Akzo Nobel India Limited

16 July 2021

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

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

Dear Sir,

Sub: Notice of AGM and Annual Report

Pursuant to Regulation 34(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), please find enclosed Notice convening the 67th Annual General Meeting ('AGM') and the Annual Report of the Company for the financial year 2020-21.

In compliance with relevant circulars issued by Ministry of Corporate Affairs and the Securities and Exchange Board of India, the Notice convening the AGM and the Annual Report of the Company for the financial year 2020-21 is being circulated to all the members of the Company, whose email addresses are registered with the Company's Registrar and Transfer Agent or Depository Participant(s).

The AGM of the Company will be held on Friday, 13 August, 2021, at 2.30 p.m. through Video Conferencing/ Other Audio Visual Means in accordance with the aforesaid circulars.

The Notice of AGM along with the Annual Report for the financial year 2020-21 is also available on the website of the Company at: https://akzonobel.co.in/investors#reports

Thanking you,

Yours faithfully
for Akzo Nobel India Limited

Harshi Rastogi
Company Secretary
Membership#A13642

Encl: as above.

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Golf Course Extension Road, Sector-58
Gurugram - 122 011
Haryana, India

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www.akzonobel.co.in
www.dulux.in

Registered Office: Geetanjali Apartment, 1st Floor, 8B Middleton Street, Kolkata- 700 071 CIN: L24292WB1954PLC021516

REPORT 2021

Akzo Nobel India Limited

OUR PURPOSE

PIONEERING A WORLD OF POSSIBILITIES TO BRING SURFACES TO LIFE

Our approach to sustainable business

We strive to lead our industry by pioneering a world of possibilities so we can empower people, reduce our impact on the planet and consistently innovate to deliver the most sustainable solutions for our customers.

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

Scan QR code to access website

Contents

Chairman's statement

Amit Jain
Chairman

"Operating in the present with an eye on the future, we are driven by our Grow & Deliver strategy. Our focus now is to grow our topline while maintaining profitability."

Never before have we witnessed a disruption that has had such a devastating global impact in the modern history like now. The global pandemic of COVID-19 unlocked a pandora's box of unforeseen challenges and crisis as the world hit the pause button. But at the same time, it was the rebooting to a New Normal that was most significant. It was in these turbulent times that real idols emerged from among us. My heartfelt gratitude to the millions of frontline workers; who continue to power India's recovery with their courage and passion.

COVID-19 pandemic saw economic activity contract across the board last year, India being no exception at -7.3%. RBI's consumer confidence index plummeted to a low of 49.9. As short-term retail demand shifted to essentials, discretionary segments were among the adversely impacted. Construction industry too was hit, as regional lockdowns prompted a mass reverse migration of labour and supply disruptions. However, swift fiscal and monetary policy actions taken in first half of the fiscal acted as the tailwind for the economic recovery that was visible in the second half.

The pandemic brought about certain fundamental shifts in the industry. Home improvement and focus on health & hygiene are expected to remain key growth catalysts. The industry faced recent headwinds from the second wave of COVID-19. Commodity prices too witnessed an unprecedented surge. As a case in point, brent crude which is currently trading at $74 per barrel has seen a steady ride from the lows of $9 per barrel in April 2020. Notwithstanding these variables, positives like 9% GDP growth projection for FY'22, RBI's reiteration for an accommodative policy stance, Government's recently announced economic relief package, gradual Unlocks, and the big sentiment booster of vaccination rollout are expected to spur consumer spending and boost business confidence. Hopefully, with this, the Paint & Coating Industry may continue to see good growth.

Leveraging the growth enablers

It is said that a crisis is an opportunity riding a dangerous wind. After consistent improvement in our profitability, the pandemic gave us time for reflection.

Very early on during the first COVID-19 wave, we identified the 3 key demand shifts.

- First, that, as metros and Tier-1 cities grappled with higher infection incidents, growth was markedly shifting to rural and semi-urban markets.
- Secondly, safety was now a non-compromise for all. The emphasis had shifted clearly to health and hygiene.
- Third, as our consumers spent more time at home, there was a new focus on home improvement across all geographies.

In response, AkzoNobel India swiftly adapted to the new customer and evolving business expectations with dexterity and dynamism. Our company's agile organization structure achieved through the transformation initiatives of previous years provided us with the appropriate cost base. We re-aligned our priorities and raised the bar with our many industry-firsts in 2020-21.

While operating in the present with an eye on the future, we are driven by our Grow & Deliver strategy. Our focus now is to grow our topline while maintaining profitability.

Staying connected matters....

Looking back, as the world stayed safe at home, technology became the biggest enabler. AkzoNobel India leveraged technology for our regular cadence of engagement with investors and analysts. We were delighted to e-meet and engage with many of our esteemed shareholders through our virtual AGM. This fortified our communications and connections to a large extent. While I surely missed the warmth of our interactions; I am humbled by the continued support of our shareholders and look forward to another year of creating shared value.

AkzoNobel Cares

As a responsible corporate citizen, while continuing our on-going CSR initiatives, AkzoNobel India supported its people, partners, local communities and contributed to the nation's recovery.

Arogya Sakha – our telemedicine project connects 1.5 million painter community to specialist doctors.

As the nation unlocked, Dulux Protect initiative enabled a safe return to workplace for painters and contractors. Through Arogya Sakha - our unique tele-medicine project and COVID-19 helpline, we provided access to specialist doctors, vaccination counselling, COVID-19 treatment etc. to over 1.5 million painters and their families.

In addition to contributing to the PM Care Fund, our on-ground actions reflected our sincere commitment to support recovery. Across multiple cities of India, our teams distributed dry ration kits to 15,000+ migrant worker families, 8,000+ PPE kits to daily wage labourers & frontline workers.

As daily cases crossed the 4-lac mark and medical grade oxygen availability became challenging, AkzoNobel India distributed 135 oxygen concentrators to support local communities via respective District administrations and its employees during the Wave 2.0 of COVID-19.

Committed to Long term Shareholder value creation

As we embark upon achieving new milestones in our journey, we are strengthened by our shareholders trust in us. Recognizing this, the Board remains committed to maximize shareholder value and recommends a final dividend of ₹30 for the year. The Total Dividend thus stands at ₹50 per share for FY 2020-21.

As I reflect over the past four years as Chairman, your Company has reinforced its profitability with Return on Sales (ROS) steadily improving from 8.8% in 2017-18 to 11.0% in 2020-21. We have strengthened our leading position in powder coatings through strategic capacity investment in the new Thane plant in 2017-18. During the last four years, your Company has delivered approximately ₹ 740 crores incremental total shareholder return. The Company's market capitalization has sustained over ₹10,000 crores, which is yet another reflection of your confidence in the strength of our brands, our world class innovations and the excellence of our teams.

After four years at the helm of AkzoNobel India, I shall be handing over the baton to

We're pioneers in bringing surfaces to life with our comprehensive color know-how.

As a responsible corporate, our Project Parivartan provides early childhood, remedial and non-formal education to underprivileged children.

Mr. Oscar Wezenbeek. During his three-decade career with AkzoNobel, Oscar has successfully led various portfolios in paints and coatings and is currently the Managing Director, Decorative Paints, South East & South Asia (SESA) at AkzoNobel. As I look forward to my continued involvement with the Board as a Non Executive Director, may I request you to give the same support to Oscar as you have been extending to me.

I am confident that Oscar will ably steer your Company along with our very capable MD and excellent management team.

May I also take this opportunity to express gratitude to our outgoing Directors – Mr. Arvind Uppal and Mr. Rahul Bhatnagar for their invaluable insights and contributions over the years in building and growing Akzo Nobel India to what it is today. As our board member for a decade, Mr. Uppal has been an astute strategist. Let me also thank Mr. Bhatnagar for his dedication to uphold best practices in corporate governance during his tenure as an Independent Director with us.

As we move ahead, the emerging green shoots including the intense focus on improving health care system, economic unlocking and the energetic aspirations of young India strengthen my belief that our nation is poised to move to an even higher trajectory of sustainable growth. And I am confident that driven by the passion for paints and indomitable spirit of its employees, so is AkzoNobel India Limited!

On behalf of the Board of Directors, thank you for your continued faith and support.

Stay Safe, Stay Healthy!

Amit Jain
Chairman

Chairman Designate statement

Oscar Wezenbeek
Chairman Designate

"India is an important part within South East and South Asia for AkzoNobel's global operations. Propelling us further is the Grow and Deliver strategy, that marks our next transformation towards building a sustainable business for long-term value creation."

As we charter into the new fiscal year 2021-22, let me take a pause to reflect on the year gone by, before moving on to the exciting present and the dynamic future ahead of us.

I would like to take this opportunity to thank Mr. Amit Jain - the outgoing Chairman of Akzo Nobel India Ltd. for his exemplary leadership and contribution over the years. Amit's singular focus on bolstering business while upholding the highest levels of Corporate Governance, has resulted in the creation of the more efficient, effective and future-ready Akzo Nobel India of today. I am delighted that he shall continue to enrich us with his insights as an invaluable Board of Directors member.

As the world and our customers evolved in the new normal, the fiscal 2020-21 was a year of conquering uncertainties with resolution & resilience, while continuing to drive innovation.

At the same time, with the core value of Sustainability embedded in everything we do; AkzoNobel India prioritized the 3Cs (Collaborate, Connect and Communicate) to endear itself with local communities. Meaningful collaborations with Government authorities, NGOs and rural initiatives like distributing oxygen concentrators to ProtoVillage (one of the driest district in India) focused on empowering the needy. Initiatives like COVID-19 helpline prioritized safety and connected painters, including their families and our students covered under our Parivartan project to specialist doctors. Confidence building campaigns communicated several initiatives taken under AkzoNobel We Care program, which has been providing critical medical and vaccination support to our employees and their families. As I take over the Chairmanship, continuing our social interventions with the same spirit will be one of my priorities.

Progressing into the fiscal year 2021-22, India is an important market within South

STRATEGY NARROWCASTING

Grow
& Deliver

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

BEHAVIORS NARROWCASTING

Passion for paint
Be customer focused

Precise processes
Execute with discipline

Powerful performance
Deliver on commitments

Proud people
Take ownership

Our behaviors play a crucial role in helping us to become a truly high-performing organization that delivers on its promises.

East and South Asia for AkzoNobel's global operations. Propelling us further is the Grow and Deliver strategy, that marks our next transformation towards building a sustainable business for long-term value creation.

Our uniqueness as the integrated global expert of paints and performance coatings, coupled with our pioneering spirit and 4P's of behavior (Passion for paint, Powerful performance, Precise processes and Proud People) continues to fuel our ambitions to paint the future.

I am confident that Akzo Nobel India is on the right path towards becoming the leading paints company in India and setting the standards when it comes to leading with integrity, innovation and sustainability.

The future is exciting indeed and making the journey even more fulfilling are our customers and shareholders, whose faith in us, powers us to fly higher.

Warm Regards,

Oscar Wezenbeek
Chairman Designate

Managing Director's statement

Rajiv Rajgopal
Managing Director

Gearing ahead to Grow & Deliver

"The greater the obstacle, the more glory in overcoming it."

— Molière

With all the unprecedented uncertainties of COVID-19; FY'2020-21 rewrote the way the world moved. The New normal introduced the world to the new frame of reference – 'Before COVID-19' and 'During COVID-19'.

Evolving Business Environment

2020-21 was undoubtedly an unprecedented fiscal. External variables like COVID-19 impacted economic growth, demand, commodity price and currency movement. As the GDP contracted in the first two quarters under Wave 1 of COVID-19, India witnessed its first technical economic recession (since India began releasing Quarterly GDP estimates from FY'98). With the nation under lockdown, the first quarter of the fiscal saw businesses, including us, recalibrate, realign and reboot operations in the face of the global pandemic. The second half of the fiscal though, did partially offset the adverse impact of the first half. Strong sequential Month-on-Month recovery was visible as gradual unlocks released pent-up demand, Govt. focus on infrastructure development provided growth momentum; and festival season brought back some cheer. Through clear communication within the organization, close collaboration with our business partners and meaningful connections with our customers, we maintained business continuity in these uncertain times.

Akzo Nobel India's overview in FY'20-21

Akzo Nobel India Limited navigated through the multitude of challenges with agility and resilience while focusing on the 4 vectors, that is – People, Customers & Operations, Cash and Cost. We harnessed new growth opportunities to Grow and Deliver, while continuing to prioritize the health and safety of our stakeholders.

In FY 2020-21, our revenue from operations stood at ₹ 24,214 million, declining 9% over the prior year. Our EBIT at ₹ 2,652 million weakened by 12%. However, we continued to deliver double-digit ROS for the second consecutive fiscal, which stood at 11%. Despite the uncertainties abound, our Operating Working Capital as a percentage to Revenue also improved further. Noteworthy, that your Company remained comfortable on liquidity front with cash of ₹ 7,330 million, as on 31st March 2021.

Led by the Grow & Deliver strategy

FY 2020-21 was also the first year of our new mid-term strategy 'Grow & Deliver'. With focused initiatives, we continue to navigate the exigencies of COVID-19 to fuel our ambitions of balancing growth with improved profitability.

The Grow & Deliver strategy rests on the 4 strong foundation pillars of:

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

Under the "Grow" umbrella, we reinforced our portfolio with new innovative and sustainable solutions in paints and coatings – across both existing and adjacent categories. This was supported by Distribution 2.0 strategy that catapulted us closer to our customers in 4,000 towns pan-India. Towards the "Deliver" aspect, we prioritized commercial excellence via strong margin management and value engineering.

This dual approach powered our journey to navigate through the challenges and provide the right products to the right customers at the right time, and most importantly, without diluting our profitability. Acting as a further tailwind to our momentum are the strong balance sheet and customer-centric innovations.

As pioneering experts in the paint industry, Dulux assurance is our promise to consumer about the brand's commitment towards quality. An industry first yet again!

Our Passion for Paints

Acting on the ‘Grow’ commitment, Akzo Nobel India sparked new demand with new exciting propositions, across both paints and coatings businesses.

In the paints end of our operating spectrum, we enhanced our core propositions through unique product features and launched innovations across categories – premium interior emulsions, economy segments, waterproofing, exterior and specialist paints. With India staying safe at home, we increasingly communicated with our audiences digitally.

As pioneering experts in the paint industry committed to delivering on the high expectations of our customers, we also raised the bar with Dulux Assurance™ Program - the industry’s first-of-its-kind customer-oriented initiative. The program assured Perfect Colour, Uniform Finish and Coverage, and was brought alive by extensive media campaigns like the “Expert ka Promise” TV commercial.

AkzoNobel’s coatings business too innovated with superior offerings combining protection with aesthetics across all 4 coating verticals. Our class leading powder coatings portfolio was expanded with Interpon Redox - a new range of corrosion protection. Our Automotive and Specialty Coatings (ASC) business premium brand Sikkens got approvals from the global brands like Citreon that has recently debuted in India. The BPANI (BPA Non-Intended) Internal Spray Lacquer was introduced in our Industrial coatings business. Our efforts in the Marine, Protective and Yatch Coatings business too gave birth to pioneering products with applications ranging from antifouling solutions for deep sea vessels to coatings that deliver maximum corrosion protection from aggressive environments.

Our Passion for Paints gives birth to new innovations across paints and coatings. There’s a good chance you’re only ever a few meters away from one of our products.

Our manufacturing units are expanding their green energy initiatives with operational solar units. Case in point is our Thane facility.

Sustainability at the heart of everything we do

As we innovate to deliver the most sustainable solutions for our customers, we are consistently driven by our core value of Sustainability. Our approach to People, Planet and Paint is integrated in everything we do.

Empowering people, Akzo Nobel India took concrete actions to provide immediate relief, prioritize health and support recovery of people across India. The COVID-19 India Task Force set-up by the Company continues to provide medical, financial and psychological support to our stakeholders. Recognizing employees need to access genuine and expert advice at a time when hospital visit was not preferred, our VISIT APP facilitated tele-medicines and online doctor consultations. Similarly, the special tele-medicine project – Arogya Sakha unlocked access to specialist doctors for our painter community members.

Striving to reduce our impact on the planet, our significant value chain reforms are reducing carbon emissions, VOCs and waste; while increasing recycling and renewable energy contribution. Our 2030 ambitions are to achieve a 50% reduction in carbon emissions and to increase our renewable electricity usage to 100%.

Perspective on 2021-22

Gearing up for the new financial year, we are also cognizant of the new disruptions that continue to evolve the business landscape. As India was once again under one of the world's strictest lockdowns to curb the more virulent Wave 2.0 of COVID-19, Akzo Nobel India continued to stand with the nation during this challenging phase. We leveraged our global presence to swiftly procure oxygen concentrators and make them available for both our employees (across all our manufacturing sites and offices) and local community. At the same time, we fully believe that it is our responsibility to contribute to the great Indian vaccination drive and ensure safety of our employees and their families.

The pandemic has tested us on all fronts – from our business resilience and financial strength, to the mettle of our people and our commitment to the society. Reflecting on these unprecedented times, I am equally amazed to see the team's dedication and alignment to Grow & Deliver. Akzo Nobel India employees went into overdrive to support not only their colleagues, but also the society at large. On behalf of the Country Leadership Team, I thank everyone - our formidable workforce and partners for their passion, dedication and hard work; and most importantly, our customers for their unwavering trust in our innovative products and services.

I am confident that with your support, Akzo Nobel India will continue 'Pioneering a world of possibilities to bring surfaces to life'.

Best Regards,

Rajiv Rajgopal
Managing Director

AkzoNobel Paint Academy has given wings of freedom to many females who are now empowered professional painters.

Board of Directors

Mr Oscar Wezenbeek
Chairman (from 23.05.2021)

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

Oscar is currently the Managing Director, Decorative Paints, South East & South Asia (SESA) at AkzoNobel. Over the course of his 32 years career with AkzoNobel Group, he has successfully led various portfolios in the coatings and automobile businesses in different countries.

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

Oscar went through an ELT Training Program at IMD Business School in 2019, Global Executive Leadership Program at Yale School of Management in 2016 and an Advanced Management Program at INSEAD in 2006. He has done his Masters in Business Engineering and Management Sciences from Technical University Eindhoven in 1988. Oscar is a member of the (British) Institute of Director (IoD) and a Certified Director by the Singapore Institute of Directors (SOD).

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

Mr Rajiv Rajgopal
Managing Director

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

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

Rajiv is a Chemical Engineer from University of Mumbai and an MMS (Marketing) from SP Jain, Mumbai of 1993 Batch. He has attended programs at INSEAD Singapore and Harvard Business School and Centre for Creative Leadership and IMD Lausanne.

Mr Lakshay Kataria
Wholetime Director and CFO

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

He has 19 years of experience with reputable organisations like Unilever, GSK Consumer, Microsoft and 21st Century Fox (Star India).

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

In his last assignment at ACG Associated Capsules, Lakshay was VP finance reporting to the CEO and was responsible for India and Global finance. Lakshay is a rank holder Chartered Accountant from ICAI and Bachelors in Commerce from SRCC, Delhi University.

Mr Amit Jain

Chairman (upto 22.05.2021)

Amit Jain is a Non-Executive Director on the Board of Akzo Nobel India. He has a remarkable association with Akzo Nobel, having started his career as a Management Trainee of the Company (then ICI India), going on to serve as its Managing Director for four years, before being appointed Managing Director for the AkzoNobel Decorative Business for North & West Europe, consequently becoming a non-executive director on the board. He is the Chairman of the Nomination and Remuneration Committee and the Risk Management Committee.

In the span of his career of over three decades, Amit has worked across four companies and three continents, making a mark across sectors like FMCG, Entertainment & Media and Beauty.

Amit currently leads the L'Oréal India team as their Managing Director, responsible for driving the company's growth, operations and people strategy across India, Bangladesh, Sri Lanka and Nepal.

Previously he has served in leadership roles with Coca-Cola and Viacom across Asia.

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

Amit has Master's in Business Administration from the Faculty of Management Studies (FMS); and has completed an Advanced Management Program from the Wharton Business School.

Amit is a wildlife conservationist and an avid supporter of literacy for underprivileged children.

Mr Hemant Sahai

Independent Director

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

Hemant is the Founding Partner of the law firm HSA Advocates and member of the International Bar Association.

Hemant was recently recognised as one of the top 100 lawyers in India by a leading international publication - IBLJ and was also awarded the "Infrastructure Lawyer of the Year" by a reputed international legal publication – "American Lawyer's Emerging Markets Awards", in Singapore. He has also been highly recommended as a leading lawyer by Asia Pacific Legal 500, Chambers Asia Pacific as well as Chambers Global, among many others.

Hemant has done his B Com (H) and LLB from Delhi University. He has served as an advisor to several working groups and committees formed by top government bodies/institutions including certain extra ministerial policy advisory bodies from time to time. He is an Independent Director on the board of MB Power (Madhya Pradesh) Limited.

Ms Smriti Rekha Vijay

Independent Director

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

Smriti is the proprietor of Smriti Rekha & Co. Chartered Accountants, a firm rendering interim CFO services and advisory on ESG transitions. She has a long experience of being CFO of a Norwegian engineering services company, Aker Solutions India and served on the Board of Aker Powergas Subsea Private Limited until December 2019. Prior to joining Aker Solutions, she worked with Progress Software Limited, GE Industrial India Limited, Bharat Heavy Electricals, IndusInd Media & Communications and Hindustan Unilever Limited.

Smriti is an alumnus of Yale School of Management. A strong advocate of volunteering services she held trusteeships in charitable organizations and employee benefit trusts for twenty years.

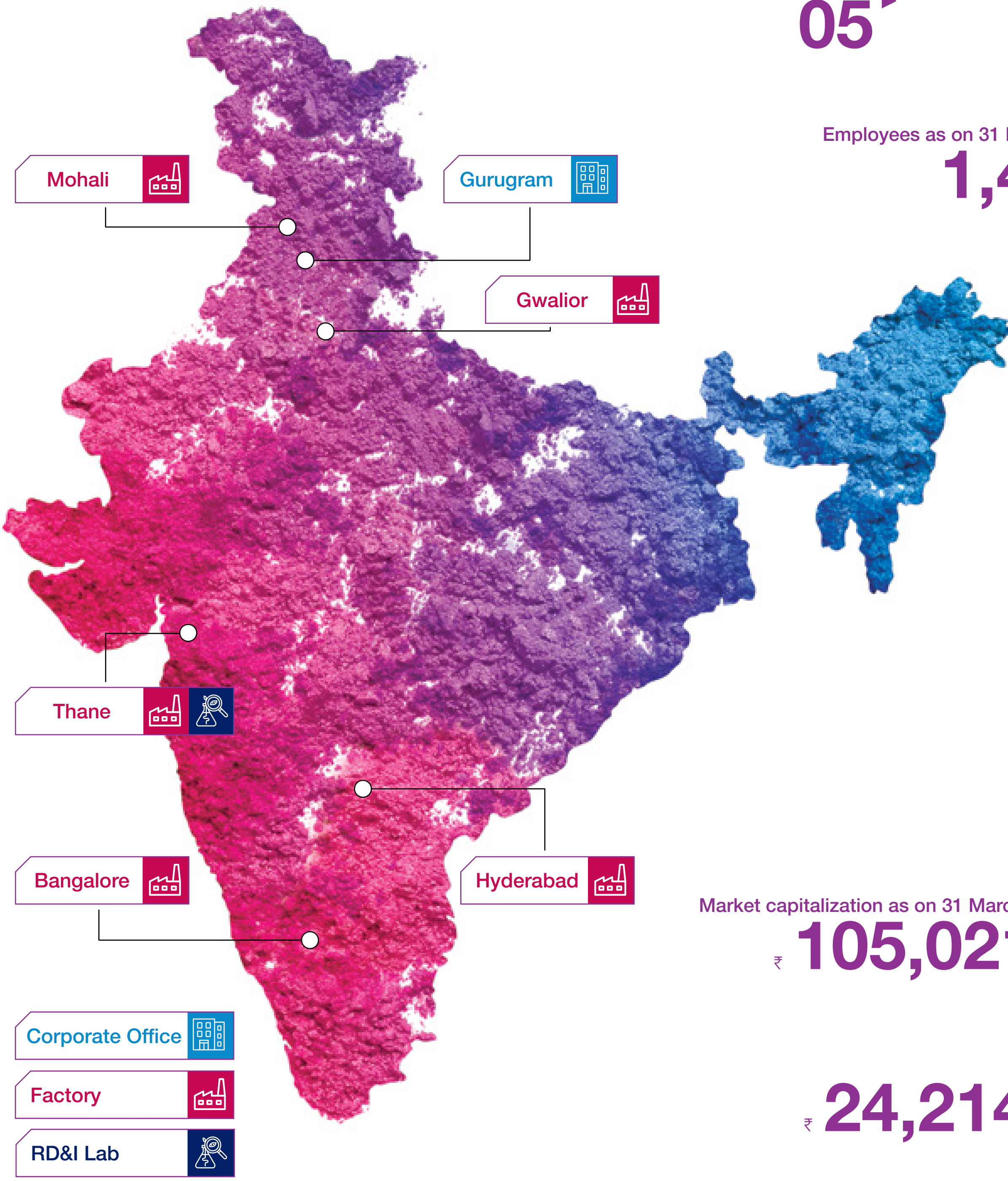
Akzo Nobel India at a glance

Key figures: 2020-21

Production Sites
05

RD&I Laboratory
01

Employees as on 31 March 2021
1,436



Market capitalization as on 31 March 2021
₹ **105,021** million

Revenue
₹ **24,214** million

PBT
₹ **2,782** million

PAT
₹ **2,076** million

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

Who are we

Look around you. Chances are you're surrounded by surfaces. Flat ones, curved ones. Rough ones, smooth ones. They may look different, but they have something in common – they all need coating. We've been inventing the future of coatings since 1792. As pioneers in bringing surfaces to life, there's a good chance you're only ever a few meters away from one of our products. In fact, our world class portfolio of brands is trusted by customers around the globe. Our visionary approach means we constantly embrace new ideas to keep us at the forefront of the industry. It's what you'd expect from the most sustainable coatings company.

What we do

We're experts in making coatings, although that hardly begins to tell the whole story. We use our passion for paint to make a difference – both big and small. So the things our products can do may surprise you, whether they're applied to boats, buildings, cars, planes, phones, walls or wood. Our coatings can give a surface a personality – or even a superpower – like the ability to purify indoor air, harness solar energy and transform spaces with color. So we never stand still. Because there are industries to reinvent, environments to protect and boundaries to push. As global pioneers, it's in our nature to keep learning, keep discovering and keep innovating

Dulux let's colour | Interpon POWDER COATINGS | TRINAR | RESICOAT Experts in Functional Powder Coatings

WANDA | CoatIN EPOXY | ALKYD | PU | COATINGS | sikkens | International

Performance Highlights

(₹ million, unless specified otherwise)

Statement of income

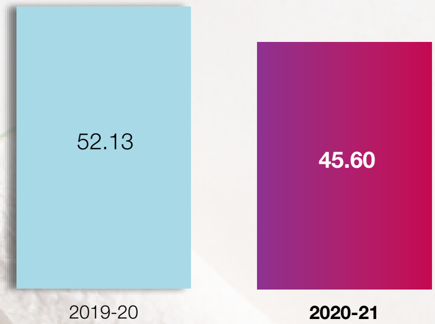
9% ▼
Revenue from operations

2019 - 20	26,618
2020 - 21	**24,214**

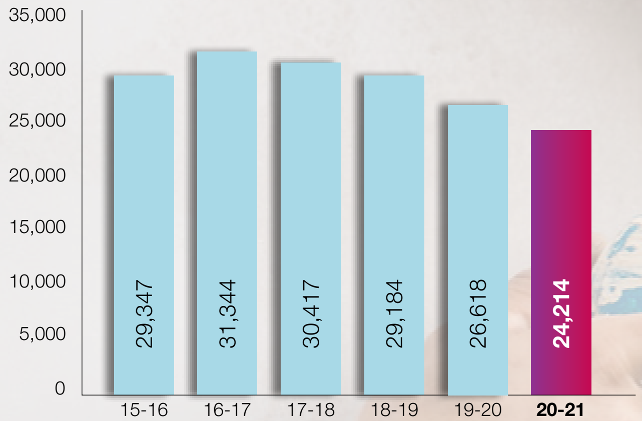
12% ▼
EBIT from operations

2019 - 20	3,001
2020 - 21	**2,652**

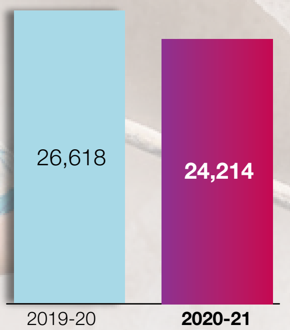
Earnings per share (In ₹)



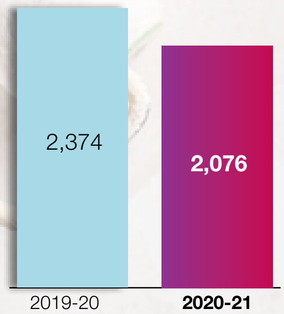
Revenue from operations



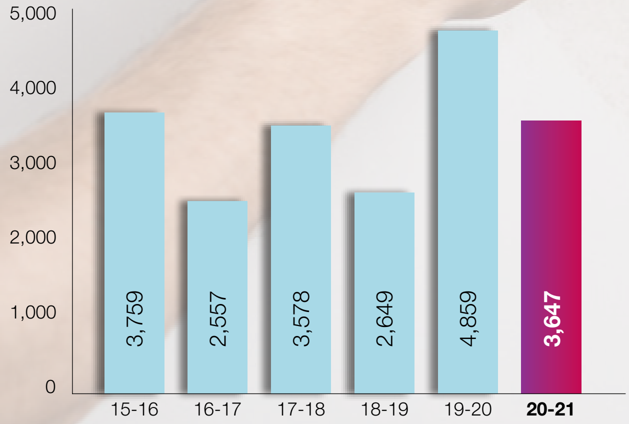
Revenue



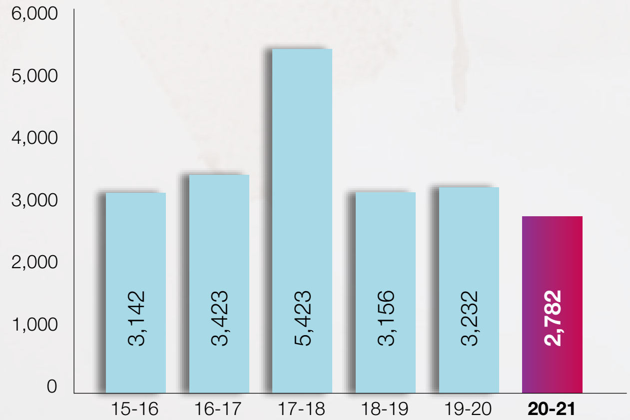
PAT



Cash flow from operations (before tax)



Profit before tax



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

Recent Years at a Glance

Balance Sheet

(₹ million)

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Assets								
Property, Plant & Equipment	5,331	5,306	5,318	5,423	5,656	5,470	5,894	5,593
Current & Non Current Investments	6,286	4,325	6,004	3,356	5,733	3,773	840	5
Current & Non Current Assets	8,580	8,575	9,112	10,057	10,456	11,022	15,482	18,535
Total Assets	**20,197**	**18,206**	**20,434**	**18,836**	**21,845**	**20,265**	**22,216**	**24,133**
Equity & Liabilities								
Share Capital	467	467	467	467	467	455	455	455
Reserves	8,011	10,159	11,158	9,622	12,435	10,900	11,918	12,421
Shareholder Funds	**8,478**	**10,626**	**11,625**	**10,089**	**12,902**	**11,355**	**12,373**	**12,877**
Total Liabilities	**11,719**	**7,580**	**8,809**	**8,748**	**8,943**	**8,910**	**9,843**	**11,256**
Total equity and liabilities	**20,197**	**18,206**	**20,434**	**18,836**	**21,845**	**20,265**	**22,216**	**24,133**

Statement of Profit and Loss

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Revenue from operations	**24,179**	**25,270**	**29,347**	**31,344**	**30,417**	**29,184**	**26,618**	**24,214**
Other income	567	650	567	493	434	422	376	232
Total income	**24,746**	**25,920**	**29,914**	**31,837**	**30,851**	**29,606**	**26,994**	**24,446**
Depreciation & Amortisation Expense	437	526	537	565	607	652	790	755
Finance Cost	15	15	22	32	35	45	93	103
Profit before exceptional items and tax	**2,034**	**2,723**	**3,043**	**3,384**	**2,961**	**3,149**	**3,284**	**2,782**
Profit on sale of chemicals business	**-**	**-**	**-**	**-**	**2,442**	**-**	**-**	**-**
Exceptional items	-	27	99	39	20	7	(52)	-
Taxation	532	887	1,000	953	1,417	1,046	858	706
Profit After Tax	**1,502**	**1,863**	**2,142**	**2,470**	**4,006**	**2,110**	**2,374**	**2,076**
Earnings per share (₹)	**39.93**	**43.32**	**45.90**	**52.93**	**85.84**	**45.96**	**52.13**	**45.60**
Equity Dividend (₹) per share	**75.00**	**20.00**	**70.00**	**22.00**	**22.00**	**24.00**	**14.00**	**50.00**

Notes:

1. 2015-16 numbers have been restated to Ind AS; 2014-15 Balance Sheet is as at 1 Apr 2015 and has been restated to Ind AS
2. The Statement of P&L for 2016-17 & 2017-18 include results of discontinued operation; EPS for 2017-18 relates to combined operations
3. The Balance sheet as at 31 March 2018 reflects only Coatings & retained assets after divestment of Specialty Chemicals business
4. Prior years figures have been regrouped or reclassified where necessary

Company Information

Board of Directors

Mr Amit Jain
Chairman (upto 22 May 2021)

Mr Oscar Wezenbeek
Chairman (from 23 May 2021)

Mr Rajiv Rajgopal
Managing Director

Mr Lakshay Kataria
CFO and Wholetime Director

Mr Hemant Sahai
Independent Director

Ms Smriti Rekha Vijay
Independent Director

Company Secretary

Ms Harshi Rastogi

Registered Office

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

Corporate Office

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

Customer Care

Email: customercare.india@akzonobel.com

Helpline: 180030004455

Corporate Identity Number (CIN)

L24292WB1954PLC021516

Registrar and Share Transfer Agent

C B Management Services (P) Ltd.
P-22, Bondel Road,
Kolkata 700 019, India
Tel: +91 33 40116700
Fax: +91 33 40116739
Email: rta@cbmsl.com

Auditors

Price Waterhouse Chartered Accountants LLP

Bankers

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

Key Committees

Audit Committee

Ms Smriti Rekha Vijay (Chairperson)
Mr Amit Jain
Mr Hemant Sahai

Nomination and Remuneration Committee

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

Stakeholders Relationship Committee

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

CSR Committee

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

Risk Management Committee

Mr Amit Jain (Chairman)
Mr Hemant Sahai
Ms Smriti Rekha Vijay
Mr Rajiv Rajgopal
Mr Lakshay Kataria
Mr Rohit Totla
Mr Prasanth Chandrasekharan
Mr Sumit Khatuja
Ms Anushree Singh

STATUTORY REPORTS

DIRECTORS' REPORT

Dear Members,

The Board of Directors hereby present their 67th report on the business and operations of your Company along with the audited financial statements for the financial year ended 31 March 2021.

Business Environment

Economy

The fiscal year 2020-21 was among the most volatile years in terms of economic growth, demand, commodity prices and forex.

The impact of Covid-19 induced lockdowns dented India's economy with GDP declining 24.4% in Q1 and 7.3% in Q2 followed by a gradual and slow recovery in H2.

Private consumption (accounting for ~57% of GDP) witnessed a sharp decline of -24.5% in Q1 2020-21, recovering gradually to 2.7% in the fourth quarter. Investments too contracted 48% during the first quarter but concluded the year with 11% growth.

Brent crude prices fell to $9.12 per barrel in April 2020 as the world went under a lockdown. But with the global economy and trade picking up, Brent crude prices steadily rose, briefly crossing $70 a barrel in March 2021 for the first time since the pandemic.

With the weakening global sentiment, Rupee depreciated to almost 77 to a dollar before RBI interventions and gradual economic recovery strengthened it to average 74 for the year.

While the second wave of Covid-19 infections and associated localized lockdowns made an economic impact and remain a concern, increase in inoculation should allow restrictions to be eased significantly towards the end of 2021 and in 2022. A pick-up in private consumption, investment by Government, agricultural performance, and revival of manufacturing, construction, banking and real estate activity should provide a fillip to recovery.

Despite the challenges brought by the second Covid-19 wave, India's economy is currently projected to grow 8-10% in the coming year.

Industry

The pandemic also brought about shifts in the Paints & Coatings industry with 2020-21 being a year of two halves. The first Covid-19 wave in H1 2020 impacted Tier 2/3/4 towns relatively lesser than Metros and Tier 1 towns. Consequently, the industry witnessed recovery being led by these markets, with volume growth exceeding value growth. With the unlock in H2, recovery was led by pent up demand, opening of metros, festive season and revival in the real estate industry.

In the backdrop of the Covid-19 pandemic, health and hygiene became the focal point for government, businesses and individuals alike. Paints & Coatings industry was no exception. The year saw many players expanding their portfolio to include offerings with antimicrobial properties, sanitizers and disinfectants. In addition, Paint makers increased their focus on adjacent products in waterproofing, construction chemical, putty and adhesives segments.

Projects business also revived with recovery in real estate sector. Rise in real estate registrations, not just in smaller towns but even in cities and urban areas, bode well for paint demand in CY21. Considering projects account for ~10% of paint consumption in India, we believe revival in projects business will augur well for FY22.

The second Covid-19 wave has brought about near-term challenges due to regional lockdowns, particularly impacting rural and semi-urban markets. Short-term paint demand was, therefore, impacted.

However, long-term fundamentals of the industry continue to be buoyant and strong and the industry should see high double-digit growth driven by an increase in the disposable income of individuals and families, various housing schemes and upside potential from low per capita consumption.

On the industrial business, although things may take a little time to recover, there are signs of capex cycle turning, with increased government spending in H2 2020-21. Infrastructure development is anticipated to remain government priority in the medium term. The National Infrastructure Pipeline (NIP) has identified 7,000 projects that require over ₹ 111 lakh crore in investment in core sectors like power, roads, railways, and urban projects over the next five years.

While Passenger vehicle volumes briefly turned positive after declining for 23 months, the second Covid wave again hit the industry. Gradual revival in auto sector and price hikes (if any) by auto companies could help drive demand for auto refinish segment too.

A significant risk to the industry comes from Raw material prices which have started exerting inflationary pressures. Most players have taken price increases and continue to monitor raw material cost trend and its impact.

Subsidiary

Pursuant to section 129(3) of the Act read with rule 5 of the Companies (Accounts) Rules, 2014, and other applicable provisions, if any, of the Companies Act 2013 ('the Act'), a statement containing salient features of the financial statement of the subsidiary of the Company viz. ICI India Research & Technology Centre, in Form AOC-1 forms part of this Annual Report. The consolidated financial statements presented in this annual report include financial results of the subsidiary pursuant to Rule 8(1) of the Companies (Accounts) Rules, 2014.

In accordance with section 136 of the Act, the financial statements of the subsidiary are available for inspection by the members at the registered office of the Company during business hours on all days except Saturdays, Sundays and Public holidays up to the date of the Annual General Meeting ('AGM'). Due to prevailing COVID-19 situation, members are requested to email a request for obtaining a copy of the said financial statements at investor.india@akzonobel.com so that necessary arrangements can be made at the registered office of the Company. The financial statements including the Consolidated Financial Statement and all other documents required to be attached to this report have been uploaded on the website of the Company at www.akzonobel.co.in.

Share Capital

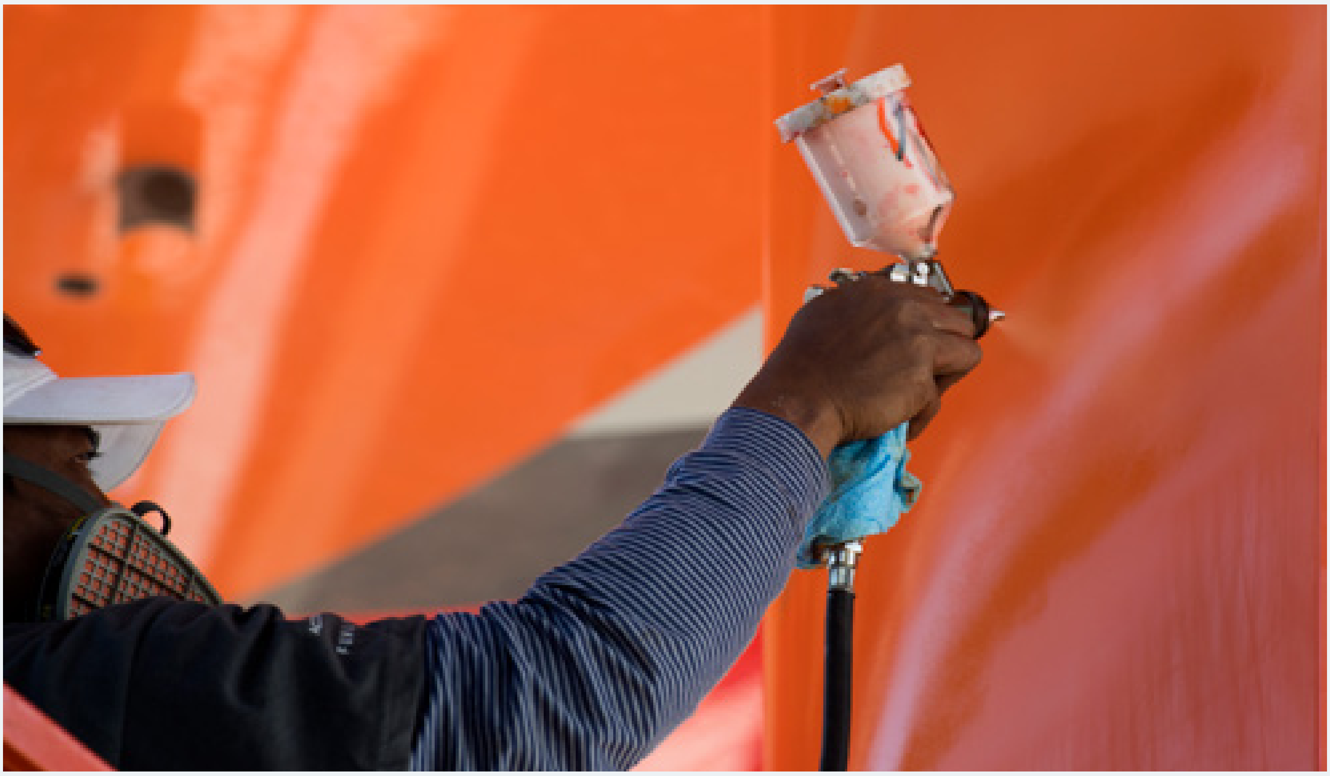
The paid up share capital of the Company as on 31 March 2021 was ₹ 455.40 million comprising 45.54 million equity shares of ₹ 10 each (Previous year ₹ 455.40 million comprising 45.54 million equity shares of ₹ 10 each).

Dividend

The Board of Directors at its meeting held on 9 February 2021, approved payment of interim dividend of ₹ 20 per share. This dividend was paid on 5 March 2021 to those shareholders whose name was registered in the Register of Members as on 19 February 2021, being the record date. Your Director's are pleased to recommend a Final Dividend of ₹ 30 per share for the year ended 31 March 2021. The Final Dividend, subject to the approval of Members at the Annual General Meeting on Friday, 13 August 2021, will be paid to those Members whose names appear in the Register of Members, as on the record date 6 August 2021. The total dividend for the financial year, including the proposed Final Dividend, amounts to ₹ 50 per equity share.

In view of the changes made under the Income-tax Act, 1961, by the Finance Act, 2020, dividends paid or distributed by the Company shall be taxable in the hands of the Shareholders. Your Company shall, accordingly, deduct tax, if any, before making divident payments.

The Company is in compliance with its Dividend Distribution Policy as approved by the Board. In compliance with the requirements under Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the Policy has been uploaded on the Company's website at www.akzonobel.co.in and may be accessed from www.akzonobel.co.in/corporate-governance.php#policy.



Transfer to Reserve

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

Management Discussion and Analysis

Financial Statements

The financial statements include:

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

The highlights of the performance during the year are:

(₹ million)

	Standalone		Consolidated	
	2020-21	2019-20	2020-21	2019-20
Revenue from Operations	24,214	26,618	24,214	26,618
Operating Profit (EBITDA)*	3,408	3,791	3,408	3,792
Depreciation	(755)	(790)	(755)	(790)
Other Income net of finance costs	129	283	129	283
Exceptional items	-	(52)	-	(52)
Profit before tax	2,782	3,284	2,782	3,284
Tax	(706)	(858)	(706)	(858)
Profit after tax	2,076	2,374	2,076	2,374

*before exceptional items

Key financial ratios

	Standalone		Consolidated	
	2020-21	2019-20	2020-21	2019-20
Debtors Turnover	5.9	6.7	5.9	6.7
Inventory Turnover	2.7	3.4	2.7	3.4
Interest Coverage	33.2	40.6	33.2	40.6
Current ratio	1.6	1.6	1.6	1.6
Operating Profit Margin (%)	14	14	14	14
Net Profit Margin (%)	9	9	9	9
Return on Investment (%)	15	18	15	18

Ratios are not comparable on YoY basis due to lockdown impact of H1 2020.

Debt equity ratio not covered as the Company does not have debt.

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

While the first quarter was a washout, the Company made steady recovery with each consecutive quarter, making a strong finish to the year.

The focus of your company for the first couple of quarters was – Customer, People, Cash and Cost as the vectors on which your management pivoted actions.

Revenue declined 9% during 2020-21, with Metros and Tier-1 towns seeing higher impact. Performance in H2 partially offset the adverse impact of H1. This was supported through product launches across health & hygiene categories at different price points, and customer centric B2B solutions when the industry got back to growth. With access to global R&D technology, your Company continues to focus on innovations by bringing best in class differentiated products to the Indian consumer. Although challenges remained in Oil & Gas and Power sectors, Decorative Paints, Auto and Steel sectors brought growth opportunities in Q4 2020-21.

Gross Margins began to experience some pressure since the beginning of 2021 due to rising raw material costs. However, the impact was somewhat mitigated through value engineering initiatives.

During the most unprecedented global health emergency, your Company swiftly took measures to strengthen its own health. While efficiencies had already been brought in with our transformation initiatives in prior years, the pandemic opened new avenues of cost optimization. As a result, we were able to maintain our profitability at 11% EBIT%. However, at no point were employee interests impacted. We honoured all offers, hikes and rewards, and we continue to keep people welfare our top-most priority.

Industry structure

India's Paints & Coatings industry is approx. ₹ 55,000 Crore market and a fairly structured one, with organized players accounting for over ~ 70% of the industry's sales. As per Indian Paints Association estimates, 'Paints' account for around 75% of the overall market and 'Coatings' account for the rest. Product performance, differentiation and quality service continue to be the key differentiators across this market. While Paints is a B2C business, Coatings is essentially a B2B business and is technology intensive with a diverse set of growth drivers, with strong emphasis on selling a solution rather than a product. Entry of several new players in recent years has intensified the competition in the market.

Business Performance

Decorative Paints:

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

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

- Launch of Dulux Assurance, a first-of-its-kind consumer program for Premium Emulsions. The program promises perfect colour, uniform finish and coverage from Dulux Paints. The initiative was supported with big scale Print and TV Media campaigns to take the proposition to end consumers.
- Other launches in the Premium category included new SuperClean (with superior washability property), upgrade of Dulux Weathershield Protect premium exterior paint (offering 6 years protection) and a refreshed Weathershield UltraClean proposition.
- Offerings in affordable segment included Promise SmartChoice Exterior & Interior entry level emulsion, Promise Interior relaunched with Anti-Bacterial formula and Promise Sheen (a high sheen finish at an affordable price range).
- Waterproofing category was extended to economy segment with launch of Aquatech DampProtect Basecoat.
- Dulux Professional Weathershield Anti-Carb, a specialist Anti-Carbonation paint, was introduced to support Indian government's efforts towards building world class infrastructure. This water-based coating protects steel reinforcement in concrete from corrosion, while complying with the specifications of the Ministry of Road Transport and Highways.

Automotive & Specialty Coatings (ASC):

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

The auto industry, which was already facing headwinds from NBFC crisis in the previous year, experienced its worst-ever challenge with the pandemic. However, the industry made a commendable turnaround in the second half of the fiscal year driven by an increasing preference for personal mobility, demand from e-commerce, festive season and new launches.

During the year, the ASC business received OEM approvals from players like Citroen and MG, which reinforces the trust and preference for AkzoNobel's premium Sikkens brand. The Value Brand Wanda too made great strides in expanding geographic footprint.

During the year, the business was awarded Best Innovation Award by the World Auto Forum, one of the most aspirational awards across the Automotive & Mobility ecosystem in India.

Powder Coatings:

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

Post Unlock, segments like Hospital infrastructure, Furniture and General industrial saw some green shoots. Last two quarters of the fiscal year saw Automotive come back strongly. Growth has been supported by innovative Liquid to Powder conversion in Industrial and Automotive Markets.

During the year, the business launched Interpon Redox, a new range of corrosion protection for a variety of substrates, surfaces, and environments – from swimming pools to chemical plants and high humidity to highly corrosive areas. With infrastructure activity picking up, Powder business also made inroads in Bonded metallics for Architecture facades which find applications in Airports, Residential and Commercial buildings.

Industrial Coatings:

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

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

Coated steel market saw a major downturn due to the pandemic with the construction industry declining almost 10-11%. Extrusion Coatings which mainly supplies coatings for aluminium facades, door and window frames, high end infrastructures too saw muted growth as many projects were stalled by the pandemic and labour migration. However, the industry coped up well in the second half with a strong growth in the steel sector both from domestic and export volumes. Demand for this segment is likely to remain strong supported by various government focusing on housing, urbanization and other infrastructure projects.

Packaging Coatings provides coatings and inks for the metal packaging industry including Food, Caps & Closures, General Line and Beer & Beverage industry.

Packaging Coatings business in 2020-21 remained relatively insulated from the adverse impact of the pandemic, as it mainly serves the essentials category. Beer & beverage segment entered growth trajectory in the second half of the year with major volumes coming from exports. Your company successfully launched the BPANI (BPA Non-Intended) Internal Spray Lacquer, a protection solution for all types of beverage cans. Demand for the domestic packaged food and beverages, and products catering the sanitizers industry, remained robust.

Marine & Protective Coatings:

This business is all about protecting and beautifying assets, both in and out of water. Through our flagship International brand, Marine & Protective Coatings find applications in a variety of end-industries including Oil & Gas, Power, Infrastructure projects and Wind Energy.

Innovation and customer focused solutions remained a theme for the year, and the segment launched many pioneering products. Some of these were Intersmooth 7200Si SPC, Intersmooth 7476Si SPC (antifouling solutions specially designed for Deep Sea Vessels), Interthane 990E (finding application in new construction and maintenance), Interzinc 52E (providing maximum corrosion protection for aggressive environments) and Intershield 4000 USP (a universal primer intended for both anticorrosive and passive fire protection systems).

Although near-term challenges persist, market seems poised for a strong comeback in 2021, with Infrastructure, Power, Oil & Gas and Chemical sector maintenance and repair looking strong.

This year has been a testimony to the resilience of our people, partners and customers, and intrinsic excellence of our products.

Company's Business Strategy

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

a) Leveraging world class global brands and colour expertise to develop relevant offerings for the Indian market to create sustainable profitable growth,

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

c) Creating new business models to enhance reach and enhance Customer service,

d) Driving digital and sustainable innovation.

Covid-19 Update

The outbreak of Covid-19 pandemic has created economic disruption throughout the world including India. The operations of the Company were significantly impacted earlier during the year due to supply chain disruptions caused by lock down of plants, offices and warehouses. The Company continues to carry its operations in a manner consistent with the directives from the government and local authorities, and continues to ensure compliance with the necessary protocols.

The Company has evaluated the effects of Covid-19 on its operations and financial position. Based on its review of the macro economic conditions and current outlook for the Indian economy, there is no additional impact on financial statements apart from those already considered in the financial statements of the Company as at 31 March 2021. However, given the evolving scenario and uncertainties with respect to its nature and duration, the impact may be different from estimates as on the date of approval of financial statements. The Company will continue to monitor any material changes to its future business and economic conditions.

Risks and Concerns

At AkzoNobel we believe that systematic risk management practices ensure effective navigation to achieve business objectives and enable sustainable growth in a volatile and complex environment. Your Company truly believes that business will always involve risks. These risks are constantly evolving and changing, in terms of their impact & probability of their occurrence. Your Company constantly scans the external environment to identify the emerging risks and also assesses them for impact on your Company's objectives.

The Board is responsible for monitoring and reviewing the risk management plan and ensuring its effectiveness. In this process, the Board is ably guided by its Risk Management Committee, which reviews the enterprise-wide risk management efforts of the management. The Audit Committee has additional oversight in the area of financial risks and controls. The major risks identified by the Company are systematically addressed through mitigating plans further drilled into actions on a continuing basis. Listed below are some of the key risks, their anticipated impact on the Company and mitigation measures:

- **Raw Material risk:** Prices of several raw materials used by the Company are driven by crude oil price and foreign exchange movement. A risk to the industry comes from Raw material prices which have started exerting inflationary pressures. The Company monitors this based on international forecasts and price trends.

- **Cyber security risk:** Digital security breach or disruption to digital infrastructure, due to intentional or unintentional actions, such as cyberattacks, data breaches or human error could lead to serious financial loss, business disruption and/or damage to our reputation

  End user awareness campaigns have been done to maintain awareness and implementation of Security Operating Centre (SOC) for real time monitoring of (cyber) security risks.

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

Your Company has adequate coverage to ensure complete adherence to the compliance requirements and to report compliance to the Board. Independent assessments are also undertaken to gain assurance.

Corporate Governance

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

Board Evaluation

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

Vigil Mechanism / Whistle blower Policy

Your Company has adopted a Vigil Mechanism / Whistle blower Policy as detailed in the Corporate Governance Report. The Policy is available on the company's website www.akzonobel.co.in and can be accessed from www.akzonobel.co.in/corporate-governance.php#policy.

Sustainability

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

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

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

Hence, as per the existing provisions, the Company has provided Business Responsibility Report, attached as Annexure II-A and the same shall be replaced with Business Responsibility and Sustainability Report in the prescribed format from the next FY 2022-23.

Corporate Social Responsibility

The year 2020-21 has been one of the most challenging year for India and the entire world. During these unprecedented times, your Company has tried to put its efforts to provide innovative solutions and create a more equitable and inclusive society.

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

Fight against Covid-19

In continuation of last year's efforts, this year your Company continued its relief work against Covid-19. One of the main highlights of this year's initiative was to extend the Tele-health project of Bengaluru, and kick off a new project pan India during Covid-19 named 'Arogya Sakha' (health's best friend) exclusively for the painter community and their families. In this project, more than 1.5 million beneficiaries from across India received access to specialist doctors through tele-medicine. In synergy with this initiative we have also started a Covid-19 helpline for painters and their families which facilitated vaccination drive, treatment of Covid-19 patients and provided host of other services. Apart this year we provided more than 8,000 PPE kits to daily wage labourers to help them to resume their work safely.

AkzoNobel Paint Academy

In line with Government of India's flagship programme viz. 'Skill India', your company continued its skill training in painting to promote employability amongst youth. This year it offered skill training to 1,130 youth and painters in Decorative Paints and Vehicle Refinish and linked them with employment.

This year, two training centres were recognized by National Skill Development Corporation (NSDC) as International Training Centres.

As a part of Diversity & Inclusion initiative, AkzoNobel Paint Academy is focussing on disadvantaged groups and underprivileged sections of society to bridge inequality. The following initiatives have been taken in this regard:

- 51 women were trained as painters and placed in jobs to help them participate as equals in the work force ensuring female reprecentation in a male dominated Industry,
- As a part of rehabilitation programme for prison inmates and children in conflict with law, 76 prison inmates and juveniles were trained as decorative painters,
- Initiated a skill training programme for transgenders (LGBT community) and helped them start a career as decorative painters.

Kaushal Vahan/Skill on Wheels (Mobile Training Centres)

This year through the project, your Company trained more than 5,000 painters on paint application skills from rural parts of Bihar, Madhya Pradesh and Punjab besides creating COVID awareness for the painters in these states.

E Arogya Kendra Project:

Your Company continued its two E Arogya Kendra's at Hoskote, Bengaluru. These centres focussed on carrying out symptom based Covid-19 screening for the villagers and provided specialised health consultations through Tele Medicine.

Education Projects:

Your Company, in partnership with Government Education Department through its non-formal schools, continued to support education to 6,450 underprivileged children in six states of India. Due to ongoing Covid-19 pandemic, the classes were conducted through digital mediums and home visits by the teachers. In order to bridge the digital divide and ensure continuity of education for underprivileged children your company provided digital tabs to the children this year.

The CSR policy of the Company is available on the company's website www.akzonobel.co.in and can be accessed from www.akzonobel.co.in/corporate-governance.php#policy.

A report on the CSR activities undertaken by your Company during the fiscal year 2020-21 is attached as Annexure II-B. It is pertinent to note that significant part of CSR spend is incurred in local areas where your Company has its operations.

Awards

During the year your Company was awarded with

- Best Innovation Award from World Auto Forum for its Auto Coatings product Auto Express Clear, and
- Logistics Technology Project of the Year in 33rd Inflection Web conference and Awards organised by Alden Global Value Advisors.

Human Resources

Your Company had cordial relations with employees across all locations during the year. The total number of employees on the rolls of the Company as at 31 March 2021 was 1,436 (previous year 1,482). Your Company considers Human Resources as a vital asset and give utmost importance to employee engagement, development and wellbeing.

Employee Engagement: During the year, employees' participation moved to 90% with top Decile scores in the Organizational Health Index Survey (OHI) carried out worldwide by McKinsey & Company. The year as an outcome of COVID saw several creative and digitally enabled engagement initiatives such as learning programmes, virtual talent competition, virtual coffee sessions, fitness challenges and virtual annual awards. To support employees overcome anxiety and vulnerability due to the pandemic, regular leadership townhalls and interactions forums were conducted. Constant feedback was sought from employees through pulse surveys and AI chatbot to ensure corrective actions during the year.

Employee Wellness: As health became a primary focus along with safety, due to the pandemic. Employees leveraged our visit app that provides a digital experience for medical consultancy and purchasing medicines and booking lab tests. We also launched counselling services through our employee assistance program for emotional and financial wellness. Throughout the year several webinars on health related topics were held and personal fitness was encouraged. Detailed SOP's and protocols were put in place to manage the Pandemic and resume offices.

Rewards: Annual Compensation Process (ACP) for all employees was fairly and effectively executed.

Capability Building: Several curated online modules were conducted throughout the year on various relevant topics especially focussed on leadership Competency and Leading virtual teams. There were structured learning interventions for select workforce.

Diversity & Inclusion: Women inspired Network, India chapter was launched to drive focus on diversity. Several initiatives and interventions were executed throughout the year to create awareness & sensitization.

Over the year "Amber", an AI Engagement Bot, regularly interacted with employees and provided feedback on employee temperament and morale during their tenor in the company. The questions framed were basis the recommendations from in Feedo's in-house psychometric psychologists and the inputs provided by the HR leaders.

Information required under section 197(12) of the Act read with rule 5(2) and rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, forms part of this report. However, in terms of the provisions of section 136 of the Act, the Annual Report is being sent to members excluding the aforementioned information. Any member interested in obtaining such particulars, may inspect the same at the registered office of the Company by writing an email to investor.india@akzonobel.com.

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

Name	Status	(i) Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2020-21	(ii) Percentage increase in remuneration during 2020-21 over 2019-20
Mr Amit Jain	Non Executive	1.81	Nil
Mr Rajiv Rajgopal	Managing Director	62.90 (Refer Note 5 below)	10% increase in base salary based on Industry benchmarking.
Mr Lakshay Kataria	Wholetime Director and CFO	22.52	9.3% increase in base salary based on Industry benchmarking
Mr Oscar Wezenbeek	Non Executive	-	NA - no remuneration was paid to him during his tenure as a Director
Mr Arvind Uppal	Non Executive – Independent	1.63	Nil
Mr Hemant Sahai	Non Executive – Independent	1.69	Negligible
Mr Rahul Bhatnagar	Non Executive – Independent	1.63	NA - only part of the year in 2019-20
Ms Smriti Rekha Vijay	Non Executive – Independent	1.69	NA - only part of the year in 2019-20
Ms Harshi Rastogi	Company Secretary	10.88	NA - only part of the year in 2019-20

	Description	Remarks
(iii)	Percentage increase in the median remuneration of employees in the financial year	6.7%
(iv)	Number of permanent employees on the rolls of the Company	1,436 as on 31 March 2021
(v)	Average percentile increases already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	Average increase in base salary of non-managerial personnel was 6.7%, which is considered in line with the prevailing market conditions and other relevant factors.

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

Notes:

1. The aforesaid details are calculated on the basis of remuneration for the financial year 2020-21.
2. Median remuneration in the Company (Base Salary) for all its employees was ₹ 0.83 million for the financial year 2020-21.
3. Remuneration to Directors includes sitting fees paid to them for the financial year 2020-21.
4. Remuneration to Directors is within the overall limits approved by the shareholders.
5. As a realization of 15 by 20 ambition, a onetime performance incentive plan payout was made at an at-target level. The ratio of remuneration to median remuneration excluding this onetime performance incentive plan payout was 38.15.

Conservation of Energy, Technology Absorption and Forex Earnings and Outgo

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

Information Technology.

Your Company has always been on the forefront in terms of leveraging technology for the business.

This year too the Company has continued to invest in digital technologies such as AI (Artificial Intelligence), Advanced Analytics, Robotic Process Automation (RPA) to create immense customer experiences and aid in organisational productivity.

Internal Control Systems

The Company's internal control systems are commensurate with the nature of its business, size and complexity of its operations. Appropriate internal control policies and procedures have been laid down for ensuring an efficient conduct of the business, accuracy and completeness of accounting records, compliance with applicable laws and regulations, safeguarding of its assets, prevention and detection of frauds and errors and reliability of financial reporting. Effectiveness of internal financial controls is ensured through management reviews, self assessment and independent testing by the Statutory Auditors. The organisation is appropriately staffed with qualified and experienced personnel for implementing and monitoring the internal control environment.

The Board periodically reviews the state of compliance with all laws applicable to the Company. The Company uses a robust allied IT tool incorporating all applicable legal compliances with owners and approvers across functions. The compliance library is updated periodically covering all changes with respect to Laws/ Regulations.

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

Policy against Sexual Harassment

The Company has instituted a policy on Prevention of Sexual Harassment at Workplace, which has been disseminated amongst all employees. The Policy is available on the company's website www.akzonobel.co.in and can be accessed from www.akzonobel.co.in/corporate-governance.php#policy. It seeks to prevent and deter acts of sexual harassment and communicate procedures for their resolution and settlement. Your Company has constituted an Internal Complaints Committee in compliance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and is accordingly fully compliant. To build awareness in this area, the Company has conducted induction / training programmes in the organisation. There was one complaint reported during 2020-21 which was effectively resolved and closed to the satisfaction of the complainant as per the guidelines.

Related Party Transactions (RPTs)

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

The Board of Directors of the Company has approved the criteria to grant omnibus approval by the Audit Committee within the overall framework of the policy on related party transactions. Prior omnibus approval is obtained for related party transactions which are of repetitive nature and entered in the ordinary course of business and at arm's length.

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

Your Company's Policy on materiality of RPTs and dealing with RPTs may be accessed on the Company's website at www.akzonobel.co.in.

Members may refer to note no. 33 to the financial statement which sets out related party disclosures pursuant to IND AS 24.

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

Loans, Guarantees or Investments

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

Auditors

Statutory Auditors

M/s Price Waterhouse Chartered Accountants LLP will retire as the Auditors of the Company at the conclusion of the forthcoming Annual General Meeting after completing a term of five years. They have informed the Company that they are willing to continue as auditors for a second term of 5 years. Further they have confirmed that they duly fulfil the requirements under applicable laws and regulations to function as the Auditors of the Company for another term.

Appointment of the statutory auditors is included in the Notice of ensuing AGM for seeking your approval.

The Auditors' Report for the financial year 2020-21, does not contain any qualification, reservation or adverse remark.

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

Secretarial Auditors

In terms of section 204 of the Act, Secretarial Audit was conducted for the financial year 2020-21 by M/s A K Labh & Co., Kolkata. Their report is appended. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

The Board has re-appointed M/s A K Labh & Co., Kolkata to conduct Secretarial Audit for the financial year 2021-22.

Cost Auditors

In terms of Section 148 of the Companies Act 2013, Cost Audit was conducted for the year 2020-21 by M/s Chandra Wadhwa & Co., New Delhi. Their report for the year 2019-20 has been filed with MCA within the stipulated time.

The Board has re-appointed M/s Chandra Wadhwa & Co., New Delhi as the Cost Auditors for conducting Cost Audit for the financial year 2021-22, 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.

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

There were no changes in the composition of the Board during 2020-21:

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

As approved by the Board, Mr Amit Jain stepped down as the Chairman of the Company and Mr Oscar Wezenbeek became the Chairman with effect from 23 May 2021.

The Board has recommended appointment of Mr Amit Jain as an Independent Director for a period of three years with effect from 14 August 2021.

Mr Arvind Uppal and Mr Rahul Bhatnagar resigned from the directorship of the Company effective 23 May 2021 due to their personal reasons and other professional commitments. The Board took on record its deep sense of appreciation for the services rendered by them during their tenure as directors. The Board has decided not to fill these casual vacancies.

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

Mr Rajiv Rajgopal, Managing Director, Mr Lakshay Kataria, Chief Financial Officer and Ms Harshi Rastogi, Company Secretary are the whole-time Key Managerial Personnel of the Company in terms of Section 203 of the Act.

Committees of the Board

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

Board Meeting Dates

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

Declaration by Independent Directors

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

Familiarization Programme for Independent Directors

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

Directors' Responsibility Statement

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

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

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

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

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

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

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

General

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

1. The Company has issued only one class of equity shares with equal voting rights.
2. The Company has not issued any shares during the year, under ESOPs or Sweat Equity or otherwise.
3. The Managing Director or Whole time Directors of the Company did not receive any remuneration or commission from any other company belonging to AkzoNobel Group or associate companies.
4. No significant or material orders were passed by the Regulators or Courts or Tribunals, which could impact the going concern status and the Company's operations in future.
5. There has been no change in the nature of business of your Company during the financial year.
6. There have been no material changes and commitments affecting the financial position of the Company between the end of the financial year and date of this report.
7. Your Company has not accepted any public deposits during the year and no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.
8. Your Company has complied with the Secretarial Standards, as applicable, issued by The Institute of Company Secretaries of India.
9. Your Company has neither made any application nor any proceeding is pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016).
10. Your Company has not made any one-time settlement against loans taken from the Banks or Financial Institutions.

Cautionary Statement

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

Acknowledgments

Your Company has been able to operate efficiently because of the culture of professionalism, creativity, integrity and continuous improvement across all functions and has ensured efficient utilization of the Company's resources for sustainable and profitable growth in the period of extreme uncertainty. The Directors hereby wish to place on record their appreciation to each and every employee without which the overall satisfactory performance would not have been possible. The Board also wishes to place on record its appreciation for the support and co -operation that your company has been receiving from yourselves, suppliers, distributors, retailers, investors, bankers, agents, government departments, stock exchanges and other business partners. The Directors regret the loss of life due to Covid-19 and have immense respect for every person who risked their life and safety to fight this pandemic.

On behalf of the Board

Amit Jain
Chairman
DIN 01770475

Place: Gurugram
Date: 22 May 2021

ANNEXURE I

Report on Corporate Governance

1. Company's philosophy on Corporate Governance

Your Company aspires to uphold the highest standards of corporate governance and seeks to consistently improve governance practices, emphasizing transparency and embedding an ethical framework which focuses on long-term shareholder value creation through responsible decision making. It also implements policies and guidelines, communicates and trains all its stakeholders to develop a culture of compliance at every level of the organization. The Company's philosophy is aimed at assisting the management of the Company in the efficient conduct of the business and in meeting its obligations to all its stakeholders.

The Company is conscious of the fact that the success of a corporation is a reflection of the professionalism, conduct and ethical values of its management and employees. In addition to compliance with regulatory requirements, the Company endeavours to ensure that highest standards of ethical and responsible conduct are met throughout the organisation.

Your Company takes utmost care to safeguard the interests of all its stakeholders. The Board represents the shareholders' interest in optimizing long-term financial returns and is committed to its responsibility towards all the stakeholders. All significant matters are decided after due examination by the Board with full participation of non-executive directors, who impart the benefit of their vast experience and skills to bring qualitative improvement to the decision-making process.

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

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

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

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

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

2. Board of Directors

Composition

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

Name of the Director	Category of Directorship in the Company	Directorship held in other listed entities	Directorship in other Companies# (Chairmanship)	Membership in specified* committees (Chairmanship)
Mr A Jain	Non Executive Chairman[1]	-	-	-
Mr O Wezenbeek	Non Executive Chairman[2]	-	-	1
Mr R Rajgopal	Managing Director	-	-	1
Mr L Kataria	Wholetime Director	-	-	1
Mr A Uppal**	Independent Director	2 [Whirlpool of India Limited (Non Executive Chairman) Gulf Oil Lubricants India Limited (Independent Director)]	2(1)	4(1)
Mr H Sahai	Independent Director	-	1	2(1)
Mr Rahul Bhatnagar**	Independent Director	3 [Whirlpool of India Limited (Independent Director) Rossell India Limited (Independent Director) Sanofi India Limited (Independent Director)]	3	5(4)
Ms Smriti Rekha Vijay	Independent Director	-	-	1

[1]Chairman upto 22 May 2021

[2]Chairman from 23 May 2021

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

*Specified committees include only Audit and Stakeholders Relationship committees

**Resigned w.e.f. 23 May 2021

There were no changes in the composition of the Board during the financial year 2020-21.

Board Procedures

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

The Board and the Board committee meetings are pre-scheduled and an annual calendar of the meetings is circulated to the directors well in advance to facilitate planning of their schedule and to ensure meaningful participation in the Board and committee meetings. However, in case of urgent matters, the Board's approval is taken through resolution by circulation.

The Board Meetings are governed by a structured agenda. The Company Secretary finalises the agenda for the meetings in consultation with the Chairman, the Managing Director and CFO and the same is circulated to the Board/ committee members in advance to ensure that they are able to discharge their role and responsibilities effectively. With respect to the agenda for the committee meetings, the chairperson of the respective committee is consulted while finalising the agenda. In special and exceptional circumstances, additional item(s) are taken up as 'any other item' with the permission of the respective chairpersons and consent of majority of the Board / respective committee members present at the meeting.

At each meeting, presentations are made on the Company's performance, operations and any other matters sought by the Board. All Board members have access to accurate, relevant and timely information to fulfil their responsibilities.

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

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

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

Core Skills for Board Members

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

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

Skills & its description	Amit J	Oscar W	Rajiv R	Lakshay K	Arvind U	Hemant S	Rahul B	Smriti V
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: Protect interest of all stakeholders, observing appropriate governance practices while nurturing talent to create strong & competent future business leaders.	✓	✓	✓	✓	✓	✓	✓	✓
Legal and 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.	✓	✓	✓	✓	✓	✓	✓	✓

Skills & its description	Amit J	Oscar W	Rajiv R	Lakshay K	Arvind U	Hemant S	Rahul B	Smriti V
Financial: 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.	✓	✓	✓	-	✓	-	✓	-

Meetings and attendance

Given below is the consolidated list of meetings of the shareholders, Board and committees held during April 2020 to March 2021 and attendance details of Directors:

Meeting	Date
Annual General Meeting (AGM)	28 Aug 2020
Board	20 June 2020, 10 Aug 2020, 9 Nov 2020 and 9 Feb 2021
Audit Committee	20 June 2020, 10 Aug 2020, 9 Nov 2020 and 9 Feb 2021
Stakeholders Relationship Committee (SRC)	26 Feb 2021
Nomination and Remuneration Committee (NRC)	9 Nov 2020 and 9 Feb 2021
CSR Committee	5 Oct 2020 and 8 Feb 2021
Risk Management Committee (RMC)	27 Nov 2020
Independent Directors Meeting	8 Feb 2021

Attendance

			AGM	Board	Audit	RMC	NRC	SRC	CSR
No. of Meetings held			1	4	4	1	2	1	2
Directors	**Date of joining the Board**	**Date of cessation**							
Mr A Jain	02 Jan 2014	Continuing	1	4	NA	NA	2	NA	NA
Mr O Wezenbeek	04 May 2019	Continuing	1	4	4	NA	2	NA	NA
Mr R Rajgopal	01 Nov 2018	Continuing	1	4	NA	1	NA	1	2
Mr L Kataria	01 Feb 2019	Continuing	1	4	NA	1	NA	1	2
Mr A Uppal	01 Apr 2011	23 May 2021	1	4	4	1	2	NA	NA
Mr H Sahai	03 Aug 2018	Continuing	1	4	4	1	2	1	NA
Mr R Bhatnagar	16 Aug 2019	23 May 2021	1	4	4	1	2	NA	NA
Ms S Vijay	16 Aug 2019	Continuing	1	4	4	NA	2	NA	2

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

3. Audit Committee

Composition	
Mr R Bhatnagar (Chairman)*	Independent Director
Mr H Sahai	Independent Director
Mr A Uppal*	Independent Director
Ms S Vijay (Chairperson)**	Independent Director
Mr A Jain**	Non Executive Director

*upto 22 May 2021

**from 23 May 2021

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

The terms of reference of the Committee include :

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- Recommendation for appointment, remuneration and terms of appointment of statutory auditors;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

- Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- To review management discussion and analysis of financial condition and results of operations;
- Review the appointment, removal and terms of remuneration of the chief internal auditor and other internal auditors;
- Reviewing, with the management, performance of internal auditors, adequacy of the internal control systems;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Review with the management letters of internal control weaknesses issued by the internal auditors;
- Approval or any subsequent modification of transactions with related parties;
- To review statement of significant related party transactions (as defined by audit committee), submitted by management;
- To review the functioning of the vigil policy / whistle blower mechanism;
- Discharge such duties and functions as indicated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Companies Act, 2013 and the rules made thereunder from time to time

The members of the Committee possess necessary knowledge in financial, accounting and business matters. The Chairman, Managing Director, Wholetime Director and CFO, Internal Auditors and Statutory Auditors are permanent invitees to the meetings of the Committee. The Company Secretary acts as the Secretary to the Committee. Any other person / executive, when required, also attend the meetings of the Committee. Minutes of the Audit Committee meetings are circulated to all the Board members. The Audit Committee also meets the internal and external auditors separately, without the presence of Management representatives.

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

Mr Rahul Bhatnagar, Chairperson of the Committee, attended the AGM of the Company held on 28 August 2020.

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

4. Risk Management Committee

Composition	
Mr A Uppal (Chairman)*	Independent Director
Mr A Jain (Chairman)**	Non Executive Director
Mr R Rajgopal	Managing Director
Mr L Kataria	Wholetime Director and CFO
Mr H Sahai	Independent Director
Mr R Bhatnagar*	Independent Director
Ms S Vijay	Independent Director
Ms A Singh#	Country HR Manager
Mr R Totla	Director Sales
Mr P Chandrasekharan	Sales Manager – Automotive & Specialty Coatings
Mr S Khatuja	Country Manufacturing Manager
Ms H Rastogi*	Company Secretary and Compliance Officer

#from 10 Feb 2021
*upto 22 May 2021
**from 23 May 2021

The roles and responsibilities of the Risk Management Committee are as prescribed under Regulation 21 of the Listing Regulations. The Risk Management Committee looks into various risks which may impact the Company's ability to achieve its strategy, objectives and results including but not limited to, change in external environment, regulatory developments, business transactions, legal, financial and compliance matters, information technology/cyber security and compliance with contractual obligations.

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

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

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

The Company Secretary functions as the Secretary to this Committee.

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

5. Nomination and Remuneration Committee

Composition

Mr A Uppal (Chairman)*	Independent Director
Mr A Jain (Chairman)**	Non Executive Director
Mr H Sahai	Independent Director
Mr O Wezenbeek	Non Executive Director
Mr R Bhatnagar*	Independent Director
Ms S Vijay	Independent Director

*upto 22 May 2021
**from 23 May 2021

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

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

- Review and recommend the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board;
- Identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down and recommend to the Board for their appointment and removal;
- Formulate policy on Board diversity, criteria for performance evaluation of directors, Board and Board Committees and for determining qualifications, positive attributes and independence of directors;
- Recommend to the Board a policy relating to remuneration for the directors, key managerial personnel and other employees;
- Review key human resource related matters including organization structure, critical talent succession planning, employee attrition / retention / development plans, annual increment approach including variable pay, results of employee survey, etc.;
- Formulate criteria for evaluation of performance of independent directors and the board of directors and decide on extending or continuing the term of appointment of the independent director on the basis of the report of performance evaluation;
- Discharge such duties and functions as indicated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Companies Act, 2013 and the rules made thereunder from time to time.

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

Mr Arvind Uppal, Chairman of the Committee was present at the AGM of the Company held on 28 August 2020.

The Company Secretary functions as the Secretary to this Committee.

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

6. Stakeholders Relationship Committee

Composition

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

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

The Terms of Reference of the Stakeholders Relationship Committee include:

- Approve and review mechanism adopted for redressing the grievance(s) of the security holders including grievances relating to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates and general meetings;
- Approve issuance of duplicate share certificate(s) and new share certificates on split / consolidation / removal / rematerialisation, etc.;
- Approve and register the transfer, transmission, deletion of name, transposition and rematerialisation requests;
- Oversee the performance of the Registrar and Transfer Agent and recommends measures for overall improvement in the quality of investor services;
- Review various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/ statutory notices by the shareholders;
- Review measures taken by Company for effective exercise of voting rights by shareholders;
- Review the engagement with security holders including institutional investors and identify the actionable points for implementation;
- Review movement in shareholdings and ownership structure;
- Perform such other functions as may be required under the relevant provisions of the Companies Act, 2013, the Rules made there under, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and various circulars issued by the regulatory authorities thereof, as amended from time to time and discharge such other functions as may be specifically delegated to the Committee by the Board from time to time.

The Company received 9 complaints from its investors during 2020-21, all of them have been resolved and no complaint was pending as on 31 March 2021. Routine queries/service requests received from the shareholders are normally addressed within 7 days of receipt. All demat requests received during the year were serviced within the normal service time.

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

Mr Hemant Sahai, Chairman of the Committee, was present at the AGM of the Company held on 28 August 2020.

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

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

7. Corporate Social Responsibility Committee

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

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

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

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

The Company Secretary functions as the Secretary to this Committee.

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

8. Board Evaluation

In terms of the requirements of the Act and the Listing Regulations, an annual performance evaluation of the Board is undertaken to formally assess the performance of the Board, its Committees and its individual members with an objective to improve the effectiveness of the Board and its Committees. For the year 2020-21, the evaluation was done in compliance with the SEBI Guidance note on Board Evaluation dated 5 January 2017. During the year, Board Evaluation process was completed by the Company internally which included the Evaluation of the Board as a whole, Board Committees and Peer Evaluation of the Directors. The evaluation process focused on various aspects of the functioning of the Board and Committees such as composition, experience and competencies of members, performance of specific duties and obligations, governance structure, succession and talent management, etc.

The findings from the survey were shared with the Chairman, who in turn, held discussions with individual Board members. Individual evaluations were in line with the full Board evaluation, with overall performance being better than the previous year and no Board Member receiving negative feedback on any aspect. As an outcome of the above exercise, it was noted that the Board as a whole is functioning as a cohesive body and is well engaged. The Board Members from different backgrounds bring about different complementarities and deliberations and the Board and Committee Meetings are enriched by this. It was noted that these findings were positive, meeting/exceeding expectations. Several suggestions for improvement were also noted for action. The survey also revealed that some previous year's low rating items have moved up the scale and no longer remain a concern.

One meeting of the Independent Directors was held on 8 February 2021 to inter alia discuss the issues arising out of committee meetings and board discussions. Further, the performance of non-independent directors, the Board as a whole and the Chairman of the Company was also evaluated. All the Independent Directors of the Company were present at this meeting.

9. Remuneration of Directors

While remuneration of Wholetime Directors is recommended by the NR Committee, the remuneration of NEDs is recommended by the Board. The NEDs, other than Mr Oscar Wezenbeek, were paid sitting fees of ₹ 50,000 per meeting for attending Board/Committee meetings, where they have been nominated as members, and Commission as approved by the Board/shareholders from time to time. Criteria of making payments to non-executive directors have been uploaded on the website of the Company at www.akzonobel.co.in and can be accessed from www.akzonobel.co.in/corporate-governance.php#policy.

No non-Executive Director has been paid in excess of fifty percent of the total amount paid to all the non-executive directors of the Company. The details of remuneration paid/payable to the Directors for the year 2020-21 are given below:

(₹ million)

	Fixed component a Salary and allowances	Performance linked bonus b Performance Pay	Total remuneration c (c = a+b)
Managing/Wholetime Directors			
Mr R Rajgopal (Refer note c below)	19.94	32.22	52.16
Mr L Kataria	13.61	5.07	18.68
Total	**33.55**	**37.29**	**70.84**
Non-Executive Directors	**Sitting fees**	**Commission**	**Commission**
Mr A Jain (Chairman)	0.30	1.20	1.50
Mr A Uppal	0.55	0.80	1.35
Mr H Sahai	0.60	0.80	1.40
Mr R Bhatnagar	0.55	0.80	1.35
Ms S Vijay	0.60	0.80	1.40
Total	**2.60**	**4.40**	**7.00**

Notes:

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

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

c) As a realization of 15 by 20 ambition, a onetime performance incentive plan payout was also made to the Managing Director at an at-target level, based on pre-agreed parameters and considering the recommendations of the NR Committee.

d) Performance linked bonus was paid to the Managing Director and to the Wholetime Director based on pre-agreed parameters and considering the recommendations of the NR Committee.

e) Currently, the Company does not have any stock option scheme, though few senior managers of the Company are eligible for long-term incentives, which are treated as share-based payments.

f) The remuneration incudes the post retirement and long-term benefit for the Managing/Wholetime Director.

g) Remuneration paid to the directors are within the stipulated limits as specified vide Regulation 17 to SEBI (LODR) Regulations, 2015.

10. General Body Meetings

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

Date of AGM	Time	Venue
28 August 2020	10.30 am	VC/OAVM
08 August 2019	2:00 pm	Bharatiyam, EZCC, Salt Lake City, Kolkata 700 106
02 August 2018	2:00 pm	Bharatiyam, EZCC, Salt Lake City, Kolkata 700 106

ii) No postal ballot conducted and no special resolution proposed during FY 2020-21. No proposal is pending as on date of this report for approval as a special resolution through postal ballot.

iii) No Extraordinary General Meeting of the Members was held during the year 2020-21.

11. Means of Communication

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

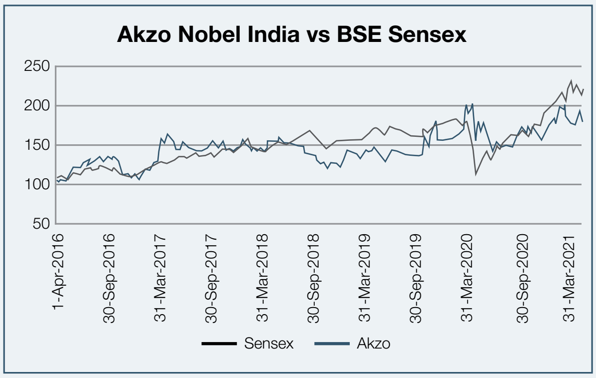
12. General Shareholder Information

i.	AGM: date, time and venue	13 August, 2021 at 1430 hours through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	
ii.	Financial year	1 April to 31 March	
iii.	Financial calendar (Tentative)	**Quarterly / Annual Results**	**Publication on or before**
		1st quarter ending 30 Jun 2021	14 Aug 2021
		2nd quarter ending 30 Sep 2021	14 Nov 2021
		3rd quarter ending 31 Dec 2021	14 Feb 2022
		Year ending 31 Mar 2022	30 May 2022
iv.	Book closure period	07 Aug 2021 to 13 Aug 2021 (both days inclusive)	
v.	Dividend payment date	On or around 31 August 2021 (after approval at the AGM)	
vi.	Listing on Stock Exchange	The Company's shares are listed on BSE Limited ('BSE'), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001 and National Stock Exchange of India Limited ('NSE'), Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400051. Listing fees for the period 1 Apr 2021 to 31 Mar 2022 have been paid.	
vii.	Stock code	BSE : 500710	
		NSE : AKZOINDIA-EQ	
		ISIN : INE133A01011	

viii. Market price data and stock performance during the year 2020-21

	BSE			NSE		
Month	**High (₹)**	**Low (₹)**	**Volume**	**High (₹)**	**Low (₹)**	**Volume**
Apr-20	2,217.60	1,965.05	11,930	2,222.20	1,961.10	2,85,487
May-20	2,144.95	1,760.00	11,921	2,049.95	1,751.10	3,03,701
Jun-20	1,989.95	1,804.05	78,789	1,971.95	1,801.00	3,58,785
Jul-20	1,920.20	1,783.95	81,004	1,940.00	1,795.00	2,54,045
Aug-20	2,243.00	1,835.00	29,396	2,244.95	1,850.10	3,97,261
Sep-20	2,185.00	1,950.05	15,032	2,185.00	1,996.15	2,71,855
Oct-20	2,211.95	1,914.00	9,303	2,199.00	1,911.40	1,95,818
Nov-20	2,196.80	1,904.00	68,339	2,199.00	1,910.00	2,81,524
Dec-20	2,486.75	2,101.00	26,595	2,490.00	2,112.25	4,02,448
Jan-21	2,510.00	2,218.80	23,595	2,530.00	2,213.25	5,44,246
Feb-21	2,345.10	2,115.00	26,498	2,345.00	2,120.00	5,57,132
Mar-21	2,432.00	2,140.00	27,635	2,435.00	2,142.50	8,58,134

ix. Stock performance in comparison to BSE Sensex from April 2016 to March 2021



Note: Comparison is made by anchoring the share price and Sensex value at a base value of 100 as on 1 April 2016. The movements in the BSE Sensex and the Company's share price have been displayed in the graph with reference to that base.

x. Unpaid/unclaimed Dividend and related shares

In terms of the applicable provisions of the Act, read with the Investor Education & Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, all dividends remaining unclaimed for a period of seven years along with the corresponding shares are required to be transferred by the Company to the IEPF Authority.

The Company has sent individual intimation to the concerned shareholders at their latest available address where dividends/shares are liable to be transferred to IEPF as well as through a Press advertisement. Full details of such dividends/shares, including the names of shareholders, Folio number or DP ID-Client ID and the number of shares and dividend amount have also been uploaded on the website of the Company www.akzonobel.co.in and can be accessed from www.akzonobel.co.in/investors.php#unclaim.

Your Company has transferred a sum of ₹ 45.60 million and 64,931 shares, after 117 and 164 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 2013, within the due dates.

Amounts of unclaimed dividend as on 31 March 2021 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)
2013-14	44.4	16 Sep 2021
2014-15	12.2	19 Sep 2022
2015-16	38.9	31 Aug 2023
2016-17	13.6	19 Sep 2024
2017-18	7.7	7 Sep 2025
2018-19	7.7	13 Sep 2026
2019-20	4.1	3 Oct 2027
2020-21 (Interim)	4.5	17 Mar 2028
Total	**133.1**	

xi. 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

xii. Share transfer system

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

xiii. Distribution of shareholding as on 31 March 2021

Range (No. of shares)	No. of shareholders	% of shareholders	No. of shares	% to total shares
1-50	28813	71	472,235	1.0
51-500	11015	27	1,586,943	3.5
501-5000	968	2	1,109,690	2.4
5001-50000	48	*	725,273	1.6
50001-1000000	27	*	5,591,212	12.3
1000001 & above	3	*	36,054,961	79.2
Total	**40,874**	**100**	**45,540,314**	**100.0**

*less than 0.5%

Shareholding Pattern as on 31 March 2021

Category of shareholders	No. of shares	%
(A) Promoter and Promoter Group	34,044,335	74.8
Total	**34,044,335**	**74.8**
(B) Public shareholding		
(a) Mutual funds	2,619,003	5.7
(b) Insurance companies	2,354,980	5.2
(c) Nationalised Banks	17,963	0.0
(d) Other Banks	758	0.0
(e) Foreign Institutional Investors	653,203	1.4
(f) NRIs	114,433	0.3
(g) Bodies Corporate	2,159,954	4.7
(h) Individuals/others	3,575,685	7.9
Total public shareholding	**11,495,979**	**25.2**
Total (A) + (B)	**45,540,314**	**100.0**

xiv. Dematerialisation of shares and liquidity

The Company's equity shares have been notified for trading only in demat form with effect from 17 January 2000. As of 31 March 2021, 98.75% of the Company's equity shares involving 44.97 million shares have been dematerialized (No. of demat accounts: 31,369).

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

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

None issued/outstanding in past 10 years.

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

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

xvii. Plant locations

The Company's plants are located at:

1. Plot No 9-29, Narsapur Road, Balanagar, Hyderabad, Telangana - 500 037
2. Plot No 62, Hoskote Industrial Area, Bengaluru, Karnataka - 562 114
3. Plot No. GAF-1 & 2, Industrial Area, Ghirongi (Malanpur), Bhind, Madhya Pradesh - 477 117
4. Plot No. A-42, Phase-VIII-B, Focal Point, SAS Nagar, Mohali, Punjab - 160 059
5. Plot No.1/1, TTC Industrial Area, Thane Belapur Road, Koparkhairne, Navi Mumbai, Maharashtra - 400 709

xviii. Address for correspondence

Shareholders' correspondence may be addressed to:

1. C B Management Services (P) Ltd
   Unit: Akzo Nobel India Limited
   P-22, Bondel Road, Kolkata 700 019
   Tel: +91 33 40116700
   Email: rta@cbmsl.com

   OR

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

xix. Compliance Officer :

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

13. Other Disclosures

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

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

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

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 www.akzonobel.co.in/corporate-governance.php#policy.

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 www.akzonobel.co.in/corporate-governance.php#policy.

g. The Policy on determining material subsidiaries is uploaded on the Company's website www.akzonobel.co.in and can be accessed from www.akzonobel.co.in/corporate-governance.php#policy.

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

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 each other.

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 have confirmed their independence to the Company.

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.

p. The terms and conditions of appointment of Independent Directors have been posted on Company's website www.akzonobel.co.in and can be accessed from www.akzonobel.co.in/corporate-governance.php#policy.

q. The Company has not raised any funds through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).

r. The Company does not have any debt instrument; hence, no credit rating was obtained during the year.

s. 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.

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:

	(₹ million)
Statutory audit for the year	6
Limited reviews	2
Other audit related services	6
Total	**14**

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 : 1

   b. Number of complaints disposed of during the financial year : 1

   c. Number of complaints pending as on end of the financial year : Nil

v. Management Discussion and Analysis is annexed to the Directors' Report and forms part of Annual Report.

w. Web link where details of familiarisation programmes imparted to independent directors : www.akzonobel.co.in/famializization.php

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 Managing Director is given below:

Code of Conduct Declaration

I hereby confirm that the Company has obtained affirmation from all the members of the Board and senior management personnel that they have complied with the Code of Conduct of the Company in respect of the financial year ended 31 March 2021.

Rajiv Rajgopal
Managing Director
DIN 06685599

Gurugram
22 May 2021

16. Certificate of Compliance

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

17. Certificate of Non-Disqualification of Directors

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

18. Unclaimed Suspense Account

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

i)	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year:	102 shareholders and 3,771 shares
ii)	Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year:	NIL
iii)	Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year:	N.A.
iv)	Number of shareholders whose shares were transferred from the Unclaimed Suspense Account to IEPF Authority:	9 shareholders and 248 shares
v)	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year:	93 shareholders and 3,523 shares

19. Non-mandatory Requirements

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

Description		Status as on 31 March 2021
(i)	Non-Executive Chairman's office and expensess	No office or related facilities are provided by the Company to its Non-Executive Chairman.
(ii)	Sending of half-yearly declaration of financial performance including summary of the significant events during the past six months to each household of shareholders	As the Company's quarterly financial results are published in leading newspapers and major developments are covered in the press releases (which are also posted on the Company's website), sending the half-yearly financial results to the shareholders is not considered necessary.
(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

On behalf of the Board

Amit Jain
Chairman
DIN 01770475

Place: Gurugram
Date: 22 May 2021

Certificate on Corporate Governance

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

We have examined the compliance of conditions of Corporate Governance by Akzo Nobel India Limited (“the Company”) in terms of Regulation 15(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) for the year ended 31.03.2021.

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

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

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

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

(CS A. K. LABH)
Practicing Company Secretary
FCS – 4848 / CP No 3238
UDIN : F004848C000358531

Place : Kolkata
Dated : 22 May 2021

Certificate of Non-Disqualification of Directors

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, 2021 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.	Arvind Uppal	00104992	01.04.2011
3.	Amit Jain	01770475	02.01.2014
4.	Smriti Rekha	03305041	16.08.2019
5.	Rajiv Rajgopal	06685599	01.11.2018
6.	Rahul Bhatnagar	07268064	16.08.2019
7.	Lakshay Kataria	08345477	01.02.2019
8.	Oscar Christian Maria Jozef Wezenbeek	08432564	04.05.2019

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

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

Name : CS A. K. LABH
Membership No. : FCS - 4848
CP No. : 3238
UDIN : F004848C000358575

Place : Kolkata
Dated : 22 May 2021

ANNEXURE II-A

Business Responsibility (BR) Report

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

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

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

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company: L24292WB1954PLC021516
2. Name of the Company: Akzo Nobel India Limited
3. Registered address: Geetanjali Apartment, 1st Floor, 8-B, Middleton Street, Kolkata 700 071
4. Website : www.akzonobel.co.in
5. E-mail id : investor.india@akzonobel.com
6. Financial year reported: April 2020 - March 2021
7. Sectors that the Company is engaged in (industrial activity code-wise):

Code #	Description
20221	Paints, varnishes, enamels or lacquers

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

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

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

   (a) Number of International Locations: 2

   (b) Number of National Locations:

Manufacturing facilities	5
RD&I Centre	1
Depots/Sales locations	44
Offices	4

10. Markets served by the Company: National and International

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital : ₹ 455.4 million
2. Total Turnover : ₹ 24,214 million
3. Total profit after taxes : ₹ 2,076 million
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax : ₹ 58.96 million amounting to 2.8% of PAT (2% of net profit computed under Section 198 of the Act)
5. List of activities in which expenditure in 4 above has been incurred:

   (a) Promotion of Education

   (b) Covid-19 Relief

   (c) Skill Development

   (d) Healthcare

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies: Yes – ICI India Research & Technology Centre, a not for profit company engaged in scientific research, where the Company has effective control.

2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company?: Yes

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company?

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

SECTION D: BR INFORMATION

1. Details of Director responsible for BR

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

DIN Number	06685599
Name	Rajiv Rajgopal
Designation	Managing Director

(b) Details of the BR head:

Name	Harshi Rastogi
Designation	Company Secretary
Telephone number	0124-4852400
Email ID	harshi.rastogi@akzonobel.com

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

(a) Details of compliance (Y/N)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy / policies for the Principle?	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify?	Y	Y	Y	Y	Y	Y	Y	Y	Y
4	Has the policy approved by the Board?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	Code of Conduct and Whistleblower Policies	HSE&S and Sustainability Policies	Sustainability Policy	CSR Policy	Code of Conduct and Sustainability Policies	HSE&S and Sustainability Policies	Code of Conduct Policy	Sustainability and CSR Policies	HSE&S and Sustainability Policies
		All the above policies are available at www.akzonobel.co.in								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the company have in-house structure to implement the policy/ policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

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

All answered yes, hence not applicable.

3. Governance related to BR

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

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

SECTION E: PRINCIPLE-WISE PERFORMANCE

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

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

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

Your Company received 9 shareholder complaints during the past financial year, all of which have been resolved. It also received 4 cases reported through 'Speak up' (Vigil Mechanism) during the year; 3 of which were investigated and resolved and 1 is under investigation. There were 1,979 consumer complaints received by the Company of which 1,770 were resolved and 209 were under resolution as at the end of the financial year.

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

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

Your Company seeks to lead by example by improving the environmental/social performance of its processes and products.

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

Total number of permanent employees of the Company were 1,436 among which 111 were female. There were 3 regular employees with disabilities. It also has about 670 contractual/ temporary workforce.

There are recognized trade unions at some of the Company's locations representing the workmen. Approximately 8.2% of permanent employees are members of these unions.

Your Company did not receive any complaints relating to child labour, forced labour and involuntary labour during the financial year. Two complaints of sexual harassment were received which were investigated and resolved to the satisfaction of the complainants.

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

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

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

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

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

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

PRINCIPLE 5: BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

Your Company's Human Rights policy is covered in its Code of Conduct. All business partners are required to confirm adherence to the Code of Conduct of the Company. The Company did not receive any stakeholder complaint during the year 2020-21 regarding human rights.

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

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

Reducing the carbon footprint across the value chain is an important objective of the Company. In pursuance of its core principle of sustainability, several initiatives have been taken in the manufacturing operations to reduce energy and water consumption. Also actions have been taken to minimize VOC in the products manufactured by the Company. The company strongly drives product stewardship policy and adopted hierarchy of controls to eliminate, substitute or reduce the hazardous content in the production process and finished products.

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

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

All emissions and waste generated by the Company are within the permissible limits of Central Pollution Control Board (CPCB) / State Pollution Control Boards (SPCB) in 2020-21. It has no pending show cause notices from CPCB or SPCB as at end of the financial year 2020-21

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

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

a) Confederation of Indian Industry (CII)
b) Indian Paints Association (IPA)
c) Paints and Coatings Skills Council (PCSC)

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

PRINCIPLE 8: BUSINESSES SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

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

Your Company's CSR programmes are monitored by the CSR Committee of the Board. In 2020-21, a sum of ₹ 58.96 million was spent on these programmes, details of which are given in the CSR Report.

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

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

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

On behalf of the Board

Amit Jain
Chairman
DIN 01770475

Place: Gurugram
Date: 22 May 2021

ANNEXURE II-B

Corporate Social Responsibility (CSR) Report

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

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

2. Composition of CSR Committee:

Sr. 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	Rajiv Rajgopal	Managing Director	2	2
2	Lakshay Kataria	Whole time Director and CFO	2	2
3	Smriti Rekha Vijay	Independent Director and Chairperson	2	2

3. The weblink of CSR policy is www.akzonobel.co.in/corporate-governance.php#policy.

4. Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable - Not applicable

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

6. Average net profit of the Company for last three financial years was ₹ 2,945 million, computed under Section 198 of the Act.

7.

(a)	Two percent of average net profit of the company as per section 135(5)	58.90
(b)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years	-
(c)	Amount required to be set off for the financial year	-
(d)	Total CSR obligation for the financial year (a+b-c)	58.90

8. (a) CSR Amount spent for the financial year: ₹ 58.96 mn
   CSR Amount unspent for financial year, if any: Nil

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

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

Sl. No.	Name of the Project	Items from the List of Activities in Schedule VII of the Act	Local Area (Yes/No)	State and District	Amount Spent for the Project (₹ in million)	Mode of Implementation- Name of Implementing Agency and CSR Registration No.
1	Vocational Skill Training in Painting - Kaushal Vahan	Employment enhancing vocational skills	No	Bihar, MP and Punjab (all districts)	3.10	HASS (Health Awareness and Suvidha Society)- NA
2	Vocational Skill Training to underprivileged youth and Painters	Employment enhancing vocational skills	No	Delhi (Delhi South), West Bengal (North 24 Parganas, Kolkata), Uttar Pradesh (Gorakhpur and Lucknow), Maharashtra (Thane), Karnataka (Bengaluru Rural), Tamil Nadu and Kerala (all districts)	25.23	1. Anirban Rural Welfare Society (CSR00000708) 2. Teamlease Skill University (CSR00001676)

Sl. No.	Name of the Project	Items from the List of Activities in Schedule VII of the Act	Local Area (Yes/No)	State and District	Amount Spent for the Project (₹ in million)	Mode of Implementation- Name of Implementing Agency and CSR Registration No.
3	Parivartan (Education Projects)	Promoting Education	Yes	Punjab (Mohali), Haryana (Gurgaon), MP (Bhind), Telangana (Medchal), Karnataka (Bengaluru Rural), Maharashtra (Pune and Thane), Haryana (Faridabad) and West Bengal (Kolkata)	12.27	1. Deepalaya (CSR00000584) 2. Sakshi (CSR00000232) 3. Sambhav Social Services (CSR00003106) 4. Humara Bachpan Trust (CSR00000351) 5. APSA (CSR00000280) 6. Pride India (CSR00001069) 7. American India Foundation (CSR00001977) 8. Yuva (CSR00003042) 9. Parivarikee (under process) 10. SOS Children's Village (under process)
4	Arogya Disha	Promoting Preventive Health care	Yes	Karnataka (Bengaluru Rural)	1.92	Telerad Foundation (CSR00002867)
5	Support to Children with Cancer	Promoting Preventive Health care	No	Maharashtra (Mumbai)	1.00	St. Judes Child Care Centre (CSR00001026)
6	Project Revive (enhancing wages of decorative painters)	Livelihood enhancement Project	No	Delhi & West Bengal (Delhi and Kolkata)	1.00	Collective Goods Foundation (CGF)-(CSR00001648)
7	Donation to PM Care Fund	PM Care Fund	No	Pan India	5.00	PM Care Fund (NA)
8	Covid-19 Relief Project	Fight against Covid-19	No	Haryana (Gurugram), Karnataka (Bengaluru Rural) and Maharashtra (Thane)	2.09	1. Sakshi (CSR00000232) 2. Telerad Foundation (CSR00002867) 3. Pride India (CSR00001069)
9	Covid-19 Relief Project	Fight against Covid-19	No	Delhi (Delhi), West Bengal (Kolkata) and Maharashtra (Thane)	2.15	Directly
10	Simulator for Vehicle Refinish Training	Employment enhancing vocational skills	Yes	Maharashtra (Thane)	0.58	Directly
11	Others- Less than 0.5 million each	Various	NA	Various	1.68	NA

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

(d) Amount spent in Administrative Overhead 2.94

(e) Amount spent on Impact Assessment (If applicable) NA

(f) Total amount spent for the financial year 58.96

(g) Excess amount for set off is given below:

Sl. No.	Particular	Amount (₹ in million)
(i)	Two percent of average net profit of the company as per section 135(5)	58.90
(ii)	Total amount spent for the financial year	58.96
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.06
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.06

9. (a) There is no unspent amount for the preceding three financial years.

   (b) There are no ongoing projects of the previous financial year.

10. Details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details):

(a)	Date of creation or acquisition of the capital asset(s)	2 March 2021
(b)	Amount of CSR spent for creation or acquisition of capital asset.	₹ 0.58 million
(c)	Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.	Sakshi, D-332, Defence Colony, New Delhi-110024.
(d)	Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).	A painting simulator was acquired. It is located at AkzoNobel Paint Academy. The address is Akzo Nobel India Limited, Plot No. 1/1, TTC Industrial Area, Thane Belapur Road, Koparkhairne, Navi Mumbai, Maharashtra- 400 710.

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

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

The Company has also contributed ₹ 5 million to the PM Cares Fund on 31 March 2020 in connection with the Covid-19 pandemic pursuant to Section 135(2)(7) of the Companies Amendment Act 2020 and Circular No 10/2020 dated 23 March 2020 issued by MCA. The company has decided to consider this spent in the current financial year. Hence, in the total amount spent for FY 2020-21, this amount of ₹ 5 million has been considered.

Place: Gurugram
Date: 22 May 2021

Smriti Rekha Vijay
Chairman - CSR Committee
DIN 03305041

Rajiv Rajgopal
Managing Director
DIN 06685599

ANNEXURE III

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

A. Conservation of Energy

During the year 2020-21, various energy conservation measures were implemented by the Company:

i.	Conservation measures taken	Energy saving measures adopted across all offices & manufacturing facilities with continued efforts towards technological upgradation and optimization of processes to reduce carbon footprint. Some of the key measures are: 1. Lighting upgraded to LED for reduced energy consumption across all the offices and plant. 2. Harvested the exhaust air wastage released to atmosphere from Discharge valve (DV) dust collector air purging system. 3. Shut down management system implemented for various energy saving measures in the plant. 4. Separate control switch for plant individual lights to avoid excess running of lights. 5. AC mapping done across the sites for minimum usage and maximum coverage. 6. Timers installed in Process Equipment and various other utilities to automatically switch ON and OFF for optimum utilization. 7. Capacitor Replacements for maintaining the power factor close to unity. 8. Chiller pump RPM reduction, yield improvement and batch cycle time improvement etc. 9. HVLS Fan Installation in Powder Plant in place of AHU unit resulting in energy savings. 10. Operational improvements by switching off chiller 30 mins earlier during shift change over to use chilling water in the buffer tank. 11. Optimization of dust extraction systems by reducing RPM where the value of air flow is higher than requirement. 12. Process improvements through batch cycle time reduction.
ii.	Steps taken by the Company for utilizing alternate sources of energy	The Company has taken initiatives to use non-conventional energy like solar panel and, as part of the initiative, roof top solar panels have been installed by third party. First preference is given for usage of non-conventional energy in place of conventional source.
iii.	Capital investment on energy conservation equipment	Solar energy used has been extended to all sites on BOT basis. Exhaust air harvesting system and LED project was installed.

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

B. Absorption of technology

i.	Efforts made towards technology absorption	The RD&I centre of the Company focuses on development of innovative products & techniques.
ii.	Benefits derived as a result of the above efforts like product improvement, cost reduction, product development or import substitution	Major benefits derived from the above initiatives are cost reduction, quality improvement and import substitution. Launched a series of new products in Paints & Coatings offering differentiated benefits to our customers while strengthening our economy segment, eg. Dulux Promise Smart Choice Exterior Emulsion, Dulux Promise Smart choice Interior Emulsion, Dulux Promise Exterior Sheen and Dulux Promise Interior Sheen. Introduction of products like Dulux SuperClean in premium segment fortified the product portfolio and helped build stain resistance and a well being proposition. Launch of new products in waterproof range under Dulux AquaTech brand like Waterproof repair polymer, Base coats give more offering to customers and better protection for interior walls. Using R&D activities, value engineering initiatives of existing products have delivered better cost effective performance through optimum use of material efficiency and / or alternate materials.
iii.	In case of imported technology, imported during the last 3 years (reckoned from the beginning of the financial year)	Nil

(₹ million)

iv.	**Expenditure on R&D**	**2020-21**	**2019-20**
	Capital	-	-
	Recurring*	123	167
	Total	**123**	**167**

*Excludes Royalty Charge and recoveries

C. Foreign exchange earnings and outgo

(₹ million)

	2020-21	2019-20
Earnings	**1,315**	551
Outgo[@]	**4,745**	3,875

[@] Excludes outgo on account of dividend

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

On behalf of the Board

Amit Jain
Chairman
DIN 01770475

Place: Gurugram
Date: 22 May 2021

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 subsidiariess.	₹
4	Share capital	Nil (limited by guarantee)
5	Reserves & surplus	7.12
6	Total assets	11.40
7	Total liabilities (excluding 5 above)	4.28
8	Investments	-
9	Turnover (excluding other Income)	10.58
10	Profit before taxation	0.38
11	Provision for taxation	-
12	Profit after taxation	0.38
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

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

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

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

Amit Jain
Chairman
DIN : 01770475

Rajiv Rajgopal
Managing Director
DIN : 06685599

Lakshay Kataria
Wholetime Director and CFO
DIN : 08345477

Harshi Rastogi
Company Secretary
ACS 13642

Date: 22 May 2021
Place: Gurugram

FORM AOC - 2

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

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

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

(a) Name(s) of the related party and nature of relationship: Not Applicable

(b) Nature of contracts/arrangements/transactions: Not Applicable

(c) Duration of the contracts/arrangements/transactions: Not Applicable

(d) Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable

(e) Justification for entering into such contracts or arrangements or transactions: Not Applicable

(f) Date of approval by the Board: Not Applicable

(g) Amount paid as advances, if any: None

(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: Not Applicable

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

(a) Name(s) of the related party and nature of relationship: Not Applicable

(b) Nature of contracts/arrangements/transactions: Not Applicable

(c) Duration of the contracts/arrangements/transactions: Not Applicable

(d) Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable

(e) Date(s) of approval by the Board, if any: Not Applicable

(f) Amount paid as advances, if any: None

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

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

Amit Jain
Chairman
DIN : 01770475

Rajiv Rajgopal
Managing Director
DIN : 06685599

Lakshay Kataria
Wholetime Director and CFO
DIN : 08345477

Harshi Rastogi
Company Secretary
ACS 13642

Date: 22 May 2021
Place: Gurugram

SECRETARIAL AUDIT REPORT

for the financial year ended 31.03.2021

[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 31.03.2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

Auditors' Responsibility

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

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

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

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

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

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

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

We report that, we have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31.03.2021 according to the provisions of (as amended) :

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

(ii) Secretarial Standards as issued by The Institute of Company Secretaries of India;

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

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

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

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

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

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

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

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

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

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

to the extent of its applicability to the Company during the financial year ended 31.03.2021 and our examination and reporting is based on the documents, records and files as produced and shown to and the information and explanations as provided to us by the Company and its management and to the best of our judgment and understanding of the applicability of the different enactments upon the Company. Further, to the best of our knowledge and understanding there are adequate systems and processes in the Company commensurate with its size and operation to monitor and ensure compliances with applicable laws including general laws, labour laws, competition law, environmental laws, etc.

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

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

(i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

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

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

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

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

We further report that :

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

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

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

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

We further report that :

In the light of heightened concern on spread of Covid-19 across the nation during the year under report, the Company had temporarily suspended its operation of certain facilities at its Plants and Offices for certain period.

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

(CS A. K. LABH)
Practicing Company Secretary
FCS – 4848 / CP No.- 3238
UIN : S1999WB026800
UDIN :F004848B000358511

Place : Kolkata
Dated : 22 May 2021

FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

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

Report on the audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of Akzo Nobel India Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and total comprehensive income (comprising profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for opinion

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

Emphasis of Matter

4. We draw your attention to Note 39 to the standalone financial statements, which describes the management's assessment of the impact of outbreak of Coronavirus (Covid-19) on the business operations of the Company. The management believes that no adjustments, other than those already considered, are required in the standalone financial statements as it does not impact the current financial year, however, in view of the various preventive measures taken (such as lock-down restrictions by the government authorities, travel restrictions etc.) and highly uncertain economic environment, a definitive assessment of the impact on subsequent periods is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

Key audit matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of the key audit matters	How our audit addressed the key audit matters
A. Revenue recognition including variable consideration [Refer to Notes 1(o) (Significant accounting policies) and 18 (Revenue from operations) to the standalone financial statements] The Company recognises revenues when control of the goods is transferred to the customer at an amount that reflects the net consideration, which the Company expects to receive for those goods from customers. The sales arrangements are voluminous and in determining the sales price, the Company considers the effects of variable consideration requiring estimation, which creates complexities and application of significant effort and judgment. Considering these judgements, estimates and the risk associated with revenue recognition, the matter has been determined to be a key audit matter.	Our audit procedures included, among others the following: • We assessed the design and tested the operating effectiveness of internal controls related to recognition of revenue including variable consideration. • We performed test for a sample of individual sales transaction by comparing the underlying sales invoices, sales orders and dispatch documents to assess that revenue is recognised on transfer of control over those goods to the customer. • We tested on a sample basis rebates and discount provided to the customers, comparing the same with underlying approvals. • We read and assessed the relevant disclosures made in the standalone financial statements. 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.

Description of the key audit matters	How our audit addressed the key audit matters
B. Assessment of ongoing income tax and indirect tax litigations [Refer to Notes 1(l) and 1(m) (Significant accounting policies), Note 26 (b) (Contingent liabilities), Note 6.2 [Non current tax assets(net)], Note 13 (Provisions) to the standalone financial statements] As at 31 March 2021, the Company is subjected to a number of significant income tax litigations relating to disallowance of expenses, transfer pricing adjustments etc. and indirect tax litigations relating to taxable turnover, availability of statutory forms etc. (together referred to as "litigations"). These matters are in appeal before various judicial forums. The eventual outcome of these litigations is uncertain and the positions taken by the management are based on the application of significant judgement and estimation. The review of these matters requires application and interpretation of tax laws and reference to applicable judicial pronouncements. Based on management judgement and the advice from external legal and tax consultants and considering the merits of the case, the Company has recognised provisions wherever required and for the balance matters, where the management expects favourable outcome, these litigations have been disclosed as contingent liabilities in the standalone financial statements unless the possibility of outflow of resources is considered to be remote. Given the uncertainty and application of significant judgment in this area in terms of the eventual outcome of litigations, we determined this to be a key audit matter.	Our procedures on the management's assessment of these matters included: • Understanding and evaluating process and controls designed and implemented by the management including testing of relevant controls; • Gaining an understanding of the tax related litigations through discussions with the management, including the significant developments, additions and settlements during the year and subsequent to the year end; • Inspecting demand notices received from tax authorities and evaluating the Company's response to those matters; • Obtaining independent confirmations from the Company's external tax experts including the status of the significant litigations, their views regarding the likely outcome and magnitude of the potential exposure; • Evaluating the management's assessment on the likely outcome and potential magnitude by involving auditor's experts on complex or significant matters as considered necessary; and • Assessing the adequacy of the Company's disclosures. We did not identify any significant exceptions to the management's assessment of the ongoing income tax and indirect tax litigations as a result of the above procedures.

Other Information

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

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

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

   We have nothing to report in this regard.

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

7. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies;

making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

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

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

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

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

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

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

    e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.

    f) With respect to the maintenance of accounts and other matters connected therewith, reference is made to our comment in paragraph 15(b) above that the back-up of the books of account and other books and papers maintained in electronic mode has not been maintained on servers physically located in India.

    g) With respect to the adequacy of the internal financial controls with reference to 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 standalone financial position in its standalone financial statements – Refer Note 26(a) and 26(b) to the standalone financial statements.

        ii. The Company has long-term contracts as at 31 March 2021 for which there were no material foreseeable losses. The Company did not have any long-term derivative contracts as at 31 March 2021.

        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

        iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended 31 March 2021.

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

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

Anurag Khandelwal
Partner
Membership Number: 078571
UDIN: 21078571AAAAAZ5533

Place: Gurugram
Date: 22 May 2021

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Annexure A

Referred to in paragraph 15(g) of the Independent Auditors' Report of even date to the members of Akzo Nobel India Limited on the standalone financial statements for the year ended 31 March 2021

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

1. We have audited the internal financial controls with reference to financial statements of Akzo Nobel India Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. Also refer paragraph 4 of the main audit report.

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

Anurag Khandelwal
Partner
Membership Number: 078571
UDIN: 21078571AAAAAZ5533

Place: Gurugram
Date: 22 May 2021

Annexure B

Referred to in paragraph 14 of the Independent Auditors' Report of even date to the members of Akzo Nobel India Limited on the standalone financial statements as of and for the year ended 31 March 2021

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

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

(c) The title deeds of immovable properties, as disclosed in Note 3 on fixed assets (property, plant and equipment) to the financial statements, are held in the name of the Company, except:

	Rs. in Million	
Nature	**Gross Book Value**	**Net Book Value**
Two cases of leasehold land at Mysore and Mahad for which lease agreements are yet to be registered in the name of the Company including the one transferred as part of discontinued operations during the year ended 31 March 2018	188	185
One case of leasehold land at Thane location for which original title deed is not in possession of the Company	7	3

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

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

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

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

vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues in respect of professional tax and provident fund though there has been a slight delay in few cases, and is regular in depositing undisputed statutory dues, including employees' state insurance, income tax, 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 26(c) to the financial statements regarding management's assessment on certain matters relating to provident fund.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of goods and services tax, which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, service tax, duty of customs, duty of excise and value added tax as at 31 March 2021, which have not been deposited on account of a dispute, are as follows:

(₹ in million)

Name of the Statute	Nature of the dues	Amount	Amount paid under protest	Assessment year to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income tax	249	209	2003-04, 2004-05, 2010-11, 2011-12, 2012-13 and 2013-14	Assessing Officer
Income Tax Act, 1961	Income tax	91	84	2008-09 and 2009-10	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income tax	1,722	587	2007-08, 2008-09, 2014-15, 2015-16 and 2016-17	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income tax	159	-	1996-97,1998-99,2006-07 & 2007-08	Calcutta High Court
The Central Excise Act, 1944	Excise Duty	2	-	2006-07 & 2007-08	Additional Commissioner/ Joint Commissioner
The Central Excise Act, 1944	Excise Duty	53	-	2000-01, 2002-03, 2004-05, 2005-06 and 2015-16 to 2017-18	Commissioner (Appeals), Joint Commissioner Appeals
The Central Excise Act, 1944	Excise Duty	38	-	1991-92 to 1999-2000, 2004-05, 2005-06, 2009-10 & 2012-13	Customs Excise And Service Tax Appellate Tribunal
The Central Excise Act, 1944	Excise Duty	1	-	2004-06	Karnataka High Court
The Finance Act, 1994	Service Tax	26	-	2012-13, 2013-14, 2014-15 & 2016-17	Customs Excise And Service Tax Appellate Tribunal
The Finance Act, 1994	Service Tax	20	-	2013-14 to 2017-18	Commissioner Appeals

(₹ in million)

Name of the Statute	Nature of the dues	Amount	Amount paid under protest	Assessment year to which the amount relates	Forum where the dispute is pending
State Sales Tax / Value Added Tax as per statutes applicable in various states	Sales Tax	324	80	1982-83 to 2000-01, 2002-03 to 2017-18 and 2020-21	Additional Commissioner/ Joint Commissioner/ Deputy Commissioner/ Assistant Commissioner/ Commercial Tax Inspector
State Sales Tax /Value Added Tax as per statutes applicable in various states	Sales Tax	10	2	2007-08, 2008-09, 2012-13, 2014-15 and 2015-16	Appellate and Revisional Board/ Commissioner Appeal/Additional Commissioner (Appeals)
State Sales Tax /Value Added Tax as per statutes applicable in various states	Sales Tax	12	3	2004-05 to 2006-07, 2008-09 to 2011-12	Sales Tax Tribunal
State Sales Tax /Value Added Tax as per statutes applicable in various states	Sales Tax	24	2	2005-06, 2006-07, 2009-10, 2010-11 and 2012-13	Madhya Pradesh High Court, Allahabad High Court and Madras High Court
Total		**2,731**	**967**		

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

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

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

xi. The Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act. Also refer paragraph 16 of our main audit report.

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

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

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

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

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

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

Anurag Khandelwal
Partner
Membership Number: 078571
UDIN: 21078571AAAAAZ5533

Place: Gurugram
Date: 22 May 2021

BALANCE SHEET

All amounts are in millions Indian ₹ unless otherwise stated)	Notes	As at 31 March 2021	As at 31 March 2020
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	**4,411**	4,659
Right-of-use assets	3.2	**954**	1,002
Capital work-in-progress	3.1	**165**	159
Intangible assets	4	**63**	74
Financial assets			
(i) Investments	5.1	**5**	5
(ii) Other bank balances	5.2	**6**	1
(iii) Loans	5.3	**74**	80
Deferred tax assets (net)	14	**181**	116
Other non-current assets	6.1	**983**	737
Non current tax assets (net)	6.2	**979**	922
Total non-current assets		**7,821**	**7,755**
Current assets			
Inventories	7	**4,882**	4,237
Financial assets			
(i) Investments	8.1	**-**	835
(ii) Trade receivables	8.2	**4,131**	3,961
(iii) Cash and cash equivalents	8.3	**1,384**	2,541
(iv) Bank balances other than (iii) above	8.4	**5,941**	2,985
(v) Loans	8.5	**15**	20
(vi) Other financial assets	8.6	**87**	70
Other current assets	9	**1,031**	850
Total current assets		**17,471**	**15,499**
Total assets		**25,292**	**23,254**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	10	**455**	455
Other equity	11	**12,421**	11,918
Total equity		**12,876**	**12,373**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Lease liabilities	3.2	**511**	532
(ii) Other financial liabilities	12	**183**	169
Provisions	13	**743**	633
Other non-current liabilities	15	**66**	66
Total non-current liabilities		**1,503**	**1,400**
Current liabilities			
Financial liabilities			
(i) Lease liabilities	3.2	**128**	111
(ii) Trade payables	16.1		
- Total outstanding dues of micro enterprises and small enterprises		**77**	39
- Total outstanding dues of creditors other than micro enterprises and small enterprises		**7,908**	6,727
(iii) Other financial liabilities	16.2	**828**	910
Provisions	13	**301**	308
Other current liabilities	17	**1,671**	1,386
Total current liabilities		**10,913**	**9,481**
Total liabilities		**12,416**	**10,881**
Total equity and liabilities		**25,292**	**23,254**

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

As per our report of even date attached.

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

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

Anurag Khandelwal
Partner
Membership No. : 078571

Amit Jain
Chairman
DIN : 01770475

Rajiv Rajgopal
Managing Director
DIN : 06685599

Lakshay Kataria
Wholetime Director and CFO
DIN : 08345477

Harshi Rastogi
Company Secretary
ACS 13642

Place: Gurugram
Date: 22 May 2021

Place: Gurugram
Date: 22 May 2021

STATEMENT OF PROFIT AND LOSS

(All amounts are in millions Indian ₹ unless otherwise stated)	Notes	For the year ended 31 March 2021	For the year ended 31 March 2020
Revenue from operations	18	24,214	26,618
Other income	19	**232**	376
Total income		**24,446**	**26,994**
Expenses			
Cost of materials consumed	20	**11,662**	12,009
Purchases of stock-in-trade		**1,737**	2,675
Changes in inventories of finished products, work-in-progress and stock-in-trade	21	**(172)**	(259)
Employee benefits expense	22	**2,511**	2,551
Finance costs	23	**103**	93
Depreciation and amortisation expense	23.1	**755**	790
Other expenses	24	**5,068**	5,851
Total expenses		**21,664**	**23,710**
Profit before exceptional items and tax		**2,782**	**3,284**
Exceptional items (net)	25	**-**	(52)
Profit before tax		**2,782**	**3,232**
Income tax expense:			
Current tax (includes taxes of ₹ Nil relating to prior years written back, 31 March 2020 ₹ 1)	14	**763**	930
Deferred tax		**(57)**	(72)
Total tax expense		**706**	**858**
Profit after tax for the year (A)		**2,076**	**2,374**
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent years:			
Remeasurement of defined benefit plans	34	**(33)**	(51)
Changes in fair value of equity instruments at FVOCI	5.1	*****	(1)
Income tax relating to these items			
Income tax relating to remeasurement of defined benefit plans	14	**8**	13
Income tax relating to fair value of equity shares at FVOCI		*****	*
Total other comprehensive income for the year (B)		**(25)**	**(39)**
Total comprehensive income for the year (A + B)		**2,051**	**2,335**
*Amount is below rounding off norms, adopted by the Company			
Earnings per share for profit attributable to owners of Akzo Nobel India Limited:	28		
Basic earning per share (in ₹) [Face value of ₹ 10 each]		**45.60**	52.13
Diluted earning per share (in ₹) [Face value of ₹ 10 each]		**45.60**	52.13

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

As per our report of even date attached.

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

Anurag Khandelwal
Partner
Membership No. : 078571

Place: Gurugram
Date: 22 May 2021

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

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Chairman
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Managing Director
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Lakshay Kataria
Wholetime Director and CFO
DIN : 08345477

Harshi Rastogi
Company Secretary
ACS 13642

Place: Gurugram
Date: 22 May 2021

STATEMENT OF CASH FLOWS

(All amounts are in millions Indian ₹ unless otherwise stated)	For the year ended 31 March 2021	For the year ended 31 March 2020
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	**2,782**	3,232
Adjustments for:		
Depreciation and amortisation expense	**755**	790
Loss on sale of property, plant and equipment (net)	**26**	-
Adjustment on termination of leases (net)	**(17)**	-
Exceptional items (net)	**-**	52
Provision for inventory obsolescence	**(4)**	72
Provision for doubtful debts and advances	**(7)**	90
Net foreign exchange differences	**18**	4
Provision/liabilities no longer required written back	**(2)**	(21)
Government grants	**(12)**	(9)
Interest income	**(151)**	(242)
Interest income from financial assets at amortised cost - Bonds	**(48)**	(64)
Gain on sale of investments	**-**	(52)
Finance costs	**103**	93
Operating Profit before working capital changes	**3,443**	**3,945**
Movements in working capital:		
(Increase) / Decrease in trade receivables	**(166)**	419
(Increase) / Decrease in inventories	**(641)**	(390)
(Increase) / Decrease in loans	**11**	3
(Increase) / Decrease in other financial assets	**3**	13
(Increase) / Decrease in other assets	**(460)**	283
Increase / (Decrease) in trade payables	**1,224**	672
Increase / (Decrease) in other financial liabilities	**(114)**	*
Increase / (Decrease) in provisions	**70**	32
Increase / (Decrease) in other liabilities	**277**	(118)
Net cash generated from operations	**3,647**	**4,859**
Income taxes paid	**(820)**	(1,113)
Net cash inflow from operating activities (A)	**2,827**	**3,746**
B CASH FLOW FROM INVESTING ACTIVITIES		
Payments for purchase of property, plant and equipment	**(279)**	(478)
Payments for purchase of investments	**-**	(2,930)
Proceeds from sale of investments	**835**	5,976
Fixed deposits balances with banks	**(3,021)**	(2,600)
Interest received	**218**	76
Net cash inflow / (outflow) from investing activities (B)	**(2,247)**	**44**

STATEMENT OF CASH FLOWS

(All amounts are in millions Indian ₹ unless otherwise stated)	For the year ended 31 March 2021	For the year ended 31 March 2020
C CASH FLOW FROM FINANCING ACTIVITIES		
Principal element of lease payments	**(112)**	(161)
Dividend paid	**(1,548)**	(1,098)
Dividend distribution tax paid	**-**	(225)
Interest paid	**(77)**	(89)
Net cash (outflow) from financing activities (C)	**(1,737)**	**(1,573)**
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**(1,157)**	**2,217**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**2,541**	324
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	*****	*
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**1,384**	**2,541**

Non-cash investing activities		
- Acquisition of right-of-use assets	**328**	125

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

Notes:

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

(iii) Amounts in brackets represent a cash outflow or a loss.

(iii) Components of cash and cash equivalents are as under:

Balances with banks		
- In current account	**454**	163
- In EEFC account	**228**	224
Deposits with maturity of less than three months	**702**	**2,154**
Cash and cash equivalents (Refer note 8.3)	**1,384**	**2,541**

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

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

Anurag Khandelwal
Partner
Membership No. : 078571

Amit Jain
Chairman
DIN : 01770475

Rajiv Rajgopal
Managing Director
DIN : 06685599

Lakshay Kataria
Wholetime Director and CFO
DIN : 08345477

Harshi Rastogi
Company Secretary
ACS 13642

Place: Gurugram
Date: 22 May 2021

Place: Gurugram
Date: 22 May 2021

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2021

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

(a) Equity share capital

	Number of Shares	Amount
As at 31 March 2019	45,540,314	455
Changes in equity share capital during 2019-20	-	-
As at 31 March 2020	45,540,314	455
Changes in equity share capital during 2020-21	-	-
As at 31 March 2021	**45,540,314**	**455**

(b) Other equity

Description	Reserves and surplus					Other Reserves	Total
	Capital reserve (Refer note 11 (a))	Capital redemption reserve (Refer note 11 (b))	Revaluation reserve (Refer note 11 (c))	General reserve (Refer note 11 (d))	Retained earnings (Refer note 11 (e))	Equity instrument through Other Comprehensive Income (Refer note 11 (f))	
Balance as at 31 March 2019	503	64	12	4,519	5,799	4	10,901
Profit for the year	-	-	-	-	2,374	-	2,374
Other Comprehensive Income	-	-	-	-	(38)	(1)	(39)
Total comprehensive income for the year	-	-	-	-	**2,336**	**(1)**	**2,335**
Transactions with owners in their capacity as owners:							
Dividends paid (including dividend distribution tax)	-	-	-	-	(1,318)	-	(1,318)
Balance as at 31 March 2020	**503**	**64**	**12**	**4,519**	**6,817**	**3**	**11,918**
Balance as at 1 April 2020	503	64	12	4,519	6,817	3	11,918
Profit for the year	-	-	-	-	2,076	-	2,076
Other Comprehensive Income	-	-	-	-	(25)	*	(25)
Total comprehensive income for the year	-	-	-	-	**2,051**	-	**2,051**
Transactions with owners in their capacity as owners:							
Dividends paid (including dividend distribution tax)	-	-	-	-	(1,548)	-	(1,548)
Balance as at 31 March 2021	**503**	**64**	**12**	**4,519**	**7,320**	**3**	**12,421**

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

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

Anurag Khandelwal
Partner
Membership No. : 078571

Place: Gurugram
Date: 22 May 2021

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

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Chairman
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Rajiv Rajgopal
Managing Director
DIN : 06685599

Harshi Rastogi
Company Secretary
ACS 13642

Place: Gurugram
Date: 22 May 2021

NOTES

to the financial statements for the year ended 31 March 2021
(All amounts are in millions Indian ₹ unless otherwise stated)

Background

Akzo Nobel India Limited ('the Company') was incorporated in India on 12 March 1954 as Indian Explosives Limited. It is currently known as Akzo Nobel India Limited with effect from 15 February 2010 under Section 23(1) of the Companies Act, 1956. The Company is domiciled in India and is limited by shares. The registered office of the Company is situated in Kolkata (West Bengal). The Company is engaged in the business of manufacturing, trading and selling of paints and related products. The Company also provides research and development services to its holding company and other group companies.

Note: 1 Significant accounting policies

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

a) Basis of preparation

(i) Compliance with Ind AS

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

(ii) Historical cost convention

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

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

(iii) New and amended standards adopted by the Company

The Company has applied the following amendments to Ind AS for the first time for their annual reporting period commencing 1 April 2020:

- Definition of Material – amendments to Ind AS 1 and Ind AS 8
- Definition of a Business – amendments to Ind AS 103
- COVID-19 related concessions – amendments to Ind AS 116
- Interest Rate Benchmark Reform – amendments to Ind AS 109 and Ind AS 107

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

b) Foreign currency translation

(i) Functional and presentation currency

Items included in the 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.

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

c) Property, plant and equipment

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

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

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

Transition to Ind AS

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

Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised. Capital work-in-progress excluding capital advances includes property, plant and equipment under construction and not ready for intended use as on balance sheet date.

Depreciation methods and estimated useful lives

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

Particulars	Estimated Useful Life (in Years)
Buildings	10 - 60
Plant and machinery	15
Plant and machinery given under operating lease	10
Furniture and fixtures (at stores)	3
Furniture and fixtures (others)	10
Motor vehicles	5-7
Laboratory equipment	10
Office equipment	5
Data processing equipment	3 – 6

The above useful lives have been arrived at, based on the technical assessment of the management, and are currently reflective of the estimated actual usage of the property, plant and equipment. The assets' useful lives are reviewed at the end of each reporting period.

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

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

d) Impairment of property, plant and equipment and intangible assets

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

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

e) Intangible assets

(i) Customer relationships and Non-compete fees

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

(ii) Amortisation

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

Particulars	Estimated Useful Life (in Years)
Customer relationships	10
Non-compete fees	3

Transition to Ind AS

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

f) Financial assets

(i) Classification

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

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

- those measured at amortised cost.

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

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

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

(ii) Recognition

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

(iii) Measurement

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

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

Debt instruments

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

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

Trade Receivables

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

Cash and cash equivalents

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

Other bank balances

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

(iv) Impairment of financial assets

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

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

(v) Derecognition of financial assets

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

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

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

(vi) Income recognition

Interest income

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

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

Dividends

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

g Financial Liabilities

(i) Trade and other payables

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

(ii) Borrowings

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

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

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

h) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

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

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

i) Offsetting Financial Instruments

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

j) Inventories

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

k) Government grants

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

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

l) Provisions

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

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

m) Contingent liabilities

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

n) Employee benefits

(i) Short-term employee benefits

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

(ii) Post-employment benefits

The Company operates the following post-employment schemes:

Defined contribution plan

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

Defined benefit plans

Provident Fund –

The Company makes specified monthly contributions towards employees' provident fund to Trusts administered by the Company for certain employees. The minimum interest payable by the provident fund trusts to the beneficiaries every year is notified by the Government. The Company has an obligation to make good the shortfall of interest (basis the actuarial valuation), if any, as at the date of the balance sheet. The defined benefit obligation is calculated annually by an actuary using the projected unit credit method.

Gratuity and Pension –

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

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

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

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

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

Liability for unfunded post-retirement medical benefit is accrued on the basis of actuarial valuation as at the year-end using the projected unit credit method.

(iii) Other long-term employee benefit obligations

The liabilities for annual leave, pension scheme for certain employees and long-term service awards are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore accrued using actuarial valuations and are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period 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.

o) Revenue recognition

Sale of goods

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

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

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

Service revenue

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

Financing components

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

p) Income Taxes

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

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation 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.

q) Segment reporting

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

Identification of segments:

Results of the operating segments are reviewed regularly by the country leadership team (Managing Director, Chief Financial Officer, Head HR, Company Secretary) which has been identified as the chief operating decision maker (CODM), to assess the financial performance and position of the Company and make strategic decisions. Refer note 32 for reportable segments determined by the Company.

r) Leases

As a lessee

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

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

a. fixed payments (including in-substance fixed payments), less any lease incentives receivable

b. variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date

c. amounts expected to be payable by the Company under residual value guarantees

d. the exercise price of a purchase option if the Company is reasonably certain to exercise that option and

e. payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option

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

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

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

a. the amount of the initial measurement of lease liability

b. any lease payments made at or before the commencement date less any lease incentives received

c. any initial direct costs, and

d. restoration costs.

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

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

As a lessor

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

s) Earnings per share

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

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

t) Dividend

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

u) Exceptional Items

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

v) Rounding of amounts

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

Note 2: Critical estimates and judgements

The preparation of standalone financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policy. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the standalone financial statements.

Critical estimates and judgements

- Estimation of useful life of Property, Plant and Equipment (Refer note 3.1)
- Estimation of Employee benefit obligations (Refer note 34)
- Estimation for contingencies (Refer note 26)
- Customer Incentive (Refer note 18)
- Impairment of Trade receivable (Refer note 8.2)
- Inventory obsolescence (Refer note 7)

Estimates and judgements are continuously evaluated. They are based on historical experience and other factors including expectation of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. Also refer Note 39 related to COVID 19.

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to the financial statements for the year ended 31 March 2021

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

Note: 3.1 Property, plant and equipment

Particulars	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount	
	As at 31 March 2020	Additions	Deletions/ Adjustment	As at 31 March 2021	Up to 31 March 2020	Additions	Deletions/ Adjustment	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021
Tangible assets										
Land (Refer note 'a' and 'b' below)										
- Freehold	265	-	-	**265**	-	-	-	-	265	**265**
Buildings	2,179	16	*	**2,195**	422	90	*	**512**	1,757	**1,683**
Plant and Equipment										
- owned	3,130	125	(35)	**3,220**	1,316	331	(23)	**1,624**	1,814	**1,596**
- given under operating lease	1,199	166	(61)	**1,304**	605	80	(47)	**638**	594	**666**
Motor vehicles	3	-	-	**3**	2	*	-	**2**	1	**1**
Furniture and fixtures	324	1	*	**325**	209	29	*	**238**	115	**87**
Office equipment	87	11	*	**98**	46	25	*	**71**	41	**27**
Leasehold improvements	107	-	-	**107**	53	6	-	**59**	54	**48**
Data processing equipment	144	32	-	**176**	126	12	-	**138**	18	**38**
Total	**7,438**	**351**	**(96)**	7,693	**2,779**	**573**	**(70)**	3,282	**4,659**	4,411

Particulars	As at 31 March 2020	Addition	Deletion	As at 31 March 2021
Capital work-in-progress (Refer note 'c' below)	159	324	(318)	**165**

(a) The Company had received the final possession of leasehold land at Mysore from Karnataka Industrial Area Development Board (KIADB) in March 2016. The registration of lease deed in respect of the said land is pending finalisation with the authorities.

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

(c) Capital work in progress mainly comprises plant & machinery and building.

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

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

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

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

NOTES

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

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

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

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

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

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

(d) Capital work in progress mainly comprises plant & machinery and building.

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

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

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to the financial statements for the year ended 31 March 2021

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

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

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

Note 3.2 Leases

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

(i) Amounts recognised in balance sheet

The balance sheet shows the following amounts relating to leases:

Right-of-use assets	As at 31 March 2021	As at 31 March 2020
Building and warehouse leases	576	622
Land leases	368	371
Car Leases	10	9
Total	**954**	**1,002**

Lease liabilities	As at 31 March 2021	As at 31 March 2020
Current lease liabilities	128	111
Non-current lease liabilities	511	532
Total	**639**	**643**

Additions to the right-of-use assets during the current financial year were ₹ 328 (31 March 2020 ₹ 125).

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

Note: 3.2 Leases (contd..)

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

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

Depreciation charge on right-of-use assets	For the year ended 31 March 2021	For the year ended 31 March 2020
Land leases	1	1
Building and warehouse leases	165	158
Vehicle leases	5	5
Total	**171**	**164**

	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest expense (included in finance costs)	67	61
Expenses relating to short term leases (included in other expenses)	25	27
Total	**92**	**88**

The total cash outflow for leases including interest and short term leases ₹200 (31 March 2020 ₹ 249).

(iii) Variable lease payments

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

(iv) Extension and termination options

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

(v) Residual value guarantees

There are no residual value guaranteed in the lease contracts.

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to the financial statements for the year ended 31 March 2021

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

Note: 4. Intangible Assets

	Gross Carrying Amount				Accumulated Amortisation				Net Carrying Amount	
Particulars	**As at 31 March 2020**	**Additions**	**Deletions/ Adjustment**	**As at 31 March 2021**	**Upto 31 March 2020**	**Additions**	**Deletions/ Adjustment**	**As at 31 March 2021**	**As at 31 March 2020**	**As at 31 March 2021**
Intangible assets (Acquired)										
Customer Relationships	110	-	-	**110**	36	11	-	**47**	74	**63**
Non Compete Fees	9	-	-	**9**	9	-	-	**9**	-	**-**
Total	**119**	**-**	**-**	**119**	**45**	**11**	**-**	**56**	**74**	**63**

	Gross Carrying Amount				Accumulated Amortisation				Net Carrying Amount	
Particulars	**As at 31 March 2019**	**Additions**	**Deletions/ Adjustment**	**As at 31 March 2020**	**Up to 31 March 2019**	**Additions**	**Deletions/ Adjustment**	**As at 31 March 2020**	**As at 31 March 2019**	**As at 31 March 2020**
Intangible assets (Acquired)										
Customer Relationships	110	-	-	**110**	25	11	-	**36**	85	**74**
Non Compete Fees	9	-	-	**9**	7	2	-	**9**	2	**-**
Total	**119**	**-**	**-**	**119**	**32**	**13**	**-**	**45**	**87**	**74**

Pursuant to business transfer agreement with BASF India Private Limited, the Company had acquired Intangible assets with respect to customer relationships and non-compete fees during the year ended 31 March 2017. The estimate for the useful life for customer relationships is based on the expected economic benefits from such assets, however, which may be longer or shorter than 10 years, depending upon the customer attrition rate and competition. If it were only 5 years, the carrying amount would be ₹17 (₹ 38 as at 31 March 2020). If the useful life were estimated to be 15 years, the carrying amount would be ₹79 (₹ 86 as at 31 March 2020).

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

Note: 5.1 Non current financial assets- investments

	Number as at 31 March 2021	Number as at 31 March 2020	Face value ₹ per unit	As at 31 March 2021	As at 31 March 2020
(a) Investment in equity instruments (at FVTPL)					
Unquoted					
Adyar Property Holding Company Limited (paid up ₹ 65 per share)	**105**	105	100	*	*
Kohinoor Mills Limited (fully paid up)	**5**	5	100	*	*
Maneck-Chowk & Ahmedabad Manufacturing Co. Limited (fully paid up)	**144**	144	250	*	*
Paints and Coatings Skill Council (fully paid up)	**17**	17	25,000	*	*
(b) Investment in equity instruments (at FVOCI)					
Unquoted (fully paid up)					
Woodlands Multispecialty Hospital Limited (Refer note 'a' below)	**10,810**	10,810	10	**5**	5
(c) Investment in debentures and bonds (at Amortised Costs)					
Unquoted					
6.5% Bengal Chamber of Commerce and Industry	**19**	19	1,000	*	*
6% The Sholapoor Spinning & Weaving Company Ltd. (in Liquidation)	**523**	523	100	*	*
				5	**5**

	As at 31 March 2021	As at 31 March 2020
Aggregate amount of quoted investments and market value thereof	**-**	-
Aggregate value of unquoted investments	**5**	5
Aggregate amount of impairment in value of investments	**-**	-
	5	**5**

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

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

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

	Fair value at 31 March 2021	Dividend income recognised during 2020-21	Fair value at 1 April 2020	Dividend income recognised during 2019-20	Fair value at 1 April 2019
Woodlands Multispecialty Hospital Limited	**5**	**-**	5	-	6

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

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

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

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

	As at 31 March 2021	As at 31 March 2020
Fixed deposits	6	1
	6	1

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

Note: 5.3. Non current financial assets - Loans

	As at 31 March 2021	As at 31 March 2020
Loan given to employees (Refer note 'a' below)	4	4
Security deposits	79	85
Less : Loss allowance	(9)	(9)
	74	80
Break - up of security details		
Loans considered good - Secured	4	4
Loans considered good - Unsecured	79	85
Loans which have significant increase in credit risk	-	-
Loans credit impaired	-	-
Total	83	89
Less : Loss allowance	(9)	(9)
	74	80

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

Note: 6.1. Other non-current assets

	As at 31 March 2021	As at 31 March 2020
Capital Advances	1	12
Advances other than capital advances		
Indirect taxes recoverable		
- Considered good	92	90
- Considered doubtful	31	31
Less: Provision for doubtful indirect taxes recoverable	(31)	(31)
Retirement benefit trusts surplus (Refer note 34)	61	64
Advance to Customers	822	567
Miscellaneous	7	4
	983	737

Note: 6.2. Non current tax assets (net)

	As at 31 March 2021	As at 31 March 2020
Income tax {net of provision ₹ 14,827 (31 March 2020 ₹ 14,064)}	979	922
	979	922

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

Note: 7. Inventories

	As at 31 March 2021	As at 31 March 2020
Raw material (Refer note 'a' below)	**1,993**	1,523
Work in progress	**123**	135
Finished products (Refer note 'b' below)	**2,117**	2,019
Stock in trade (traded goods) (Refer note 'a' and 'b' below)	**639**	553
Stores and spares parts	**10**	7
	4,882	**4,237**
(a) Includes in-transit inventory:		
Raw materials	**10**	95
Stock in trade	**6**	134

(b) Finished products and stock-in-trade (traded goods) are written down by ₹19 (31 March 2020 ₹ 10) on account of cost or net realisable value, whichever is lower. These were recognised as an expense during the year and included in 'changes in inventories of finished products, work-in-progress and stock-in-trade' in the statement of profit and loss.

Note: 8.1. Current financial assets - Investments

	Number as at 31 March 2021	Number as at 31 March 2020	Face value ₹ per unit	As at 31 March 2021	As at 31 March 2020
(i) Investment in debentures and bonds (at Amortised Costs)					
Quoted					
Non-convertible redeemable bonds					
Rural Electrification Corporation Limited (zero coupon) (Refer note 'a' below)	-	29,450	13,580	-	835
				-	**835**

	As at 31 March 2021	As at 31 March 2020
Aggregate amount of quoted investments and market value thereof	-	835
Aggregate value of unquoted investments	-	-
Aggregate amount of impairment in value of investments	-	-
	-	**835**

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

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

Note: 8.2. Current financial assets - Trade receivables

	As at 31 March 2021	As at 31 March 2020
Trade receivable from contracts with customers	**4,111**	3,751
Trade receivable from contracts with customers - related parties (Refer note 33)	**273**	515
Less: Loss allowance	**(253)**	(305)
	4,131	**3,961**
Break - up of security details		
Trade receivables considered good - Secured	**273**	225
Trade receivables considered good - Unsecured	**4,111**	4,041
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - Credit impaired	-	-
Total	**4,384**	**4,266**
Less: Loss allowance	**(253)**	(305)
	4,131	**3,961**

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

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

	As at 31 March 2021	As at 31 March 2020
Balance with banks:		
- In current accounts	**454**	163
- In EEFC account	**228**	224
Deposits with maturity of less than three months	**702**	2,154
	1,384	**2,541**

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

Note: 8.4. Current financial assets - Other bank balances

	As at 31 March 2021	As at 31 March 2020
Fixed deposits (Refer note 'a' below)	**5,808**	2,813
Unpaid dividend accounts (Refer note 'b' below)	**133**	172
	5,941	**2,985**

(a) Fixed deposits include deposits held as margin money amounting to ₹ 7 (31 March 2020 ₹ 6) against various guarantees issued by banks on behalf of the Company in favour of Government authorities.

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

Note: 8.5. Current financial assets - Loans

	As at 31 March 2021	As at 31 March 2020
Loan given to employees (Refer note 'a' below)	*****	2
Security deposits	**15**	18
	15	**20**
Break - up of security details		
Loans considered good - Secured	*****	2
Loans considered good - Unsecured	**15**	18
Loans which have significant increase in credit risk	**-**	-
Loans Credit impaired	**-**	-
	15	**20**

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

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

Note: 8.6. Current financial assets - Others

	As at 31 March 2021	As at 31 March 2020
(Unsecured, considered good unless otherwise stated)		
Amount recoverable from related parties (Refer note 33)	*****	*
Government grant receivable	**87**	67
Derivatives not designated as hedges- forward contracts (Refer note 30)	**-**	3
	87	**70**

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

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

(b) Government grant relates to tax incentives receivable from the State Government of Madhya Pradesh in respect of the operations of the Company's factory at Gwalior. Refer note 19 for details.

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

Note: 9 Other current assets

	As at 31 March 2021	As at 31 March 2020
(Unsecured, considered good unless otherwise stated)		
Advances to suppliers		
- Considered good	63	149
- Considered doubtful	18	18
Less: Provision for doubtful advances	(18)	(18)
Advances to employees		
- Considered good	4	1
- Considered doubtful	2	3
Less: Provision for doubtful advances	(2)	(3)
Advances to Customers		
- Considered good	399	306
- Considered doubtful	28	5
Less: Provision for doubtful advances	(28)	(5)
Prepaid expenses	189	195
Indirect tax recoverable	376	194
Others	*	5
	1,031	850

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

Note: 10. Equity share capital

	As at 31 March 2021	As at 31 March 2020
Authorised:		
126,690,000 (31 March 2020 - 126,690,000) equity shares of ₹ 10 each	1,267	1,267
Issued, subscribed & fully paid up:		
45,540,314 (31 March 2020 - 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 2021		As at 31 March 2020	
	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. The repayment of equity share capital in the event of liquidation and buy back of shares are possible subject to prevalent regulations. In the event of liquidation, normally, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, if any, in proportion to their shareholding.

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

The ultimate holding company is Akzo Nobel N.V., The Netherlands, which does not hold any shares directly in the Company.

	As at 31 March 2021 No. of Shares	As at 31 March 2020 No. of Shares
Imperial Chemical Industries Limited, England	22,977,544	22,977,544
Akzo Nobel Coatings International B.V., The Netherlands	11,066,791	11,066,791
	34,044,335	34,044,335

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to the financial statements for the year ended 31 March 2021

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

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

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

	As at 31 March 2021		As at 31 March 2020	
	No. of Shares	% holding	No. of Shares	% holding
Imperial Chemical Industries Limited, England	**22,977,544**	**50.46%**	22,977,544	50.46%
Akzo Nobel Coatings International B.V., The Netherlands	**11,066,791**	**24.30%**	11,066,791	24.30%
	34,044,335	**74.76%**	**34,044,335**	**74.76%**

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

Note: 11. Other equity

	As at 31 March 2021	As at 31 March 2020
Capital reserve	**503**	503
Capital redemption reserve	**64**	64
Revaluation reserve	**12**	12
General reserve	**4,519**	4,519
Retained earnings	**7,320**	6,817
Other reserves		
Equity instruments through OCI	**3**	3
	12,421	**11,918**

	As at 31 March 2021	As at 31 March 2020
a Capital reserve	**503**	503
Pursuant to various amalgamation schemes executed in the previous years as per the requirement of Companies Act, 1956 and Court orders, the Company had created a capital reserve based on the differential between the net assets and liability acquired from the other party. 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 the period 2006-2019, the Company had created a capital redemption reserve in those years as per the regulatory requirements. There is no movement during the year.		
c Revaluation reserve	**12**	12
It represents revaluation of certain land acquired as part of amalgamation done with various companies in the previous periods.This reserve is not available for distribution as dividend.There is no movement during the year.		
d 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.		
e Retained earnings		
Balance at the beginning of the year	**6,817**	5,799
Net profit for the year	**2,076**	2,374
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligation, net of tax	**(25)**	(38)
Dividends (including dividend distribution tax)	**(1,548)**	(1,318)
Balance at the end of the year	**7,320**	**6,817**

Remeasurements of post-employment benefit obligation / (asset) comprises actuarial gains and losses and return on plan assets (excluding interest income).

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

Note: 11. Other equity (Contd..)

	As at 31 March 2021	As at 31 March 2020
f Other reserves		
Equity instruments through OCI		
Balance at the beginning of the year	**3**	4
Add: Fair value gain/(loss) on equity instruments for the year	*	(1)
Balance at the end of the year	**3**	**3**

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

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

Note 12 Non current financial liabilities - Others

	As at 31 March 2021	As at 31 March 2020
Security Deposits (Refer note 'a' below)	**183**	169
	183	**169**

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

Note: 13. Provisions

	Non- current		Current	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Employee benefits (Refer note 34)				
Pension	**14**	13	**-**	-
Gratuity	**228**	180	**1**	-
Leave obligations	**131**	115	**23**	24
Post retirement medical and others	**320**	304	**24**	23
Provident Fund	**33**	8	**-**	-
Long service award	**13**	12	**2**	1
Indirect taxes	**-**	-	**185**	188
Divested businesses	**-**	-	**58**	58
Others	**4**	1	**8**	14
	743	**633**	**301**	**308**

Additional disclosure relating to provisions:

(a) Movement in provisions:

For the year ended 31 March 2021	Class of provisions		
Particulars	**Indirect taxes**	**Divested business**	**Others**
Opening balance	188	58	15
Provision created during the year	-	-	-
Provision utilised / written back during the year	(3)	-	(3)
Closing balance	**185**	**58**	**12**

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

Note: 13. Provisions (Contd..)

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

(b) Nature of provisions:

(i) Indirect taxes

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

(ii) Divested businesses

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

(iii) Others

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

Note: 14. Income Tax

	As at 31 March 2021	As at 31 March 2020
A. Income tax expense		
Current tax expense		
Current tax on profits for the year (includes taxes of ₹ Nil relating to prior years, 31 March 2020 ₹ 1 relating to prior years written back)	763	930
Total current tax expense	**763**	**930**
Deferred tax		
Decrease (increase) in deferred tax assets	32	(67)
(Decrease) increase in deferred tax liabilities	(89)	(5)
Total deferred tax expense/(benefit)	**(57)**	**(72)**
Income tax expense	**706**	**858**

	For the year ended 31 March 2021	For the year ended 31 March 2020
B. Reconciliation of effective tax rate		
Profit before tax	2,782	3,232
Tax at the Indian tax rate of 25.168% (31 March 2020 - 25.168%)	700	813
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Long term capital gains taxed at different rate	-	(7)
Corporate social responsibility expenditure	15	11
Income tax provision of prior year	-	1
Non-taxable interest income on REC bond	(7)	(6)
Impact of change in income tax rate (Refer note 'a' below)	-	26
Others	(2)	20
	706	**858**

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

Note: 14. Income Tax (Contd..)

(a) **Impact of tax rate change**: The Company elected to exercise the option permitted under Section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has re-measured its Deferred Tax Assets (net) basis the rate prescribed in the said section. The full impact of this change was recognised in the statement of Profit & Loss during the year ended 31 March 2020.

	As at 31 March 2020	Recognised in P&L	Recognised in OCI	As at 31 March 2021
C. Movement in deferred tax balances				
Deferred tax liabilities				
Property, plant and equipment	262	(39)	-	**223**
Surplus payments to retirement trusts	16	(1)	-	**15**
Investments at fair value through OCI	2	-	*	**2**
Right-of-use assets	166	(12)	-	**154**
Others	53	(37)	-	**16**
Sub- total (a)	**499**	**(89)**	*****	**410**
Deferred tax assets				
Provision for doubtful debts and advances	94	(13)	-	**81**
Expenditure disallowed u/s 43B of Income Tax Act, 1961	182	20	8	**210**
Expenditure deductible under section 35 DDA of the Income Tax Act, 1961	22	(4)	-	**18**
Lease liabilities	162	(1)	-	**161**
Other disallowances under the Income Tax Act, 1961	155	(34)	-	**121**
Sub- total (b)	**615**	**(32)**	**8**	**591**
Net deferred tax liabilities/(assets) (a)-(b)	**(116)**	**(57)**	**(8)**	**(181)**

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

	As at 1 April 2019	Recognised in P&L	Recognised in OCI	As at 31 March 2020
D. Movement in deferred tax balances				
Deferred tax liabilities				
Property, plant and equipment	398	(136)	-	262
Surplus payments to retirement trusts	23	(7)	-	16
Investments at fair value through profit or loss	38	(38)	-	-
Investments at fair value through OCI	2	-	*	2
Right-of-use assets	-	166	-	166
Others	43	10		53
Sub- total (a)	**504**	**(5)**	*****	**499**
Deferred tax assets				
Provision for doubtful debts and advances	119	(25)	-	94
Expenditure disallowed u/s 43B of Income tax Act, 1961	208	(39)	13	182
Expenditure deductible under section 35 DDA of the Income Tax Act, 1961	-	22	-	22
Lease liabilities	-	162	-	162
Other disallowances under the Income Tax Act, 1961	208	(53)	-	155
Sub- total (b)	**535**	**67**	**13**	**615**
Net deferred tax liabilities/(assets) (a)-(b)	**(31)**	**(72)**	**(13)**	**(116)**

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

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

Note 15 Other non-current liabilities

	As at 31 March 2021	As at 31 March 2020
Deferred lease rentals (Refer note 'a' below)	**21**	31
Deferred government grant (Refer note 'b' below)	**40**	32
Others	**5**	3
	66	**66**

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

	As at 31 March 2021	As at 31 March 2020
(b) Opening balance of Deferred/(Accrued) Government grant	**32**	24
Add : Government grant receivable	**20**	17
Less : Government grant recognised during the year	**(12)**	(9)
Closing balance of (Deferred) /Accrued Government grant	**40**	**32**

Note: 16.1. Current financial liabilities - Trade payables

	As at 31 March 2021	As at 31 March 2020
Total outstanding dues of micro enterprises and small enterprises (Refer note 'b' below)	**77**	39
Total outstanding dues of creditors other than micro enterprises and small enterprises		
- Related Party Payables to various entities (Refer note 33)	**1,582**	2,001
- Acceptances	**482**	288
- Others	**5,844**	4,438
	7,985	**6,766**

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

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

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

	As at 31 March 2021	As at 31 March 2020
(i) the principal amount due thereon remaining unpaid to any supplier as at the end of the accounting year	**65**	30
(ii) the interest due thereon remaining unpaid to any supplier as at the end of the accounting year	*	*
(iii) the amount of interest paid by the buyer under MSMED Act 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	**247**	61
(iv) the amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act 2006 not paid)	**3**	1
(v) the amount of interest accrued and remaining unpaid at the end of the accounting year; and	**12**	9
(vi) the amount of further interest due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	**12**	9

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

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

Note: 16.2. Current financial liabilities - Others

	As at 31 March 2021	As at 31 March 2020
Security Deposits	**406**	402
Others		
Unpaid dividends (Refer note 'a' below)	**133**	172
Payable to employees	**202**	**316**
Capital creditors	**85**	18
Derivatives not designated as hedges- forward contracts (Refer note 30)	**1**	-
Retention money payable	**1**	2
	828	**910**

(a) 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 2021	As at 31 March 2020
Cash and cash equivalents	**1,384**	2,541
Current investments	**-**	835
Lease liabilites	**(639)**	(643)
Net Debt	**745**	**2,733**

	Other assets		Liabilities from financing activities	
	Cash and cash equivalents	Current investments	Lease liabilities	Total
Net Debt as on 1 April 2019	**324**	**2,995**	**(683)**	**2,636**
Cash Flow	2,217	(2,160)	161	218
Net acquisition lease	-	-	(121)	(121)
Interest expense	-	-	(61)	(61)
Interest paid	**-**	**-**	**61**	**61**
Net Debt as on 31 March 2020	2,541	835	(643)	2,733
Net debt as at 1 April 2020	**2,541**	**835**	**(643)**	**2,733**
Cash Flow	(1,157)	(835)	112	(1,880)
Net acquisition lease	-	-	(108)	(108)
Interest expense	-	-	(67)	(67)
Interest paid	-	-	67	67
Net Debt as on 31 March 2021	**1,384**	**-**	**(639)**	**745**

Note: 17. Other current liabilities

	As at 31 March 2021	As at 31 March 2020
Statutory liabilities	**344**	183
Liability towards customers	**60**	34
Deferred revenue (Refer note 'a' below)	**181**	318
Deferred lease rental (Refer note 'b' below)	**20**	19
Refund liabilities (Refer note 'c' below)	**1,058**	828
Others	**8**	4
	1,671	**1,386**

(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 ₹ 318 (31 March 2020 ₹ 358).

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

(c) When a customer has a right to return product within a given period, the Company recognises a refund liability for the amount of consideration received for which it does not expect to be entitled amounting to ₹22 (31 March 2020 ₹ 13). Refund Liabilities are also recognised for expected volume discount and other incentives payable to customers amounting to ₹1,036 (31 March 2020 ₹ 815) pending settlement.

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

Note: 18. Revenue from operations

	For the year ended 31 March 2021	For the year ended 31 March 2020
Revenue from contracts with customers		
- Sale of products	**23,512**	25,895
- Sale of services	**459**	404
Other operating revenue	**243**	319
	24,214	**26,618**

(a) The customer incentive is recognised based on purchases made by the customers and contractors in line with ongoing schemes and incentive programmes rolled out by the company. Judgements include past history of incentive, likelihood of achieving targets, other variable inputs etc. Changes in assumptions about these factors could affect the reported accrual of customer incentive. Revenue are net of incentives to customers and contractors amounting to ₹ 5,807 (31 March 2020 ₹ 6,058).

Reconciliation of revenue recognised with contract price	For the year ended 31 March 2021	For the year ended 31 March 2020
Contract price	**29,778**	**32,357**
Adjustments :		
Deferred revenue	**(64)**	(130)
Refund liability	**(1,058)**	(828)
Incentive to customers	**(4,685)**	(5,100)
Revenue from operations	**23,971**	**26,299**

	For the year ended 31 March 2021	For the year ended 31 March 2020
(b) Breakup of other operating revenue		
Duty drawback on exports	**3**	8
Lease rentals	**147**	178
Scrap sales	**35**	19
Business auxiliary services	**55**	86
Provision/liabilities no longer required written back	**2**	21
Miscellaneous income	**1**	7
	243	**319**

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

Note: 19. Other Income

	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest income from financial assets at amortised cost - Bonds	48	64
Gain on sale of investments	-	52
Net foreign exchange differences	-	7
Government grants (Refer note 'a' below)	12	9
Interest income:		
- on income tax refund	-	66
- on fixed deposits	147	172
- on others	4	4
Net gain on termination of leases	17	-
Miscellaneous income	4	2
	232	376

(a) Government grants are related to investments of the Company in property, plant and equipment of the manufacturing plant set up in a backward area at Malanpur, Gwalior, India. There are no unfulfilled conditions or other contingencies attached to these grants. The Company did not benefit directly from any other forms of government assistance. Also Refer note 8.6 and 15.

Note: 20. Cost of materials consumed

	For the year ended 31 March 2021	For the year ended 31 March 2020
Raw material as at the beginning of the year	1,523	1,464
Add: Purchases	12,132	12,068
Less: Raw material as at the end of the year	(1,993)	(1,523)
Total cost of materials consumed	11,662	12,009

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

	For the year ended 31 March 2021	For the year ended 31 March 2020
Inventory at the beginning of the year		
- Finished products	2,019	2,152
- Stock-in-trade	553	209
- Work-in-progress	135	87
	2,707	2,448
Inventory at the end of the year		
- Finished products	2,117	2,019
- Stock-in-trade	639	553
- Work-in-progress	123	135
	2,879	2,707
(Increase)/ decrease in inventory	(172)	(259)

Note: 22. Employee benefits expense

	For the year ended 31 March 2021	For the year ended 31 March 2020
Salaries, wages and bonus	2,273	2,266
Contribution to provident and other funds (Refer note 34)	155	167
Other long-term employee benefits	19	21
Staff welfare expenses	64	97
	2,511	2,551

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

Note: 23. Finance costs

	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest and finance charges on financial liabilities not at FVTPL	**15**	24
Interest on delayed payment of income tax	**-**	3
Interest and finance charges on lease liabilities (Refer note 3.2)	**67**	61
Unwinding of interest on security deposit and finance lease obligations	**18**	4
Others	**3**	1
	103	**93**

Note: 23.1. Depreciation and amortisation expense

	For the year ended 31 March 2021	For the year ended 31 March 2020
Depreciation of property, plant and equipment (Refer note 3.1)	**573**	613
Depreciation of right-of-use-assets (Refer note 3.2)	**171**	164
Amortisation of intangible assets (Refer note 4)	**11**	13
	755	**790**

Note: 24. Other expenses

	For the year ended 31 March 2021	For the year ended 31 March 2020
Stores and spare parts consumed	**32**	29
Repairs and maintenance		
- Plant and Machinery	**231**	242
- Others	**20**	34
Power and fuel	**126**	158
Travelling	**136**	306
Rates and taxes	**31**	61
Rent	**25**	27
Insurance	**121**	114
Freight and transport	**1,164**	1,301
Advertisement and publicity	**537**	882
Royalty	**834**	800
Consultancy charges	**119**	169
Net foreign exchange differences	**67**	-
Payments to the auditor (Refer note 'a' below)	**14**	15
Corporate social responsibility expenditure (Refer note 'b' below)	**59**	59
IT support & maintenance	**274**	256
Warehouse charges	**243**	293
Provision for doubtful debts and advances (Refer note 'c' below)	**(7)**	90
Loss on sale of property, plant and equipment (net)	**26**	-
Sub contracting charges	**402**	505
Miscellaneous expenses	**614**	510
	5,068	**5,851**

	For the year ended 31 March 2021	For the year ended 31 March 2020
(a) Details of payments to auditors (Refer note 'i' below)		
Statutory audit for the year	**6**	6
Limited reviews	**2**	2
Other audit related services	**6**	5
Reimbursement of expenses	*****	2
	14	**15**

(i) Excluding Goods and Service Tax

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

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

Note: 24. Other expenses (Contd..)

	For the year ended 31 March 2021	For the year ended 31 March 2020
(b) Corporate social responsibility expenditure		
Vocational Skill Training	29	36
Promoting Education	12	14
COVID19 Relief Work	9	-
Promoting Preventive Healthcare	3	3
Road Safety Awareness	1	2
Others	5	4
	59	**59**
Amount required to be spent as per section 135 of the Act	59	56
Amount spent during the year on		
i) Construction/acquisition of an asset	1	-
ii) On purposes other than (i) above	58	59

Details of ongoing CSR Projects under Section 135 (6) of the Act

Balance as at 1 April 2020		Amount required to be spent during the year	Amount spent during the year		Balance as on 31 March 2021	
With the company	In separate CSR Unspent account		From the Company bank account	From Separate CSR unspent Account	With the Company	In separate CSR unspent account
-	-	44	44	-	-	-

Details of CSR expenditure under Section 135 (5) of the Act in respect to other than ongoing projects

Balance unspent as on 1 April 2020	Amount deposited in Specified Fund of Schedule VII of the Act within 6 months	Amount required to be spent during the year	Amount spent during the year	Balance unspent as on 31 March 2021
-	-	15	15	-

Details of excess CSR expenditure under Section 135 (5) of the Act

Balance excess spent as at 1 April 2020	Amount required to be spent during the year	Amount spent during the year	Balance excess spent as on 31 March 2021
-	-	-	-

(c) Excluding bad debts written off during the year amounting to ₹ 23 (31 March 2020 ₹ 58)

Note: 25. Exceptional items (net)

	For the year ended 31 March 2021	For the year ended 31 March 2020
Indirect tax provision related to divested business no longer required written back (Refer note 13 (a))	-	35
Voluntary Retirement Scheme (Refer note 'a' below)	-	(87)
	-	**(52)**

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

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

Note: 26. Contingent liabilities :

	As at 31 March 2021	As at 31 March 2020
(a) Claims against the Company not acknowledged as debts	60	115

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

	As at 31 March 2021	As at 31 March 2020
(b) Contingent liability of direct and indirect tax		
Income tax matters in dispute / under appeal (Refer note 'i' below)	562	1,439
Sales tax/VAT matters under appeal	160	144
Excise and Service Tax matters in dispute / under appeal	134	104
	856	1,687

(i) The Income tax assessments for the Company have been completed up to the financial year ended 31 March 2016 and demands aggregating from such assessments and appellate orders amount to ₹562 (31 March 2020 - ₹1,439). The Company as well as the Income tax department have filed appeals on various matters arising from these assessments. Based on the available documentation and tax experts view, the Company has created provisions wherever required and for the balance matters, it believes that more likely than not, these disputes would not result in additional outflow of resources.

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

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

(c) The Supreme Court of India has passed an order dated 28 February 2019 in the matter of The Regional Provident Fund Commissioner (II) West Bengal vs. Vivekananda Vidyamandir & Ors in Civil Appeal No. 6221 of 2011 and few other linked cases. In the said order, the Supreme Court has clarified the definition of the Basic Wage under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the management, the aforesaid matter is not likely to have a significant financial impact and accordingly, no provision has been made in these financial statements. The Company will continue to monitor and evaluate its position based on future events and developments.

(d) There are no contingent assets as at 31 March 2021 and as at 31 March 2020.

Note: 27. Capital and other commitments

	As at 31 March 2021	As at 31 March 2020
Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	123	56
Liability on partly paid investment: Adyar Property Holding Company Limited	*	*

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

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

Note: 28. Earnings per share

	As at 31 March 2021	As at 31 March 2020
Weighted average number of shares outstanding the during the year	45,540,314	45,540,314
Net profit after tax available for equity shareholders	2,076	2,374
Basic earning per share (in ₹) [Face value of ₹ 10 each]	45.60	52.13
Diluted earning per share (in ₹) [Face value of ₹ 10 each]	45.60	52.13

Note 29 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 2021	As at 31 March 2020
Within one year	106	150
Later than one year and not later than five years	72	100
Later than five years	*	*
	178	250

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

Note 30. Fair Value Measurements

a) Financial instruments by category

	As at 31 March 2021			As at 31 March 2020		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial Assets						
Investments in Equity shares	*	5	-	*	5	-
Investments in Bonds	-	-	-	-	-	835
Loans	-	-	89	-	-	100
Other financial assets	-	-	87	-	-	67
Other financial assets - Foreign exchange forward contracts	-	-	-	3	-	-
Trade receivables	-	-	4,131	-	-	3,961
Cash and cash equivalents	-	-	1,384	-	-	2,541
Other bank balances	-	-	5,947	-	-	2,986
Total Financial Assets	*	5	11,638	3	5	10,490
Financial Liabilities						
Trade payables	-	-	7,985	-	-	6,766
Other financial liabilities	-	-	1,010	-	-	1,079
Other financial liabilities - Foreign exchange forward contracts	1	-	-	-	-	-
Total Financial Liabilities	1	-	8,995	-	-	7,845

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

Note 30. Fair Value Measurements (Contd..)

b) Fair value measurement hierarchy for assets and liabilities

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

Financial assets and liabilities measured at fair value as at 31 March 2021

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

Financial assets and liabilities measured at fair value as at 31 March 2020

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

Notes:

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

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

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

c) Valuation techniques used to determine fair value

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

- Unquoted equity shares – The valuation model is based on market multiples derived from quoted prices and price earning multiples of companies comparable to the investee and the net 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.

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

Note 30. Fair Value Measurements (Contd..)

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

d) Valuation processes

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

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

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

- the use of quoted market prices / dealer quotes / profit earning (PE) for similar instruments
- Risk adjustments specific to the counterparties (including assumptions about credit default rates) are derived from credit risk grading determined by the Company's internal credit risk management.
- Earnings growth factor for unlisted equity securities are estimated based on market information for similar types of companies.

e) Financial assets and liabilities measured at amortised cost

Fair value of financial assets and liabilities measured at amortised cost

	As at 31 March 2021		As at 31 March 2020		
	Carrying amount	Fair value	Carrying amount	Fair value	Level
Financial Assets					
Investments in Bonds	-	-	835	835	3
Loans	89	90	100	102	3
Other financial assets	87	87	67	67	3
Trade receivables	4,131	4,131	3,961	3,961	3
Cash and cash equivalents	1,384	1,384	2,541	2,541	3
Other bank balances	5,947	5,947	2,986	2,986	3
Total Financial Assets	**11,638**	**11,639**	**10,490**	**10,492**	
Financial Liabilities					
Trade payables	7,985	7,985	6,766	6,766	3
Other financial liabilities	1,010	1,051	1,079	1,129	3
Total Financial Liabilities	**8,995**	**9,036**	**7,845**	**7,895**	

a) The carrying amounts of investments in bonds, loans, trade receivables, other financial assets, trade payables, other bank balances and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

b) The fair values for security deposits are calculated based on cash flows discounted using a current lending rate. The fair values of non-current borrowings are based on discounted cash flows using current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

c) The fair values of financial assets and financial liabilities recorded in the balance sheet in respect of which quoted prices in active markets are available are measured using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Note 30. Fair Value Measurements (Contd..)

Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company's activities expose it to credit risk, liquidity risk and market risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortised cost.	Aging analysis Credit ratings	Diversification of bank deposits, credit limits and letters of credit
Liquidity risk	Other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – foreign exchange	Future commercial transactions Recognised financial assets and liabilities not denominated in Indian rupee	Cash flow forecasting Sensitivity analysis	Forward foreign exchange contracts

In order to minimise any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contracts are entered to hedge certain foreign currency risk exposures on account of expenditure in foreign currencies and earnings in foreign exchange (export of goods, service income, etc.).The Company does not enter into any derivative instruments for trading or speculative purposes or for highly probable forecast transactions.

The Company follows a forex risk management policy under which all material foreign currency exposures are hedged through forward covers to protect against swings in exchange rates.

The Company's risk management is carried out by a central treasury department / finance team under policies approved by the board of directors.

i. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.The carrying amounts of financial assets represent the maximum credit risk exposure.

A default on a financial asset is when the counterparty fails to make contractual payments as per agreed terms. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

Trade and other receivables

Credit risk refers to the risk of default on its obligation by the counterparty resulting in financial loss. The maximum exposure to the credit risk at the reporting date is primarily from Trade Receivable amounting to ₹ 4,131 and ₹ 3,961 as at 31 March 2021 and 31 March 2020 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

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

Note 30. Fair Value Measurements (Contd..)

are regularly monitored. The Company closely monitors the acceptable financial counterparty credit ratings and credit limits and revise where required in line with the market circumstances. Due to the geographical spread and the diversity of the Company's customers, the Company is not subject to any significant concentration of credit risks at balance sheet date.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are combined into homogenous entities and assessed for impairment collectively. The calculation is based on credit losses historical data. The Company has evaluated that the concentration of risk with respect to trade receivables to be low.

Trade and other receivables are written off when there is no reasonable expectation of recovery post identification on case to case basis.

On account of adoption of IndAS 109, the Company uses a simplified approach (lifetime expected credit loss model) for the purpose of computation of expected credit loss for trade receivables. Specific case to case provision is made in respect of credit impaired customers.

Reconciliation of loss allowance provision – Trade receivables

	As at 31 March 2021	As at 31 March 2020
Opening balance	305	274
Changes in loss allowance (net)	(52)	31
Closing balance	**253**	**305**

Reconciliation of loss allowance provision – Other receivables

	As at 31 March 2021	As at 31 March 2020
Opening balance	9	8
Changes in loss allowance (net)	-	1
Closing balance	**9**	**9**

Significant Estimates: The impairment provisions for financial assets disclosed above are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109, "Financial Instruments", which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Cash and cash equivalents, short term investments and derivatives

For short-term investments, counterparty limits are in place to limit the amount of credit exposure to any one counterparty. For derivative and financial instruments, the Company attempts to limit the credit risk by only dealing with reputable banks and financial institutions having high credit-ratings assigned by international credit-rating agencies.

ii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

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

Note 30. Fair Value Measurements (Contd..)

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

	Contractual cash flows					
	Total	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
As at 31 March 2021						
Non-derivative financial liabilities						
Lease liabilities (including interest)	1,078	95	89	169	299	426
Trade and other payables	7,985	7,985	-	-	-	-
Other financial liabilities	1,010	792	35	99	60	24
Derivative financial liabilities						
Forward exchange contracts	1	1	-	-	-	-

	Contractual cash flows					
	Total	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
As at 31 March 2020						
Non-derivative financial liabilities						
Lease liabilities (including interest)	1,128	99	96	165	343	425
Trade and other payables	6,766	6,766	-	-	-	-
Other financial liabilities	1,079	744	166	55	89	25
Derivative financial liabilities						
Forward exchange contracts	-	-	-	-	-	-

The gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

	As at 31 March 2021	As at 31 March 2020
Borrowing facilities		
- Expiring within one year (bank overdraft facilities)	**706**	722

iii. Market risk

Market risk is the risk that arises from 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.

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

Note 30. 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 2021 and 31 March 2020 are reinstated in millions Indian Rupees which is stated below :

As at 31 March 2021	USD	Euro	Other
Financial assets			
Trade and other receivables	198	117	1
Balance in EEFC account	228	-	-
Derivative Assets			
Foreign Exchange Forward Contracts-Sell Foreign Currency	-	-	-
Net Exposure to Foreign Currency Risk (Assets)	**426**	**117**	**1**
Financial liabilities			
Trade and other payables	986	444	77
Derivative liabilities			
Foreign Exchange Forward Contracts-Buy Foreign Currency	(663)	(176)	-
Net Exposure to Foreign Currency Risk (Liabilities)	**323**	**268**	**77**

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

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars/EURO as at year end would have affected the measurement of financial instruments denominated in US dollars /EURO or other currencies and affected profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Impact on Profit after tax	
Effect in INR	**Increase**	**Decrease**
31 March 2021		
10% movement		
USD	8	(8)
Euro	(11)	11
Others	(6)	6
	(9)	**9**
31 March 2020		
10% movement		
USD	(13)	13
Euro	(26)	26
Others	(13)	13
	(52)	**52**

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

Note 30. Fair Value Measurements (Contd..)

iv. Price risk

The Company's exposure to equity securities price risk arises from investments held by the Company and classified in the balance sheet either as fair value through OCI or at fair value through profit or loss.To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

The Company considers factors such as long term credit rating, tenor of investment, minimum assured return, monetary limits,etc. while investing.

Sensitivity analysis

The table below summarises the impact of increases/decreases of the index on the Company's profit for the period. The analysis is based on the assumption that the equity index had increased by 10% or decreased by 10% with all other variables held constant, and that all the Company's equity instruments moved in line with the index.

	Impact on Profit after tax	
Effect in INR	**31 March 2021**	**31 March 2020**
Increase 10%	-	63
Decrease 10%	-	(63)

Profit for the period would increase/decrease as a result of gains/losses on equity securities classified as at fair value through profit or loss.

31. Capital management

For the purpose of the Company's capital management, capital includes issued equity share capital and all other equity reserves attributable to the equity holders of the Company. The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2020 and 31 March 2021.

	For the year ended 31 March 2021	For the year ended 31 March 2020
The following dividends were declared and paid by the Company during the year:		
31 March 2020 ₹ 14 per equity share (31 March 2019 ₹ 24 per equity share)	638	1,093
Dividend distribution tax on dividend to equity shareholders	-	225
Interim dividend for the year 31 March 2021 ₹20 per share (31 March 2020 ₹ Nil per share)	910	-
	1,548	**1,318**

In addition to the above dividend, directors have recommended the payment of dividend of ₹ 30 per equity share (31 March 2020 ₹ 14 per equity share). The proposed dividend is subject to the approval of shareholders in the ensuing Annual General Meeting.

Dividend not recognised at the end of the Reporting period	For the year ended 31 March 2021	For the year ended 31 March 2020
31 March 2021 ₹30 per equity share (31 March 2020 ₹ 14 per equity share)	1,366	638
	1,366	**638**

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

32 Segment Information

A. General Information

The chief operating decision maker (CODM) (i.e. the country leadership team comprising Managing Director, Chief Financial Officer, Head HR, Company Secretary) examines the Company's performance as a single unit (Coatings consisting of decorative, automotive and industrial paints and related activities). Therefore, there is no separate reportable segment for the Company.

B. Entity wide disclosures

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Revenue from operations		
Domestic	23,283	25,765
Overseas	931	853
Total	**24,214**	**26,618**

Revenue from overseas customers includes ₹ 413 (31 March 2020 ₹ 368) from Akzo Nobel Car Refinishes B.V., Netherlands.

Particulars	As at 31 March 2021	As at 31 March 2020
Non current segment assets		
Domestic	6,515	6,568
Overseas	-	-

Break up of non current assets is as follows:

Particulars	As at 31 March 2021	As at 31 March 2020
Property, plant and equipment	4,411	4,659
Right-of-use assets	954	1,002
Capital work-in-progress	165	159
Intangible Assets	63	74
Other non-current assets (excluding retirement benefit trust surplus)	922	674
Total	**6,515**	**6,568**

C. Information about major customers

No external customer individually accounted for more than 10% of the revenues during the year ended 31 March 2021 and 31 March 2020.

NOTES

to the financial statements for the year ended 31 March 2021

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

Note: 33. Related Party Disclosures

1. (a) The Company is controlled by:

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

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

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

(b) The Company controls the following related party:

ICI India Research and Technology Centre*

(c) Fellow subsidiaries:

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

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

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

(d) Key Management Personnel

Mr. Amit Jain - Chairman
Mr. Rajiv Rajgopal- Managing Director
Mr. Lakshay Kataria - Wholetime Director and CFO
Mr. Oscar Wezenbeek - Non-Executive Director (from 4 May 2019)
Mr. Hemant Sahai- Independent Director
Mr. Arvind Uppal - Independent Director
Mr. Raj S Kapur - Independent Director (upto 14 August 2019)
Ms. Kimsuka Narsimhan - Independent Director (upto 14 August 2019)
Mr. Rahul Bhatnagar - Independent Director (from 16 August 2019)
Ms. Smriti Vijay - Independent Director (from 16 August 2019)
Mr. R Guha - Company Secretary (upto 29 February 2020)
Ms. Harshi Rastogi - Company Secretary (from 1 March 2020)

(e) Employee benefit trusts

Pension trusts

ICI's Associated Companies in India Employees Pension Fund
ICI India Management Staff Pension Fund
Akzo Nobel India Employees Pension Scheme
Akzo Nobel Coatings Employees Superannuation Fund

Gratuity Trusts

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

Provident Fund Trusts

The Alkali and Chemical Corporation of India Limited Provident Fund
ICI India Staff Provident Fund
ICI's Associated Companies in India Staff Provident Fund

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

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

	Akzo Nobel N.V., Netherlands	Imperial Chemical Industries Limited, England	Akzo Nobel Coatings International B.V.	Fellow Subsidiaries of the Company	Key Management Personnel	Employee Benefit Trusts	ICI India Research & Technology Centre
	2020-21	2020-21	2020-21	2020-21	2020-21	2020-21	2020-21
	(2019-20)	(2019-20)	(2019-20)	(2019-20)	(2019-20)	(2019-20)	(2019-20)
a) Transactions during the year							
Purchase of materials / finished goods	-	-	-	1,110	-	-	-
	-	-	-	(1,238)	-	-	-
Sale of finished goods	-	-	-	310	-	-	1
	-	-	-	(260)	-	-	(2)
Expenses incurred and recovered/recoverable from other Companies (Income)	*	-	-	171	-	-	8
	(*)	(*)	-	(78)	-	(1)	(1)
Expenses reimbursed to other Companies (Expense)	-	-	-	13	-	-	6
	-	-	-	(21)	-	-	(1)

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

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

	Akzo Nobel N.V., Netherlands	Imperial Chemical Industries Limited, England	Akzo Nobel Coatings International B.V.	Fellow Subsidiaries of the Company	Key Management Personnel	Employee Benefit Trusts	ICI India Research & Technology Centre
	2020-21	2020-21	2020-21	2020-21	2020-21	2020-21	2020-21
	(2019-20)	(2019-20)	(2019-20)	(2019-20)	(2019-20)	(2019-20)	(2019-20)
Royalty	-	-	834	-	-	-	-
	-	-	(800)	-	-	-	-
Dividend paid	-	781	376	-	-	-	-
	-	(551)	(266)	-	-	-	-
Services provided (Income)	44	-	-	413	-	-	-
	(79)	-	-	(370)	-	-	-
Services received (expenses)	276	-	-	130	-	-	6
	(243)	-	-	(101)	-	-	(9)
Managerial remuneration							
Short-term employee benefits	-	-	-	-	74	-	-
	-	-	-	-	(41)	-	-
Post employment benefits	-	-	-	-	6	-	-
	-	-	-	-	(3)	-	-
Other long - term benefits	-	-	-	-	7	-	-
	-	-	-	-	(3)	-	-
Guarantee issued on behalf of the Company for credit facilities from banks	850	-	-	-	-	-	-
	(850)	-	-	-	-	-	-

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

	Akzo Nobel N.V., Netherlands	Imperial Chemical Industries Limited, England	Akzo Nobel Coatings International B.V.	Fellow Subsidiaries of the Company	Key Management Personnel	Employee Benefit Trusts	ICI India Research & Technology Centre
	2020-21	2020-21	2020-21	2020-21	2020-21	2020-21	2020-21
	(2019-20)	(2019-20)	(2019-20)	(2019-20)	(2019-20)	(2019-20)	(2019-20)
b) Balances as at the end of the year							
Dues to related parties	353	-	479	748	27	-	2
	(271)	(34)	(503)	(1,187)	(37)	-	(6)
Dues from related parties	2	-	-	271	-	-	-
	(12)	-	-	(503)	-	-	-
c) Share Capital outstanding as at end of the year	-	230	111	-	-	-	-
	-	(230)	(111)	-	-	-	-

Terms and conditions of transactions with related parties

- The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and settlement occurs in cash.
- There have been no guarantees provided or received for any related party receivables or payables.
- For the year ended 31 March 2021 (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 2019-20

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

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

d) Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the respective year.

	For the year ended 31 March 2021	For the year ended 31 March 2020
Purchase of materials / finished goods		
PT Akzo Nobel Car Refinishes Indonesia	303	370
Akzo Nobel Hilden GmbH	-	237
Others	807	631
	1,110	1,238
Sales of finished goods		
Akzo Nobel Paints Vietnam Ltd	58	32
PT ICI Paints Indonesia	62	45
Akzo Nobel LLC	60	10
Akzo Nobel Paints (Malaysia) Sdn. Bhd.	34	45
International Paint of Shanghai Co Ltd	-	30
Akzo Nobel Paints (Thailand) LTD.	-	34
Others	97	66
	311	262
Expenses incurred and recovered/recoverable from other Companies (Income)		
Akzo Nobel Global Business Services LLP	160	61
Akzo Nobel UAE Paints L.L.C.	-	9
Others	19	10
	179	80
Expenses reimbursed to other Companies (Expense)		
Akzo Nobel Paints (Singapore) Pte. Ltd.	11	21
ICI R&T India	6	-
Others	2	1
	19	22
Royalty		
Akzo Nobel Coatings International B.V.	834	800
	834	800
Dividend paid (Excluding dividend distribution tax)		
Imperial Chemical Industries Limited, England	781	551
Akzo Nobel Coatings International B.V.	376	266
	1,157	817
Services provided (Income)		
Akzo Nobel Car Refinishes B.V.	413	368
Akzo Nobel N.V.	44	79
Others	-	2
	457	449
Services received (Expense)		
Akzo Nobel N.V. Netherlands	276	243
Akzo Nobel Global Business Services LLP	130	100
Others	6	10
	412	353
Managerial remuneration		
Mr. Rajiv Rajgopal	52	24
Mr. Lakshay Kataria	19	14
Others	16	9
	87	47

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

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

	As at 31 March 2021	As at 31 March 2020
Dues to related parties		
Akzo Nobel Coatings International B.V.	**479**	503
Akzo Nobel N.V.	**353**	271
PT. Akzo Nobel Car Refinishes Indonesia	**163**	253
Others	**614**	1,011
	1,609	**2,038**
Dues from related parties		
Akzo Nobel Car Refinishes B.V.	**116**	285
Akzo Nobel Global Business Services LLP	**58**	71
Akzo Nobel Paints Vietnam Ltd	**28**	-
Others	**71**	159
	273	**515**
Share capital outstanding		
Imperial Chemical Industries Limited, England	**230**	230
Akzo Nobel Coatings International B.V.	**111**	111
	341	**341**

Note 34. Employee benefits

Defined benefit plans

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

The liability or asset recognised in the balance sheet in respect of defined benefit pension, provident fund and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuary using the projected unit credit method. The Gratuity Plan provides a lump sum payment to vested employees as per Payment of Gratuity Act, 1972 at retirement, disability or termination of employment being an amount based on the respective employee's last drawn salary and the number of years of employment with the Company. Also Refer note 26 (c).

Post-employment medical benefits

The Company provides post-retirement healthcare benefits to 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. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the period in which they arise.

Defined contribution plans

Defined contribution plans are provident fund scheme, superannuation scheme and part of the pension fund scheme for eligible employees. The Company recognises contribution payable to the respective employee benefit fund scheme as an expenditure, as and when they are due. The Company has no further payment obligations once the contributions have been made. Also Refer note 26 (c).

Other long-term employee benefit obligations

The liabilities for annual leave, pension scheme for certain employees and long term service awards are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore accrued using actuarial valuations and are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

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

Note 34. Employee benefits (Contd..)

Significant Estimates : Employee benefit obligations are determined using actuarial valuations. An actuarial valuation involves making appropriate assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

	Gratuity		Pension		Post Retirement Medical Benefit		Provident Fund	
	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2020
(A) Employee benefit expense recognised in statement of profit and loss								
(a) Current service cost	**49**	48	**1**	2	**3**	2	**74**	74
(b) Interest cost (net)	**11**	9	**(4)**	(5)	**20**	20	**1**	17
(c) Past service cost - plan amendments	**-**	-	**-**	-	**-**	-	**-**	-
Total expense / (gain)	**60**	**57**	**(3)**	**(3)**	**23**	**22**	**75**	**91**
Remeasurements recognised directly in other comprehensive income								
(a) Return on plan assets (greater)/less than discount rate	**(22)**	(12)	**(11)**	(6)	**-**	-	**(56)**	(14)
(b) Actuarial (gains) / losses								
- from changes in demographic assumptions	**-**	-	**-**	-	**-**	-	**-**	-
- from changes in financial assumptions	**7**	(3)	**2**	8	**7**	30	**58**	(1)
- experience adjustments	**16**	24	**(6)**	(7)	**9**	14	**19**	32
(c) Adjustment for limit on net asset	**-**	-	**10**	11	**-**	-	**-**	(25)
Total expense / (gain)	**1**	**9**	**(5)**	**6**	**16**	**44**	**21**	**(8)**

	Gratuity		Pension		Post Retirement Medical Benefit		Provident Fund	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
(B) Net Asset / (Liability) as at year end								
(a) Present value of obligations as at year end	**581**	509	**94**	117	**344**	327	**1,480**	1,246
(b) Fair value of plan assets as at year end	**352**	329	**247**	257	**-**	-	**1,447**	1,238
(c) Fair value of plan assets, limited to present value of future contributions	**352**	329	**155**	181	**-**	-	**1,447**	1,238
Net Asset / (Liability) (b)-(a)	**(229)**	**(180)**	**153**	**140**	**(344)**	**(327)**	**(33)**	**(8)**
Net Asset / (Liability) recognised in Balance Sheet (c)-(a)	**(229)**	**(180)**	**61**	**64**	**(344)**	**(327)**	**(33)**	**(8)**
(Refer below details for amount recognised in balance sheet)								
Provision in Balance Sheet (Refer note 13)								
Current	**(1)**	-	**-**	-	**(24)**	(23)	**-**	-
Non-Current	**(228)**	(180)	**-**	-	**(320)**	(304)	**(33)**	(8)
	(229)	**(180)**	**-**	**-**	**(344)**	**(327)**	**(33)**	**(8)**

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Note 34. Employee benefits (Contd..)

	Gratuity		Pension		Post Retirement Medical Benefit		Provident Fund	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Retirement Benefit Trust Surplus (Refer note 6)								
Current	-	-	-	-	-	-	-	-
Non-Current	-	-	61	64	-	-	-	-
	-	-	61	64	-	-	-	-
Net Asset / (Liability) recognised in Balance Sheet								
Current	(1)	-	-	-	(24)	(23)	-	-
Non-Current	(228)	(180)	61	64	(320)	(304)	(33)	(8)
	(229)	(180)	61	64	(344)	(327)	(33)	(8)

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 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
(C) Change in defined benefit obligations during the year								
Present value of obligations at beginning of the year	509	454	117	121	327	291	1,246	996
(a) Current service cost	49	48	2	2	3	2	74	74
(b) Interest cost	30	31	6	8	20	20	80	93
(c) Benefits paid	(30)	(39)	(26)	(15)	(21)	(28)	(111)	(168)
(d) Actuarial (gains) / losses	23	22	(5)	1	15	43	78	29
(e) Liabilities extinguished on settlements	-	-	-	-	-	-	-	-
(f) Employee Contributions	-	-	-	-	-	-	101	99
(g) Transfer In/(Out)	-	(7)	-	-	-	(1)	-	123
(h) Other Adjustments	-	-	-	-	-	-	12	-
(i) Past service cost - plan amendments	-	-	-	-	-	-	-	-
Present value of obligations at end of the year	581	509	94	117	344	327	1,480	1,246
(D) Change in fair value of plan assets during the year								
Fair value of plan assets as at beginning of the year	329	310	257	249	-	-	1,238	1,020
(a) Return on plan assets (greater)/less than discount rate	22	12	11	6	-	-	56	14
(b) Interest income on plan assets	20	22	15	17			79	77
(c) Company contributions	-	-	-	-	-	-	72	73
(d) Employee Contributions	-	-	-	-			101	99
(e) Benefits paid	(19)	(15)	(26)	(15)	-	-	(111)	(168)
(f) Adjustment of defined contribution	-	-	-	-	-	-	12	-
(g) Actuarial gains / (losses)	-	-	-	-	-	-	-	-
(h) Transfer In/(Out)	-	-	-	-	-	-	-	123
(i) Acquisition cost	-	-	(10)	-	-	-	-	-
Fair value of plan assets	352	329	247	257	-	-	1,447	1,238
(E) Change in Irrevocable Surplus								
Irrevocable Surplus as at the beginning of the year	-	-	76	61	-	-	-	25
(a) Interest in Irrevocable Surplus	-	-	5	4	-	-	-	-
(b) Change in Irrevocable Surplus in excess of interest	-	-	11	11	-	-	-	(25)
Irrevocable Surplus as at the end of the year	-	-	92	76	-	-	-	-
(F) Expected maturity analysis of undiscounted defined benefit plans								
Less than a year	80	75	18	36	24	23	240	29
Between 1-2 years	81	71	16	17	25	24	221	23
Between 2-5 years	236	213	42	38	74	74	474	35
Over 5 years	398	360	43	39	118	126	977	158
Total	795	719	119	130	241	247	1,912	245

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

Note 34. Employee benefits (Contd..)

	Gratuity		Pension		Post Retirement Medical Benefit		Provident Fund	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
(G) Weighted Average Duration	**6**	6	**6**	6	**6**	6	**6**	6
(H) Sensitivity Analysis								
Discount Rate (%age)								
Effect of DBO due to 0.5% increase in Discount Rate	**-2.9%**	-2.9%	**-4.3%**	-4.3%	**-5.8%**	-4.9%	**-**	-
Effect of DBO due to 0.5% decrease in Discount Rate	**3.1%**	2.9%	**4.3%**	4.3%	**5.6%**	5.5%	**-**	-
Salary Escalation Rate (%age)								
Effect of DBO due to 0.5% increase in Salary Escalation Rate	**2.9%**	2.9%	**-**	-	**-**	-	**-**	-
Effect of DBO due to 0.5% decrease in Salary Escalation Rate	**-2.9%**	-2.8%	**-**	-	**-**	-	**-**	-
Medical Inflation Rate (%)								
Effect on DBO due to 0.5% increase in Medical Inflation	**-**	-	**-**	-	**4.8%**	4.6%	**-**	-
Effect on DBO due to 0.5% decrease in Medical Inflation	**-**	-	**-**	-	**-4.4%**	-4.3%	**-**	-
Mortality Rate (%)								
Effect on DBO if Post Retirement Medical Rates are scaled up by one year	**-**	-	**-**	-	**-4.7%**	-4.6%	**-**	-
Effect on DBO if Post Retirement Medical Rates are scaled down by one year	**-**	-	**-**	-	**4.9%**	4.9%	**-**	-

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet. The method and type of assumptions used in preparing the sensitivity analysis did not change as compared to previous year.

(I) Other long-term employee benefit obligations out of which the current portion of obligations is the expected amount to be settled in next twelve months.

	As at 31 March 2021	As at 31 March 2020
Long service award obligation		
Current	**(2)**	(1)
Non-Current	**(13)**	(12)
Total	**(15)**	**(13)**
Leave obligation		
Current	**(23)**	(24)
Non-Current	**(131)**	(115)
Total	**(154)**	**(139)**
Pension obligation		
Current	**-**	-
Non-Current	**(14)**	(13)
Total	**(14)**	**(13)**

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

Note 34. Employee benefits (Contd..)

(J) Expected contributions to defined benefit plans for the year ending 31 March 2022 is ₹ 181 (31 March 2021 ₹ 157).

(K) Major category of plan assets

	Gratuity				Pension			
	As at 31 March 2021		As at 31 March 2020		As at 31 March 2021		As at 31 March 2020	
	%	Amount	%	Amount	%	Amount	%	Amount
Government of India Securities (Central and State)	9%	32	10%	32	23%	56	22%	56
High Quality Corporate Bonds (including Public sector bonds)	9%	30	11%	35	23%	57	22%	55
Cash (including special deposits)	2%	7	1%	4	14%	33	19%	48
Scheme of Insurance-conventional Products	30%	106	30%	100	-	-	-	-
Scheme of Insurance-ULIP products	46%	162	43%	143	-	-	-	-
Others	4%	15	5%	15	40%	101	37%	98
	100%	352	100%	329	100%	247	100%	257

Major category of plan assets

	Provident Fund			
	As at 31 March 2021		As at 31 March 2020	
	%	Amount	%	Amount
Government of India Securities (Central and State)	50%	711	46%	558
High Quality Corporate Bonds (including Public sector bonds)	32%	476	38%	484
Cash (including special deposits)	6%	87	9%	109
Others	12%	173	7%	87
	100%	1447	100%	1238

Actuarial Assumptions

	2020-21	2019-20
Discount Rate (annual)	6.00%	6.20%
Salary growth rate	7.00%	7.00%
Expected rate of return (annualised)	7.65%	8.00%
Medical Inflation Rate	8.00%	8.00%

(L) Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset Volatility : The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a return lesser than the yield. Most of the plan asset investments are in fixed income securities with high grades and in government securities. These are subject to interest rate risk and the fund manages interest rate risk to minimise risk to an acceptable level.

Changes in bond yields : The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

Inflation risks : In the pension plans, the pensions in payment are not linked to inflation, so this is a less material risk.

Life expectancy : The pension and medical plan obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant where inflationary conditions result in higher sensitivity to changes in life expectancy.

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

Note 34. Employee benefits (Contd..)

The Company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the employee benefit plans. Within this framework, the Company's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due.

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

Note 35. Change in accounting policies :

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

Impact on the financial statements — lessee accounting

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

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

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

(i) Practical expedients applied

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

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

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

(ii) Measurement of lease liabilities

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

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

Note 35. Change in accounting policies : (contd..)

(iii) Measurement of right-of-use assets

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

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

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

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

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

(v) Lessor accounting

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

Note 36. Managerial remuneration paid by erstwhile Akzo Nobel Coatings India Private Limited ("AN Coatings"), since amalgamated with the Company, for the years ended 31 March 1999 and 31 March 2000 was in excess of limits prescribed under the Companies Act,1956 by an amount of ₹ 10. AN Coatings had, therefore, made applications with the Central Government for approval of the excess remuneration paid, for which response is awaited.

Note 37. The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under section 92-92F of The Income Tax Act, 1961. Since the law requires such information and documentation to be contemporaneous in nature, the Company is in process of updating the documentation of international transactions with the Associated Enterprises during the financial year and expects such records to be in existence latest by the due date of filing the return of income. The management is of the opinion that its international transactions are at arm's length so that aforesaid legislation will not have any material impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

Note 38. The Company has revised useful lives of certain assets with effect from 1 April 2020 based on their expected period of use and physical condition, which has resulted in reduction in depreciation and amortisation expense by ₹ 90 for the year ended 31 March 2021 with corresponding impact on profit before tax.

Note 39. COVID-19

The outbreak of Covid-19 pandemic has created economic disruption throughout the world including India. The operations of the Company were significantly impacted earlier during the year due to supply chain disruptions caused by lock down of plants, offices and warehouses. The Company continues to carry its operations in a manner consistent with the directives from the government and local authorities, and continues to ensure compliance with the necessary protocols. The Company has evaluated the effects of Covid-19 on its operations and financial position. Based on its review of the macro economic conditions and current outlook for the Indian economy, there is no additional impact on financial statements apart from those already considered in the financial statements of the Company as at 31 March 2021. However, given the evolving scenario and uncertainties with respect to its nature and duration, the impact may be different from estimates as on the date of approval of financial statements. The Company will continue to monitor any material changes to its future business and economic conditions.

Note 40. Previous year figures have been regrouped and reclassified where ever necessary to conform to the current year classifications.

As per our report of even date attached.

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

Anurag Khandelwal
Partner
Membership No. : 078571

Place: Gurugram
Date: 22 May 2021

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

Amit Jain
Chairman
DIN : 01770475

Rajiv Rajgopal
Managing Director
DIN : 06685599

Lakshay Kataria
Wholetime Director and CFO
DIN : 08345477

Harshi Rastogi
Company Secretary
ACS 13642

Place: Gurugram
Date: 22 May 2021

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Akzo Nobel India Limited (hereinafter referred to as the "Holding Company") and its subsidiary (Holding Company and its subsidiary together referred to as "the Group"), (refer Note 1(b) to the attached consolidated financial statements), which comprise the Consolidated Balance Sheet as at 31 March 2021, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the consolidated financial statements").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2021, of consolidated total comprehensive income (comprising profit and other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

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

Emphasis of Matter

4. We draw your attention to Note 40 to the consolidated financial statements, which describes the management's assessment of the impact of outbreak of Coronavirus (Covid-19) on the business operations of the Group. The management believes that no adjustments, other than those already considered, are required in the consolidated financial statements as it does not impact the current financial year, however, in view of the various preventive measures taken (such as lock-down restrictions by the government authorities, travel restrictions etc.) and highly uncertain economic environment, a definitive assessment of the impact on subsequent periods is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

Key Audit Matters

5. 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.

Description of the key audit matters	How our audit addressed the key audit matters
A. Revenue recognition including variable consideration [Refer to Notes 1(p) (Significant accounting policies) and 18 (Revenue from operations) to the consolidated financial statements] The Holding Company recognises revenues when control of the goods is transferred to the customer at an amount that reflects the net consideration, which the Holding Company expects to receive for those goods from customers. The sales arrangements are voluminous and in determining the sales price, the Holding Company considers the effects of variable consideration requiring estimation, which creates complexities and application of significant effort and judgment.	Our audit procedures included, among others the following: • We assessed the design and tested the operating effectiveness of internal controls related to recognition of revenue including variable consideration. • We performed test for a sample of individual sales transaction by comparing the underlying sales invoices, sales orders and dispatch documents to assess that revenue is recognised on transfer of control over those goods to the customer. • We tested on a sample basis rebates and discount provided to the customers, comparing the same with underlying approvals. • We read and assessed the relevant disclosures made in the consolidated financial statements.

Description of the key audit matters	How our audit addressed the key audit matters
Considering these judgements, estimates and the risk associated with revenue recognition, the matter has been determined to be a key audit matter.	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.
B. Assessment of ongoing income tax and indirect tax litigations [Refer to Notes 1(m) and 1(n) (Significant accounting policies), Note 26 (b) (Contingent liabilities), Note 6.2 [Non-current tax assets(net)], Note 13 (Provisions) to the consolidated financial statements] As at 31 March 2021, the Holding Company is subjected to a number of significant income tax litigations relating to disallowance of expenses, transfer pricing adjustments etc. and indirect tax litigations relating to taxable turnover, availability of statutory forms etc. (together referred to as “litigations”). These matters are in appeal before various judicial forums. The eventual outcome of these litigations is uncertain and the positions taken by the management are based on the application of significant judgement and estimation. The review of these matters requires application and interpretation of tax laws and reference to applicable judicial pronouncements.	Our procedures on the management’s assessment of these matters included: • Understanding and evaluating process and controls designed and implemented by the management including testing of relevant controls; • Gaining an understanding of the tax related litigations through discussions with the management, including the significant developments, additions and settlements during the year and subsequent to the year end; • Inspecting demand notices received from tax authorities and evaluating the Holding Company’s response to those matters; • Obtaining independent confirmations from the Holding Company’s external tax experts including the status of the significant litigations, their views regarding the likely outcome and magnitude of the potential exposure; • Evaluating the management’s assessment on the likely outcome and potential magnitude by involving auditor’s experts on complex or significant matters as considered necessary; and

Description of the key audit matters	How our audit addressed the key audit matters
Based on management judgement and the advice from external legal and tax consultants and considering the merits of the case, the Holding Company has recognised provisions wherever required and for the balance matters, where the management expects favourable outcome, these litigations have been disclosed as contingent liabilities in the consolidated financial statements unless the possibility of outflow of resources is considered to be remote. Given the uncertainty and application of significant judgment in this area in terms of the eventual outcome of litigations, we determined this to be a key audit matter.	• Assessing the adequacy of the Holding Company’s disclosures. We did not identify any significant exceptions to the management’s assessment of the ongoing income tax and indirect tax litigations as a result of the above procedures.

Other Information

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

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

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

   We have nothing to report in this regard.

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

7. The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated cash flows, and consolidated changes in equity of the Group including in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group 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.

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

15. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

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

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

    (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated financial statements.

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

    (e) On the basis of the written representations received from the directors of the Holding Company and its subsidiary as on 31 March 2021 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 2021 from being appointed as a director in terms of Section 164(2) of the Act.

    (f) With respect to the maintenance of accounts and other matters connected therewith, reference is made to our comment in paragraph 15(b) above that the back-up of the books of account and other books and papers maintained in electronic mode has not been maintained on servers physically located in India.

    (g) With respect to the adequacy of internal financial controls with reference to consolidated financial statements of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A".

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

        i. The consolidated financial statements disclose the impact, if any, of pending litigations on the consolidated financial position of the Group – Refer Note 26(a) and 26 (b) to the consolidated financial statements.

        ii. The Group had long-term contracts as at 31 March 2021 for which there were no material foreseeable losses. The Group did not have any long-term derivate contracts as at 31 March 2021.

        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India.

        iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group for the year ended 31 March 2021.

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

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

Anurag Khandelwal
Partner
Membership Number: 078571
UDIN: 21078571AAAABA2924

Place: Gurugram
Date: 22 May 2021

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Annexure A

Referred to in paragraph 15(g) of the Independent Auditors' Report of even date to the members of Akzo Nobel India Limited on the consolidated financial statements for the year ended 31 March 2021

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

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2021, we have audited the internal financial controls with reference to financial statements of Akzo Nobel India Limited (hereinafter referred to as "the Holding Company") and its subsidiary company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding company and its subsidiary company, to whom reporting under clause (i) of sub-section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements is applicable, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

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

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override

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

Opinion

8. In our opinion, the Holding Company and its subsidiary company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. Also refer paragraph 4 of the main audit report.

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

Anurag Khandelwal
Partner
Membership Number: 078571
UDIN: 21078571AAAABA2924

Place: Gurugram
Date: 22 May 2021

CONSOLIDATED BALANCE SHEET

All amounts are in millions Indian ₹ unless otherwise stated)	Notes	As at 31 March 2021	As at 31 March 2020
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	**4,413**	4,659
Right-of-use assets	3.2	**954**	1,002
Capital work-in-progress	3.1	**165**	159
Intangible assets	4	**63**	74
Financial assets			
(i) Investments	5.1	**5**	5
(ii) Other bank balances	5.2	**6**	1
(iii) Loans	5.3	**74**	80
Deferred tax assets (net)	14	**181**	116
Other non-current assets	6.1	**983**	737
Non current tax assets (net)	6.2	**979**	922
Total non-current assets		**7,823**	**7,755**
Current assets			
Inventories	7	**4,882**	4,237
Financial assets			
(i) Investments	8.1	**-**	835
(ii) Trade receivables	8.2	**4,131**	3,961
(iii) Cash and cash equivalents	8.3	**1,391**	2,545
(iv) Bank balances other than (iii) above	8.4	**5,941**	2,985
(v) Loans	8.5	**15**	20
(vi) Other financial assets	8.6	**87**	70
Other current assets	9	**1,031**	850
Total current assets		**17,478**	15,503
Total assets		**25,301**	**23,258**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	10	**455**	455
Other equity	11	**12,428**	11,925
Total equity		**12,883**	**12,380**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Lease liabilities	3.2	**511**	532
(ii) Other financial liabilities	12	**183**	169
Provisions	13	**745**	634
Other non-current liabilities	15	**66**	66
Total non-current liabilities		**1,505**	**1,401**
Current liabilities			
Financial liabilities			
(i) Lease liabilities	3.2	**128**	111
(ii) Trade payables	16.1		
- Total outstanding dues of micro enterprises and small enterprises		**77**	39
- Total outstanding dues of creditors other than micro enterprises and small enterprises		**7,907**	6,722
(iii) Other financial liabilities	16.2	**828**	910
Provisions	13	**301**	308
Other current liabilities	17	**1,672**	1,387
Total current liabilities		**10,913**	**9,477**
Total liabilities		**12,418**	**10,878**
Total equity and liabilities		**25,301**	**23,258**

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

As per our report of even date attached.

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

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

Anurag Khandelwal
Partner
Membership No. : 078571

Amit Jain
Chairman
DIN : 01770475

Rajiv Rajgopal
Managing Director
DIN : 06685599

Lakshay Kataria
Wholetime Director and CFO
DIN : 08345477

Harshi Rastogi
Company Secretary
ACS 13642

Place: Gurugram
Date: 22 May 2021

Place: Gurugram
Date: 22 May 2021

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(All amounts are in millions Indian ₹ unless otherwise stated)	Notes	For the year ended 31 March 2021	For the year ended 31 March 2020
Revenue from operations	18	**24,214**	26,618
Other income	19	**232**	376
Total income		**24,446**	**26,994**
Expenses			
Cost of materials consumed	20	**11,662**	12,009
Purchases of stock-in-trade		**1,737**	2,675
Changes in inventories of finished products, work-in-progress and stock-in-trade	21	**(172)**	(259)
Employee benefits expense	22	**2,518**	2,558
Finance costs	23	**103**	93
Depreciation and amortisation expense	23.1	**755**	790
Other expenses	24	**5,061**	5,844
Total expenses		**21,664**	**23,710**
Profit before exceptional items and tax		**2,782**	**3,284**
Exceptional items (net)	25	**-**	(52)
Profit before tax		**2,782**	**3,232**
Income tax expense:			
Current tax (includes taxes of ₹ Nil relating to prior years written back, 31 March 2020 ₹ 1)	14	**763**	930
Deferred tax		**(57)**	(72)
Total tax expense		**706**	**858**
Profit after tax for the year (A)		**2,076**	**2,374**
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent years:			
Remeasurement of defined benefit plans	34	**(33)**	(51)
Changes in fair value of equity instruments at FVOCI	5.1	*****	(1)
Income tax relating to these items			
Income tax relating to remeasurement of defined benefit plans	14	**8**	13
Income tax relating to fair value of equity shares at FVOCI		*****	*
Total other comprehensive income for the year (B)		**(25)**	**(39)**
Total comprehensive income for the year (A + B)		**2,051**	**2,335**
*Amount is below rounding off norms, adopted by the Group			
Earnings per share for profit attributable to owners of Akzo Nobel India Limited:	28		
Basic earning per share (in ₹) [Face value of ₹ 10 each]		**45.60**	52.13
Diluted earning per share (in ₹) [Face value of ₹ 10 each]		**45.60**	52.13

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

As per our report of even date attached.

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

Anurag Khandelwal
Partner
Membership No. : 078571

Place: Gurugram
Date: 22 May 2021

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

Amit Jain
Chairman
DIN : 01770475

Rajiv Rajgopal
Managing Director
DIN : 06685599

Lakshay Kataria
Wholetime Director and CFO
DIN : 08345477

Harshi Rastogi
Company Secretary
ACS 13642

Place: Gurugram
Date: 22 May 2021

CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts are in millions Indian ₹ unless otherwise stated)	For the year ended 31 March 2021	For the year ended 31 March 2020
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	**2,782**	3,232
Adjustments for:		
Depreciation and amortisation expense	**755**	790
Loss on sale of property, plant and equipment (net)	**26**	-
Adjustment on termination of leases (net)	**(17)**	-
Exceptional items (net)	**-**	52
Provision for inventory obsolescence	**(4)**	72
Provision for doubtful debts and advances	**(7)**	90
Net foreign exchange differences	**18**	4
Provision/liabilities no longer required written back	**(2)**	(21)
Government grants	**(12)**	(9)
Interest income	**(151)**	(242)
Interest income from financial assets at amortised cost - Bonds	**(48)**	(64)
Gain on sale of investments	**-**	(52)
Finance costs	**103**	93
Operating Profit before working capital changes	**3,443**	**3,945**
Movements in working capital:		
(Increase) / Decrease in trade receivables	**(166)**	419
(Increase) / Decrease in inventories	**(641)**	(390)
(Increase) / Decrease in loans	**11**	3
(Increase) / Decrease in other financial assets	**3**	12
(Increase) / Decrease in other assets	**(460)**	283
Increase / (Decrease) in trade payables	**1,228**	666
Increase / (Decrease) in other financial liabilities	**(114)**	*
Increase / (Decrease) in provisions	**71**	32
Increase / (Decrease) in other liabilities	**277**	(116)
Net cash generated from operations	**3,652**	**4,854**
Income taxes paid	**(820)**	(1,113)
Net cash inflow from operating activities (A)	**2,832**	**3,741**
B CASH FLOW FROM INVESTING ACTIVITIES		
Payments for purchase of property, plant and equipment	**(281)**	(478)
Payments for purchase of investments	**-**	(2,930)
Proceeds from sale of investments	**835**	5,976
Fixed deposits balances with banks	**(3,021)**	(2,600)
Interest received	**218**	76
Net cash inflow / (outflow) from investing activities (B)	**(2,249)**	**44**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts are in millions Indian ₹ unless otherwise stated)	For the year ended 31 March 2021	For the year ended 31 March 2020
C CASH FLOW FROM FINANCING ACTIVITIES		
Principal element of lease payments	**(112)**	(161)
Dividend paid	**(1,548)**	(1,098)
Dividend distribution tax paid	**-**	(225)
Interest paid	**(77)**	(89)
Net cash (outflow) from financing activities (C)	**(1,737)**	**(1,573)**
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**(1,154)**	**2,212**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**2,545**	333
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	*****	*
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**1,391**	**2,545**

Non-cash investing activities		
- Acquisition of right-of-use assets	**328**	125

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

Notes:

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

(ii) Amounts in brackets represent a cash outflow or a loss.

(iii) Components of cash and cash equivalents are as under:

Balances with banks		
- In current account	**461**	167
- In EEFC account	**228**	224
Deposits with maturity of less than three months	**702**	2,154
Cash and cash equivalents (Refer note 8.3)	**1,391**	**2,545**

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

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

Anurag Khandelwal
Partner
Membership No. : 078571

Amit Jain
Chairman
DIN : 01770475

Rajiv Rajgopal
Managing Director
DIN : 06685599

Lakshay Kataria
Wholetime Director and CFO
DIN : 08345477

Harshi Rastogi
Company Secretary
ACS 13642

Place: Gurugram
Date: 22 May 2021

Place: Gurugram
Date: 22 May 2021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 march 2021

(a) Equity share capital

(All amounts are in millions Indian ₹ unless otherwise stated)	Number of Shares	Amount
As at 31 March 2019	45,540,314	455
Changes in equity share capital during 2019-20	-	-
As at 31 March 2020	45,540,314	455
Changes in equity share capital during 2020-21	-	-
As at 31 March 2021	**45,540,314**	**455**

(b) Other equity

	Reserves and surplus					Other Reserves	
Description	**Capital reserve (Refer note 11 (a))**	**Capital redemption reserve (Refer note 11 (b))**	**Revaluation reserve (Refer note 11 (c))**	**General reserve (Refer note 11 (d))**	**Retained earnings (Refer note 11 (e))**	**Equity instrument through Other Comprehensive Income (Refer note 11 (f))**	**Total**
Balance as at 31 March 2019	503	64	12	4,519	5,806	4	10,908
Profit for the year	-	-	-	-	2,374	-	2,374
Other Comprehensive Income	-	-	-	-	(38)	(1)	(39)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**2,336**	**(1)**	**2,335**
Transactions with owners in their capacity as owners:							
Dividends paid (including dividend distribution tax)	-	-	-	-	(1,318)	-	(1,318)
Balance as at 31 March 2020	**503**	**64**	**12**	**4,519**	**6,824**	**3**	**11,925**
Balance as at 1 April 2020	**503**	**64**	**12**	**4,519**	**6,824**	**3**	**11,925**
Profit for the year	**-**	**-**	**-**	**-**	**2,076**	**-**	**2,076**
Other Comprehensive Income	-	-	-	-	(25)	*	(25)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**2,051**	**-**	**2,051**
Transactions with owners in their capacity as owners:							
Dividends paid (including dividend distribution tax)	-	-	-	-	(1,548)	-	(1,548)
Balance as at 31 March 2021	**503**	**64**	**12**	**4,519**	**7,327**	**3**	**12,428**

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

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

Anurag Khandelwal
Partner
Membership No. : 078571

Place: Gurugram
Date: 22 May 2021

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

Amit Jain
Chairman
DIN : 01770475

Rajiv Rajgopal
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DIN : 06685599

Lakshay Kataria
Wholetime Director and CFO
DIN : 08345477

Harshi Rastogi
Company Secretary
ACS 13642

Place: Gurugram
Date: 22 May 2021

Background

Akzo Nobel India Limited ('the Company') was incorporated in India on 12 March 1954 as Indian Explosives Limited. It is currently known as Akzo Nobel India Limited with effect from 15 February 2010 under Section 23(1) of the Companies Act, 1956. The registered office of the Company is situated in Kolkata (West Bengal). The Group (The Company and its subsidiary) is engaged into 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 subsidiary Company – ICI India Research & Technology Centre – conducts research activity on behalf of the Company and receives contributions to the extent of costs incurred on such research activity.

Note: 1. Significant accounting policies

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

a) Basis of preparation

(i) Compliance with Ind AS

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

(ii) Historical cost convention

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

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

(iii) New and amended standards adopted by the Group

The Group has applied the following amendments to Ind AS for the first time for their annual reporting period commencing 1 April 2020:

- Definition of Material – amendments to Ind AS 1 and Ind AS 8
- Definition of a Business – amendments to Ind AS 103
- COVID-19 related concessions – amendments to Ind AS 116
- Interest Rate Benchmark Reform – amendments to Ind AS 109 and Ind AS 107

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

b) Principles of consolidation

The consolidated financial statements have been prepared on the following basis:

Subsidiary: Subsidiary is an entity over which group has a control. The Group controls an entity when the group is exposed to, or has rights to, variable return from its involvement with the entity and has the ability to affect those returns through its powers to direct the relevant activities of the entity. Subsidiary is fully consolidated from the date on which the control is transferred to the group.

The Group (the Company and its subsidiary) combines the financial statements of the parent and its subsidiary line-by-line basis by adding together like items of assets, liabilities, income and expenses after eliminating intra-group balances and intra-group transactions and unrealised gains or losses.

c) Foreign currency translation

(i) Functional and presentation currency

Items included in the 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.

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

d) Property, plant and equipment

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

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

Transition to Ind AS

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

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

Capital work-in-progress excluding capital advances includes property, plant and equipment under construction and not ready for intended use as on balance sheet date.

Depreciation method and estimated useful lives

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

Particulars	Estimated Useful Life (in Years)
Buildings	10-60
Plant and machinery	15
Plant and machinery given under operating lease	6
Furniture and fixtures (at stores)	3
Furniture and fixtures (others)	10
Motor vehicles	5-7
Laboratory equipment	10
Office equipment	5
Data processing equipment	3-6

The above useful lives have been arrived at, based on the technical assessment of the management, and are currently reflective of the estimated actual usage of the property, plant and equipment. The assets' useful lives are reviewed at the end of each reporting period.

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

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

e) Impairment of assets, property, plant and equipment and intangibles 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 an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

f) Intangible assets

(i) Customer relationships and Non-compete fees

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

(ii) Amortisation

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

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

Transition to Ind AS

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

g) Financial assets

(i) Classification

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

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

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

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

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

(ii) Recognition

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

(iii) Measurement

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

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

Debt instruments

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

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses). Impairment losses are presented as separate line item in the statement of profit and loss.

- **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the asset's cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the statement of profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit and loss.

- **Fair value through profit or loss (FVTPL):** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

Trade Receivables

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

Cash and cash equivalents

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

Other bank balances

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

(iv) Impairment of financial assets

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

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

(v) Derecognition of financial assets

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

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

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

(vi) Income recognition

Interest income

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

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

Dividends

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

h) Financial Liabilities

(i) Trade and other payables

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

(ii) Borrowings

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

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

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

i) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

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

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

j) Offsetting Financial Instruments

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

k) Inventories

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

l) Government grants

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

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

m) Provisions

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

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

n) Contingent liabilities

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

o) Employee benefits

(i) Short-term employee benefits

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

(ii) Post-employment benefits

The Group operates the following post-employment schemes:

Defined contribution plan

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

Defined benefit plans

Provident Fund -

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

Gratuity and Pension -

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

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

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

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

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

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

(iii) Other long-term employee benefit obligations

The liabilities for annual leave, pension scheme for certain employees and long-term service awards are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore accrued using actuarial valuations and are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period 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 obligations are presented as current liabilities in the balance sheet as the Group does not have an unconditional legal and contractual right to defer settlement for a period beyond twelve months after the reporting period.

p) Revenue recognition

Sale of goods

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

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

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

Service revenue

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

Financing components

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

q) Income Taxes

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

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

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

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

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

r) Segment reporting

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

Identification of segments:

Results of the operating segments are reviewed regularly by the country leadership team (Managing Director, chief financial officer, business heads, Head HR) which has been identified as the chief operating decision maker (CODM), to assess the financial performance and position of the Group and make strategic decision. Refer note 32 for reportable segments determined by the Group.

s) Leases

As a lessee

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

However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

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

a. fixed payments (including in -substance fixed payments), less any lease incentives receivable

b. variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date

c. amounts expected to be payable by the Group under residual value guarantees

d. the exercise price of a purchase option if the Group is reasonably certain to exercise that option and

e. payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option

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

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

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

a. the amount of the initial measurement of lease liability

b. any lease payments made at or before the commencement date less any lease incentives received

c. any initial direct costs, and

d. restoration costs.

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

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

As a lessor

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

t) Earnings per share

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

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

u) Dividend

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

v) Exceptional items

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

w) Rounding of amounts

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

Note: 2. Critical estimates and judgements

The preparation of consolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policy. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the consolidated financial statements.

Critical estimates and judgements

- Estimation of useful life of Property, Plant and Equipment (Refer note 3.1)
- Estimation of Employee benefit obligations (Refer note 34)
- Estimation for contingencies (Refer note 26)
- Customer Loyalty Incentive (Refer note 18)
- Impairment of Trade receivable (Refer note 8.2)
- Inventory obsolescence (Refer note 7)

Estimates and judgements are continuously evaluated. They are based on historical experience and other factors including expectation of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances. Also refer Note 40 related to COVID 19.

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

Note: 3.1. Property, plant and equipment

Particulars	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount	
	As at 31 March 2020	Additions	Deletions/ Adjustment	As at 31 March 2021	Up to 31 March 2020	Additions	Deletions/ Adjustment	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021
Tangible assets										
Land (Refer note 'a' and 'b' below)										
- Freehold	265	-	-	**265**	-	-	-	**-**	265	**265**
Buildings	2,179	16	*	**2,195**	422	90	*	**512**	1,757	**1,683**
Plant and Equipment										
- owned	3,130	125	(35)	**3,220**	1,316	331	(23)	**1,624**	1,814	**1,596**
- given under operating lease	1,199	166	(61)	**1,304**	605	80	(47)	**638**	594	**666**
Motor vehicles	3	-	-	**3**	2	*	-	**2**	1	**1**
Furniture and fixtures	324	1	*	**325**	209	29	*	**238**	115	**87**
Office equipment	87	11	*	**98**	46	25	*	**71**	41	**27**
Leasehold improvements	107	-	-	**107**	53	6	-	**59**	54	**48**
Data processing equipment	144	32	-	**176**	126	12	-	**138**	18	**38**
Laboratory Equipments	-	2	-	**2**	-	*	-	**-**	-	**2**
Total	**7,438**	**353**	**(96)**	**7,695**	**2,779**	**573**	**(70)**	**3,282**	**4,659**	**4,413**

Particulars	As at 31 March 2020	Additions	Deletions	As at 31 March 2021
Capital work-in-progress (Refer note 'c' below)	159	324	(318)	**165**

(a) The Group had received the final possession of leasehold land at Mysore from Karnataka Industrial Area Development Board (KIADB) in March 2016. The registration of lease deed in respect of the said land is pending finalisation with the authorities.

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

(c) Capital work in progress mainly comprises plant & machinery and building.

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

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

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.

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to the Consolidated Financial Statements for the year ended 31 March 2021
(All amounts are in millions Indian ₹ unless otherwise stated)

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

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

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

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

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

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

(d) Capital work in progress mainly comprises plant & machinery and building.

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

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

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

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to the Consolidated Financial Statements for the year ended 31 March 2021
(All amounts are in millions Indian ₹ unless otherwise stated)

Note: 3.2. Leases

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

(i) Amounts recognised in balance sheet

The balance sheet shows the following amounts relating to leases:

Right-of-use assets	As at 31 March 2021	As at 31 March 2020
Building and warehouse leases	576	622
Land leases	368	371
Car Leases	10	9
Total	954	1,002

Lease liabilities	As at 31 March 2021	As at 31 March 2020
Current lease liabilities	128	111
Non-current lease liabilities	511	532
Total	639	643

Additions to the right-of-use assets during the current financial year were ₹ 328 (31 March 2020 ₹ 125).

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

Note: 3.2. Leases (contd..)

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

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

Depreciation charge on right-of-use assets	For the year ended 31 March 2021	For the year ended 31 March 2020
Land leases	1	1
Building and warehouse leases	165	158
Vehicle leases	5	5
Total	**171**	**164**

	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest expense (included in finance costs)	67	61
Expenses relating to short term leases (included in other expenses)	25	27
Total	**92**	**88**

The total cash outflow for leases including interest and short term leases ₹200 (31 March 2020 ₹ 249).

(iii) Variable lease payments

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

(iv) Extension and termination options

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

(v) Residual value guarantees

There are no residual value guaranteed in the lease contracts.

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to the Consolidated Financial Statements for the year ended 31 March 2021
(All amounts are in millions Indian ₹ unless otherwise stated)

Note: 4. Intangible Assets

	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount	
Particulars	**As at 31 March 2020**	**Additions**	**Deletions/ Adjustment**	**As at 31 March 2021**	**Up to 31 March 2020**	**Additions**	**Deletions/ Adjustment**	**As at 31 March 2021**	**As at 31 March 2020**	**As at 31 March 2021**
Intangible assets (Acquired)										
Customer Relationships	110	-	-	**110**	36	11	-	**47**	74	**63**
Non Compete Fees	9	-	-	**9**	9	-	-	**9**	-	**-**
Total	**119**	**-**	**-**	**119**	**45**	**11**	**-**	**56**	**74**	**63**

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

Pursuant to business transfer agreement with BASF India Private Limited, the Group had acquired Intangible assets with respect to customer relationships and non-compete fees during the year ended 31 March 2017. The estimate for the useful life for customer relationships is based on the expected economic benefits from such assets, however, which may be longer or shorter than 10 years, depending upon the customer attrition rate and competition. If it were only 5 years, the carrying amount would be ₹17 (₹ 38 as at 31 March 2020). If the useful life were estimated to be 15 years, the carrying amount would be ₹79 (₹ 86 as at 31 March 2020).

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

Note: 5.1. Non current financial assets- investments

	Number as at 31 March 2021	Number as at 31 March 2020	Face value ₹ per unit	As at 31 March 2021	As at 31 March 2020
(a) Investment in equity instruments (at FVTPL)					
Unquoted					
Adyar Property Holding Company Limited (paid up ₹ 65 per share)	**105**	105	100	*	*
Kohinoor Mills Limited (fully paid up)	**5**	5	100	*	*
Maneck-Chowk & Ahmedabad Manufacturing Co. Limited (fully paid up)	**144**	144	250	*	*
Paints and Coatings Skill Council (fully paid up)	**17**	17	25,000	*	*
(b) Investment in equity instruments (at FVOCI)					
Unquoted (fully paid up)					
Woodlands Multispecialty Hospital Limited (Refer note 'a' below)	**10,810**	10,810	10	**5**	5
(c) Investment in debentures and bonds (at Amortised Costs)					
Unquoted					
6.5% Bengal Chamber of Commerce and Industry	**19**	19	1,000	*	*
6% The Sholapoor Spinning & Weaving Company Ltd. (in Liquidation)	**523**	523	100	*	*
				5	**5**

	As at 31 March 2021	As at 31 March 2020
Aggregate amount of quoted investments and market value thereof	-	-
Aggregate value of unquoted investments	5	5
Aggregate amount of impairment in value of investments	-	-
	5	**5**

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

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

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

	Fair value at 31 March 2021	Dividend income recognised during 2020-21	Fair value at 1 April 2020	Dividend income recognised during 2019-20	Fair value at 1 April 2019
Woodlands Multispecialty Hospital Limited	5	-	5	-	6

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

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

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

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

	As at 31 March 2021	As at 31 March 2020
Fixed deposits	6	1
	6	1

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

Note: 5.3. Non current financial assets - Loans

	As at 31 March 2021	As at 31 March 2020
Loan given to employees (Refer note 'a' below)	4	4
Security deposits	79	85
Less : Loss allowance	(9)	(9)
	74	80
Break - up of security details		
Loans considered good - Secured	4	4
Loans considered good - Unsecured	79	85
Loans which have significant increase in credit risk	-	-
Loans credit impaired	-	-
Total	83	89
Less : Loss allowance	(9)	(9)
	74	80

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

Note: 6.1. Other non-current assets

	As at 31 March 2021	As at 31 March 2020
Capital Advances	1	12
Advances other than capital advances		
Indirect taxes recoverable		
- Considered good	92	90
- Considered doubtful	31	31
Less: Provision for doubtful indirect taxes recoverable	(31)	(31)
Retirement benefit trusts surplus (Refer note 34)	61	64
Advance to Customers	822	567
Miscellaneous	7	4
	983	737

Note: 6.2. Non current tax assets (net)

	As at 31 March 2021	As at 31 March 2020
Income tax {net of provision ₹ 14,827 (31 March 2020 ₹ 14,064)}	979	922
	979	922

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

Note: 7. Inventories

	As at 31 March 2021	As at 31 March 2020
Raw material (Refer note 'a' below)	**1,993**	1,523
Work in progress	**123**	135
Finished products (Refer note 'b' below)	**2,117**	2,019
Stock in trade (traded goods) (Refer note 'a' and 'b' below)	**639**	553
Stores and spares parts	**10**	7
	4,882	**4,237**
(a) Includes in-transit inventory:		
Raw materials	**10**	**95**
Stock in trade	**6**	**134**

(b) Finished products and stock-in-trade (traded goods) are written down by ₹19 (31 March 2020 ₹ 10) on account of cost or net realisable value, whichever is lower. These were recognised as an expense during the year and included in 'changes in inventories of finished products, work-in-progress and stock-in-trade' in the statement of profit and loss.

Note: 8.1. Current financial assets - Investments

	Number as at 31 March 2021	Number as at 31 March 2020	Face value ₹ per unit	As at 31 March 2021	As at 31 March 2020
(i) Investment in debentures and bonds (at Amortised Costs)					
Quoted					
Non-convertible redeemable bonds					
Rural Electrification Corporation Limited (zero coupon) (Refer note 'a' below)	-	29,450	13,580	-	**835**
				-	**835**

	As at 31 March 2021	As at 31 March 2020
Aggregate amount of quoted investments and market value thereof	-	835
Aggregate value of unquoted investments	-	-
Aggregate amount of impairment in value of investments	-	-
	-	**835**

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

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

Note: 8.2. Current financial assets - Trade receivables

	As at 31 March 2021	As at 31 March 2020
Trade receivable from contracts with customers	**4,111**	3,751
Trade receivable from contracts with customers - related parties (Refer note 33)	**273**	515
Less: Loss allowance	**(253)**	(305)
	4,131	**3,961**
Break - up of security details		
Trade receivables considered good - Secured	**273**	225
Trade receivables considered good - Unsecured	**4,111**	4,041
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - Credit impaired	-	-
Total	**4,384**	**4,266**
Less: Loss allowance	**(253)**	(305)
	4,131	**3,961**

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

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

	As at 31 March 2021	As at 31 March 2020
Balance with banks:		
- In current accounts	461	167
- In EEFC account	228	224
Deposits with maturity of less than three months	702	2,154
	1,391	2,545

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

Note: 8.4. Current financial assets - Other bank balances

	As at 31 March 2021	As at 31 March 2020
Fixed deposits (Refer note 'a' below)	5,808	2,813
Unpaid dividend accounts (Refer note 'b' below)	133	172
	5,941	2,985

(a) Fixed deposits include deposits held as margin money amounting to ₹ 7 (31 March 2020 ₹ 6) against various guarantees issued by banks on behalf of the Group in favour of Government authorities.

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

Note: 8.5. Current financial assets - Loans

	As at 31 March 2021	As at 31 March 2020
Loan given to employees (Refer note 'a' below)	*	2
Security deposits	15	18
	15	20
Break - up of security details		
Loans considered good - Secured	*	2
Loans considered good - Unsecured	15	18
Loans which have significant increase in credit risk	-	-
Loans Credit impaired	-	-
	15	20

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

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

Note: 8.6. Current financial assets - Others

	As at 31 March 2021	As at 31 March 2020
(Unsecured, considered good unless otherwise stated)		
Amount recoverable from related parties (Refer note 33)	*	*
Government grant receivable	87	67
Derivatives not designated as hedges- forward contracts (Refer note 30)	-	3
	87	70

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

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

(b) Government grant relates to tax incentives receivable from the State Government of Madhya Pradesh in respect of the operations of the Group's factory at Gwalior. Refer note 19 for details.

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

Note: 9. Other current assets

	As at 31 March 2021	As at 31 March 2020
(Unsecured, considered good unless otherwise stated)		
Advances to suppliers		
- Considered good	**63**	149
- Considered doubtful	**18**	18
Less: Provision for doubtful advances	**(18)**	(18)
Advances to employees		
- Considered good	**4**	1
- Considered doubtful	**2**	3
Less: Provision for doubtful advances	**(2)**	(3)
Advances to Customers		
- Considered good	**399**	306
- Considered doubtful	**28**	5
Less: Provision for doubtful advances	**(28)**	(5)
Prepaid expenses	**189**	195
Indirect tax recoverable	**376**	194
Others	*	5
	1,031	**850**

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

Note: 10. Equity share capital

	As at 31 March 2021	As at 31 March 2020
Authorised:		
126,690,000 (31 March 2020 - 126,690,000) equity shares of ₹ 10 each	**1,267**	1,267
Issued, subscribed & fully paid up:		
45,540,314 (31 March 2020 - 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 2021		As at 31 March 2020	
	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. The repayment of equity share capital in the event of liquidation and buy back of shares are possible subject to prevalent regulations. In the event of liquidation, normally, the equity shareholders are eligible to receive the remaining assets of the Group, after distribution of all preferential amounts, if any, in proportion to their shareholding.

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

The ultimate holding company is Akzo Nobel N.V., The Netherlands, which does not hold any shares directly in the Group.

	As at 31 March 2021	As at 31 March 2020
	No. of Shares	No. of Shares
Imperial Chemical Industries Limited, England	**22,977,544**	22,977,544
Akzo Nobel Coatings International B.V., The Netherlands	**11,066,791**	11,066,791
	34,044,335	**34,044,335**

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

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

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

	As at 31 March 2021		As at 31 March 2020	
	No. of Shares	% holding	No. of Shares	% holding
Imperial Chemical Industries Limited, England	**22,977,544**	**50.46%**	22,977,544	50.46%
Akzo Nobel Coatings International B.V., The Netherlands	**11,066,791**	**24.30%**	11,066,791	24.30%
	34,044,335	**74.76%**	**34,044,335**	**74.76%**

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

Note: 11. Other equity

	As at 31 March 2021	As at 31 March 2020
Capital reserve	**503**	503
Capital redemption reserve	**64**	64
Revaluation reserve	**12**	12
General reserve	**4,519**	4,519
Retained earnings	**7,327**	6,824
Other reserves		
Equity instruments through OCI	**3**	3
	12,428	**11,925**

	As at 31 March 2021	As at 31 March 2020
a Capital reserve	**503**	503
Pursuant to various amalgamation schemes executed in the previous years as per the requirement of Companies Act, 1956 and Court orders, the Group had created a capital reserve based on the differential between the net assets and liability acquired from the other party. 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 the period 2006-2019, the Group had created a capital redemption reserve in those years as per the regulatory requirements. There is no movement during the year.		
c Revaluation reserve	**12**	12
It represents revaluation of certain land acquired as part of amalgamation done with various companies in the previous periods.This reserve is not available for distribution as dividend.There is no movement during the year.		
d 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.		
e Retained earnings		
Balance at the beginning of the year	**6,824**	5,806
Net profit for the year	**2,076**	2,374
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligation, net of tax	**(25)**	(38)
Dividends (including dividend distribution tax)	**(1,548)**	(1,318)
Balance at the end of the year	**7,327**	**6,824**

Remeasurements of post-employment benefit obligation / (asset) comprises actuarial gains and losses and return on plan assets (excluding interest income).

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

Note: 11. Other equity (Contd..)

	As at 31 March 2021	As at 31 March 2020
f Other reserves		
Equity instruments through OCI		
Balance at the beginning of the year	3	4
Add: Fair value gain/(loss) on equity instruments for the year	*	(1)
Balance at the end of the year	**3**	**3**

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

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

Note: 12. Non current financial liabilities - Others

	As at 31 March 2021	As at 31 March 2020
Security Deposits (Refer note 'a' below)	183	169
	183	**169**

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

Note: 13. Provisions

	Non - current		Current	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Employee benefits (Refer note 34)				
Pension	14	13	-	-
Gratuity	229	181	1	-
Leave obligations	132	115	23	24
Post retirement medical and others	320	304	24	23
Provident Fund	33	8	-	-
Long service award	13	12	2	1
Indirect taxes	-	-	185	188
Divested businesses	-	-	58	58
Others	4	1	8	14
	745	**634**	**301**	**308**

Additional disclosure relating to provisions:

(a) Movement in provisions:

For the year ended 31 March 2021	Class of provisions		
Particulars	Indirect taxes	Divested businesses	Others
Opening balance	188	58	15
Provision created during the year	-	-	-
Provision utilised / written back during the year	(3)	-	(3)
Closing balance	**185**	**58**	**12**

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

Note: 13. Provisions (Contd..)

(a) Movement in provisions: (Contd..)

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

(b) Nature of provisions:

(i) Indirect taxes

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

(ii) Divested businesses

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

(iii) Others

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

Note: 14. Income Tax

A. Income tax expense

	As at 31 March 2021	As at 31 March 2020
Current tax expense		
Current tax on profits for the year (includes taxes of ₹ Nil relating to prior years, 31 March 2020 ₹ 1 relating to prior years written back)	763	930
Total current tax expense	**763**	**930**
Deferred tax		
Decrease (increase) in deferred tax assets	32	(67)
(Decrease) increase in deferred tax liabilities	(89)	(5)
Total deferred tax expense/(benefit)	**(57)**	**(72)**
Income tax expense	**706**	**858**

B. Reconciliation of effective tax rate

	For the year ended 31 March 2021	For the year ended 31 March 2020
Profit before tax	2,782	3,232
Tax at the Indian tax rate of 25.168% (31 March 2020 - 25.168%)	700	813
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Long term capital gains taxed at different rate	-	(7)
Corporate social responsibility expenditure	15	11
Income tax provision of prior year	-	1
Non-taxable interest income on REC bond	(7)	(6)
Impact of change in income tax rate (Refer note 'a' below)	-	26
Others	(2)	20
	706	**858**

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

Note: 14. Income Tax (Contd..)

(a) Impact of tax rate change: The Group elected to exercise the option permitted under Section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Group has re-measured its Deferred Tax Assets (net) basis the rate prescribed in the said section. The full impact of this change was recognised in the statement of Profit & Loss during the year ended 31 March 2020.

C. Movement in deferred tax balances

	As at 31 March 2020	Recognised in P&L	Recognised in OCI	As at 31 March 2021
Deferred tax liabilities				
Property, plant and equipment	262	(39)	-	**223**
Surplus payments to retirement trusts	16	(1)	-	**15**
Investments at fair value through OCI	2	-	*	**2**
Right-of-use assets	166	(12)	-	**154**
Others	53	(37)	-	**16**
Sub- total (a)	**499**	**(89)**	*****	**410**
Deferred tax assets				
Provision for doubtful debts and advances	94	(13)	-	**81**
Expenditure disallowed u/s 43B of Income Tax Act, 1961	182	20	8	**210**
Expenditure deductible under section 35 DDA of the Income Tax Act, 1961	22	(4)	-	**18**
Lease liabilities	162	(1)	-	**161**
Other disallowances under the Income Tax Act, 1961	155	(34)	-	**121**
Sub- total (b)	**615**	**(32)**	**8**	**591**
Net deferred tax liabilities/(assets) (a)-(b)	**(116)**	**(57)**	**(8)**	**(181)**

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

D. Movement in deferred tax balances

	As at 1 April 2019	Recognised in P&L	Recognised in OCI	As at 31 March 2020
Deferred tax liabilities				
Property, plant and equipment	398	(136)	-	262
Surplus payments to retirement trusts	23	(7)	-	16
Investments at fair value through profit or loss	38	(38)	-	-
Investments at fair value through OCI	2	-	*	2
Right-of-use assets	-	166	-	166
Others	43	10		53
Sub- total (a)	**504**	**(5)**	*****	**499**
Deferred tax assets				
Provision for doubtful debts and advances	119	(25)	-	94
Expenditure disallowed u/s 43B of Income tax Act, 1961	208	(39)	13	182
Expenditure deductible under section 35 DDA of the Income Tax Act, 1961	-	22	-	22
Lease liabilities	-	162	-	162
Other disallowances under the Income Tax Act, 1961	208	(53)	-	155
Sub- total (b)	**535**	**67**	**13**	**615**
Net deferred tax liabilities/(assets) (a)-(b)	**(31)**	**(72)**	**(13)**	**(116)**

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

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

Note: 15. Other non-current liabilities

	As at 31 March 2021	As at 31 March 2020
Deferred lease rentals (Refer note 'a' below)	**21**	31
Deferred government grant (Refer note 'b' below)	**40**	32
Others	**5**	3
	66	**66**

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

	As at 31 March 2021	As at 31 March 2020
(b) Opening balance of Deferred/(Accrued) Government grant	**32**	24
Add : Government grant receivable	**20**	17
Less : Government grant recognised during the year	**(12)**	(9)
Closing balance of (Deferred) /Accrued Government grant	**40**	**32**

Note: 16.1. Current financial liabilities - Trade payables

	As at 31 March 2021	As at 31 March 2020
Total outstanding dues of micro enterprises and small enterprises (Refer note 'b' below)	**77**	39
Total outstanding dues of creditors other than micro enterprises and small enterprises		
- Related Party Payables to various entities (Refer note 33)	**1,580**	1,995
- Acceptances	**482**	288
- Others	**5,845**	4,439
	7,984	**6,761**

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

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

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

	As at 31 March 2021	As at 31 March 2020
(i) the principal amount due thereon remaining unpaid to any supplier as at the end of the accounting year	**65**	30
(ii) the interest due thereon remaining unpaid to any supplier as at the end of the accounting year	*	*
(iii) the amount of interest paid by the buyer under MSMED Act 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	**247**	61
(iv) the amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act 2006 not paid)	**3**	1
(v) the amount of interest accrued and remaining unpaid at the end of the accounting year; and	**12**	9
(vi) the amount of further interest due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	**12**	9

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

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

Note: 16.2. Current financial liabilities - Others

	As at 31 March 2021	As at 31 March 2020
Security Deposits	**406**	402
Others		
Unpaid dividends (Refer note 'a' below)	**133**	172
Payable to employees	**202**	316
Capital creditors	**85**	18
Derivatives not designated as hedges- forward contracts (Refer note 30)	**1**	-
Retention money payable	**1**	2
	828	**910**

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

Net debt reconcilation

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 2021	As at 31 March 2020
Cash and cash equivalents	**1,391**	2,545
Current investments	**-**	835
Lease liabilites	**(639)**	(643)
Net Debt	**752**	**2,737**

	Other assets		Liabilities from financing activities	
Particulars	**Cash and cash equivalents**	**Current investments**	**Lease liabilities**	**Total**
Net Debt as on 1 April 2019	**333**	**2,995**	**(683)**	**2,645**
Cash Flow	2,212	(2,160)	161	213
Net acquisition lease	-	-	(121)	(121)
Interest expense	-	-	(61)	(61)
Interest paid	-	-	61	61
Net Debt as on 31 March 2020	**2,545**	**835**	**(643)**	**2,737**
Net debt as at 1 April 2020	**2,545**	**835**	**(643)**	**2,737**
Cash Flow	(1,154)	(835)	112	(1,877)
Net acquisition lease	-	-	(108)	(108)
Interest expense	-	-	(67)	(67)
Interest paid	-	-	67	67
Net Debt as on 31 March 2021	**1,391**	**-**	**(639)**	**752**

Note: 17. Other current liabilities

	As at 31 March 2021	As at 31 March 2020
Statutory liabilities	**345**	184
Liability towards customers	**60**	34
Deferred revenue (Refer note 'a' below)	**181**	318
Deferred lease rental (Refer note 'b' below)	**20**	19
Refund liabilities (Refer note 'c' below)	**1,058**	828
Others	**8**	4
	1,672	**1,387**

(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 ₹ 318 (31 March 2020 ₹ 358).

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

(c) When a customer has a right to return product within a given period, the Group recognises a refund liability for the amount of consideration received for which it does not expect to be entitled amounting to ₹22 (31 March 2020 ₹ 13). Refund Liabilities are also recognised for expected volume discount and other incentives payable to customers amounting to ₹1,036 (31 March 2020 ₹ 815) pending settlement.

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

Note: 18. Revenue from operations

	For the year ended 31 March 2021	For the year ended 31 March 2020
Revenue from contracts with customers		
- Sale of products	**23,512**	25,895
- Sale of services	**459**	404
Other operating revenue	**243**	319
	24,214	**26,618**

(a) The customer incentive is recognised based on purchases made by the customers and contractors in line with ongoing schemes and incentive programmes rolled out by the Group. Judgements include past history of incentive, likelihood of achieving targets, other variable inputs etc. Changes in assumptions about these factors could affect the reported accrual of customer incentive. Revenue are net of incentives to customers and contractors amounting to ₹5,807 (31 March 2020 ₹6,058).

Reconciliation of revenue recognised with contract price

	For the year ended 31 March 2021	For the year ended 31 March 2020
Contract price	**29,778**	32,357
Adjustments :		
Deferred revenue	**(64)**	(130)
Refund liability	**(1,058)**	(828)
Incentive to customers	**(4,685)**	(5,100)
Revenue from operations	**23,971**	**26,299**

(b) Breakup of other operating revenue

	For the year ended 31 March 2021	For the year ended 31 March 2020
Duty drawback on exports	**3**	8
Lease rentals	**147**	178
Scrap sales	**35**	19
Business auxiliary services	**55**	86
Provision/liabilities no longer required written back	**2**	21
Miscellaneous income	**1**	7
	243	**319**

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

Note: 19. Other Income

	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest income from financial assets at amortised cost - Bonds	48	64
Gain on sale of investments	-	52
Net foreign exchange differences	-	7
Government grants (Refer note 'a' below)	12	9
Interest income:		
- on income tax refund	-	66
- on fixed deposits	147	172
- on others	4	4
Net gain on termination of leases	17	-
Miscellaneous income	4	2
	232	376

(a) Government grants are related to investments of the Group in property, plant and equipment of the manufacturing plant set up in a backward area at Malanpur, Gwalior, India. There are no unfulfilled conditions or other contingencies attached to these grants. The Group did not benefit directly from any other forms of government assistance. Also Refer note 8.6 and 15.

Note: 20. Cost of materials consumed

	For the year ended 31 March 2021	For the year ended 31 March 2020
Raw material as at the beginning of the year	1,523	1,464
Add: Purchases	12,132	12,068
Less: Raw material as at the end of the year	(1,993)	(1,523)
Total cost of materials consumed	11,662	12,009

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

	For the year ended 31 March 2021	For the year ended 31 March 2020
Inventory at the beginning of the year		
- Finished products	2,019	2,152
- Stock-in-trade	553	209
- Work-in-progress	135	87
	2,707	2,448
Inventory at the end of the year		
- Finished products	2,117	2,019
- Stock-in-trade	639	553
- Work-in-progress	123	135
	2,879	2,707
(Increase)/ decrease in inventory	(172)	(259)

Note: 22. Employee benefits expense

	For the year ended 31 March 2021	For the year ended 31 March 2020
Salaries, wages and bonus	2,278	2,273
Contribution to provident and other funds (Refer note 34)	156	167
Other long-term employee benefits	20	21
Staff welfare expenses	64	97
	2,518	2,558

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Note: 23. Finance costs

	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest and finance charges on financial liabilities not at FVTPL	**15**	24
Interest on delayed payment of income tax	**-**	3
Interest and finance charges on lease liabilities (Refer note 3.2)	**67**	61
Unwinding of interest on security deposit and finance lease obligations	**18**	4
Others	**3**	1
	103	**93**

Note: 23.1. Depreciation and amortisation expense

	For the year ended 31 March 2021	For the year ended 31 March 2020
Depreciation of property, plant and equipment (Refer note 3.1)	**573**	613
Depreciation of right-of-use-assets (Refer note 3.2)	**171**	164
Amortisation of intangible assets (Refer note 4)	**11**	13
	755	**790**

Note: 24. Other expenses

	For the year ended 31 March 2021	For the year ended 31 March 2020
Stores and spare parts consumed	**33**	30
Repairs and maintenance		
- Plant and Machinery	**231**	242
- Others	**20**	34
Power and fuel	**127**	158
Travelling	**136**	307
Rates and taxes	**31**	61
Rent	**25**	27
Insurance	**121**	114
Freight and transport	**1,164**	1,302
Advertisement and publicity	**537**	882
Royalty	**834**	800
Consultancy charges	**119**	169
Net foreign exchange differences	**67**	-
Payments to the auditor (Refer note 'a' below)	**14**	15
Corporate social responsibility expenditure (Refer note 'b' below)	**59**	59
IT support & maintenance	**274**	256
Warehouse charges	**243**	293
Provision for doubtful debts and advances (Refer note 'c' below)	**(7)**	90
Loss on sale of property, plant and equipment (net)	**26**	-
Sub contracting charges	**402**	505
Miscellaneous expenses	**605**	500
	5,061	**5,844**

(a) Details of payments to auditors (Refer note 'i' below)

	For the year ended 31 March 2021	For the year ended 31 March 2020
Statutory audit for the year	**6**	6
Limited reviews	**2**	2
Other audit related services	**6**	5
Reimbursement of expenses	*****	2
	14	**15**

(i) Excluding Goods and Service Tax

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

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

Note: 24. Other expenses (Contd..)

(b) Corporate social responsibility expenditure

	For the year ended 31 March 2021	For the year ended 31 March 2020
Vocational Skill Training	29	36
Promoting Education	12	14
COVID19 Relief Work	9	-
Promoting Preventive Healthcare	3	3
Road Safety Awareness	1	2
Others	5	4
	59	59
Amount required to be spent as per section 135 of the Act	59	56
Amount spent during the year on		
i) Construction/acquisition of an asset	1	-
ii) On purposes other than (i) above	58	59

Details of ongoing CSR Projects under Section 135 (6) of the Act

Balance as at 1 April 2020			Amount spent during the year		Balance as on 31 March 2021	
With the Group	In separate CSR Unspent account	Amount required to be spent during the year	From the Group bank account	From Separate CSR unspent Account	With the Group	In separate CSR unspent account
-	-	44	44	-	-	-

Details of CSR expenditure under Section 135 (5) of the Act in respect to other than ongoing projects

Balance unspent as on 1 April 2020	Amount deposited in Specified Fund of Schedule VII of the Act within 6 months	Amount required to be spent during the year	Amount spent during the year	Balance unspent as on 31 March 2021
-	-	15	15	-

Details of excess CSR expenditure under Section 135 (5) of the Act

Balance excess spent as at 1 April 2020	Amount required to be spent during the year	Amount spent during the year	Balance excess spent as on 31 March 2021
-	-	-	-

(c) Excluding bad debts written off during the year amounting to ₹ 23 (31 March 2020 ₹ 58)

Note: 25. Exceptional items (net)

	For the year ended 31 March 2021	For the year ended 31 March 2020
Indirect tax provision related to divested business no longer required written back (Refer note 13 (a))	-	35
Voluntary Retirement Scheme (Refer note 'a' below)	-	(87)
	-	(52)

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

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Note: 26. Contingent liabilities

	As at 31 March 2021	As at 31 March 2020
(a) Claims against the Group not acknowledged as debts	**60**	115

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

	As at 31 March 2021	As at 31 March 2020
(b) Contingent liability of direct and indirect tax		
Income tax matters in dispute / under appeal (Refer note 'i' below)	**562**	1,439
Sales tax/VAT matters under appeal	**160**	144
Excise and Service Tax matters in dispute / under appeal	**134**	104
	856	**1,687**

(i) The Income tax assessments for the Group have been completed up to the financial year ended 31 March 2016 and demands aggregating from such assessments and appellate orders amount to ₹562 (31 March 2020 - ₹1,439). The Group as well as the Income tax department have filed appeals on various matters arising from these assessments. Based on the available documentation and tax experts view, the Group has created provisions wherever required and for the balance matters, it believes that more likely than not, these disputes would not result in additional outflow of resources.

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

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

(c) The Supreme Court of India has passed an order dated 28 February 2019 in the matter of The Regional Provident Fund Commissioner (II) West Bengal vs. Vivekananda Vidyamandir & Ors in Civil Appeal No. 6221 of 2011 and few other linked cases. In the said order, the Supreme Court has clarified the definition of the Basic Wage under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the management, the aforesaid matter is not likely to have a significant financial impact and accordingly, no provision has been made in these financial statements. The Group will continue to monitor and evaluate its position based on future events and developments.

(d) There are no contingent assets as at 31 March 2021 and as at 31 March 2020.

Note: 27. Capital and other commitments

	As at 31 March 2021	As at 31 March 2020
Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	**123**	56
Liability on partly paid investment: Adyar Property Holding Company Limited	*	*

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

Note: 28. Earnings per share

	As at 31 March 2021	As at 31 March 2020
Weighted average number of shares outstanding the during the year	**45,540,314**	**45,540,314**
Net profit after tax available for equity shareholders	**2,076**	2,374
Basic earning per share (in ₹) [Face value of ₹ 10 each]	**45.60**	52.13
Diluted earning per share (in ₹) [Face value of ₹ 10 each]	**45.60**	52.13

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

Note: 29. 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 2021	As at 31 March 2020
Within one year	106	150
Later than one year and not later than five years	72	100
Later than five years	*	*
	178	250

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

Note: 30. Fair Value Measurements

a) Financial instruments by category

	As at 31 March 2021			As at 31 March 2020		
Particulars	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial Assets						
Investments in Equity shares	*	5	-	*	5	-
Investments in Bonds	-	-	-	-	-	835
Loans	-	-	89	-	-	100
Other financial assets	-	-	87	-	-	67
Other financial assets - Foreign exchange forward contracts	-	-	-	3	-	-
Trade receivables	-	-	4,131	-	-	3,961
Cash and cash equivalents	-	-	1,391	-	-	2,545
Other bank balances	-	-	5,947	-	-	2,986
Total Financial Assets	*	5	11,645	3	5	10,494
Financial Liabilities						
Trade payables	-	-	7,984	-	-	6,761
Other financial liabilities	-	-	1,010	-	-	1,079
Other financial liabilities - Foreign exchange forward contracts	1	-	-	-	-	-
Total Financial Liabilities	1	-	8,994	-	-	7,840

*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 2021

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

Note: 30. Fair Value Measurements

b) Fair value measurement hierarchy for assets and liabilities (Contd..)

Financial assets and liabilities measured at fair value as at 31 March 2020

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

Notes:

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

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

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

c) Valuation techniques used to determine fair value

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

- Unquoted equity shares – The valuation model is based on market multiples derived from quoted prices and price earning multiples of companies comparable to the investee and the net assets value and price earning multiples of the investee. The estimate is adjusted for the effect of the non-marketability of the relevant equity securities.

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

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

- Trade receivables, cash and cash equivalents, other bank balances, loans, other current financial assets, 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.

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

Note: 30. Fair Value Measurements (Contd..)

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

- the use of quoted market prices / dealer quotes / profit earning (PE) for similar instruments
- Risk adjustments specific to the counterparties (including assumptions about credit default rates) are derived from credit risk grading determined by the Group's internal credit risk management Group.
- Earnings growth factor for unlisted equity securities are estimated based on market information for similar types of companies.

e) Financial assets and liabilities measured at amortised cost

Fair value of financial assets and liabilities measured at amortised cost

	31 March 2021		31 March 2020		
	Carrying amount	Fair value	Carrying amount	Fair value	Level
Financial Assets					
Investments in Bonds	**-**	**-**	835	835	3
Loans	**89**	**90**	100	102	3
Other financial assets	**87**	**87**	67	67	3
Trade receivables	**4,131**	**4,131**	3,961	3,961	3
Cash and cash equivalents	**1,391**	**1,391**	2,545	2,545	3
Other bank balances	**5,947**	**5,947**	2,986	2,986	3
Total Financial Assets	**11,645**	**11,646**	**10,494**	**10,496**	
Financial Liabilities					
Trade payables	**7,984**	**7,984**	6,761	6,761	3
Other financial liabilities	**1,010**	**1,051**	1,079	1,129	3
Total Financial Liabilities	**8,994**	**9,035**	**7,840**	**7,890**	

a) The carrying amounts of investments in bonds, loans, trade receivables, other financial assets, trade payables, other bank balances and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

b) The fair values for security deposits are calculated based on cash flows discounted using a current lending rate. The fair values of non-current borrowings are based on discounted cash flows using current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

c) The fair values of financial assets and financial liabilities recorded in the balance sheet in respect of which quoted prices in active markets are available are measured using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Risk management framework

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group's activities expose it to credit risk, liquidity risk and market risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

Note: 30. Fair Value Measurements (Contd..)

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortised cost.	Aging analysis Credit ratings	Diversification of bank deposits, credit limits and letters of credit
Liquidity risk	Other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – foreign exchange	Future commercial transactions Recognised financial assets and liabilities not denominated in Indian rupee	Cash flow forecasting Sensitivity analysis	Forward foreign exchange contracts

In order to minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts are entered to hedge certain foreign currency risk exposures on account of expenditure in foreign currencies and earnings in foreign exchange (export of goods, service income, etc.).The Group does not enter into any derivative instruments for trading or speculative purposes or for highly probable forecast transactions.

The Group follows a forex Risk Management policy under which all material foreign currency exposures are hedged through forward covers to protect against swings in exchange rates.

The Group's risk management is carried out by a central treasury department / finance team under policies approved by the board of directors.

i. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.The carrying amounts of financial assets represent the maximum credit risk exposure.

A default on a financial asset is when the counterparty fails to make contractual payments as per agreed terms . This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

Trade and other receivables

Credit risk refers to the risk of default on its obligation by the counterparty resulting in financial loss. The maximum exposure to the credit risk at the reporting date is primarily from Trade Receivable amounting to ₹ 4,131 and ₹ 3,961 as at 31 March 2021 and 31 March 2020 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.

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

Note: 30. Fair Value Measurements (Contd..)

Reconciliation of loss allowance provision – Trade receivables

	As at 31 March 2021	As at 31 March 2020
Opening balance	305	274
Changes in loss allowance (net)	(52)	31
Closing balance	**253**	**305**

Reconciliation of loss allowance provision – Other receivables

	As at 31 March 2021	As at 31 March 2020
Opening balance	9	8
Changes in loss allowance (net)	-	1
Closing balance	**9**	**9**

Significant Estimates: The impairment provisions for financial assets disclosed above are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For trade receivables only, the Group applies the simplified approach permitted by Ind AS 109, "Financial Instruments", which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Cash and cash equivalents, short term investments and derivatives

For short-term investments, counterparty limits are in place to limit the amount of credit exposure to any one counterparty. For derivative and financial instruments, the Group attempts to limit the credit risk by only dealing with reputable banks and financial institutions having high credit-ratings assigned by international credit-rating agencies.

ii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors the Group's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

	Contractual cash flows					
	Total	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
As at 31 March 2021						
Non-derivative financial liabilities						
Lease liabilities (including interest)	1,078	95	89	169	299	426
Trade and other payables	7,984	7,984	-	-	-	-
Other financial liabilities	1,010	792	35	99	60	24
Derivative financial liabilities						
Forward exchange contracts	1	1	-	-	-	-

Note: 30. Fair Value Measurements (Contd..)

	Contractual cash flows					
	Total	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
As at 31 March 2020						
Non-derivative financial liabilities						
Lease liabilities (including interest)	1,128	99	96	165	343	425
Trade and other payables	6,761	6,761	-	-	-	-
Other financial liabilities	1,079	744	166	55	89	25
Derivative financial liabilities						
Forward exchange contracts	-	-	-	-	-	-

The gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

Borrowing facilities	As at 31 March 2021	As at 31 March 2020
- Expiring within one year (bank overdraft facilities)	706	722

iii. Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables. The Group is exposed to market risk primarily related to foreign exchange rate risk and the market value of the investments. Thus, the Group's exposure to market risk is a function of investing and revenue generating and operating activities. The objective of market risk management is to avoid excessive exposure in financial assets and unhedged foreign currency, revenues and costs.

Currency risk

The Group is exposed to currency risk on account of its receivables and payables in foreign currency. The functional currency of the Group is Indian Rupee. The Group uses forward exchange contracts to limit its exposure of currency risk, most with a maturity of less than one year from the reporting date. The Group does not use derivative financial instruments for trading or speculative purposes.

Exposure to currency risk

The currency profile of financial assets and financial liabilities (other than Indian Rupees) as at 31 March 2021 and 31 March 2020 are reinstated in millions Indian Rupees which is stated below :

	USD	Euro	Other
As at 31 March 2021			
Financial assets			
Trade and other receivables	198	117	1
Balance in EEFC account	228	-	-
Derivative Assets			
Foreign Exchange Forward Contracts-Sell Foreign Currency	-	-	-
Net Exposure to Foreign Currency Risk (Assets)	**426**	**117**	**1**
Financial liabilities			
Trade and other payables	986	444	77
Derivative liabilities			
Foreign Exchange Forward Contracts-Buy Foreign Currency	(663)	(176)	-
Net Exposure to Foreign Currency Risk (Liabilities)	**323**	**268**	**77**

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

Note: 30. Fair Value Measurements (Contd..)

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

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars/EURO as at year end would have affected the measurement of financial instruments denominated in US dollars /EURO or other currencies and affected profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Impact on Profit after tax	
Effect in INR	**Increase**	**Decrease**
31 March 2021		
10% movement		
USD	8	(8)
Euro	(11)	11
Others	(6)	6
	(9)	**9**

	Impact on Profit after tax	
Effect in INR	**Increase**	**Decrease**
31 March 2020		
10% movement		
USD	(13)	13
Euro	(26)	26
Others	(13)	13
	(52)	**52**

iv. Price risk

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the balance sheet either as fair value through OCI or at fair value through profit or loss.To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
The Group considers factors such as long term credit rating, tenor of investment, minimum assured return, monetary limits,etc. while investing.

Sensitivity analysis

The table below summarises the impact of increases/decreases of the index on the Group's profit for the period. The analysis is based on the assumption that the equity index had increased by 10% or decreased by 10% with all other variables held constant, and that all the Group's equity instruments moved in line with the index.

	Impact on Profit after tax	
Effect in INR	**31 March 2021**	**31 March 2020**
Increase 10%	-	63
Decrease 10%	-	(63)

Profit for the period would increase/decrease as a result of gains/losses on equity securities classified as at fair value through profit or loss.

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

Note: 31. Capital management

For the purpose of the Group's capital management, capital includes issued equity share capital and all other equity reserves attributable to the equity holders of the Group. The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2020 and 31 March 2021.

	For the year ended 31 March 2021	For the year ended 31 March 2020
The following dividends were declared and paid by the Group during the year:		
31 March 2020 ₹ 14 per equity share (31 March 2019 ₹ 24 per equity share)	**638**	1,093
Dividend distribution tax on dividend to equity shareholders	**-**	225
Interim dividend for the year 31 March 2021 ₹20 per share (31 March 2020 ₹ Nil per share)	**910**	-
	1,548	**1,318**

In addition to the above dividend, directors have recommended the payment of dividend of ₹ 30 per equity share (31 March 2020 ₹ 14 per equity share). The proposed dividend is subject to the approval of shareholders in the ensuing Annual General Meeting.

Dividend not recognised at the end of the Reporting period	For the year ended 31 March 2021	For the year ended 31 March 2020
31 March 2021 ₹30 per equity share (31 March 2020 ₹ 14 per equity share)	**1,366**	638
	1,366	**638**

Note: 32. Segment Information

A. General Information

The chief operating decision maker (CODM) (i.e. the country leadership team comprising Managing Director, Chief Financial Officer, Head HR, Company Secretary) examines the Group's performance as a single unit (Coatings consisting of decorative, automotive and industrial paints and related activities). Therefore, there is no separate reportable segment for the Group.

B. Entity wide disclosures

	For the year ended 31 March 2021	For the year ended 31 March 2020
Revenue from operations		
Domestic	**23,283**	25,765
Overseas	**931**	853
Total	**24,214**	**26,618**

Revenue from overseas customers includes ₹ 413 (31 March 2020 ₹ 368) from Akzo Nobel Car Refinishes B.V., Netherlands.

	As at 31 March 2021	As at 31 March 2020
Non current segment assets		
Domestic	**6,517**	6,568
Overseas	**-**	-

Break up of non current assets is as follows:

	As at 31 March 2021	As at 31 March 2020
Property, plant and equipment	**4,413**	4,659
Right-of-use assets	**954**	1,002
Capital work-in-progress	**165**	159
Intangible Assets	**63**	74
Other non-current assets (excluding retirement benefit trust surplus)	**922**	674
Total	**6,517**	**6,568**

Note: 32. Segment Information (Contd..)

C. Information about major customers

No external customer individually accounted for more than 10% of the revenues during the year ended 31 March 2021 and 31 March 2020.

Note: 33. Related Party Disclosures

1. (a) The Group is controlled by:

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

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

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

(b) Fellow subsidiaries:

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

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

(c) **Key Management Personnel**

Mr. Amit Jain - Chairman
Mr. Rajiv Rajgopal- Managing Director
Mr. Lakshay Kataria - Wholetime Director and CFO
Mr. Oscar Wezenbeek - Non-Executive Director (from 4 May 2019)
Mr. Hemant Sahai- Independent Director
Mr. Arvind Uppal - Independent Director
Mr. Raj S Kapur - Independent Director (upto 14 August 2019)
Ms. Kimsuka Narsimhan - Independent Director (upto 14 August 2019)
Mr. Rahul Bhatnagar - Independent Director (from 16 August 2019)
Ms. Smriti Vijay - Independent Director (from 16 August 2019)
Mr. R Guha - Company Secretary (upto 29 February 2020)
Ms. Harshi Rastogi - Company Secretary (from 1 March 2020)

(d) **Employee benefit trusts**

Pension trusts

ICI's Associated Companies in India Employees Pension Fund
ICI India Management Staff Pension Fund
Akzo Nobel India Employees Pension Scheme
Akzo Nobel Coatings Employees Superannuation Fund

Gratuity Trusts

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

Provident Fund Trusts

The Alkali and Chemical Corporation of India Limited Provident Fund
ICI India Staff Provident Fund
ICI's Associated Companies in India Staff Provident Fund

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

	Akzo Nobel N.V., Netherlands	Imperial Chemical Industries Limited, England	Akzo Nobel Coatings International B.V.	Fellow Subsidiaries of the Company	Key Management Personnel	Employee Benefit Trusts
	2020-21	2020-21	2020-21	2020-21	2020-21	2020-21
	(2019-20)	(2019-20)	(2019-20)	(2019-20)	(2019-20)	(2019-20)
a) **Transactions during the year**						
Purchase of materials / finished goods	**-**	**-**	**-**	**1,110**	**-**	**-**
	-	-	-	(1,238)	-	-
Sale of finished goods	**-**	**-**	**-**	**310**	**-**	**-**
	-	-	-	(260)	-	-
Expenses incurred and recovered/recoverable from other Companies (Income)	*****	**-**	**-**	**171**	**-**	**-**
	(*)	(*)	-	(78)	-	**(1)**
Expenses reimbursed to other Companies (Expense)	**-**	**-**	**-**	**13**	**-**	**-**
	-	-	-	(21)	-	-
Royalty	**-**	**-**	**834**	**-**	**-**	**-**
	-	-	(800)	-	-	-
Dividend paid	**-**	**781**	**376**	**-**	**-**	**-**
	-	(551)	(266)	-	-	-
Services provided (Income)	**44**	**-**	**-**	**413**	**-**	**-**
	(79)	-	-	(370)	-	-
Services received (expenses)	**276**	**-**	**-**	**130**	**-**	**-**
	(243)	-	-	(101)	-	-

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

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

	Akzo Nobel N.V., Netherlands	Imperial Chemical Industries Limited, England	Akzo Nobel Coatings International B.V.	Fellow Subsidiaries of the Company	Key Management Personnel	Employee Benefit Trusts
	2020-21	2020-21	2020-21	2020-21	2020-21	2020-21
	(2019-20)	(2019-20)	(2019-20)	(2019-20)	(2019-20)	(2019-20)
Managerial remuneration						
Short-term employee benefits	-	-	-	-	74	-
	-	-	-	-	(41)	-
Post employment benefits	-	-	-	-	6	-
	-	-	-	-	(3)	-
Other long - term benefits	-	-	-	-	7	-
	-	-	-	-	(3)	-
Guarantee issued on behalf of the Group for credit facilities from banks	850	-	-	-	-	-
	(850)	-	-	-	-	-

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

		Akzo Nobel N.V., Netherlands	Imperial Chemical Industries Limited, England	Akzo Nobel Coatings International B.V.	Fellow Subsidiaries of the Company	Key Management Personnel	Employee Benefit Trusts
		2020-21	2020-21	2020-21	2020-21	2020-21	2020-21
		(2019-20)	(2019-20)	(2019-20)	(2019-20)	(2019-20)	(2019-20)
b)	**Balances as at the end of the year**						
	Dues to related parties	353	-	479	748	27	-
		(271)	(34)	(503)	(1,187)	(37)	-
	Dues from related parties	2	-	-	271	-	-
		(12)	-	-	(503)	-	-
c)	**Share Capital outstanding as at end of the year**	-	230	111	-	-	-
		-	(230)	(111)	-	-	-

Terms and conditions of transactions with related parties

- The transactions with related parties are made on terms equivalent to those that prevail in arm’s length transactions. Outstanding balances at the year-end are unsecured and settlement occurs in cash.
- There have been no guarantees provided or received for any related party receivables or payables.
- For the year ended 31 March 2021 (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 2019-20

d) Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the respective year.

	For the year ended 31 March 2021	For the year ended 31 March 2020
Purchase of materials / finished goods		
PT Akzo Nobel Car Refinishes Indonesia	303	370
Akzo Nobel Hilden GmbH	-	237
Others	807	631
	1,110	1,238
Sales of finished goods		
Akzo Nobel Paints Vietnam Ltd	58	32
PT ICI Paints Indonesia	62	45
Akzo Nobel LLC	60	10

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

	For the year ended 31 March 2021	For the year ended 31 March 2020
Akzo Nobel Paints (Malaysia) Sdn. Bhd.	34	45
International Paint of Shanghai Co Ltd	-	30
Akzo Nobel Paints (Thailand) LTD.	-	34
Others	96	64
	310	260
Expenses incurred and recovered/recoverable from other Companies (Income)		
Akzo Nobel Global Business Services LLP	160	61
Akzo Nobel UAE Paints L.L.C.	-	9
Others	11	9
	171	79
Expenses reimbursed to other Companies (Expense)		
Akzo Nobel Paints (Singapore) Pte. Ltd.	11	21
Others	2	-
	13	21
Royalty		
Akzo Nobel Coatings International B.V.	834	800
	834	800
Dividend paid (Excluding dividend distribution tax)		
Imperial Chemical Industries Limited, England	781	551
Akzo Nobel Coatings International B.V.	376	266
	1,157	817
Services provided (Income)		
Akzo Nobel Car Refinishes B.V.	413	368
Akzo Nobel N.V.	44	79
Others	-	2
	457	449
Services received (Expense)		
Akzo Nobel N.V. Netherlands	276	243
Akzo Nobel Global Business Services LLP	130	100
Others	-	1
	406	344
Managerial remuneration		
Mr. Rajiv Rajgopal	52	24
Mr. Lakshay Kataria	19	14
Others	16	9
	87	47

	As at 31 March 2021	As at 31 March 2020
Dues to related parties		
Akzo Nobel Coatings International B.V.	479	503
Akzo Nobel N.V.	353	271
PT. Akzo Nobel Car Refinishes Indonesia	163	253
Others	612	1,005
	1,607	2,032
Dues from related parties		
Akzo Nobel Car Refinishes B.V.	116	285
Akzo Nobel Global Business Services LLP	58	71
Akzo Nobel Paints Vietnam Ltd	28	-
Others	71	159
	273	515

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

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

	As at 31 March 2021	As at 31 March 2020
Share capital outstanding		
Imperial Chemical Industries Limited, England	230	230
Akzo Nobel Coatings International B.V.	111	111
	341	341

Note: 34. Employee benefits

Defined benefit plans

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

The liability or asset recognised in the balance sheet in respect of defined benefit pension, provident fund and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuary using the projected unit credit method. The Gratuity Plan provides a lump sum payment to vested employees as per Payment of Gratuity Act, 1972 at retirement, disability or termination of employment being an amount based on the respective employee's last drawn salary and the number of years of employment with the Group. Also Refer note 26 (c).

Post-employment 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. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the period in which they arise.

Defined contribution plans

Defined contribution plans are provident fund scheme, superannuation scheme and part of the pension fund scheme for eligible employees. The Group recognises contribution payable to the respective employee benefit fund scheme as an expenditure, as and when they are due. The Group has no further payment obligations once the contributions have been made. Also Refer note 26 (c).

Other long-term employee benefit obligations

The liabilities for annual leave, pension scheme for certain employees and long term service awards are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore accrued using actuarial valuations and are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

Significant Estimates : Employee benefit obligations are determined using actuarial valuations. An actuarial valuation involves making appropriate assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

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

Note: 34. Employee benefits (Contd..)

	Gratuity		Pension		Post Retirement Medical Benefit		Provident Fund	
	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2020
(A) Employee benefit expense recognised in statement of profit and loss								
(a) Current service cost	50	48	1	2	3	2	74	74
(b) Interest cost (net)	11	9	(4)	(5)	20	20	1	17
(c) Past service cost - plan amendments	-	-	-	-	-	-	-	-
Total expense / (gain)	61	57	(3)	(3)	23	22	75	91
Remeasurements recognised directly in other comprehensive income								
(a) Return on plan assets (greater)/ less than discount rate	(22)	(12)	(11)	(6)	-	-	(56)	(14)
(b) Actuarial (gains) / losses								
- from changes in demographic assumptions	-	-	-	-	-	-	-	-
- from changes in financial assumptions	7	(3)	2	8	7	30	58	(1)
- experience adjustments	16	24	(6)	(7)	9	14	19	32
(c) Adjustment for limit on net asset	-	-	10	11	-	-	-	(25)
Total expense / (gain)	1	9	(5)	6	16	44	21	(8)

	Gratuity		Pension		Post Retirement Medical Benefit		Provident Fund	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
(B) Net Asset / (Liability) as at year end								
(a) Present value of obligations as at year end	583	510	94	117	344	327	1,485	1,250
(b) Fair value of plan assets as at year end	353	329	247	257	-	-	1,452	1,242
(c) Fair value of plan assets, limited to present value of future contributions	353	329	155	181	-	-	1,452	1,242
Net Asset / (Liability) (b)-(a)	(230)	(181)	153	140	(344)	(327)	(33)	(8)
Net Asset / (Liability) recognised in Balance Sheet (c)-(a)	(230)	(181)	61	64	(344)	(327)	(33)	(8)
(Refer below details for amount recognised in balance sheet)								
Provision in Balance Sheet (Refer note 13)								
Current	(1)	-	-	-	(24)	(23)	-	-
Non-Current	(229)	(181)	-	-	(320)	(304)	(33)	(8)
	(230)	(181)	-	-	(344)	(327)	(33)	(8)
Retirement Benefit Trust Surplus (Refer note 6)								
Current	-	-	-	-	-	-	-	-
Non-Current	-	-	61	64	-	-	-	-
	-	-	61	64	-	-	-	-
Net Asset / (Liability) recognised in Balance Sheet								
Current	(1)	-	-	-	(24)	(23)	-	-
Non-Current	(229)	(181)	61	64	(320)	(304)	(33)	(8)
	(230)	(181)	61	64	(344)	(327)	(33)	(8)

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

Note: 34. Employee benefits (Contd..)

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 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
(C)	**Change in defined benefit obligations during the year**								
	Present value of obligations at beginning of the year	**510**	455	**117**	121	**327**	292	**1,250**	1,001
	(a) Current service cost	**50**	48	**2**	2	**3**	2	**74**	73
	(b) Interest cost	**30**	31	**6**	8	**20**	20	**80**	93
	(c) Benefits paid	**(30)**	(39)	**(26)**	(15)	**(21)**	(29)	**(111)**	(168)
	(d) Actuarial (gains) / losses	**23**	22	**(5)**	1	**15**	43	**78**	29
	(e) Liabilities extinguished on settlements	**-**	-	**-**	-	**-**	-	**-**	-
	(f) Employee Contributions	**-**	-	**-**	-	**-**	-	**102**	99
	(g) Transfer In/(Out)	**-**	(7)	**-**	-	**-**	(1)	**-**	123
	(h) Other Adjustments	**-**	-	**-**	-	**-**	-	**12**	-
	(i) Past service cost - plan amendments	**-**	-	**-**	-	**-**	-	**-**	-
	Present value of obligations at end of the year	**583**	**510**	**94**	**117**	**344**	**327**	**1,485**	**1,250**

		Gratuity		Pension		Post Retirement Medical Benefit		Provident Fund	
		As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
(D)	**Change in fair value of plan assets during the year**								
	Fair value of plan assets as at beginning of the year	**329**	311	**257**	249	**-**	-	**1,242**	1,024
	(a) Return on plan assets (greater)/less than discount rate	**22**	12	**11**	6	**-**	-	**56**	14
	(b) Interest income on plan assets	**20**	22	**15**	17			**79**	77
	(c) Group contributions	**-**	-	**-**	-	**-**	-	**72**	73
	(d) Employee Contributions	**-**	-	**-**	-			**102**	99
	(e) Benefits paid	**(18)**	(16)	**(26)**	(15)	**-**	-	**(111)**	(168)
	(f) Adjustment of defined contribution	**-**	-	**-**	-	**-**	-	**12**	-
	(g) Actuarial gains / (losses)	**-**	-	**-**	-	**-**	-	**-**	-
	(h) Transfer In/(Out)	**-**	-	**-**	-	**-**	-	**-**	123
	(i) Acquisition cost	**-**	-	**(10)**	-	**-**	-	**-**	-
	Fair value of plan assets	**353**	**329**	**247**	**257**	**-**	**-**	**1,452**	**1,242**
(E)	**Change in Irrevocable Surplus**								
	Irrevocable Surplus as at the beginning of the year	**-**	-	**76**	61	**-**	-	**-**	25
	(a) Interest in Irrevocable Surplus	**-**	-	**5**	4	**-**	-	**-**	-
	(b) Change in Irrevocable Surplus in excess of interest	**-**	-	**11**	11	**-**	-	**-**	(25)
	Irrevocable Surplus as at the end of the year	**-**	**-**	**92**	**76**	**-**	**-**	**-**	**-**
(F)	**Expected maturity analysis of undiscounted defined benefit plans**								
	Less than a year	**80**	75	**18**	36	**24**	23	**241**	29
	Between 1-2 years	**81**	71	**16**	17	**25**	24	**222**	23
	Between 2-5 years	**237**	213	**42**	38	**74**	74	**476**	35
	Over 5 years	**400**	360	**43**	39	**118**	126	**985**	158
	Total	**798**	**720**	**119**	**130**	**241**	**247**	**1,924**	**245**
(G)	**Weighted Average Duration**	**6**	6	**6**	6	**6**	6	**6**	6
(H)	**Sensitivity Analysis**								
	Discount Rate (%age)								
	Effect of DBO due to 0.5% increase in Discount Rate	**-2.9%**	-2.9%	**-4.3%**	-4.3%	**-5.8%**	-4.9%	**-**	-
	Effect of DBO due to 0.5% decrease in Discount Rate	**3.1%**	2.9%	**4.3%**	4.3%	**5.6%**	5.5%	**-**	-

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

Note: 34. Employee benefits (Contd..)

	Gratuity		Pension		Post Retirement Medical Benefit		Provident Fund	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Salary Escalation Rate (%age)								
Effect of DBO due to 0.5% increase in Salary Escalation Rate	**2.9%**	2.9%	**-**	-	-	-	**-**	-
Effect of DBO due to 0.5% decrease in Salary Escalation Rate	**-2.9%**	-2.8%	**-**	-	-	-	**-**	-
Medical Inflation Rate (%)								
Effect on DBO due to 0.5% increase in Medical Inflation	**-**	-	**-**	-	**4.8%**	4.6%	**-**	-
Effect on DBO due to 0.5% decrease in Medical Inflation	**-**	-	**-**	-	**-4.4%**	-4.3%	**-**	-
Mortality Rate (%)								
Effect on DBO if Post Retirement Medical Rates are scaled up by one year	**-**	-	**-**	-	**-4.7%**	-4.6%	**-**	-
Effect on DBO if Post Retirement Medical Rates are scaled down by one year	**-**	-	**-**	-	**4.9%**	4.9%	**-**	-

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet. The method and type of assumptions used in preparing the sensitivity analysis did not change as compared to previous year.

(I) Other long-term employee benefit obligations out of which the current portion of obligations is the expected amount to be settled in next twelve months.

	As at 31 March 2021	As at 31 March 2020
Long service award obligation		
Current	**(2)**	(1)
Non-Current	**(13)**	(12)
Total	**(15)**	**(13)**

	As at 31 March 2021	As at 31 March 2020
Leave obligation		
Current	**(24)**	(24)
Non-Current	**(132)**	(115)
Total	**(156)**	**(139)**

	As at 31 March 2021	As at 31 March 2020
Pension obligation		
Current	**-**	-
Non-Current	**(14)**	(13)
Total	**(14)**	**(13)**

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

Note: 34. Employee benefits (Contd..)

(J) Expected contributions to defined benefit plans for the year ending 31 March 2022 is ₹ 182 (31 March 2021 ₹ 157).

(K) Major category of plan assets

	Gratuity				Pension			
	As at 31 March 2021		As at 31 March 2020		As at 31 March 2021		As at 31 March 2020	
	%	Amount	%	Amount	%	Amount	%	Amount
Government of India Securities (Central and State)	9%	32	10%	32	23%	56	22%	56
High Quality Corporate Bonds (including Public sector bonds)	9%	30	11%	35	23%	57	22%	55
Cash (including special deposits)	2%	7	1%	4	14%	33	19%	48
Scheme of Insurance-conventional Products	30%	106	30%	100	-	-	-	-
Scheme of Insurance-ULIP products	46%	162	43%	143	-	-	-	-
Others	4%	16	5%	15	40%	101	37%	98
	100%	353	100%	329	100%	247	100%	257

Major category of plan assets

	Provident Fund			
	As at 31 March 2021		As at 31 March 2020	
	%	Amount	%	Amount
Government of India Securities (Central and State)	50%	714	46%	561
High Quality Corporate Bonds (including Public sector bonds)	32%	478	38%	485
Cash (including special deposits)	6%	87	9%	109
Others	12%	173	7%	87
	100%	1452	100%	1242

Actuarial Assumptions

	2020-21	2019-20
Discount Rate (annual)	6.00%	6.20%
Salary growth rate	7.00%	7.00%
Expected rate of return (annualised)	7.65%	8.00%
Medical Inflation Rate	8.00%	8.00%

(L) Risk exposure

Through its defined benefit plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

Asset Volatility:- The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a return lesser than the yield. Most of the plan asset investments are in fixed income securities with high grades and in government securities. These are subject to interest rate risk and the fund manages interest rate risk to minimise risk to an acceptable level.

Changes in bond yields : The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

Inflation risks : In the pension plans, the pensions in payment are not linked to inflation, so this is a less material risk.

Life expectancy: The pension and medical plan obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant where inflationary conditions result in higher sensitivity to changes in life expectancy.

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.

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

Note: 35. Change in accounting policies :

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

Impact on the financial statements — lessee accounting

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

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

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

(i) Practical expedients applied

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

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

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

(ii) Measurement of lease liabilities

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

(iii) Measurement of right-of-use assets

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

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

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

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

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

Note: 35. Change in accounting policies:(Contd..)

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

(v) Lessor accounting

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

Note: 36. Managerial remuneration paid by erstwhile Akzo Nobel Coatings India Private Limited ("AN Coatings"), since amalgamated with the Group, for the years ended 31 March 1999 and 31 March 2000 was in excess of limits prescribed under the Companies Act,1956 by an amount of ₹ 10. AN Coatings had, therefore, made applications with the Central Government for approval of the excess remuneration paid, for which response is awaited.

Note: 37. The Group has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under section 92-92F of The Income Tax Act, 1961. Since the law requires such information and documentation to be contemporaneous in nature, the Group is in process of updating the documentation of international transactions with the Associated Enterprises during the financial year and expects such records to be in existence latest by the due date of filing the return of income. The management is of the opinion that its international transactions are at arm's length so that aforesaid legislation will not have any material impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

Note: 38. The Group has revised useful lives of certain assets with effect from 1 April 2020 based on their expected period of use and physical condition, which has resulted in reduction in depreciation and amortisation expense by ₹ 90 for the year ended 31 March 2021 with corresponding impact on profit before tax.

Note: 39. Statutory Group Information

a) Additional information to consolidated financial statements (Pursuant to Schedule III to the Companies Act, 2013):

Name of the entity in the group	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	₹	As % of consolidated profit and loss	₹	As % of consolidated other comprehensive income	₹	As % of total comprehensive income	₹
Parent								
AKZO NOBEL INDIA LIMITED								
Balance as at 31 March 2021	99.95%	12,876	99.99%	2,076	99.99%	(25)	100.00%	2,051
Balance as at 31 March 2020	99.94%	12,373	99.99%	2,374	99.99%	(39)	100.00%	2,335
Indian Subsidiary								
ICI India Research & Technology Centre								
Balance as at 31 March 2021	0.05%	7	0.01%	*	0.01%	*	-	-
Balance as at 31 March 2020	0.06%	7	0.01%	*	0.01%	*	-	-
Total								
Balance as at 31 March 2021	100.00%	12,883	100.00%	2,076	100.00%	(25)	100.00%	2,051
Balance as at 31 March 2020	100.00%	12,380	100.00%	2,374	100.00%	(39)	100.00%	2,335

b) The Company's subsidiary – 'ICI India Research & Technology Centre' is limited by guarantee and does not have a share capital. Based on undertaking given by the members of the Company, they will contribute a maximum of ₹ 100/-(Rupees hundred) in the event the Company is wound up.The Subsidiary conducts research activity on behalf of Akzo Nobel India Limited and receives contributions from the Company to the extent of costs incurred on such research activity.

Note: 40. COVID-19

The outbreak of Covid-19 pandemic has created economic disruption throughout the world including India. The operations of the Group were significantly impacted earlier during the year due to supply chain disruptions caused by lock down of plants, offices and warehouses. The Group continues to carry its operations in a manner consistent with the directives from the government and local authorities, and continues to ensure compliance with the necessary protocols.

The Group has evaluated the effects of Covid-19 on its operations and financial position. Based on its review of the macro economic conditions and current outlook for the Indian economy, there is no additional impact on financial statements apart from those already considered in the financial statements of the Group as at 31 March 2021. However, given the evolving scenario and uncertainties with respect to its nature and duration, the impact may be different from estimates as on the date of approval of financial statements. The Group will continue to monitor any material changes to its future business and economic conditions.

Note: 41. Previous year figures have been regrouped and reclassified where ever necessary to conform to the current year classifications.

As per our report of even date attached.

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

Anurag Khandelwal
Partner
Membership No. : 078571

Place: Gurugram
Date: 22 May 2021

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

Amit Jain
Chairman
DIN : 01770475

Rajiv Rajgopal
Managing Director
DIN : 06685599

Lakshay Kataria
Wholetime Director and CFO
DIN : 08345477

Harshi Rastogi
Company Secretary
ACS 13642

Place: Gurugram
Date: 22 May 2021

AkzoNobel

NOTICE OF 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 67th Annual General Meeting (AGM) of the Members of Akzo Nobel India Limited will be held on Friday, 13 August 2021 at 1430 hours through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following businesses:

Ordinary Business

1. To receive, consider and adopt the audited financial statements (standalone and consolidated) for the year ended 31 March 2021 and the reports of the Directors and Auditors thereon.

2. To declare final Dividend on equity shares for the year ended 31 March 2021.

3. To appoint a Director in place of Mr Oscar Christian Maria Józef Wezenbeek (DIN 08432564) who retires by rotation and being eligible, offers himself for re-appointment.

4. To consider re-appointment of Price Waterhouse Chartered Accountants LLP as Statutory Auditors and, if thought fit, pass the following resolution as an ordinary resolution:

   "Resolved that M/s Price Waterhouse Chartered Accountants LLP (ICAI FRN 012754N/ N500016) be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the Annual General Meeting of the Company in 2026 at such remuneration to be agreed between the Auditors and the Board of Directors of the Company, subject to the Auditors complying with the legal and regulatory provisions and the eligibility criteria laid down under Section 139 of the Companies Act, 2013.

   In addition, reasonable out-of-pocket expenses and taxes as applicable may be reimbursed to the Auditors. Any other fees for certification and other permissible services u/s 144 of the Companies Act 2013 may be billed by the Auditors at such rates as may be agreed between the Auditors and the Board of Directors of the Company."

Special Business

5. To consider appointment of Mr Amit Jain (DIN 01770475) as an Independent Director and, if thought fit, pass the following resolution as an Ordinary Resolution.

   "Resolved that pursuant to the provisions of Section 149 and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made thereunder (including any statutory modifications or re-enactment(s) thereof, for the time being in force), regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as applicable and the Articles of Association of the Company, Mr Amit Jain (DIN 01770475) be and is hereby appointed as an Independent Director of the Company for a continuous period of 3 (three) years from August 14, 2021 to August 13, 2024, and that he shall not be liable to retire by rotation."

6. To consider ratification of remuneration to M/s Chandra Wadhwa & Co., Cost Auditors and, if thought fit, pass the following resolution as an ordinary resolution:

   "RESOLVED that the remuneration of ₹ 0.60 million, in addition to reimbursement of travel and out-of-pocket expenses, to M/s Chandra Wadhwa & Co., Practicing Cost Accountants, holding registration number 00239 allotted by The Institute of Cost Accountants of India, appointed as the Cost Auditors of the Company for the year 2021-22 by the Board of Directors, be and is hereby ratified."

By order of the Board

22 May 2021
Gurugram

Harshi Rastogi
Company Secretary
ACS 13642

Registered office:
8-B, Middleton Street
Kolkata 700 071

Notes

i) In view of the continuing Covid-19 pandemic, social distancing norms to be followed and the continuing restriction on movement of persons at several places in the country, the Ministry of Corporate Affairs ("MCA") has vide its Circular No. 02/2021 dated 13 January 2021, 20/2020 dated 5 May 2020, 14/2020 dated 8 April 2020 and 17/2020 dated 13 April 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC/OAVM, without the physical presence of the Members, upto 31 December 2021.

In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the AGM of the Company shall be conducted through VC/OAVM. The venue of the meeting shall be deemed to be the Registered office of the Company.

ii) The Members can join the AGM in the VC/OAVM mode 30 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in this Notice. The facility for participation at the AGM through VC/OAVM will be available for 1,000 members on first come first serve basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc., who are allowed to attend the AGM without restriction on account of first come first serve basis.

iii) Attendance of the Members participating in the AGM through VC/OAVM facility shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

iv) Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by members will not be available for this meeting and hence the Proxy Form and Attendance Slip are not annexed to this Notice. However, in pursuance of Section 112 and Section 113 of the Act, representatives of the Members may be appointed for the purpose of voting through remote e-Voting, for participation in the AGM through VC/OAVM facility and e-Voting during the AGM.

v) Explanatory statement pursuant to Section 102 of the Act in respect of items covered under Special Business is annexed hereto. Information under Regulation 26(4) and 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as required under Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India, in respect of Director proposed to be re-appointed at this AGM is also annexed to this Notice.

vi) The Register of Members and Share Transfer books of the Company will remain closed from 07 August 2021 to 13 August 2021 (both days inclusive).

vii) Dividend, if approved at the Meeting, will be paid on or around 31 August 2021 by means of direct bank credit or dividend warrants:

a. In respect of shares held in electronic form, to the beneficial owners of shares as on 6 August 2021 as per the downloads furnished to the Company by the depositories for this purpose;

b. In respect of shares held in physical form, to those members whose names appear on the Company's Register of Members as on 06 August 2021.

Please note that there could be a delay in dispatch/delivery of dividend warrants due to Covid-19 situation.

Withholding Tax on Dividend

Members may note that the Income Tax Act, 1961, as amended by the Finance Act, 2020, mandates that dividends paid or distributed by a Company after 01 April, 2020 shall be taxable in the hands of the shareholders and the Company shall be required to deduct tax at source (TDS) at the prescribed rates from the dividend to be paid to shareholders, subject to approval of shareholders in the ensuing AGM. In order to enable the Company to determine the appropriate TDS rate as applicable, Members are requested to submit the documents in accordance with the provisions of the Income Tax Act, 1961, as detailed below:

I. For Resident Shareholders

Tax is required to be deducted at source under Section 194 of the Income Tax Act, 1961, at 10% on the amount of dividend where shareholders have registered their valid Permanent Account Number (PAN). In case, shareholders do not have PAN or have not registered their valid PAN details in their account, TDS at the rate of 20% (plus applicable surcharge and cess) shall be deducted under Section 206AA of Income Tax Act, 1961.

a. Resident Individuals:

No tax shall be deducted on the dividend payable to resident individuals if –

- Total dividend amount to be received by them during the Financial Year 2021-22 does not exceed ₹ 5,000/; or
- The shareholder provides Form 15G (applicable to any person other than a Company or a Firm)/ Form 15H (applicable to an Individual above the age of 60 years), provided that all the required eligibility conditions are met.

b. Resident Non-Individuals:

No tax shall be deducted on the dividend payable to the following resident non-individuals where they provide details and documents as follows:

- Insurance Companies: Self declaration that it has full beneficial interest with respect to the Ordinary Shares owned by it along with self-attested copy of PAN card 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.

- Other Non-Individual shareholders: Self-attested copy of documentary evidence supporting the exemption along with self-attested copy of PAN card.

c. In case, shareholders (both individuals or non-individuals) provide certificate under Section 197 of the Income Tax Act, 1961, for lower / NIL withholding of taxes, rate specified in the said certificate shall be considered, on submission of self-attested copy of the certificate.

II. For Non-resident Shareholders

a. Taxes are required to be withheld in accordance with the provisions of Section 195 of the Income Tax Act, 1961, as per the rates as applicable. As per the relevant provisions of the Act, the withholding tax shall be at the rate of 20% (plus applicable surcharge and cess) on the amount of dividend payable to them. In case, non-resident shareholders provide a certificate issued under Section 197/195 of the Income Tax Act, 1961, for lower/ Nil withholding of taxes, rate specified in the said certificate shall be considered, on submission of self-attested copy of the certificate.

b. Further, as per Section 90 of the Income Tax Act, 1961 the non-resident shareholder has the option to be governed by the provisions of the Double Tax Avoidance Treaty between India and the country of tax residence of the shareholder, if they are more beneficial to them. For this purpose, i.e. to avail Tax Treaty benefits, the non-resident shareholders are required to provide the following:

- Self-attested copy of the PAN Card allotted by the Indian Income Tax authorities.

- Self-attested copy of Tax Residency Certificate (TRC) (for the period April 2021 to March 2022) obtained from the tax authorities of the country of which the shareholder is a resident.

- Self declaration in Form 10F if all the details required in this form are not mentioned in the TRC.

- Self-declaration by the non-resident shareholder of having no Permanent Establishment in India in accordance with the applicable Tax Treaty and Beneficial ownership of the shares (for the period April 2021 to March 2022) by the non-resident shareholder.

Kindly note that the Company is not obligated to apply beneficial tax treaty rates at the time of tax deduction / withholding on dividend amounts. Application of beneficial rate of tax treaty for the purpose of withholding taxes shall depend upon completeness and satisfactory review by the Company of the documents submitted by the non-resident shareholder.

c. In case of Foreign Institutional Investors (FII) and Foreign Portfolio Investors (FPI), taxes shall be withheld at 20% plus applicable surcharge and cess in accordance with provisions of Section 196D of the Income Tax Act, 1961.

Kindly note that the aforementioned documents are required to be emailed to rta@cbmsl.com on or before Friday, 6 August, 2021 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, 6 August, 2021. It may be further noted that in case the tax on said dividend is deducted at a higher rate in absence of receipt of the aforementioned details / documents from you, there would still be an option available with you to file the return of income and claim an appropriate refund from the tax authorities, if eligible.

We shall arrange to email the soft copy and/or send the physical copy of TDS certificate to you at your registered email ID/address in due course, post payment of the said dividend.

viii) As per SEBI Regulations, dividend is required to be credited to shareholders using any of the electronic modes of payment approved by the Reserve Bank of India, wherever the requisite details/mandates have been provided by the Members. Members who are yet to provide their bank details are requested to send the details of their bank account (account number, bank name, bank address, MICR Code and IFS Code) to their Depository Participants (in case of shares held in dematerialized form) or to the RTA (in case of shares held in physical form) at the earliest.

ix) As per the provisions of Section 72 of the Act, the facility for making nomination is available to the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting the prescribed Form. Members are requested to submit the said details to their DP in case the shares are held in electronic form and to the RTA in case the shares are held in physical form.

x) Members who wish to obtain any information on the Company or the financial statements may visit the Company's website: www.akzonobel.co.in 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 31 March 2014 or any subsequent financial years, are requested to send un-encashed dividend warrants to the RTA for necessary action. Separate intimations have been sent to those Members whose dividend warrants remain outstanding as on 31 March 2021.

Further, pursuant to Investor Education & Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, all shares in respect of which dividend has remained unpaid or unclaimed for 7 consecutive years are liable to be transferred to the IEPF Authority.

Once the aforesaid shares/dividend are transferred to IEPF, the concerned shareholders can claim the same by making an application in the prescribed form and manner to the IEPF Authority.

xii) Registration of email id for obtaining Annual Report and registration of PAN for appropriate deduction of TDS:

Members who are yet to register their email id or their PAN are requested to send a request to the Registrar at rta@cbmsl.com quoting Folio Number alongwith a scanned copy of the share certificate (front and back), self attested scanned copy of PAN card and Aadhar Card (in case of shares held in physical form) and to their Depository Participants (in case of shares held in demat form) at the earliest.

xiii) The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, and the relevant documents referred to in the Notice will be available electronically for inspection by the members during the AGM. All documents referred to in the Notice of the AGM and the Explanatory Statement shall be open for inspection without any fee at the Registered Office of the Company between 10 am to 12 noon on all working days, except Saturday, upto and including the date of the AGM of the Company. Due to prevailing second wave of Covid 19, members are requested to email a request for inspection of documents at investor.india@akzonobel.com so that necessary arrangements can be made.

xiv) Pursuant to section 108 of the Act, read with the Companies (Management and Administration) Rules 2014, the Company is pleased to offer e-voting facility to the members to cast their votes electronically on all resolutions set forth in this Notice. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system during the e-voting period as well as venue voting on the date of the AGM will be provided by NSDL.

xv) The meeting has been convened and will be conducted in terms of Circular No. 02/2021 dated 13 January 2021 read with 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 2020-21 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 10 August 2021 (9 am) and ends on 12 August 2021 (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 6 August 2021, 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?

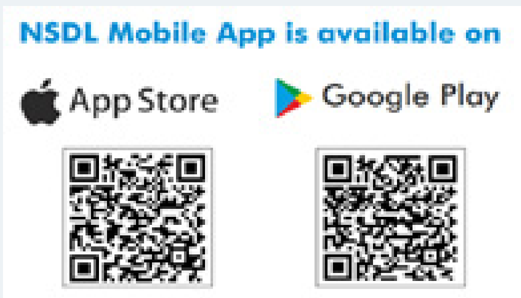
   The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

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.	1. Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS Portal" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 4. Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience. 

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with CDSL	1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. 2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote. 3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	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.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 or 022-23058542-43

B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.

2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/ Member’ section.

3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12************** then your user ID is 12**************
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if 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 General Meeting".

3. Now you are ready for e-Voting as the Voting page opens.

4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

5. Upon confirmation, the message "Vote cast successfully" will be displayed.

6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this Notice

1. In case shares are held in physical mode please provide folio no., name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to investor.india@akzonobel.com

2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to investor.india@akzonobel.com.

3. Alternatively member may send an e-mail request to evoting@nsdl.co.in for obtaining User ID and Password by proving the details mentioned in Point (1) or (2) as the case may be.

Instructions for members for e-voting on the day of the AGM

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.

3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

4. The contact details for any grievances connected with the facility for e-Voting on the day of the AGM are given in section c below.

General Guidelines for shareholders

a. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to aklabhcs@gmail.com with a copy marked to evoting@nsdl.co.in.

b. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on www.evoting.nsdl.com to reset the password.

c. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Mr. Amit Vishal, Senior Manager, NSDL and /or Ms. Pallavi Mhatre, Manager, NSDL at evoting@nsdl.co.in

d. The voting rights of members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date of 6 August 2021.

e. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes member of the Company after the notice is send through e-mail and holding shares as of the cut-off date i.e. 6 August 2021, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or Issuer/RTA. However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/Password” or “Physical User Reset Password” option available on www.evoting.nsdl.com or call on toll free no. 1800 1020 990 and 1800 22 44 30. In case of Individual Shareholders holding securities in demat mode who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date i.e. 6 August 2021 may follow steps mentioned in the Notice of the AGM under “Step 1 :Access to NSDL e-Voting system” above.

f. In case of joint holders joining the AGM, only such joint holder who is higher in the order of names will be entitled to vote.

g. Mr A K Labh, Practicing Company Secretary (Membership No. FCS4848, C.P. No. 3238) and sole proprietor M/s A K Labh & Co., Company Secretaries, 40 Weston Street, 3rd Floor, Kolkata 700 013 has been appointed as the Scrutinizer to conduct the voting process in a fair and transparent manner.

h. The Scrutinizer will, after the conclusion of e-voting at the Meeting, scrutinize the votes cast at the Meeting and votes cast through remote e-voting, make a consolidated Scrutiniser’s Report and submit the same to the Chairman. The results shall be declared within 48 hours from the conclution 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.

i. On receipt of requisite number of votes, the Resolutions shall be deemed to have been passed on the date of the AGM.

Instructions for Members for attending the AGM through VC/OAVM

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at https://www.evoting.nsdl.com under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned above to avoid last minute rush. Further, members can also use the OTP based login for logging into the e-Voting system of NSDL.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. 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.
4. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/folio number, PAN, mobile number at investor.india@akzonobel.com from 02 August 2021 (9:00 a.m. IST) to 10 August 2021 (5:00 p.m. IST). Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. However, the Company reserves the right to restrict the number of questions and number of speakers, depending upon availability of time as appropriate for smooth conduct of the AGM.
5. Infrastructure, connectivity and speed available at the Speaker's location are essential to ensure smooth interaction.
6. In the interest of time, each Speaker is requested to express his / her views in 2–3 minutes.
7. Shareholders may also post their comments/queries (not more than 150 characters) in the chat box available on the video conferencing interface. However, the Company reserves the right to restrict response to the questions raised in the chatbox depending upon availability of time as appropriate for smooth conduct of the AGM.
8. Members who need assistance for attending the AGM, please call toll free number 1800 1205 764.

Explanatory statement pursuant to Section 102 of the Companies Act, 2013

Item No. 4

Appointment of Statutory Auditors

M/s Price WaterHouse Chartered Accountants LLP (PW), Chartered Accountants, the retiring Auditors have consented for re-appointment at the forthcoming Annual General Meeting. Their present appointment, approved by the shareholders at the Annual General Meeting held on 26 July 2016 will be valid upto the forthcoming AGM to be held on 13 August 2021.

PW have conveyed their eligibility and consent to be re-appointed as the Auditors of the Company in terms of section 139 of the Companies Act 2013, for a further period of 5 (five) years i.e. upto conclusion of the Annual General Meeting in 2026, at such remuneration as may be agreed between the Auditors and the Board of Directors of the Company.

The Board recommends the resolution. None of the Directors or KMP have any concern or interest in this resolution.

Item No. 5

Appointment of Mr Amit Jain as an Independent Director

Mr Amit Jain ('Mr Jain') joined the Board of the Company as the Managing Director on 1 June 2009 and later became a Non-Executive / Non-Independent Director on 2 January 2014. He was the Chairman of the Company from 15 August 2017 to 22 May 2021. He is currently the Chairman of the Nomination and Remuneration Committee and the Risk Management Committee and is a member of the Audit Committee.

The Board at its meeting held on 22 May 2021 decided to recommend appointment of Mr Jain as an Independent Director for a period of 3 (three) years from 14 August 2021 to 13 August 2024, subject to the approval of the shareholders by means of an ordinary resolution.

Relevant details relating to the appointment of Mr Jain, including his profile, as required by the Act, Listing Regulations and Secretarial Standards issued by ICSI are provided in the "Annexure" to the Notice.

In the opinion of the Nomination and Remuneration Committee and the Board of Directors of the Company, the appointment of Mr Jain as an Independent Director would be in the interest of the Company and its shareholders considering his wealth of experience and immense value he brings to the Board.

Mr Jain is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has consented to act as an Independent Director of the Company. The Company has also received declarations from Mr. Jain that he meets the criteria of independence as prescribed under Section 149 of the Act and the Listing Regulations. Mr Jain is not related to any of the Directors of the Company nor does he hold any shares of the Company. He is independent of the management. The Company has received a notice in writing from a member under Section 160 of the Act proposing the candidature of Mr Jain for the office of Independent Director of the Company. In the opinion of the Board, Mr. Jain fulfils the conditions for appointment as an Independent Director as specified in the Act and Listing Regulations.

Copy of the draft letter of appointment for Mr Jain as an Independent Director setting out the terms and conditions will be open for inspection by any member at the registered office of the Company between 10 am to 12 noon on all working days (excluding Saturdays) upto and including the date of the Annual General Meeting.

The Board recommends the resolution for approval by the shareholders. Except Mr Jain, no other Director or Key Managerial Personnel (KMP) has any interest or concern in this resolution.

Item No. 6

Ratification of remuneration to Cost Auditors

The Board, at its meeting held on 22 May 2021, reappointed M/s Chandra Wadhwa & Co., practicing cost accountants, holding registration number 00239 allotted by the Institute of Cost Accountants of India, as cost auditors of the Company, in terms of section 148 of the Act, at a remuneration of ₹ 0.60 million in addition to reimbursement of travel and out of pocket expenses, for the financial year 2021-22, as recommended by the Audit Committee, subject to ratification by the shareholders.

The Board recommends the resolution for ratification by the shareholders. None of the Directors or KMPs has any concern or interest in this resolution.

Annexure

Brief profile of Directors to be appointed/re-appointed

Name of Director(s)	Mr Amit Jain (DIN: 01770475)	Mr Oscar Christian Maria Jozef Wezenbeek (DIN: 08432564)
Age (years)	57	57
Experience and Qualification	Mr Amit Jain served as the Managing Director of the Company for four years from 1 June 2009, before being appointed Managing Director for the AkzoNobel Decorative Business for North & West Europe, consequently becoming a non-executive director on the board. He was the Chairman of the Company from 15 August 2017 to 22 May 2021. In the span of his career of over three decades, Mr Jain has worked across four companies and three continents, making a mark across sectors like FMCG, Entertainment & Media and Beauty. Mr Jain is currently the Managing Director of L'Oreal India. Previously he has served in leadership roles with Coca-Cola and Viacom across Asia. Mr Jain holds a Master's degree in Business Administration from the Faculty of Management Studies (FMS) and has completed an advanced Management Program from the Wharton Business School.	Mr Oscar Christian Maria Jozef Wezenbeek is currently the Managing Director, Decorative Paints, South East & South Asia (SESA) at Akzo Nobel, based in Singapore. He has been associated with AkzoNobel Group over 32 years and led various portfolios in the coatings and automobile businesses in different countries. Mr Wezenbeek is a multilingual, globally oriented passionate people manager, driving customer focus and performance improvement. Other areas of his expertise include market research, business planning, strategy development and innovation. Mr Wezenbeek holds a Master's degree in Business Engineering and Management Sciences from Technical University Eindhoven. He went through an ELT Training Program at IMD Business School in 2019, Global Executive Leadership Program at Yale School of Management in 2016 and an Advanced Management Program at INSEAD in 2006.
Expertise in specific Functional Areas	Expertise in Sales & Marketing, Technical, General Management, Legal and Governance, Strategic thinking and decision making, Finance and International Business.	Expertise in Sales & Marketing, Technical, General Management, Strategic thinking and decision making, Finance and International Business.
Date of first appointment on the Board	Managing Director from 1 June 2009 to 31 December 2013. Non Executive Director from 2 January 2014.	4 May 2019
Shareholding in the Company as on 31 March 2021	Nil	Nil
Term and conditions of re-appointment	Independent Director not liable to retire by rotation	Non-Executive Director, liable to retire by rotation
Detail of remuneration last drawn {FY 2020-21} (₹ in million)	1.5	No remuneration paid by the Company as he is in full time employment with the parent Company.
Detail of proposed remuneration	Sitting fees and commission as may be approved by the Board of Directors in accordance with applicable provisions of law.	No remuneration proposed by the Company as he is in full time employment with the parent Company.

Notes

Design
Kalolwala & Associates Private Limited
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9th Floor, Magnum Towers,
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AkzoNobel

About AkzoNobel:
We've been pioneering a world of possibilities to bring surfaces to life for well over 200 years. As experts in making coatings, there's a good chance you're only ever a few meters away from one of our products. Our world class portfolio of brands – including Dulux, International, Sikkens and Interpon – is trusted by customers around the globe. We're active in more than 150 countries and have set our sights on becoming the global industry leader. It's what you'd expect from the most sustainable paints company, which has been inventing the future for more than two centuries. For more information please visit www.akzonobel.com.

About AkzoNobel India:
AkzoNobel India has been present in India for over 60 years and is a significant player in the paints industry. In 2008, the company became a member of the AkzoNobel Group. With an employee strength of around 1,500, AkzoNobel India has manufacturing sites, offices and a distribution network spread across the country. All manufacturing facilities have a state-of-the art environmental management system. Its commitment to Health, Safety, Environment & Security (HSE&S) has been among the best in class globally, with due care being taken to protect the people and the environment. For more information please visit www.akzonobel.co.in.

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