas were launched for retail consumers. Our portfolio expansion continued in entry-level retail and professional segments.

Also contributing to our double-digit volume growth was sustained investment in our marquee brands, as exemplified with Rocking Star Yash becoming the new brand ambassador of our flagship Dulux Weathershield exterior emulsions, coupled with efficient spends.

Sustainability-driven innovation

Sustainability and innovation remained high on our strategic agenda, highlighted by the launch of several pioneering products designed to help our customers becoming more efficient with reduced carbon emissions. These include Interpon D 3020, our latest hyper durable powder coating for architectural aluminum that delivers required film thickness in a single coat compared to the three-coat liquid paints.

We also showcased our digital capability, as illustrated by our International HullCare – the marine industry's most environmentally sustainable hull management package to date that integrates big data performance monitoring with proven hull management techniques.

Now more than ever, digital power is enriching our customer experience. Case in point, the new My Interpon Portal for Powder Coatings. Digitalization is also transforming our operations – be it our distributor replenishment model in decorative paints, boosting productivity of Integrated Supply Chain to helping us make progress on our journey towards carbon-neutral factories.

Towards a sustainable future

Sustainability is at the core of our identity at AkzoNobel. It has been a core value for many years and forms an integral part of who we are. Our actions show how we are prioritizing the three focus pillars:

Producing durable solutions in a more sustainable manner, nearly 65% of our raw materials are sustainably sourced and we are already at 80% level with regard to circular use of materials.

Helping our customers become more sustainable, 33% of our portfolio now comprises of EPD (Environment Product Declaration) certified products.

By Empowering local communities and people, we continue to make a positive difference. With a strong DE&I focus, our Corporate Social Responsibility programs in the three identified areas of education, vocational skill training and community healthcare have benefitted communities in need, leading to financial inclusion, empowerment and healthcare at doorsteps. We also continued our efforts to be an employer of choice through the launch of our new employer engagement platform, Voices, which

saw 94% participation rate and a level of engagement that far surpassed the industry benchmark. The insights we gained from that are helping us further act to create an even better work environment where everyone can thrive.

Being recognized fuels our commitment

In this backdrop, it was invigorating to note that our robust Corporate Governance practices that guide us to conduct business in ethical, transparent and sustainable manner were validated with the Gold Award for Excellence in Business Responsibility and Sustainable Reporting from the Institute of Chartered Accountants of India in FY'24.

Sustained dividend payout

Committed to continuously creating long term value for you, our esteemed shareholders, your Company's Board has recommended a final dividend of ₹ 25/- per share, taking the aggregate dividend for FY'24 to ₹ 75/- per share, riding on yet another year of record performance,

Winning mind and market share

As we enter FY'25 with confidence and optimism, we are cognizant of the renewed competitive intensity in the Indian paints market. More importantly, Your Company is future-ready on all fronts. Further building on our two centuries of global expertise in Paints and Coatings with our differentiated strategy, sharp innovation focus and a bias for action, we're confident of our right to win the hearts and minds of Indian consumers on a long-term and sustainable basis.

Finally, on behalf of the Country Leadership team, I want to express my gratitude to you all, our shareholders, customers, suppliers, distributors, painters, regulators and other stakeholders, for your support throughout the FY24. I'd also like to thank our employees across India for their unflinching and remarkable efforts, thus cementing our position as the Top 2 in incremental growth in the paints industry. With your support in FY'25 and beyond, we are excited and committed to deliver a strong performance that furthers build on our profitable growth momentum.

Rajiv Rajgopal

Chairman & Managing Director

Board of Directors



Rajiv Rajgopal
Chairman and Managing Director
(DIN: 06685599)

Mr. Rajiv Rajgopal is the Managing Director of Akzo Nobel India Limited since November 2018. He has been appointed/re-designated as the Chairman and Managing Director of Akzo Nobel India Limited effective 16th November 2023.

With over 30 years of experience, Rajiv has worked across FMCG, Oil & Gas (Lubricants) and Telecom. He has rich experience in managing and leading diverse high-performance teams which resulted in strong business performances in the companies he has worked with.

He joined Akzo Nobel India in 2013 as Head of Sales and Marketing, Decorative Paints and was appointed as Country General Manager in 2014. Thereafter, in January 2017, Rajiv was appointed as the Regional Director, Performance Coatings, Middle East & Africa Continent and served on the Boards of several group companies in Middle-East and Africa.

Prior to joining Akzo Nobel India, Rajiv was the CEO - Broadband & Data at Bharti Airtel Limited. He had worked with organizations such as Hindustan Unilever and BP/Castrol India. Rajiv is a Chemical Engineer from University of Mumbai and an MMS (Marketing) from SP Jain, Mumbai. He has attended Management and leadership programs at Harvard Business School, INSEAD Singapore, Centre for Creative Leadership and ELT program at IMD Lausanne.



Krishna Rallapalli
Wholetime Director and CFO
(DIN: 03384607)

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

Krishna is a member of the Institute of Chartered Accountants of India (ICAI) with over 25 years of experience. He joined the Company in 2006 as the Regional Commercial Manager and subsequently became the Business Controller of Vehicle Refinish Business of the Company in 2010. Thereafter, in 2014, he moved to the role of Regional Financial Controller with the AkzoNobel Group. Before joining the Board, he was the Regional Commercial Controller, ASC BU for Asia within AkzoNobel Group. Prior to AkzoNobel, 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



Rohit G. Totla
Wholetime Director
(DIN: 10391749)

Mr. Rohit G. Totla is a Wholetime Director of the Company since 16th November 2023.

Rohit has a Degree in BE (Electronics) from Nagpur University, and PGDBM from Sydenham Institute of Management, Mumbai. He has also attended an Executive Program from Dale Carnegie and IMD, Lausanne.

Rohit has more than 23 years of work experience across organisations like Balsara Home Products (now Dabur India Limited) and Hindustan Coca Cola Beverages. He joined Akzo Nobel India in 2009 and had handled various roles as Regional Manager – West, Marketing Manager, General Manager Sales, Director Sales – Deco Paints, and as the Director-Commercial Excellence – South East South Asia region from 2022, where he led strategic commercial excellence function with focus on strategizing route to market, driving pricing, transformation projects, driving customer experience and excellence.



Amit Jain
Independent Director
(DIN: 01770475)

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 led businesses across FMCG, Entertainment, Media and Beauty sectors.

He started his career at ICI India (now Akzo Nobel India) and thereafter served in leadership roles with Coca-Cola in India and Asia. He was co-founder of Viacom18 and subsequently headed Viacom Asia.

Amit returned to serve as Managing Director of Akzo Nobel India in 2009 for 4 years before being appointed Managing Director for the AkzoNobel Decorative Business for North & West Europe. He has been a Non-Executive Director on the Board of Akzo Nobel India and was thereafter appointed as an Independent Director in 2021.

After leaving AkzoNobel, Amit joined L'Oréal India in 2018 as the Managing Director, responsible for driving the company's growth, and operations across India and South Asia, till 31st December 2022 and thereafter its Chairman until 31st December 2023. He is an Independent Director on the board of Jubilant Foodworks Limited and Independent Director and Chairman of Sanofi Consumer Healthcare India Limited. He is also the Chairman of the Modern Marketing Association (MMA) India.

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

Smriti Rekha Vijay
Independent Director
(DIN: 03305041)

Mrs. Smriti Rekha Vijay is an Independent Director of the Company since August 2019. She is the Chairperson of the Audit Committee and the CSR 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 a certified information systems auditor from ISACA and ICAI. She graduated with university rank in B Com 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.

Hemant Sahai
Independent Director
(DIN: 00088238)

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

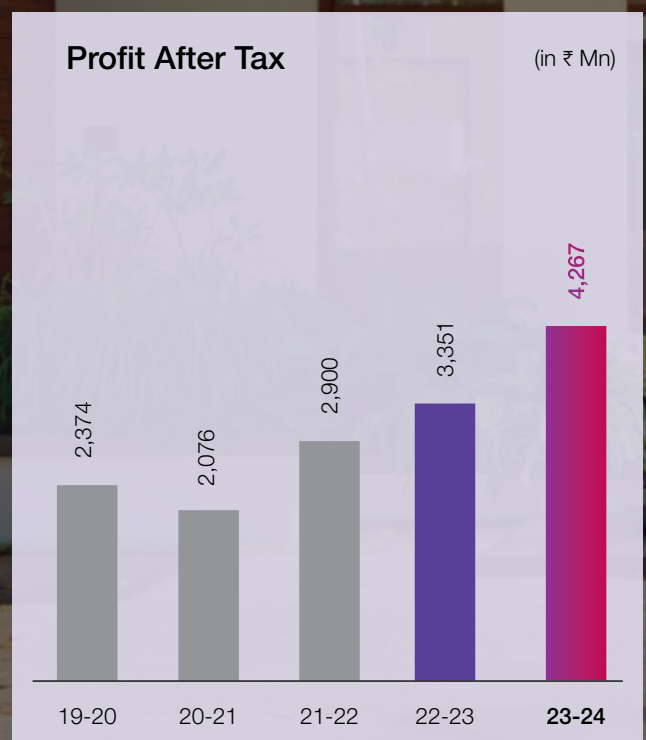
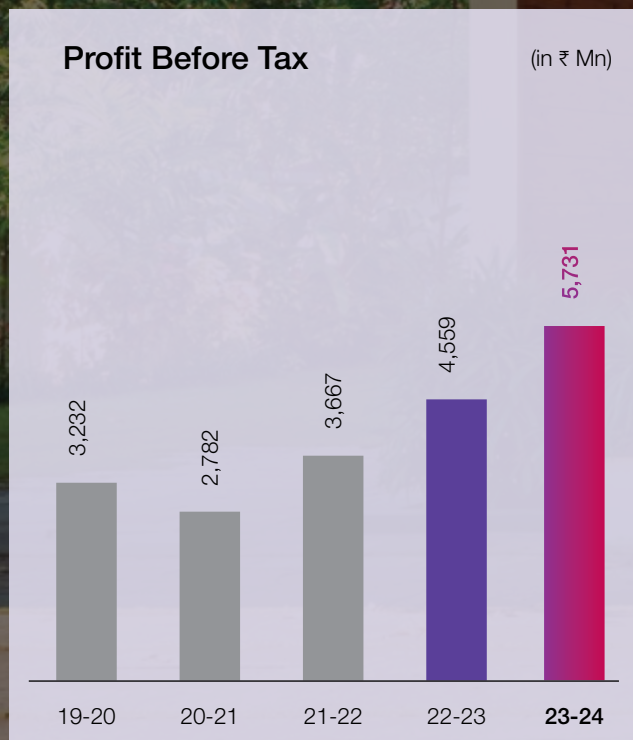
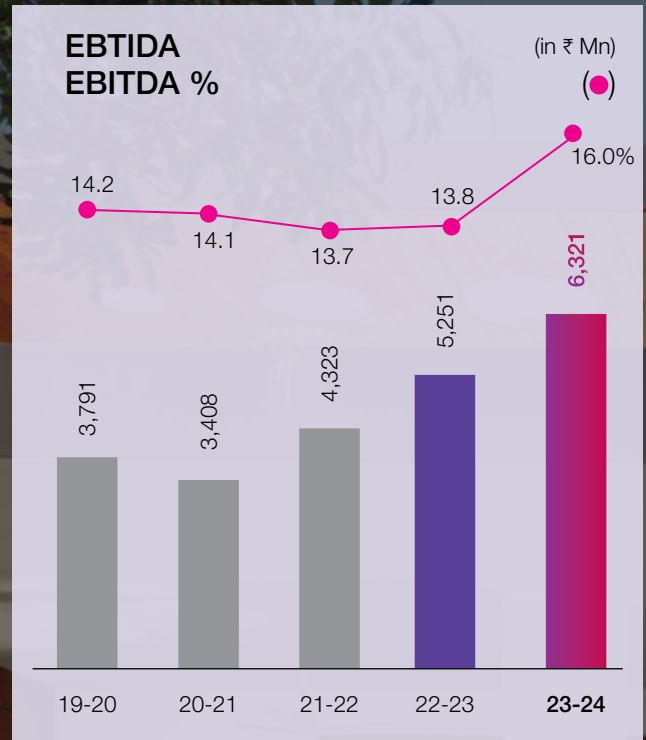
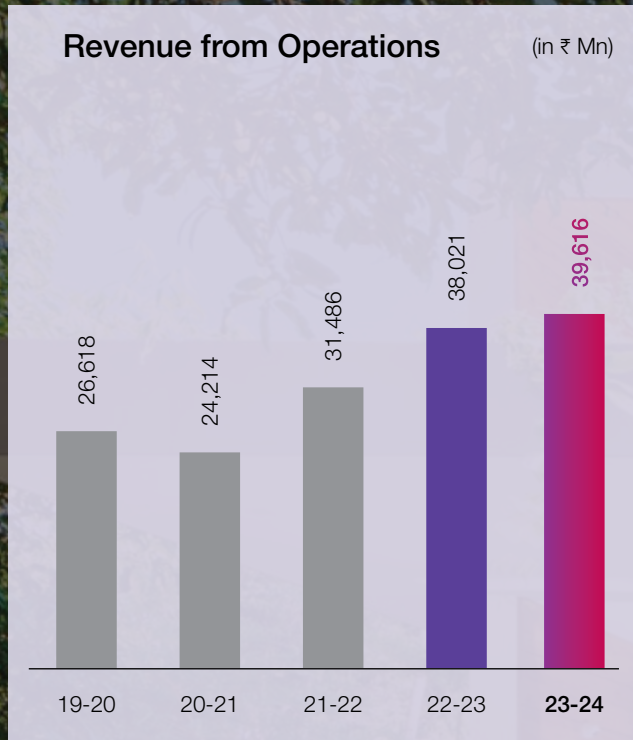
Hemant is the Founding Partner of HSA Advocates and is recognized by peers, clients, and diverse international legal publications such as Chambers-Asia Pacific, Chamber Global, Legal500, IBLJ, IFLR 1000, and several others as one of the leading lawyers in India.

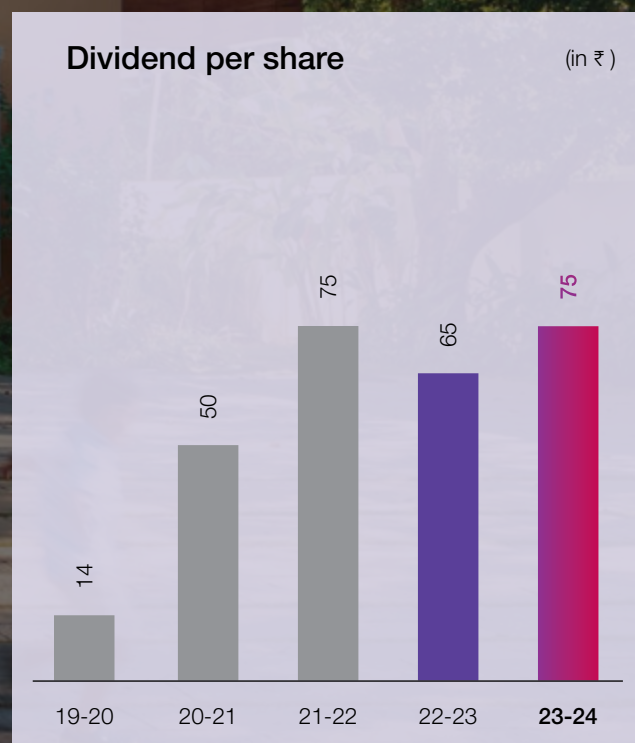
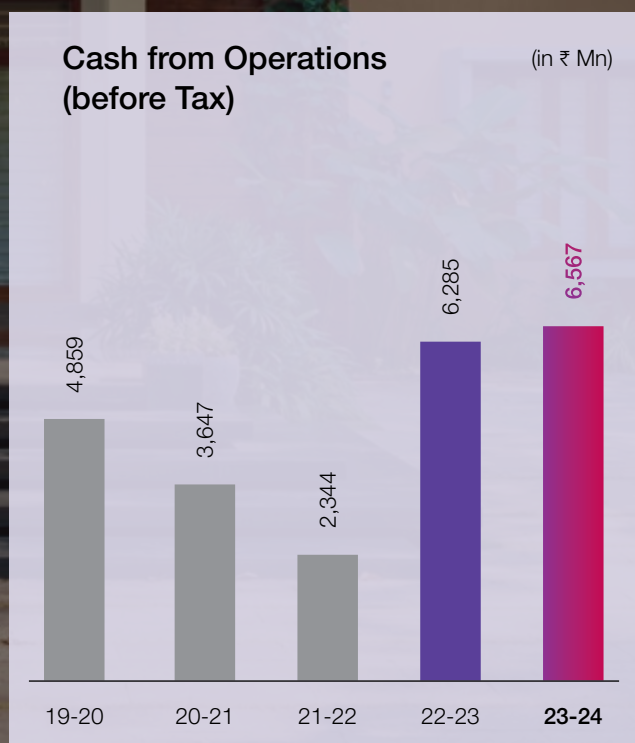
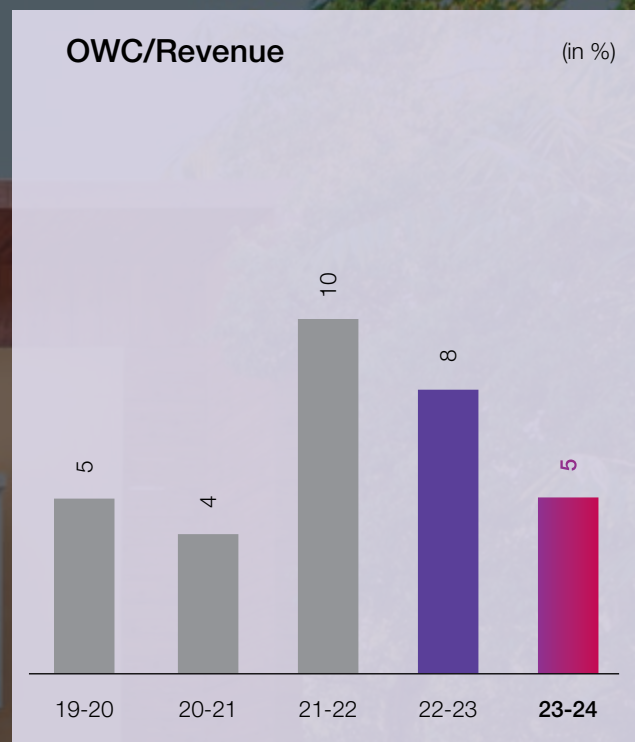
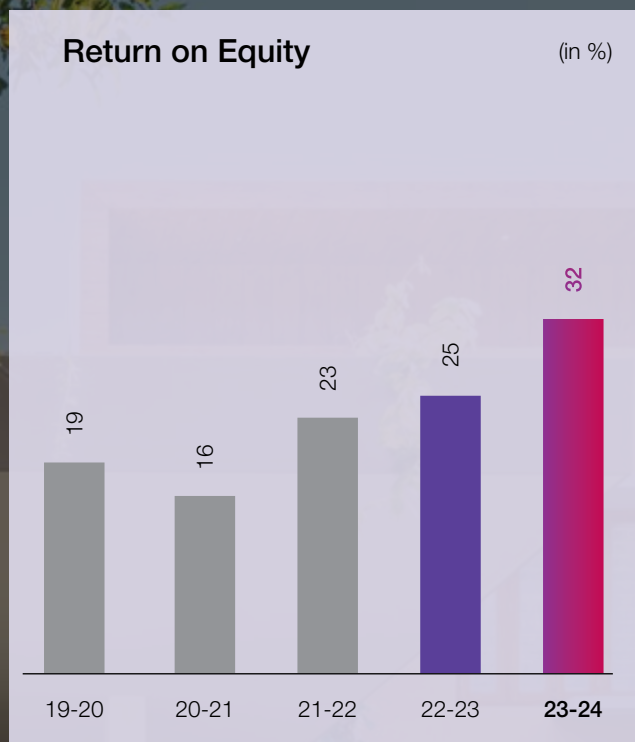
For more than three decades, Hemant has been a trusted legal counsel and strategic legal advisor to some of the largest corporations on corporate governance, mergers & acquisitions, SEBI matters, corporate finance & investment, tax-related matters, and regulatory affairs.

Hemant has served as an advisor to the Prime Minister's Office, Planning Commission, Niti Aayog, and several working groups and committees formed by top government bodies/institutions on policy issues and on matters of national importance. He has also been an adviser to central government ministries, PSUs, regulatory authorities, multilateral institutions (World Bank, IFC, ADB, etc.), banks, and financial institutions.

Hemant holds B Com (H) and LLB degrees from the University of Delhi. He is also an Independent Director on the boards of MB Power (Madhya Pradesh) Limited and SAEL Industries Limited, and a Director on the board of Longshorex Impex Private Limited.

Financial Performance Highlights





2023-24 Highlights



A record year of performance

₹39,616 mn
Highest-ever Revenue

16%
Highest ever profitability

13,292 mn
Net worth

32%
Return on Equity

₹6,567 mn
Cash generated from Operations

₹4,267 mn
Profit After Tax

₹93.7
Earnings Per Share
(Basic & Diluted)

₹75
Dividend per share - sustained
payout



Responsible manufacturing

₹4,365 mn
Property, Plant & Equipment*

5
No. of manufacturing units

65%
Raw material sustainably sourced

~5%
Input material sourced directly
from MSMEs/small producers

48%
Renewable energy

Zero Liquid Discharge

Zero waste to landfill

80%
Circular use of materials

100%
Compliance to Plastic Waste
Management Rules



Innovation focus

₹114 mn
R&D Spend

2
No. of centres

33%
EPD certified products
contribution to overall portfolio

* Other than Rights of Use assets



Human capital

1,533

Permanent employees

₹25.8 mn

Productivity (Revenue per permanent employee)

11%

Diversity ratio

7.02%

Increment in median remuneration

Zero tolerance policy towards harassment

Ensuring a safe workplace



Social impact

₹77.47 mn

CSR spend

3

Aspirational districts

50%

Vocational skill students are females and D&I candidates

65%

Women & children beneficiaries under Health teleconsultation

70%

Customer complaints closed during the year



Strong Governance

Amongst the best governed companies

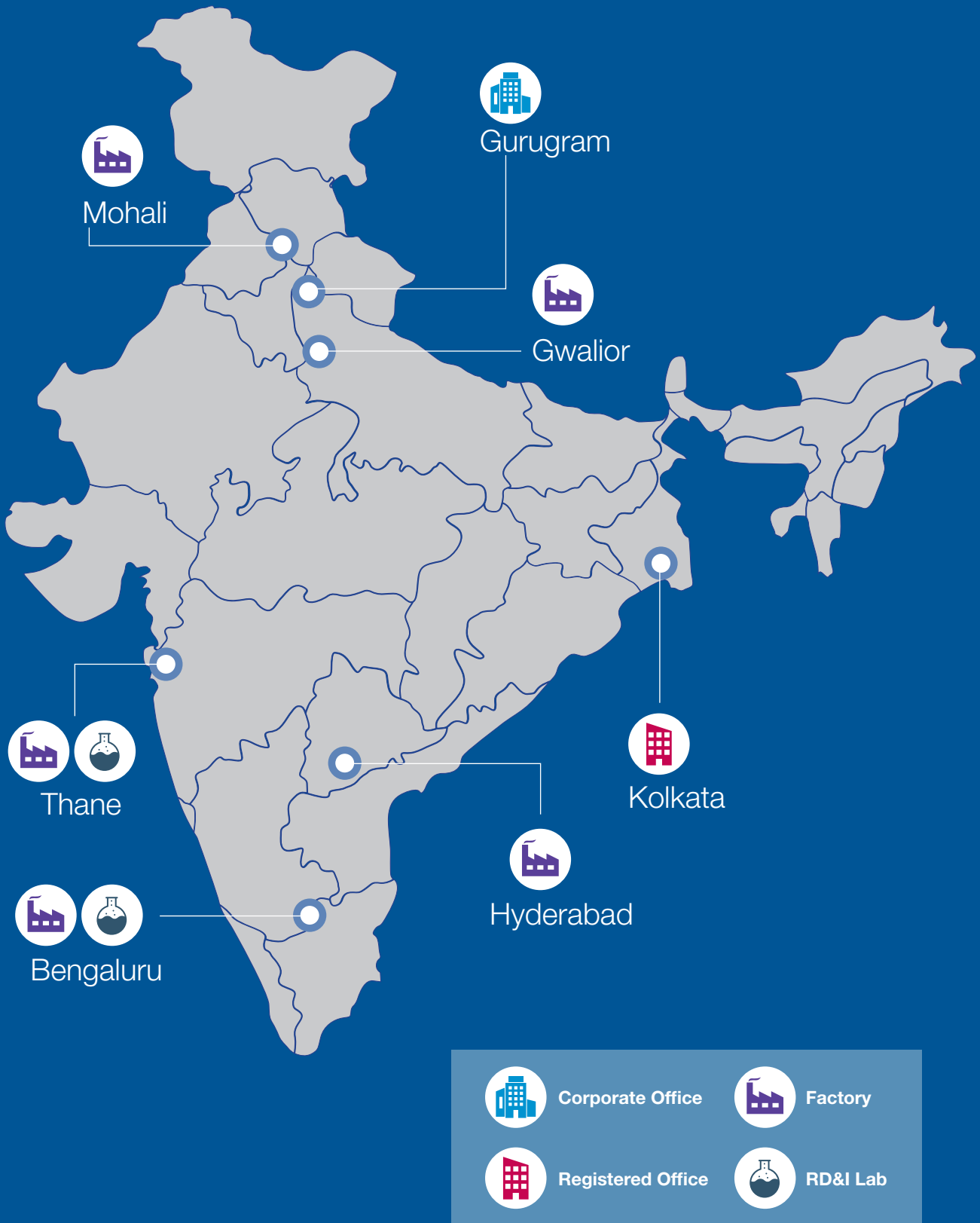
100%

Independent Audit Committee

50%

of Board comprising Independent Directors

Our Presence



Recent years at a glance

(₹ in million)

BALANCE SHEET	2019-20	2020-21	2021-22	2022-23	2023-24
Assets					
Property, Plant & Equipment	5,894	5,593	5,616	5,833	6,448
Current & Non Current Investments	840	5	*	*	*
Current & Non Current Assets	15,482	18,535	18,719	19,767	22,582
Total Assets	22,216	24,133	24,335	25,600	29,030
Equity & Liabilities					
Share Capital	455	455	455	455	455
Reserves	11,918	12,421	12,133	12,701	12,837
Shareholder Funds	12,373	12,877	12,588	13,156	13,292
Total Liabilities	9,843	11,256	11,747	12,444	15,738
Total equity and liabilities	22,216	24,133	24,335	25,600	29,030

STATEMENT OF PROFIT AND LOSS	2019-20	2020-21	2021-22	2022-23	2022-23
Revenue from operations	26,618	24,214	31,486	38,021	39,616
Other income	376	232	227	274	358
Total income	26,994	24,446	31,713	38,294	39,974
Depreciation & Amortisation Expense	790	755	759	825	823
Finance Cost	93	103	145	141	125
Profit before exceptional items and tax	3,284	2,782	3,647	4,559	5,731
Exceptional items	(52)	-	20	-	-
Taxation	858	706	767	1,208	1,464
Profit After Tax	2,374	2,076	2,900	3,351	4,267
Earnings per share (₹)	52.13	45.60	63.68	73.58	93.70
Equity Dividend (₹ per share)	14.00	50.00	75.00	65.00	75.00

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

Notes:

1. All figures pertain to standalone financial statements
2. Prior years figures have been regrouped or reclassified where necessary

Company Information

Board of Directors

Rajiv Rajgopal

Chairman and Managing Director

Krishna Rallapalli

Wholetime Director and CFO

Rohit G. Totla

Wholetime Director

Amit Jain

Independent Director

Smriti Rekha Vijay

Independent Director

Hemant Sahai

Independent Director

Company Secretary & Compliance Officer

Rajiv L. Jha

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

Email: investor.india@akzonobel.com

Customer Care

Email: customercare.india@akzonobel.com

Helpline: 1800 3000 4455

Corporate Identity Number (CIN)

L24292WB1954PLC021516

Registrar and Share Transfer Agent

C B Management Services (P) Limited
P-22, Bondel Road
Kolkata 700 019, India

Tel: +91 33 40116700

Fax: +91 33 40116739

Email: rta@cbmsl.com

Auditors

Price Waterhouse Chartered Accountants LLP

Bankers

Deutsche Bank

AXIS Bank

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

Rajiv Rajgopal (Permanent Invitee)

Stakeholders Relationship Committee

Hemant Sahai (Chairman)

Rajiv Rajgopal

Krishna Rallapalli

CSR Committee

Smriti Rekha Vijay (Chairperson)

Rajiv Rajgopal

Krishna Rallapalli

Rohit G. Totla

Risk Management Committee

Amit Jain (Chairman)

Rajiv Rajgopal

Krishna Rallapalli

Rohit G. Totla

Hemant Sahai

Smriti Rekha Vijay

Neelima Kataria

Sumit Khataja

Dipanjan Mitra

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Futura your world

AkzoNobel's Powder Coatings introduced the new Interpon Futura Collection revealing three brand new, on-trend colour palettes - helping architects and designers connect to the latest developments in the built environment. A result of rigorous testing and scientific research by AkzoNobel's trend and colour specialists, the Collection marries beauty, science and sustainability with its world class colours, textures and finishes with super durable performance.

Board's Report

Dear Members,

The Board of Directors of your Company hereby presents the 70th report on the business and operations of your Company along with the audited financial statements for the Financial Year ended 31st March 2024.

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 and Technology Centre, on which the Company exercises effective control.

The highlights of the performance during the financial year under Report are:

	(₹ million)			
	Standalone		Consolidated	
	2023-24	2022-23	2023-24	2022-23
Revenue from Operations	39,616	38,021	39,616	38,021
Operating Profit (EBITDA)	6,321	5,251	6,320	5,251
Depreciation	(823)	(825)	(823)	(825)
Other Income net of finance costs	233	133	233	133
Profit before tax	5,731	4,559	5,730	4,559
Tax	(1,464)	(1,208)	(1,464)	(1,208)
Profit after tax	4,267	3,351	4,266	3,351

	(₹ million)			
	Standalone		Consolidated	
	2023-24	2022-23	2023-24	2022-23
Debtors Turnover	7.0	7.3	7.0	7.3
Inventory Turnover	3.7	3.6	3.7	3.6
Interest Coverage	50.6	37.3	50.6	37.3
Current Ratio	1.3	1.5	1.3	1.5
Operating Profit Margin (%)	16.0	13.8	16.0	13.8
Net Profit Margin (%)	10.8	8.8	10.8	8.8
Return on Net Worth (%)	32.3	26.0	32.2	26.0
Debt/ Equity (%)	4.5	5.3	4.5	5.3

Akzo Nobel India Limited ("the Company" or "your Company") achieved yet another record performance in FY 2023-24 with new highs in absolute performance across revenue, gross margin, EBIT from operations and PAT. Supported by benign raw material costs, your Company continued to deliver double-digit profitability for the Fifth (5th) year in a row as a testament to its resilient business model and strategic priorities.

Growth in your Company's Decorative Paints business vertical was driven mainly by product launches (with innovative advancements in our Dulux Professional range) in urban markets, and a thriving projects business. Your Company continued to focus on building brands, winning logos, distribution, and growing its Mass & Economy portfolio. Despite increasing competitive intensity, your Company continued making strides in its market share in the Premium product portfolio and adjacencies.

The business performance of your Company's Coatings vertical was built around technology, sustainable products and strong alliances. Supported by a conducive business environment, the

infrastructure, power and automotive industries remained the major demand drivers in this business vertical.

To maintain its competitive edge, your Company continued to leverage global R&D and technologies thus ensuring a steady stream of innovative products tailored specifically for the Indian market and consumer preferences and choices.

Dividend

Your Company has been following a Dividend Distribution Policy (as approved by the Board) while distributing profits to its shareholders and creating wealth for them over the years. 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 Dividend Distribution Policy is available on the Company's website and can be accessed at <https://akzonobel.co.in/pdf/policy/Dividend-Distribution-Policy.pdf>.

Your Board of Directors, at its meeting held on 6th February 2024, approved an interim dividend of ₹ 50/- per equity share. This dividend was paid by the Company by 4th March 2024 to those shareholders whose names were appearing in the Register of Members as on 16th February 2024, being the Record Date for the aforesaid interim dividend. Your Directors are pleased to recommend a Final Dividend of ₹ 25/- per equity share for the Financial Year ended 31st March 2024 in addition to the aforesaid interim dividend paid during the said Financial Year 2023-24. The Final Dividend, once approved by the Members at the ensuing 70th Annual General Meeting (as scheduled on 1st August 2024), will be paid to those Members whose names appear in the Register of Members as on 25th July 2024 (Record Date). The total dividend for the Financial Year 2023-24, including the proposed Final Dividend, thus amounts to ₹ 75/- per equity share.

Pursuant to the provisions of the Income-tax Act 1961, the dividend income is taxable in the hands of the Shareholders and the Company is required to deduct tax at source from such dividend at the prescribed rates. A communication providing detailed information and instructions with respect to tax on the Final Dividend for the Financial Year ended 31st March 2024 is being sent separately to the Shareholders. Your Company shall, accordingly, deduct tax, as applicable, before making the said dividend payments.

Unclaimed Dividend

Details of dividend paid by the Company earlier and not claimed so far are provided in the Corporate Governance Report appended to the Board's Report.

Shares under Unclaimed Suspense Account

Details of equity shares of the Company lying in Unclaimed Suspense Account, as on 31st March 2024, as per the provisions of Regulations 34 and 39 read with Schedule V(F) of Listing Regulations, are provided in the Corporate Governance Report forming part of the Board's Report.

Transfer to Reserves

During the Financial Year under Report, there was no amount transferred to the Reserves.

Business Environment & Outlook

The Paints industry's prospects are intricately connected to the overall growth of the country's economy. India's huge population, positive demographics, increasing urbanisation, increasing disposable income, recovering automotive industry, and the government's push on infrastructure development are some of the factors which are, directly and indirectly, driving the demand of paints (both decorative and coatings products) in India.

On the flip side, fluctuations in raw material prices and stringent environmental regulations regarding volatile organic compounds (VOC) are likely to hamper the market's growth. The use of nanotechnology in the paints and coatings industry and the rising

demand for eco-friendly paints are expected to offer various market growth opportunities in the near future.

By focusing on innovation, customer-centric strategies, and leveraging its strengths, your Company is well-positioned to capitalize on the anticipated growth opportunities and overcome potential challenges.

Subsidiary

In August 2022, as part of entity restructuring plan, the Board of Directors and members of Company's subsidiary namely ICI India Research and Technology Centre ("ICI R&T") approved the proposal to convert itself into a Private Limited Company from Section 8 Company Limited by Guarantee. Pursuant to that, an application was submitted with the jurisdictional Regional Director, Ministry of Corporate Affairs for such conversion. To that, the Regional Director granted its approval (vide letter dated 10th May 2024) for conversion of ICI R&T into other than Section 8 Company and approved the change of name of the Company as ICI India Research and Technology Centre Private Limited after aforesaid conversion. Reference in this regard can be from Note No. 5.1 of the Financial Statements forming part of this Annual Report.

Pursuant to Section 129(3) 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 and Technology Centre (in Form AOC-1) forms part of this Annual Report. The Consolidated Financial Statements presented in this Annual Report include the financial results of the aforesaid 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 of the Company at the registered office of the Company during business hours on all days up to the date of the 70th Annual General Meeting ('AGM') of the Company. If required, Members are requested to email a request for obtaining a copy of the said financial statements at investor.india@akzonobel.com so that the necessary arrangements can be made at the registered office of the Company. The Financial Statements including the Consolidated Financial Statements and all other documents required to be attached to this Report are also available on the website of the Company at www.akzonobel.co.in.

Share Capital

The paid-up share capital of the Company as on 31st March 2024 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).

Management Discussion and Analysis

Industry structure and developments

Paints & Coatings industry in India encompasses a diverse range of products and applications, catering to architectural and industrial sectors. With a strong emphasis on aesthetics, protection, and sustainability, this industry plays a crucial role in enhancing the visual appeal and longevity of surfaces across these sectors.

As per the Indian Paints Association, the paints & coatings industry in India is estimated to be US\$ 8.5 billion in value and 6.3 million MTPA by volume comprising the architectural sector, which accounts for nearly 70% of the paint industry and is the largest segment, while industrial segment accounts for 30% of the total consumption.

The paints market is being driven by technological advancements, sustainability and changing regulations. Innovations in paint formulations, increasing efficiency in manufacturing through digitalization and greater focus on waste reduction and reduced carbon footprints were some of the trends witnessed during the year under Report.

The coatings market is driven by expected GDP growth, increasing per capita income, urbanization, and sustainability focus, thus poised for a 6% CAGR from 2022 to 2026. Government initiatives, including a US\$ 500 million Electric Vehicle Policy, aim to bolster local manufacturing and position India as a premier EV manufacturing hub. The automotive sector experienced an encouraging volume growth driven by the migration to electric vehicles (EV) and battery pack localization.

Higher disposable income, rapid urbanization and evolving customer lifestyle preferences are boosting consumerism and thereby demand for Decorative Paints. The growth in Indian manufacturing, mobility and infrastructure is spurring investments in the Industrial Coatings sector led by powder coatings which is undergoing the fastest growth across India.

To cater to this rising demand, market players are investing in capacity and network expansion, accentuated by the presence of new players in the paints & coatings industry.



Rocking star Yash - the new brand ambassador for Dulux Weathershield

"It's Colourful. It's Powerful" campaign for the Dulux Weathershield range of super-premium exterior emulsions featuring superstar Yash linked the powerful personality that Yash commands with our flagship Dulux Weathershield Powerflex. This pan-India marketing campaign went live across television, connected TV and digital mediums during the Tata Indian Premier League 2024 with the aim to further strengthen the association of Dulux Weathershield Powerflex with Indian paint consumers seeking high performance and bold aesthetics.

Business Performance

Decorative Paints

2023-24 summary

Your Company's Decorative Paints business offers a wide variety of products for every situation and surface spreading across paints, lacquers and varnishes as well as supplying a range of tinting machines, color concepts and training initiatives to the building, infrastructure and renovation industry.

Although there was some headwind in the later part of the year under Report leading to demand constraints and price corrections, the long term fundamentals for the industry remain strong owing to rising urbanization, infrastructure development and increased government spending on affordable housing.

For your Company, the year under Report was characterized by innovative product offerings in the existing lines and upgrades with propositions that not only provided customer delight but also sustainability benefits. We also worked on filling portfolio gaps, bringing innovative solutions across categories and price points. Distribution expansion supported our growth journey with presence in over 5,000 towns.

Success Stories



Presenting Dulux Assurance™ : First warranty program for Dulux consumers in India

Dulux wins the “Most Trusted Brand of India” award for the second consecutive year!

A fresh coat of paint renews more than just walls! At Dulux, we know that it goes beyond... to empowering people to flourish through colours. That's why we are delighted to win the award, a true validation of the trust that consumer have on our quality, backed by centuries of expertise and innovation.

For 70 years, Dulux brand's reputation is built on superior quality and innovation. Taking this further is Dulux Assurance™ Warranty Program, our commitment to back unmatched quality with an unbeatable warranty.

The extensive warranty program covers 17 Dulux products across home interior and exteriors including the Dulux Aquatech range of waterproofing solutions with warranty coverage on applicable products going up to 15 years, making it truly 'A Coat of Trust in Every Stroke'.

Innovations and Renovations



Dulux Weathershield Protect Rainproof ^{NEW}

Powered with the Rain Shield Technology, this premium acrylic exterior emulsion is specially developed for high humidity and rainfall areas. It provides protection against fungal and algae attacks, and comes with a 7-year warranty.



Dulux Professional Interior A100 ^{NEW}

Our debut affordable acrylic distemper introduced in the Dulux Professional range combines superior coverage with anti-chalking properties. Packed with international quality pigments that give a fresh matte finish to project interiors, it is available in over 3,000 shades.



Reimagining wood finishes with power of intense colour ^{NEW}

Powered by the advanced Spectrum universal tinting machine, the complete range of Sadolin PU range of premium wood coatings by Dulux is reimagining wood finishes. Our woodcare portfolio now enhances the overall customer value proposition with more than 2,000 high-opacity intense colours, available in both matte and gloss finishes.

Dulux PU Enamel 12-in-1 ^{UPGRADE}

An industry first 12-in-1 value proposition, this high-gloss enamel interior and exterior paint gives a luxurious, ultra-rich gloss finish to metal and wooden surfaces. Its PU (Polyurethane) reinforced Dura-Tough technology delivers superior anti-rust, anti-yellowing, anti-fungal, anti-bacterial benefits with enhanced durability due to longer lasting colours, high gloss retention, smooth finish, superior opacity, superior coverage, and superior adhesion of paint film.

Dulux SuperCover Ultra with Silicon Technology ^{UPGRADE}

With the new Silicon Technology, this upgrade delivers enhanced superior whiteness and opacity, features that aim to further drive consumer upgrades and conversion in the entry level premium emulsion.

Premium exterior primer range ^{UPGRADE}

The Dulux Weathershield Alkali Bloc Primer, upgraded with PU technology, now offers 10x higher water-resistance compared to regular primers. Dulux Weathershield Prime coat acrylic primer was launched with anti-alkalinity properties.

Dulux Professional Weathershield Prima E900 ^{UPGRADE}

In projects, our Dulux Weathershield range was expanded to cater the entry level premium exterior emulsions. Boosted with the Silicon Technology, the product comes with a 6-year warranty.

Automotive & Specialty Coatings

2023-24 summary

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

In light of the 12.5% growth in the Indian automobile industry with an all-time high sales in passenger vehicles segment, ASC business, therefore, had a strong year of performance supported by body shop wins, distribution expansion and strong brand performances.



Fortifying premium

Our premium vehicle refinish (VR) business secured annual business tie-ups for over 200 OEM Authorized Bodyshops, thereby building on our sustained growth in this business.



Increasing our footprint

With a strong growth ambition in the Indian market, we invested in our market expansion strategy with an improved distribution model. Currently we are working with 45 distributors across India to serve demand in new geographies.

Powder Coatings

2023-24 summary

Our powder coatings offerings are delivering protective, stylish and sustainable solutions to a range of markets, including Architectural, Automotive, General Trade Coaters, Industrial and Functional areas.

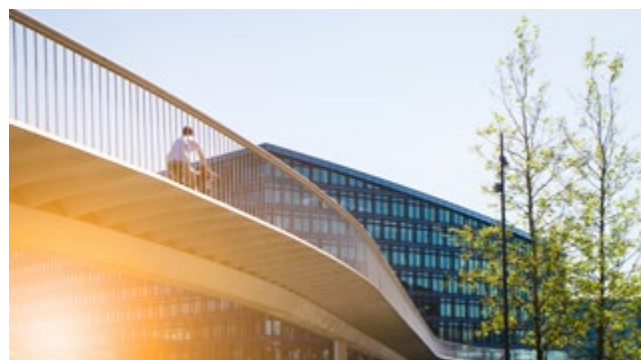
Backed by our renowned brands like Interpon, Resicoat, etc., this business aims to achieve a 50% reduction in absolute carbon

emissions by 2030 throughout its entire value chain, driven by innovative powder production techniques featuring zero volatile organic compounds (VOCs), 100% overspray reclamation, and low cure times leading to reduced energy consumption and enhanced output.

During the year under Report, our powder coatings offerings demonstrated exceptional performance amidst stiff competition which led to a double-digit volume growth. Additionally, we have expanded our presence in the architecture sector thus leaving a lasting imprint in Tier 2 and 3 cities particularly in increasing awareness of our warranty-grade offerings, thereby strengthening our foothold in this critical sector.

Both the Industrial and Consumer sectors have experienced growth with notable momentum observed in categories such as geyser, fan coating, and AC coatings owing to technological advancements, urbanization, rising incomes, and ever evolving consumer preferences.

We prioritize innovation to ensure our customers maintain a competitive advantage, consistently delivering exceptional results that keep them ahead of the curve. Our bonded technology has demonstrated remarkable performance in FY 2023-24, delivering double-digit volume growth across businesses. Backed by the history around Interpon Futura helping architects to bring their creations to life as well as our market-leading design and research teams, it has led to a new Futura collection providing modern buildings with a range of wonderful colors and beautiful finishes to deliver an aura of aesthetics and energy.



Sustainability-driven innovation

Our Resicoat EL series and Interpon A6000 range offer a comprehensive product range catering to the changing electric vehicle trends in India, thus gaining significant market traction during the year under Report.

The Switch-to-Powder project, especially within the automotive sector, has experienced significant adoption, particularly in applications like fuel tanks.

Interpon Low E, polyester powder coatings, cures efficiently, needing lower temperatures (150°C) or 25% faster curing at 180°C, reducing energy consumption and emissions, boosting productivity.

Interpon D3020, our latest hyper durable powder coating for architectural aluminium delivers required film thickness in a single coat compared to three-coat liquid paints, has minimal product waste in the most challenging environments while eliminating the need for a primer.



Transforming Customer Experience

To further enhance customer engagement, we launched My Interpon Portal. This platform offers round-the-clock access to our powder coatings range, facilitating effortless product discovery, comparison, and seamless ordering for our valued clientele.



Interpon D receives EPD for the third time!

Interpon has received an Environmental Product Declaration (EPD) for a third time, delivering key improvements since 2017 such as reduction in relative energy consumption (T/T of production) by 28% & Overall relative waste (T/T of production) by 44%. Total non-reusable waste to landfill has decreased by 90% since 2017.

Marine & Protective Coatings


2023-24 summary

This business is 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 high end-industries including Oil & Gas, Power, Infrastructure projects and Wind Energy.


Marine market has been quite strong with accelerating momentum in New Build segment across various shipyards in

India and dry dock orders globally. The coastal and fisheries markets have also seen robust demand with customers preferring our high-performance solutions.


Protective coatings market is poised to grow between 8-10% for next few years with infrastructure, power and export markets leading the way. Our fireproofing solutions for Oil & Gas and Infrastructure market, coupled with increased investment in Wind Energy (for both towers and blades), have started showing strong demand which we were able to cater to from our proven products over the years. The market is shifting towards sustainable coatings, low VOC-emitting paint solutions, and water-based paints and we are committed to developing new technologies that support our customers in a sustainable manner.




Up to 10 year performance options



Industry leading sustainability



Reduced CO2 emissions



Reduced fuel costs

International HullCare:

Our International HullCare products and services combine high-performance hull coating technology, cutting-edge remote operating vehicle inspection, and big data performance monitoring with proven hull cleaning techniques aligned with industry standards - resulting in the industry's most environmentally sustainable hull management package to date.



Interbond 1202 Universal Primer

This breakthrough offering under our International range of protective coatings (now protects one of India's upcoming LNG project) is powered by the High Heat Technology. Designed for insulated and uninsulated applications, including cryogenic requirements, it delivers superior protection in extremes of temperature ranging from -165°C to 650°C.

Industrial Coatings

2023-24 summary

Serving the buildings and infrastructure industries and consumer goods, our Industrial Coatings business includes Coil and Extrusion Coatings, Packaging Coatings, and Wood Finishes and Adhesives and provide high performance coating solutions to building construction & infrastructure industry for roofings, building structures, aluminium composite panels and Domestic Appliances as well as innovative coating solution & inks for metal packaging industries for niche segments including (but not limited to) Food, Caps & Closures, Aerosol & Decorative cans.

The coated steel market supports growth of infrastructure under Government of India initiatives for Airports, Smart Cities & Metro Rail projects and growth of Extrusion & ACP Coatings in facades, door & window panels & other high-end infrastructure.

In the coming years, demand for coil coatings is expected to remain robust owing to ambitious Government initiatives of PLI (Production Linked Incentives) with an outlay of ₹ 6,000 Cr to promote manufacturing of speciality steel and adjustment in basic custom duty to enhance competitiveness of India's steel sector.



Moving towards a bisphenol-free world

Within our packaging coatings, the BPANI range of segment continued to grow due to more countries choosing safer and sustainable solutions for food packaging.

Internal Control Systems

The Company has implemented internal control systems that are tailored to the nature, scale and complexity of its business operations. Our robust internal control framework allows us to stay ahead of evolving challenges and changing risk profiles, thus enabling us to achieve predictable and desired outcomes. We have established necessary policies and procedures to safeguard assets, prevent and detect frauds/errors, to ensure the orderly and efficient conduct of our business.

These Internal Financial Controls are designed at both the entity and process levels in accordance with the requirements of the Companies Act, 2013. Regular testing and review of the internal control systems are conducted at specified intervals, covering

major processes across our offices and manufacturing sites. The effectiveness of these internal financial controls is assured through management reviews, self-assessment, and independent testing by the Statutory Auditors of the Company. Any audit observations and subsequent actions are reported to the Audit Committee, which evaluates the adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations, including those related to strengthening the Company's risk management policies, processes and systems.

Your Company is dedicated to upholding the highest standards of ethics and compliance throughout its business processes. We utilize robust 3rd party IT tools to drive and enforce compliance across its operations. As required under the listing regulations, the Board of Directors reviews the compliance report on quarterly basis pertaining to all applicable laws for the entity apart from the review by the Risk Management Committee.

Further, the Risk Management Committee is entrusted with the responsibility of monitoring the execution of the risk management plan and providing updates to the Board on a regular basis.

Risks and Opportunities

(a) Risks and Concerns

Risk management plays a crucial role in corporate governance and strategy development. We recognize that risk assessment and mitigation are ongoing processes that must adapt to the evolving risk and legal landscape, encompassing short-term, medium-term, and long-term challenges.

At AkzoNobel, we believe that implementing systemic risk management practices is essential for effectively navigating towards our business objectives and ensuring sustainable growth in a volatile, uncertain and complex environment.

We understand the importance of operating within the dynamics of the paints industry and taking calculated risks to maintain our competitive edge in the market. Our responsible management teams and functional experts identify risks which are followed by formulation of appropriate and timely mitigation planning and actions.

Through our risk management framework, we strive to provide reasonable assurance that our business objectives can be achieved and our obligations to various stakeholders can be fulfilled. The Board oversees the implementation of risk mitigation measures for key risks, as identified by the Risk Management Committee which meets at least twice a year. Additionally, the Audit Committee provides oversight in the realm of financial risks and controls.

Company's policy on Risk Management is available on Company website www.akzonobel.co.in and can be accessed from <https://akzonobel.co.in/pdf/policy/RiskManagementPolicy.pdf>.

Risk description and mitigation

Risk	Risk Description	Mitigation
<p>Occupational hazard Internal; Operational</p>	<p>Manufacturing processes have inherent risks of injury and occupational hazards in the form of exposure to harmful materials/waste</p>	<p>Strict adherence to Company's HSES Policy</p> <p>Continuous awareness and training sessions with employees</p> <p>Periodic risk assessments</p>
<p>Cyber security External; Operational</p>	<p>The risk of significant business disruption and/or inadequate recovery following a cybersecurity attack, leading to potential loss of sensitive information, intellectual property, financial or reputational damage.</p>	<p>Continuous reinforcement of cybersecurity culture by training and awareness session.</p> <p>continuous security assessments and monitoring of infrastructure capacity to prevent cyber risks.</p> <p>Utilizing updated Information and Cybersecurity Policies framework.</p>
<p>Statutory Compliances External; Compliance</p>	<p>The local regulatory environment is continually evolving leading to considerable increase in regulatory scrutiny as well as stakeholders' expectations vis-à-vis Compliances. We recognize that non-compliance with applicable laws and regulations poses a threat to our financial and reputational standing.</p>	<p>The Company has zero tolerance policy against non-compliance.</p> <p>Review of all applicable compliances through a third party compliance tool.</p> <p>Quarterly compliance status reported to the Board of Directors.</p> <p>Independent assessments are also undertaken to gain assurance, if required.</p>
<p>Attract and retain Talent Internal; Operational</p>	<p>The risk of inability to attract, retain or develop talent in a dynamic talent market to ensure a fit for future workforce with the right skill sets.</p>	<p>Focus on building employer brand; talent acquisition, talent development, talent retention and succession planning including grooming lateral talents;</p> <p>Continuing our employee well-being programs; and Embedding the Talent Management Framework to drive talent and leadership development apart from conducting VOICE Survey seeking independent and 360° feedback from employees on various parameters with an objective of creating a better work environment.</p>

Risk	Risk Description	Mitigation
Loss of market share External; Operational	Risk of competition & new entrants disrupting certain segments/market share Digital disruption by competition and new entrants	<ul style="list-style-type: none"> Strengthen attractiveness by making dealer profitability competitive while increasing investment behind Dulux brands Accelerating numeric reach/ post penetration across identified geographies Intensifying participation in adjacent growth categories
Risk	Risk Description	Mitigation
Data privacy & Information Security Internal; IM	Failure to protect personal data and comply with data privacy internal rules and external regulations could risk companies in terms of financial penalties, operational inefficiencies, intervention by regulators and reputational loss	<ul style="list-style-type: none"> Continuous actions to be embedded in working processes Security operations monitoring Privacy by design when implementing new solutions

(b) Opportunities and Threats

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

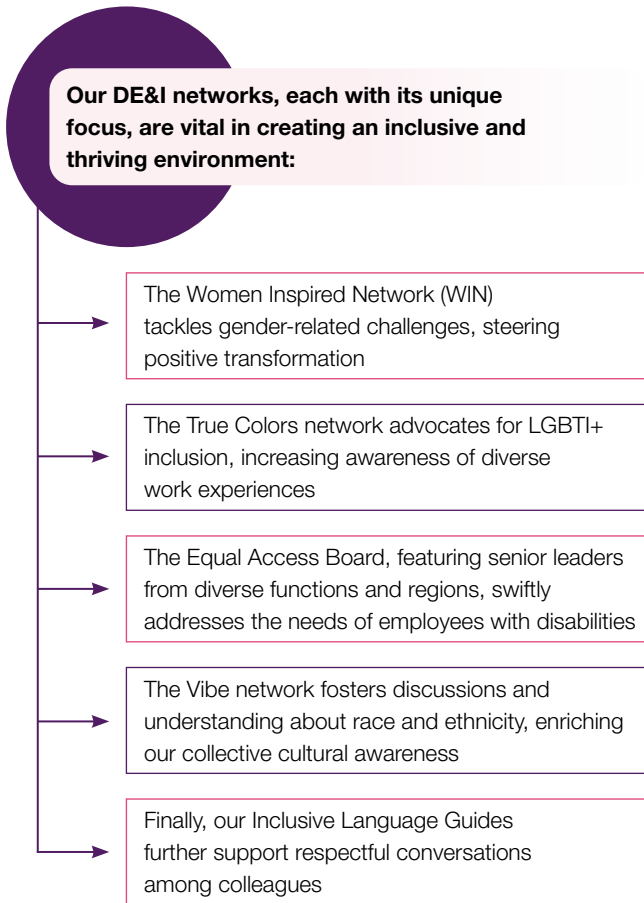
Opportunity description and actions		
Opportunity	Opportunity Description	Actions
Growing in Channels for the future	With the advent of technology- enabled distribution models, there has been a hyper fragmentation of channels. Accelerated growth of e-Commerce and Q-Commerce has brought about a huge opportunity to tap into these channels and drive business growth.	Several new initiatives have been launched which include: <ul style="list-style-type: none"> Digitalisation through e-commerce initiatives;
Opportunity	Opportunity Description	Actions
Increasing market reach	Growth and market penetration by maintaining and enhancing market share and expanding into adjacent segments	Expansion of geographic presence by: <ul style="list-style-type: none"> Launches/re-launches of products and continued investment in innovation. Media Campaigns Expansion of Waterproofing range
Opportunity	Opportunity Description	Actions
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 with a focus on customer experience to build long term relationships.	<ul style="list-style-type: none"> Investing time and resources to develop compelling content and presence across various social media platforms for the consumers. For further details, please refer to the section on 'Information Technology / Digitalisation'.

Your company is working with a greater focus on differentiated and wholesome solutions to mitigate the threats due to continuously shifting consumer preferences and changes in competitive landscape over the last few years.

Human Resources

DE&I Networks:

At AkzoNobel India, we recognize that diversity, equity and inclusion (DE&I) are not just buzzwords but fundamental pillars of a thriving workplace culture. As we reflect on the past year, we are proud to reaffirm our unwavering commitment to fostering a diverse and inclusive environment where every individual feels valued, respected, and empowered to bring their authentic selves to work. We firmly believe that embracing diversity in all its forms – be it in race, gender, ethnicity, age, sexual orientation, or background – not only enriches our workforce but also drives innovation, creativity, and organizational success. In terms of our journey towards greater inclusivity, we remain dedicated to championing diversity as a cornerstone of our corporate ethos and a catalyst for positive change within our organization and beyond.



Building an Inclusive workplace:

The AkzoNobel India DE&I journey commenced with a systematic business led approach in terms of benchmarking our DE&I initiatives vis-à-vis the industry status quo.

The focus has been on Building confidence through various Diversity & Inclusion focused initiatives including Role Model Series (Role Model series is a combination of introspective connects, peer learning and coaching from senior female leaders within AkzoNobel), Women in Manufacturing workshop, Focused

Group Discussions with female employees across Manufacturing, Sales & Marketing as well as R& D teams.

Our Inclusivity initiative and mentoring platform Proud Parents was launched in 2023 with the intention to raise awareness and create platforms to colleagues on their journey as parents, carers and guardians.

Role Model Series (Sessions conducted with India & Global leaders within the organization)

- Communicate Your Personal Brand with Marketing Head
- Rising above the Glass Ceiling - Personal Career Journey: WIN NL Agile Transformation & Digital Innovation Manager

Women’s Day 2024: Month long interventions:

Exclusive sessions and month-long activities carried out in March’24 for Women’s Day including:

- Gamechanger speaker series,
- Fireside chat with Senior Leadership

Manager Sensitization workshops for People Managers across the year:

- a) Women’s Wellness Symposium: Sessions conducted on topics such as Breast Cancer awareness, Menopause, Legal Rights of Women In India, Embracing Self Care for employees and their family members.
- b) (Prevention Against Sexual Harassment – POSH) Awareness Session: Session for all India employee base in October 2023. Around 200+ employees across India attended the session.

D&I Awareness Week:

- a) Sessions conducted with Senior Leadership on D&I Sensitivity Building training with employees across the organization.
- b) Coffee Connect session series conducted to connect with female employees across sites on harnessing their unique potential through sharing stories about their own experiences and giving/ getting advice through the extended female network.
- c) Talent Acquisition and Diversity Focus: In the realm of talent acquisition, our efforts have been steadfastly directed towards fostering diversity within our workforce. Throughout the year, we have prioritized the recruitment of diverse talent, particularly through our Sales trainee program in Tier 2/3 cities. This initiative not only aims to tap into talent pools beyond traditional urban centers but also reflects our commitment to promoting diversity across geographical boundaries.

Additionally, we’ve placed a special emphasis on supporting individuals through our Returning to Work – Mothers Program. By providing opportunities for mothers to re-enter the workforce, we are not only championing gender diversity but also enabling the professional growth and

development of individuals who bring invaluable experience and perspectives to our team.

Furthermore, inclusivity has been at the forefront of our hiring practices. We've proactively sought to create a more inclusive workforce practices through recruitment of differently-abled individuals and members of the LGBTQ community.

Wellness & Engagement Programs:

Our workplace principles of Employee Engagement revolve around the 4 Cs – Care, Connect, Capability, and Culture. We encourage transparent communication within and across teams in the organization - ensuring that everyone is aligned towards common objectives.

In our steadfast commitment to delivering a holistic employee engagement experience, we have endeavored to enrich the lives of our workforce through a multifaceted approach encompassing partnership building, technological innovation, and creative internal communication platforms.

Our aim has been to foster stronger connections across the organization while enhancing employee wellness and engagement.

Throughout the year, we have established robust engagement and recognition platforms to celebrate the diverse talents and contributions of our employees. These initiatives include:

During the year under Report, **we launched a brand-new employee engagement platform called Voices** which was designed to make sure that everyone's opinion is listened to and valued in order to create a better work environment where everyone can thrive. Voices, thus, provided a platform for impactful feedback towards:

- Empowering colleagues to drive the change they want to see;
- Helping teams to identify key areas for improvement and take ownership of their own work environment; and

Enabling AkzoNobel to hear employees' suggestions, ideas and honest feedback
Financial Wellness Sessions: Both in-person and virtual sessions were conducted organization-wide to provide valuable insights and resources for improving financial well-being.



AkzoNobel Talks Sessions: These sessions served as a platform for internal talent to showcase their expertise and share knowledge and insights with their colleagues, enriching our collective learning experience.

Fitness & Weight Loss Challenge: National fitness challenges spanning over two months, including sub-sections such as Planks, Push-Ups, and Bodyweight Squats, followed by a 45-day Mega Weight Loss Challenge, promoting physical well-being and healthy lifestyle choices.

Mental Health Awareness Week: External speaker sessions were organized to raise awareness and facilitate discussions around mental health, underscoring our commitment to supporting the holistic well-being of our employees.

National Quiz - Q for Quirious: An engaging activity involving the participation of over 500 employees over three months, stimulating intellectual curiosity and fostering camaraderie among our teams.

Flying Colors Awards: Throughout the year, we have proudly celebrated and rewarded exceptional talent within our organization through our Flying Colors Awards program. These quarterly, half yearly and annual awards celebrate the outstanding performance and contributions of individuals and teams across various departments.

Special Initiatives: We also organized events such as World Environment Day celebrations and a World Photography Contest, providing avenues for creative expression and reinforcing our dedication to environmental sustainability and artistic endeavors.

These initiatives not only underscore our commitment to nurturing a supportive and inclusive work environment but also highlight our dedication to promoting employee well-being and fostering a culture of continuous learning and growth.

Talent development

In 2023-24, we launched our new talent management framework globally. We believe in an experience-based talent management approach. This year, the framework was rolled out across all senior managers. Going forward, the framework will be extended to all the manager roles in the organization. We also have our employees participating in a Rock It 2.0 program which is a regional talent development program for senior managers. This is a 9-month talent development program adopting a blended approach, the program aims to develop and prepare emerging talent for expanded roles and responsibilities with focus on leadership, business acumen and collaboration.

For Integrated Supply Chain, we undertook initiatives like We Lead 2.0. catering to our diverse manufacturing, supply chain and logistics workforce by conducting an assessment centre

along with local actions and training programs at the site level focused on building the managerial capability.

We have an adequate succession planning mechanism for the critical and identified positions in the respective functions to ensure business continuity and engage high potential talent.

The sales function also witnessed a string of initiatives like Gurukul, aimed at creating a strong bench of Full-time frontline salespeople while engaging potential contingent workforce to give suitable opportunities with us. Another program Elevate, aimed at engaging high potential frontlines sales staff and building their readiness level to take up a managerial role in set time.

Trainings, both on the job and classroom, saw investment from the Company in form of Catalyst program wherein employees were empowered to upskill and reskill themselves changing to the dynamic work environment.

Training hours

We designed our learning and development framework according to our learning formula of 70:20:10. The most effective way to learn and develop a new skill or behaviour is to apply and practice on the job in real life situations. In 2023-24, we provided a total of 12,231 training hours to employees equipping them with skills and knowledge necessary to excel in their roles and contribute to the success of our organization with primary focus on developing manager as a coach program and generic skills training.

The list of programs attended by employees – Face to face and instructor-led – are as follows:

1. Leadership essentials
2. Coaching at AkzoNobel Program
3. Courageous conversation at AkzoNobel
4. Effective communication skills
5. Business partner trusted advisor
6. Diversity and inclusion sessions on moments that matter, unconscious bias, gender, LGBTQIA+

Rewards

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

Nomination and Remuneration Policy

The Nomination and Remuneration Policy relating to the Directors and Key Managerial Personnel ('KMP'), as formulated by the Nomination and Remuneration Committee ('NRC') and approved by the Board of Directors, inter alia, stipulates the criteria for board diversity, appointment and remuneration of Directors and KMPs which include determination of qualifications, positive attributes, independence of a director, reviewing succession plans, evaluation of Board performance, etc. The terms of reference of the Nomination and Remuneration Committee is outlined in the Corporate Governance section (**Annexure I** to this Report).

The NRC Terms of Reference cum Policy is available on Company's website at <https://akzonobel.co.in/pdf/policy/NRC-Terms-of-Reference-Policy.pdf>

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)	(ii)
		Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2023-24	Percentage increase in remuneration during 2023-24 over 2022-23
Oscar Wezenbeek*	Non- Executive Director & Chairman	NA	No remuneration was paid to him during his tenure as a Non-Executive Director
Rajiv Rajgopal [#]	Chairman & Managing Director	42.36	11% increase in base salary based on Industry benchmarking
Krishna Rallapalli	Wholetime Director and CFO	18.44	9% increase in base salary based on Industry benchmarking
Rohit Ghanshyamdas Totla [§]	Wholetime Director	22.00 [@]	N.A.

Name	Status	(i)	(ii)
		Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2023-24	Percentage increase in remuneration during 2023-24 over 2022-23
Amit Jain	Independent Director	1.98	Increase in sitting fees due to more no. of meetings during the year
Hemant Sahai	Independent Director	1.82	Increase in sitting fees due to more no. of meetings during the year
Smriti Rekha Vijay	Independent Director	1.88	Increase in sitting fees due to more no. of meetings during the year
Harshi Rastogi [§]	Company Secretary	11.04 [®]	7.70% Increase in base salary based on industry benchmarking
Rajiv L. Jha [^]	Company Secretary & Compliance Officer	7.34 [®]	N.A.

* ceased to be a director and consequently the Chairman of the Company effective 16th November 2023

appointed/designated as the Chairman & Managing Director of the Company effective 16th November 2023

§ appointed as a Wholetime Director of the Company effective 16th November 2023

® ceased to be the Company Secretary of the Company effective 8th July 2023

^ appointed as the Company Secretary & Compliance Officer of the Company effective 24th August 2023

® calculated on annualised basis

Description	Remark
iii. Percentage increase in the median remuneration of employees in the financial year	7.02%
iv. Number of permanent employees on the rolls of the Company	1,533 as on 31 st March 2024
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 6.43% 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 Nomination and Remuneration Policy of the Company.

Notes:

1. The aforesaid details are calculated on the basis of remuneration paid for the financial year 2023-24.
2. Median remuneration in the Company (Base Salary) for all its employees was ₹ 0.96 million for the financial year 2023-24.
3. Remuneration to Directors includes sitting fees paid to them for the financial year 2023-24.
4. Remuneration to Directors is within the overall limits approved by the shareholders.

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 to this Annual Report.

Board Evaluation

Your Company has a robust mechanism to evaluate the performance of all Board members. A detailed disclosure regarding the parameters and process of Board evaluation, along with the outcomes, has been provided in the Report on Corporate Governance.

Vigil Mechanism / Whistle Blower Policy

Your Company has a Vigil Mechanism / Whistle Blower Policy, which lays down the process to convey genuine concerns and seek resolution towards the same without fear of retaliation. The Policy requires the Investigation team of AkzoNobel to investigate such incidents, when reported, in an impartial manner and take appropriate action to ensure that the requisite standards of professional and ethical conduct are always upheld. It is your Company's Policy to ensure that no complainant is victimised or harassed for bringing such incidents to the attention of your Company, and to keep the information disclosed during the investigation as confidential. The implementation of the Vigil Mechanism / Whistle Blower Policy is overseen by the Audit Committee and no employee was denied access to the Committee during the year under review.

A detailed update on the functioning of the Vigil Mechanism / Whistle Blower Policy has been provided in the Report on Corporate Governance. The Policy is available on the company's website www.akzonobel.co.in and can be accessed from https://akzonobel.co.in/pdf/policy/Whistle_Blower_Policy_Jan2.pdf.

Sustainability

Sustainability is considered as a fundamental driver of value by the Board of your Company. We strongly believe that integrating the creation of societal value into our corporate strategy not only fosters innovation but also ensures sustainable growth for all stakeholders.

Our focus is on providing pioneering paints and coatings that not only protect the world today but also safeguard it for generations to come. Furthermore, our sustainable business approach aligns with the global agenda outlined in the United Nations Sustainable Development Goals (SDGs).

We are committed to pursuing economic growth while minimizing our ecological footprint and maximizing our positive social impact. This commitment forms the foundation of our company's purpose, brands, core principles, and employee value proposition. It serves as a catalyst for growth, innovation, and productivity.

Company's policy on Sustainability is available on Company website www.akzonobel.co.in and can be accessed from <https://akzonobel.co.in/pdf/policy/Sustainability-Policy.pdf>

As per the SEBI Circulars, effective from the financial year 2022-23, reporting/disclosure under BRSR is mandatory for the top 1,000 listed companies by market capitalisation and disclosure under BRSR Core is mandatory from the financial year 2023-24. Accordingly, the requisite disclosure in the revised format under BRSR Core for the financial year 2023-24 is annexed to this report as **Annexure II-A**.

Corporate Social Responsibility

Your 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, NGOs, self-help groups, Govt.-backed projects, in order to support deserving and sustainable projects and causes within CSR realm. The CSR agenda of your Company is based on economic development through pillars of skill building, education and community healthcare and is governed by the CSR Policy of the Company read with Schedule VII to the Act and monitored by the CSR Committee and Board.

As part of this initiative, during the year under Report, your Company has 5 skill training centres (2 recognized by National Skill Development Corporation as International Training Centres) as AkzoNobel Paint Academy ('APA') in four States of India offering skill training to youth in Decorative Paints and Vehicle Refinish. Similarly, in partnership with like-minded corporates, voluntary bodies and Govt., your Company also contributes in 9 more skill training centres across India. Post the training, these youth are supported in gaining employment basis learned skill sets.

1) Skill Training

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 under Report:

Women empowerment programme for self-employment of rural women under which 1,729 women have been trained in Decorative Paints and linked with employment as painters

conducted deco training for 459 youth at Assam and Manipur as livelihood rehabilitation for youth who has recovered from drug addiction

Partnered with Thane Central Prison for rehabilitation programme for prison inmates (156 men and women) by providing vocational skill training in paint application

Initiated three Kaushal Vahan (Skills on Wheels) in Tamil Nadu, Bengal and Assam providing upskill training to more than 2,000 painters.

Your Company received appreciation letter from Superintendent of Police, Thane Central Prison for undertaking vocational skill training of prison inmates and facilitating their rehabilitation in society.

Key Highlights:

4,000 +

youth and painters trained in 2023-24 and 800 + youth upskilled

50%

of students trained in 2023-24 are females and D&I candidates.

Provided vocational skill training in paints to rural women to break gender barriers

Worked with disadvantaged groups like youth from drug rehabilitation homes, prisons to help them rehabilitated in society

Facilitated additional income to

400 women entrepreneurs



2) Education

Your Company is committed towards all round educational development of underprivileged children in India. Our flagship education project named 'Parivartan' (meaning "Progressive Change"), as implemented in six States during the year under Report, was instrumental in transforming the lives of more than 7,900 children by using education as a medium. In this project, we provided a three-tier program comprising the following including digital literacy to the children and youth:

- a) Early childhood education to children from 2-6 years
- b) Non-formal education to out-of-school children to bring them back to formal school

- c) Remedial education to under privileged children to improve their grades and stop them from dropping out of school

During the year under Report, your Company also received an appreciation letter from Deputy Commissioner; Bengaluru Rural District for CSR initiatives taken in the area of education.

Key Highlights:

7,000+

children benefitted

2,000+

children being provided supplementary education



3) Community HealthCare

Your Company, in partnership with Government Health Departments, provided preventive and curative health care to more than 60,000 villagers around Bengaluru (Karnataka) and in Bhind (Madhya Pradesh) through our Community HealthCare Project via tele-medicine. This Project is equipped with latest technology like Artificial Intelligence (AI) to detect diseases and provide access to specialized diagnostic services at their doorsteps.

During the year under Report, several specialised health awareness and screening camps were organised (including that for breast cancer) to raise awareness amongst these villagers regarding importance of health care. Under this Project, your Company also provided health care for the painter community and their family members under our banner 'Arogya Sakha' (health's best friend) thus providing access to specialist doctors through tele-medicine for more than 1.5 million beneficiaries

During the year under Report, your Company partnered with Ma Foundation to provide low cost nutritious food

for underprivileged families in Gurgaon. It also donated mechanised wheel chairs to specially-abled in Bhind district of Madhya Pradesh for which it received appreciation letter from the District Collector.

Key Highlights:

Benefitted

1.5 Million

painter families and

60,000 villagers

~65% of the beneficiaries are women and children



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. The details of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo as required under section 134(3) (m) of the Act, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is annexed as **Annexure III** to this report.

Information Technology/Digitalisation

Our digitalization initiative acts as a means to maintain competitiveness and leverage emerging technologies which, in turn, has brought about transformative changes in our business cycle, resulting in factory automation, advanced analytics, and improved customer experiences. We are also using Advanced Planning Transformation (APT) tool to optimize our supply chain, enabling enhanced connectivity and improving demand and supply planning which has ultimately led to higher service levels, reduced inventory, and cost savings.

Automation and advanced analytics has been playing a pivotal role in achieving our Distribution 2.0 goals. Our tailored replenishment tool enhances demand management, optimizes stock tracking, and ensures efficient network management, guaranteeing product availability even in remote locations.

We are focused on implementing smart factory initiatives to enhance manufacturing competitiveness. By incorporating Internet of Things (IoT) technologies, we are improving production efficiencies, enabling predictive debottlenecking, and enhancing safety measures across our sites.

Through collaborative efforts of AkzoNobel experts and winners of the Paint the Future India startup challenge, we are transforming the Dulux experience for Indian paint consumers through our innovative digital solutions.

We have a portal on Overall Equipment Effectiveness (OEE) for our critical equipment in our manufacturing facilities which help us drive the efficiency improvement. Also we have installed Automated Guided Vehicles (AGV) in 2 of our manufacturing facilities as part of automation and the implementation of Automated Storage and Retrieval System (ASRS) is in progress in Gwalior facility.

We have online OEE portal for our critical equipments in our manufacturing facilities which help us drive the efficiency improvement. Also, we have installed AGVs in two of our manufacturing facilities as part of automation and the implementation of ASRS is in progress in Gwalior facility.

To ensure compliance with the AkzoNobel Code of Conduct, industrial hygiene and occupational health standards, Insider Trading policy, and statutory requirements, we have been established utilizing digital assurance and compliance platforms

Policy against Sexual Harassment

The Company has implemented a comprehensive Prevention of Sexual Harassment at Workplace Policy pursuant to the Sexual Harassment at Women at Workplace (Prevention, Prohibition and Redressal) Act, 2023 ("POSH Act"). This inclusive policy addresses governance mechanisms and prevention measures for the women employees. It is accessible on the Company's website at www.akzonobel.co.in/corporate-governance.php#policy. The policy aims to prevent and discourage sexual harassment, outlining procedures for resolution and settlement. The Company has established an Internal Complaints Committee in compliance with the POSH Act. Awareness workshops and programs are conducted throughout the organization to promote understanding and prevent sexual harassment. Two complaints were reported during FY 2023-24 and both of which stands disposed off as on 31st March 2024, and further disclosures in this regard can be found in the Corporate Governance Report.

Related Party Transactions (RPTs)

The Company's Policy on Related Party Transactions (RPTs) can be found on the company's website at www.akzonobel.co.in/pdf/policy/Related_Party_Transactions_Policy.pdf.

This Policy ensures proper reporting, approval, and disclosure processes for all transactions between the Company and Related Parties.

All Related Party Transactions, along with any material modifications, are reviewed and approved by the Audit Committee including by way of grant of omnibus approval within the Related Party Transactions Policy framework for repetitive transactions in the ordinary course of business and at arm's length.

Independent review by a reputable accounting firm is conducted for these Related Party Transactions including aspects of ordinary course of business and at arms' length to ensure compliance with the applicable provisions under the Companies Act, 2013 and the Listing Regulations.

During the period under Report, all the related party transactions were conducted in the Ordinary Course of Business and at Arm's Length basis. No Material Related Party Transactions, as per the Board's materiality threshold, were entered into by the Company. No materially significant related party transactions were made with the Promoters, Directors, and/or Key Management Personnel that could potentially conflict with the Company's interests at large.

Please refer Note no. 34 in the Financial Statements for related party disclosures in accordance with IND AS 24. In compliance with Section 134(3)(h) of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014, a statement of contracts/arrangements with related parties, including certain arm's length transactions, are disclosed in Form AOC-2, which is included in this report.

Particulars of 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 Note 5.1 of the Financial Statements for the year under Report.

Auditors & Audit Report

Statutory Auditors

M/s Price Waterhouse Chartered Accountants LLP continue as the Statutory Auditors of the Company and shall hold office till conclusion of the Annual General Meeting to be held in 2026 and they have confirmed that they duly fulfil the requirements under applicable laws and regulations to continue as the Auditors of the Company.

The Statutory Auditor's report does not contain any qualifications, reservations, or adverse remarks or disclaimer except two factual reporting which are self explanatory.

Secretarial Auditors

In terms of Section 204 of the Act, Secretarial Audit was conducted for the financial year 2023-24 by M/s A K Labh & Co., Company Secretaries, Kolkata. Their report is appended to the Board's Report, and it does not contain any qualification, reservation or adverse remarks.

The Board has re-appointed M/s A K Labh & Co., Company Secretaries, Kolkata to conduct Secretarial Audit for the financial year 2024-25.

Additionally, in compliance with Regulation 24A of the Listing Regulations, the Secretarial Compliance Report for the Financial Year 2023-24 was received from M/s. A. K Labh & Co., Company Secretaries. This report pertains to the Company's adherence to the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, and the Rules, Regulations, Circulars, and Guidelines issued thereunder, as applicable.

The Secretarial Compliance Report is available on the Company's website and can be accessed at the following weblink: <https://akzonobel.co.in/investors.php#scr>

Cost Auditors

In terms of Section 148 of the Companies Act 2013, Cost Audit was conducted for the year 2023-24 by M/s Chandra Wadhwa & Co., New Delhi. The Cost Audit report for the year 2022-23 was 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 2024-25, 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, and can be accessed from www.akzonobel.co.in/investors.php#anr.

Directors & Key Management Personnel

The Board composition has undergone changes since the last Board's report. Mr. Oscar Wezenbeek ceased to be the director and consequently the Chairman of the Company effective 16th November 2023 whereas Mr. Rohit Ghanshyamdas Totla has been appointed as the Wholtime Director of the Company effective 16th November 2023 and such appointment got subsequently approved by the shareholders of the Company on 11th January 2024. Also, Mr. Rajiv Rajgopal has been re-appointed as the Managing Director of the Company effective 1st November 2023 which was subsequently approved by the shareholders of the Company for a period of 5 years effective 1st November 2023. Subsequently, Mr. Rajiv Rajgopal has been appointed/designated as the Chairman and Managing Director of the Company effective 16th November 2023.

Mr. Rohit Ghanshyam Totla will retire by rotation at the upcoming 70th Annual General Meeting (AGM) and has offered himself for re-appointment. The AGM Notice includes the appointment of Mr. Rohit Ghanshyamdas Totla, along with their profiles as required by Listing Regulations.

Mrs. Harshi Rastogi ceased to be the Company Secretary of the Company effective 8th July 2023 and Mr. Rajiv L. Jha has joined as the Company Secretary and Compliance Officer of the Company effective 24th August 2023.

Mr. Rajiv Rajgopal, Chairman & Managing Director, Mr. Krishna Rallapalli, Wholetime Director and CFO, and Mr. Rajiv L. Jha, Company Secretary, serve as the whole-time Key Managerial Personnel of the Company under 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 Meetings

There were 5 (Five) Board Meetings held 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 Directors confirm that:

- a) in the preparation of the annual accounts for the year ended 31st March 2024, the applicable Indian accounting standards have been followed and with proper explanation relating to material departures, if any;
- 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 of your 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 Companies Act 2013 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.



Most Trusted Brand of India 2024: Our decorative paints brand Dulux was recognized with 'Most Trusted Brands of India' award for the second straight year, a strong validation of the trust Indian consumers repose on the superior quality Dulux products and services, innovation and customer service.

Excellence in Business Responsibility and Sustainable Reporting - Mid Cap (Manufacturing Sector): We have been honoured to jointly win the Gold Award for 'Excellence in Business Responsibility and Sustainable Reporting - Mid Cap (Manufacturing Sector)' in the third edition of Institute of Chartered Accountants of India's Sustainability Reporting Awards 2022-23. This recognition underscores our continued commitment towards business responsibility and sustainability initiatives in India.

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 shares with differential voting rights and sweat equity shares during the year under review.
3. The Chairman/Managing Director or Whole time Director/s 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 of your Company and its future operations.

5. There has been no change in the nature of business of your Company during the financial year under report.
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 did not accept any public deposit within the meaning of the Companies (Acceptance of Deposits) Rules, 2014 and accordingly, 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 applicable Secretarial Standards, issued by The Institute of Company Secretaries of India from time to time and for the time being in force.
9. Your Company has neither made any application nor any proceeding is pending under the Insolvency and Bankruptcy Code, 2016 with any Tribunals.
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 independence in terms of Section 149(6) of the Companies Act, 2013.
12. No fraud has been detected during the year under report. None of the auditors of the Company has reported any fraud in the Company during the year under report.

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 and may involve risks and uncertainties. Actual results, performances or achievements

could differ materially from those expressed or implied in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of their dates. This Report should be read in conjunction with the financial statements included herein and the notes thereto.

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

Acknowledgements

The Directors express deep appreciation to the employees of your Company for their hard work and dedication. They also acknowledge the parent company's valuable contributions in technology and marketing, enabling improved products and customer satisfaction. The Board appreciates the ongoing support and cooperation from its suppliers, distributors, retailers, investors, bankers, government authorities, regulatory bodies, stock exchanges, business partners, and other stakeholders.

On behalf of the Board of Directors

Place: Gurugram
Date: 16th May 2024

Rajiv Rajgopal
Chairman & Managing Director
DIN : 06685599

Annexure I

Report on Corporate Governance

1. Company's philosophy on Corporate Governance

At Akzo Nobel India, we are committed to upholding the highest standards of corporate governance and ethical behaviour. We maintain a zero-tolerance policy for any deviation from these standards, making them an integral part of our day-to-day business operations.

Your Company's corporate governance philosophy aims to support the efficient conduct of its business and fulfill obligations to all stakeholders. Your Company recognizes that the success of the organization is a direct reflection of professionalism, conduct, and ethical values demonstrated by its management and employees. To achieve this, your Company implements robust policies and guidelines, communicates and trains its employees, and fosters a culture of compliance.

Safeguarding the interests of all our stakeholders is of utmost importance to us. Your Company believe that a dynamic, diverse, and experienced Board, focused on excellence, plays a pivotal role in our corporate governance aspirations. Accordingly, your Company strives to maintain a Board composition that brings in a healthy balance of skills, experience, independence, assurance, a growth mindset, diversity, and deep knowledge of the sector.

The Board holds the responsibility for strategic supervision and oversight of the Company on behalf of the shareholders and other stakeholders. It represents the shareholders' interests in optimizing long-term financial returns. All significant matters are thoroughly examined by the Board,

with the full participation of non-executive and independent directors exercising independent judgment and leveraging their extensive experience and skills to enhance the decision-making process.

To fulfill our obligations and to comply with statutory requirements, the Board has established Five (5) Committees namely Audit Committee, Risk Management Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, and Corporate Social Responsibility Committee. These Committees are entrusted with overseeing specific areas, as defined in their respective Terms of Reference as determined by the Board from time to time.

The principles and policies guiding our corporate governance goals are available on your Company's website, 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 core principles: Safety, Integrity, and Sustainability, to foster a culture of good governance.

Your Company adheres to the corporate governance requirements stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('the Listing Regulations'), and as reported below.

By adhering to these principles, policies, and regulations, we ensure the effective implementation of corporate governance practices and uphold the trust placed on us by our valued shareholders and stakeholders.

2. Board of Directors

Composition

The composition of the Board adheres to the relevant provisions outlined in the Companies Act and the Listing Regulations. We present below the names and categories of the Directors, along with the number of Directorships and Committee Memberships they currently hold, as of the date of this report:

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 [§]	Chairman and Managing Director	-	-	1
Krishna Rallapalli	Wholetime Director	-	-	1
Rohit Ghanshyamdas Totla [^]	Wholetime Director	-	-	-
Amit Jain	Independent Director	1**	1(1)	2
Hemant Sahai	Independent Director	-	2	4(2)
Smriti Rekha Vijay	Independent Director	-	-	1(1)

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

* Specified committees include only Audit and Stakeholders Relationship committees

[§] ceased to be a director and Chairman of the Company effective 16th November 2023

[§] designated/appointed as the Chairman and Managing Director of the Company effective 16th November 2023

[^] appointed as the Wholetime Director of the Company effective 16th November 2023 as subsequently approved by the shareholders vide postal ballot on 11th January 2024

** Independent Director of Jubilant Foodworks Limited

Board Procedures

The Board of Directors, as of 31st March 2024, comprises of a suitable mix of executive, non-executive, and independent directors, in compliance with the requirements of the Companies Act, 2013, and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Regular board meetings are scheduled once every quarter to review the Company's operations and financial results. An annual calendar of meetings is circulated well in advance to all directors in order to ensure their availability. Notices for Board and Committee meetings are provided in a timely manner. In urgent cases, specific matters are addressed through additional meetings or resolutions circulated among the directors. Meetings of the Board are usually held in Gurugram, with provisions for video/audio-conferencing to enable participation by directors who may be traveling or located elsewhere.

The Board Meetings follow a structured agenda. The Company Secretary, in consultation with the Chairman, finalizes the agenda, which is shared with the Board and Committee members at least one week before the meeting. The Company has established a system of providing additional information and clarifications on agenda items before the meeting to the directors to facilitate their effective participation. All Board members have access to accurate, relevant, and timely information necessary to carry out their responsibilities.

For Committees' meetings, the respective Committee Chairperson is consulted when finalizing the agenda. In special circumstances, with the permission of the Chairperson and consent of the majority of Board or Committee members present, additional items may be included as "any other item" during the meeting, subject to compliance with the applicable regulations.

Agendas, minutes, and related documents for Board and Committee meetings are circulated to all the Directors and Committee members, as the case may be, through a secure digital platform. This online platform facilitates seamless and paperless communication among Board members, granting them access to historical agendas, minutes, and related documents.

All Board members receive necessary documents, reports, and internal policies to familiarize themselves with the Company's business, policies, and procedures. The Board, inter alia, reviews corporate strategy, performance, annual operating and capital expenditure plans, financial statements, press releases, quarterly compliance certificates, appointment and remuneration of Directors and key managerial personnel, significant legal and tax matters, regular functional updates, relevant statutory changes, impact of judicial pronouncements on the Company, details of foreign exchange exposures and hedging, fatal or serious accidents, CSR matters, sustainability initiatives, risk management framework, appointment of auditors, statutory disclosures received from the directors, and oversight of subsidiaries' operations. All relevant information specified in the Listing Regulations is also circulated to the Board members.

To enhance their understanding of the business, various sessions related to the strategy of different businesses/functions are conducted for the Directors. Similar sessions are organized for different functions within the Company. Pre-read materials are shared in advance to ensure these sessions are meaningful and insightful.

Meetings and attendance

Given below is the consolidated list of meetings of the shareholders, Board and committees held during April 2023 to March 2024 and attendance details of Directors:

Meeting	Date
69 th Annual General Meeting (AGM)	3 rd August 2023
Board of Directors	23 rd May 2023, 3 rd August 2023, 2 nd November 2023, 16 th November 2023 and 6 th February 2024
Audit Committee	23 rd May 2023, 3 rd August 2023, 2 nd November 2023 and 6 th February 2024
Stakeholders Relationship Committee (SRC)	22 nd March 2024
Nomination and Remuneration Committee (NRC)	2 nd August 2023, 16 th November 2023 and 6 th February 2024
CSR Committee	15 th September 2023 and 31 st January 2024
Risk Management Committee (RMC)	15 th September 2023 and 22 nd March 2024
Independent Directors Meeting	7 th March 2024

Attendance in Meetings

			AGM	Board	Audit	RMC	NRC	SRC	CSR
No. of Meetings held			1	5	4	2	3	1	2
Directors	Date of joining the Board	Date of cessation							
Oscar Wezenbeek*	4 th May 2019	16 th Nov 2023	1	3	NA	NA	1	NA	NA
Rajiv Rajgopal	1 st Nov 2018	Continuing	1	5	NA	2	NA	1	2
Krishna Rallapalli	1 st Dec 2021	Continuing	1	5	NA	2	NA	1	2
Amit Jain	2 nd Jan 2014 [@]	Continuing	1	5	4	2	3	NA	NA
Hemant Sahai	3 rd Aug 2018	Continuing	1	5	4	2	3	1	NA
Smriti R. Vijay	16 th Aug 2019	Continuing	1	5	4	2	3	NA	2
Rohit G. Totla [#]	16 th Nov 2023	Continuing	NA	2	NA	1	NA	NA	1

* ceased as director effective 16th November 2023








[@] appointed as Independent Director effective 14th August 2021

[#] appointed as wholtime director effective 16th November 2023

'NA' signifies not a member of the relevant committee.

Core Skills for Board Members

The primary business of the Company lies in the manufacturing, distribution, and sale of Paints and Coatings. In accordance with the provisions of the Listing Regulations, 2015, the Board has identified the following essential skills, expertise, and competencies of the Directors, specifically tailored to the Company's business, to ensure effective functioning of its operations:

Skills & its description	Oscar W*	Rajiv Rajgopal	Krishna Rallapalli	Amit Jain	Hemant Sahai	Smriti R. Vijay	Rohit G. Totla [#]
 Sales & Marketing 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.	✓	✓	✓	✓	-	-	✓
 Technical Significant background in technology resulting in knowledge of how to anticipate technological trends, generate disruptive innovation.	✓	✓	-	✓	-	-	-
 General Management and Leadership Protect interest of all stakeholders, observing appropriate governance practices while nurturing talent to create strong & competent future business leaders.	✓	✓	✓	✓	✓	✓	✓
 Legal and Governance or Corporate Governance Professional skills & knowledge of changing regulatory frameworks.	✓	✓	✓	✓	✓	✓	-
 Strategic thinking and decision making 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.	✓	✓	✓	✓	✓	✓	✓
 Financial expertise Ability to comprehend, interpret & guide on the financial statements, financial controls, risk management, mergers and acquisition, etc.	✓	✓	✓	✓	-	✓	✓
 International Business 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. Upon their appointment/re-appointment, all directors receive a formal letter of appointment outlining their roles, duties, and other terms and conditions. The familiarization sessions encompass four main areas as follows:

Induction

During the induction phase, newly inducted directors are provided with an overview of the Company's history, organizational structure, business operations, current and past performance, and the Board's procedures. They are also introduced to the Company's Code of Conduct and Prevention of Insider Trading Policy to ensure their understanding and adherence to these essential guidelines.

Immersion sessions on Functional Updates

To ensure ongoing familiarization, business and functional heads periodically deliver presentations at board meetings. These presentations cover important regulatory amendments, developments in the industry and economic environment, as well as matters significantly impacting the Company.

Strategy Sessions

Strategy sessions provide directors with a deeper understanding of the Company's strategic direction, including long-term goals, growth plans, and key priorities.

Sessions by External Consultants

The Company also arranges sessions facilitated by external consultants. These sessions cover various topics of relevance, such as data privacy, Industry best practices, etc.

Throughout the familiarization program, directors are continually updated on all business-related matters. This includes risk assessment and mitigation, corporate social responsibility ('CSR') and sustainability interventions, and new initiatives proposed by the Company.

The Company's familiarization program ensures that independent directors are equipped with the necessary knowledge and insights to actively contribute to the Company's growth, governance, and overall success. For more details, refer section on Board procedures above.

Details of the familiarization programme for Independent Directors is available on the Company's website www.akzonobel.co.in and can be accessed from 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	
Smriti R. Vijay (Chairperson)	Independent Director
Hemant Sahai	Independent Director
Amit 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 (as amended and for the time being in force) and Section 177 of the Act.

The Role of the Audit Committee include the following:

- (1) oversight of the entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (2) recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
- (3) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (4) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - (a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - (b) changes, if any, in accounting policies and practices and reasons for the same;
 - (c) major accounting entries involving estimates based on the exercise of judgment by management;
 - (d) significant adjustments made in the financial statements arising out of audit findings;
 - (e) compliance with listing and other legal requirements relating to financial statements;
 - (f) disclosure of any related party transactions; and
 - (g) modified opinion(s) in the draft audit report.
- (5) reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- (6) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus /

notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public issue or rights issue or preferential issue or qualified institutions placement, and making appropriate recommendations to the board to take up steps in this matter;

- (7) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (8) approval or any subsequent modification of transactions of the listed entity with related parties;
- (9) scrutiny of inter-corporate loans and investments;
- (10) valuation of undertakings or assets of the listed entity, wherever it is necessary;
- (11) evaluation of internal financial controls and risk management systems;
- (12) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (13) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (14) discussion with internal auditors of any significant findings and follow up there on;
- (15) 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;
- (16) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (17) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (18) to review the functioning of the whistle blower mechanism;
- (19) approval of appointment of chief financial officer after assessing the qualifications, experience and background of the candidate;
- (20) carrying out any other function as mentioned in the terms of reference of the audit committee;
- (21) reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 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; and

- (22) consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

The Audit Committee shall mandatorily review the following information:

- (1) management discussion and analysis of financial condition and results of operations;
- (2) management letters / letters of internal control weaknesses issued by the statutory auditors;
- (3) internal audit reports relating to internal control weaknesses;
- (4) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee; and
- (5) statement of deviations:
 - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1);
 - (b) annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice in terms of Regulation 32(7).

Additionally, the Audit Committee discharges such other functions as may be required under the relevant provisions of the Companies Act, 2013, the Rules made thereunder, 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 as may be specifically delegated to the Audit Committee by the Board from time to time.

The Audit Committee is a three-member committee, comprising of Independent Directors only, most 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, Wholetime Director(s), CFO, Internal Auditors, Statutory Auditors and Lead Accounting Controller are the invitees to the meetings of the Audit Committee. Any other person / executive, when required, also attends the meetings of the Audit Committee.

The Audit Committee also meets the internal and external auditors separately, without the presence of Management.

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

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

Mrs. Smriti R. Vijay, Chairperson of the Committee, attended the AGM of the Company held on 3rd August 2023.

The Company Secretary functions as the Secretary to the Audit Committee.

For details of meetings of the Audit Committee held during the year under report and attendance therein, please refer Sl. No. 2 above.

4. Risk Management Committee

Composition	
Amit Jain (Chairman)	Independent Director
Rajiv Rajgopal	Chairman & Managing Director
Krishna Rallapalli	Wholetime Director and CFO
Rohit G. Totla ¹	Wholetime Director
Hemant Sahai	Independent Director
Smriti R. Vijay	Independent Director
Prasanth Chandrasekharan ²	Director Commercial Excellence & Export Markets
Neelima Kataria	HR Director
Sumit Khatuja	Hub Manager
Dipanjan Mitra ³	Sales Manager, ASC

¹ onboarded effective from 15th January 2024

² ceased effective from 15th January 2024

³ onboarded effective from 23 May 2023

The Risk Management Committee comprises of six directors, of whom three are independent directors, three are executive directors besides three members from the senior management.

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 (as in force for the time being) 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 integrity of operations of the Company.

The role of the Risk Management Committee, inter alia, include the following:

- (1) To formulate a detailed risk management policy which shall include:
 - (a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular 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, and
 - (c) Business continuity plan.
- (2) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
 - (3) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
 - (4) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
 - (5) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
 - (6) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee; and
 - (7) Discharging such other functions as may be required under the relevant provisions of the Companies Act, 2013, the Rules made thereunder, 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 as may be specifically delegated to the Risk Management Committee by the Board from time to time.

The Risk Management 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 and for the time being in force.

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 (for the time being in force) and relevant provisions of the Act.

Mr. Amit Jain, Chairman of the Risk Management Committee was present at the AGM of the Company held on 3rd August 2023.

The Company Secretary functions as the Secretary to the Risk Management Committee and the Risk Officer is an invitee to its meetings.

For details of meetings of the Risk Management Committee held during the year under report and attendance therein, please refer Sl. No. 2 above.

During the year under report, the Risk Management Policy of your Company got reviewed and stands amended in terms of changes in the listing regulations and other applicable laws.

5. Nomination and Remuneration Committee

Composition	
Amit Jain (Chairman)	Independent Director
Hemant Sahai	Independent Director
Smriti R. Vijay	Independent Director
Oscar Wezenbeek ¹	Non Executive Director
Rajiv Rajgopal ² (Permanent Invitee)	Chairman & Managing Director

¹ ceased effective from 16th November 2023

² onboarded effective from 15th January 2024

The role and terms of reference of the Nomination and Remuneration Committee cover the areas as contemplated under Regulation 19 read with Part D of Schedule II to the Listing Regulations commensurate with the provisions of Section 178 of the Act, besides other terms as referred by the Board.

The Role of the Nomination and Remuneration Committee, inter alia includes:

- (1) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- (1a) for every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description;
- (2) formulation of criteria for evaluation of performance of independent directors and the board of directors;
- (3) devising a policy on diversity of board of directors;
- (4) 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 of directors their appointment and removal;
- (5) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- (6) recommend to the board, all remuneration, in whatever form, payable to senior management; and

- (7) Discharging such other functions as may be required under the relevant provisions of the Companies Act, 2013, the Rules made thereunder, 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.

Minutes of the Nomination and Remuneration Committee meetings are circulated to all the Board members.

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

Mr. Amit Jain, Chairman of the Nomination and Remuneration Committee was present at the AGM of the Company held on 3rd August 2023.

The Company Secretary functions as the Secretary to this Committee.

For details of meetings of the Nomination and Remuneration Committee held during the year under report 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 financial year 2023-24, the evaluation was undertaken internally in compliance with the SEBI Guidance Note on Board Evaluation dated 5th 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 detailed digital questionnaire for the 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 planning and talent management, etc.

The Chairman of the Board/Company led the board evaluation process with support from the Company Secretary. All the directors participated in the evaluation process (to the extent applicable as on 31st March 2024).

The findings from the aforesaid evaluation process were shared with the Chairman, who in turn, held discussions with the Chairman of the Nomination and Remuneration Committee and individual Board members. Individual

evaluations were in line with the full Board evaluation. The responses for the Board and Committees were compiled and a consolidated report was presented before the Board. As an outcome of the above exercise, it was noted that the Board, as a whole, has functioned as a cohesive and collegial body and was transparent, well engaged and open for feedback. The Board Members from different backgrounds bring about different complementarities and deliberations and the Board and Committee Meetings are enriched by this.

The outcomes of the performance evaluation process for FY 2022-23 and the actions taken thereafter by the management were shared every quarter with the NRC/Board and were brought to a logical closure to the satisfaction of the NRC/Board.

One mandatory separate meeting of the Independent Directors of the Company was held on 7th March 2024 to inter alia discuss the matters as per the mandate provided under the Act. Further, the performance of non-independent directors, the Board as a whole and the Chairman of the Company was also evaluated.

6. Stakeholders Relationship Committee

Composition	
Hemant Sahai (Chairman)	Independent Director
Rajiv Rajgopal	Chairman & Managing Director
Krishna Rallapalli	Wholetime Director and CFO

The role and terms of reference of the Stakeholders Relationship Committee cover the areas as contemplated under Regulation 20 read with Part D of Schedule II to the Listing Regulations commensurate with the provisions of Section 178 of the Act, besides other terms as referred by the Board.

The role of the Stakeholders Relationship Committee inter alia includes:

- (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, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.;
- (2) Review of measures taken for effective exercise of voting rights by shareholders;
- (3) Review 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) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of

dividend warrants/annual reports/statutory notices by the shareholders of the company;

- (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; and
- (7) Discharging such other functions as may be required under the relevant provisions of the Companies Act, 2013, the Rules made thereunder, 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 15 complaints from its investors during FY 2023-24, all of them have been resolved and no complaint was pending as on 31st March 2024. Routine queries/service requests received from the shareholders are normally addressed within 7 days of receipt of complete details/documents.

Minutes of the Stakeholders Relationship Committee meetings are circulated to all the Board members.

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

Mr. Hemant Sahai, Chairman of the Stakeholders Relationship Committee, was present at the AGM of the Company held on 3rd August 2023.

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

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

7. Corporate Social Responsibility Committee

Composition	
Smriti R. Vijay (Chairperson)	Independent Director
Rajiv Rajgopal	Chairman & Managing Director
Krishna Rallapalli	Wholetime Director and CFO
Rohit G. Totla*	Wholetime Director

* onboarded effective from 15th January 2024

The Corporate Social Responsibility 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 from time to time and as in force for the time being.

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; and
- Discharging such other functions as may be required under the relevant provisions of the Companies Act, 2013, the Rules made thereunder, 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.

Minutes of the Corporate Social Responsibility Committee meetings are circulated to all the Board members.

Mrs. Smriti R. Vijay, Chairperson of the Corporate Social Responsibility Committee, was present at the AGM of the Company held on 3rd August 2023.

The Company Secretary functions as the Secretary to this Committee.

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

Highlights of CSR activities conducted during the year as per the applicable Annual Action Plan of the Company are given in the Corporate Social Responsibility section of the Board's Report and details of the amount spent under the head CSR during the year in the CSR Report **(Annexure II-B)**.

8. Remuneration of Directors

The remuneration of the Managing Director and Wholetime Directors as well as that of the NEDs are recommended by the NR Committee for approval by the Board and by the shareholders (to the extent applicable) as 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 as held during the year under report, of which they are the Chair/members, respectively, and Commission as approved by the Board

	Fixed component Salary and allowances (a)	Performance linked bonus Performance Pay (b)	Total remuneration (c) (c = a+b)
(₹ million)			
Managing/Wholetime Directors			
Rajiv Rajgopal	27.15	13.52	40.67
Krishna Rallapalli	13.47	4.23	17.70
Rohit G Totla*	7.92	3.47	11.39
Total	48.54	21.22	69.76
Non-Executive/Independent Directors	Sitting fees	Commission	Total
Amit Jain	0.70	1.20	1.90
Hemant Sahai	0.75	1.00	1.75
Smriti Rekha Vijay	0.80	1.00	1.80
Total	2.25	3.20	5.45

* appointed as the Wholetime Director effective 16th November 2023

Notes:

- Service contracts with the Managing Director and Wholetime Directors are terminable by notice of three months.
- No severance fee was paid to any Director during the year under report.
- Performance linked bonus was paid to the Managing Director and to the Wholetime Director/s based on pre-agreed parameters and pursuant to the recommendations of the NR Committee.
- Currently, the Company does not have any employee stock option scheme, though few senior managers of the Company are eligible for long-term incentives, which are treated as share-based payments.
- The remuneration includes the post retirement and long-term benefits for the Managing/Wholetime Director/s.
- Remuneration paid to the directors are within the stipulated limits as specified vide Regulation 17 to SEBI (LODR) Regulations, 2015 read with Section 197 of the Act including applicable Rules thereunder.
- None of the directors are above 70 years of age during the year under report.

9. Particulars of Senior Management

Particulars of senior management including the changes therein since the close of the previous financial year on 31st March 2023

Sl No.	Name*	Designation
1.	Mr. Abhilash Thulasi	Sales Manager, M&PC
2.	Mr. Abhishek Singh	Business Operations Director
3.	Mr. Anuj Mishra	Regional Logistics Manager
4.	Mr. Ashok Rajput	Procurement Manager
5.	Mr. Dipanjan Mitra	Sales Manager, ASC
6.	Mr. Krishna Rallapalli	Wholetime Director and CFO
7.	Ms. Neelima Kataria	HR Director
8.	Mr. P V R Narasimha Rao	Sales Manager, PC
9.	Mr. Prasanth Chandrasekharan	Director Commercial Excellence & Export Markets
10.	Ms. Priya Kumari	Sales Manager, C&PC
11.	Mr. Rajiv Lochan Jha	Company Secretary & Compliance Officer
12.	Ms. Roop Loomba	Senior Legal Counsel
13.	Mr. Sanatan Hajra	Head RD&I
14.	Mr. Sumit Khatuja	Hub Manager
15.	Ms. Vandana Krishna	Head Marketing

*In alphabetical order

During the Financial Year 2023-24, there has been no change in the Senior Management of the Company.

10. General Body Meetings

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

Date of AGM	Time	Venue
3 rd August 2023	2.30 pm	Video Conferencing / Other Audio Visual Means ('VC/OAVM')
5 th August 2022	2.30 pm	Video Conferencing / Other Audio Visual Means ('VC/OAVM')
13 th August 2021	2.30 pm	Video Conferencing / Other Audio Visual Means ('VC/OAVM')

- (ii) One special resolution for appointment of Mr. Hemant Sahai as an Independent Director for the second term was passed by the shareholders at the 69th AGM held on 3rd August 2023. One special resolution for appointment of Mrs. Smriti Rekha Vijay as an Independent Director for the second term was passed by the shareholders at the 68th AGM held on 5th August 2022.
- (iii) There were two instances of e-voting through postal ballot as conducted during FY 2023-24. One was towards re-appointment of Mr. Rajiv Rajgopal as the Managing Director of the Company for the period of five (5) years commencing 1st November 2023 and remuneration payable to him in that capacity (ordinary resolutions passed by the shareholders on 27th September 2023 by way of e-voting through postal ballot process), and another was towards appointment of Mr. Rohit G. Totla as the Wholetime Director of the Company for the period of five (5) years commencing 16th November 2023 and remuneration payable to him in that capacity (ordinary resolutions passed by the shareholders on 11th January 2024 by way of e-voting through postal ballot process),
- (iv) There was no special resolution proposed during FY 2023-24 through postal ballot and no proposal is pending as on date of this report for approval as a special resolution through postal ballot.
- (v) No Extraordinary General Meeting of the Members was held during the year under Report.

11. Means of Communication

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

12. General Shareholder Information

i. AGM: date, time and venue

1st August, 2024 at 2:30 P.M. (IST) through Video Conferencing ('VC') / Other Audio Visual Means ('OAVM')

ii. Financial year

1st April 2023 to 31st March 2024

iii. Financial calendar (Tentative)

Quarterly / Annual Results

1st quarter ending 30th June 2024
 2nd quarter ending 30th September 2024
 3rd quarter ending 31st December 2024
 Year ending 31st March 2025

Publication on or before

14th August 2024
 14th November 2024
 14th February 2025
 30th May 2025

iv. Book closure period

26th July 2024 to 1st August 2024 (both days inclusive)

v. Dividend (Final) payment date

By 26th August 2024 (after approval at the AGM)

vi. Listing on Stock Exchange

The Company's equity 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 1st April 2023 to 31st March 2024 has been paid.

vii. Stock code

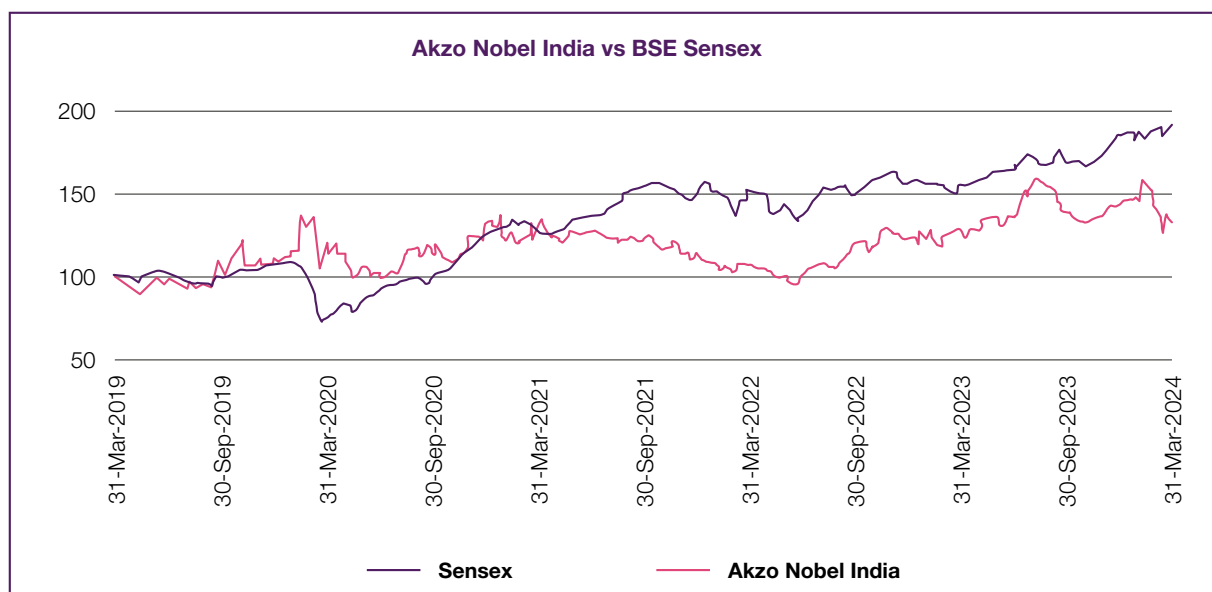
BSE : 500710

NSE : AKZOINDIA-EQ

ISIN : INE133A01011

viii. Market price data and stock performance during the Financial Year 2023-24

Month	BSE			NSE		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
Apr-23	2346.45	2212.40	10,444	2349.50	2200.00	2,17,297
May-23	2549.95	2356.10	35,778	2548.75	2324.70	4,21,673
Jun-23	2492.90	2350.00	17,222	2497.25	2350.20	1,97,283
Jul-23	2798.00	2391.05	29,566	2800.00	2423.05	4,73,942
Aug-23	2949.95	2691.05	24,939	2965.20	2681.80	4,34,405
Sep-23	2776.75	2430.00	28,859	2778.00	2427.00	3,08,827
Oct-23	2560.00	2360.00	19,475	2567.70	2359.65	2,36,167
Nov-23	2591.05	2356.70	20,073	2524.00	2356.10	3,10,851
Dec-23	2652.75	2449.80	25,109	2655.90	2451.00	3,60,433
Jan-24	2743.50	2567.85	23,726	2749.00	2566.80	3,43,579
Feb-24	3076.40	2510.00	31,729	3058.00	2505.00	6,67,753
Mar-24	2540.75	2265.10	23,491	2559.00	2267.00	3,24,074

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 1st April 2019. 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

xi. Share transfer system

Share transfers in physical form has been discontinued from 1st April 2019. Further, as per SEBI Circular no. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated 25th January, 2022, any request for 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 holding shares in physical mode are requested to convert your holding into Dematerialized form immediately to avoid any inconvenience.

All requisitions for 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 reviews and takes on record the process of share transmission, etc.

xii. Updation of KYC Details

SEBI (vide its Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/655 dated 3rd November, 2021 and SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 dated 16th March, 2023) had prescribed 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 was 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 October, 2023, were mandated to 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. Further, 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. However, SEBI (vide Circular No. SEBI/HO/MIRSD/POD-1/P/CIR/2023/181 dated 17th November 2023) has decided to do away with the aforesaid requirements of freezing of folios and referral of such frozen folios to administering authority effective 17th November 2023.

However, in compliance with the aforesaid SEBI Circular of 3rd November 2021 and 16th March 2023, the Company had sent individual letters/emails to all the members holding shares of the Company in physical form who are non-compliant for furnishing their PAN, KYC and Nomination details.

Still, 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>.

Also, 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 31st March 2024

Range (No. of shares)	No. of shareholders	% of shareholders	No. of shares	% of total shares
1-50	34,983	72.3	610,398	1.3
51-500	12,321	25.5	1,723,011	3.8
501-5000	1,022	2.1	1,193,843	2.6
5001-50000	63	0.1	957,945	2.1
50001-1000000	23	0	5,000,156	11.0
1000001 & Above	3	0	36,054,961	79.2
Total	48,415	100	45,540,314	100.0

xiv. Shareholding Pattern as on 31st March 2024

Category of shareholders	No. of shares	%
(A) Promoter and Promoter Group	34,044,335	74.76
Total Promoter Shareholding	34,044,335	74.76
(B) Public Shareholding		
(a) Mutual funds	2,642,477	5.8
(b) Insurance companies	1,103,211	2.4
(c) Nationalised Banks	17,873	0.0
(d) Other Banks	672	0.0
(e) Foreign Portfolio Investors	1,559,155	3.4
(f) Alternate Investment Funds	46,138	0.1
(g) NRIs	134,887	0.3
(h) Bodies Corporate	2,247,799	5.0
(i) Individuals/others	3,743,767	8.2
Total Public Shareholding	11,495,979	25.24
Total (A) + (B)	45,540,314	100.00

xv. Dematerialisation of shares and liquidity

The Company's equity shares have been notified for trading only in demat form with effect from 17th January 2000. As of 31st March 2024, 99.09% of the Company's equity shares involving 45.13 million shares have been dematerialized (No. of demat accounts: 41,263).

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

All demat requests received during the year were serviced within the normal service time.

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

None issued/outstanding in the past 10 years.

xvii. 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 in accordance with Company's policy for foreign exchange management.

xviii. 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. GAE-1 (PART) GAF-1 GAF-2 Ghirongji, Industrial Area, Malanpur, Bhand, Madhya Pradesh 477 117

4. Plot No. A-42, Phase-VIII-B, Focal Point, SAS Nagar, Mohali, Punjab - 160 059
5. Plot No.1/1, TTC Industrial Area, Thane Belapur Road, Koparkhairne, Navi Mumbai, Maharashtra - 400 709

xix. Address for correspondence

Shareholders' correspondence may be addressed to:

1. C B Management Services (P) Ltd

Unit: Akzo Nobel India Limited
P-22, Bondel Road, Kolkata 700 019
Tel: +91 33 40116700
Email: rita@cbmsl.com

OR

2. The Company Secretary

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

xx. Unclaimed Dividend and 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. 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 and can be accessed from www.akzonobel.co.in/investors.php#unclaim.

Your Company has transferred a sum of ₹ 38.04 million and 25,814 shares, after 123 and 136 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 2016, within the due dates.

Amounts of unclaimed dividend as on 31st March 2024 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)
2016-17	13.1	14 th September 2024
2017-18	7.2	2 nd September 2025
2018-19	7.1	8 th September 2026
2019-20	3.8	28 th September 2027
2020-21 (Interim)	3.5	9 th March 2028
2020-21 (Final)	6.1	13 th September 2028
2021-22 (Interim)	7.1	11 th March 2029
2021-22 (Final)	6.6	5 th September 2029
2022-23 (Interim)	5.2	9 th March 2030
2022-23 (Final)	8.4	3 rd September 2030
2023-24 (Interim)	10.0	6 th March 2031
Total	78.1	

xxi. Compliance Officer

Name : Mr. Rajiv L. Jha
Designation : Company Secretary & Compliance Officer
Tel: +91 124 4852400
E-mail : rajiv.jha@akzonobel.com

xxii. Green Initiative

As a socially responsible corporate citizen, the Company wholeheartedly embraces and endorses the 'Green Initiative' initiated by the Ministry of Corporate Affairs, Government of India. This initiative promotes the electronic delivery of various documents, including the Annual Report, to shareholders to their registered email addresses with

the Depository Participants ('DP') and/or Registrars and Transfer Agents ('RTA').

By participating in this initiative, the Company actively contributes to reducing paper consumption, promoting sustainability, and minimizing its ecological/carbon footprint. Electronic delivery of documents not only ensures convenience and timely access for shareholders but also aligns with the Company's commitment to environmental preservation.

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 DP.

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.

13. Other Disclosures

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

transactions with companies in which Directors are interested is placed before the Board periodically.

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

c. 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 st March 2024
(i) Non-Executive Chairman's office and expenses	No office or related facilities are provided by the Company to its Non-Executive Chairman till the Non-Executive Chairman ceased to be on Board effective 16 th November 2023
(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 required under the Listing Regulations, the Company's quarterly financial results summary are published in leading newspapers and detailed results as well as major developments through press releases are sent to the Stock Exchanges (which are available on Stock Exchange websites as well as Company's website).
(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

d. CEO / CFO certification in respect of Financial Statements pursuant to Regulation 17(8) of Listing Regulations has been provided.

e. The Policy on dealing with related party transactions is uploaded on the Company's website www.akzonobel.co.in and can be accessed from https://akzonobel.co.in/pdf/policy/Related_Party_Transactions_Policy.pdf.

f. The Policy on materiality of related party transactions is uploaded on the Company's website www.akzonobel.co.in and can be accessed from https://akzonobel.co.in/pdf/policy/Related_Party_Transactions_Policy.pdf.

g. The Policy on determining material subsidiaries is uploaded on the Company's website www.akzonobel.co.in and can be accessed from https://akzonobel.co.in/pdf/policy/Policy_Determining_Material_Subsiidiaries.pdf. The Company did not have any Material Subsidiary during the year under report.

h. None of the Non-Executive Directors had any materially significant pecuniary relationship or transaction vis-à-vis the Company, which may have a potential conflict with the interests of the Company. Mr. Oscar Wezenbeek was entitled to remuneration and other benefits for his role in the AkzoNobel Group during his tenure of employment with the

- Group, however, he ceased to be on the Board of the Company effective 16th November 2023.
- i. 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.
 - j. All Directors have confirmed that they do not hold any shares in the Company.
 - k. None of the Directors are related to one another.
 - l. 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.
 - m. 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.
 - n. All Independent Directors ('IDs') have confirmed their independent status 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>.
 - o. 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 and also that their Director Identification Numbers are in Active status as on 31st March 2024.
 - p. A certificate from a Company Secretary in Practice stating that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as director of the Company by SEBI or Ministry of Corporate Affairs or any such statutory authority is appended herewith.
 - 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. 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	*
Total[#]	15

*Amount is below rounding off norms, adopted by the Company
[#]Excluding Goods and Service Tax
 - u. Disclosure in relation to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:
 - a. Number of complaints filed during the financial year : 2
 - b. Number of complaints disposed off during the financial year : 2
 - c. Number of complaints pending as on end of the financial year : Nil
 - v. 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.
 - w. Management Discussion and Analysis is annexed to the Board's Report and forms part of this Annual Report.
 - x. Web link where details of familiarisation programmes imparted to Independent Directors: www.akzonobel.co.in/familiarization.php
 - y. All the Directors of the Company are covered under Directors' and Officers' Insurance Policy taken by the Company.
 - z. Dividend Distribution Policy of the Company has been uploaded on the Company's website at www.akzonobel.co.in and may be accessed at <https://akzonobel.co.in/pdf/policy/Dividend-Distribution-Policy.pdf>.
 - aa. The Company is a subsidiary of Imperial Chemical Industries Ltd. (UK) and Akzo Nobel Coatings International B.V. (The Netherlands) and Akzo Nobel N.V. (The Netherlands) is the ultimate holding company of the Company. The Company has a subsidiary namely ICI India Research & Technology Centre, a Sec. 8 company limited by guarantee.

- ab. Disclosure of certain types of agreements binding listed entities

No Information to be disclosed under clause 5A of paragraph A of Part A of Schedule III to SEBI – LODR Regulations for FY 2023-24

14. 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.

15. Code of Conduct

Your Company has in place a comprehensive Code of Conduct applicable to all the employees and Non-executive Directors including Independent Directors. The Code of Conduct gives guidance and support needed for ethical conduct of business and compliance with law. Copy of the Code of Conduct is posted on the website of the Company www.akzonobel.co.in and can be accessed from 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 Chairman & 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 31st March 2024.

Rajiv Rajgopal

Place: Gurugram

Chairman & Managing Director

Date: 16th May 2024

DIN : 06685599

16. Certificate of Compliance

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

17. Certificate of Non-Disqualification of Directors

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

18. Unclaimed Suspense Accounts

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	75 shareholders and 2,828 shares
ii) Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year	2 shareholders and 25 shares
iii) Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year	2 shareholders and 25 shares
iv) Number of shareholders whose shares were transferred from the Unclaimed Suspense Account to IEPF Authority	6 shareholders and 199 shares
v) Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year	67 shareholders and 2,604 shares

As per SEBI Notification no. SEBI/LAD-NRO/GN/2022/66 dated 24.01.2022, the securities where the securities holder/claimant fails to submit the Demat request within 120 days from the date of issuance of Letter of Confirmation is liable for transfer to the Suspense Escrow Demat Account. In terms of this notification the Company has dematerialized and kept the pending Demat requests in 'Akzo Nobel India Limited- Unclaimed Securities-Suspense Escrow 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 Suspense Escrow Demat Account at the beginning of the year	3 shareholders and 129 shares
ii) Aggregate number of shareholders and the outstanding shares transferred to the Suspense Escrow Demat Account during the year	3 shareholders and 96 shares
iii) Number of shareholders who approached the issuer for transfer of shares from the Suspense Escrow Demat Account during the year	2 shareholders and 112 shares
iv) Aggregate number of shareholders and the outstanding shares lying in the Suspense Escrow Demat Account at the end of the year	4 shareholders and 113 shares

On behalf of the Board of Directors

Rajiv Rajgopal

Chairman & Managing Director

DIN : 06685599

Place: Gurugram

Date: 16th May 2024

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 31.03.2024.

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 : F004848F000380872

Place : Kolkata
Dated :16th May 2024

Certificate of Non-Disqualification of Directors

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

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

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

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) 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 31st March, 2024 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.	Rohit Ghanshyamdas Totla	10391749	16.11.2023

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This Certificate 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.

Place : Kolkata
Date : 16th May 2024

Name : **CS Atul Kumar Labh**
Membership No. : FCS 4848
CP No. : 3238
PRCN : 1038/2020
UIN : S1999WB026800
UDIN : F004848F000380850

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 1	Principle 2	Principle 3
Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable	Businesses should provide goods and services in a manner that is sustainable and safe	Businesses should respect and promote the well-being of all employees, including those in their value chains
Principle 4	Principle 5	Principle 6
Businesses should respect the interests of and be responsive to all its stakeholders	Businesses should respect and promote human rights	Businesses should respect and make efforts to protect and restore the environment
Principle 7	Principle 8	Principle 9
Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent	Businesses should promote inclusive growth and equitable development	Businesses should engage with and provide value to their consumers in a responsible manner

SECTION A:

GENERAL DISCLOSURES

I. Details of the Listed Entity

1. **Corporate Identity Number (CIN) of the Listed Entity:** L24292WB1954PLC021516
2. **Name of the Listed Entity:** Akzo Nobel India Limited
3. **Year of Incorporation:** 1954
4. **Registered Office address:** Geetanjali Apartment, 1st Floor, 8-B, Middleton Street, Kolkata 700 071, India
5. **Corporate Office address:** 9th Floor, Magnum Towers 1, Sector 58, Gurugram 122 011, India
6. **E-mail id:** investor.india@akzonobel.com
7. **Telephone:** 0124 4852400
8. **Website:** www.akzonobel.co.in
9. **Financial year for which reporting is being done:** April 2023-March 2024
10. **Name of the Stock Exchange(s) where shares are listed:** BSE Limited and National Stock Exchange of India Limited

11. **Paid-up Capital:** ₹ 455.4 million

12. **Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR:**

Name	Rajiv L Jha
Designation	Company Secretary and Compliance Officer
Telephone number	0124-4852400
Email	investor.india@akzonobel.com

13. **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.

14. **Name of Assurance provider:** N.A.
15. **Type of Assurance obtained:** N.A.

II. Products/ Services

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

Sr. 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%

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

Sr. No.	Product/Service	NIC Code	% of Total Turnover Contributed
1.	Paints, varnishes, enamels or lacquers	20221	100%

III. Operations

18. 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	28	37
International	-	2	2	4

19. Markets served by the entity:

a. Number of locations

Location	Number of locations
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% of the total turnover of the entity.

c. A brief on types of customers

We serve broadly 3 types of consumers as below:

- Homeowners/Dealers/Distributors/Painters: We offer a wide range of essential products for every situation and surface, including paints, lacquers and varnishes
- Institutions/Builders/Contractors: Dulux professional range of products serve the builder segment & other institutional decorative paint users.
- Industrial users: The industrial paints cater to the needs of automotive, consumer durables, structures, machinery, equipment etc.

IV. Employees

20. Employees and workers, including differently-abled

	2023-24					
	Workforce			Differently-abled		
	Male	Female	Total	Male	Female	Total
No. of Employees	1,084	166	1,250	3	0	3
Permanent	1,084	166	1,250	3	0	3
Others	0	0	0	0	0	0
No. of Workers	570	12	582	0	0	0
Permanent	283	0	283	0	0	0
Others	287	12	299	0	0	0
Total	1,654	178	1,832	3	0	3
Permanent	1,367	166	1,533	0	0	0
Others	287	12	299	0	0	0

21. 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	0	-

22. Turnover rate for permanent employees and workers

	2023-24			2022-23			2021-22		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Turnover Rate – Permanent Employees	18%	19%	18%	15%	11%	15%	11%	13%	11%
Turnover Rate – Permanent Workers	0%	-	0%	1%	-	1%	2%	-	2%

V. Holding, Subsidiary and Associate Companies (including joint ventures):**23. 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)
	Imperial Chemical Industries Limited, United Kingdom	Holding company	50.46%	Yes
	Akzo Nobel Coatings International B.V. The Netherlands	Holding Company	24.30%	Yes
	Akzo Nobel NV, The Netherlands	Ultimate Holding Company	Nil*	Yes
	ICI India Research & Technology Centre	Subsidiary	25% voting rights, effective control is exercised through voting rights of related parties.	Yes

*Both the holding companies are wholly owned subsidiaries of Akzo Nobel N.V.

VI. CSR Details

- 24. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013:** Yes
- (ii) Turnover (in ₹ mn):** 39,615.78
- (iii) Net worth (in ₹ mn):** 13,292.00

VII. Transparency and Disclosures Compliances**25. 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 2023-24 Current Financial Year			FY 2022-23 Previous 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
Communities	Email: customercare.india@akzonobel.com Helpline: 180030004455; Through local NGO partners	0	0	-	0	0	0
Investors (other than shareholders)	Email: investor.india@akzonobel.com	0	0	-	0	0	0

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 2023-24 Current Financial Year			FY 2022-23 Previous 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
Shareholders	SEBI, Stock Exchange, Registrar and Share Transfer Agent, Email: investor.india@akzonobel.com	15	0	-	10	0	-
Employees and workers	Speak up (Vigil Mechanism)	11	3	-	5	3	-
Customers	Email: customercare.india@akzonobel.com Helpline: 180030004455	1,498	646	-	2,441	639	-
Value Chain Partners	Email: customercare.india@akzonobel.com Helpline: 180030004455	-	-	-	-	-	-

26. 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 & Opportunities in the Management Discussion and Analysis section.

SECTION B:

MANAGEMENT AND PROCESS DISCLOSURES

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Policy and management processes									
1. a. Whether your entity’s policy/policies cover each principle and its core elements of the NGRBCs#	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
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	https://akzonobel.co.in/corporate-governance.php#policy								
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, Trustee) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	Your Company’s manufacturing facilities and office premises have well defined Environment, Health, Safety and Quality Management systems in place with stringent internal standards and are also certified with international standards. ISO 45001 (OHSAS)- Occupational Health and safety Management system ISO 9001- Quality Management system ISO 14001- Environmental Management system Our products are certified as per BIS								
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	Globally, AkzoNobel is committed to the following by 2030 <ul style="list-style-type: none"> • reduce our carbon emissions by 50% • utilize 100% of our energy requirements from renewable sources • move towards zero waste 								

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
6. Performance of the entity against the specific commitments, goals and targets alongwith, reasons in case the same are not met	Your Company follows a series of Environmental Performance Indicators (as referred in various places of this report) to monitor its efforts for sustainable use of natural resources in manufacturing.								
Governance, leadership and oversight									
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements	Refer Chairman and MD statement								
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	The Board of Directors of the Company oversee the implementation of the Business Responsibility Policy(ies). The sustainability agenda of your Company is spread across various Board Committees.								
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues?	No specified committee. However, the Chairman and Managing Director is responsible for decision making on sustainability related issues								

#	Principle	Policy Description
P1		Code of Conduct Policy; Whistle blower Policy
P2		Health, Safety and Environment and Security (HSES) Policy; Responsible Procurement Policy; Sustainability policy
P3		Whistle blower Policy; Human Rights Policy; Diversity & Inclusion Policy; Equal Opportunity Policy
P4		HSES Policy; Responsible Procurement Policy
P5		Code of Conduct Policy; Human Rights Policy
P6		HSES Policy; Sustainability Policy
P7		Code of Conduct Policy
P8		Human Rights Policy; Diversity & Inclusion Policy; Corporate Social Responsibility Policy
P9		Code of Conduct Policy; HSES Policy; Responsible Procurement-policy; Sustainability Policy; Whistleblower Policy

* where required

10. Details of Review of NGRBCs by the Company:

	Indicate whether review was undertaken by Director / Committee of the Board/Any other Committee									Frequency								
	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	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**	C/B	C/B	C/B	C/B	C/B	C/B	C/B	C/B		A	A	A	A	A	A	A	A
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	C/B	C/B	C/B	C/B	C/B	C/B	C/B	C/B		A	A	A	A	A	A	A	A	A

** C/B- Committee of the Board/Board of Directors as may be relevant; A- Annual

11. 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.

	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Refer note below									

Lloyd's Register Quality Assurance Limited conducted an independent assessment of our health, safety and environment management system. We have a responsible procurement policy, business partner code of conduct, and use EcoVadis for third-party assessments to ensure alignment with our principles. Additionally, our internal audit program reviews compliance with relevant policies.

12. 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 programmes on any of the Principles during the financial year:

Segment	Total number of trainings and awareness programmes held	Topics/principles covered under training and its impact	% of persons in respective category covered by the awareness programmes
Board of Directors	3	Business Strategy – Paints, MPY, Powder; HR Functions; Data Privacy Laws	100%
Key Managerial Personnel	3	Business Strategy – Paints, MPY, Powder; HR Functions; Data Privacy Laws	67%
Employees other than BOD and KMPs	12,231	Code of Conduct, POSH, health & wellbeing sessions, Communication, AI, Competition Law, Life Saving Rules, Data Privacy, Sustainability among others	79%
Workers		Health & Safety related trainings, Wellness sessions and Skill upgradation	49%

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, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In ₹)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine	NA	NA	-	NA	NA
Settlement	NA	NA	-	NA	NA
Compounding fee	NA	NA	-	NA	NA

Non-Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the case	Has an appeal been preferred? (Yes/No)	
Imprisonment	No	No	No	No	
Punishment	No	No	No	No	

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.

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
NA	NA

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.

The entity has a strict anti-bribery and anti-corruption policy. We strictly prohibit making, offering, authorizing, or accepting bribes or facilitation payments. We expect all employees and business partners representing AkzoNobel to adhere to the highest ethical standards in all business dealings and relationships. 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.

	2023-24	2022-23
Directors	None	None
KMPs	None	None
Employees	None	None
Workers	None	None

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

	2023-24		2022-23	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of KMPs	None	NA	None	NA

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 cases of corruption and conflicts of interest and therefore, corrective actions taken or pending from any regulator/ law enforcement agencies/ judicial institutions are not applicable.

8. Number of days of accounts payables (Payables * 365/ COGS) in the following format:

	CY	LY
Number of days of accounts payables	111	97

9. Openness of business

Provide details of concentration of purchases and sales with trading houses, dealers and related parties along with loans and advances & investments with related parties in the following format:

Parameter	Metrics	CY	LY
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	7%	5%
	b. Number of trading houses where purchases are made from	21	19
	c. Purchases from top 10 trading houses as % of total purchases from trading houses	85%	83%
Concentration of Sales	a. Sales to dealers/ distributors as % of total sales	74%	74%
	b. Number of dealers/ distributors to whom sales are made	4,365	4,372
	c. Sales to top 10 dealers/ distributors as % of total sales to dealers/ distributors	11%	11%
Share of RPTs in	a. Purchases (Purchases with related parties/ Total purchases)	7%	7%
	b. Sales (Sales to related parties/ Total Sales)	2%	1%
	c. Loans & advances (Loans & advances given to related parties/ Total loans & advances)	-	-
	d. Investments (Investments in related parties/ Total investments made)	-	-

Note: Only Primary Sales considered

Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

We continued to improve our suppliers' sustainability practices by using and building on Ecovadis and Together for Sustainability (TfS) programs and partnerships. Suppliers are encouraged to participate in webinars and trainings through TfS Academy in categories of Health & Safety, Environment, Sustainable Procurement, Labour & Human Rights, Management and Governance.

~65% of our vendors were covered under this program.

2. 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.

The entity has processes to prevent/manage conflicts of interest among Board members by way of recusal on any agenda item in which he/she is interested. All related party transactions are put up for approval before the Audit Committee and thereafter, recorded in the Register of Contracts on a quarterly basis and presented to the

Board for review. All Directors sign the said Register to acknowledge their awareness of and concurrence on these transactions.

Apart from that, the Company has a Code of Conduct which provides clear guidelines for avoiding and disclosing actual or potential conflict of interest with the Company and in any transaction in which the Company has any interest, directly or indirectly. The Company obtains an annual declaration from its Board of Directors and all its employees certifying adherence to the Code of Conduct.

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're driven to find innovative, more sustainable solutions for our customers, communities and the planet. 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. Our areas of innovation include the use of bio-based materials, water-based paints and the phasing out of hazardous materials.

~83% of our capex investments during the year was invested towards improving our own processes and towards developing solutions to meet our customers' needs in more sustainable ways. Some of these projects included expanding our Powder coatings capacity, investing in renewable energy, improving water usage efficiency etc.

2. Does the entity have procedures in place for sustainable sourcing? If yes, what percentage of inputs were sourced sustainably?

Our global ambition is to achieve a 50% reduction in carbon emissions throughout the value chain by 2030 (with a 2018 baseline). We have established procedures for sustainable sourcing and strive to create long-term value for AkzoNobel stakeholders in social, environmental, and economic terms. In this, AkzoNobel has partnered with Ecovadis and Together for Sustainability (TfS) to build and improve our suppliers' sustainability practices.

Currently, ~65% of our inputs are procured from sources assessed for sustainability.

Company's policy on Responsible Procurement is available on Company website www.akzonobel.co.in.

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, we comply with post-consumer waste management through authorized waste management service providers. This is part of our Extended Producer Responsibility (EPR) to collect, segregate, and sustainably recycle/recover waste. This initiative ensures compliance with the "Plastic Waste Management Rules" and reinforces our commitment to sustainability.

(b) E-waste:

New E-waste (Management) Rules, 2022 were made effective from 1st April 2023, and sets specific targets for the collection and disposal of e-waste. As a responsible organization, Akzo Nobel India has been partnering with SPCB-authorized agencies for safe disposal of electric and electronic equipment/devices.

(c) Hazardous waste:

The hazardous waste generated in the manufacturing plant are segregated at source and disposed in scientific manner engaging authorized agencies for reuse, recycle, recovery or incineration. As a commitment towards environment we adopt reuse, recycle and recovery as the most preferred method of disposal while incineration is the least preferred method. This ensures compliance to "Hazardous Waste Management and transboundary rules 2016"

(d) Other Wastes:

Other wastes generated from the manufacturing plant are segregated at source and disposed to registered agencies for reuse, recycle and recovery to ensure compliance to "Solid Waste Management rules 2016".

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 remains compliant with the obligations as stipulated under the Plastic Waste management amended rules 2022.

Several of our Decorative Paints products are GreenPro Ecolabel certified. The GreenPro Ecolabel, developed by the Confederation of Indian Industry's Green Business Centre and accredited by Global Ecolabelling Network, recognises the highest standards of environmental sustainability and product performance in the Indian building and manufacturing sector.

Presently, EPD cover products which contribute ~33% to the overall portfolio.

Leadership Indicators

1. Has the entity conducted Life Cycle Perspective / Assessments ('LCA') for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

We partner with Ecomatters to mainstream Lifecycle Assessment for buildings and infrastructure projects. The Cradle-to-Gate assessment evaluates the environmental impact of our products, and we provide the results through Environmental Product Declarations ('EPD') for key brands like International and Interpon. This allows our customers to make informed choices aligned with their sustainability objectives. These EPD may be accessed at ECO Platform portal (eco-platform.org).

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments ('LCA') or through any other means, briefly describe the same along-with action taken to mitigate the same.

There were no significant social & environmental concerns identified in LCA.

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

We use ~10% of recycled plastic in our containers.

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

	2023-24			2022-23		
	Reused	Recycled	Safely disposed	Reused	Recycled	Safely disposed
Plastics*	-	260.8	-	-	156.4	-
E-Waste	-	-	-	-	-	-
Hazardous waste	-	902.8	-	-	156.7	657.7
Other Waste	-	596.4	-	-	485.9	-

* This pertains to only manufacturing process and exclude post-consumer plastic waste. Last year numbers have been accordingly restated.

Increase in hazardous waste in CY is on account of change in reporting methodology to Corporate Sustainability Reporting Directive ('CSRD'), and therefore not comparable.

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category:

Product category	(In metric tonnes)		% Reclaimed 2023-24
	Reclaimed products and their packaging materials	Total Product sold	
Category I (Rigid Plastic)	3,604	3,604	100%
Category II (Flexible Plastic)	167	167	100%

PRINCIPLE 3:

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

1. a. Details of measures for the well-being of employees:

For 2023- 24	% of Employees covered by										
	Total	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
	(A)	Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent Employees											
Male	1,084	1,084	100%	1,084	100%	-	0%	1,084	100%	1,084	100%
Female	166	166	100%	166	100%	166	100%	-	-	166	100%
Total	1,250	1,250	100%	1,250	100%	166	13%	1,084	87%	1,250	100%
Other than Permanent Employees											
Male	-	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-

b. Details of measures for the well-being of workers:

For 2023- 24	% of Workers covered by										
	Total	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
	(A)	Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent Workers											
Male	283	283	100%	283	100%	-	-	283	100%	283	100%
Female	-	-	-	-	-	-	-	-	-	-	-
Total	283	283	100%	283	100%	-	-	283	100%	283	100%
Other than Permanent workers											
Male	287	287	100%	287	100%	-	-	-	0%	287	100%
Female	12	12	100%	12	100%	12	100%	-	-	12	100%
Total	299	299	100%	299	100%	12	4%	0	-	299	100%

c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent):

	2023-24	2022-23
Cost incurred on well-being measures as a percentage of total revenue of the Company	0.3%	0.3%

2. Details of retirement benefits:

	2023-24			2022-23		
	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	1,250	283	Y	1,212	282	Y
Gratuity	1,250	283	Y	1,212	282	NA
ESI	-	-	NA	-	3	Y
Others (please specify)	NA	NA	NA	NA	NA	NA

3. Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

We are striving to ensure all our offices, factories and RD&I labs are accessible to differently abled employees and workers. We are progressing towards upgrading the infrastructure in a phased manner. This plan includes installation of signages, ramps and handrails, dedicated parking and washrooms, wherever possible/ applicable.

4. Does the entity have Equal Opportunity policy as per requirements of Rights of Persons with Disabilities Act, 2016?

We ensure that employees of all backgrounds feel equally valued, receive the right opportunities to progress their careers and have the freedom to be their best selves at work. The entity has an Equal Opportunity policy registered in accordance with the Rights of Persons with Disabilities Act, 2016. The policy may be accessed through the following link: Akzo Nobel India Equal Opportunity Policy.pdf

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

	2023-24					
	Permanent Employees			Permanent Workers		
	Male	Female	Total	Male	Female	Total
Return to Work rate	100%	86%	98%	100%	-	100%
Retention rate	86%	100%	88%	100%	-	100%

There is no woman worker who availed parental leave under permanent workers category.

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

	Yes/No, (If yes, give details of the mechanism in brief)
Permanent Workers	Yes, there is a Speak Up or Vigil Mechanism for employees and workers to address grievances. Please refer to the Vigil Mechanism - Whistleblower Policy and Other
Other than Permanent Workers	
Permanent Employees	Disclosure section of the Corporate Governance Report for more information.
Other than Permanent Employees	

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

	2023-24			2022-23		
	Total employees / workers in respective category	No. of employees / workers who are part of association(s) or Union	%	Total employees / workers in respective category	No. of employees / workers who are part of association(s) or Union	%
Total Permanent Employees	1,250	-	-	1,212	-	-
- Male	1,084	-	-	1,047	-	-
- Female	166	-	-	165	-	-
Total Permanent Workers	283	189	67%	282	188	67%
- Male	283	189	67%	282	188	67%
- Female	-	-	-	-	-	-

8. Details of trainings given to employees and workers:

	2023-24					2022-23				
	Total	Health & Safety		Skill Upgrade		Total	Health & Safety		Skill Upgrade	
		Number	%	Number	%		Number	%	Number	%
Employees										
Male	1,084	868	80%	741	68%	1,047	1,047	100%	732	70%
Female	166	150	90%	138	83%	165	165	100%	162	98%
Total	1,250	1,018	81%	879	70%	1,212	1,212	100%	894	74%
Workers										
Male	570	570	100%	172	30%	497	497	100%	154	31%
Female	12	12	100%	0	0%	9	9	100%	0	0%
Total	582	582	100%	172	30%	506	506	100%	154	30%

We designed our learning and development framework according to our learning formula of 70:20:10. During the year, we provided ~14,000 training hours to employees equipping them with skills and knowledge necessary to excel in their roles and contribute to the success of our organization.

We undertook initiatives like We Lead 2.0. catering to our diverse manufacturing, supply chain and logistics workforce by conducting an assessment centre along with local actions and training programs at the site level focused on building the managerial capability.

The commercial world witnessed initiatives like Gurukul, aimed at creating a strong bench of full-time frontline salespeople while engaging potential contingent workforce to give suitable opportunities with us. Another program Elevate, aimed at engaging high potential frontlines sales staff and building their readiness level to take up a managerial role in set time.

Lot of training both on the job and classroom saw investment from the organization in form of Catalyst program wherein employees were empowered to upskill and reskill themselves changing to the dynamic work environment. Some of the programs attended by employees included Leadership essentials, Courageous conversation at AkzoNobel, effective communication skills, Business partner trusted advisor, Diversity and inclusion sessions on moments that matter, unconscious bias, gender, LGBTQIA+.

9. Details of Performance & Career development reviews of employees and workers:

	2023-24			2022-23		
	Number	PD&D conducted	%	Number	PD&D conducted	%
Employees						
Male	1,084	1,084	100%	1,047	1,050	100%
Female	166	162	98%	165	165	100%
Total	1,250	1,246	100%	1,212	1,215	100%
Workers						
Male	570	283	50%	497	282	57%
Female	12	0	0%	9	0	0%
Total	582	283	49%	506	282	56%

10. Health and Safety management system:

- a. **Whether an occupational health & safety mgmt. system has been implemented by the entity? If yes, coverage of such system?**

Yes. All manufacturing, offices and RD&I labs are certified for ISO14001 (Environment), ISO45001 (Health & Safety) Management system and ISO9001.

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

We are committed to running our operations safely, by providing the equipment, procedures and training to prevent injuries. We investigate injuries and safety incidents and implement corrective actions to continuously improve our safety performance.

Identifying work related hazards related to routine and non-routine activities and taking corrective measures are key steps involved in hazard elimination. AkzoNobel follows a structured approach which are detailed below:

- i. Hazard Identification and Risk Assessment (HIRA) for all the activities, products and services
- ii. Process Hazard Study (PHA) is performed by a team of experts to identify hazard related to process and design.
- iii. The chemical compatibility study is performed to analyze the chemical interaction and the risks identified to establish control measures.
- iv. System based employee engagement on hazard reporting & other leading indicators through Enablon HSES suite as defined by Global HSES.

The control measures are applied as per the hierarchy of controls and engineering controls are most preferred while Personal Protective Equipment are used as last line of defence.

In addition to the above, we also perform specific risk assessments on process and people safety such as below:

- i. Static risk assessment is performed to identify the static electricity hazards and control measures are adopted
- ii. Fire Risk Assessment is performed for identifying fire hazards and control measures established.
- iii. Ergonomic risk assessment is performed using AkzoNobel tool to identify hazards related to manual material handling and control measures established.

- c. **Whether you have processes for workers to report the work-related hazards and to remove themselves from such risk?**

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

Employees and workers can avail cashless medical services from the hospital chains which are covered under insurance coverage. Health camps, fitness challenges and mental wellness programs are offered to employees.

11. Details of safety-related incidents*

	2023-24			2022-23		
	Employees	Workers	Total	Employees	Workers	Total
LTI Frequency Rate (LTIFR)	-	-	-	0.14	-	0.14
Recordable work-related injuries	1	-	1	1	1	2
No. of fatalities	-	-	-	-	-	-
High consequence work-related injury/ill-health	-	-	-	-	-	-

* Including in the contract workforce

LTIFR: per one million-person hours worked

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

12. Describe the measures taken by the entity to ensure a safe and healthy workplace:

The health and well-being of our employees, customers, stakeholders, and communities is a top priority. Our vision is to achieve zero injuries and harm through operational excellence. We have management programs in place for people safety, health, process safety, and security to ensure the highest standards. Our commitment to safety is supported by our Life-Saving Rules and Golden Principle of stopping work in unsafe conditions or behavior.

During the year, we continued our life-critical procedures and HSE&S roadmap program. We identified areas that need improvement in our own operations and put them on a roadmap with targeted plans and governance. We also continued to invest in functional excellence and the renewal of our HSE&S capability framework.

We continued the implementation of our lift truck/ pedestrian segregation program and Behaviour Based Safety (BBS), focusing on increased quality through more coached observations and strengthening the capability in this area.

We launched company-wide monthly Safety Moments for safety awareness, which are used by people managers in their team meetings to keep colleagues in all functions and levels of our organization involved and aware of everyday safety hazards and safe behaviors.

We strengthened our Timeout for Gemba principles to encourage and engage people in daily dialog, to learn and improve the context in which work happens and validate that capabilities, systems and processes are in place.

We continued our industrial hygiene and ergonomic programs and actively managed occupational illness related absenteeism.

Our annual Safety Day is the moment for us to celebrate safety and reflect on how we are doing. The theme of 2023 Safety Day was "Make safety a habit today". The theme encouraged colleagues to reflect on their own behavior and become safety leaders by embedding good safety habits into their daily routines – both at work and during private time. This theme further built on our "Be human, Be safe" program, which took a human performance principles approach.

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

	2023-24			2022-23		
	Filed during the year	Pending resolution at year-end	Remarks	Filed during the year	Pending resolution at year-end	Remarks
Working conditions	-	-		-	-	
Health & safety	6	2		-	-	

14. Assessments for the year

	% of plants & offices assessed
Health & Safety practices	100%
Working conditions	100%

HSE&S audits are performed in three-year (for high hazard sites) to five-year (other sites) cycles. During the year, 2 corporate audits were conducted. Compliance assurance is a key HSE&S priority because it ensures our license to operate and our business continuity in a fast-changing regulatory environment. Our company wide HSE&S compliance assurance process is proactive and digitally supported by tools from a leading third-party supplier.

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 and safety practices and working conditions.

Actions from potential risks and near misses are identified proactively and root cause analysis performed for first aid cases and top 3 near miss to take corrective actions to prevent recurrence.

During 2023-24, we continued the deployment of our Basis of Safety standards, with a focus on aluminium bonding and high-speed dispersers aligned with AkzoNobel global safety drive. The standards define company expectations for these higher risk activities. Various engineering standards have been adopted: for grounding and bonding; flexible hose management; and maintenance of solvent storage tanks. Our locations continue to implement equipment modifications via a risk-based approach.

During 2023-24 we recorded 5 losses of primary containment ('LoPC') (2022-23: Nil). The main causes identified were non adherence to operational discipline (60%) and asset integrity (32%). We continue to focus on

concerned locations, ensuring improvement plans to act on the underlying root causes.

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).

Yes, the Company has arranged for life insurance cover in the event of death of its employees and workers.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

At the time of entering into a contract, on case-to-case basis, AkzoNobel seeks to ensure compliance with our core values of safety, integrity and sustainability from our business partners. Through the Business Partner Code of Conduct, we expect that all our business partners conduct business fairly and with integrity and comply with all laws and regulations applicable to the business they conduct for AkzoNobel. In some cases, we partner with D&B to undertake due diligence and risk assessment and also enter into contractual agreements before onboarding vendors.

3. Provide the number of employees / workers having suffered high consequence work- related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	No. affected		No. rehabilitated	
	2023-24	2022-23	2023-24	2022-23
Employees	1	-	-	-
Workers	-	-	-	-

4. Does the entity provide transition assistance programs to facilitate continued employability and the management career endings resulting from retirement or termination of employment? (Yes/ No)

No

5. Details of assessment of value chain partners on health & safety practices and working conditions

The TfS initiative provides infrastructure for online assessments carried out by EcoVadis – the partner of TfS and AkzoNobel – and on-site audits. Both programs are based on international standards and cover key sustainability areas like Environment, Labor and Human Rights, Health and Safety, Ethics and Responsible Supply Chains. The results of audits and assessments are reviewed and closed at the earliest.

During the year, ~65% of the suppliers were assessed for these parameters.

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

TfS conducts audits from time to time. Audit observations, if any, are reviewed and closed at the earliest.

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. 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.

High	Medium	Low
Innovating Sustainable product(s)	Waste management	Protection of human rights
Emissions and energy	Diversity & inclusion	Community involvement
Employee health & safety	Water management	
Responsible procurement		
Business ethics and corporate governance		

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

Stakeholder Group	Whether identified as vulnerable & marginalised group	Channels of communication	Frequency of engagement (annually/half yearly/quarterly/ others -please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagements
Local Communities	Yes	Field visits; interactions; CSR initiatives for welfare of community; Local authority meetings; Focus group discussions	Program based	Collaboration with NGOs; Skill development; provision of health facilities; Health and safety; promoting Education; Local employment; grievance redressal
Government/Regulatory bodies	No	Email, Newspaper advertisements, Website, Regulatory filings, representations, Industry forums	Need based	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, meetings, website, grievance redressal	Monthly	Product Safety; Customer service; quality; customer satisfaction; new launches and product innovations; schemes; Health and Safety concerns at their workplace etc.
Employees	No	Emails; Review Meetings; Learning & development programmes; performance appraisal & feedback; surveys; employee engagement initiatives; policies in Intranet; Townhall meetings; training programs	Regular	Wellbeing; Occupational Health and safety; Career progression; diversity; Skill development; Training; Company strategy, policy changes, amongst others
Value Chain Partners/Vendors	No	Emails; Meetings; Supplier audits; Sustainable Supply Chain	Need based	Vendor servicing; value creation; long term commitment
Shareholders and Investors	No	Advertisements, Annual General meetings, Investor / Analyst enlargements; media releases, website; Newspaper publications; Annual Report	Quarterly/Annually	Company financial performance and business strategy; Operational performance; Corporate Governance any other material information

Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

For CSR initiatives, at the beginning of the year, basis the program objectives and annual action plan in the areas as approved by the Corporate Social Responsibility Committee pursuant to Schedule VII to Companies Act, 2013, challenges, or inputs received during NGOs reviews and stakeholders interactions, any major change/s required is informed to the Corporate Social Responsibility Committee for its guidance, wherever needed.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes/No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Yes, the necessary guidance provided by the CSR Committee (if any) is considered for identification and management of the environmental and social initiatives

by the Company. CSR Projects are selected in alignment with Company’s CSR focus areas and its ability to provide innovative solutions to social problems. For example, through our flagship “Indradhanush” programme under CSR domain, we have been continuously changing lives of women folks of the small villages/towns by making them self-reliant thereby contributing towards women empowerment in a socially responsible manner under the overall supervision and guidance of the stakeholders including the CSR Committee.

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 Manufacturing 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 Board’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:

No. of people given trainings on Human Rights issues and policies	2023-24		2022-23	
	Total no.	No. trained	Total no.	No. trained
Employees				
- Permanent	1,250	1,246	1,212	1,212
- Others	-	-	-	-
Workers				
- Permanent	283	283	282	282
- Others	299	299	224	224

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

All the employees and workers have been paid minimum wages.

Employees	2023-24			2022-23		
	Male	Female	Total	Male	Female	Total
No. of Permanent Employees = Min. wage	-	-	-	-	-	-
%	-	-	-	-	-	-
No. of Permanent Employees > Min. wage	1,084	166	1,250	1,047	165	1,212
%	100%	100%	100%	100%	100%	100%
Total no. of Permanent Employees	1,084	166	1,250	1,047	165	1,212
No. of Temporary Employees = Min. wage	-	-	-	-	-	-
%	-	-	-	-	-	-
No. of Temporary Employees > Min. wage	-	-	-	-	-	-
%	-	-	-	-	-	-
Total no. of Temporary Employees	-	-	-	-	-	-

Workers	2023-24			2022-23		
	Male	Female	Total	Male	Female	Total
No. of Permanent Workers = Min. wage	-	-	-	-	-	-
%	-	-	-	-	-	-
No. of Permanent Workers > Min. wage	283	-	283	282	-	282
%	100%	-	100%	100%	-	100%
Total no. of Permanent Workers	283	-	283	282	-	282
No. of Temporary Workers = Min. wage	272	10	282	175	9	184
%	95%	83%	94%	81%	100%	82%
No. of Temporary Workers > Min. wage	15	2	17	40	-	40
%	5%	17%	6%	19%	-	18%
Total no. of Temporary Workers	287	12	299	215	9	224

3. Details of remuneration/ salary/ wages

a. Median remuneration/ wages:

	Male		Female	
	No.	Median remuneration	No.	Median remuneration
Board of Directors	5	17.70	1	1.80
KMP	3*	9.85*	1**	10.6**
Employees other than BoD & KMPs	1,080	0.93	166	1.13
Workers				
- Permanent	283	0.54	-	-
- Temporary	287	0.16	12	0.16

* includes Rajiv Rajgopal, Krishna Rallapalli, and Rajiv Lochan Jha. Mr. Rajiv Lochan Jha joined on August 24, 2023; however, his full base salary on annual basis is considered for computation purposes.

**Harshi Rastogi ceased to be a KMP effective 8th July 2023, however, for comparison sake, her median remuneration has been computed on annual basis

b. Gross wages paid to females as % of total wages paid by the entity:

	2023-24	2022-23
Gross wages paid to females as % of total wages	11.0%	10.8%

4. Do you have a focal point responsible for addressing human rights impacts or issues caused or contributed to by the business?

Yes. The Head HR is responsible for addressing impacts 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.

As part of our core principles, we are committed to respecting internationally recognized human rights in all our operations and throughout our value chain. This commitment is in line with the applicable Indian labour legislations.

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.

More details may be found in our position paper on Human Rights on our website.

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

	2023-24			2022-23		
	Filed during the year	Pending resolution at year-end	Remarks	Filed during the year	Pending resolution at year-end	Remarks
Working conditions	-	-	-	-	-	-
Health & safety	6	2	-	-	-	-
Sexual Harassment	2	-	-	5	-	-
Discrimination at workplace	-	-	-	4	1	-
Child Labour	-	-	-	-	-	-
Forced Labour/Involuntary Labour	-	-	-	-	-	-
Wages	-	-	-	-	-	-
Other human rights related issues	-	-	-	-	-	-

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

	2023-24	2022-23
Total complaints reported under POSH	2	5
Complaints on POSH as a % of female employees/ workers	1.1%	2.9%
Complaints on POSH upheld	1	2

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

Our whistle blower policy includes a global SpeakUp! mechanism that safeguards complainants from adverse consequences. The platform allows anonymous reporting, ensuring confidentiality for the complainant. The investigating officer maintains the confidentiality of the complainant, and the policy provides protection against any retaliatory 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 senior female official having experience as well as perspective 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 and full confidentiality of complainant is maintained during and after resolution of complaint.

9. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

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

10. Assessments for the year:

% of plants & offices assessed	2023-24	
Child labour	100%	<ul style="list-style-type: none"> All sites/offices strictly adhere to relevant policies and have been assessed for child labour and forced labor. The company prohibits such practices within its premises. Sexual harassment prevention and redressal methodologies are implemented across all sites/offices in accordance with local laws and group guidelines. As an equal opportunity employer, no discrimination is tolerated in any aspect. Payment of wages is ensured on time at all sites/offices, following local practices and legislative requirements.
Forced/ involuntary labour		
Sexual harassment		
Discrimination at workplace		
Wages		

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

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

Leadership indicators

1. 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.

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

Embedding a continuous human rights due diligence process to determine a company's salient human rights issues is at the core of the UNGPs. Results of our ongoing due diligence are used to update our global salient human rights issues assessment every year. In addition, we operate continuous topic-specific due diligence processes that help us identify (potential) human rights impacts, on which we both engage and communicate. For example, our Health, Safety, Environment and Security (HSE&S) audits assess the health and safety conditions at our manufacturing sites.

3. 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 our offices, factories and RD&I labs are accessible to differently abled employees and workers. We are progressing towards upgrading the infrastructure in a phased manner. This plan includes installation of signages, ramps and handrails, dedicated parking and washrooms, wherever possible/ applicable.

4. Details on assessment of value chain partners

The TfS initiative provides infrastructure for online assessments carried out by EcoVadis – the partner of TfS and AkzoNobel – and on-site audits. Both programs are based on international standards and cover key sustainability areas like Environment, Labor and Human Rights, Health and Safety, Ethics and Responsible Supply Chains. The results of audits and assessments are reviewed and closed at the earliest.

During the year, ~65% of the suppliers were assessed for these parameters.

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.

In GJ	2023-24	2022-23
From Renewable Sources		
Total electricity consumption (A)	-	-
Total fuel consumption (B)	-	-
Energy consumption through other sources (C)	33,177	21,590
Total energy consumption from renewable sources (A+B+C)	33,177	21,590
From Non-Renewable Sources		
Total electricity consumption (D)	30,662	37,626
Total fuel consumption (E)	5,552	4,780
Energy consumption through other sources (F)	-	-
Total energy consumption from non-renewable sources (D+E+F)	36,214	42,406
Total energy consumed (A+B+C+D+E+F)	69,391	63,996
Energy intensity per rupee of turnover	*	*
Energy intensity in terms of physical output (volume)	289	294

*below rounding off norms

We invest in energy reduction programs, improve energy monitoring, and enhance governance structure. In 2023-24, we increased contribution of renewable energy from 34% to 48%, progressing well towards our 2025 target of 50%. We continue to utilize in-house rooftop solar panels and procure renewable energy externally (where permitted) to strengthen our commitment to renewables.

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:

In Kiloliters	2023-24	2022-23
Surface water	-	-
Ground water	27,760	29,080
Third-party water	91,570	76,690
Seawater/ desalinated water	-	-
Others	-	-
Total Water withdrawal	119,330	105,770
Total Water consumption	119,330	105,770
Water intensity per rupee of turnover	*	*
Water intensity in terms of physical output (volume)	497	486

*below rounding off norms

4. Provide the following details related to water discharged:

Water discharged by destination (kilolitres)	2023-24	2022-23	Specify level of treatment
Sent to third parties	178	180	
No treatment	-	-	
With treatment	178	180	Pretreated before sending to Common Effluent Treatment Plant (CETP)
Others	11,949	9,934	
No treatment	-	-	
With treatment	11,949	9,934	Treated in the inhouse STP/ ETP
Total Water discharged	12,127	10,114	

Note: water discharged differs slightly from water consumption due to evaporation, transportation losses, etc

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

The entity has a Zero Liquid Discharge mechanism in place at all its factories. Sewage Treatment Plants (STPs) treat domestic effluent for reuse in gardening. Effluent Treatment Plants (ETPs) are installed to treat process effluent, which is either reused in the process or for other purposes within the premises, following the approved method stated in the Consent Order.

6. Please provide details of air emissions (other than GHG emissions) by the entity.

	2023-24	2022-23
NOx (tons)	0.94	0.77
SOx (tons)	2.02	1.65
Particulate Matter (PM)	-	-
Persistent organic pollutants (POP)	-	-
Volatile organic compounds (VOC)	47.61	45.37
Hazardous air pollutants (HAP)	-	-
Others - please specify	-	-

VOC emission abatement systems are being installed to reduce VOC emissions.

7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity.

Metric tonnes of CO2 equivalent	2023-24	2022-23
Total Scope 1 emissions	429	351
Total Scope 2 emissions	6,838	7,388
Total Scope 1 and Scope 2 emissions per rupee of turnover	*	*
Total Scope 1 and Scope 2 emission intensity in terms of physical output (volume)	30	36

* below rounding off norms

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

The first key decarbonization lever for our Scope 1 and 2 emissions is reducing the amount of energy we consume. We're aiming to reduce our relative energy consumption by 30% by 2030 (baseline 2018) and plan to do so through an ambitious 5% year-on-year reduction objective.

We've identified several programs to help us achieve this:

- Operational excellence that will apply energy management to our daily operations and reduce our energy use in production, warehouses and offices
- Upgrading inefficient assets such as chillers, air compressors and furnaces to best-in-class and improve HVAC systems for our buildings and Warehouses

Our second key lever is maximizing renewable electricity, with a priority to produce on-site with solar panels and with renewable purchasing agreements. We also have a renewable electricity target of 50% for 2025 and 100% for 2030. We purchase Renewable Electricity Certificates or

Guarantees of Origin and actively look for off-site power purchasing agreements (PPAs) where possible.

9. Provide details related to waste management by the entity.

In line with our strategy of reducing, reusing and recycling materials, our material optimization process focuses on diverting slow-moving and obsolete materials from incineration to internal reuse and third-party recyclers and outlets. We drive waste reduction through multi-disciplinary collaboration between our commercial teams, supply chain, manufacturing, HSE&S and our innovation teams.

We have achieved our ambition of zero waste to landfill (defined as <1% of total waste) in 2022-23, and continued to maintain this in 2023-24 as well.

10. 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.

Switching gears towards a circular economy means reducing waste and increasing circularity throughout our value chain. We're driven by 3R's reduce, reuse, and recycle, while our products seek to protect and give longer life to surfaces and materials. Reducing waste at source and increasing circularity we're on a journey towards achieving 100% circular use of materials in our own operations by 2030 which is in line with AkzoNobel global targets. To reach there, we're focused on reducing the amount of waste and increasing the circular use of materials. In 2023-24, we achieved circular use of materials for 80.4% of our obsolete material and waste streams.

Product stewardship policy is 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.

11. 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.

12. 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.

13. 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).

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

Leadership Indicators

1. 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.

2. Please provide details of total Scope 3 emissions & its intensity, in the following format

Metric tonnes of CO2 equivalent	2023-24	2022-23
Total Scope 3 emissions	726	652
Total Scope 3 emissions (kg) per rupee of turnover (₹)	*	*

* below rounding off norms

The Scope 3 greenhouse gas (GHG) emissions are calculated as per AkzoNobel Carbon Reporting in accordance with the Greenhouse Gas Protocol. The results in the Annual report only include the GHG protocol scope 3 emission categories that are included as part of the AkzoNobel carbon reporting. The results are given in kilo tonnes of carbon dioxide equivalents, independent of any GHG trades, such as purchases, sales, or transfers of offsets or allowances.

Our Scope 3 carbon footprint is currently at 726 kilo tonnes, reflecting a YoY increase in tandem with higher sales volume. It includes:

- Upstream: Category 1 – purchased goods (including packaging);
- Downstream: Category 10 & 11– processing and use of sold products; Category 12 – end-of- life treatment of sold products and VOC emissions in processing/ use through to end-of-life.

AkzoNobel has identified four key levers that should enable us to achieve 50% reduction in carbon emissions across our value chain:

- Energy transition: Through our projects and programs on energy transition, we aim to offer our customers lower carbon footprint solutions. In a first within our Akzo Nobel India operations, a new warehouse in Rajkot harnesses the power of sun. The rooftop solar panels with inverter storage have an installed capacity of 24KW – enough to sustainably power our warehouse operations.
- Process efficiency: In our Automotive and Specialty Coatings business, demand for ambient and UV curing coatings – which don't require gas to cure – is rising. Bodyshops can now take advantage of a new generation of fillers from our Sikkens and Lesonal vehicle refinishes brands, which help to significantly improve productivity while lowering energy costs.

Our new generation of Powder coatings enable curing at lower temperatures minimizing the processes required and the energy consumed. Interpon 600 and Interpon ACE 1000 are among our Low-E (low energy) range that provide corrosion protection with improved productivity in Agricultural and Construction Equipment, and industrial applications.

- Reduced solvent emissions: This can be done by switching to water-based products, increasing use of Powder coatings and reduction of solvents in our formulations.
- Circular solutions: This lever focuses on reducing the end-of-life impact of the fossil-based materials in our products. Our packaging is already utilizing ~10% recycled plastic, and we strive to gradually increase this going forward, without compromising on the quality of the containers.

3. With respect to the ecologically sensitive areas reported at Question 11 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.

4. 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.

S. No.	Initiative undertaken	Details of the initiative	Outcome of the initiative
1	Carbon emission reduction		Please refer P6.7 and P6(L).2
2	Renewable energy		Please refer P6.1
3	Circular use of materials		Please refer P6.10

Further details are available in the Sustainability Policy which is available on our website.

5. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

The entity has in place a documented framework and a process for managing critical activities during occurrence of a disaster or a high impact risk event across its manufacturing sites, RD&I Labs, Offices, Warehouses and key processes.

The business continuity plans are integrated in our Enterprise-wide Risk Management program. It ensures continuity of delivery of products or services at pre-defined acceptable levels following a disruptive incident.

6. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

~65% of value chain partners were assessed for impacts through the Ecovadis assessment and TfS audit.

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 four affiliations with state/national 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 (CII)	National
2	Indian Paints Association (IPA)	National
3	Paints & Coatings Skill Council (PCSC)	National
4	Federation of Indian Export Organisations(FIEO)	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

Name of authority	Brief of the case	Corrective action taken
Not Applicable		

Your Company has not engaged in anti-competitive conduct and hence no such adverse orders have been issued on the company in the past 10 years.

Leadership Indicators

1. Details of public policy positions advocated by the entity

Your Company participates in various programmes of the Industry/Trade associations for development of balanced regulations by engaging with the regulatory bodies in a responsible manner. The Company has advocated upon the following public policies on:

- Anti-dumping duty on TiO2

This information is not available in public domain as these representations have been through Industry Associations.

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.

Name and brief details of the project	SIA notification number	Date of Notification	Whether conducted by independent external agency? (Yes/No)	Results communicated in public domain (Yes/No)	Web link, if available
Not Applicable					

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

S.no	Name of the project for which R & R is ongoing	State	District	No. of project affected families (PAFs)	% of PAFs covered by R & R	Amount paid to PAFs in FY (in ₹)
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:

Metric tonnes of CO2 equivalent	2023-24	2022-23
Directly sourced from MSMEs/ small producers	~5%	~5%
Directly from within India	>50%	>50%

We optimize the sourcing mix – making use of global, regional and local sources – to meet the needs of our Business Units across all the regions and markets in which we operate. More than 50% of our input material is sourced from within India based on local availability.

~5% of our inputs are sourced from MSMEs. The Company actively collaborates with MSME suppliers located near its manufacturing sites, in alignment with the product requirements. To enhance the capacity and capability of its suppliers, the following steps have been taken:

- Conducting improvement trainings in areas such as technology, quality, health and safety, environment, productivity, and capacity.
- Assisting suppliers in upgrading their overall capabilities by leveraging global best practices.
- Benchmarking to ensure the delivery of world-class products with the highest quality standards.

5. Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent/ contract basis) in the following locations, as a % of total wage cost:

Location	2023-24	2022-23
Rural	24%	25%
Semi-urban	-	-
Urban	12%	12%
Metropolitan	64%	63%
Total wages paid	100%	100%

Leadership Indicators

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

Details of negative social impact identified	Corrective action taken
Not applicable	

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

S.no	State	Aspirational District	Amount Spent (in ₹)
1	Haryana	Nuh	2,116,321
2	Jharkhand	East Singbhum	488,000
3	Assam	Darrang	1,671,360

We have undertaken project for providing Vocational Skill Training to rural women and youth in three aspirational districts.

- 3. a. Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalised/vulnerable groups? (Yes/No).**
- b. From which marginalised/vulnerable groups do you procure?**
- c. What percentage of total procurement (by value) does it constitute?**

AkzoNobel aims work together with suppliers as partners. Suppliers are expected to adhere to our company’s core values of safety, integrity and sustainability, and are selected through a rigorous, fair and non-preferential process. Currently, no inputs are sourced from marginalized or vulnerable groups. Our policy statement on responsible procurement may be accessed on our website.

4. 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:

S.no	Intellectual property based on traditional knowledge	Owned/acquired (Yes/No)	Benefit shared (Yes/No)	Basis of calculating benefit share
Not applicable				

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

There were no issues/ disputes reported regarding intellectual property during the reporting period.

6. Details of beneficiaries of CSR Projects:

S.no	CSR Project	No. of persons benefited from CSR project	% of beneficiaries from vulnerable and marginalised groups
1	Skill Training to youth/painters to pro-vide Livelihood	4,163	100%
2	Providing Education for children	7,980	100%
3	Providing access of Health care through tele medicine	15,906	100%

Your Company's key community initiatives focus on beneficiaries belonging to vulnerable and marginalized groups, hence the entire coverage numbers qualify to be included under 'beneficiaries from vulnerable and marginalized groups'.

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

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 well-publicized mechanism for customers to voice their grievances, and our company is committed to resolving consumer complaints transparently and in a solution-oriented manner. We have a robust customer care and response management system in place to address customer queries, feedback, and concerns promptly. Our focus on new technologies, integration, and standardization ensures a delightful consumer experience. We strive to serve customers with courtesy, respect, and understanding at all times.

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

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

We utilize an IT-enabled Customer Relationship Management (CRM) tool to capture and track all complaints received through various communication channels. This ensures that every query is responded to and monitored until it is successfully resolved.

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
Environmental and social parameters relevant to the product	100%
Safe and responsible usage	100%
Recycling and/or safe disposal	100%

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

	2023-24		2022-23		Remarks
	Received during the year	Pending resolution at end of year	Received during the year	Pending resolution at end of year	
Data Privacy	-	-	-	-	
Advertising	-	-	-	-	
Cyber-Security	-	-	-	-	
Delivery of essential services	-	-	-	-	
Restrictive Trade practice	-	-	-	-	

	2023-24		2022-23		Remarks
	Received during the year	Pending resolution at end of year	Received during the year	Pending resolution at end of year	
Unfair trade practice	-	-	-	-	
Others	1,498	646	2,441	639	Complaints relating products, packaging, technical and colour

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

	No. of instances	Reasons for recall
Voluntary recalls	0	N/A
Forced recalls	0	N/A

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.

Our Company has a comprehensive framework in place to manage cybersecurity and data privacy in alignment with AkzoNobel Group policies. Cybersecurity and data privacy are identified as risks in our Risk Management framework. We are committed to protecting the personal data of our consumers, employees, and business partners, adhering to global standards on data privacy. Regular awareness and training sessions are conducted for our employees to ensure compliance with these standards.

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.

There were no such instances occurred during the reporting year.

7. Provide the following information relating to data breaches:

a. No. of instances	1
b. % of data breaches involving personally identifiable information of customers	0
c. Impact, if any	None

We had a cybersecurity incident in September 2023, related to hacking and defacing of the Akzo Nobel India Limited website. This was immediately reported to CERT-In (Indian Computer Emergency Response Team). The vulnerability was plugged, and pages restored within the same day. There was no loss of data and no impact on operations. Following this incident, additional security measures and monitoring tools were put in place.

Leadership Indicators

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

The platforms used for the information are the Company's website, Annual Report, social media platforms and media advertisement/publications. Information relating to all the products and services provided by the Company are available on the Company's websites at dulux.in and akzonobel.co.in

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

Safety applications and procedures are clearly stated on our livery and websites. Additionally, we conducted awareness campaigns for painters and contractors as well as application trainings and workshops for B2B customers from time to time to ensure their understanding and adherence to safety protocols.

3. 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 on actions required in such an eventuality.

4. 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)

The entity complies with the local laws by displaying mandated information on product labels. In addition to the required declarations, additional information related to the products and their usage is provided on the labels.

Apart from the Packaged Commodities Rule & Lead Content declaration (for Architectural paints) which are mandatory, the application and usage details are also provided along with the product proposition.

A centralized survey is conducted by an external agency with a random sample of outlets, covering multiple touch points including Customer Satisfaction. We work upon how we can improve and measures are implemented accordingly.

On behalf of the Board of Directors

Rajiv Rajgopal

Chairman & Managing Director

DIN : 06685599

Place: Gurugram

Date: 16th May 2024

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. Brief outline on the CSR Policy of the Company

Akzo Nobel India is deeply committed to conducting its business in a socially and environmentally responsible manner, benefiting all stakeholders. In line with the Companies Act, 2013, and subsequent amendments, the Company prioritizes areas and activities outlined in Schedule VII. The CSR policy provides guiding principles for the selection, implementation, and monitoring of activities, as well as the formulation of an annual action plan.

2. Composition of CSR Committee

Sl. No.	Name of Director	Designation/Nature of Directorship	Number of Meetings of CSR Committee held in the Year	Number of Meetings of CSR Committee attended in the Year
1	Smriti Rekha Vijay	Independent Director & Chairperson	2	2
2	Rajiv Rajgopal	Chairman & Managing Director	2	2
3	Krishna Rallapalli	Whole time Director and CFO	2	2
4	Rohit G. Totla*	Whole time Director	2	1

*on boarded as a member on CSR Committee effective 15th January 2024

3. Provide the web-link(s) where Composition of CSR Committee, CSR Policy and CSR Projects approved by the board are disclosed on the website of the company

Sl. No.	Particulars	Weblink
i)	Composition of CSR committee	https://akzonobel.co.in/management-board-of-directors.php
ii)	CSR Policy	https://akzonobel.co.in/corporate-governance.php#policy
iii)	CSR Projects	https://akzonobel.co.in/corporate-social-responsibility.php

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. (a) Average net profit of the Company for last three financial years was ₹ 3,697 million, computed under Section 198 of the Act

(b) Two percent of average net profit of the company as per section 135(5): ₹ 73.94 million

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

(d) Amount required to be set off for the financial year: ₹ 0.30 million

(e) Total CSR Obligation for the financial year (a+b-c): ₹ 73.64 million

6. (a) CSR Amount spent for the financial year: ₹ 73.78 million

(b) Amount spent on Administrative Overheads: ₹ 3.69 million

(c) Amount spent on Impact Assessment: NA

(d) Total amount spent for the financial year [(a+b+c)]: ₹ 77.47 million

(e) CSR Amount spent/unspent for the financial year:

(₹ million)

Total Amount Spent for the Financial Year	Amount Unspent				
	Total Amount transferred to Unspent CSR Account as per sub-section (6) of section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
77.47	NA	NA	NA	NA	NA

(f) Excess amount for set-off, if any:

Sl. No.	Particular	(₹ million)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	73.94
(ii)	Total amount spent for the Financial Year	77.47
(iii)	Excess amount spent for the Financial Year [(i)-(ii)]	3.53
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	Nil
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	3.53

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

NA

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No

If Yes, enter the number of Capital assets created/ acquired: Not Applicable

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility: None

Sl. No.	Short particular of the asset	Pin code of the Property/Asset (s)	Date of creation	Amount of CSR spent	Details of entity/authority/beneficiary of the registered owner		
1)	2)	3)	4)	5)	6)		
					CSR registration number if applicable	Name	Registered Address

Not applicable

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub-section (5) of section 135.

Not Applicable.

Place: Gurugram
Date: 16th May 2024**Smriti Rekha Vijay**
Chairperson - CSR Committee
DIN : 03305041**Rajiv Rajgopal**
Chairman & 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 2023-24, various energy conservation measures were implemented by the Company:

i. Conservation measures taken	<p>Energy saving measures were adopted across all offices & manufacturing facilities with continued efforts towards technological upgradation and optimization of processes to reduce carbon footprint. Some of the key measures are:</p> <ol style="list-style-type: none"> 1. Shut down management system implemented for various energy saving measures in the plant and utilities such as air compressors, chillers etc. 2. Training imparted to all employees on shut down management and save energy. 3. Lighting upgraded to LED for reduced energy consumption across all the offices, manufacturing plants and warehouses. 4. Harvested the exhaust air wastage released to atmosphere from Discharge valve (DV) dust collector air purging system. 5. Timers installed in dust collectors, spray booth exhaust, process equipment and various other utilities to automatically to locally operate for optimum utilization and reduce idle running. 6. Separate control switch for plant individual lights to avoid excess running of lights 7. Switching off utilities such as compressor, chiller, cooling water pump and cooling tower 15 min prior to plant shutdown, thus saving energy. 8. Operational improvements by switching off chiller 30 mins earlier during shift change over to use chilling water in the buffer tank. 9. Efficient chillers installed to save energy. 10. Phase wise replacement of motors with high energy efficiency motors 11. Replacement of chilled water motors and cooling water motor from conventional motor to save energy. 12. AC mapping done across the sites for minimum usage and maximum coverage. 13. Capacitor Replacements for maintaining the power factor close to unity. 14. Chiller pump RPM reduction, yield improvement and batch cycle time improvement etc. 15. HVLS Fan Installation in Powder Plant in place of AHU unit resulting in energy savings. 16. Auto spray booths and interlock with local exhaust ventilation system to avoid manual intervention and use optimum energy. 17. Scheduling the air leakage test to reduce leakages 18. Air Compressor performance monitoring and control
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. We have been expanding the renewable energy consumption in all our manufacturing facilities with Bangalore facility operating above 80%.</p> <ol style="list-style-type: none"> 1. The total installed capacity of solar energy in all manufacturing sites in India is 2,757 KWA. 2. Solar Tubes (which converts Direct sunlight to light without using any Energy source) 3. Solar water heaters installed in the place of conventional water heaters.
iii. Capital investment on energy conservation equipment	<p>There has 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 R&D centres of the Company focus 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, import substitution , sustainable solutions and complexity reduction during the year .</p> <p>Launched a series of new products in Paints & Coatings offering differentiated benefits to customers while strengthening DULUX’s premium interior wall paint category with differentiated proposition of “silicon based technology” for Dulux Supercover ULTRA under aesthetic pillar with performance.</p> <p>Launch of differentiated new product in waterproof range under Dulux AquaTech brand i.e. Dulux Aquatech repair pro latex with SBR technology & Dulux Aquatech Superplast + with PCE technology, which made the Dulux brand entry to integral liquid water proofing (ILW) type of products for application during plaster repair & new plasters.</p> <p>Also to enhance the current offering in Aquatech range two new products “Aquatech Flexible basecoat Advance” with 12 years of waterproofing performance backing the poly urethane technology & products “Aquatech Flexible basecoat Neo” with 9 years of waterproofing performance were launched in the exterior waterproofing category. “Aquatech interior basecoat Advance” also launched with enhanced 3 years waterproofing warranty for interior walls.</p> <p>To refresh and enhance the offering of the premium enamel category, Dulux stay bright Satin (WB) & Dulux Super Satin (SB) were also relaunched with enhanced performance backing with PolyUrethane technology.</p> <p>New Product “Dulux PU Enamel 12 in 1” is launched in the super premium Enamel category claiming 12 benefits in 1 product with PU technology.</p> <p>New solvent based tinting system under “Sadolin Colourants” were launched in market to provide vibrant and classic colours to the wood care range of products. This helped to provide range of opaque colours in the wood care category via point of sales tinting route at select shops.</p> <p>To refresh & enhance the offering for mass market, Dulux Promise Interior Emulsion & Dulux Promise Exterior Emulsion were relaunched with the proposition of high coverage.</p> <p>New product “Dulux Weathershield Protect Rain proof” in the premium Exterior category was launched with differentiated proposition of advanced rain shield technology, Performance backing with Silicon Technology, which is new to the portfolio with superior performance.</p> <p>In the professional product portfolio, to further enhance the offering, two products - Dulux Professional Weathershield Flexx & Dulux Professional Weatherhshield Elastomeric were relaunched with enhanced performance life of 12 years & 10 years respectively backed with PU technology. Another New Product “Dulux Professional Weathershield Prima E900” was launched in the entry premium exterior category with a performance life of 6 years.</p> <p>In the predeco category two new products “Dulux Weathershield Alkalibloc PU+ Primer” with differentiated proposition of 10X water resistance backed with PU technology & “Dulux Weathershield Prime coat Exterior Acrylic Primer” with Anti- Alkali & Anti efflorescence proposition were launched during this year.</p> <p>New warranty programme under “Dulux Assurance 2.0” was launched this year, which provided benefits to consumers by holistic warranty offering for all the product category including interior wall paints, Exterior wall paints, Enamels & water proofing Range.</p> <p>New water based colourant technology from AkzoNobel Global Colour R&D was adapted for India to offer better proposition of low VOC, durable colourant on point of sales tinting route . These colourants will offer better sustainable solution for the stakeholders.</p> <p>Focussed R&D efforts are made in the year to improve sustainable solutions for products by reducing VOCs or better process development or substitution to sustainable alternatives.</p>
iii. In case of imported technology, imported during the last 3 years (reckoned from the beginning of the financial year)	N.A.

iv. Expenditure On R&D

Parameter	(₹ million)	
	2023-24	2022-23
Recurring*	114	101
Capital	-	-
Total	114	101

*Excludes Royalty Charge and recoveries

C. Foreign exchange earnings and outgo

Parameter	(₹ million)	
	2023-24	2022-23
Earnings	2,060	1,127
Outgo [®]	6,276	6,676

[®]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 of Directors

Place: Gurugram
Date: 16th May 2024

Rajiv Rajgopal
Chairman & Managing Director
DIN : 06685599

Form AOC – 1

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

(Pursuant to first proviso to sub-section (3) of section 129 of the Companies Act 2013 read with rule 5 of Companies (Accounts) Rules, 2014)

Part A: Subsidiaries

(₹ million)

1	Name of the subsidiary	ICI India Research & Technology Centre
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Same as holding Company
3	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	₹
4	Share capital	Nil (limited by guarantee)
5	Reserves & surplus	7.12
6	Total assets	12.88
7	Total liabilities (excluding 5 above)	5.76
8	Investments	-
9	Turnover (excluding other Income)	13.08
10	Profit before taxation	-
11	Provision for taxation	-
12	Profit after taxation	-
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

Rajiv Rajgopal

Chairman & Managing Director
DIN : 06685599

Place: Gurugram
Date: 16th May 2024

Krishna Rallapalli

Wholetime Director and CFO
DIN : 03384607

Place: Gurugram
Date: 16th May 2024

Rajiv L. Jha

Company Secretary & Compliance Officer
Membership No.: F5948

Place: Gurugram
Date: 16th May 2024

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 – **Not Applicable**
 - (a) Name(s) of the related party and nature of relationship:
 - (b) Nature of contracts/arrangements/transactions:
 - (c) Duration of the contracts/arrangements/transactions:
 - (d) Salient terms of the contracts or arrangements or transactions including the value, if any:
 - (e) Date(s) of approval by the Board, if any:
 - (f) Amount paid as advances, if any:

*As per the provisions of the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, and Related Party Policy of the Company, no material contracts or arrangements or transactions were entered into with any related party of the Company during the financial year 2023-24.

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

Rajiv Rajgopal

Chairman & Managing Director
DIN : 06685599

Place: Gurugram
Date: 16th May 2024

Rajiv L. Jha

Company Secretary & Compliance Officer
Membership No.: F5948

Place: Gurugram
Date: 16th May 2024

Krishna Rallapalli

Wholetime Director and CFO
DIN : 03384607

Place: Gurugram
Date: 16th May 2024

Secretarial Audit Report

for the financial year ended 31.03.2024

[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 31.03.2024 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.

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 31.03.2024 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) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (ii) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
- (iii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (iv) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; and
- (v) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021.

We further report that :

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 31.03.2024 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 (Buy-back of Securities) Regulations, 2018;

- (a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place, if any, during the period under review were carried out in compliance with the provisions of the Act.
- (b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- (c) Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.
- (d) There are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that :

- a) The Company is in compliance with Regulations 3(5) and 3(6) SEBI (Prohibition of Insider Trading) Regulations, 2015 and has a Structured Digital Database in place.
- b) The facility for keeping back-up of the books of account and other papers maintained in electronic mode on servers physically located in India on a daily basis has been enabled by the Company in the month of March, 2024 only.

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 : F004848F000380839

Place : Kolkata
Dated : 16th May 2024

STANDALONE FINANCIAL STATEMENTS

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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 2024, 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 material accounting policy information 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 2024, and total comprehensive income (comprising of 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 judgement, 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	How our audit addressed the key audit matter
<p>A. Revenue recognition including variable consideration</p> <p>[Refer to Note 18 (Revenue from operations) to the Standalone Financial Statements]</p> <p>The Company recognises revenue 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.</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"> Obtained an understanding of the process and controls designed and implemented by the management and tested the design and operating effectiveness of relevant controls; 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. We 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. <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>
<p>B. Assessment of ongoing income tax and indirect tax litigations</p> <p>[Refer to Note 27(b) (Contingent liabilities), Note 7 [Non-current tax assets (net)] and Note 13 (Provisions) to the Standalone Financial Statements]</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> Obtained an understanding of the process and controls designed and implemented by the management and tested the design and operating effectiveness of relevant controls;

Key audit matter	How our audit addressed the key audit matter
<p>As at 31 March 2024, 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 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 outflow of economic resources is not probable, 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 is 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"> ● 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; ● Inspected demand notices received from the tax authorities and evaluated the Company's response to those matters; ● 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; ● 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 ● Assessed the adequacy of the Company's disclosures in respect of litigations. <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>

Other Information

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

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Responsibilities of Management and Those Charged With Governance for the Standalone Financial Statements

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 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 judgement 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 back-up of the books of account and other books and papers maintained in electronic mode has not been kept on servers physically located in India on a daily basis up to 26 March 2024, and thereafter kept daily and the matters stated in paragraph 14(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended) ("the Rules").
 - (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 2024, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2024, 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 remarks in paragraph 14(b) above on reporting under Section 143(3)(b) and paragraph 14(h)(vi) below on reporting under Rule 11(g) of the Rules.

- (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, 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 2024 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 2024.
 - 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 Note 38 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;
 - (b) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 38 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; 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.
 - vi. Based on our examination, which included test checks, the Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and that has operated throughout the year for all relevant transactions recorded in the software, except that: (a) the audit log at the application level is not maintained in case of modification by certain limited users with specific access; and (b) the audit log of modification at the database level (other than the database of the accounting software hosted with the service provider) does not contain the pre-modified values. During the course of performing our procedures, except for the aforesaid instances where the question of our commenting does not arise, we did not notice any instance of audit trail feature being tampered with.
- In respect of the database of the accounting software hosted with the service provider, in the absence of information on audit trail (edit logs) for any direct changes made at the database level in the Independent Service Auditors’ Report (“Type 2 report’ issued in accordance with International Standard on Assurance Engagements 3402, Assurance Reports on Controls at a Service Organisation), we are unable to comment whether the audit trail feature at the database level was enabled and operated throughout the year for all relevant transactions recorded in the database or whether there were any instances of the audit trail feature been tampered with.
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

Amitesh Dutta
Partner

Place: Gurugram
Date: 16 May 2024

Membership Number : 058507
UDIN : 24058507BKGKYA3201

Annexure A to Independent Auditor's Report

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 2024

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

1. We have audited the internal financial controls with reference to Standalone Financial Statements of Akzo Nobel India Limited ("the Company") as of 31 March 2024 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 were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to 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 system 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, an adequate internal financial controls system with reference to Standalone Financial Statements and such internal financial controls with reference to Standalone Financial Statements were operating effectively as at 31 March 2024, 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

Amitesh Dutta

Partner

Place: Gurugram
Date: 16 May 2024

Membership Number : 058507
UDIN : 24058507BKGKYKA3201

Annexure B to Independent Auditor's Report

Referred to in paragraph 13 of the Independent Auditor's 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 2024

In terms of the information and explanations sought by us and furnished by the Company, and the books of account and records examined by us during the course of our audit, and to the best of our knowledge and belief, we report that:

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

(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:

(Amount in ₹ Mn)

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; certified true copy of the deed is available.

(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, 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, 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 the Standalone Financial Statements does not arise.

ii. (a) The physical verification of inventory excluding stocks with third parties has been conducted at

(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.

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 subsidiary are as per the table given below:

Particulars	Loans (Amount in ₹ Mn)
Employee loans	4
Aggregate amount granted during the year	
Balance outstanding as at balance sheet date in respect of the above case	4

(Also, refer 5.2 to the Standalone Financial Statements)

The Company does not have any associate or joint venture. The Company has not made any investments, granted secured / unsecured loans / advances in nature of loans to companies / firms / Limited Liability Partnerships / or any other parties, or stood guarantee, or provided security to companies / firms / Limited Liability Partnerships / or any other parties.

- (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 have fallen due during the year and were renewed/extended. Further, no fresh loans were granted to same parties to settle the existing overdue loans/advances in nature of loan.

- (b) There are no statutory dues of 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 2024 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ Mn)	Amount paid under protest (₹ Mn)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	108	96	2003-04, 2010-11, 2011-12, 2012-13 and 2013-14	Assessing Officer
Income Tax Act, 1961	Income Tax	93	84	2008-09, 2009-10 and 2019-20	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	2,832	984	2007-08, 2008-09, 2014-15, 2015-16, 2016-17, 2017-18 and 2018-19	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	65	-	1998-99	Calcutta High Court
The Central Excise Act, 1944	Excise Duty	17	2	2015-16 and 2016-17	Commissioner Appeal/ Joint Commissioner Appeal
The Central Excise Act, 1944	Excise Duty	10	4	1992 to 1994, 2005-06, 2007-08 and 2012-13	Customs Excise and Service Tax Appellate Tribunal

- (f) There were no loans which were granted during the year, including to promoters/ related parties that were repayable on demand or without specifying any terms or period of repayment.
- 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 referred in Sections 73, 74, 75 and 76 of the Act and the Rules framed there under.
- 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) In our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of provident fund, income tax and professional tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including employees' state insurance, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, goods and services tax 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.

Name of the statute	Nature of dues	Amount (₹ Mn)	Amount paid under protest (₹ Mn)	Period to which the amount relates	Forum where the dispute is pending
The Finance Act, 1994	Service Tax	22	1	2012-13, 2013-14 and 2014-15	Customs Excise and Service Tax Appellate Tribunal
The Finance Act, 1994	Service Tax	15	6	2013-14 to 2017-18	Commissioner Appeals
The Customs Act, 1962	Custom Duty	65	5	1997 to 2002	Commissioner Appeals
State Sales Tax / Value Added Tax as per statutes applicable in various states	Sales Tax	84	38	2005-06, 2007-08, 2008-09, 2010-11 to 2017-18 and 2020-21	First Appellate Authority
State Sales Tax / Value Added Tax as per statutes applicable in various states	Sales Tax	13	3	2005-06, 2006-07, 2009-10 to 2012-13, 2014-15	Second Appellate Authority / Sales Tax Tribunal
State Sales Tax / Value Added Tax as per statutes applicable in various states	Sales Tax	52	3	1982-83, 2009-10, 2010-11, 2012-13	Madhya Pradesh High Court and Allahabad High Court
The Goods and Service Tax Act, 2017	Goods and Service Tax	218	-	2017 to 2022	First Appellate Authority

- viii. There are no transactions previously unrecorded in the books of account that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- 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) 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) The Company has not obtained any term loans. Accordingly, reporting under clause 3(ix)(c) of the Order is not applicable to the Company.
- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, the Company has not raised funds on short-term basis. Accordingly, reporting under clause 3(ix)(d) of the Order is not applicable to the Company.
- (e) 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, 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, 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, the Company has received whistle-blower complaints during the year, which have been considered by us for any bearing on our audit and reporting under this clause. As explained by the management, there were certain complaints in respect of which investigations are ongoing as on the date of our report and our consideration of the complaints having any bearing on our audit is based on the information furnished to us by the management.
- 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 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, 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. In our opinion, the Company has not entered into any non-cash transactions with its directors or persons connected with them. 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 (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) 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.
- 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 3(xviii) of the Order is not applicable.
- xix. On the basis of the financial ratios, 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 the 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

Amitesh Dutta

Partner

Place: Gurugram

Membership Number : 058507

Date: 16 May 2024

UDIN : 24058507BKGKYKA3201

Balance Sheet

AS AT 31 MARCH 2024

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

	Notes	As at 31 March 2024	As at 31 March 2023
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	4,365	4,096
Right-of-use assets	3.2	863	970
Capital work-in-progress	3.3	1,191	727
Intangible assets	4	30	41
Financial assets			
(i) Investments	5.1	*	*
(ii) Loans	5.2	4	4
(iii) Other financial assets	5.3	97	87
Deferred tax assets (net)	14	320	266
Non-current tax assets (net)	7	1,726	1,526
Other non-current assets	6	1,225	1,004
Total non-current assets		9,821	8,721
Current assets			
Inventories	8	6,115	5,979
Financial assets			
(i) Trade receivables	5.4	5,754	5,523
(ii) Cash and cash equivalents	5.5	2,730	3,136
(iii) Bank balances other than (ii) above	5.6	2,502	2,496
(iv) Loans	5.2	*	*
(v) Other financial assets	5.3	110	139
Other current assets	9	1,998	1,398
Total current assets		19,209	18,671
Total assets		29,030	27,392
EQUITY AND LIABILITIES			
Equity			
Equity share capital	10	455	455
Other equity	11	12,837	12,701
Total equity		13,292	13,156
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Lease liabilities	3.2	451	530
(ii) Other financial liabilities	12	20	147
Other non-current liabilities	15	91	77
Provisions	13	940	846
Total non-current liabilities		1,502	1,600
Current liabilities			
Financial liabilities			
(i) Lease liabilities	3.2	153	167
(ii) Trade payables	16.1		
(a) total outstanding dues of micro enterprises and small enterprises		321	214
(b) total outstanding dues other than (ii)(a) above		9,657	8,419
(iii) Other financial liabilities	16.2	1,008	886
Other current liabilities	17	2,687	2,565
Provisions	13	410	385
Total current liabilities		14,236	12,636
Total liabilities		15,738	14,236
Total equity and liabilities		29,030	27,392

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

The notes from note no. 1 to 40 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/N500016For and on behalf of the **Board of Directors of Akzo Nobel India Limited****Amitesh Dutta**
Partner
Membership No. : 058507**Rajiv Rajgopal**
Chairman and
Managing Director
DIN : 06685599**Krishna Rallapalli**
Wholtime Director
and CFO
DIN : 03384607**Rajiv L. Jha**
Company Secretary &
Compliance Officer
Membership No. : F5948Place: Gurugram
Date: 16 May 2024Place: Gurugram
Date: 16 May 2024Place: Gurugram
Date: 16 May 2024Place: Gurugram
Date: 16 May 2024

Statement of Profit and Loss

FOR THE YEAR ENDED 31 MARCH 2024

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

	Notes	For the year ended 31 March 2024	For the year ended 31 March 2023
Revenue from operations	18	39,616	38,021
Other income	19	358	274
Total income		39,974	38,295
Expenses			
Cost of materials consumed	20	20,093	20,812
Purchases of stock-in-trade		2,083	2,016
Changes in inventories of work-in-progress, stock-in-trade and finished goods	21	52	73
Employee benefits expense	22	3,271	3,002
Finance costs	23	125	141
Depreciation and amortisation expense	24	823	825
Other expenses	25	7,796	6,867
Total expenses		34,243	33,736
Profit before tax		5,731	4,559
Income tax expense:			
Current tax	14	1,508	1,261
Deferred tax		(44)	(53)
Total tax expense		1,464	1,208
Profit after tax for the year (A)		4,267	3,351
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurements of post-employment benefit obligations	35	(42)	(68)
Income tax relating to these items	14	10	17
Other comprehensive income for the year, net of tax (B)		(32)	(51)
Total comprehensive income for the year (A + B)		4,235	3,300
Earnings per equity share attributable to owners of Akzo Nobel India Limited:	29		
Basic earning per equity share (in ₹) [Face value of ₹ 10 each]		93.70	73.58
Diluted earning per equity share (in ₹) [Face value of ₹ 10 each]		93.70	73.58

The notes from note no. 1 to 40 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**

Amitesh Dutta
Partner
Membership No. : 058507

Rajiv Rajgopal
Chairman and
Managing Director
DIN : 06685599

Krishna Rallapalli
Wholetime Director
and CFO
DIN : 03384607

Rajiv L. Jha
Company Secretary &
Compliance Officer
Membership No. : F5948

Place: Gurugram
Date: 16 May 2024

Place: Gurugram
Date: 16 May 2024

Place: Gurugram
Date: 16 May 2024

Place: Gurugram
Date: 16 May 2024

Statement of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2024

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

	Notes	For the year ended 31 March 2024	For the year ended 31 March 2023
A Cash flow from operating activities			
Profit before tax		5,731	4,559
Adjustments for:			
Depreciation and amortisation expense	24	823	825
Loss on sale of property, plant and equipment (net)	25	11	11
Net gain on termination of leases	19	(2)	(8)
Provision for inventory obsolescence		65	93
Provision for doubtful debts and advances	25	40	23
Net foreign exchange differences		(11)	5
Provision/liabilities no longer required written back	18	(87)	(92)
Provision on Indirect tax cases	13	1	-
Loss allowance on Government grants	19 & 5.3	20	(11)
Interest income	19	(356)	(255)
Finance costs	23	125	141
Operating profit before change in operating assets and liabilities		6,360	5,291
(Increase) / Decrease in trade receivables		(269)	(601)
(Increase) / Decrease in inventories		(201)	572
(Increase) / Decrease in loans		*	*
(Increase) / Decrease in other financial assets		2	(1)
(Increase) / Decrease in other assets		(977)	80
Increase / (Decrease) in trade payables		1,447	271
Increase / (Decrease) in other financial liabilities		(7)	90
Increase / (Decrease) in provisions		76	59
Increase / (Decrease) in other liabilities		136	524
Cash generated from operations		6,567	6,285
Income taxes paid (net)		(1,708)	(1,425)
Net cash inflow from operating activities (A)		4,859	4,860
B Cash flow from investing activities			
Payments for purchase of property, plant and equipment		(1,185)	(1,043)
Bank deposits		(12)	639
Interest received		337	253
Net cash (outflow) from investing activities (B)		(860)	(151)
C Cash flow from financing activities			
Principal element of lease payments		(175)	(165)
Dividend paid		(4,099)	(2,732)
Interest paid		(120)	(120)
Net cash (outflow) from financing activities (C)		(4,394)	(3,017)
Net increase / (decrease) in cash and cash equivalents (A+B+C)		(395)	1,692
Cash and cash equivalents at the beginning of the year		3,136	1,441
Effect of exchange rate changes on cash and cash equivalents		(11)	3
Cash and cash equivalents at the end of the year		2,730	3,136
Non-cash investing activities			
- Acquisition of right-of-use assets		104	222

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

Statement of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2024

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

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:

	Notes	For the year ended 31 March 2024	For the year ended 31 March 2023
Balances with banks			
- In current accounts	5.5	1,166	1,008
- In EEFC accounts	5.5	159	217
Bank deposits with maturity of less than three months	5.5	1,405	1,911
Cash and cash equivalents (Refer note 5.5)		2,730	3,136

The notes from note no. 1 to 40 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**

Amitesh Dutta

Partner

Membership No. : 058507

Rajiv Rajgopal

Chairman and
Managing Director
DIN : 06685599

Krishna Rallapalli

Wholetime Director
and CFO
DIN : 03384607

Rajiv L. Jha

Company Secretary &
Compliance Officer
Membership No. : F5948

Place: Gurugram

Date: 16 May 2024

Place: Gurugram

Date: 16 May 2024

Place: Gurugram

Date: 16 May 2024

Place: Gurugram

Date: 16 May 2024

Statement of Changes in Equity

FOR THE YEAR ENDED 31 MARCH 2024

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

(a) Equity share capital

	Number of Shares	Notes	Amount
As at 31 March 2022	45,540,314	10	455
Changes in equity share capital during 2022-23	-		-
As at 31 March 2023	45,540,314	10	455
Changes in equity share capital during 2023-24	-		-
As at 31 March 2024	45,540,314	10	455

(b) Other equity

Description	Reserves and surplus						Total
	Capital reserve (Refer note 11 (a))	Capital redemption reserve (Refer note 11 (b))	Revaluation reserve (Refer note 11 (c))	Share based payment reserve (Refer note 11 (d))	General reserve (Refer note 11 (e))	Retained earnings (Refer note 11 (f))	
Balance as at 31 March 2022	503	64	12	-	4,519	7,035	12,133
Profit for the year	-	-	-	-	-	3,351	3,351
Other comprehensive income arising from remeasurement of post-employment benefit obligations	-	-	-	-	-	(51)	(51)
Total comprehensive income for the year	-	-	-	-	-	3,300	3,300
Transactions with owners in their capacity as owners:							
Dividends paid	-	-	-	-	-	(2,732)	(2,732)
Employee share-based payment expense	-	-	-	30	-	-	30
Transfer to Other non-current liabilities - Employees related payables and Other current liabilities - Employees related payables	-	-	-	(30)	-	-	(30)
Balance as at 31 March 2023	503	64	12	-	4,519	7,603	12,701
Balance as at 1 April 2023	503	64	12	-	4,519	7,603	12,701
Profit for the year	-	-	-	-	-	4,267	4,267
Other comprehensive income arising from remeasurement of post-employment benefit obligations	-	-	-	-	-	(32)	(32)
Total comprehensive income for the year	-	-	-	-	-	4,235	4,235
Transactions with owners in their capacity as owners:							
Dividends paid	-	-	-	-	-	(4,099)	(4,099)
Employee share-based payment expense	-	-	-	31	-	-	31
Transfer to Other non-current liabilities - Employees related payables and Other current liabilities - Employees related payables	-	-	-	(31)	-	-	(31)
Balance as at 31 March 2024	503	64	12	-	4,519	7,739	12,837

The notes from note no. 1 to 40 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**

Amitesh Dutta
Partner
Membership No. : 058507

Rajiv Rajgopal
Chairman and
Managing Director
DIN : 06685599

Krishna Rallapalli
Wholetime Director
and CFO
DIN : 03384607

Rajiv L. Jha
Company Secretary &
Compliance Officer
Membership No. : F5948

Place: Gurugram
Date: 16 May 2024

Place: Gurugram
Date: 16 May 2024

Place: Gurugram
Date: 16 May 2024

Place: Gurugram
Date: 16 May 2024

Notes

TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts are in millions Indian Rupees, unless otherwise stated)

Note 1 : Background and basis of preparation

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 2024 were approved by the Board of Directors and authorised for issue on 16 May 2024.

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.
- Share-based payments.

(iii) New and amended standards adopted by the Company

The Ministry of Corporate Affairs vide notification dated 31 March 2023 notified Companies (Indian Accounting Standards) Amendment Rules, 2023, which amended certain accounting standards (see below), and are effective 1 April 2023:

- Disclosure of accounting policies - amendments to Ind AS 1
- Definition of accounting estimates - amendments to Ind AS 8

- Deferred tax related to assets and liabilities arising from a single transaction - amendments to Ind AS 12

The other amendments to Ind AS notified by these rules are primarily in the nature of clarifications.

These amendments did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods. Specifically, no changes would be necessary as a consequence of amendments made to Ind AS 12 as the Company's accounting policy already complies with the now mandatory treatment.

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 policies. 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.

The areas involving critical estimates and judgements are:

- 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 5.4)
- Inventory obsolescence (Refer note 8)

Estimates and judgements are continually 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 STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts are in millions Indian Rupees, unless otherwise stated)

Note 3.1 : Property, plant and equipment

Accounting policy

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate the cost of the assets, net of their residual values, over their estimated useful lives as follows:

Particulars	Estimated Useful Life (in Years)
Buildings	10-60
Plant and equipment	10-15
Furniture and fixtures	3-10
Motor vehicles	5-7
Office equipment	5
Data processing equipment	3-6

The useful lives have been determined based on technical evaluation done by management, which are higher than those specified by Schedule II to the Companies Act, 2013, in order to reflect the actual usage of assets. The residual values are not more than 5% of the original cost of the asset.

Leasehold improvements are amortised over the shorter 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.

See note 40 (l) and 40 (w) for the other accounting policies relevant to property, plant and equipment and note 40 (n) for the Company's policy regarding impairment.

Particulars	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount	
	As at 1 April 2023	Additions	Disposals	As at 31 March 2024	As at 1 April 2023	Charge during the year	Disposals	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024
Freehold land (Refer note 'a' below)	265	-	-	265	-	-	-	-	265	265
Buildings	2,228	47	(5)	2,270	688	101	(4)	785	1,540	1,485
Plant and equipment										
- owned	3,628	513	(103)	4,038	2,217	329	(99)	2,447	1,411	1,591
- given under operating lease	1,456	232	(45)	1,643	774	119	(39)	854	682	789
Motor vehicles	3	-	(1)	2	2	*	(1)	1	1	1
Furniture and fixtures	373	47	(2)	418	289	29	(2)	316	84	102
Office equipment	133	31	(4)	160	98	15	(4)	109	35	51
Leasehold improvements	107	-	-	107	71	6	-	77	36	30
Data processing equipment	184	34	(1)	217	142	25	(1)	166	42	51
Total	8,377	904	(161)	9,120	4,281	624	(150)	4,755	4,096	4,365

Particulars	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount	
	As at 1 April 2022	Additions	Disposals	As at 31 March 2023	As at 1 April 2022	Charge during the year	Disposals	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023
Freehold land (Refer note 'a' below)	265	-	-	265	-	-	-	-	265	265
Buildings	2,207	21	-	2,228	597	91	-	688	1,610	1,540
Plant and equipment										
- owned	3,302	326	-	3,628	1,894	323	-	2,217	1,408	1,411
- given under operating lease	1,379	162	(85)	1,456	715	136	(77)	774	664	682
Motor vehicles	3	-	-	3	2	*	-	2	1	1
Furniture and fixtures	337	36	-	373	263	26	-	289	74	84
Office equipment	137	3	(7)	133	92	13	(7)	98	45	35
Leasehold improvements	107	-	-	107	65	6	-	71	42	36
Data processing equipment	198	28	(42)	184	156	28	(42)	142	42	42
Total	7,935	576	(134)	8,377	3,784	623	(126)	4,281	4,151	4,096

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

Notes

TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts are in millions Indian Rupees, unless otherwise stated)

Note 3.1 : Property, plant and equipment (Contd..)

- (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.

Note 3.2 : Right-of-use assets and Lease liabilities

Accounting policy

- (a) The Company leases various lands, buildings, warehouses and vehicles. Rental contracts are typically made for fixed periods of 2 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.
- (b) 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.
- (c) Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.
- (d) 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.
- (e) 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.
- (f) 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.
- (g) 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.
- (h) See note 40 (f) for the other accounting policies relevant to leases.
- (i) **Amounts recognised in balance sheet**
- The balance sheet shows the following amounts relating to leases:

Right-of-use assets	As at 31 March 2024	As at 31 March 2023
Building and warehouse leases	491	596
Land leases (Refer note 'a' and 'b' below)	362	364
Vehicles leases	10	10
Total	863	970

Notes

TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts are in millions Indian Rupees, unless otherwise stated)

Note 3.2 : Right-of-use assets and Lease liabilities (Contd..)

Financial liabilities - Lease liabilities	As at 31 March 2024	As at 31 March 2023
Current lease liabilities	153	167
Non-current lease liabilities	451	530
Total	604	697

Additions to the right-of-use assets during the current financial year were ₹ 104 (31 March 2023 ₹ 222).

- (a) In March 2016, the Company had received the possession letter of final tranche of land from Karnataka Industrial Area Development Board (KIADB) as acquired by the Company on lease-cum-sale basis at Mysore (gross carrying value - ₹ 166). However, the execution and registration of lease deed in respect of the aforesaid land is pending finalisation with KIADB and the sale deed thereof will only be executed on/after the expiry of the lease term upon fulfilment of the conditions specified in the allotment letter/s and the lease deed, as the case may be.
- (b) The Company has leasehold land at Thane (gross carrying value - ₹ 7) for which original lease deed is not in possession of the Company. However the Company is in possession of certified true copy of aforesaid lease deed.

(ii) Amounts recognised in the Statement of Profit and Loss

The Statement of Profit and Loss shows the following amounts relating to leases:

Depreciation charge on right-of-use assets	For the year ended 31 March 2024	For the year ended 31 March 2023
Building and warehouse leases	182	186
Land leases	2	1
Vehicles leases	4	4
Total	188	191

	For the year ended 31 March 2024	For the year ended 31 March 2023
Interest expense (included in finance costs) (Refer note '23')	71	76
Rent expenses relating to short term leases (included in other expenses) (Refer note '25')	28	26
Total	99	102

The total cash outflow for leases including interest and short term leases ₹ 274 (31 March 2023 ₹ 267).

(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 guarantees in the lease contracts.

Notes

TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts are in millions Indian Rupees, unless otherwise stated)

Note 3.3 : Capital work-in-progress

As at 31 March 2024

(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	997	180	14	-	1,191
(ii) Projects temporarily suspended	-	-	-	-	-
Total	997	180	14	-	1,191

(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	
(i) Projects in progress					
Installation of new machinery and production lines	917	-	-	-	917
Process improvement equipments	46	-	-	-	46
Supply chain and logistics optimization	33	-	-	-	33
Packaging and labeling equipments	23	-	-	-	23
Research and development equipments	23	-	-	-	23
Automation and robotics integration	9	-	-	-	9
Total	1,051	-	-	-	1,051

As at 31 March 2023

(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	603	74	27	-	704
(ii) Projects temporarily suspended	-	-	-	23	23
Total	603	74	27	23	727

(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	
(i) Projects in progress					
Installation of new machinery and production lines	215	15	-	-	230
Process improvement equipments	103	15	-	-	118
Sprinklers system and fire hydrant pipe lines	16	11	17	-	44
Supply chain and logistics optimization	10	17	11	-	38
Automation and robotics integration	11	*	-	-	11
Computers equipment & software	*	7	-	-	7
Packaging and labeling equipments	5	-	-	-	5
(ii) Projects temporarily suspended					
Compound wall at Mysore land	-	-	-	23	23
Total	360	65	28	23	476

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

Capital work-in-progress mainly comprises plant and equipment and buildings.

Notes

TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts are in millions Indian Rupees, unless otherwise stated)

Note 4 : Intangible assets

Particulars	Gross Carrying Amount			Accumulated Amortisation			Net Carrying Amount			
	As at 1 April 2023	Additions	Disposals	As at 31 March 2024	As at 1 April 2023	Charge during the year	Disposals	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024
Intangible assets (Acquired)										
Customer relationships	110	-	-	110	69	11	-	80	41	30
Non compete fees	-	-	-	-	-	-	-	-	-	-
Total	110	-	-	110	69	11	-	80	41	30

Particulars	Gross Carrying Amount			Accumulated Amortisation			Net Carrying Amount			
	As at 1 April 2022	Additions	Disposals	As at 31 March 2023	As at 1 April 2022	Charge during the year	Disposals	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023
Intangible assets (Acquired)										
Customer relationships	110	-	-	110	58	11	-	69	52	41
Non compete fees	9	-	(9)	-	9	-	(9)	-	-	-
Total	119	-	(9)	110	67	11	(9)	69	52	41

Pursuant to business transfer agreement with BASF India Limited, the Company had acquired Intangible assets with respect to customer relationships and non-compete fees during the year ended 31 March 2017. The estimate for the useful life for customer relationships is based on the expected economic benefits from such assets, however, which may be longer or shorter than 10 years, depending upon the customer attrition rate and competition. If it were only 5 years, the carrying amount would be ₹ Nil (₹ Nil as at 31 March 2023). If the useful life were estimated to be 15 years, the carrying amount would be ₹ 57 (₹ 64 as at 31 March 2023).

See note 40 (m) and 40 (w) for other accounting policies relevant to intangible assets and note 40 (n) for the Company's policy regarding impairment.

Note 5 : Financial assets

Accounting policies

(i) Classification of financial assets at amortised cost

The Company classifies its financial assets at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets classified at amortised cost comprise trade receivables, loans and investment in debentures.

(ii) Classification of financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprise:

- Equity securities (unlisted) which are not held for trading, and for which the Company has irrevocably elected at initial recognition to recognise changes in fair value through OCI rather than profit or loss. These are strategic investments and the Company considers this classification to be more relevant.
- Debt securities where the contractual cash flows are solely principal and interest and the objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets.

There are currently no equity or debt securities which are carried at FVOCI.

(iii) Classification of financial assets at fair value through profit or loss

The Company classifies the following financial assets at fair value through profit or loss (FVTPL):

- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

(iv) See note 40 (k) for the remaining relevant accounting policies

Notes

TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts are in millions Indian Rupees, unless otherwise stated)

Note 5.1 : Non current investments

	Number as at 31 March 2024	Number as at 31 March 2023	Face value ₹ per unit	As at 31 March 2024	As at 31 March 2023
(a) Investment in equity instruments (measured at FVTPL)					
Unquoted					
Adyar Property Holding Company Limited (paid up ₹ 65 per share)	105	105	100	*	*
Paints and Coatings Skill Council (fully paid up)	17	17	25,000	*	*
(b) Investment in debentures (measured at Amortised Costs)					
Unquoted					
6.5% Bengal Chamber of Commerce and Industry	19	19	1,000	*	*
				*	*

	As at 31 March 2024	As at 31 March 2023
Aggregate amount of quoted investments	-	-
Aggregate market value of quoted investments	-	-
Aggregate amount of unquoted investments	*	*
Aggregate amount of impairment in the value of investments	-	-

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

- (a). Information about the Company's exposure to credit and market risk and fair value measurement is included in note 31.
- (b). The Company has a subsidiary – 'ICI India Research and 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.
- (c). During the financial year 2022-2023, the subsidiary had applied with the Ministry of Corporate Affairs (MCA) for conversion from a Section 8 company to a private limited company. Subsequent to the financial year 2023-2024, the subsidiary has received an approval (dated 10 May 2024) for such conversion from MCA. The subsidiary is in the process of obtaining a fresh certificate of incorporation in respect of such conversion approval from a Section 8 company limited by guarantee to a private company limited by guarantee by way of necessary filings/approvals. There is no impact of such conversion on the Standalone Financial Statements of the Company for the year ended 31 March 2024.

Note 5.2 : Loans

	As at 31 March 2024		As at 31 March 2023	
	Current	Non-current	Current	Non-current
Loan to employees	*	4	*	4
	*	4	*	4
Break - up of security details				
Loans considered good - Secured	-	-	-	-
Loans considered good - Unsecured	*	4	*	4
Loans which have significant increase in credit risk	-	-	-	-
Loans credit impaired	-	-	-	-
Total	*	4	*	4
Less : Loss allowance	-	-	-	-
	*	4	*	4

Note: 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.

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

Notes

TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts are in millions Indian Rupees, unless otherwise stated)

Note 5.3 : Other financial assets

	As at 31 March 2024		As at 31 March 2023	
	Current	Non- current	Current	Non- current
Security deposits	7	99	16	93
Less : Loss allowance	-	(9)	-	(9)
Bank deposits with more than 12 months maturity (Refer note 'a' below)	-	7	-	3
Government grant receivable (Refer note 'b' below)	123	-	123	-
Less : Loss allowance	(20)	-	-	-
Amount recoverable from related parties (Refer note 34)	-	-	*	-
	110	97	139	87

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

- (a) The above bank deposits are held as margin money against various guarantees issued by banks on behalf of the Company in favour of Government authorities.
- (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 5.4 : Trade receivables

Accounting policy

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business and reflects the Company's unconditional right to consideration (that is, payment is due only on the passage of time).

Trade receivables are recognised initially at the transaction price as they do not contain significant financing components. 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.

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

See note 40 (i) for the other accounting policies relevant to trade receivables.

Trade receivables	As at 31 March 2024	As at 31 March 2023
Trade receivables from contracts with customers	5,416	5,262
Trade receivables from contracts with customers - related parties (Refer note 34)	495	411
Less: Loss allowance	(157)	(150)
	5,754	5,523
Break - up of security details		
Trade receivables considered good - Secured	277	307
Trade receivables considered good - Unsecured	5,634	5,366
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - Credit impaired	-	-
Total	5,911	5,673
Less: Loss allowance	(157)	(150)
	5,754	5,523

Notes

TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts are in millions Indian Rupees, unless otherwise stated)

Note 5.4 : Trade receivables (Contd..)

Ageing of trade receivables

As at 31 March 2024

Particulars	Outstanding for following periods from the due date of payment							Total
	Unbilled	Not Due	Less than 6 Months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables								
considered good	-	5,074	629	88	63	26	31	5,911
which have significant increase in credit risk	-	-	-	-	-	-	-	-
credit impaired	-	-	-	-	-	-	-	-
Disputed trade receivables								
considered good	-	-	-	-	-	-	-	-
which have significant increase in credit risk	-	-	-	-	-	-	-	-
credit impaired	-	-	-	-	-	-	-	-
Total	-	5,074	629	88	63	26	31	5,911

As at 31 March 2023

Particulars	Outstanding for following periods from the due date of payment							Total
	Unbilled	Not Due	Less than 6 Months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables								
considered good	-	4,990	504	75	42	10	52	5,673
which have significant increase in credit risk	-	-	-	-	-	-	-	-
credit impaired	-	-	-	-	-	-	-	-
Disputed trade receivables								
considered good	-	-	-	-	-	-	-	-
which have significant increase in credit risk	-	-	-	-	-	-	-	-
credit impaired	-	-	-	-	-	-	-	-
Total	-	4,990	504	75	42	10	52	5,673

Note 5.5 : Cash and cash equivalents

	As at 31 March 2024	As at 31 March 2023
Balances with banks:		
- In current accounts	1,166	1,008
- In EEFC accounts	159	217
Bank deposits with maturity of less than three months	1,405	1,911
	2,730	3,136

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

Notes

TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts are in millions Indian Rupees, unless otherwise stated)

Note 5.6 : Bank balances other than cash and cash equivalents

	As at 31 March 2024	As at 31 March 2023
Bank deposits (Refer note 'a' below)	2,424	2,396
Unpaid dividend accounts (Refer note 'b' below)	78	100
	2,502	2,496

(a) Bank deposits include deposits held as margin money amounting to ₹ 19 (31 March 2023 ₹ 17) 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 6 : Other non-current assets

	As at 31 March 2024	As at 31 March 2023
Capital advances	60	222
Advances other than capital advances		
Indirect taxes recoverable		
- Considered good	111	47
- Considered doubtful	31	31
Less: Provision for doubtful indirect taxes recoverable	(31)	(31)
Retirement benefit trusts surplus (Refer note 35)	57	52
Advance to customers	992	674
Prepaid expenses	5	9
	1,225	1,004

Note 7 : Non current tax assets (net)

	As at 31 March 2024	As at 31 March 2023
Income tax {net of provision ₹ 18,392 (31 March 2023 ₹ 16,884)}	1,726	1,526
	1,726	1,526

Note 8 : Inventories

Accounting policy

The costs of individual items of inventory are determined on a moving weighted average basis. Volume rebates or discounts are taken into account when estimating the cost of inventory if it is probable that they have been earned and will take effect.

See note 40 (j) for the Company's other accounting policies for inventories.

Inventories	As at 31 March 2024	As at 31 March 2023
Raw materials (Refer note 'a' below)	2,452	2,262
Work-in-progress	123	135
Finished goods (Refer note 'b' and 'c' below)	1,851	2,931
Stock-in-trade (in respect of goods acquired for trading) (Refer note 'a' and 'b' below)	1,682	642
Stores and spares	7	9
	6,115	5,979
(a) Includes in-transit inventory:		
Raw materials	312	181
Stock-in-trade (in respect of goods acquired for trading)	*	*

(b) Finished goods and stock-in-trade (in respect of goods acquired for trading) are written down by ₹ 72 (31 March 2023 ₹ 44) to bring them down to the lower of cost and net realisable value. These were recognised as an expense during the year and included in 'Changes in inventories of work-in-progress, stock-in-trade and finished goods' in the Statement of Profit and Loss.

(c) Includes right to returned goods amounting to ₹ 24 (31 March 2023 ₹ 28)

Notes

TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts are in millions Indian Rupees, unless otherwise stated)

Note 9 : Other current assets

	As at 31 March 2024	As at 31 March 2023
Advances other than capital advances		
Advances to suppliers		
- Considered good	175	88
- Considered doubtful	24	30
Less: Provision for doubtful advances	(24)	(30)
Advances to employees		
- Considered good	1	6
- Considered doubtful	2	2
Less: Provision for doubtful advances	(2)	(2)
Advance to customers		
- Considered good	1,116	777
- Considered doubtful	24	24
Less: Provision for doubtful advances	(24)	(24)
Prepaid expenses	190	199
Indirect tax recoverable	516	328
Others	-	*
	1,998	1,398

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

Note 10 : Equity share capital

	As at 31 March 2024	As at 31 March 2023
Authorised:		
126,690,000 (31 March 2023 - 126,690,000) equity shares of ₹ 10 each	1,267	1,267
Issued, subscribed & fully paid up:		
45,540,314 (31 March 2023 - 45,540,314) equity shares of ₹ 10 each	455	455
	455	455

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

	As at 31 March 2024		As at 31 March 2023	
	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	-	-	-	-
Closing balance	45,540,314	455	45,540,314	455

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, except in case of interim dividend. 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 STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts are in millions Indian Rupees, unless otherwise stated)

Note 10 : Equity share capital (Contd..)

c. Shares of the Company held by holding/ultimate holding company or their subsidiaries

The ultimate holding company is Akzo Nobel N.V., The Netherlands, which does not hold any shares directly in the Company.

	As at	As at
	31 March 2024	31 March 2023
	No. of Shares	No. of Shares
Imperial Chemical Industries Limited, United Kingdom (Subsidiary of Ultimate Holding Company)	22,977,544	22,977,544
Akzo Nobel Coatings International B.V., The Netherlands (Subsidiary of Ultimate Holding Company)	11,066,791	11,066,791
	34,044,335	34,044,335

d. Details of shareholders holding more than 5% shares in the Company

	As at 31 March 2024		As at 31 March 2023	
	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%
	34,044,335	74.76%	34,044,335	74.76%

e. Details of shareholding of promoters

	As at 31 March 2024			As at 31 March 2023		
	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%	-
Total	34,044,335	74.76%	-	34,044,335	74.76%	-

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	As at
	31 March 2024	31 March 2023
Reserves and surplus		
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
Share based payment reserve (refer note 'd' below)	-	-
General reserve (refer note 'e' below)	4,519	4,519
Retained earnings (refer note 'f' below)	7,739	7,603
	12,837	12,701

Notes

TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts are in millions Indian Rupees, unless otherwise stated)

Note 11 : Other equity (Contd..)

	As at 31 March 2024	As at 31 March 2023
a Capital reserve	503	503
Pursuant to various amalgamation schemes executed in the previous years as per the requirement of Companies Act, 1956 and Court orders, the Company had created capital reserve based on the differential between the net assets and liabilities acquired from the other party. There is no movement during the year.		
b Capital redemption reserve	64	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.		
c Revaluation reserve	12	12
It represents revaluation of certain land acquired as part of amalgamation done with various companies in the previous periods. This reserve is not available for distribution of the balance to shareholders. There is no movement during the year.		
d Share based payment reserve		
It represents reserve on account of the shares to be issued to certain employees under restricted share plans. Refer note 39.		
Balance at the beginning of the year	-	-
Employee share-based payment expense	31	30
Transfer to Other non-current liabilities / Other current liabilities - Employees related payables	(31)	(30)
Balance at the end of the year	-	-
e General reserve	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.		
f Retained earnings		
Balance at the beginning of the year	7,603	7,035
Net profit for the year	4,267	3,351
<i>Items of other comprehensive income recognised directly in retained earnings</i>		
Remeasurements of post-employment benefit obligation, net of tax*	(32)	(51)
Dividends	(4,099)	(2,732)
Balance at the end of the year	7,739	7,603

*Remeasurements of post-employment benefit obligation / (asset) comprises actuarial gains and losses and return on plan assets (excluding interest income).

Note 12 : Non current financial liabilities - Others

	As at 31 March 2024	As at 31 March 2023
Security deposits (Refer note below)	20	147
	20	147

Note : It represents deposits received from customers under operating lease arrangement, refer note 30.

Notes

TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts are in millions Indian Rupees, unless otherwise stated)

Note 13 : Provisions

	Non- current		Current	
	As at	As at	As at	As at
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
Employee benefits (Refer note 35)				
Pension	1	2	-	-
Gratuity	509	416	3	3
Leave obligations (Refer note 'c' below)	-	-	190	166
Post retirement medical and others	322	309	28	27
Provident fund	89	101	-	-
Long service award	15	14	2	3
Indirect taxes (Refer note 'a' and 'b' below)	-	-	141	140
Divested businesses (Refer note 'a' and 'b' below)	-	-	38	38
Others (Refer note 'a' and 'b' below)	4	4	8	8
	940	846	410	385

Additional disclosure relating to provisions:

(a) Movement in provisions:

For the year ended 31 March 2024

Particulars	Class of provisions		
	Indirect taxes	Divested business	Others
Opening balance as at 1 April 2023	140	38	12
Provision created during the year	1	-	-
Provision utilised / written back during the year	-	-	-
Closing balance as at 31 March 2024	141	38	12

For the year ended 31 March 2023

Particulars	Class of provisions		
	Indirect taxes	Divested business	Others
Opening balance as at 1 April 2022	185	38	12
Provision created during the year	-	-	-
Provision utilised / written back during the year	(45)	-	-
Closing balance as at 31 March 2023	140	38	12

(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 include 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 ₹ 190 (31 March 2023 ₹ 166) 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 STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts are in millions Indian Rupees, unless otherwise stated)

Note 14 : Income tax

A. Income tax expense

	As at 31 March 2024	As at 31 March 2023
Current tax expense		
Current tax on profits for the year	1,521	1,234
Adjustments for current tax of prior periods	(13)	27
Total current tax expense	1,508	1,261
Deferred tax		
Decrease/(increase) in deferred tax assets	8	(4)
(Decrease)/increase in deferred tax liabilities	(52)	(49)
Total deferred tax charge/(credit)	(44)	(53)
Income tax expense	1,464	1,208

B. Reconciliation of effective tax rate

	For the year ended 31 March 2024	For the year ended 31 March 2023
Profit before tax	5,731	4,559
Tax at the Indian tax rate of 25.168% (31 March 2023 - 25.168%)	1,442	1,147
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Corporate social responsibility expenditure	19	16
Income tax provision of prior years	(13)	27
Income tax related to foreign branch operations, net of foreign tax credit	5	6
Tax effects of other amounts which are not deductible in calculating taxable income	11	12
	1,464	1,208

C. Movement in deferred tax balances

	As at 1 April 2023	Recognised in P&L	Recognised in OCI	As at 31 March 2024
Deferred tax liabilities				
Property, plant and equipment	158	(27)	-	131
Surplus payments to retirement trusts	13	1	-	14
Right-of-use assets	159	(26)	-	133
Others	*	*	-	*
Sub- total (a)	330	(52)	-	278
Deferred tax assets				
Provision for doubtful debts and advances	62	*	-	62
Expenditure disallowed u/s 43B of Income Tax Act, 1961	266	24	10	300
Expenditure deductible under section 35 DDA of the Income Tax Act, 1961	9	(4)	-	5
Lease liabilities	176	(24)	-	152
Other disallowances under the Income Tax Act, 1961	83	(4)	-	79
Sub- total (b)	596	(8)	10	598
Net deferred tax liabilities/(assets) (a)-(b)	(266)	(44)	(10)	(320)

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

Notes

TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts are in millions Indian Rupees, unless otherwise stated)

Note 14 : Income tax (Contd..)

D. Movement in deferred tax balances

	As at 1 April 2022	Recognised in P&L	Recognised in OCI	As at 31 March 2023
Deferred tax liabilities				
Property, plant and equipment	199	(41)	-	158
Surplus payments to retirement trusts	14	(1)	-	13
Right-of-use assets	166	(7)	-	159
Others	-	*	-	*
Sub- total (a)	379	(49)	-	330
Deferred tax assets				
Provision for doubtful debts and advances	72	(10)	-	62
Expenditure disallowed u/s 43B of Income tax Act, 1961	229	20	17	266
Expenditure deductible under section 35 DDA of the Income Tax Act, 1961	13	(4)	-	9
Lease liabilities	178	(2)	-	176
Other disallowances under the Income Tax Act, 1961	83	*	-	83
Sub- total (b)	575	4	17	596
Net deferred tax liabilities/(assets) (a)-(b)	(196)	(53)	(17)	(266)

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

Note 15 : Other non-current liabilities

	As at 31 March 2024	As at 31 March 2023
Deferred lease rentals (Refer note 'a' below)	1	4
Deferred government grant (Refer note 'b' below)	62	62
Employees related payables (Refer note 'c' below)	28	11
	91	77

(a) Represents fair valuation of security deposits received from customers, Refer note 31.

	As at 31 March 2024	As at 31 March 2023
(b) Opening balance of Deferred/(Accrued) Government grant	62	50
Add : Government grant receivable	-	23
Less : Government grant recognised during the year	-	(11)
Closing balance of (Deferred) /Accrued Government grant	62	62

(c) It includes balance payable to ultimate holding Company in relation to the equity-settled restricted share plans. Refer note 39.

Note: 16.1 Current financial liabilities - Trade payables

	As at 31 March 2024	As at 31 March 2023
Total outstanding dues of micro enterprises and small enterprises (Refer note 'b' below)	321	214
Total outstanding dues of creditors other than micro enterprises and small enterprises		
- Payables to related parties (Refer note 34)	2,017	1,382
- Acceptances	301	363
- Others	7,339	6,674
	9,657	8,419
	9,978	8,633

Notes

TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts are in millions Indian Rupees, unless otherwise stated)

Note 16.1 : Current financial liabilities - Trade payables (Contd..)

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

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

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 2024	As at 31 March 2023
(i) Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	268	184
(ii) Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	53	30
(iii) Principal amount paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	640	522
(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	16	12
(vii) Further interest remaining due and payable for earlier years	30	18

(c) Ageing of trade payables

As at 31 March 2024

Particulars	Outstanding for following periods from the due date of payment						Total
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade payables							
Micro enterprises and small enterprises	135	1	185	*	*	-	321
Others	3,720	653	4,981	112	47	144	9,657
Disputed trade payables							
Micro enterprises and small enterprises	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
Total	3,855	654	5,166	112	47	144	9,978

As at 31 March 2023

Particulars	Outstanding for following periods from the due date of payment						Total
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade payables							
Micro enterprises and small enterprises	55	93	66	*	-	*	214
Others	2,998	3,347	1,794	87	54	139	8,419
Disputed trade payables							
Micro enterprises and small enterprises	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
Total	3,053	3,440	1,860	87	54	139	8,633

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

Notes

TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts are in millions Indian Rupees, unless otherwise stated)

Note 16.2 : Current financial liabilities - Other financial liabilities

	As at 31 March 2024	As at 31 March 2023
Security Deposits (Refer note 'a' below)	590	480
Others		
Unpaid dividends (Refer note 'b' below)	78	100
Payable to employees	226	211
Capital creditors	110	91
Derivatives not designated as hedges- forward contracts (Refer note 31)	3	3
Retention money payable	1	1
	1,008	886

(a) It represents deposits received from customers under operating lease arrangement, refer note 30.

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

Net debt reconciliation

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

	As at 31 March 2024	As at 31 March 2023
Cash and cash equivalents	2,730	3,136
Lease liabilities	(604)	(697)
	2,126	2,439

Particulars	Other assets	Liabilities from financing activities	Total
	Cash and cash equivalents	Lease liabilities	
Balance as at 1 April 2022	1,441	(705)	736
Cash flow	1,695	165	1,860
Net acquisition lease	-	(157)	(157)
Interest expense	-	(76)	(76)
Interest paid	-	76	76
Balance as on 31 March 2023	3,136	(697)	2,439
Balance as at 1 April 2023	3,136	(697)	2,439
Cash flow	(406)	175	(231)
Net acquisition lease	-	(82)	(82)
Interest expense	-	(71)	(71)
Interest paid	-	71	71
Balance as on 31 March 2024	2,730	(604)	2,126

Note 17 : Other current liabilities

	As at 31 March 2024	As at 31 March 2023
Statutory dues payable	617	441
Liability towards customers	90	65
Deferred revenue (Refer note 'a' below)	367	341
Deferred lease rental (Refer note 'b' below)	2	5
Refund liabilities (Refer note 'c' below)	1,592	1,706
Employees related payables (Refer note 'd' below)	19	7
	2,687	2,565

Notes

TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts are in millions Indian Rupees, 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 ₹ 341 (31 March 2023 ₹ 197).
- (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 ₹ 39 (31 March 2023 ₹ 47). Refund Liabilities are also recognised for expected volume discount and other incentives payable to customers amounting to ₹ 1,553 (31 March 2023 ₹ 1,659) pending settlement.

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

- (d) It includes balance payable to ultimate holding Company in relation to the equity-settled restricted share plans. Refer note 39.

Note 18 : Revenue from operations

Accounting policy

Sale of goods

- (i) The Company manufactures and sells a range of decorative and coating paints. 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. Delivery occurs when the products have been shipped to the specific location, the risk of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- (ii) 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. Revenue is net of sales returns. The validity of assumptions used to estimate variable consideration and expected return of products is reassessed annually.
- (iii) 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

- (iv) The Company provides research and development services under cost plus agreed mark-up basis to its related parties. 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

- (v) 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.

The Company derives the following types of revenue :

Revenue from operations

	For the year ended 31 March 2024	For the year ended 31 March 2023
Revenue from contracts with customers		
- Sale of products	38,517	37,168
- Sale of services	850	600
Other operating revenue	249	253
	39,616	38,021

Notes

TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts are in millions Indian Rupees, unless otherwise stated)

Note 18 : Revenue from operations (Contd..)

- (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.

Reconciliation of revenue recognised with contract price

	For the year ended 31 March 2024	For the year ended 31 March 2023
Contract price	50,162	47,379
Adjustments for :		
Deferred revenue	(26)	(144)
Refund liabilities	(1,592)	(1,706)
Incentive to customers	(9,177)	(7,761)
Revenue from operations	39,367	37,768

- (b) Breakup of other operating revenue

	For the year ended 31 March 2024	For the year ended 31 March 2023
Duty drawback on exports	4	7
Lease rentals	101	105
Scrap sales	33	24
Business auxiliary services	22	23
Provision/liabilities no longer required written back	87	92
Miscellaneous income	2	2
	249	253

Note 19 : Other income

Accounting policy

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 by 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).

	For the year ended 31 March 2024	For the year ended 31 March 2023
Interest income:		
- on income tax refund	21	93
- on fixed deposits	332	158
- on others	3	4
Other non-operating income:		
Government grants (Refer note below)	-	11
Net gain on termination of leases	2	8
Miscellaneous income	-	*
	358	274

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

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 5.3 and 15.

Notes

TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts are in millions Indian Rupees, unless otherwise stated)

Note 20 : Cost of materials consumed

	For the year ended 31 March 2024	For the year ended 31 March 2023
Raw materials as at the beginning of the year	2,262	2,853
Add: Purchases	20,283	20,221
Less: Raw materials as at the end of the year	(2,452)	(2,262)
Total cost of materials consumed	20,093	20,812

Note 21 : Changes in inventories of work-in-progress, stock-in-trade and finished goods

	For the year ended 31 March 2024	For the year ended 31 March 2023
Inventory at the beginning of the year		
- Work-in-progress	135	156
- Stock-in-trade (in respect of goods acquired for trading)	642	1,565
- Finished goods	2,931	2,060
	3,708	3,781
Inventory at the end of the year		
- Work-in-progress	123	135
- Stock-in-trade (in respect of goods acquired for trading)	1,682	642
- Finished goods	1,851	2,931
	3,656	3,708
(Increase)/decrease in inventories of work-in-progress, stock-in-trade and finished goods	52	73

Note 22 : Employee benefits expense

	For the year ended 31 March 2024	For the year ended 31 March 2023
Salaries, wages and bonus	2,925	2,617
Contribution to provident and other funds (Refer note 35)	210	194
Employee share based payment expense	31	30
Other long-term employee benefits	2	30
Staff welfare expenses	103	131
	3,271	3,002

Note 23 : Finance costs

	For the year ended 31 March 2024	For the year ended 31 March 2023
Interest and finance charges on financial liabilities not at FVTPL	26	23
Interest and finance charges on lease liabilities (Refer note 3.2)	71	76
Unwinding of discount on security deposits	5	9
Others	23	33
	125	141

Notes

TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts are in millions Indian Rupees, unless otherwise stated)

Note 24 : Depreciation and amortisation expense

	For the year ended 31 March 2024	For the year ended 31 March 2023
Depreciation of property, plant and equipment (Refer note 3.1)	624	623
Depreciation of right-of-use-assets (Refer note 3.2)	188	191
Amortisation of intangible assets (Refer note 4)	11	11
	823	825

Note 25 : Other expenses

	For the year ended 31 March 2024	For the year ended 31 March 2023
Stores and spare parts consumed	39	40
Repairs and maintenance		
- Plant and machinery	354	346
- Buildings	43	12
- Others	*	*
Power and fuel	177	173
Travelling	355	271
Rates and taxes	25	52
Rent	28	26
Insurance	120	133
Freight and transport	1,590	1,507
Advertisement and publicity	1,192	916
Royalty	1,411	1,346
Consultancy charges	140	162
Net foreign exchange differences	5	17
Payments to auditors (Refer note 'a' below)	15	15
Corporate social responsibility expenditure (Refer note 'b' below)	77	66
IT support & maintenance	435	344
Warehouse charges	227	245
Provision for doubtful debts and advances (Refer note 'c' below)	40	23
Loss on sale of property, plant and equipment (net)	11	11
Sub contracting charges	803	476
Miscellaneous expenses	709	686
	7,796	6,867

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

(a) Details of payments to auditors[#]

	For the year ended 31 March 2024	For the year ended 31 March 2023
Statutory audit (including limited reviews)	8	8
Other audit related services	7	7
Reimbursement of expenses	*	*
	15	15

[#]Excluding goods and service tax

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

Notes

TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts are in millions Indian Rupees, unless otherwise stated)

Note 25 : Other expenses (Contd..)

(b) Corporate social responsibility expenditure

	For the year ended 31 March 2024	For the year ended 31 March 2023
Vocational skill training	55	42
Promoting education	12	13
Promoting preventive healthcare	5	6
Others	5	5
	77	66
Amount required to be spent as per Section 135 of the Act	74	66
Amount spent during the year on		
i) Construction/acquisition of an asset	-	-
ii) On purposes other than (i) above	77	66

Details of ongoing CSR Projects under Section 135 (6) of the Act

Balance as at 1 April 2022		Amount required to be spent during the year	Amount spent during the year		Balance as at 31 March 2023	
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
-	-	-	-	-	-	-

Balance as at 1 April 2023		Amount required to be spent during the year	Amount spent during the year		Balance as at 31 March 2024	
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 2022	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 2023	Balance unspent as on 1 April 2023	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 2024
-	-	66	66	-	-	-	74	77	-

Details of excess CSR expenditure under Section 135 (5) of the Act

Balance excess spent as at 1 April 2022	Amount required to be spent during the year	Amount spent during the year	Balance excess spent as on 31 March 2023	Balance excess spent as at 1 April 2023	Amount required to be spent during the year	Amount spent during the year	Balance excess spent as on 31 March 2024
-	66	66	-	-	74	77	3

(c) Excluding bad debts written off during the year amounting to ₹ 33 (31 March 2023 ₹ 60).

Note 26 : 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.

Notes

TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts are in millions Indian Rupees, unless otherwise stated)

Note 27 : Contingent liabilities

	As at 31 March 2024	As at 31 March 2023
(A) Claims against the Company not acknowledged as debts	59	59
<p>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.</p>		
	As at 31 March 2024	As at 31 March 2023
(b) Contingent liability of direct and indirect tax (Refer note below)		
Income tax matters in dispute / under appeal	395	378
Sales tax/VAT matters in dispute / under appeal	46	58
Custom, Excise and Service tax matters in dispute / under appeal	118	180
GST (Goods and service tax) matters and disputes / under appeal	2	-
	561	616

Note: The Income tax assessments for the Company have been completed up to the financial year ended 31 March 2018 and demands aggregating from such assessments and appellate orders amount to ₹ 395 (31 March 2023 - ₹ 378). 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, sales tax/VAT, custom and GST (Goods and service tax) 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 Standalone Financial Statements. The Company will continue to monitor and evaluate its position based on future events and developments.
- (d) The Company has a subsidiary – 'ICI India Research and 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 2024 and as at 31 March 2023.

Note 28 : Capital and other commitments

	As at 31 March 2024	As at 31 March 2023
Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	80	535
Liability on partly paid investment: Adyar Property Holding Company Limited	*	*

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

Notes

TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts are in millions Indian Rupees, unless otherwise stated)

Note 29 : Earnings per share

	As at 31 March 2024	As at 31 March 2023
Weighted average number of shares outstanding the during the year	45,540,314	45,540,314
Net profit after tax available for equity shareholders	4,267	3,351
Basic earning per equity share (in ₹) [Face value of ₹ 10 each]	93.70	73.58
Diluted earning per equity share (in ₹) [Face value of ₹ 10 each]	93.70	73.58

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 2024	As at 31 March 2023
Within one year	55	47
Later than one year and not later than five years	69	63
Later than five years	1	*
	125	110

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

Note 31 : Fair value measurements

a) Financial instruments by category

Particulars	As at 31 March 2024			As at 31 March 2023		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investment in equity shares	*	-	-	*	-	-
Investment in debentures	-	-	*	-	-	*
Loans	-	-	4	-	-	4
Other financial assets	-	-	200	-	-	223
Trade receivables	-	-	5,754	-	-	5,523
Cash and cash equivalents	-	-	2,730	-	-	3,136
Other bank balances	-	-	2,509	-	-	2,499
Total financial assets	*	-	11,197	*	-	11,385
Financial liabilities						
Trade payables	-	-	9,978	-	-	8,633
Other financial liabilities	-	-	1,025	-	-	1,030
Other financial liabilities - Foreign exchange forward contracts	3	-	-	3	-	-
Total financial liabilities	3	-	11,003	3	-	9,663

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

b) Fair value measurement hierarchy for assets and liabilities

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

Notes

TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts are in millions Indian Rupees, unless otherwise stated)

Note 31 : Fair value measurements (Contd..)

Financial assets and liabilities measured at fair value as at 31 March 2024

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial instruments at FVTPL				
- Unquoted equity shares	-	-	*	*
Financial liabilities				
Derivative not designated as hedges				
- Foreign exchange forward contracts	-	3	-	3

Financial assets and liabilities measured at fair value as at 31 March 2023

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial instruments at FVTPL				
- Unquoted equity shares	-	-	*	*
Financial liabilities				
Derivative not designated as hedges				
- Foreign exchange forward contracts	-	3	-	3

Notes:

Level 1 hierarchy includes financial instruments measured using quoted prices. The quoted market price used for financial assets held by the Company is the current bid price.

Level 2 hierarchy includes the fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives). The fair value of such financial instruments 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.
- 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.

Notes

TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts are in millions Indian Rupees, 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 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

Particulars	As at 31 March 2024		As at 31 March 2023		Level
	Carrying amount	Fair value	Carrying amount	Fair value	
Financial assets					
Investment in debentures	*	*	*	*	3
Loans	4	4	4	4	3
Other financial assets	200	200	223	223	3
Trade receivables	5,754	5,754	5,523	5,523	3
Total financial assets	5,958	5,958	5,750	5,750	
Financial liabilities					
Trade payables	9,978	9,978	8,633	8,633	3
Other financial liabilities	1,025	1,028	1,030	1,039	3
Total financial liabilities	11,003	11,006	9,663	9,672	

- a) The carrying amounts of investment in debentures, 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.
- b) 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.
- c) The fair values of financial assets and financial liabilities recorded in the balance sheet in respect of which quoted prices in active markets are available are measured using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company's activities expose it to credit risk, liquidity risk and market risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

Notes

TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts are in millions Indian Rupees, unless otherwise stated)

Note 31 : Fair value measurements (Contd..)

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, bank balances other than 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 receivables amounting to ₹ 5,754 and ₹ 5,523 as at 31 March 2024 and 31 March 2023 respectively. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Company has a credit risk management policy in place to limit credit losses due to non-performance of financial counterparties and customers. The Company monitors its exposure to credit risk on an ongoing basis at various levels. The Company only deals with financial counterparties that have a sufficiently high credit rating. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. The Company closely monitors the acceptable financial counterparty credit ratings and credit limits and revise where required in line with the market circumstances. Due to the geographical spread and the diversity of the Company 's customers, the Company is not subject to any significant concentration of credit risks at balance sheet date.

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.

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TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts are in millions Indian Rupees, unless otherwise stated)

Note 31 : Fair value measurements (Contd..)

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 2024	As at 31 March 2023
Opening balance	150	187
Changes in loss allowance (net)	7	(37)
Closing balance	157	150

Reconciliation of loss allowance provision – Other receivables

	As at 31 March 2024	As at 31 March 2023
Opening balance	9	9
Changes in loss allowance (net)	-	-
Closing balance	9	9

Loss allowance as at 31 March 2024 and 31 March 2023 was determined as follows under the simplified approach:

As at 31 March 2024	Not Due	0-90 days past due	91-180 days past due	181-270 days past due	271-360 days past due	More than 360 days past due	Total
Trade receivables - Considered good	5,074	563	66	50	38	120	5,911
Expected loss rate	0.51%	3.43%	17.86%	32.62%	27.60%	61.47%	2.65%
Expected credit losses– trade receivables	26	19	12	16	10	74	157
Carrying amount of trade receivables (net of impairment)	5,048	544	54	34	28	46	5,754

As at 31 March 2023	Not Due	0-90 days past due	91-180 days past due	181-270 days past due	271-360 days past due	More than 360 days past due	Total
Trade receivables - Considered good	4,990	453	51	42	33	104	5,673
Expected loss rate	0.52%	2.87%	11.76%	16.67%	39.39%	81.73%	2.64%
Expected credit losses– trade receivables	26	13	6	7	13	85	150
Carrying amount of trade receivables (net of impairment)	4,964	440	45	35	20	19	5,523

Significant estimates: The impairment provisions for financial assets disclosed above are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109, "Financial Instruments", which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Cash and cash equivalents, short term investments and derivatives

For short-term investments, counterparty limits are in place to limit the amount of credit exposure to any one counterparty. For derivative and financial instruments, the Company attempts to limit the credit risk by only dealing with reputable banks and financial institutions having high credit-ratings assigned by international credit-rating agencies.

Notes

TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts are in millions Indian Rupees, unless otherwise stated)

Note 31 : Fair value measurements (Contd..)

ii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

As at 31 March 2024	Contractual cash flows					
	Total	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Lease liabilities (including interest)	1,006	109	100	177	254	366
Trade and other payables	9,978	9,978	-	-	-	-
Other financial liabilities	1,025	828	177	19	1	-
Derivative financial liabilities						
Forward exchange contracts	3	3	-	-	-	-

As at 31 March 2023	Contractual cash flows					
	Total	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Lease liabilities (including interest)	1,134	117	114	190	312	401
Trade and other payables	8,633	8,633	-	-	-	-
Other financial liabilities	1,030	759	124	140	7	-
Derivative financial liabilities						
Forward exchange contracts	3	3	-	-	-	-

The gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

Borrowing facilities	As at 31 March 2024	As at 31 March 2023
- Expiring within one year (bank overdraft facilities)	826	828

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TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts are in millions Indian Rupees, unless otherwise stated)

Note 31 : Fair value measurements (Contd..)

iii. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of 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.

Exposure to currency risk

The currency profile of financial assets and financial liabilities (other than Indian Rupees) as at 31 March 2024 and 31 March 2023 are reinstated in millions Indian Rupees which is stated below:

As at 31 March 2024	USD	Euro	Other
Financial assets			
Trade and other receivables	564	2	5
Balance in EEFC account	159	-	-
Derivative assets			
Foreign exchange forward contracts-sell foreign currency	-	-	-
Net exposure to foreign currency risk (Assets)	723	2	5
Financial liabilities			
Trade and other payables	1,310	367	96
Derivative liabilities			
Foreign exchange forward contracts-buy foreign currency	(834)	(274)	-
Net exposure to foreign currency risk (Liabilities)	476	93	96

As at 31 March 2023	USD	Euro	Other
Financial assets			
Trade and other receivables	453	6	5
Balance in EEFC account	217	-	-
Derivative assets			
Foreign exchange forward contracts-sell foreign currency	-	-	-
Net exposure to foreign currency risk (Assets)	670	6	5
Financial liabilities			
Trade and other payables	895	201	98
Derivative liabilities			
Foreign exchange forward contracts-buy foreign currency	(592)	-	-
Net exposure to foreign currency risk (Liabilities)	303	201	98

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.

Notes

TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts are in millions Indian Rupees, unless otherwise stated)

Note 31 : Fair value measurements (Contd..)

Effect	Impact on Profit after tax	
	Increase	Decrease
31 March 2024		
10% movement		
USD	18	(18)
Euro	(7)	7
Others	(7)	7
	4	(4)

Effect	Impact on Profit after tax	
	Increase	Decrease
31 March 2023		
10% movement		
USD	27	(27)
Euro	(15)	15
Others	(7)	7
	5	(5)

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 as 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	Impact on Profit after tax	
	31 March 2024	31 March 2023
Increase 10%	*	*
Decrease 10%	*	*

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

Profit for the period would increase/decrease as a result of gains/losses on equity securities classified as fair value through profit or loss.

Notes

TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts are in millions Indian Rupees, unless otherwise stated)

Note 32 : Capital management

For the purpose of the Company's capital management, capital includes issued equity share capital and all other equity reserves attributable to the equity holders of the Company. The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2024 and 31 March 2023.

	For the year ended 31 March 2024	For the year ended 31 March 2023
The following dividends were declared and paid by the Company during the year:		
Final dividend for the year ended 31 March 2023 of ₹ 40 per equity share (31 March 2022 ₹ 35 per equity share)	1,822	1,594
Interim dividend for the year ended 31 March 2024 of ₹ 50 per share (31 March 2023 ₹ 25 per share)	2,277	1,138
	4,099	2,732

In addition to the above dividend, directors have recommended the payment of dividend of ₹ 25 per equity share (31 March 2023 ₹ 40 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 year	For the year ended 31 March 2024	For the year ended 31 March 2023
31 March 2024 ₹ 25 per equity share (31 March 2023 ₹ 40 per equity share)	1,139	1,822
	1,139	1,822

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. The Company is principally engaged in the business of manufacturing paints, coatings and allied products in India with similar risk, returns and internal business reporting system. Accordingly, there are no reportable segment(s) other than "Paints", which singly or in aggregate qualify for separate disclosure as per provisions of Ind AS 108 "operating segments".

B. Entity wide disclosures

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Revenue from operations		
Domestic	37,532	36,094
Overseas	2,084	1,927
Total	39,616	38,021

Revenue from overseas customers includes ₹ 597 from Akzo Nobel Coatings International B.V., Netherlands (31 March 2023 ₹ 562).

Particulars	As at 31 March 2024	As at 31 March 2023
Non current segment assets		
Domestic	7,617	6,786
Overseas	-	-

Notes

TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts are in millions Indian Rupees, unless otherwise stated)

Note 33 : Segment information (Contd..)

Break up of non current assets is as follows:

Particulars	As at	As at
	31 March 2024	31 March 2023
Property, plant and equipment	4,365	4,096
Right-of-use assets	863	970
Capital work-in-progress	1,191	727
Intangible assets	30	41
Other non-current assets (excluding retirement benefit trust surplus)	1,168	952
Total	7,617	6,786

C. Information about major customers

No external customer individually accounted for more than 10% of the revenues during the year ended 31 March 2024 and 31 March 2023.

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., Netherlands

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

(b) The Company controls the following related party:

ICI India Research and Technology Centre*

(c) Fellow subsidiaries:

Akzo Nobel Boya Sanayi ve Ticaret A.S.	Akzo Nobel Car Refinishes B.V.
Akzo Nobel Car Refinishes (Singapore) Pte Ltd	Akzo Nobel Coatings (Dongguan) Co. Ltd.
Akzo Nobel Chang Cheng Coatings (Guangdong) Co Ltd	Akzo Nobel Coatings (Jiaxing) Co. Ltd.
Akzo Nobel Coatings AS	Akzo Nobel Ltda
Akzo Nobel Coatings CZ a.s.	Akzo Nobel Paints (Malaysia) Sdn. Bhd.
Akzo Nobel Coatings Inc.	Akzo Nobel Paints (Thailand) Limited
Akzo Nobel Coatings K.K.	Akzo Nobel Paints Lanka (Pvt) Ltd
Akzo Nobel Coatings Limited	Akzo Nobel Paints Taiwan Limited
Akzo Nobel Coatings S.A.	Akzo Nobel Powder Coatings Korea Co., Ltd.
Akzo Nobel Coatings S.A. (Morocco)	Akzo Nobel UAE Paints L.L.C.
Akzo Nobel Coatings S.P.A.	AkzoNobel South Africa (Pty) Ltd
Akzo Nobel Coatings, S.L.U.	Compania Mexicana de Pinturas International S.A. de C.V.
Akzo Nobel Decorative Coatings B.V.	Flexcrete Technologies Limited
Akzo Nobel Global Business Services LLP	International Farbenwerke GmbH
Akzo Nobel Hilden GmbH	International Farg AB
Akzo Nobel Industrial Coatings AB	International Farvefabrik A/S
Akzo Nobel Industrial Coatings Korea Ltd.	International Paint (East Russia) Limited
Akzo Nobel Industrial Coatings Sdn Bhd	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 (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

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TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts are in millions Indian Rupees, unless otherwise stated)

Note 34 : Related Party Disclosures (Contd..)

Akzo Nobel Pty. Limited	PT Akzo Nobel Car Refinishes Indonesia
Akzo Nobel SAS	PT ICI Paints Indonesia
Akzo Nobel Saudi Arabia Ltd.	PT International Paint Indonesia
Akzo Nobel Sourcing B.V.	
Akzo Nobel Vietnam Limited	

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

(d) Key Management Personnel

Mr. Rajiv Rajgopal - Managing Director (upto 15 November 2023) and Chairman and Managing Director (from 16 November 2023)
 Mr. Oscar Wezenbeek - Chairman (upto 15 November 2023)
 Mr. Krishna Rallapalli - Wholetime Director and CFO
 Mr. Rohit Ghanshyamdas Totla - Wholetime Director (from 16 November 2023)
 Mr. Amit Jain - Independent Director
 Mr. Hemant Sahai - Independent Director
 Ms. Smriti Rekha Vijay - Independent Director
 Mr. Rajiv Lochan Jha - Company Secretary (from 24 August 2023)
 Ms. Harshi Rastogi - Company Secretary (upto 7 July 2023)

(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

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., Netherlands	Fellow Subsidiaries of the Company	Key Management Personnel	Employee Benefit Trusts	ICI India Research and Technology Centre	Total
	2023-24	2023-24	2023-24	2023-24	2023-24	2023-24	2023-24	2023-24
	(2022-23)	(2022-23)	(2022-23)	(2022-23)	(2022-23)	(2022-23)	(2022-23)	(2022-23)
(a) Transactions during the year								
Purchase of raw materials / finished goods	-	-	-	1,644	-	-	-	1,644
	(3)	(-)	(-)	(1,615)	(-)	(-)	(-)	(1,618)
Sale of finished goods	-	-	-	668	-	-	3	671
	(-)	(-)	(-)	(558)	(-)	(-)	(1)	(559)

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TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts are in millions Indian Rupees, unless otherwise stated)

Note 34 : Related Party Disclosures (Contd..)

	Akzo Nobel N.V., Netherlands	Imperial Chemical Industries Limited, United Kingdom	Akzo Nobel Coatings International B.V., Netherlands	Fellow Subsidiaries of the Company	Key Management Personnel	Employee Benefit Trusts	ICI India Research and Technology Centre	Total
	2023-24 (2022-23)	2023-24 (2022-23)	2023-24 (2022-23)	2023-24 (2022-23)	2023-24 (2022-23)	2023-24 (2022-23)	2023-24 (2022-23)	2023-24 (2022-23)
Expenses incurred and recovered/recoverable from other Companies (Income)	- (-)	- (-)	- (-)	9 (141)	- (-)	- (-)	6 (11)	15 (152)
Expenses reimbursed to other Companies (Expense)	18 (3)	- (-)	- (-)	25 (16)	- (-)	- (-)	16 (14)	59 (33)
Royalty	- (-)	- (-)	1,411 (1,346)	- (-)	- (-)	- (-)	- (-)	1,411 (1,346)
Dividend paid	- (-)	2,068 (1,379)	996 (664)	- (-)	- (-)	- (-)	- (-)	3,064 (2,043)
Services provided (Income)	22 (20)	- (-)	597 (562)	207 (-)	- (-)	- (-)	- (-)	826 (582)
Services received (expenses)	313 (299)	- (-)	- (-)	433 (126)	- (-)	- (-)	- (-)	746 (425)
Managerial remuneration	-	-	-	-	-	-	-	-
Short-term employee benefits	- (-)	- (-)	- (-)	- (-)	63 (51)	- (-)	- (-)	63 (51)
Post employment benefits	- (-)	- (-)	- (-)	- (-)	7 (4)	- (-)	- (-)	7 (4)
Other long - term benefits	- (-)	- (-)	- (-)	- (-)	13 (6)	- (-)	- (-)	13 (6)
Contributions made	- (-)	- (-)	- (-)	- (-)	- (-)	260 (207)	- (-)	260 (207)
Purchase of property plant and equipment	11 (3)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	11 (3)
Guarantee issued on behalf of the Company for credit facilities from banks	850 (850)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	850 (850)

	Akzo Nobel N.V., Netherlands	Imperial Chemical Industries Limited, United Kingdom	Akzo Nobel Coatings International B.V., Netherlands	Fellow Subsidiaries of the Company	Key Management Personnel	Employee Benefit Trusts	ICI India Research and Technology Centre	Total
	2023-24 (2022-23)	2023-24 (2022-23)	2023-24 (2022-23)	2023-24 (2022-23)	2023-24 (2022-23)	2023-24 (2022-23)	2023-24 (2022-23)	2023-24 (2022-23)
(b) Balances as at the end of the year								
Dues to related parties	393 (120)	- (-)	646 (622)	975 (640)	52 (35)	- (-)	3 (-)	2,069 (1,417)
Dues from related parties	21 (15)	- (-)	146 (148)	328 (248)	- (-)	- (-)	- (*)	495 (411)
Guarantee issued on behalf of the Company for credit facilities from banks	850 (850)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	850 (850)
(c) Share Capital outstanding as at end of the year	- (-)	230 (230)	111 (111)	- (-)	- (-)	- (-)	- (-)	341 (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 2024 (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 2022-23.

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

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TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts are in millions Indian Rupees, unless otherwise stated)

Note 34 : Related Party Disclosures (Contd..)

- d) Disclosure in respect of transactions / balances which are more than 10% of the total transactions / balances of the same type with related parties.

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Purchase of materials / finished goods		
PT Akzo Nobel Car Refinishes Indonesia	556	470
Akzo Nobel Hilden GmbH	106	127
Akzo Nobel Car Refinishes B.V.	211	143
Others	771	878
	1,644	1,618
Sales of finished goods		
Akzo Nobel Vietnam Limited	126	64
PT ICI Paints Indonesia	168	82
PT International Paint Indonesia	11	107
Akzo Nobel Paints (Malaysia) Sdn. Bhd.	85	70
Akzo Nobel Paints (Thailand) Limited	76	60
Others	205	176
	671	559
Expenses incurred and recovered/recoverable from other Companies (Income)		
Akzo Nobel Sourcing B.V.	-	92
Akzo Nobel Global Business Services LLP	8	25
Akzo Nobel Paints (Singapore) Pte. Ltd.	*	17
ICI India Research and Technology Centre	6	11
Others	1	7
	15	152
Expenses reimbursed to other Companies (Expense)		
Akzo Nobel Paints (Singapore) Pte. Ltd.	18	16
Akzo Nobel N.V., Netherlands	18	3
ICI India Research and Technology Centre	16	14
Akzo Nobel Car Refinishes B.V.	7	-
	59	33
Royalty		
Akzo Nobel Coatings International B.V., Netherlands	1,411	1,346
	1,411	1,346
Dividend paid		
Imperial Chemical Industries Limited, United Kingdom	2,068	1,379
Akzo Nobel Coatings International B.V.	996	664
	3,064	2,043
Services provided (Income)		
Akzo Nobel Coatings International B.V., Netherlands	597	562
Akzo Nobel Paints (Singapore) Pte Ltd.	206	-
Others	23	20
	826	582
Services received (Expense)		
Akzo Nobel N.V. Netherlands	313	299
Akzo Nobel Paints (Singapore) Pte Ltd.	305	-
Akzo Nobel Global Business Services LLP	128	126
	746	425
Managerial remuneration		
Mr. Rajiv Rajgopal	41	31
Mr. Krishna Rallapalli	18	14
Mr. Rohit Ghanshyamdass Totla	11	-
Ms. Harshi Rastogi	3	11
Others	10	5
	83	61

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TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts are in millions Indian Rupees, unless otherwise stated)

Note 34 : Related Party Disclosures (Contd..)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Contributions made		
The Alkali and Chemical Corporation of India Limited Provident Fund	196	191
Others	64	16
	260	207
Purchase of property plant and equipment		
Akzo Nobel N.V. Netherlands	11	3
	11	3
Guarantee issued on behalf of the Company for credit facilities from banks		
Akzo Nobel N.V. Netherlands	850	850
	850	850

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

Particulars	As at 31 March 2024	As at 31 March 2023
Dues to related parties		
Akzo Nobel Coatings International B.V.	646	622
Akzo Nobel N.V. Netherlands	393	120
Others	1,030	675
	2,069	1,417
Dues from related parties		
Akzo Nobel Coatings International B.V.	146	148
Akzo Nobel Paints (Malaysia) Sdn. Bhd.	42	58
Others	307	205
	495	411
Share capital outstanding		
Imperial Chemical Industries Limited, United Kingdom	230	230
Akzo Nobel Coatings International B.V.	111	111
	341	341
Guarantee issued on behalf of the Company for credit facilities from banks		
Akzo Nobel N.V. Netherlands	850	850
	850	850

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 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).

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.

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.

Notes

TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts are in millions Indian Rupees, unless otherwise stated)

Note 35 : Employee benefits (Contd..)

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.

Note 35 : Employee benefits (Contd..)

	Gratuity		Pension		Post retirement medical benefit		Provident Fund	
	For the year ended 31 March 2024	For the year ended 31 March 2023	For the year ended 31 March 2024	For the year ended 31 March 2023	For the year ended 31 March 2024	For the year ended 31 March 2023	For the year ended 31 March 2024	For the year ended 31 March 2023
(A) Employee benefit expense recognised in Statement of Profit and Loss								
(a) Current service cost	61	57	2	2	4	4	90	90
(b) Interest cost (net)	27	20	(4)	(3)	23	22	7	2
Total expense / (gain)	88	77	(2)	(1)	27	26	97	92
Remeasurements recognised directly in other comprehensive income								
(a) Return on plan assets (greater)/less than discount rate	(1)	7	(36)	(9)	-	-	(45)	65
(b) Actuarial (gains) / losses								
- from changes in demographic assumptions	2	3	(1)	1	(2)	5	*	1
- from changes in financial assumptions	31	(5)	1	(4)	4	(21)	1	(23)
- Experience adjustments	40	20	(1)	(2)	8	3	17	13
(c) Adjustment for limit on net asset	-	-	24	14	-	-	-	-
Total expense / (gain)	72	25	(13)	*	10	(13)	(27)	56

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

	Gratuity		Pension		Post retirement medical benefit		Provident Fund	
	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023
(B) Net Asset / (Liability) as at year end								
(a) Present value of obligations as at year end	906	752	73	79	350	336	2,266	1,976
(b) Fair value of plan assets as at year end	394	333	285	252	-	-	2,177	1,875
(c) Fair value of plan assets, limited to present value of future contributions	394	333	130	131	-	-	2,177	1,875
Net Asset / (Liability) (b)-(a)	(512)	(419)	212	173	(350)	(336)	(89)	(101)
Net Asset / (Liability) recognised in Balance Sheet (c)-(a)	(512)	(419)	57	52	(350)	(336)	(89)	(101)
(Refer below details for amount recognised in balance sheet)								

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TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024
(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 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023
Provision in Balance Sheet (Refer note 13)								
Current	(3)	(3)	-	-	(28)	(27)	-	-
Non-Current	(509)	(416)	-	-	(322)	(309)	(89)	(101)
	(512)	(419)	-	-	(350)	(336)	(89)	(101)
Retirement Benefit Trust Surplus (Refer note 6)								
Current	-	-	-	-	-	-	-	-
Non-Current	-	-	57	52	-	-	-	-
	-	-	57	52	-	-	-	-
Net Asset / (Liability) recognised in Balance Sheet								
Current	(3)	(3)	-	-	(28)	(27)	-	-
Non-Current	(509)	(416)	57	52	(322)	(309)	(89)	(101)
	(512)	(419)	57	52	(350)	(336)	(89)	(101)

The Company administers benefits through different trusts, which do not allow set off of asset and obligation inter-se. Accordingly, the net balance for each trust is disclosed for each benefit.

	Gratuity		Pension		Post retirement medical benefit		Provident Fund	
	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023
(C) Change in defined benefit obligations during the year								
Present value of obligations at beginning of the year								
(a) Current service cost	752	670	79	89	336	341	1,976	1,742
(b) Interest cost	61	57	2	2	4	4	90	90
(c) Benefits paid	52	42	5	5	23	22	145	117
(d) Actuarial (gains) / losses	(33)	(37)	(13)	(12)	(23)	(17)	(179)	(167)
(e) Employee contributions	74	19	*	(5)	10	(14)	18	(9)
(f) Other adjustments	-	-	-	-	*	-	113	111
	*	1	-	-	-	-	103	92
Present value of obligations at end of the year	906	752	73	79	350	336	2,266	1,976

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

Note 35 : Employee benefits (Contd..)

	Gratuity		Pension		Post retirement medical benefit		Provident Fund	
	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023
(D) Change in fair value of plan assets during the year								
Fair value of plan assets as at beginning of the year	333	355	252	247	-	-	1,875	1,709
(a) Return on plan assets (greater)/less than discount rate	2	(7)	36	9	-	-	45	(64)
(b) Interest income on plan assets	25	22	18	15	-	-	137	115
(c) Company contributions	68	-	-	-	-	-	83	81
(d) Employee contributions	-	-	-	-	-	-	113	111
(e) Benefits paid	(34)	(37)	(12)	(12)	-	-	(179)	(167)
(f) Adjustment of defined contribution	-	-	(9)	(7)	-	-	-	-
(g) Acquisition cost	-	-	-	-	-	-	103	90
Fair value of plan assets	394	333	285	252	-	-	2,177	1,875
(E) Change in irrevocable surplus								
Irrevocable surplus as at the beginning of the year	-	-	123	101	-	-	-	-
(a) Interest in irrevocable surplus	-	-	9	7	-	-	-	-
(b) Change in irrevocable surplus in excess of interest	-	-	23	13	-	-	-	-
Irrevocable surplus as at the end of the year	-	-	155	121	-	-	-	-
(F) Expected maturity analysis of undiscounted defined benefit plans								
Less than a year	112	100	17	17	29	27	338	313
Between 1-2 years	111	101	16	16	29	28	317	292
Between 2-5 years	412	307	39	41	90	85	689	632
Over 5 years	647	547	42	41	146	142	1,436	1,311
Total	1,282	1,055	114	115	294	282	2,780	2,548
(G) Weighted average duration	6	7	6	7	6	7	6	7
(H) Sensitivity analysis								
Discount rate (%age)	-	-	-	-	-	-	-	-
Effect on DBO due to 0.5% increase in discount rate	-2.8%	-2.9%	-4.0%	-3.8%	-4.7%	-4.8%	-	-
Effect on DBO due to 0.5% decrease in discount rate	3.0%	3.1%	4.1%	3.8%	5.2%	5.1%	-	-
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%	-2.8%	-	-	-	-	-	-
Medical inflation rate (%)	-	-	-	-	-	-	-	-
Effect on DBO due to 0.5% increase in medical inflation	-	-	-	-	4.6%	4.5%	-	-
Effect on DBO due to 0.5% decrease in medical inflation	-	-	-	-	-4.2%	-4.2%	-	-
Mortality rate (%)	-	-	-	-	-	-	-	-
Effect on DBO if Post retirement medical rates are scaled up by one year	-	-	-	-	-5.3%	-6.3%	-	-
Effect on DBO if Post retirement medical rates are scaled down by one year	-	-	-	-	5.7%	4.2%	-	-

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TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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

Note 35 : Employee benefits (Contd..)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet. The method and type of assumptions used in preparing the sensitivity analysis did not change as compared to previous year.

(I) Other long-term employee benefit obligations.

	Long service award obligation		Pension obligation		Leave obligation	
	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023
Current	(2)	(3)	-	-	(190)	(166)
Non-Current	(15)	(14)	(1)	(2)	-	-
Total	(17)	(17)	(1)	(2)	(190)	(166)

(J) Expected contributions to defined benefit plans for the year ending on 31 March 2025 is ₹ 512 (31 March 2024 ₹ 318).

(K) Major category of plan assets

	Gratuity		Pension		Provident Fund	
	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023
	%	Amount	%	Amount	%	Amount
Government of India Securities (Central and State)	5%	18	12%	34	55%	1,204
High Quality Corporate Bonds (including Public sector bonds)	4%	16	16%	44	34%	730
Cash (including special deposits)	38%	150	7%	21	6%	138
Scheme of Insurance-conventional Products	48%	188	-	-	-	-
Scheme of Insurance-ULIP products	-	-	-	-	-	-
Other	5%	22	65%	186	5%	105
	100%	394	100%	285	100%	2,177
						1875

Actuarial assumptions

	2023-24	2022-23
Discount rate (annual)	7.00%	7.10%
Salary growth rate	8.00%	7.50%
Expected rate of return (annualised)	7.60%	7.50%
Medical inflation rate	8.00%	8.00%

Notes

TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts are in millions Indian Rupees, unless otherwise stated)

Note 35 : Employee benefits (Contd..)

(L) Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility:- The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a return lesser than the yield. Most of the plan asset investments 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:

Ratio	Numerator		Denominator		Ratio		% Variance	Reason for variance
	31 March 2024	31 March 2023	31 March 2024	31 March 2023	31 March 2024	31 March 2023		
(a) Current ratio = Current assets / Current liabilities	19,209	18,671	14,236	12,636	1.3	1.5	(8.7%)	
(b) Debt-equity ratio = Total debt / Shareholder's equity	604	697	13,292	13,156	4.5%	5.3%	(14.3%)	
(c) Debt service coverage ratio = Earning available for debt service / Debt service	5,232	4,358	246	241	21.3	18.1	17.4%	
(d) Return on equity ratio = Net profits after taxes / Average shareholder's equity	4,267	3,351	13,224	12,872	32.3%	26.0%	23.9%	
(e) Inventory turnover ratio = Cost of goods sold / Average inventory	22,228	22,901	6,047	6,311	3.7	3.6	1.3%	
(f) Trade receivables turnover ratio = Total sales / Average trade receivables	39,616	38,021	5,639	5,239	7.0	7.3	(3.2%)	
(g) Trade payables turnover ratio = Total purchase / Average trade payables	30,128	29,103	9,306	8,542	3.2	3.4	(5.0%)	
(h) Net capital turnover ratio = Total sales / Working capital	39,616	38,021	4,973	6,035	8.0	6.3	26.4%	Improvement in trade payables, contributing to an enhanced working capital, played a significant role in boosting the net capital turnover ratio.
(i) Net profit ratio = Net profit after tax / Total sales	4,267	3,351	39,616	38,021	10.8%	8.8%	22.2%	
(j) Return on capital employed = Earning before interest and taxes / Capital employed	5,856	4,700	12,683	12,577	46.2%	37.4%	23.6%	
(k) Return on investment = Earning before interest and taxes / Total assets	5,856	4,700	29,030	27,392	20.2%	17.2%	17.6%	

Notes

TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts are in millions Indian Rupees, unless otherwise stated)

Note 36 : Analytical ratios (Contd..)

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 +/- Provision for doubtful debts and advances +/- Provision for inventory obsolescence + Loss on sale of property, plant and equipment (net) +/- Unrealized foreign currency (gain)/loss (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 Loss on sale 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

Note 37 : Disclosure of transactions with struck off companies

There are no transactions entered into by Company with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956 during the current year and the previous year.

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:

- a. 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
- b. provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

Notes

TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts are in millions Indian Rupees, unless otherwise stated)

Note 38 : Additional regulatory information required by Schedule III (Contd..)

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:

- 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 Company 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 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 : Share-based compensation

Certain executive and non-executive employees of the Company are eligible to participate in equity settled restricted share plans of Akzo Nobel N.V., Netherlands (Ultimate Holding Company). These plans are designed to reward long term commitment of executive and non-executive employees towards the Company. These plans are restricted share plans without any performance conditions, whereby the conditional grant of shares will vest upon the condition that they remain in service with the Company during the three-year vesting period. A one-year holding restriction after vesting applies for the executive employees.

The shares granted under the aforementioned plans are measured at the fair value which is based on the share price of Akzo Nobel N.V., Netherlands (Ultimate Holding Company) at every grant date and are amortized over the three-year period during which the executive and non-executive employees become entitled to the shares unconditionally.

Charges recognized in the Statement of Profit and Loss for the year ended 31 March 2024 relating to share-based compensation amounted to ₹ 31 (31 March 2023 ₹ 30). Refer note 22.

A. Restricted share plan - Executives

Under this plan, executive employees are entitled to vesting restricted shares of the Ultimate Holding Company every year which gets converted to the ordinary shares of the Ultimate Holding Company subject to fulfillment of vesting conditions.

Details of the scheme are as under:

Particulars	For the year ended 31 March 2024		
	01-Apr-21	01-Apr-22	01-Apr-23
Grant date	01-Apr-21	01-Apr-22	01-Apr-23
Vesting date	31-Mar-24	31-Mar-25	31-Mar-26
Number of shares granted	1,336	1,765	3,283
Vesting conditions	Continued service till the vesting date	Continued service till the vesting date	Continued service till the vesting date
Exercise price (In INR)	Nil	Nil	Nil
Weighted average remaining period	-	1.0	2.0
Fair value of shares (In INR)	8,907	7,938	6,177

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TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts are in millions Indian Rupees, unless otherwise stated)

Note 39 : Share-based compensation (Contd..)

Particulars	For the year ended 31 March 2023		
	01-Apr-20	01-Apr-21	01-Apr-22
Grant date	31-Mar-23	31-Mar-24	31-Mar-25
Vesting date	1,100	1,336	1,765
Number of shares granted	Continued service till the vesting date	Continued service till the vesting date	Continued service till the vesting date
Vesting conditions	Nil	Nil	Nil
Exercise price (In INR)	-	1.0	2.0
Weighted average remaining period	4,462	8,907	7,938
Fair value of shares (In INR)			

Restricted shares details as on the Balance Sheet date are as follows:

Particulars	For the year ended	For the year ended
	31 March 2024	31 March 2023
	(No. of Shares)	(No. of Shares)
Shares outstanding at the beginning of the year (A)	4,201	3,460
Granted during the year (B)	3,283	1,765
Exercised during the year (C)	1,100	1,024
Forfeited during the year (D)	-	-
Shares outstanding / exercisable at the end of the year for vesting (A+B-C-D)	6,384	4,201

B. Restricted share plan - Non executives

Under this plan, every year certain non-executive employees are entitled to vesting restricted shares of the Ultimate Holding Company which gets converted to the ordinary shares of the Ultimate Holding Company subject to fulfillment of vesting conditions.

Details of the scheme are as under:

Particulars	For the year ended 31 March 2024		
	01-Apr-21	01-Apr-22	01-Apr-23
Grant date	31-Mar-24	31-Mar-25	31-Mar-26
Vesting date	840	1,960	1,610
Number of shares granted	Continued service till the vesting date	Continued service till the vesting date	Continued service till the vesting date
Vesting conditions	Nil	Nil	Nil
Exercise price (In INR)	-	1.0	2.0
Weighted average remaining period	8,907	7,938	6,177
Fair value of shares (In INR)			

Particulars	For the year ended 31 March 2023		
	01-Apr-20	01-Apr-21	01-Apr-22
Grant date	31-Mar-23	31-Mar-24	31-Mar-25
Vesting date	1,670	840	1,960
Number of shares granted	Continued service till the vesting date	Continued service till the vesting date	Continued service till the vesting date
Vesting conditions	Nil	Nil	Nil
Exercise price (In INR)	-	1.0	2.0
Weighted average remaining period	4,462	8,907	7,938
Fair value of shares (In INR)			

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TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts are in millions Indian Rupees, unless otherwise stated)

Note 39 : Share-based compensation (Contd..)

Particulars	For the year ended 31 March 2024 (No. of Shares)	For the year ended 31 March 2023 (No. of Shares)
Shares outstanding at the beginning of the year (A)	4,260	2,510
Granted during the year (B)	1,610	1,960
Exercised during the year (C)	1,460	-
Forfeited during the year (D)	225	210
Shares outstanding / exercisable at the end of the year for vesting (A+B-C-D)	4,185	4,260

Note 40 : Summary of other accounting policies

This note provides a list of other accounting policies adopted in the preparation of these Standalone Financial Statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Rounding of amounts

All amounts disclosed in the Standalone Financial Statements and notes have been rounded off to the nearest millions as per the requirement of Schedule III, unless otherwise stated.

(b) Segment reporting

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

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.

(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 entity operates ('the functional currency'). The Standalone Financial Statements have been prepared and presented in Indian Rupees (INR), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the

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

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) 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.

(e) Income tax

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

Notes

TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts are in millions Indian Rupees, unless otherwise stated)

Note 40 : Summary of other accounting policies (Contd..)

tax assets and liabilities attributable to temporary differences and to unused tax losses.

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation 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.

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.

(f) Leases

As a lessee

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.

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.

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.

Entity-specific details about the Company's leasing policy are provided in note 3.2.

(g) Cash and cash equivalents

For the purpose of presentation in the Statement of Cash Flows, 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

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TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts are in millions Indian Rupees, unless otherwise stated)

Note 40 : Summary of other accounting policies (Contd..)

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.

(h) 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.

(i) Trade receivables

See note 5.4 for information about the Company's accounting for trade receivables and note 31 for a description of the Company's impairment policies.

(j) Inventories

Raw materials, stores and spare parts, work in progress, traded and finished goods

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 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.

Entity-specific details about inventories are provided in note 8.

(k) 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 that are not held for trading, 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

Notes

TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts are in millions Indian Rupees, unless otherwise stated)

Note 40 : Summary of other accounting policies (Contd..)

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.
- **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.

(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.

(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) 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.

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TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts are in millions Indian Rupees, unless otherwise stated)

Note 40 : Summary of other accounting policies (Contd..)

Entity-specific details about investments and other financial assets are provided in note 5.

(l) Property, plant and equipment

The Company's accounting policy for land is explained in note 3.1. 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.

The assets' useful lives are reviewed and adjusted if appropriate, 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.

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.

(m) 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 method and useful lives

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

(n) 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.

(o) 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.

(p) 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

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TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts are in millions Indian Rupees, unless otherwise stated)

Note 40 : Summary of other accounting policies (Contd..)

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.

(q) 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.

(r) 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, 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

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 benefits 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.

Notes

TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts are in millions Indian Rupees, unless otherwise stated)

Note 40 : Summary of other accounting policies (Contd..)

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.

(s) Share-based payments

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period,

the Company revises its estimates of the number of shares that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Where shares are forfeited due to a failure by the employee to satisfy the service conditions, any expenses previously recognised in relation to such shares are reversed effective from the date of the forfeiture. "

(t) Contributed equity

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(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) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year (see note 29).

(ii) Diluted earnings per share

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
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

Notes

TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(All amounts are in millions Indian Rupees, unless otherwise stated)

(w) 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 and 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 property, plant and equipment and intangible assets.

The notes from note no. 1 to 40 form an integral part of these Standalone Financial Statements.

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**

Amitesh Dutta

Partner

Membership No. : 058507

Place: Gurugram

Date: 16 May 2024

Rajiv Rajgopal

Chairman and
Managing Director
DIN : 06685599

Place: Gurugram

Date: 16 May 2024

Krishna Rallapalli

Wholetime Director
and CFO
DIN : 03384607

Place: Gurugram

Date: 16 May 2024

Rajiv L. Jha

Company Secretary &
Compliance Officer
Membership No. : F5948

Place: Gurugram

Date: 16 May 2024

द्वितीय श्रेणी

CONSOLIDATED FINANCIAL STATEMENTS

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Unlocking Women Power!

With the power of our paint, our Project Indradhanush is driving a more sustainable future for women in rural India. Over 2,000 rural women micro-entrepreneurs across 700 villages in seven states of India are now driving a more diverse and inclusive future for the Indian paint industry.

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 to the attached Consolidated Financial Statements), which comprise the Consolidated Balance Sheet as at 31 March 2024, 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, material accounting policy information 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 2024, and consolidated total comprehensive income (comprising of profit and other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

- 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 Note 18 (Revenue from operations) to the Consolidated Financial Statements]</p> <p>The Holding Company recognises revenue 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"> Obtained an understanding of the process and controls designed and implemented by the management and tested the design and operating effectiveness of relevant controls; 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. We 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 Consolidated Financial Statements in respect of revenue recognition. <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>
<p>B. Assessment of ongoing income tax and indirect tax litigations</p> <p>[Refer to Note 27(b) (Contingent liabilities), Note 7 [Non-current tax assets (net)] and Note 13 (Provisions) to the Consolidated Financial Statements]</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> Obtained an understanding of the process and controls designed and implemented by the management and tested the design and operating effectiveness of relevant controls;

Key audit matter	How our audit addressed the key audit matter
<p>As at 31 March 2024, 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>Based on management judgement and 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 outflow of economic resources is not probable, 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 is 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"> ● 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; ● Inspected demand notices received from the tax authorities and evaluated the Holding Company’s response to those matters; ● 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; ● 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 ● Assessed the adequacy of the Holding Company’s disclosures in respect of litigations. <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>

Other Information

5. The Holding Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the Consolidated Financial Statements and our auditor’s report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

6. The Holding Company’s Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows and changes in equity of the Group 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(xxii) 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 have been kept by the Holding Company so far as it appears from our examination of those books, except that the back-up of the books of account and other books and papers maintained in electronic mode has not been kept on servers physically located in India on a daily basis up to 26 March 2024, and thereafter kept daily and the matters stated in paragraph 15(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended) ("the Rules").
 - (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 2024 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 2024 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 remarks in paragraph 15(b) above on reporting under Section 143(3)(b) and paragraph 15(h)(vi) below on reporting under Rule 11(g) of the Rules.
 - (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 Auditors) 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 was not required to recognise a provision as at 31 March 2024 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 2024.
 - iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Holding Company during the year. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiary company during the year ended 31 March 2024.
 - iv. (a) The respective Management 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 Note 38(vi) 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.
 - (b) The respective Management 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 Note 38(vi) 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.

- (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.
- vi. Based on our examination, which included test checks, the Group has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and that has operated throughout the year for all relevant transactions recorded in the software, except that: (a) the audit log at the application level is not maintained in case of modification by certain limited users with specific access; and (b) the audit log of modification at the database level (other than the database of the accounting software hosted with the service provider) does not contain the pre-modified values. During the

course of performing our procedures, except for the aforesaid instances where the question of our commenting does not arise, we did not notice any instance of audit trail feature being tampered with.

In respect of the database of the accounting software hosted with the service provider, in the absence of information on audit trail (edit logs) for any direct changes made at the database level in the Independent Service Auditors' Report ('Type 2 report' issued in accordance with International Standard on Assurance Engagements 3402, Assurance Reports on Controls at a Service Organisation), we are unable to comment whether the audit trail feature at the database level was enabled and operated throughout the year for all relevant transactions recorded in the database or whether there were any instances of the audit trail feature been tampered with.

16. The Holding 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. Further, the subsidiary is not a public company and accordingly, reporting under section 197(16) of the Act is not applicable to the subsidiary.

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

Amitesh Dutta

Partner

Place: Gurugram
Date: 16 May 2024

Membership Number: 058507
UDIN: 24058507BKGKYC6501

Annexure A to Independent Auditor's Report

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 2024

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 the Akzo Nobel India Limited as of and for the year ended 31 March 2024, we have audited the internal financial controls with reference to Consolidated 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 were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to 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 system 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 system with reference to Consolidated Financial Statements and such internal financial controls with reference to Consolidated Financial Statements were operating effectively as at 31 March 2024, 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 the ICAI.

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

Amitesh Dutta
Partner

Place: Gurugram
Date: 16 May 2024

Membership Number: 058507
UDIN: 24058507BKGKYKC6501

Consolidated Balance Sheet

AS AT 31 MARCH 2024

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

	Notes	As at 31 March 2024	As at 31 March 2023
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	4,367	4,098
Right-of-use assets	3.2	863	970
Capital work-in-progress	3.3	1,191	727
Intangible assets	4	30	41
Financial assets			
(i) Investments	5.1	*	*
(ii) Loans	5.2	4	4
(iii) Other financial assets	5.3	97	87
Deferred tax assets (net)	14	320	266
Non-current tax assets (net)	7	1,726	1,526
Other non-current assets	6	1,225	1,004
Total non-current assets		9,823	8,723
Current assets			
Inventories	8	6,115	5,979
Financial assets			
(i) Trade receivables	5.4	5,754	5,523
(ii) Cash and cash equivalents	5.5	2,737	3,147
(iii) Bank balances other than (ii) above	5.6	2,502	2,496
(iv) Loans	5.2	*	*
(v) Other financial assets	5.3	110	139
Other current assets	9	1,998	1,398
Total current assets		19,216	18,682
Total assets		29,039	27,405
EQUITY AND LIABILITIES			
Equity			
Equity share capital	10	455	455
Other equity	11	12,844	12,708
Total equity		13,299	13,163
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Lease liabilities	3.2	451	530
(ii) Other financial liabilities	12	20	147
Other non-current liabilities	15	91	77
Provisions	13	943	849
Total non-current liabilities		1,505	1,603
Current liabilities			
Financial liabilities			
(i) Lease liabilities	3.2	153	167
(ii) Trade payables	16.1		
(a) total outstanding dues of micro enterprises and small enterprises		321	214
(b) total outstanding dues other than (ii)(a) above		9,654	8,420
(iii) Other financial liabilities	16.2	1,008	886
Other current liabilities	17	2,688	2,566
Provisions	13	411	386
Total current liabilities		14,235	12,639
Total liabilities		15,740	14,242
Total equity and liabilities		29,039	27,405

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

The notes from note no. 1 to 40 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/N500016For and on behalf of the **Board of Directors of Akzo Nobel India Limited****Amitesh Dutta**
Partner
Membership No. : 058507**Rajiv Rajgopal**
Chairman and
Managing Director
DIN : 06685599**Krishna Rallapalli**
Wholetime Director
and CFO
DIN : 03384607**Rajiv L. Jha**
Company Secretary &
Compliance Officer
Membership No. : F5948Place: Gurugram
Date: 16 May 2024Place: Gurugram
Date: 16 May 2024Place: Gurugram
Date: 16 May 2024Place: Gurugram
Date: 16 May 2024

Consolidated Statement of Profit and Loss

FOR THE YEAR ENDED 31 MARCH 2024

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

	Notes	For the year ended 31 March 2024	For the year ended 31 March 2023
Revenue from operations	18	39,616	38,021
Other income	19	358	274
Total income		39,974	38,295
Expenses			
Cost of materials consumed	20	20,093	20,812
Purchases of stock-in-trade		2,083	2,016
Changes in inventories of work-in-progress, stock-in-trade and finished goods	21	52	73
Employee benefits expense	22	3,281	3,011
Finance costs	23	125	141
Depreciation and amortisation expense	24	823	825
Other expenses	25	7,787	6,858
Total expenses		34,244	33,736
Profit before tax		5,730	4,559
Income tax expense:			
Current tax	14	1,508	1,261
Deferred tax		(44)	(53)
Total tax expense		1,464	1,208
Profit after tax for the year (A)		4,266	3,351
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurements of post-employment benefit obligations	35	(41)	(68)
Income tax relating to these items	14	10	17
Other comprehensive income for the year, net of tax (B)		(31)	(51)
Total comprehensive income for the year (A + B)		4,235	3,300
Earnings per equity share attributable to owners of Akzo Nobel India Limited:	29		
Basic earning per equity share (in ₹) [Face value of ₹ 10 each]		93.68	73.58
Diluted earning per equity share (in ₹) [Face value of ₹ 10 each]		93.68	73.58

The notes from note no. 1 to 40 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**Amitesh Dutta**
Partner
Membership No. : 058507Place: Gurugram
Date: 16 May 2024For and on behalf of the **Board of Directors of Akzo Nobel India Limited****Rajiv Rajgopal**
Chairman and
Managing Director
DIN : 06685599Place: Gurugram
Date: 16 May 2024**Krishna Rallapalli**
Wholtime Director
and CFO
DIN : 03384607Place: Gurugram
Date: 16 May 2024**Rajiv L. Jha**
Company Secretary &
Compliance Officer
Membership No. : F5948Place: Gurugram
Date: 16 May 2024

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2024

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

	Notes	For the year ended 31 March 2024	For the year ended 31 March 2023
A Cash flow from operating activities			
Profit before tax		5,730	4,559
Adjustments for:			
Depreciation and amortisation expense	24	823	825
Loss on sale of property, plant and equipment (net)	25	11	11
Net gain on termination of leases	19	(2)	(8)
Provision for inventory obsolescence		65	93
Provision for doubtful debts and advances	25	40	23
Net foreign exchange differences		(11)	5
Provision/liabilities no longer required written back	18	(87)	(92)
Provision on Indirect tax cases	13	1	-
Loss allowance on Government grants	19 & 5.3	20	(11)
Interest income	19	(356)	(255)
Finance costs	23	125	141
Operating profit before change in operating assets and liabilities		6,359	5,291
(Increase) / Decrease in trade receivables		(269)	(601)
(Increase) / Decrease in inventories		(201)	572
(Increase) / Decrease in loans		*	*
(Increase) / Decrease in other financial assets		2	(1)
(Increase) / Decrease in other assets		(977)	80
Increase / (Decrease) in trade payables		1,443	272
Increase / (Decrease) in other financial liabilities		(7)	90
Increase / (Decrease) in provisions		77	60
Increase / (Decrease) in other liabilities		136	524
Cash generated from operations		6,563	6,287
Income taxes paid (net)		(1,708)	(1,425)
Net cash inflow from operating activities (A)		4,855	4,862
B Cash flow from investing activities			
Payments for purchase of property, plant and equipment		(1,185)	(1,043)
Bank deposits		(12)	639
Interest received		337	253
Net cash (outflow) from investing activities (B)		(860)	(151)
C Cash flow from financing activities			
Principal element of lease payments		(175)	(165)
Dividend paid		(4,099)	(2,732)
Interest paid		(120)	(120)
Net cash (outflow) from financing activities (C)		(4,394)	(3,017)
Net increase / (decrease) in cash and cash equivalents (A+B+C)		(399)	1,694
Cash and cash equivalents at the beginning of the year		3,147	1,450
Effect of exchange rate changes on cash and cash equivalents		(11)	3
Cash and cash equivalents at the end of the year		2,737	3,147
Non-cash investing activities			
- Acquisition of right-of-use assets		104	222

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

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2024

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

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:

	Notes	For the year ended 31 March 2024	For the year ended 31 March 2023
Balances with banks			
- In current accounts	5.5	1,173	1,019
- In EEFC accounts	5.5	159	217
Bank deposits with maturity of less than three months	5.5	1,405	1,911
Cash and cash equivalents (Refer note 5.5)		2,737	3,147

The notes from note no. 1 to 40 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 Nobel India Akzo Limited**

Amitesh Dutta

Partner

Membership No. : 058507

Place: Gurugram

Date: 16 May 2024

Rajiv Rajgopal

Chairman and
Managing Director
DIN : 06685599

Place: Gurugram

Date: 16 May 2024

Krishna Rallapalli

Wholetime Director
and CFO
DIN : 03384607

Place: Gurugram

Date: 16 May 2024

Rajiv L. Jha

Company Secretary &
Compliance Officer
Membership No. : F5948

Place: Gurugram

Date: 16 May 2024

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 MARCH 2024

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

(a) Equity share capital

	Number of Shares	Notes	Amount
As at 31 March 2022	45,540,314	10	455
Changes in equity share capital during 2022-23	-	-	-
As at 31 March 2023	45,540,314	10	455
Changes in equity share capital during 2023-24	-	-	-
As at 31 March 2024	45,540,314	10	455

(b) Other equity

Description	Reserves and surplus						Total
	Capital reserve (Refer note 11 (a))	Capital redemption reserve (Refer note 11 (b))	Revaluation reserve (Refer note 11 (c))	Share based payment reserve (Refer note 11 (d))	General reserve (Refer note 11 (e))	Retained earnings (Refer note 11 (f))	
Balance as at 31 March 2022	503	64	12	-	4,519	7,042	12,140
Profit for the year	-	-	-	-	-	3,351	3,351
Other comprehensive income arising from remeasurement of post-employment benefit obligations	-	-	-	-	-	(51)	(51)
Total comprehensive income for the year	-	-	-	-	-	3,300	3,300
Transactions with owners in their capacity as owners:							
Dividends paid	-	-	-	-	-	(2,732)	(2,732)
Employee share-based payment expense	-	-	-	30	-	-	30
Transfer to Other non-current liabilities - Employees related payables and Other current liabilities - Employees related payables	-	-	-	(30)	-	-	(30)
Balance as at 31 March 2023	503	64	12	-	4,519	7,610	12,708
Balance as at 1 April 2023	503	64	12	-	4,519	7,610	12,708
Profit for the year	-	-	-	-	-	4,266	4,266
Other comprehensive income arising from remeasurement of post-employment benefit obligations	-	-	-	-	-	(31)	(31)
Total comprehensive income for the year	-	-	-	-	-	4,235	4,235
Transactions with owners in their capacity as owners:							
Dividends paid	-	-	-	-	-	(4,099)	(4,099)
Employee share-based payment expense	-	-	-	31	-	-	31
Transfer to Other non-current liabilities - Employees related payables and Other current liabilities - Employees related payables	-	-	-	(31)	-	-	(31)
Balance as at 31 March 2024	503	64	12	-	4,519	7,746	12,844

The notes from note no. 1 to 40 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 Nobel India Akzo Limited**

Amitesh Dutta
Partner
Membership No. : 058507

Rajiv Rajgopal
Chairman and
Managing Director
DIN : 06685599

Krishna Rallapalli
Wholetime Director
and CFO
DIN : 03384607

Rajiv L. Jha
Company Secretary &
Compliance Officer
Membership No. : F5948

Place: Gurugram
Date: 16 May 2024

Place: Gurugram
Date: 16 May 2024

Place: Gurugram
Date: 16 May 2024

Place: Gurugram
Date: 16 May 2024

Notes

TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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

Note 1 : Background and basis of preparation

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 Holding Company is domiciled in India and is limited by shares. The registered office of the Holding Company is situated in Kolkata (West Bengal). The Group (The Holding Company and its subsidiary) is engaged in 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 and 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 2024 were approved by the Board of Directors and authorised for issue on 16 May 2024.

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.
- Share-based payments.

(iii) New and amended standards adopted by the Group

The Ministry of Corporate Affairs vide notification dated 31 March 2023 notified Companies (Indian Accounting Standards) Amendment Rules, 2023, which amended certain accounting standards (see below), and are effective 1 April 2023:

- Disclosure of accounting policies - amendments to Ind AS 1
- Definition of accounting estimates - amendments to Ind AS 8
- Deferred tax related to assets and liabilities arising from a single transaction - amendments to Ind AS 12

The other amendments to Ind AS notified by these rules are primarily in the nature of clarifications.

These amendments did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods. Specifically, no changes would be necessary as a consequence of amendments made to Ind AS 12 as the Group's accounting policy already complies with the now mandatory treatment.

(iv) 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.

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 policies. 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.

The areas involving critical estimates and judgements are:

- 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 5.4)
- Inventory obsolescence (Refer note 8)

Estimates and judgements are continually 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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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

Note 3.1 : Property, plant and equipment

Accounting policy

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate the cost of the assets, net of their residual values, over their estimated useful lives as follows:

Particulars	Estimated Useful Life (in Years)
Buildings	10-60
Plant and equipment	10-15
Furniture and fixtures	3-10
Motor vehicles	5-7
Office equipment	5
Data processing equipment	3-6
Laboratory equipment	10

The useful lives have been determined based on technical evaluation done by management, which are higher than those specified by Schedule II to the Companies Act, 2013, in order to reflect the actual usage of assets. The residual values are not more than 5% of the original cost of the asset.

Leasehold improvements are amortised over the shorter 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.

See note 40 (l) and 40 (w) for the other accounting policies relevant to property, plant and equipment and note 40 (n) for the Group's policy regarding impairment.

Particulars	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount	
	As at 1 April 2023	Additions	Disposals	As at 31 March 2024	As at 1 April 2023	Charge during the year	Disposals	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024
Freehold land (Refer note 'a' below)	265	-	-	265	-	-	-	-	265	265
Buildings	2,228	47	(5)	2,270	688	101	(4)	785	1,540	1,485
Plant and equipment										
- owned	3,628	513	(103)	4,038	2,217	329	(99)	2,447	1,411	1,591
- given under operating lease	1,456	232	(45)	1,643	774	119	(39)	854	682	789
Motor vehicles	3	-	(1)	2	2	*	(1)	1	1	1
Furniture and fixtures	373	47	(2)	418	289	29	(2)	316	84	102
Office equipment	133	31	(4)	160	98	15	(4)	109	35	51
Leasehold improvements	107	-	-	107	71	6	-	77	36	30
Data processing equipment	184	34	(1)	217	142	25	(1)	166	42	51
Laboratory equipment	2	-	-	2	*	*	-	*	2	2
Total	8,379	904	(161)	9,122	4,281	624	(150)	4,755	4,098	4,367

Particulars	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount	
	As at 1 April 2022	Additions	Disposals	As at 31 March 2023	As at 1 April 2022	Charge during the year	Disposals	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023
Freehold land (Refer note 'a' below)	265	-	-	265	-	-	-	-	265	265
Buildings	2,207	21	-	2,228	597	91	-	688	1,610	1,540
Plant and equipment										
- owned	3,302	326	-	3,628	1,894	323	-	2,217	1,408	1,411
- given under operating lease	1,379	162	(85)	1,456	715	136	(77)	774	664	682
Motor vehicles	3	-	-	3	2	*	-	2	1	1
Furniture and fixtures	337	36	-	373	263	26	-	289	74	84
Office equipment	137	3	(7)	133	92	13	(7)	98	45	35
Leasehold improvements	107	-	-	107	65	6	-	71	42	36
Data processing equipment	198	28	(42)	184	156	28	(42)	142	42	42
Laboratory equipment	2	-	-	2	*	*	-	*	2	2
Total	7,937	576	(134)	8,379	3,784	623	(126)	4,281	4,153	4,098

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

Notes

TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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

Note 3.1 : Property, plant and equipment (Contd..)

- (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.

Note 3.2 : Right-of-use assets and Lease liabilities

Accounting policy

- (a) The Group leases various lands, buildings, warehouses and vehicles. Rental contracts are typically made for fixed periods of 2 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.
- (b) 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.
- (c) Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.
- (d) The lease payments are discounted using the interest rate implicit in the lease. If the rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.
- (e) 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.
- (f) 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.
- (g) 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.
- (h) See note 40 (f) for the other accounting policies relevant to leases.

(i) Amounts recognised in balance sheet

The balance sheet shows the following amounts relating to leases:

Right-of-use assets	As at 31 March 2024	As at 31 March 2023
Building and warehouse leases	491	596
Land leases (Refer note 'a' and 'b' below)	362	364
Vehicles leases	10	10
Total	863	970

Financial liabilities - Lease liabilities	As at 31 March 2024	As at 31 March 2023
Current lease liabilities	153	167
Non-current lease liabilities	451	530
Total	604	697

Notes

TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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

Note 3.2 : Right-of-use assets and Lease liabilities (Contd..)

Additions to the right-of-use assets during the current financial year were ₹ 104 (31 March 2023 ₹ 222).

- (a) In March 2016, the Group had received the possession letter of final tranche of land from Karnataka Industrial Area Development Board (KIADB) as acquired by the Group on lease-cum-sale basis at Mysore (gross carrying value - ₹ 166). However, the execution and registration of lease deed in respect of the aforesaid land is pending finalisation with KIADB and the sale deed thereof will only be executed on/after the expiry of the lease term upon fulfilment of the conditions specified in the allotment letter/s and the lease deed, as the case may be.
- (b) The Group has leasehold land at Thane (gross carrying value - ₹ 7) for which original lease deed is not in possession of the Group. However the Group is in possession of certified true copy of aforesaid lease deed.

(ii) Amounts recognised in the Statement of Profit and Loss

The Statement of Profit and Loss shows the following amounts relating to leases:

Depreciation charge on right-of-use assets	For the year ended 31 March 2024	For the year ended 31 March 2023
Building and warehouse leases	182	186
Land leases	2	1
Vehicles leases	4	4
Total	188	191

	For the year ended 31 March 2024	For the year ended 31 March 2023
Interest expense (included in finance costs) (Refer note '23')	71	76
Rent expenses relating to short term leases (included in other expenses) (Refer note '25')	28	26
Total	99	102

The total cash outflow for leases including interest and short term leases ₹ 274 (31 March 2023 ₹ 267).

(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 guarantees in the lease contracts.

Notes

TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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

Note 3.3 : Capital work-in-progress

As at 31 March 2024

(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	997	180	14	-	1,191
(ii) Projects temporarily suspended	-	-	-	-	-
Total	997	180	14	-	1,191

(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	
(i) Projects in progress					
Installation of new machinery and production lines	917	-	-	-	917
Process improvement equipments	46	-	-	-	46
Supply chain and logistics optimization	33	-	-	-	33
Packaging and labeling equipments	23	-	-	-	23
Research and development equipments	23	-	-	-	23
Automation and robotics integration	9	-	-	-	9
Total	1,051	-	-	-	1,051

As at 31 March 2023

(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	603	74	27	-	704
(ii) Projects temporarily suspended	-	-	-	23	23
Total	603	74	27	23	727

(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	
(i) Projects in progress					
Installation of new machinery and production lines	215	15	-	-	230
Process improvement equipments	103	15	-	-	118
Sprinklers system and fire hydrant pipe lines	16	11	17	-	44
Supply chain and logistics optimization	10	17	11	-	38
Automation and robotics integration	11	*	-	-	11
Computers equipment & software	*	7	-	-	7
Packaging and labeling equipments	5	-	-	-	5
(ii) Projects temporarily suspended					
Compound wall at Mysore land	-	-	-	23	23
Total	360	65	28	23	476

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

Capital work-in-progress mainly comprises plant and equipment and buildings.

Notes

TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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

Note 4 : Intangible assets

Particulars	Gross Carrying Amount				Accumulated Amortisation				Net Carrying Amount	
	As at 1 April 2023	Additions	Disposals	As at 31 March 2024	As at 1 April 2023	Charge during the year	Disposals	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024
Intangible assets (Acquired)										
Customer relationships	110	-	-	110	69	11	-	80	41	30
Non compete fees	-	-	-	-	-	-	-	-	-	-
Total	110	-	-	110	69	11	-	80	41	30

Particulars	Gross Carrying Amount				Accumulated Amortisation				Net Carrying Amount	
	As at 1 April 2022	Additions	Disposals	As at 31 March 2023	As at 1 April 2022	Charge during the year	Disposals	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023
Intangible assets (Acquired)										
Customer relationships	110	-	-	110	58	11	-	69	52	41
Non compete fees	9	-	(9)	-	9	-	(9)	-	-	-
Total	119	-	(9)	110	67	11	(9)	69	52	41

Pursuant to business transfer agreement with BASF India Limited, the Group had acquired Intangible assets with respect to customer relationships and non-compete fees during the year ended 31 March 2017. The estimate for the useful life 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 (₹ Nil as at 31 March 2023). If the useful life were estimated to be 15 years, the carrying amount would be ₹ 57 (₹ 64 as at 31 March 2023).

See note 40 (m) and 40 (w) for other accounting policies relevant to intangible assets and note 40 (n) for the Group's policy regarding impairment.

Note 5 : Financial assets

Accounting policies

(i) Classification of financial assets at amortised cost

The Group classifies its financial assets at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets classified at amortised cost comprise trade receivables, loans and investment in debentures.

(ii) Classification of financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprise:

- Equity securities (unlisted) which are not held for trading, and for which the Group has irrevocably elected at initial recognition to recognise changes in fair value through OCI rather than profit or loss. These are strategic investments and the Group considers this classification to be more relevant.
- Debt securities where the contractual cash flows are solely principal and interest and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets.

There are currently no equity or debt securities which are carried at FVOCI.

(iii) Classification of financial assets at fair value through profit or loss

The Group classifies the following financial assets at fair value through profit or loss (FVTPL):

- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

(iv) See note 40 (k) for the remaining relevant accounting policies

Notes

TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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

Note 5.1 : Non current investments

	Number as at 31 March 2024	Number as at 31 March 2023	Face value ₹ per unit	As at 31 March 2024	As at 31 March 2023
(a) Investment in equity instruments (measured at FVTPL)					
Unquoted					
Adyar Property Holding Company Limited (paid up ₹ 65 per share)	105	105	100	*	*
Paints and Coatings Skill Council (fully paid up)	17	17	25,000	*	*
(b) Investment in debentures (measured at Amortised Costs)					
Unquoted					
6.5% Bengal Chamber of Commerce and Industry	19	19	1,000	*	*
				*	*

	As at 31 March 2024	As at 31 March 2023
Aggregate amount of quoted investments	-	-
Aggregate market value of quoted investments	-	-
Aggregate amount of unquoted investments	*	*
Aggregate amount of impairment in the value of investments	-	-

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

- (a). Information about the Group's exposure to credit and market risk and fair value measurement is included in note 31.
- (b). The Group has a subsidiary – 'ICI India Research and Technology Centre' which is limited by guarantee and does not have share capital. Based on undertaking given by the members of the Holding 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 Holding Company to the extent of costs incurred on such research activity.
- (c). During the financial year 2022-2023, the subsidiary had applied with the Ministry of Corporate Affairs (MCA) for conversion from a Section 8 company to a private limited company. Subsequent to the financial year 2023-2024, the subsidiary has received an approval (dated 10 May 2024) for such conversion from MCA. The subsidiary is in the process of obtaining a fresh certificate of incorporation in respect of such conversion approval from a Section 8 company limited by guarantee to a private company limited by guarantee by way of necessary filings/approvals. There is no impact of such conversion on the Consolidated Financial Statements of the Group for the year ended 31 March 2024.

Note 5.2 : Loans

	As at 31 March 2024		As at 31 March 2023	
	Current	Non- current	Current	Non- current
Loan to employees	*	4	*	4
	*	4	*	4
Break - up of security details				
Loans considered good - Secured	-	-	-	-
Loans considered good - Unsecured	*	4	*	4
Loans which have significant increase in credit risk	-	-	-	-
Loans credit impaired	-	-	-	-
Total	*	4	*	4
Less : Loss allowance	-	-	-	-
	*	4	*	4

Note: 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.

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

Notes

TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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

Note 5.3 : Other financial assets

	As at 31 March 2024		As at 31 March 2023	
	Current	Non- current	Current	Non- current
Security deposits	7	99	16	93
Less : Loss allowance	-	(9)	-	(9)
Bank deposits with more than 12 months maturity (Refer note 'a' below)	-	7	-	3
Government grant receivable (Refer note 'b' below)	123	-	123	-
Less : Loss allowance	(20)	-	-	-
Amount recoverable from related parties (Refer note 34)	-	-	*	-
	110	97	139	87

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

- (a) The above bank deposits are held as margin money against various guarantees issued by banks on behalf of the Group in favour of Government authorities.
- (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 5.4 : Trade receivables

Accounting policy

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business and reflects the Group's unconditional right to consideration (that is, payment is due only on the passage of time).

Trade receivables are recognised initially at the transaction price as they do not contain significant financing components. The Group holds trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

For trade receivables, the Group applies the simplified approach required by Ind AS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

See note 40 (i) for the other accounting policies relevant to trade receivables.

Trade receivables	As at 31 March 2024	As at 31 March 2023
Trade receivables from contracts with customers	5,416	5,262
Trade receivables from contracts with customers - related parties (Refer note 34)	495	411
Less: Loss allowance	(157)	(150)
	5,754	5,523
Break - up of security details		
Trade receivables considered good - Secured	277	307
Trade receivables considered good - Unsecured	5,634	5,366
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - Credit impaired	-	-
Total	5,911	5,673
Less: Loss allowance	(157)	(150)
	5,754	5,523

Notes

TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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

Note 5.4 : Trade receivables (Contd..)

Ageing of trade receivables

As at 31 March 2024

Particulars	Outstanding for following periods from the due date of payment							Total
	Unbilled	Not Due	Less than 6 Months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables								
considered good	-	5,074	629	88	63	26	31	5,911
which have significant increase in credit risk	-	-	-	-	-	-	-	-
credit impaired	-	-	-	-	-	-	-	-
Disputed trade receivables								
considered good	-	-	-	-	-	-	-	-
which have significant increase in credit risk	-	-	-	-	-	-	-	-
credit impaired	-	-	-	-	-	-	-	-
Total	-	5,074	629	88	63	26	31	5,911

As at 31 March 2023

Particulars	Outstanding for following periods from the due date of payment							Total
	Unbilled	Not Due	Less than 6 Months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables								
considered good	-	4,990	504	75	42	10	52	5,673
which have significant increase in credit risk	-	-	-	-	-	-	-	-
credit impaired	-	-	-	-	-	-	-	-
Disputed trade receivables								
considered good	-	-	-	-	-	-	-	-
which have significant increase in credit risk	-	-	-	-	-	-	-	-
credit impaired	-	-	-	-	-	-	-	-
Total	-	4,990	504	75	42	10	52	5,673

Note 5.5 : Cash and cash equivalents

	As at 31 March 2024	As at 31 March 2023
Balances with banks:		
- In current accounts	1,173	1,019
- In EEFC accounts	159	217
Bank deposits with maturity of less than three months	1,405	1,911
	2,737	3,147

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

Notes

TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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

Note 5.6 : Bank balances other than cash and cash equivalents

	As at 31 March 2024	As at 31 March 2023
Bank deposits (Refer note 'a' below)	2,424	2,396
Unpaid dividend accounts (Refer note 'b' below)	78	100
	2,502	2,496

- (a) Bank deposits include deposits held as margin money amounting to ₹ 19 (31 March 2023 ₹ 17) 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 6 : Other non-current assets

	As at 31 March 2024	As at 31 March 2023
Capital advances	60	222
Advances other than capital advances		
Indirect taxes recoverable		
- Considered good	111	47
- Considered doubtful	31	31
Less: Provision for doubtful indirect taxes recoverable	(31)	(31)
Retirement benefit trusts surplus (Refer note 35)	57	52
Advance to customers	992	674
Prepaid expenses	5	9
	1,225	1,004

Note 7 : Non current tax assets (net)

	As at 31 March 2024	As at 31 March 2023
Income tax {net of provision ₹ 18,392 (31 March 2023 ₹ 16,884)}	1,726	1,526
	1,726	1,526

Note 8 : Inventories

Accounting policy

The costs of individual items of inventory are determined on a moving weighted average basis. Volume rebates or discounts are taken into account when estimating the cost of inventory if it is probable that they have been earned and will take effect.

See note 40 (j) for the Group's other accounting policies for inventories.

Inventories	As at 31 March 2024	As at 31 March 2023
Raw materials (Refer note 'a' below)	2,452	2,262
Work-in-progress	123	135
Finished goods (Refer note 'b' and 'c' below)	1,851	2,931
Stock-in-trade (in respect of goods acquired for trading) (Refer note 'a' and 'b' below)	1,682	642
Stores and spares	7	9
	6,115	5,979
(a) Includes in-transit inventory:		
Raw materials	312	181
Stock-in-trade (in respect of goods acquired for trading)	*	*

- (b) Finished goods and stock-in-trade (in respect of goods acquired for trading) are written down by ₹ 72 (31 March 2023 ₹ 44) to bring them down to the lower of cost and net realisable value. These were recognised as an expense during the year and included in 'Changes in inventories of work-in-progress, stock-in-trade and finished goods' in the Statement of Profit and Loss.
- (c) Includes right to returned goods amounting to ₹ 24 (31 March 2023 ₹ 28).

Notes

TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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

Note 9 : Other current assets

	As at 31 March 2024	As at 31 March 2023
Advances other than capital advances		
Advances to suppliers		
- Considered good	175	88
- Considered doubtful	24	30
Less: Provision for doubtful advances	(24)	(30)
Advances to employees		
- Considered good	1	6
- Considered doubtful	2	2
Less: Provision for doubtful advances	(2)	(2)
Advance to customers		
- Considered good	1,116	777
- Considered doubtful	24	24
Less: Provision for doubtful advances	(24)	(24)
Prepaid expenses	190	199
Indirect tax recoverable	516	328
Others	-	*
	1,998	1,398

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

Note 10 : Equity share capital

	As at 31 March 2024	As at 31 March 2023
Authorised:		
126,690,000 (31 March 2023 - 126,690,000) equity shares of ₹ 10 each	1,267	1,267
Issued, subscribed & fully paid up:		
45,540,314 (31 March 2023 - 45,540,314) equity shares of ₹ 10 each	455	455
	455	455

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

	As at 31 March 2024		As at 31 March 2023	
	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	-	-	-	-
Closing balance	45,540,314	455	45,540,314	455

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, except in case of interim dividend. 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.

Notes

TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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

Note 10 : Equity share capital (Contd..)

c. Shares of the Group held by holding/ultimate holding Company or their subsidiaries

The ultimate holding Company is Akzo Nobel N.V., The Netherlands, which does not hold any shares directly in the Group.

	As at 31 March 2024	As at 31 March 2023
	No. of Shares	No. of Shares
Imperial Chemical Industries Limited, United Kingdom (Subsidiary of Ultimate Holding Company)	22,977,544	22,977,544
Akzo Nobel Coatings International B.V., The Netherlands (Subsidiary of Ultimate Holding Company)	11,066,791	11,066,791
	34,044,335	34,044,335

d. Details of shareholders holding more than 5% shares in the Group

	As at 31 March 2024		As at 31 March 2023	
	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%
	34,044,335	74.76%	34,044,335	74.76%

e. Details of shareholding of promoters

	As at 31 March 2024			As at 31 March 2023		
	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%	-
Total	34,044,335	74.76%	-	34,044,335	74.76%	-

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

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 2024	As at 31 March 2023
Reserves and surplus		
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
Share based payment reserve (refer note 'd' below)	-	-
General reserve (refer note 'e' below)	4,519	4,519
Retained earnings (refer note 'f' below)	7,746	7,610
	12,844	12,708

Notes

TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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

Note 11 : Other equity (Contd..)

	As at 31 March 2024	As at 31 March 2023
a Capital reserve	503	503
Pursuant to various amalgamation schemes executed in the previous years as per the requirement of Companies Act, 1956 and Court orders, the Group had created capital reserve based on the differential between the net assets and liabilities acquired from the other party. There is no movement during the year.		
b Capital redemption reserve	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.		
c Revaluation reserve	12	12
It represents revaluation of certain land acquired as part of amalgamation done with various companies in the previous periods. This reserve is not available for distribution of the balance to shareholders. There is no movement during the year.		
d Share based payment reserve	-	-
It represents reserve on account of the shares to be issued to certain employees under restricted share plans. Refer note 39.		
Balance at the beginning of the year	-	-
Employee share-based payment expense	31	30
Transfer to Other non-current liabilities / Other current liabilities - Employees related payables	(31)	(30)
Balance at the end of the year	-	-
e General reserve	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.		
f Retained earnings		
Balance at the beginning of the year	7,610	7,042
Net profit for the year	4,266	3,351
<i>Items of other comprehensive income recognised directly in retained earnings</i>		
Remeasurements of post-employment benefit obligation, net of tax*	(31)	(51)
Dividends	(4,099)	(2,732)
Balance at the end of the year	7,746	7,610

*Remeasurements of post-employment benefit obligation / (asset) comprises actuarial gains and losses and return on plan assets (excluding interest income).

Note 12 : Non current financial liabilities - Others

	As at 31 March 2024	As at 31 March 2023
Security deposits (Refer note below)	20	147
	20	147

Note : It represents deposits received from customers under operating lease arrangement, refer note 30.

Notes

TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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

Note 13 : Provisions

	Non- current		Current	
	As at	As at	As at	As at
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
Employee benefits (Refer note 35)				
Pension	1	2	-	-
Gratuity	511	419	3	3
Leave obligations (Refer note 'c' below)	-	-	191	167
Post retirement medical and others	323	309	28	27
Provident fund	89	101	-	-
Long service award	15	14	2	3
Indirect taxes (Refer note 'a' and 'b' below)	-	-	141	140
Divested businesses (Refer note 'a' and 'b' below)	-	-	38	38
Others (Refer note 'a' and 'b' below)	4	4	8	8
	943	849	411	386

Additional disclosure relating to provisions:

(a) Movement in provisions:

For the year ended 31 March 2024

Particulars	Class of provisions		
	Indirect taxes	Divested business	Others
Opening balance as at 1 April 2023	140	38	12
Provision created during the year	1	-	-
Provision utilised / written back during the year	-	-	-
Closing balance as at 31 March 2024	141	38	12

For the year ended 31 March 2023

Particulars	Class of provisions		
	Indirect taxes	Divested business	Others
Opening balance as at 1 April 2022	185	38	12
Provision created during the year	-	-	-
Provision utilised / written back during the year	(45)	-	-
Closing balance as at 31 March 2023	140	38	12

(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 include 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 ₹ 191 (31 March 2023 ₹ 167) 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.

Notes

TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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

Note 14 : Income tax

A. Income tax expense

	As at 31 March 2024	As at 31 March 2023
Current tax expense		
Current tax on profits for the year	1,521	1,234
Adjustments for current tax of prior periods	(13)	27
Total current tax expense	1,508	1,261
Deferred tax		
Decrease/(increase) in deferred tax assets	8	(4)
(Decrease)/increase in deferred tax liabilities	(52)	(49)
Total deferred tax charge/(credit)	(44)	(53)
Income tax expense	1,464	1,208

B. Reconciliation of effective tax rate

	For the year ended 31 March 2024	For the year ended 31 March 2023
Profit before tax	5,730	4,559
Tax at the Indian tax rate of 25.168% (31 March 2023 - 25.168%)	1,442	1,147
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Corporate social responsibility expenditure	19	16
Income tax provision of prior years	(13)	27
Income tax related to foreign branch operations, net of foreign tax credit	5	6
Tax effects of other amounts which are not deductible in calculating taxable income	11	12
	1,464	1,208

C. Movement in deferred tax balances

	As at 1 April 2023	Recognised in P&L	Recognised in OCI	As at 31 March 2024
Deferred tax liabilities				
Property, plant and equipment	158	(27)	-	131
Surplus payments to retirement trusts	13	1	-	14
Right-of-use assets	159	(26)	-	133
Others	*	*	-	*
Sub- total (a)	330	(52)	-	278
Deferred tax assets				
Provision for doubtful debts and advances	62	*	-	62
Expenditure disallowed u/s 43B of Income Tax Act, 1961	266	24	10	300
Expenditure deductible under section 35 DDA of the Income Tax Act, 1961	9	(4)	-	5
Lease liabilities	176	(24)	-	152
Other disallowances under the Income Tax Act, 1961	83	(4)	-	79
Sub- total (b)	596	(8)	10	598
Net deferred tax liabilities/(assets) (a)-(b)	(266)	(44)	(10)	(320)

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

Notes

TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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

Note 14 : Income tax (Contd..)

D. Movement in deferred tax balances

	As at 1 April 2022	Recognised in P&L	Recognised in OCI	As at 31 March 2023
Deferred tax liabilities				
Property, plant and equipment	199	(41)	-	158
Surplus payments to retirement trusts	14	(1)	-	13
Right-of-use assets	166	(7)	-	159
Others	-	*	-	*
Sub- total (a)	379	(49)	-	330
Deferred tax assets				
Provision for doubtful debts and advances	72	(10)	-	62
Expenditure disallowed u/s 43B of Income tax Act, 1961	229	20	17	266
Expenditure deductible under section 35 DDA of the Income Tax Act, 1961	13	(4)	-	9
Lease liabilities	178	(2)	-	176
Other disallowances under the Income Tax Act, 1961	83	*	-	83
Sub- total (b)	575	4	17	596
Net deferred tax liabilities/(assets) (a)-(b)	(196)	(53)	(17)	(266)

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

Note 15 : Other non-current liabilities

	As at 31 March 2024	As at 31 March 2023
Deferred lease rentals (Refer note 'a' below)	1	4
Deferred government grant (Refer note 'b' below)	62	62
Employees related payables (Refer note 'c' below)	28	11
	91	77

(a) Represents fair valuation of security deposits received from customers, Refer note 31.

	As at 31 March 2024	As at 31 March 2023
(b) Opening balance of Deferred/(Accrued) Government grant	62	50
Add : Government grant receivable	-	23
Less : Government grant recognised during the year	-	(11)
Closing balance of (Deferred) /Accrued Government grant	62	62

(c) It includes balance payable to ultimate holding Company in relation to the equity-settled restricted share plans. Refer note 39.

Note 16.1 : Current financial liabilities - Trade payables

	As at 31 March 2024	As at 31 March 2023
Total outstanding dues of micro enterprises and small enterprises (Refer note 'b' below)	321	214
Total outstanding dues of creditors other than micro enterprises and small enterprises		
- Payables to related parties (Refer note 34)	2,014	1,382
- Acceptances	301	363
- Others	7,339	6,675
	9,654	8,420
	9,975	8,634

Notes

TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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

Note 16.1 : Current financial liabilities - Trade payables (Contd..)

(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

The Group 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 2024	As at 31 March 2023
(i) Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	268	184
(ii) Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	53	30
(iii) Principal amount paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	640	522
(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	16	12
(vii) Further interest remaining due and payable for earlier years	30	18

(c) Ageing of trade payables

As at 31 March 2024

Particulars	Outstanding for following periods from the due date of payment						Total
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade payables							
Micro enterprises and small enterprises	135	1	185	*	*	-	321
Others	3,720	653	4,978	112	47	144	9,654
Disputed trade payables							
Micro enterprises and small enterprises	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
Total	3,855	654	5,163	112	47	144	9,975

As at 31 March 2023

Particulars	Outstanding for following periods from the due date of payment						Total
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade payables							
Micro enterprises and small enterprises	55	93	66	*	-	*	214
Others	2,998	3,348	1,794	87	54	139	8,420
Disputed trade payables							
Micro enterprises and small enterprises	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
Total	3,053	3,441	1,860	87	54	139	8,634

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

Notes

TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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

Note 16.2 : Current financial liabilities - Other financial liabilities

	As at 31 March 2024	As at 31 March 2023
Security Deposits (Refer note 'a' below)	590	480
Others		
Unpaid dividends (Refer note 'b' below)	78	100
Payable to employees	226	211
Capital creditors	110	91
Derivatives not designated as hedges- forward contracts (Refer note 31)	3	3
Retention money payable	1	1
	1,008	886

(a) It represents deposits received from customers under operating lease arrangement, refer note 30.

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

Net debt reconciliation

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

	As at 31 March 2024	As at 31 March 2023
Cash and cash equivalents	2,737	3,147
Lease liabilities	(604)	(697)
	2,133	2,450

Particulars	Other assets	Liabilities from financing activities	Total
	Cash and cash equivalents	Lease liabilities	
Balance as at 1 April 2022	1,450	(705)	745
Cash flow	1,697	165	1,862
Net acquisition lease	-	(157)	(157)
Interest expense	-	(76)	(76)
Interest paid	-	76	76
Balance as on 31 March 2023	3,147	(697)	2,450
Balance as at 1 April 2023	3,147	(697)	2,450
Cash flow	(410)	175	(235)
Net acquisition lease	-	(82)	(82)
Interest expense	-	(71)	(71)
Interest paid	-	71	71
Balance as on 31 March 2024	2,737	(604)	2,133

Note 17 : Other current liabilities

	As at 31 March 2024	As at 31 March 2023
Statutory dues payable	618	442
Liability towards customers	90	65
Deferred revenue (Refer note 'a' below)	367	341
Deferred lease rental (Refer note 'b' below)	2	5
Refund liabilities (Refer note 'c' below)	1,592	1,706
Employees related payables (Refer note 'd' below)	19	7
	2,688	2,566

Notes

TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(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 ₹ 341 (31 March 2023 ₹ 197).
- (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 ₹ 39 (31 March 2023 ₹ 47). Refund Liabilities are also recognised for expected volume discount and other incentives payable to customers amounting to ₹ 1,553 (31 March 2023 ₹ 1,659) pending settlement.

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

- (d) It includes balance payable to ultimate holding Company in relation to the equity-settled restricted share plans. Refer note 39.

Note 18 : Revenue from operations

Accounting policy

Sale of goods

- (i) The Group manufactures and sells a range of decorative and coating paints. 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. Delivery occurs when the products have been shipped to the specific location, the risk of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- (ii) 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. Revenue is net of sales returns. The validity of assumptions used to estimate variable consideration and expected return of products is reassessed annually.
- (iii) 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

- (iv) The Group provides research and development services under cost plus agreed mark-up basis to its related parties. 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

- (v) 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.

The Group derives the following types of revenue :

Revenue from operations

	For the year ended 31 March 2024	For the year ended 31 March 2023
Revenue from contracts with customers		
- Sale of products	38,517	37,168
- Sale of services	850	600
Other operating revenue	249	253
	39,616	38,021

Notes

TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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

Note 18 : Revenue from operations (Contd..)

- (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.

Reconciliation of revenue recognised with contract price

	For the year ended 31 March 2024	For the year ended 31 March 2023
Contract price	50,162	47,379
Adjustments for :		
Deferred revenue	(26)	(144)
Refund liabilities	(1,592)	(1,706)
Incentive to customers	(9,177)	(7,761)
Revenue from operations	39,367	37,768

- (b) Breakup of other operating revenue

	For the year ended 31 March 2024	For the year ended 31 March 2023
Duty drawback on exports	4	7
Lease rentals	101	105
Scrap sales	33	24
Business auxiliary services	22	23
Provision/liabilities no longer required written back	87	92
Miscellaneous income	2	2
	249	253

Note 19 : Other income

Accounting policy

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 by 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).

	For the year ended 31 March 2024	For the year ended 31 March 2023
Interest income:		
- on income tax refund	21	93
- on fixed deposits	332	158
- on others	3	4
Other non-operating income:		
Government grants (Refer note below)	-	11
Net gain on termination of leases	2	8
Miscellaneous income	-	*
	358	274

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

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 5.3 and 15.

Notes

TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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

Note 20 : Cost of materials consumed

	For the year ended 31 March 2024	For the year ended 31 March 2023
Raw materials as at the beginning of the year	2,262	2,853
Add: Purchases	20,283	20,221
Less: Raw materials as at the end of the year	(2,452)	(2,262)
Total cost of materials consumed	20,093	20,812

Note 21 : Changes in inventories of work-in-progress, stock-in-trade and finished goods

	For the year ended 31 March 2024	For the year ended 31 March 2023
Inventory at the beginning of the year		
- Work-in-progress	135	156
- Stock-in-trade (in respect of goods acquired for trading)	642	1,565
- Finished goods	2,931	2,060
	3,708	3,781
Inventory at the end of the year		
- Work-in-progress	123	135
- Stock-in-trade (in respect of goods acquired for trading)	1,682	642
- Finished goods	1,851	2,931
	3,656	3,708
(Increase)/decrease in inventories of work-in-progress, stock-in-trade and finished goods	52	73

Note 22 : Employee benefits expense

	For the year ended 31 March 2024	For the year ended 31 March 2023
Salaries, wages and bonus	2,934	2,625
Contribution to provident and other funds (Refer note 35)	211	195
Employee share based payment expense	31	30
Other long-term employee benefits	2	30
Staff welfare expenses	103	131
	3,281	3,011

Note 23 : Finance costs

	For the year ended 31 March 2024	For the year ended 31 March 2023
Interest and finance charges on financial liabilities not at FVTPL	26	23
Interest and finance charges on lease liabilities (Refer note 3.2)	71	76
Unwinding of discount on security deposits	5	9
Others	23	33
	125	141

Note 24 : Depreciation and amortisation expense

	For the year ended 31 March 2024	For the year ended 31 March 2023
Depreciation of property, plant and equipment (Refer note 3.1)	624	623
Depreciation of right-of-use-assets (Refer note 3.2)	188	191
Amortisation of intangible assets (Refer note 4)	11	11
	823	825

Notes

TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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

Note 25 : Other expenses

	For the year ended 31 March 2024	For the year ended 31 March 2023
Stores and spare parts consumed	41	41
Repairs and maintenance		
- Plant and machinery	354	346
- Buildings	43	12
- Others	*	*
Power and fuel	177	173
Travelling	355	271
Rates and taxes	25	52
Rent	28	26
Insurance	120	133
Freight and transport	1,590	1,507
Advertisement and publicity	1,192	916
Royalty	1,411	1,346
Consultancy charges	140	162
Net foreign exchange differences	5	17
Payments to auditors (Refer note 'a' below)	15	15
Corporate social responsibility expenditure (Refer note 'b' below)	77	66
IT support & maintenance	435	344
Warehouse charges	227	245
Provision for doubtful debts and advances (Refer note 'c' below)	40	23
Loss on sale of property, plant and equipment (net)	11	11
Sub contracting charges	803	476
Miscellaneous expenses	698	676
	7,787	6,858

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

(a) Details of payments to auditors[#]

	For the year ended 31 March 2024	For the year ended 31 March 2023
Statutory audit (including limited reviews)	8	8
Other audit related services	7	7
Reimbursement of expenses	*	*
	15	15

[#]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 2024	For the year ended 31 March 2023
Vocational skill training	55	42
Promoting education	12	13
Promoting preventive healthcare	5	6
Others	5	5
	77	66
Amount required to be spent as per Section 135 of the Act	74	66
Amount spent during the year on		
i) Construction/acquisition of an asset	-	-
ii) On purposes other than (i) above	77	66

Notes

TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(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 2022		Amount required to be spent during the year	Amount spent during the year		Balance as at 31 March 2023	
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
-	-	-	-	-	-	-

Balance as at 1 April 2023		Amount required to be spent during the year	Amount spent during the year		Balance as at 31 March 2024	
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 2022	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 2023	Balance unspent as on 1 April 2023	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	Amount spent during the year	Balance unspent as on 31 March 2024
-	-	66	66	-	-	-	74	77	77	-

Details of excess CSR expenditure under Section 135 (5) of the Act

Balance excess spent as at 1 April 2022	Amount required to be spent during the year	Amount spent during the year	Balance excess spent as on 31 March 2023	Balance excess spent as at 1 April 2023	Amount required to be spent during the year	Amount spent during the year	Balance excess spent as on 31 March 2024
-	66	66	-	-	74	77	3

(c) Excluding bad debts written off during the year amounting to ₹ 33 (31 March 2023 ₹ 60).

Note 26 : 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 27 : Contingent liabilities

	As at 31 March 2024	As at 31 March 2023
(a) Claims against the Group not acknowledged as debts	59	59

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 2024	As at 31 March 2023
(b) Contingent liability of direct and indirect tax (Refer note below)		
Income tax matters in dispute / under appeal	395	378
Sales tax/VAT matters in dispute / under appeal	46	58
Custom, Excise and Service tax matters in dispute / under appeal	118	180
GST (Goods and service tax) matters and disputes / under appeal	2	-
	561	616

Notes

TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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

Note 27 : Contingent liabilities (Contd..)

Note: The Income tax assessments for the Group have been completed up to the financial year ended 31 March 2018 and demands aggregating from such assessments and appellate orders amount to ₹ 395 (31 March 2023 - ₹ 378). 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, sales tax/VAT, custom and GST (Goods and service tax) 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 Consolidated 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 and 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 2024 and as at 31 March 2023.

Note 28 : Capital and other commitments

	As at 31 March 2024	As at 31 March 2023
Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	80	535
Liability on partly paid investment: Adyar Property Holding Company Limited	*	*

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

Note 29 : Earnings per share

	As at 31 March 2024	As at 31 March 2023
Weighted average number of shares outstanding the during the year	45,540,314	45,540,314
Net profit after tax available for equity shareholders	4,266	3,351
Basic earning per equity share (in ₹) [Face value of ₹ 10 each]	93.68	73.58
Diluted earning per equity share (in ₹) [Face value of ₹10 each]	93.68	73.58

Notes

TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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

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 2024	As at 31 March 2023
Within one year	55	47
Later than one year and not later than five years	69	63
Later than five years	1	*
	125	110

*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 2024			As at 31 March 2023		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investment in equity shares	*	-	-	*	-	-
Investment in debentures	-	-	*	-	-	*
Loans	-	-	4	-	-	4
Other financial assets	-	-	200	-	-	223
Trade receivables	-	-	5,754	-	-	5,523
Cash and cash equivalents	-	-	2,737	-	-	3,147
Other bank balances	-	-	2,509	-	-	2,499
Total financial assets	*	-	11,204	*	-	11,396
Financial liabilities						
Trade payables	-	-	9,975	-	-	8,634
Other financial liabilities	-	-	1,025	-	-	1,030
Other financial liabilities - Foreign exchange forward contracts	3	-	-	3	-	-
Total financial liabilities	3	-	11,000	3	-	9,664

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

b) Fair value measurement hierarchy for assets and liabilities

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

Financial assets and liabilities measured at fair value as at 31 March 2024

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial instruments at FVTPL				
- Unquoted equity shares	-	-	*	*
Financial liabilities				
Derivative not designated as hedges				
- Foreign exchange forward contracts	-	3	-	3

Notes

TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(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 2023

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial instruments at FVTPL				
- Unquoted equity shares	-	-	*	*
Financial liabilities				
Derivative not designated as hedges				
- Foreign exchange forward contracts	-	3	-	3

Notes:

Level 1 hierarchy includes financial instruments measured using quoted prices. The quoted market price used for financial assets held by the Group is the current bid price.

Level 2 hierarchy includes the fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives). The fair value of such financial instruments 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.

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.

Notes

TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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

Note 31 : Fair value measurements (Contd..)

e) Financial assets and liabilities measured at amortised cost

Fair value of financial assets and liabilities measured at amortised cost

Particulars	As at 31 March 2024		As at 31 March 2023		Level
	Carrying amount	Fair value	Carrying amount	Fair value	
Financial assets					
Investment in debentures	*	*	*	*	3
Loans	4	4	4	4	3
Other financial assets	200	200	223	223	3
Trade receivables	5,754	5,754	5,523	5,523	3
Total financial assets	5,958	5,958	5,750	5,750	
Financial liabilities					
Trade payables	9,975	9,975	8,634	8,634	3
Other financial liabilities	1,025	1,028	1,030	1,039	3
Total financial liabilities	11,000	11,003	9,664	9,673	

- The carrying amounts of investment in debentures, 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 Holding Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group's activities expose it to credit risk, liquidity risk and market risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, bank balances other than 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

Notes

TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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

Note 31 : Fair value measurements (Contd..)

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 receivables amounting to ₹ 5,754 and ₹ 5,523 as at 31 March 2024 and 31 March 2023 respectively. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Group has a credit risk management policy in place to limit credit losses due to non-performance of financial counterparties and customers. The Group monitors its exposure to credit risk on an ongoing basis at various levels. The Group only deals with financial counterparties that have a sufficiently high credit rating. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. The Group closely monitors the acceptable financial counterparty credit ratings and credit limits and revise where required in line with the market circumstances. Due to the geographical spread and the diversity of the Group 's customers, the Group is not subject to any significant concentration of credit risks at balance sheet date.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are combined into homogenous entities and assessed for impairment collectively. The calculation is based on credit losses historical data. The Group has evaluated that the concentration of risk with respect to trade receivables to be low.

Trade and other receivables are written off when there is no reasonable expectation of recovery post identification on case to case basis.

On account of adoption of IndAS 109, the Group uses a simplified approach (lifetime expected credit loss model) for the purpose of computation of expected credit loss for trade receivables. Specific case to case provision is made in respect of credit impaired customers.

Reconciliation of loss allowance provision – Trade receivables

	As at 31 March 2024	As at 31 March 2023
Opening balance	150	187
Changes in loss allowance (net)	7	(37)
Closing balance	157	150

Notes

TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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

Note 31 : Fair value measurements (Contd..)

Reconciliation of loss allowance provision – Other receivables

	As at 31 March 2024	As at 31 March 2023
Opening balance	9	9
Changes in loss allowance (net)	-	-
Closing balance	9	9

Loss allowance as at 31 March 2024 and 31 March 2023 was determined as follows under the simplified approach:

As at 31 March 2024	Not Due	0-90 days past due	91-180 days past due	181-270 days past due	271-360 days past due	More than 360 days past due	Total
Trade receivables - Considered good	5,074	563	66	50	38	120	5,911
Expected loss rate	0.51%	3.43%	17.86%	32.62%	27.60%	61.47%	2.65%
Expected credit losses– trade receivables	26	19	12	16	10	74	157
Carrying amount of trade receivables (net of impairment)	5,048	544	54	34	28	46	5,754

As at 31 March 2023	Not Due	0-90 days past due	91-180 days past due	181-270 days past due	271-360 days past due	More than 360 days past due	Total
Trade receivables - Considered good	4,990	453	51	42	33	104	5,673
Expected loss rate	0.52%	2.87%	11.76%	16.67%	39.39%	81.73%	2.64%
Expected credit losses– trade receivables	26	13	6	7	13	85	150
Carrying amount of trade receivables (net of impairment)	4,964	440	45	35	20	19	5,523

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.

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TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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

Note 31 : Fair value measurements (Contd..)

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

As at 31 March 2024	Contractual cash flows					
	Total	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Lease liabilities (including interest)	1,006	109	100	177	254	366
Trade and other payables	9,975	9,975	-	-	-	-
Other financial liabilities	1,025	828	177	19	1	-
Derivative financial liabilities						
Forward exchange contracts	3	3	-	-	-	-

As at 31 March 2023	Contractual cash flows					
	Total	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Lease liabilities (including interest)	1,134	117	114	190	312	401
Trade and other payables	8,634	8,634	-	-	-	-
Other financial liabilities	1,030	759	124	140	7	-
Derivative financial liabilities						
Forward exchange contracts	3	3	-	-	-	-

The gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

Borrowing facilities	As at 31 March 2024	As at 31 March 2023
- Expiring within one year (bank overdraft facilities)	826	828

iii. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of 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.

Notes

TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(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 2024 and 31 March 2023 are reinstated in millions Indian Rupees which is stated below :

As at 31 March 2024	USD	Euro	Other
Financial assets			
Trade and other receivables	564	2	5
Balance in EEFC account	159	-	-
Derivative assets			
Foreign exchange forward contracts-sell foreign currency	-	-	-
Net exposure to foreign currency risk (Assets)	723	2	5
Financial liabilities			
Trade and other payables	1,310	367	96
Derivative liabilities			
Foreign exchange forward contracts-buy foreign currency	(834)	(274)	-
Net exposure to foreign currency risk (Liabilities)	476	93	96

As at 31 March 2023	USD	Euro	Other
Financial assets			
Trade and other receivables	453	6	5
Balance in EEFC account	217	-	-
Derivative assets			
Foreign exchange forward contracts-sell foreign currency	-	-	-
Net exposure to foreign currency risk (Assets)	670	6	5
Financial liabilities			
Trade and other payables	895	201	98
Derivative liabilities			
Foreign exchange forward contracts-buy foreign currency	(592)	-	-
Net exposure to foreign currency risk (Liabilities)	303	201	98

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	Impact on Profit after tax	
	Increase	Decrease
31 March 2024		
10% movement		
USD	18	(18)
Euro	(7)	7
Others	(7)	7
	4	(4)

Effect	Impact on Profit after tax	
	Increase	Decrease
31 March 2023		
10% movement		
USD	27	(27)
Euro	(15)	15
Others	(7)	7
	5	(5)

Notes

TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(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 as 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	Impact on Profit after tax	
	31 March 2024	31 March 2023
Increase 10%	*	*
Decrease 10%	*	*

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

Profit for the period would increase/decrease as a result of gains/losses on equity securities classified as fair value through profit or loss.

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 2024 and 31 March 2023.

	For the year ended 31 March 2024	For the year ended 31 March 2023
The following dividends were declared and paid by the Group during the year:		
Final dividend for the year ended 31 March 2023 of ₹ 40 per equity share (31 March 2022 ₹ 35 per equity share)	1,822	1,594
Interim dividend for the year ended 31 March 2024 of ₹ 50 per share (31 March 2023 ₹ 25 per share)	2,277	1,138
	4,099	2,732

In addition to the above dividend, directors have recommended the payment of dividend of ₹ 25 per equity share (31 March 2023 ₹ 40 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 year	For the year ended 31 March 2024	For the year ended 31 March 2023
31 March 2024 ₹ 25 per equity share (31 March 2023 ₹ 40 per equity share)	1,139	1,822
	1,139	1,822

Notes

TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(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. The Group is principally engaged in the business of manufacturing paints, coatings and allied products in India with similar risk, returns and internal business reporting system. Accordingly, there are no reportable segment(s) other than "Paints", which singly or in aggregate qualify for separate disclosure as per provisions of Ind AS 108 "operating segments".

B. Entity wide disclosures

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Revenue from operations		
Domestic	37,532	36,094
Overseas	2,084	1,927
Total	39,616	38,021

Revenue from overseas customers includes ₹ 597 from Akzo Nobel Coatings International B.V., Netherlands (31 March 2023 ₹ 562).

Particulars	As at 31 March 2024	As at 31 March 2023
Non current segment assets		
Domestic	7,619	6,788
Overseas	-	-

Break up of non current assets is as follows:

Particulars	As at 31 March 2024	As at 31 March 2023
Property, plant and equipment	4,367	4,098
Right-of-use assets	863	970
Capital work-in-progress	1,191	727
Intangible assets	30	41
Other non-current assets (excluding retirement benefit trust surplus)	1,168	952
Total	7,619	6,788

C. Information about major customers

No external customer individually accounted for more than 10% of the revenues during the year ended 31 March 2024 and 31 March 2023.

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., Netherlands

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

(b) Fellow subsidiaries:

Akzo Nobel Boya Sanayi ve Ticaret A.S.

Akzo Nobel Car Refinishes (Singapore) Pte Ltd

Akzo Nobel Chang Cheng Coatings (Guangdong) Co Ltd

Akzo Nobel Coatings AS

Akzo Nobel Coatings CZ a.s.

Akzo Nobel Car Refinishes B.V.

Akzo Nobel Coatings (Dongguan) Co. Ltd.

Akzo Nobel Coatings (Jiaxing) Co. Ltd.

Akzo Nobel Ltda

Akzo Nobel Paints (Malaysia) Sdn. Bhd.

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TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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

Note 34 : Related Party Disclosures (Contd..)

Akzo Nobel Coatings Inc.	Akzo Nobel Paints (Thailand) Limited
Akzo Nobel Coatings K.K.	Akzo Nobel Paints Lanka (Pvt) Ltd
Akzo Nobel Coatings Limited	Akzo Nobel Paints Taiwan Limited
Akzo Nobel Coatings S.A.	Akzo Nobel Powder Coatings Korea Co., Ltd.
Akzo Nobel Coatings S.A. (Morocco)	Akzo Nobel UAE Paints L.L.C.
Akzo Nobel Coatings S.P.A.	AkzoNobel South Africa (Pty) Ltd
Akzo Nobel Coatings, S.L.U.	Compania Mexicana de Pinturas International S.A. de C.V.
Akzo Nobel Decorative Coatings B.V.	Flexcrete Technologies Limited
Akzo Nobel Global Business Services LLP	International Farbenwerke GmbH
Akzo Nobel Hilden GmbH	International Farg AB
Akzo Nobel Industrial Coatings AB	International Farvefabrik A/S
Akzo Nobel Industrial Coatings Korea Ltd.	International Paint (East Russia) Limited
Akzo Nobel Industrial Coatings Sdn Bhd	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 (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	PT Akzo Nobel Car Refinishes Indonesia
Akzo Nobel SAS	PT ICI Paints Indonesia
Akzo Nobel Saudi Arabia Ltd.	PT International Paint Indonesia
Akzo Nobel Sourcing B.V.	
Akzo Nobel Vietnam Limited	

(c) Key Management Personnel

Mr. Rajiv Rajgopal - Managing Director (upto 15 November 2023) and Chairman and Managing Director (from 16 November 2023)

Mr. Oscar Wezenbeek - Chairman (upto 15 November 2023)

Mr. Krishna Rallapalli - Wholetime Director and CFO

Mr. Rohit Ghanshyamdas Totla - Wholetime Director (from 16 November 2023)

Mr. Amit Jain - Independent Director

Mr. Hemant Sahai - Independent Director

Ms. Smriti Rekha Vijay - Independent Director

Mr. Rajiv Lochan Jha - Company Secretary (from 24 August 2023)

Ms. Harshi Rastogi - Company Secretary (upto 7 July 2023)

(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

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TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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

Note 34 : Related Party Disclosures (Contd..)

Gratuity Trusts

ICI India Limited Employees' Gratuity Fund

ICI India Management Staff Gratuity Fund

Akzo Nobel India Employees Gratuity Trust 2016

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

Provident Fund Trusts

The Alkali and Chemical Corporation of India Limited Provident Fund

ICI India Staff Provident Fund

ICI's Associated Companies in India Staff Provident Fund

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

	Akzo Nobel N.V., Netherlands	Imperial Chemical Industries Limited, United Kingdom	Akzo Nobel Coatings International B.V., Netherlands	Fellow Subsidiaries of the Group	Key Management Personnel	Employee Benefit Trusts	Total
	2023-24	2023-24	2023-24	2023-24	2023-24	2023-24	2023-24
	(2022-23)	(2022-23)	(2022-23)	(2022-23)	(2022-23)	(2022-23)	(2022-23)
(a) Transactions during the year							
Purchase of raw materials / finished goods	-	-	-	1,644	-	-	1,644
	(3)	(-)	(-)	(1,615)	(-)	(-)	(1,618)
Sale of finished goods	-	-	-	668	-	-	668
	(-)	(-)	(-)	(558)	(-)	(-)	(558)
Expenses incurred and recovered/ recoverable from other Companies (Income)	-	-	-	9	-	-	9
	(-)	(-)	(-)	(141)	(-)	(-)	(141)
Expenses reimbursed to other Companies (Expense)	18	-	-	25	-	-	43
	(3)	(-)	(-)	(16)	(-)	(-)	(19)
Royalty	-	-	1,411	-	-	-	1,411
	(-)	(-)	(1,346)	(-)	(-)	(-)	(1,346)
Dividend paid	-	2,068	996	-	-	-	3,064
	(-)	(1,379)	(664)	(-)	(-)	(-)	(2,043)
Services provided (Income)	22	-	597	207	-	-	826
	(20)	(-)	(562)	(-)	(-)	(-)	(582)
Services received (expenses)	313	-	-	433	-	-	746
	(299)	(-)	(-)	(126)	(-)	(-)	(425)
Managerial remuneration							
Short-term employee benefits	-	-	-	-	63	-	63
	(-)	(-)	(-)	(-)	(51)	(-)	(51)
Post employment benefits	-	-	-	-	7	-	7
	(-)	(-)	(-)	(-)	(4)	(-)	(4)
Other long - term benefits	-	-	-	-	13	-	13
	(-)	(-)	(-)	(-)	(6)	(-)	(6)
Contributions made	-	-	-	-	-	260	260
	(-)	(-)	(-)	(-)	(-)	(207)	(207)
Purchase of property plant and equipment	11	-	-	-	-	-	11
	(3)	(-)	(-)	(-)	(-)	(-)	(3)
Guarantee issued on behalf of the Group for credit facilities from banks	850	-	-	-	-	-	850
	(850)	(-)	(-)	(-)	(-)	(-)	(850)

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TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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

Note 34 : Related Party Disclosures (Contd..)

	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
	2023-24 (2022-23)	2023-24 (2022-23)	2023-24 (2022-23)	2023-24 (2022-23)	2023-24 (2022-23)	2023-24 (2022-23)	2023-24 (2022-23)
(b) Balances as at the end of the year							
Dues to related parties	393 (120)	- (-)	646 (622)	975 (640)	52 (35)	- (-)	2,066 (1,417)
Dues from related parties	21 (15)	- (-)	146 (148)	328 (248)	- (-)	- (-)	495 (411)
Guarantee issued on behalf of the Group for credit facilities from banks	850 (850)	- (-)	- (-)	- (-)	- (-)	- (-)	850 (850)
(c) Share Capital outstanding as at end of the year	- (-)	230 (230)	111 (111)	- (-)	- (-)	- (-)	341 (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 2024 (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 2022-23.

d) Disclosure in respect of transactions / balances which are more than 10% of the total transactions / balances of the same type with related parties.

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Purchase of materials / finished goods		
PT Akzo Nobel Car Refinishes Indonesia	556	470
Akzo Nobel Hilden GmbH	106	127
Akzo Nobel Car Refinishes B.V.	211	143
Others	771	878
	1,644	1,618
Sales of finished goods		
Akzo Nobel Vietnam Limited	126	64
PT ICI Paints Indonesia	168	82
PT International Paint Indonesia	11	107
Akzo Nobel Paints (Malaysia) Sdn. Bhd.	85	70
Akzo Nobel Paints (Thailand) Limited	76	60
Others	202	175
	668	558
Expenses incurred and recovered/recoverable from other Companies (Income)		
Akzo Nobel Sourcing B.V.	-	92
Akzo Nobel Global Business Services LLP	8	25
Akzo Nobel Paints (Singapore) Pte. Ltd.	*	17
Others	1	7
	9	141

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TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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

Note 34 : Related Party Disclosures (Contd..)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Expenses reimbursed to other Companies (Expense)		
Akzo Nobel Paints (Singapore) Pte. Ltd.	18	16
Akzo Nobel N.V., Netherlands	18	3
Akzo Nobel Car Refinishes B.V.	7	-
	43	19
Royalty		
Akzo Nobel Coatings International B.V., Netherlands	1,411	1,346
	1,411	1,346
Dividend paid		
Imperial Chemical Industries Limited, United Kingdom	2,068	1,379
Akzo Nobel Coatings International B.V.	996	664
	3,064	2,043
Services provided (Income)		
Akzo Nobel Coatings International B.V., Netherlands	597	562
Akzo Nobel Paints (Singapore) Pte Ltd.	206	-
Others	23	20
	826	582
Services received (Expense)		
Akzo Nobel N.V. Netherlands	313	299
Akzo Nobel Paints (Singapore) Pte Ltd.	305	-
Akzo Nobel Global Business Services LLP	128	126
	746	425
Managerial remuneration		
Mr. Rajiv Rajgopal	41	31
Mr. Krishna Rallapalli	18	14
Mr. Rohit Ghanshyamdas Totla	11	-
Ms. Harshi Rastogi	3	11
Others	10	5
	83	61
Contributions made		
The Alkali and Chemical Corporation of India Limited Provident Fund	196	191
Others	64	16
	260	207
Purchase of property plant and equipment		
Akzo Nobel N.V. Netherlands	11	3
	11	3
Guarantee issued on behalf of the Group for credit facilities from banks		
Akzo Nobel N.V. Netherlands	850	850
	850	850

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

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TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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

Note 34 : Related Party Disclosures (Contd..)

Particulars	As at 31 March 2024	As at 31 March 2023
Dues to related parties		
Akzo Nobel Coatings International B.V.	646	622
Akzo Nobel N.V. Netherlands	393	120
Others	1,027	675
	2,066	1,417
Dues from related parties		
Akzo Nobel Coatings International B.V.	146	148
Akzo Nobel Paints (Malaysia) Sdn. Bhd.	42	58
Others	307	205
	495	411
Share capital outstanding		
Imperial Chemical Industries Limited, United Kingdom	230	230
Akzo Nobel Coatings International B.V.	111	111
	341	341
Guarantee issued on behalf of the Group for credit facilities from banks		
Akzo Nobel N.V. Netherlands	850	850
	850	850

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 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).

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.

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).

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.

Notes

TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(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 2024	For the year ended 31 March 2023	For the year ended 31 March 2024	For the year ended 31 March 2023	For the year ended 31 March 2024	For the year ended 31 March 2023	For the year ended 31 March 2024	For the year ended 31 March 2023
	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023
(A) Employee benefit expense recognised in Statement of Profit and Loss								
(a) Current service cost	61	58	2	2	5	4	90	90
(b) Interest cost (net)	27	20	(4)	(3)	23	22	7	2
Total expense / (gain)	88	78	(2)	(1)	28	26	97	92
Remeasurements recognised directly in other comprehensive income								
(a) Return on plan assets (greater)/less than discount rate	(2)	7	(36)	(9)	-	-	(45)	65
(b) Actuarial (gains) / losses								
- from changes in demographic assumptions	2	3	(1)	1	(2)	5	*	1
- from changes in financial assumptions	31	(5)	1	(4)	4	(21)	1	(23)
- Experience adjustments	40	20	(1)	(2)	8	3	17	13
(c) Adjustment for limit on net asset	-	-	24	14	-	-	-	-
Total expense / (gain)	71	25	(13)	*	10	(13)	(27)	56
(B) Net Asset / (Liability) as at year end								
(a) Present value of obligations as at year end	910	756	73	79	351	336	2,274	1,983
(b) Fair value of plan assets as at year end	396	334	285	252	-	-	2,185	1,882
(c) Fair value of plan assets, limited to present value of future contributions	396	334	130	131	-	-	2,185	1,882
Net Asset / (Liability) (b)-(a)	(514)	(422)	212	173	(351)	(336)	(89)	(101)
Net Asset / (Liability) recognised in Balance Sheet (c)-(a)	(514)	(422)	57	52	(351)	(336)	(89)	(101)
(Refer below details for amount recognised in balance sheet)								

Note 35 : Employee benefits (Contd..)

	Gratuity		Pension		Post retirement medical benefit		Provident Fund	
	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023
Provision in Balance Sheet (Refer note 13)								
Current	(3)	(3)	-	-	(28)	(27)	-	-
Non-Current	(511)	(419)	-	-	(323)	(309)	(89)	(101)
	(514)	(422)	-	-	(351)	(336)	(89)	(101)
Retirement Benefit Trust Surplus (Refer note 6)								
Current	-	-	-	-	-	-	-	-
Non-Current	-	-	57	52	-	-	-	-
	-	-	57	52	-	-	-	-
Net Asset / (Liability) recognised in Balance Sheet								
Current	(3)	(3)	-	-	(28)	(27)	-	-
Non-Current	(511)	(419)	57	52	(323)	(309)	(89)	(101)
	(514)	(422)	57	52	(351)	(336)	(89)	(101)

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 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023
(C) Change in defined benefit obligations during the year								
Present value of obligations at beginning of the year								
(a) Current service cost	756	673	79	89	336	341	1,983	1,748
(b) Interest cost	61	58	2	2	5	4	90	90
(c) Benefits paid	52	42	5	5	23	22	146	117
(d) Actuarial (gains) / losses	(33)	(37)	(13)	(12)	(23)	(17)	(179)	(167)
(e) Employee contributions	74	19	*	(6)	10	(14)	18	(9)
(f) Other adjustments	-	-	-	-	*	-	113	112
	-	1	-	-	-	-	103	92
Present value of obligations at end of the year	910	756	73	79	351	336	2,274	1,983

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

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TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(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 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023
(D) Change in fair value of plan assets during the year								
Fair value of plan assets as at beginning of the year	334	356	252	247	-	-	1,882	1,715
(a) Return on plan assets (greater/less than discount rate)	2	(7)	36	9	-	-	45	(64)
(b) Interest income on plan assets	25	22	18	15	-	-	138	115
(c) Group contributions	68	-	-	-	-	-	83	81
(d) Employee contributions	-	-	-	-	-	-	113	112
(e) Benefits paid	(33)	(37)	(12)	(12)	-	-	(179)	(167)
(f) Adjustment of defined contribution	-	-	(9)	(7)	-	-	-	-
(g) Acquisition cost	-	-	-	-	-	-	103	90
Fair value of plan assets	396	334	285	252	-	-	2,185	1,882
(E) Change in irrevocable surplus								
Irrevocable surplus as at the beginning of the year	-	-	123	101	-	-	-	-
(a) Interest in irrevocable surplus	-	-	9	7	-	-	-	-
(b) Change in irrevocable surplus in excess of interest	-	-	23	13	-	-	-	-
Irrevocable surplus as at the end of the year	-	-	155	121	-	-	-	-
(F) Expected maturity analysis of undiscounted defined benefit plans								
Less than a year	112	100	17	17	29	27	338	315
Between 1-2 years	111	101	16	16	29	28	317	294
Between 2-5 years	412	308	39	41	90	85	689	639
Over 5 years	647	550	42	41	146	142	1,436	1,324
Total	1,282	1,059	114	115	294	282	2,780	2,572
(G) Weighted average duration	6	7	6	7	6	7	6	7
(H) Sensitivity analysis								
Discount rate (%age)								
Effect on DBO due to 0.5% increase in discount rate	-2.8%	-2.9%	-4.0%	-3.8%	-4.7%	-4.8%	-	-
Effect on DBO due to 0.5% decrease in discount rate	3.0%	3.1%	4.1%	3.8%	5.2%	5.1%	-	-
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%	-2.8%	-	-	-	-	-	-
Medical inflation rate (%)								
Effect on DBO due to 0.5% increase in medical inflation	-	-	-	-	4.6%	4.5%	-	-
Effect on DBO due to 0.5% decrease in medical inflation	-	-	-	-	-4.2%	-4.2%	-	-
Mortality rate (%)								
Effect on DBO if Post retirement medical rates are scaled up by one year	-	-	-	-	-5.3%	-6.3%	-	-
Effect on DBO if Post retirement medical rates are scaled down by one year	-	-	-	-	5.7%	4.2%	-	-

Note 35 : Employee benefits (Contd..)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet. The method and type of assumptions used in preparing the sensitivity analysis did not change as compared to previous year.

(I) Other long-term employee benefit obligations.

	Long service award obligation		Pension obligation		Leave obligation	
	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023
Current	(2)	(3)	-	-	(191)	(167)
Non-Current	(15)	(14)	(1)	(2)	-	-
Total	(17)	(17)	(1)	(2)	(191)	(167)

(J) Expected contributions to defined benefit plans for the year ending on 31 March 2025 is ₹ 514 (31 March 2024 ₹ 320).

(K) Major category of plan assets

	Gratuity		Pension		Provident Fund	
	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023
Government of India Securities (Central and State)	18	19	34	38	1,209	1,044
High Quality Corporate Bonds (including Public sector bonds)	16	24	44	45	733	664
Cash (including special deposits)	151	47	21	27	138	83
Scheme of Insurance-conventional Products	188	119	-	-	-	-
Scheme of Insurance-ULIP products	-	108	-	-	-	-
Other	23	17	186	142	105	91
	396	334	285	252	2,185	1882
	100%	100%	100%	100%	100%	100%

Actuarial assumptions

	2023-24	2022-23
Discount rate (annual)	7.00%	7.10%
Salary growth rate	8.00%	7.50%
Expected rate of return (annualised)	7.60%	7.50%
Medical inflation rate	8.00%	8.00%

Notes

TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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

Note 35 : Employee benefits (Contd..)

(L) Risk exposure

Through its defined benefit plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility:- The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a return lesser than the yield. Most of the plan asset investments 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.

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	Amount	As % of consolidated profit and loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
Holding Company								
Akzo Nobel India Limited								
31 March 2024	99.95%	13,292	100.02%	4,267	103.22%	(32)	100.00%	4,235
31 March 2023	99.95%	13,156	99.99%	3,351	99.99%	(51)	100.00%	3,300
Subsidiary Company								
ICI India Research and Technology Centre								
31 March 2024	0.05%	7	(0.02%)	(1)	(3.22%)	1	-	-
31 March 2023	0.05%	7	0.01%	*	0.01%	*	-	-
Total								
31 March 2024	100.00%	13,299	100.00%	4,266	100.00%	(31)	100.00%	4,235
31 March 2023	100.00%	13,163	100.00%	3,351	100.00%	(51)	100.00%	3,300

b) The subsidiary – 'ICI India Research and 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

There are no transactions entered into by Group with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956 during the current year and the previous year.

Notes

TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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

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.

(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 : Share-based compensation

Certain executive and non-executive employees of the Group are eligible to participate in equity settled restricted share plans of Akzo Nobel N.V., Netherlands (Ultimate Holding Company). These plans are designed to reward long term commitment of executive and non-executive employees towards the Group. These plans are restricted share plans without any performance conditions, whereby the conditional grant of shares will vest upon the condition that they remain in service with the Group during the three-year vesting period. A one-year holding restriction after vesting applies for the executive employees.

The shares granted under the aforementioned plans are measured at the fair value which is based on the share price of Akzo Nobel N.V., Netherlands (Ultimate Holding Company) at every grant date and are amortized over the three-year period during which the executive and non-executive employees become entitled to the shares unconditionally.

Charges recognized in the Statement of Profit and Loss for the year ended 31 March 2024 relating to share-based compensation amounted to ₹ 31 (31 March 2023 ₹ 30). Refer note 22.

Notes

TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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

Note 39 : Share-based compensation (Contd..)

A. Restricted share plan - Executives

Under this plan, executive employees are entitled to vesting restricted shares of the Ultimate Holding Company every year which gets converted to the ordinary shares of the Ultimate Holding Company subject to fulfillment of vesting conditions.

Details of the scheme are as under:

Particulars	For the year ended 31 March 2024		
	01-Apr-21	01-Apr-22	01-Apr-23
Grant date	01-Apr-21	01-Apr-22	01-Apr-23
Vesting date	31-Mar-24	31-Mar-25	31-Mar-26
Number of shares granted	1,336	1,765	3,283
Vesting conditions	Continued service till the vesting date	Continued service till the vesting date	Continued service till the vesting date
Exercise price (In INR)	Nil	Nil	Nil
Weighted average remaining period	-	1.0	2.0
Fair value of shares (In INR)	8,907	7,938	6,177

Particulars	For the year ended 31 March 2023		
	01-Apr-20	01-Apr-21	01-Apr-22
Grant date	01-Apr-20	01-Apr-21	01-Apr-22
Vesting date	31-Mar-23	31-Mar-24	31-Mar-25
Number of shares granted	1,100	1,336	1,765
Vesting conditions	Continued service till the vesting date	Continued service till the vesting date	Continued service till the vesting date
Exercise price (In INR)	Nil	Nil	Nil
Weighted average remaining period	-	1.0	2.0
Fair value of shares (In INR)	4,462	8,907	7,938

Restricted shares details as on the Balance Sheet date are as follows:

Particulars	For the year ended	For the year ended
	31 March 2024	31 March 2023
	(No. of Shares)	(No. of Shares)
Shares outstanding at the beginning of the year (A)	4,201	3,460
Granted during the year (B)	3,283	1,765
Exercised during the year (C)	1,100	1,024
Forfeited during the year (D)	-	-
Shares outstanding / exercisable at the end of the year for vesting (A+B-C-D)	6,384	4,201

B. Restricted share plan - Non executives

Under this plan, every year certain non-executive employees are entitled to vesting restricted shares of the Ultimate Holding Company which gets converted to the ordinary shares of the Ultimate Holding Company subject to fulfillment of vesting conditions.

Details of the scheme are as under:

Particulars	For the year ended 31 March 2024		
	01-Apr-21	01-Apr-22	01-Apr-23
Grant date	01-Apr-21	01-Apr-22	01-Apr-23
Vesting date	31-Mar-24	31-Mar-25	31-Mar-26
Number of shares granted	840	1,960	1,610
Vesting conditions	Continued service till the vesting date	Continued service till the vesting date	Continued service till the vesting date
Exercise price (In INR)	Nil	Nil	Nil
Weighted average remaining period	-	1.0	2.0
Fair value of shares (In INR)	8,907	7,938	6,177

Notes

TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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

Note 39 : Share-based compensation (Contd..)

Particulars	For the year ended 31 March 2023		
	01-Apr-20	01-Apr-21	01-Apr-22
Grant date	01-Apr-20	01-Apr-21	01-Apr-22
Vesting date	31-Mar-23	31-Mar-24	31-Mar-25
Number of shares granted	1,670	840	1,960
Vesting conditions	Continued service till the vesting date	Continued service till the vesting date	Continued service till the vesting date
Exercise price (In INR)	Nil	Nil	Nil
Weighted average remaining period	-	1.0	2.0
Fair value of shares (In INR)	4,462	8,907	7,938

Restricted shares details as on the Balance Sheet date are as follows:

Particulars	For the year ended	For the year ended
	31 March 2024	31 March 2023
	(No. of Shares)	(No. of Shares)
Shares outstanding at the beginning of the year (A)	4,260	2,510
Granted during the year (B)	1,610	1,960
Exercised during the year (C)	1,460	-
Forfeited during the year (D)	225	210
Shares outstanding / exercisable at the end of the year for vesting (A+B-C-D)	4,185	4,260

Note 40 : Summary of other accounting policies

This note provides a list of other accounting policies adopted in the preparation of these Consolidated Financial Statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Rounding of amounts

All amounts disclosed in the Consolidated Financial Statements and notes have been rounded off to the nearest millions as per the requirement of Schedule III, unless otherwise stated.

(b) Segment reporting

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

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.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the Consolidated Financial Statements of the Group 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.

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TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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

Note 40 : Summary of other accounting policies (Contd..)

(d) 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.

(e) Income tax

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

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation 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.

(f) Leases

As a lessee

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

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

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:

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

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

Notes

TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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

Note 40 : Summary of other accounting policies (Contd..)

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.

Entity-specific details about the Group's leasing policy are provided in note 3.2.

(g) Cash and cash equivalents

For the purpose of presentation in the Statement of Cash Flows, 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.

(h) 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.

(i) Trade receivables

See note 5.4 for information about the Group's accounting for trade receivables and note 31 for a description of the Group's impairment policies.

(j) Inventories

Raw materials, stores and spare parts, work in progress, traded and finished goods

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 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.

Entity-specific details about inventories are provided in note 8.

(k) 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 that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through Other Comprehensive Income.

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

(ii) Recognition

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

(iii) Measurement

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

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

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the

Notes

TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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

Note 40 : Summary of other accounting policies (Contd..)

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.

(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.

(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) 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.

Entity-specific details about investments and other financial assets are provided in note 5.

(I) Property, plant and equipment

The Group's accounting policy for land is explained in note 3.1. 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.

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TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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

Note 40 : Summary of other accounting policies (Contd..)

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.

The assets' useful lives are reviewed and adjusted if appropriate, 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.

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.

(m) 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 method and useful lives

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

(n) Impairment of Property, plant and equipment and intangible assets

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

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable

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

(o) 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.

(p) 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.

(q) 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

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TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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

Note 40 : Summary of other accounting policies (Contd..)

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.

(r) 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, 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

Defined contribution plan

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

Defined benefit plans

Provident Fund –

The Group makes specified monthly contributions towards employees' provident fund to Trusts administered by the Group for certain employees. The minimum interest payable by the provident fund trusts to the beneficiaries every year is notified by the Government. The Group has an obligation to make good the shortfall of 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 benefits 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

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TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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

Note 40 : Summary of other accounting policies (Contd..)

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.

(s) Share-based payments

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of shares that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Where shares are forfeited due to a failure by the employee to satisfy the service conditions, any expenses previously recognised in relation to such shares are reversed effective from the date of the forfeiture.

(t) Contributed equity

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(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) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group
- by the weighted average number of equity shares outstanding during the financial year (see note 29).

(ii) Diluted earnings per share

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
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

(w) 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 and 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 property, plant and equipment and intangible assets.

The notes from note no. 1 to 40 form an integral part of these Consolidated Financial Statements.

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**

Amitesh Dutta

Partner
Membership No. : 058507

Place: Gurugram
Date: 16 May 2024

Rajiv Rajgopal

Chairman and
Managing Director
DIN : 06685599

Place: Gurugram
Date: 16 May 2024

Krishna Rallapalli

Wholetime Director
and CFO
DIN : 03384607

Place: Gurugram
Date: 16 May 2024

Rajiv L. Jha

Company Secretary &
Compliance Officer
Membership No. : F5948

Place: Gurugram
Date: 16 May 2024

AkzoNobel

NOTICE OF 70TH ANNUAL GENERAL MEETING

Akzo Nobel India Limited

CIN: L24292WB1954PLC021516

Tel: +91 33 22267462 **Fax:** +91 33 22277925

Website: www.akzonobel.co.in, **Email:** investor.india@akzonobel.com

Notice is hereby given that the 70th Annual General Meeting ('AGM') of the Members of **Akzo Nobel India Limited** will be held on Thursday, 1st August 2024 at 2:30 P.M. (IST) through Video Conferencing ('VC') / Other Audio Visual Means ('OAVM') to transact the following business:

Ordinary Business

- To receive, consider and adopt the Audited Financial Statements (Standalone and Consolidated) for the Financial Year ended 31st March 2024 and the Reports of the Directors and Auditors thereon.
- To confirm Interim Dividend as declared and paid and to declare Final Dividend on equity shares of the Company for the Financial Year ended 31st March 2024.
- To appoint a Director in place of Mr. Rohit Ghanshyamdas Totla (DIN 10391749) who retires by rotation and being eligible, offers himself for re-appointment.

Special Business

- To consider ratification of remuneration payable 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 the Cost Auditor, M/s Chandra Wadhwa & Co., Cost Accountants (Firm Registration No. 00239), to conduct the audit of the cost records of the Company for the Financial Year 2024-25, as recommended by the Audit Committee and approved by the Board of Directors, be and is hereby ratified.

RESOLVED FURTHER that the Board of Directors and/or 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."

By order of the Board of Directors
for **Akzo Nobel India Limited**

Rajiv L. Jha

Company Secretary & Compliance Officer
Membership No.: F5948

16th May 2024
Gurugram

Registered office:

Geetanjali Apartment, 1st Floor
8-B, Middleton Street
Kolkata 700 071

Notes

- i) The Ministry of Corporate Affairs, Government of India (the "MCA") vide its General Circulars No. 14/2020, No. 17/2020, No. 20/2020, No. 02/2021, No. 2/2022, No. 10/2022, No. 09/2023, dated 8th April 2020, 13th April 2020, 5th May 2020, 13th January 2021, 5th May 2022, 28th December 2022, and 25th September 2023, respectively (hereinafter, collectively referred as the "MCA Circulars") read with the SEBI Circulars No. SEBI/HO/CFD/CMD1/CIR/P/2020/79, No. SEBI/HO/CFD/CMD2/CIR/P/2021/11, No. SEBI/HO/CFD/CMD2/CIR/P/2022/62, SEBI/HO/CFD/PoD-2/P/CIR/2023/4 and No. SEBI/HO/CFD/PoD-2/P/CIR/2023/167 dated 12th May 2020, 15th January 2021, 13th May 2022, 5th January 2023 and 7th October 2023 respectively (hereinafter, collectively referred as the "SEBI Circulars" and together with the MCA Circulars referred as the "Circulars") has allowed companies to conduct their annual general meetings/extraordinary general meetings through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM"), thereby dispensing with the requirement of physical attendance of the members at their AGMs/GMs and accordingly, the 70th Annual General Meeting (the "AGM" or the "70th AGM" or the "Meeting") of Akzo Nobel India Limited (the "Company") will be held through VC or OAVM in compliance with the Circulars, the relevant provisions of the Companies Act, 2013 (as amended) (the "Act") and the rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) (the "Listing Regulations"). The venue of the 70th Annual General Meeting of the Company 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 Friday, 26th July 2024 to Thursday, 1st August 2024 (both days inclusive).
- vii) Final Dividend, if approved at the Meeting, will be paid by 26th August 2024 by means of direct bank credit or dividend warrants:
- In respect of shares held in electronic form, to the beneficial owners of shares as on 25th July 2024 as per the downloads furnished to the Company by the depositories for this purpose;
 - In respect of shares held in physical form, to those members whose names appear on the Company's Register of Members as on 25th July 2024.

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 2024 to March 2025) obtained from the tax authorities of the country of which the shareholder is a resident.
 - Electronic Form 10F as per notification No. 03/2022 dated 16th July 2022 from the Central Board of Direct Tax.
 - 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 2024 to March 2025) 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 rtac@cbmsl.com on or before Friday, 26 July 2024 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, 26 July 2024. 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 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 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.
- 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 31st March 2017 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 31st March 2024.

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 rita@cbmsl.com quoting Folio Number alongwith a scanned copy of the share certificate (front and back), self attested scanned copy of PAN card and Aadhaar 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 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 2023-24 shall also be available on the Company's website at 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 29th July 2024 (9 am) and ends on 31st July 2024 (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 25th July 2024, 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:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> 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. 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 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. Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience. <p style="text-align: center;">NSDL Mobile App is available on</p> <div style="display: flex; justify-content: center; gap: 20px;">   </div> <div style="display: flex; justify-content: center; gap: 20px;">   </div>
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then user your existing my easi username & password. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers’ website directly. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on 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 able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders (holding securities in demat mode) login through their depository participants	<p>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.</p>

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	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.com or call at 022 - 4886 7000
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 or contact at toll free no. 1800 22 55 33

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 folio number is 001*** and EVEN is 101456 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.
 - b) Physical User Reset Password?” (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/

folio number, your PAN, your name and your registered address 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), AADHAAR (self attested scanned copy of Aadhaar Card) by email to 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), AADHAAR (self attested scanned copy of Aadhaar Card) to investor.india@akzonobel.com. If you are an Individual shareholders holding securities in demat

mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.

3. Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 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 required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

Instructions for members for e-voting on the day of the AGM

5. The procedure for e-Voting on the day of the EGM/AGM is same as the instructions mentioned above for remote e-voting.
6. Only those Members/ shareholders, who will be present in the EGM/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 EGM/AGM.
7. Members who have voted through Remote e-Voting will be eligible to attend the EGM/AGM. However, they will not be eligible to vote at the EGM/AGM.
8. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the EGM/AGM shall be the same person mentioned for Remote e-voting.

Instructions for Members for attending the AGM through VC/OAVM

1. Shareholder will be provided with a facility to attend the EGM/AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of “VC/OAVM” 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/Member 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 in the notice to avoid last minute rush.
2. Shareholders are encouraged to join the Meeting through Laptops for better experience.
3. Further Shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at investor.india@akzonobel.com. The same will be replied by the company suitably.
6. Shareholders who would like to express their views/ask questions as a speaker at the Meeting may pre-register themselves by sending a request from their registered e-mail address mentioning their names, DP ID and Client ID/folio number, PAN and mobile number at investor.india@akzonobel.com from 20th July 2024 9:00 am (IST) to 28th July 2024 5:00 pm (IST). Only those Shareholders who have pre-registered themselves as a speaker will be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.
7. Shareholders attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
2. 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.
3. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
4. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on.: 022 - 4886 7000 or send a request to Ms. Pallavi Mhatre, Senior Manager at evoting@nsdl.com
5. 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.
6. 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 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.
7. On receipt of requisite number of votes, the Resolutions shall be deemed to have been passed on the date of the AGM.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to aklabhcs@gmail.com with a copy marked to evoting@nsdl.co.in. 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.

Explanatory Statement

The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

Item No. 4

Ratification of remuneration payable to Cost Auditors

In accordance with the Companies (Cost Records and Audit) Rules, 2014, the Company is required to conduct cost audit of its cost records pertaining to the products of the Company, for the Financial Year ending 31st March 2025.

The Board of Directors of the Company, based on the recommendation of the Audit Committee, has approved the appointment of M/s Chandra Wadhwa & Co., Cost Accountants (Firm Registration No. 00239), as the Cost Auditor for the Financial Year ending 31st March 2025 at a remuneration of ₹ 0.66 million and reimbursement of out-of-pocket expenses.

M/s Chandra Wadhwa & Co., Cost Accountants, has conveyed their willingness to act as Cost Auditor of the Company for Financial Year ending 31st March 2025. The eligibility and consent letter will be available for inspection of the Shareholders through electronic mode. Shareholders may write to the Company at investor.india@akzonobel.com in that regard, by mentioning "Request for Inspection" in the subject of the e-mail.

In terms of Section 148(3) of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration recommended by the Audit Committee for the Cost Auditor and approved by the Board of Directors is required to be ratified subsequently by the Shareholders. Hence, the Ordinary Resolution set out in Item No. 4 of the appended Notice seeks approval of the Shareholders for the same.

None of the Directors and/or Key Managerial Personnel of the Company and/or their relatives, are in any way concerned or interested (financially or otherwise), in the proposed Ordinary Resolution.

The Board recommends ratification of the remuneration payable to M/s Chandra Wadhwa & Co., Cost Accountants, Cost Auditor of the Company, as recommended by the Audit Committee and approved by the Board of Directors, as set out in Item No. 4 of the appended Notice, for approval of the Shareholders.

Annexure

Brief profile of Directors to be appointed/re-appointed

Name of Director(s)	Mr. Rohit Ghanshyamdas Totla (DIN: 10391749)
Age (years)	49
Experience and Qualification	Mr. Rohit Ghanshyamdas Totla has a Degree in BE (Electronics) from Nagpur University, and PGDBM from Sydenham Institute of Management, Mumbai. He also attended an Executive Program from Dale Carnegie and IMD, Lausanne. He has more than 23 years of work experience across organisations like Balsara Home Products (now Dabur India Limited) and Hindustan Coca Cola Beverages. He joined AkzoNobel in 2009 and had handled various roles as Regional Manager – West, Marketing Manager, General Manager Sales, Director Sales – Deco Paints, and as the Director-Commercial Excellence – South East South Asia region from 2022, where he led strategic commercial excellence function with focus on strategizing route to market, driving pricing, transformation projects, driving customer experience and excellence.
Expertise in specific Functional Areas	General Management, Sales, Marketing and Commercial
Date of first appointment on the Board	16 th November 2023
Number of meetings of the Board attended during the Financial Year 2023-24	He has attended all the 2 (two) board meetings held during the financial year since the date of his joining as the Wholetime Director of the Company.
No. of Committees Meetings attended during the year 2023-24.	He has attended all the 2 (two) committees' meetings of which he is a member as held during the financial year 2023-24, since the date of his joining.
Skills and capabilities required for the role and the manner in which the proposed Independent Director meets such requirements	N.A.
Shareholding in the Company as on 31st March 2024 (self as well as through beneficial ownership)	Nil
Term and conditions of re-appointment	Wholetime Director, liable to retire by rotation
Detail of remuneration last drawn (FY 2023-24)	₹ 11.39m*
Detail of proposed remuneration	As approved by the shareholders of the Company on 11 th January 2024.
Resignation from the directorship of the listed companies in the past three years	None
Others companies (in India) in which he/she holds Directorship	None
Chairman / Member of the Committees of the Board of the Companies on which he/ she is a Director	Member, Corporate Social Responsibility Committee and Risk Management Committee, Akzo Nobel India Limited
Disclosure of relationships between directors inter-se	None

* for the period from his appointment, i.e. 16th November 2023 to 31st March 2024

Corporate Office

9th Floor, Magnum Towers,
Golf Course Extension Road,
Sector 58, Gurugram 122 011, India

AkzoNobel

About AkzoNobel:

Since 1792, we've been supplying the innovative paints and coatings that help to color people's lives and protect what matters most. 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 use our expertise to sustain and enhance everyday life. Because we believe every surface is an opportunity. It's what you'd expect from a pioneering and long-established paints company that's dedicated to providing sustainable solutions and preserving the best of what we have today – while creating an even better tomorrow. Let's paint the future together. For more information please visit www.akzonobel.com.

About Akzo Nobel India Limited:

Akzo Nobel India is present in India for 70 years. In 2008, the company became a member of the AkzoNobel Group. With an employee strength of 1,500+, Akzo Nobel India has five manufacturing sites, two RD&I centers, regional offices and a distribution network spread across the country. All manufacturing facilities have a state-of-the-art environmental management system. Its commitment to Health, Safety, Environment and Security (HSE&S) has been among the best-in-class globally, with due care being taken to protect people and the environment. For more information, please visit www.akzonobel.co.in





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