REPORT 22 23

AkzoNobel



Akzo Nobel India Limited

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Consolidated Financial Statements

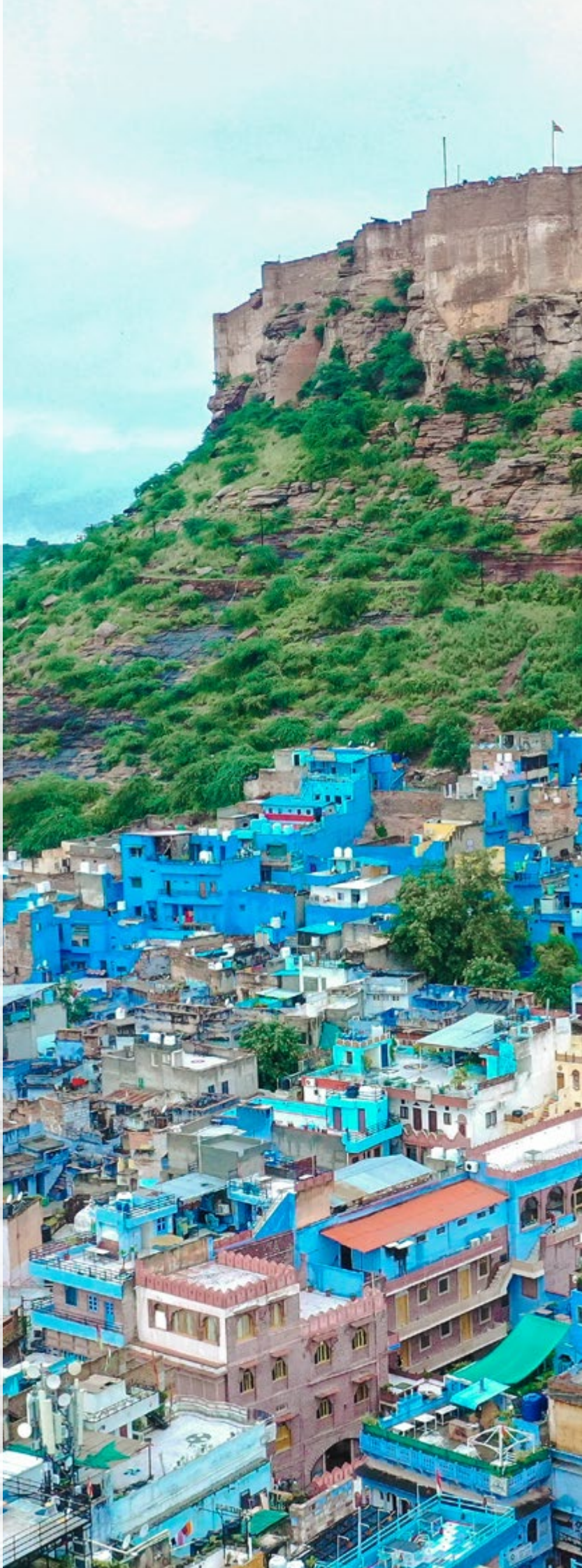
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Adding colors to lives

Our “Let’s Colour” project has helped preserve the signature Blue City appeal of Jodhpur. Around 250 homes leading up to the five-century old Mehrangarh Fort were repainted and refreshed with 5,600 liters of Dulux paint over a period of four months.

The transformed bright blue hillside is bringing pride to the 1,000 families there. It’s also creating new livelihood opportunities for the local community, supporting local artists, celebrating the rich Rajasthani heritage and making a sustainable difference by protecting homes and making them cooler.

Chairman's Statement



Winning in a new Indian era

"At AkzoNobel, we believe that we are at our best when our customers, employees, shareholders, business partners and communities, all progress."

Oscar Wezenbeek
Chairman

Global flux

As I reflect on the fiscal gone by, the world continued to be in a state of flux and two realities ran in parallel. One, that of a sticky wicket. The second, akin to a strong batting pitch with favourable conditions.

It's a rocky recovery for the global economy but India stands tall

Uncertainty, inflationary pressures and weakened consumer demand trends saw global growth softening to 3.4% in 2022. In 2023, this is expected to further taper down to 2.8%. In comparison, India continues to be the fastest growing amongst the largest economies of the world.

The opportunity in Paint & Coatings

These are exciting times to be doing business in India as the world looks at the country with renewed expectations. The Union Budget has raised capital spendings by almost a third in high-multiplier infrastructure segments. There's also a focus on manufacturing,

investments in digitization, electric mobility and a green transformation underway in many sectors, resulting inter alia in higher demand for paints and coatings.

Unwavering commitment to India

The reality is that even if it's pitch perfect for India, ultimately, it's how well you perform that determines how far ahead you go. Hence, I am delighted to share that your Company has made the most of FY23 and created a new benchmark of success.

AkzoNobel's four strategic priorities for 2023

From a global perspective, Mr. Gregoire Poux Guillaume took charge as our new CEO in November 2022 and launched four strategic priorities for 2023.

Together, these are steering our ambitions to balance growth and profitability, as can be seen from our progress:

- **Margin management:** The benefit of prior pricing actions and softening raw material prices continued to drive profitability.
- **Operating expenses (OPEX):** We continued to manage our costs judiciously by contributing to our healthy EBIT growth in FY23.
- **Working capital:** With the stellar efforts of entire team, our operating working capital (OWC) management remains as one of the strongest in the industry.
- **Integrated Supply Chain:** Programs like the Advanced Planning Transformation are helping us respond more effectively to business opportunities, while enhancing customer delight.

I also take this opportunity to share that for AkzoNobel globally as well, India is a key focus market. Case in point, our new CEO's maiden Asia tour kicked-off with a strategic India-first visit. Between the multiple market visits, customer and stakeholder interactions, visit to our Thane manufacturing site and meeting our energetic India team; the intent is clear - to further build on our growing India business.

Our sustainable approach to business

At AkzoNobel, we believe that we are at our best when our customers, employees, shareholders, business partners and communities, all progress.

As a responsible corporate, our determination to remain a necessary business for a sustainable future is driven by three key 2030 ambitions for our India business - 50% less carbon emissions, utilize 100% renewable energy and moving towards zero waste.

Our actions are a proof of our progress here. 34% of our energy requirements are now being met by renewable energy. Similarly, nearly 60% of raw materials purchased during FY23 were sustainably sourced. Innovation also has a key role to play here. We continue to offer our customers solutions that enable them to reduce their own emissions and material use. Currently, nearly 30% of our revenue is coming from sustainable solutions. Well ahead of the new Extended Producer Responsibility regulations in India, we have achieved ~10% recycled content in the plastic packaging.

Winning together with communities

As AkzoNobel Cares, our focused initiatives on education, community healthcare and development through skill training are driving a more diverse, inclusive and empowered future for local communities.

In FY23, our AkzoNobel Paint Academies provided sustainable livelihood opportunities to ~3,800 underprivileged youth. Our education initiative benefitted more than 6,700 children. Over 25,000 teleconsultations were provided to our painter families and communities around our sites. Your Company also contributed to NITI Aayog's Aspirational Districts Programme. Another highlight was a major "Let's Colour" project that brought alive the timeless 'Blue City' appeal of the historic city of Jodhpur.

It is indeed heartwarming to share that as we stepped up, our societal initiatives were accorded prestigious validations by CII-ITC Center of Excellence, Institute of Company Secretaries of India (ICSI) and FICCI.

Long term shareholder value creation

Overall, our record FY23 performance in synergy with strong cash generation, presents us with an opportunity to reward our shareholders for their unstinted support. Hence, the Board has recommended a final dividend of ₹40 per share, over and above the interim dividend of ₹25 per share, taking the total recommended dividend to ₹65 per share. This takes our company's total shareholder return to 18 per cent YoY, well ahead of the benchmark S&P BSE 500.

Looking ahead with confidence and optimism

Stepping into FY24, our core value of Integrity continues to be at the heart of how we do business. Our robust Corporate Governance, Code of Conduct and overarching policies framework guides us to conduct business in an ethical, transparent, and accountable manner.

Finally, I would like to thank Ms Harshi Rastogi, the Company Secretary and Compliance Officer for her outstanding contribution and being a pillar of strength.

There's no doubt that we are a stronger AkzoNobel today. We have the right team and the right strategy in place. There's both an energy and a determination to succeed. Your Company's Board and Management are more confident than ever of our ability to create long-term sustainable value.

With your support, I am excited and looking forward to seeing our vision, strategy and plans come together in a harmonious whole.

Oscar Wezenbeek
Chairman

Managing Director's statement



Batting on the offensive

"Overall, our businesses are performing well, our innovation pipeline is strong, we are reducing emissions while growing value."

Rajiv Rajgopal
Managing Director

Delivering on our promise

In my statement last year, I shared how Akzo Nobel India was at an inflection point of 'Shifting gears: From the new highs to the next'. In FY22, our revenue surpassed ₹30,000 million for the first time as a focused paints and coatings company. In FY23, we've delivered on the commitment and have clocked the 'next' high' with a record performance across the financial metrics of revenue, gross margins, EBIT and EBIT%.

Record topline drives market share gains

In FY23, our topline of ₹38,021 million with a 21% growth outperformed the industry average yet again. As a challenger brand, an accelerated growth trajectory resulted in our being among the Top 2 in incremental share gains in the industry since two years in a row.

Profitability too at all time high

While growing faster, equal thrust was also on bolstering profitability. Our EBIT surpassed ₹4,000 million mark for the first time - a significant 24% increase over last year. Calibrated pricing actions, better mix and enhanced operating efficiencies translated into the highest ever EBIT% of 11.6%. with a fourth consequtive year of double-digit profitability.

Maintaining a healthy liquidity, our operating working capital (OWC) as a percentage of revenue reduced from double digits to 6.8% on the back of better inventory management and contributed to strongest operating cash ever.

Business overview

Across paints and coatings businesses, growth momentum gained pace.

In decorative paints, portfolio augmentation in premium, new launches across segments and strategic expansion of our network footprint unlocked new vistas of growth in retail; while the rebound in construction and real estate acted as a tailwind for projects.

In tandem, conducive business sentiments across marine, core sector industries, wholesome infrastructure demand and automotive resurgence drove gains across coatings business. From India's fastest train to its first indigenous aircraft carrier… AkzoNobel coatings are today protecting the pride of India!

Six growth levers catapult us into accelerated growth

Earlier this year, our CEO Gregoire Poux-Guillaume, announced the four strategic priorities for 2023. These drive our intent to balance growth with profitability globally and your Company's Chairman shared our progress on these in his address.

Building on these priorities and fueling our competitive advantage in the growing Indian market are our actions on six areas of Brand Building, Innovation, Distribution, Digitization, Value Creation, and People.

Leveraging the power of global brands

In FY23, differentiated campaigns reinforced the strength of global brands such as Dulux, Interpon, Sikkens, International amongst many others in AkzoNobel's portfolio.

Taking forward the 'Ghar Ka Champion' positioning of Dulux Weathershield Powerflexx with new Triple Defence Technology in television were Ashutosh Rana and Ishaan Khattar. Dulux Aquatech was the hero in the love story of 'Parul and Painter'– a digital campaign that not only increased brand saliency in the water-proofing segment, but also won the Best Campaign in Home Improvement & Décor segment by the India chapter of International Advertising Association. Dulux, our global brand was also recognized as one of the Most Trusted Brands of India 2023!

A culture of innovation

Innovation is the cornerstone of how we do business. From cloud-based color database to technologies that merge the best of performance with aesthetics, our two world-class RD&I centers in India are bringing alive a diversified portfolio for our customers.

Taking this further is the power of collaborative innovation. In the Accelerator Program, AkzoNobel experts, together with the two winners of Paint the Future India startup challenge are partnering to enhance the digital experience of our consumers.

Driving breadth and depth with Distribution 2.0

As consumer expectations evolve, so has our marketplace strategy. In just five years our numeric reach has doubled to over 5,000 towns under the hub-and-spoke model. While an aggressive upcountry focus is driving the breadth of our network expansion, increasing the value per outlet is bolstering the depth. In addition, strategic online partnerships with leading e-commerce players mean that we are now just a click away from our consumers.

Value creation with technology

Embedding technology and leveraging data have redefined how we operate and engage with our customers. A key digitalization initiative this year was implementation of AkzoNobel's Advanced Planning Transformation (APT) program which is designed to better connect our end-to-end supply chain. With the aim to sustain our double-digit profitable journey, value creation initiatives including greater efficiencies in sourcing, import substitution and network optimization have been institutionalized in our processes.

People Power

Your Company is committed to imbibing a people-centric culture. A consistent top decile score in Organization Health Index shows that employees are highly engaged. Progressive policies and Employee Resource Groups such as Women Inspired Network (WIN) are strengthening our diverse and inclusive culture. Capability development programs are empowering high-performance teams. It is hence, very satisfying for me to share that Akzo Nobel India has been validated for second straight year as Great Place to Work™ certified organization.

Sustainability – our core value

We continue to act on our core value of Sustainability to make a difference where it matters most. Our Project Indradhanush has empowered more than 600 women to become professional painters and ignited the entrepreneurial spirit across 200 villages of India. A strong focus on renewable energy and reducing carbon footprint across our operations and value chain are also some ways we are contributing to a sustainable future.

Looking ahead

Overall, our businesses are performing well, our innovation pipeline is strong, we are reducing emissions while growing value. Our strategy is working and delivering improved performance and returns to shareholders. We anticipate that the market will get even more competitive in the years ahead but I'm confident that with our solid foundation and by leaning further into our strategic priorities, your Company is ready to rise to the challenge.

Gratitude for the Year that was

On behalf of the Country Leadership Team, I would like to highlight the remarkable efforts of our nearly 1,500 high-performing colleagues. Firmly anchored in our Purpose and driven by our core values – Safety, Integrity and Sustainability, their excellence enables us to delight consumers and positively impact communities. I also extend my gratitude to our business partners – suppliers, distributors, retailers and other stakeholders - for their continued support.

Finally, I would like to place on record my deep sense of gratitude to Ms Harshi Rastogi for her outstanding business partnering and enhancing the governance framework of your Company.

I am extremely proud of what we have achieved together. Driven by our passion, confidence in our abilities, clarity in our actions and invigorated by your support, we are ready to maximize every opportunity in the year ahead and accelerate our growth trajectory.

Rajiv Rajgopal
Managing Director

Board of Directors



Krishna Rallapalli
Wholetime Director and CFO

Amit Jain
Independent Director

Oscar Wezenbeek
Chairman



Smriti Rekha Vijay
Independent Director

Hemant Sahai
Independent Director

Rajiv Rajgopal
Managing Director

Board of Directors

Oscar Wezenbeek
Chairman

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

Oscar is currently the Managing Director, Decorative Paints, South East & South Asia (SESA) at AkzoNobel. Over the course of his 33 years career with AkzoNobel Group, he has successfully led various portfolios in the coatings and automobile businesses in different countries.

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

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

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

Rajiv Rajgopal
Managing Director

Mr Rajiv Rajgopal is the Managing Director of Akzo Nobel India Limited since November 2018.

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

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

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

Krishna Rallapalli
CFO and Wholetime Director

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

Krishna is a member of the Institute of Chartered Accountants of India (ICAI). He has over 24 years of experience and his last role was that of Regional Commercial Controller, Vehicle Refinish and Automotive for Asia with AkzoNobel Group. He joined the Company in 2006 and has handled various leadership roles in the Commercial and Finance functions.

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

Amit Jain
Independent Director

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

With a career spanning over three decades, he has led businesses across FMCG, Entertainment, Media and Beauty sectors.

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

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

After leaving AkzoNobel, Amit joined L'Oréal India in 2018 as the Managing Director, responsible for driving the company's growth, and operations across India and South Asia. Subsequently he transitioned to become its Chairman in 2023. He is also the Chairman of the Modern Marketing Association (MMA) India.

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

Hemant Sahai
Independent Director

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

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

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

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

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

Smriti Rekha Vijay
Independent Director

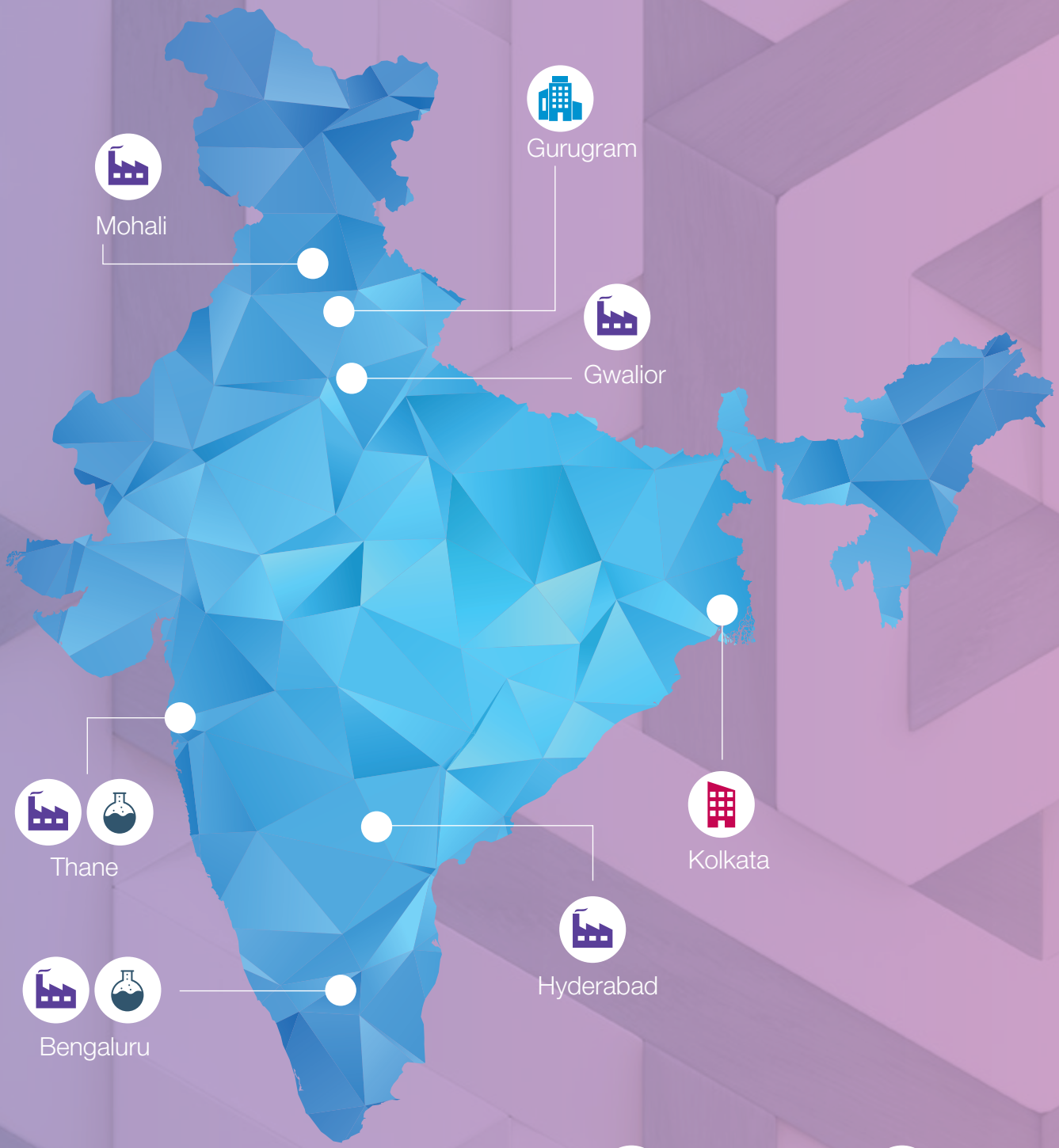
Mrs Smriti Rekha Vijay is an Independent Director of the Company since August 2019. She is the Chairperson of the CSR Committee and Audit Committee.

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

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

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

Our Presence



Corporate Office
Factory
Registered Office
RD&I Lab

Five Manufacturing Sites



Bengaluru



Hyderabad



Mohali



Gwalior

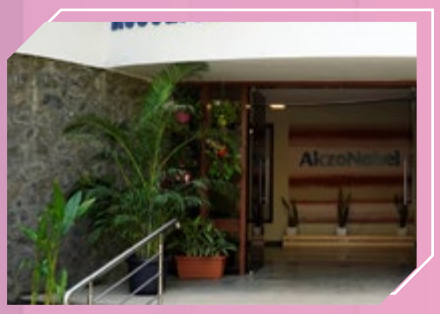


Thane

Two RD&I Labs



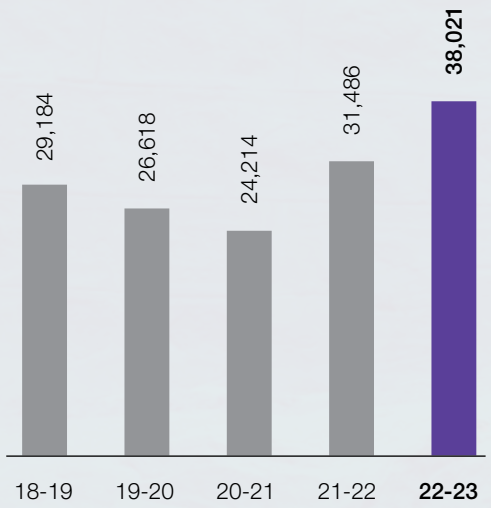
International Research Center, Bengaluru



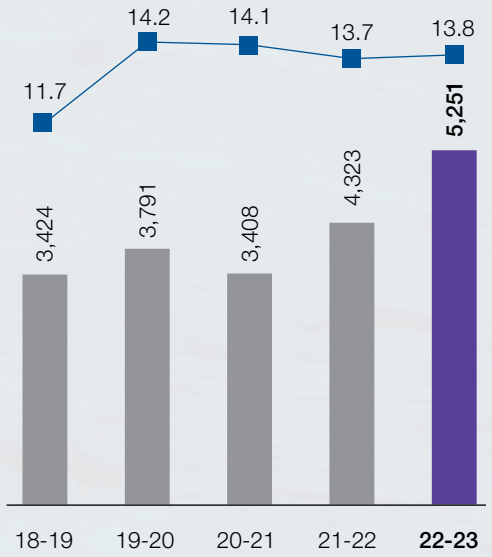
Research and Technology Center, Thane

Financial Performance Highlights: Continuing the strong momentum

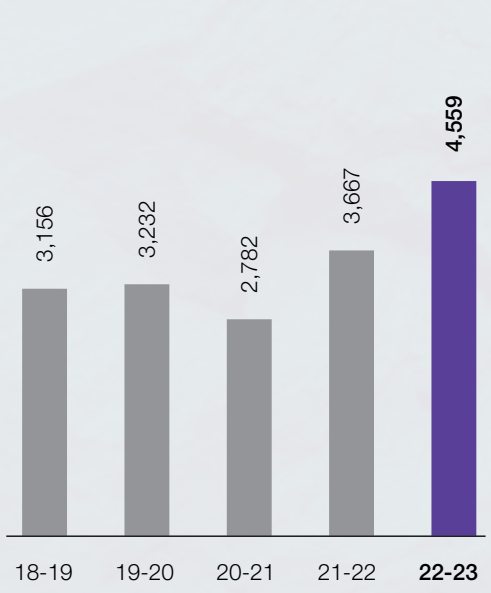
Revenue from Operations (in ₹ Mn)



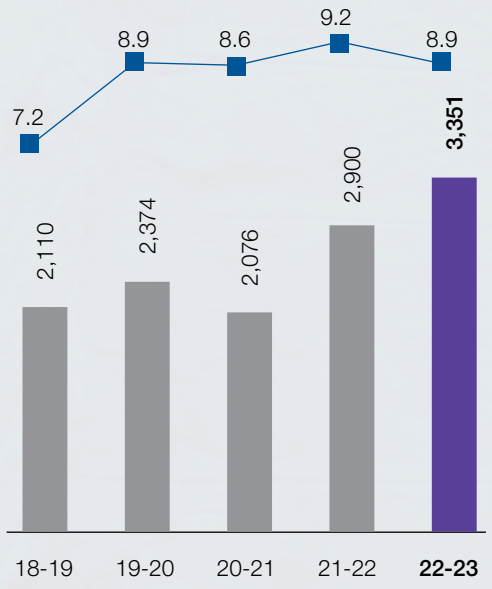
EBTIDA
EBITDA % (■)



Profit Before Tax (in ₹ Mn)



Profit After Tax
Profit After Tax % (■)

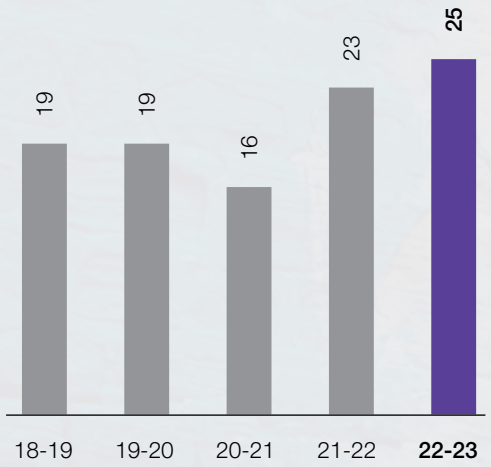


Notes:

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

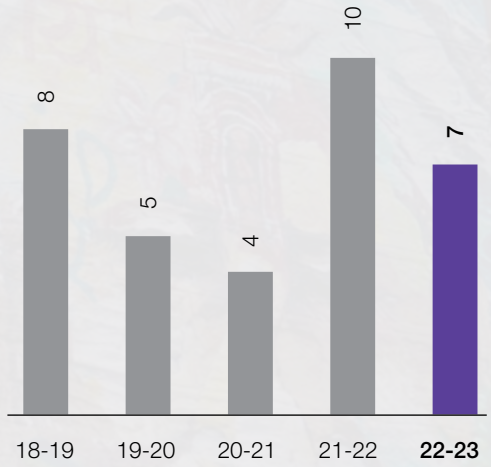
Return on Equity

(in %)



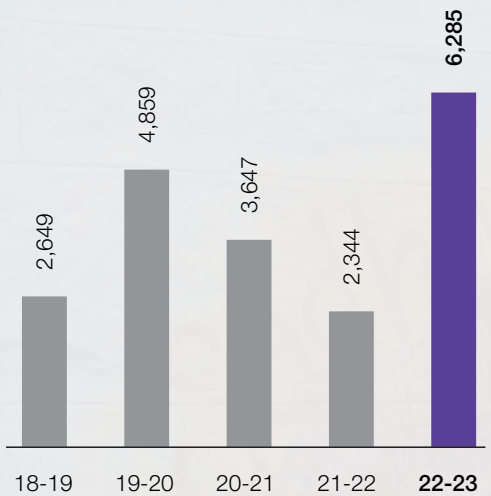
OWC/Revenue

(in %)



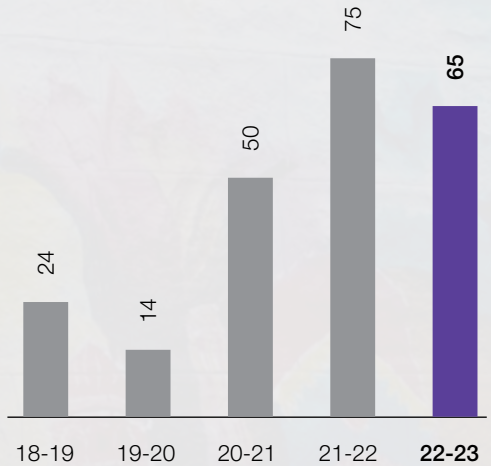
Cash from Operations (before Tax)

(in ₹ Mn)



Dividend per share

(in ₹)





2022-23 Highlights

A record year of performance

₹38,021 mn
Highest-ever Revenue

₹13,156 mn
Net worth

25%
Return on Equity

₹6,285 mn
Cash generated from Operations

₹3,351 mn
Profit After Tax

₹73.58
Earnings Per Share (Basic & Diluted)

₹65
Dividend per share - sustained payout

Social impact

39%
vocational skill students are females and D&I candidates

64%
beneficiaries of health consultation are women and children

₹65.5 mn
spend in Corporate Social Responsibility (CSR)

4 aspirational districts
covered in our CSR projects

Innovation focus

₹101 mn
R&D spend

2
R&D centres

30%
contribution of sustainable solutions to revenue

Strong Governance

100%
Independent Audit Committee

50%
of Board comprising Independent Directors



Human capital

1,494
Permanent employees

₹25.4 mn
Productivity (Revenue per permanent employee)

11%
diversity ratio, increasing year on year (FTEs)

Great Place to Work certified
for second year in a row

7.73%
increment in median remuneration

Zero tolerance policy towards harassment
Ensuring a safe workplace

Zero fatalities
and high consequence injuries

Expanding footprint

50% increase
in network over recent years

~5,000
towns now covered

~20,000
Paint retailers

~4,000
B2B customers

74%
customer complaints closed during FY2022-23

Responsible manufacturing

₹4,096 mn
Property, Plant & Equipment*

~300 MLPA
capacity**

60%
raw material sustainably sourced

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

34%
renewable energy

Zero Liquid Discharge

Zero waste to landfill

Zero Losses
of Primary Containment (LoPC)

100%
compliance to Plastic Waste Management Rules

*Other than Right-of-use assets
**Based on 3 shifts per day and 6 days per week

Recent years at a glance

(₹ in million)

BALANCE SHEET	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Assets								
Property, Plant & Equipment	5,318	5,423	5,656	5,470	5,894	5,593	5,616	5,833
Current & Non Current Investments	6,004	3,356	5,733	3,773	840	5	*	*
Current & Non Current Assets	9,112	10,057	10,456	11,022	15,482	18,535	18,719	19,767
Total Assets	20,434	18,836	21,845	20,265	22,216	24,133	24,335	25,600
Equity & Liabilities								
Share Capital	467	467	467	455	455	455	455	455
Reserves	11,158	9,622	12,435	10,900	11,918	12,421	12,133	12,701
Shareholder Funds	11,625	10,089	12,902	11,355	12,373	12,877	12,588	13,156
Total Liabilities	8,809	8,748	8,943	8,910	9,843	11,256	11,747	12,444
Total equity and liabilities	20,434	18,836	21,845	20,265	22,216	24,133	24,335	25,600

STATEMENT OF PROFIT AND LOSS	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Revenue from operations	29,347	31,344	30,417	29,184	26,618	24,214	31,486	38,021
Other income	567	493	434	422	376	232	227	274
Total income	29,914	31,837	30,851	29,606	26,994	24,446	31,713	38,294
Depreciation & Amoritisation Expense	537	565	607	652	790	755	759	825
Finance Cost	22	32	35	45	93	103	145	141
Profit before exceptional items and tax	3,043	3,384	2,961	3,149	3,284	2,782	3,647	4,559
Profit on sale of chemicals business	-	-	2,442	-	-	-	-	-
Exceptional items	99	39	20	7	(52)	-	20	-
Taxation	1,000	953	1,417	1,046	858	706	767	1,208
Profit After Tax	2,142	2,470	4,006	2,110	2,374	2,076	2,900	3,351
Earnings per share (₹)	45.90	52.93	85.84	45.96	52.13	45.60	63.68	73.58
Equity Dividend (₹ per share)	70.00	22.00	22.00	24.00	14.00	50.00	75.00	65.00

Notes:

1. 2015-16 numbers have 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. All figures pertain to standalone financial statements
5. Prior years figures have been regrouped or reclassified where necessary

Awards



Special Jury Commendation for Skill Development and Livelihood
FICCI Corporate Social Responsibility Award 2021



Best Corporate in Small and Emerging Category
ICSI CSR Excellence Award 2022



Top 50 India's Best Workplaces™ in Manufacturing 2023
Great Place to Work® Institute, India



Most Trusted Brands of India 2023 (Dulux)
Marksmen Daily



Commendation for Significant Achievement in CSR
2022 CII-ITC Sustainability Awards 2022



Top 50 Supply Chain Award (North)
Alden Global Value Advisors

Company Information

Board of Directors

Oscar Wezenbeek
Chairman

Rajiv Rajgopal
Managing Director

Krishna Rallapalli
Wholetime Director and CFO

Amit Jain
Independent Director

Hemant Sahai
Independent Director

Smriti Rekha Vijay
Independent Director

Company Secretary

Harshi Rastogi

Registered Office

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

Corporate Office

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

Customer Care

Email: customercare.india@akzonobel.com
Helpline: 1800 3000 4455

Corporate Identity Number (CIN)

L24292WB1954PLC021516

Registrar and Share Transfer Agent

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

Auditors

Price Waterhouse Chartered Accountants LLP

Bankers

Deutsche Bank
AXIS Bank
HDFC Bank
ICICI Bank
Standard Chartered Bank
State Bank of India

Key Committees

Audit Committee

Smriti Rekha Vijay (Chairperson)
Hemant Sahai
Amit Jain

Nomination and Remuneration Committee

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

Stakeholders Relationship Committee

Hemant Sahai (Chairman)
Rajiv Rajgopal
Krishna Rallapalli

CSR Committee

Smriti Rekha Vijay (Chairperson)
Rajiv Rajgopal
Krishna Rallapalli

Risk Management Committee

Amit Jain (Chairman)
Hemant Sahai
Rajiv Rajgopal
Krishna Rallapalli
Smriti Rekha Vijay
Prasanth Chandrasekharan
Sumit Khatuja
Neelima Kataria
Dipanjan Mitra

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Transforming spaces

15 alumni painters of our AkzoNobel Paint Academy, 10 local artists, 50 local residents and our employee volunteers pooled their creative talents to transform over 250,000 square feet area.

Dulux Promise Exterior paint with its special anti-peel properties is now increasing the durability of home facades in vivid blue hues, Dulux Gloss enamel paint is adding an inviting sheen to the metal entry doors, while Dulux FloorPlus paint is protecting and beautifying the community walkways and staircases.

Directors' Report

Dear Members,

The Board of Directors hereby present their 69th report on the business and operations of your Company along with the audited financial statements for the financial year ended 31 March 2023.

Financial Statements

The financial statements include:

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

The highlights of the performance during the year are:

(₹ million)

	Standalone		Consolidated	
	2022-23	2021-22	2022-23	2021-22
Revenue from Operations	38,021	31,486	38,021	31,486
Operating Profit (EBITDA)*	5,251	4,324	5,251	4,325
Depreciation	(825)	(759)	(825)	(759)
Other Income net of finance costs	133	82	133	82
Exceptional items	-	20	-	20
Profit before tax	4,559	3,667	4,559	3,668
Tax	(1,208)	(767)	(1,208)	(767)
Profit after tax	3,351	2,900	3,351	2,901

*Before exceptional items

Key financial ratios	Standalone		Consolidated	
	2022-23	2021-22	2022-23	2021-22
Debtors Turnover	7.3	6.9	7.3	6.9
Inventory Turnover	3.6	3.3	3.6	3.3
Interest Coverage	37.3	29.9	37.3	29.9
Current Ratio	1.5	1.5	1.5	1.5
Operating Profit Margin (%)	13.8	13.7	13.8	13.7
Net Profit Margin (%)	8.8	9.2	8.8	9.2
Return on Net Worth (%)	26.0	22.8	26.0	22.8
Debt/ Equity	5.3	5.6	5.3	5.6

There is no significant change (i.e. change of 25% or more as compared to the immediately preceding financial year) in the key financial ratios except for Interest Coverage ratio, which has improved on account of increase in Operating Profit and lower Finance Cost.

In the financial year 2022-23, Company achieved remarkable performance, surpassing all previous records and showcasing robust growth across all key metrics. Despite facing challenges arising from cost inflation and currency fluctuations, we successfully delivered double-digit revenue growth (21%) and sustained profitability for the fourth consecutive year. This outstanding performance is a testament to our resilient business model.

The Decorative Paints segment witnessed notable growth driven by strategic product launches, strong traction in urban markets, and a thriving projects business. Our focus on understanding consumer preferences and delivering innovative solutions contributed to this success. Furthermore, the Coatings business experienced robust demand in key sectors such as infrastructure, power, mining, and automotive industries, enabling growth and market share expansion.

To maintain our competitive edge, we continue to leverage global R&D and technologies, ensuring a steady stream of innovative products tailored specifically for the Indian market. Our commitment to innovation remains unwavering as we strive to bring differentiated and value-added solutions to meet the evolving needs of our consumers.

Dividend

The Company is following a Dividend Distribution Policy as approved by the Board while distributing profits to its shareholders. In compliance with the requirements under Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the Dividend Distribution Policy has been uploaded on the Company's website and can be accessed from https://akzonobel.co.in/pdf/policy/Dividend-Distribution-Policy.pdf.

The Board of Directors at its meeting held on 9 February 2023, approved payment of interim dividend of ₹25 per equity share. This dividend was paid on 6 March 2023 to those shareholders whose names were appearing in the Register of Members as on 21 February 2023, being the Record Date. Your Directors are pleased to recommend a Final Dividend of ₹40 per equity share for the year ended 31 March 2023 in addition to the interim dividend paid during the financial year 2022-2023. The Final Dividend, subject to the approval of Members at the Annual General Meeting scheduled on 3 August 2023, will be paid to those Members whose names appear in the Register of Members, as on 27 July 2023 (Record Date). The total dividend for the financial year, including the proposed Final Dividend, amounts to ₹65 per equity share.

Pursuant to the provisions of the Income-tax Act 1961, dividend income is taxable in the hands of the Shareholders and the Company is required to deduct tax at source from such dividend at the prescribed rates. A communication providing detailed information and instructions with respect to tax on the Final Dividend for the financial year ended 31 March 2023 is being sent separately to the Shareholders. Company shall, accordingly, deduct tax, as applicable, before making dividend payments.

Transfer to Reserves

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

Business Environment & Outlook

The Paints & Coatings industry's prospects are intricately connected to the overall growth of the country's economy, which is influenced by several factors including income levels, industrial production, and infrastructure development. While the industry faces potential risks stemming from fluctuating crude prices, macro-economic environment, and inflationary pressures, the overall outlook remains promising. This optimism is fuelled by India's projected medium-term growth rate of 6-7%, which sets a favorable backdrop for the industry's expansion and development. By focusing on innovation, customer-centric strategies, and leveraging its strengths, the Company is well-positioned to capitalize on the anticipated growth opportunities and overcome potential challenges.

Subsidiary

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

In accordance with section 136 of the Act, the financial statements of the subsidiary are available for inspection by the members at the registered office of the Company during business hours on all days up to the date of the Annual General Meeting ('AGM'). Members are requested to email a request for obtaining a copy of the said financial statements at investor.india@akzonobel.com 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 2023 was ₹455.40 million comprising 45.54 million equity shares of ₹10 each (Previous year ₹455.40 million comprising 45.54 million equity shares of ₹10 each).

Management Discussion and Analysis

Industry structure and developments

Paints & Coatings industry in India encompasses a diverse range of products and applications, catering to architectural and industrial segments. With a strong emphasis on aesthetics, protection, and sustainability, the industry plays a crucial role in enhancing the visual appeal and longevity of surfaces across these segments. The size of the industry is estimated to grow from ₹62,000 crores to ₹1 lakh crore in the next five years.

Architectural segment dominates the industry, accounting for approximately 69% of the paint consumption on a volume basis. This segment primarily caters to the needs of residential, commercial, and institutional constructions, as well as repainting and renovation projects.

Industrial segment represents the remaining 31% of the paints & coatings consumed in the country. This segment has been witnessing a growing share due to multiple factors. The industrial sector's robust growth, coupled with strong fundamentals of consumer durables, automobiles, and allied industries, has fuelled the demand for industrial coatings. These coatings find applications in sectors viz. automotive, infrastructure, machinery and equipment, functional and domestic appliances, packaging, etc.

Digitalization and technology adoption have emerged as game-changers in the industry. Companies are leveraging digital platforms and tools to streamline operations, enhance customer experience, and optimize supply chain management. From online color selection tools to virtual reality simulations for visualizing paint finishes, technology is revolutionizing how consumers interact with paints and coatings.

As the industry moves forward, sustainability, innovation, and digitalization are expected to remain key focus areas. Manufacturers will continue to explore new raw materials, improve application techniques, and introduce cutting-edge solutions to address emerging challenges and meet the ever-evolving demands of customers.

During the financial year 2022-23, the Paints & Coatings industry experienced a favorable development with the softening of raw material prices from their previous highs. As raw materials account for approximately 55-60% of the input costs, price corrections in crude oil and other essential components resulted in improved margins for the industry.

Paints & Coatings industry has emerged as an attractive sector, as indicated by the entry of several new players in recent times. These new entrants are actively investing in infrastructure, technology, and marketing to establish their presence and capture a share of the market. This heightened competition has prompted existing players to further bolster their capabilities and differentiate themselves in order to maintain their market position, leading to a surge in investment activity within the industry.



As part of the digitalization and automation focus, a robotic palletizer was inaugurated at our Thane decorative paints site by our global CEO during his India visit. This robotic arm merges two major filling lines which delivers 80% of the volume to the plant, while catering to multiple SKUs running parallel on both filling lines without any part changeover. Not only has this state of the art technology helped improve productivity but also helped eliminate ergonomic risk caused due to manual handling/palletizing of filled pails and also limited the man-stacker interaction on the filling floor.

Business Performance

Decorative Paints

2022-23 summary

Decorative paints, which include interior and exterior paints, enamels, and varnishes, play a crucial role in enhancing the appearance and protecting surfaces in residential, commercial, and industrial buildings.

With a rapidly expanding urban population and increasing disposable incomes, demand for aesthetically pleasing and visually appealing living spaces has soared. India's diverse cultural heritage and preference for vibrant colors have further fuelled the demand for decorative paints in the country. The government's emphasis on infrastructure development and the growing real estate sector are also driving the demand for decorative paints.

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



Digital delight

Two startups – HyperReality Technologies and Fluid AI – won our Paint the Future India awards and will work with us to enhance the digital consumer experience for Dulux paints in India.

Success stories

Renovation of Weathershield Powerflexx



The new Weathershield Powerflexx now comes with the Triple Defence Technology backed by Advanced PU modified acrylic, to provide an improved brand promise of 12-years protection against all-weather conditions. The Triple Defence Technology provides superior crack bridging, weather resistance and water resistance properties to home exteriors.

The launch was supported with the new campaign 'Ghar Ka Champion'. The TVC featuring Ashutosh Rana and Ishaan Khattar stood out with an emotional graph of a father-son saga, weaving the product story to the journey of a champion.



"JOY is DIY" Digital campaign and E-commerce foray

Your Company launched the 'Joy is DIY' digital campaign for Dulux Simply Refresh, a range of DIY paint and home repair solutions for various surfaces. The campaign resonated with DIY enthusiasts seeking hassle-free home makeover experiences. This range is also available on Amazon market place.

Portfolio expansion:



Waterproofing Range- Dulux Aquatech

Dulux Aquatech, with its best-in-class range of premium waterproofing solutions, continued to grow faster than the industry. Dulux Aquatech PU Coat was launched with a superior 15-year performance waterproofing.



Promise Sheen Interior now in "Metallic Finish"

This product provides an aspirational finish at an affordable price, while also providing anti-bacterial properties.



SmartChoice Primers

In line with our vision of expanding the distribution footprint in tier III & IV towns, we strengthened our mass market portfolio with the launch of entry-level mass market primers under the SmartChoice brand. The launch is well received by all stakeholders.



Industry-first PU proposition in Satin Range

The upgraded offering of Satin with PU Reinforced Dura Tough Technology provides toughness and durability to the paint film and long-lasting sheen. This also offers first-ever certified anti–bacterial and anti-fungal claim which resists fungal attack keeping the paint film looking new for a long time.

Automotive & Specialty Coatings

2022-23 summary

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

The business had a strong year of performance as a result of robust brand performances, increased market penetration, a surge in customer acquisitions, and the overall expansion of the automobile industry. These achievements were attained despite certain supply chain disruptions and raw material inflation.

The Indian passenger vehicle industry demonstrated significant progress, producing approximately 3.6 million units, representing an impressive 20% growth. This development further contributed to Automotive and Specialty coatings growth, particularly in the Auto Interior and Vehicle Refinish segments.



More sustainable basecoat gaining traction

Sikkens Autowave 2.0 – a waterborne basecoat – has performed exceptionally well within the Original Equipment Manufacturers (OEM) Authorized Dealerships bodyshop segment. Based on our latest waterborne approval profile, we have now achieved a 100% conversion for all Hyundai India bodyshops across India from solvent basecoat to Sikkens waterborne basecoat.



Strengthening premium

In the passenger vehicle segment, both Sikkens and Lesonal brands are approved for Tata Motors network refinishing requirements. This year, Lesonal surpassed growth expectations with new brand penetration in Tata Motors' total volumes.



Gaining foothold in mid-market

Wanda, our reliable international brand is addressing the retail demand in India's refinish market, supported by widespread demand creation and product demonstration initiatives at retail garage cluster tiers. Also aiding the robust volume growth were engagement with channel associates, fresh geographic growth, and painter loyalty schemes.



Re-energized distribution

With a strong growth ambition in the Indian market, our value brands – Wanda, Duco and Autostar – are now transitioning to a distribution model as a route-to-market change to enhance our numeric reach and cater to demand beyond Tier I and metro geographies.

Powder Coatings

2022-23 summary

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.

The Powder Coatings market in India is projected to grow at a CAGR of approximately 6% from 2022 to 2026. This growth is primarily driven by industrial and automotive OEMs transitioning to sustainable options and the architectural sector, particularly commercial and middle-income residential segments, emphasizing the adoption of higher-quality products.

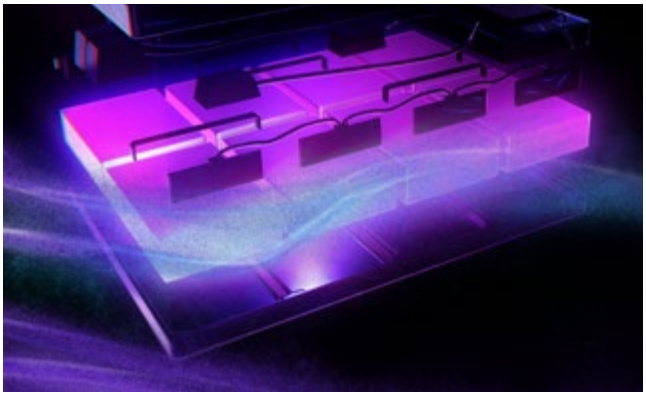
We are experiencing growth in the Electric Vehicle (EV) sector and Domestic Appliance market, driven by the Make in India initiative. Supportive policies for infrastructure development, including airports and metro projects, are expected to boost the demand for powder coatings in the coming years.

Despite raw material cost inflation over last 2 years and supply disruptions in the post-covid era, Interpon & Resicoat powder coatings have delivered growth and continue to witness strong demand from the industrial & automotive OEMs.



Interpon D2525 Stone Effect: Reputations built in stone

We launched our new Interpon D2525 Stone Effect powder coatings, which delivers a natural finish to aluminum girders. This super durable innovation is available in seven styles and offers up to 25-years warranty. This more sustainable solution is backed by an Environmental Product Declaration (EPD).



Leading the Charge

Received approvals from multiple leading electric vehicle original equipment manufacturers and battery manufacturers to apply our superior Resicoat and Interpon technologies and solutions.



Low E update

Updated our Interpon Low E product range, for sustainably minded businesses seeking greater energy efficiencies.



A sparkling performance: guaranteed

We have strengthened our leading position to remain as innovator in the powder coatings market in India through our strategic capacity investment in the production of metallics range of powder coatings through bonded technology in 2022.

Industrial Coatings

2022-23 summary

Serving the buildings and infrastructure industries, consumer goods, 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.

The coated steel market in India benefited from government infrastructure initiatives and private sector capital expenditure. Extrusion and ACP coatings, catering to Aluminium facades, door and window frames, and high-end infrastructure, experienced significant growth due to projects such as airports, metro construction, high-speed rail, and high-rise buildings.

However, the export segment was impacted by the slowdown in developed countries and the imposition of export duties. Although the removal of these duties in November did not lead to significant improvement as global steel prices declined.

In the coming year, demand for coil coatings is expected to remain robust with the government receiving multiple entries with an investment potential of more than ₹42,500 crore under the PLI scheme to boost specialty steel production in the country.

Our key focus in the coming years would be to launch robust and sustainable products, like Animal Husbandry, Chrome-free primer offerings, new functional and aesthetic finishes for our topcoats.

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

The business faced softened demand particularly in the Aerosol and Monobloc segments, which are more discretionary in nature. However, demand for seasonal crop packaging remained steady for exports to Europe, USA, and the Middle East.

A significant portion of edible oil and fat packaging moved to other retail packaging formats due to pricing pressures. Although demand remained conducive for Beer and Beverage segments for both domestic and export markets.







Customer-centricity at our core

Metal Impacts (P) Ltd., one of the leading producers of aluminum cans in India, considers Akzo Nobel India as their preferred partner for complete monobloc offerings. Mr MD Sundar Rajan, Production & Quality Head (left) says, "AkzoNobel was quick in adapting products to sharp price inflations experienced in 2022 and maintaining the same performance levels, thereby helping Metal Impacts meet their customer expectations with minimal cost disruptions."

Marine & Protective Coatings

2022-23 summary

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

The Marine Coatings market is witnessing strong demand for drydocks and sea-stores supply. The Make in India initiative is expected to drive new build requirements, leading to new projects in Indian shipyards and drydock opportunities at key ports worldwide.

The Protective Coatings industry is projected to grow at a CAGR of approximately 7% from 2023 to 2026. This growth will be driven by major infrastructure investments, including airports, commercial buildings, ports, shipping, waterways, and power generation (renewable and thermal). Increased investment in data centers is also fuelling the demand for passive fire protection solutions. The Oil & Gas, Chemicals, and mining sectors are experiencing increased capital expenditure, further boosting demand. The market is shifting towards sustainable coatings, low VOC emitting paint solutions, and water-based paints. We are committed to developing new technologies that support our customers in a sustainable manner.



Preserving our history

Our premium solvent based Interchar range of fire-proofing products are now protecting the under-construction Ambala's landmark Shaheedi Smarak – the largest such covered structure in the country dedicated to the heroes of the first war of independence in 1857. The steel structures are also protected with our durable range of high-solids anti-corrosive primer and polyurethane top-coat finish.



A sustainable push to cargo movement

When it comes to protecting mobility in water and the marine environment, our sustainable anti-fouling range of offerings such as Interswift and Intersleek are now coating some of the biggest cargo vessels in and outside India. In 2022-23, we coated more than 25 vessels with key customers in India, Bangladesh and Sri Lanka.



Green future

We're powering the green future of energy with our continued partnership with Siemens Gamesa Renewable Energy. A recent project involved supplying our high-performance protective coatings such as Intergard, Interseal and Interthane to over 250 windmills across the country. Our Relest range of products also protect the windmill blades.



Promoting health

Intergard - our low VOC epoxy primer, Interchar – our water-based fire intumescent and Interthane 990 UHS – our low VOC PU paints are now protecting five COVID-19 hospitals in Delhi. Stepping up to support the urgency of the project, our team worked relentlessly to supply the solutions in record time.

Sustainable solutions

Product stewardship is our commitment to ensuring product safety and considering sustainability aspects throughout the entire value chain, from raw material extraction and R&D to manufacturing, transport, marketing, and application.

To determine the sustainability value we provide to our customers, we utilize the Sustainable Product Portfolio Assessment ('SPPA') framework, which we have developed in collaboration with other chemical companies and the World Business Council for Sustainable Development ('WBCSD'). This framework offers a comprehensive view of the sustainability characteristics of our product portfolio.

Our products are categorized into three groups: Sustainable Solutions, Performers, and Transitioners.

Sustainable solutions - Products that provide sustainaibility advantages to our customers

Perfomers - Products that have no immediate negative or positive sustainability impact

Transitioners - Products that have known sustainability risks

In 2020, we set a target to generate over 50% of our revenue from sustainable solutions by 2030. Currently, approximately 30% of our revenue is derived from sustainable solutions.

We are not only focusing on our eco-premium solutions that offer superior sustainability benefits compared to mainstream alternatives but also on all solutions that bring sustainability advantages to our customers.

Our innovative products exemplify our commitment to sustainability, from Dulux Weathershield with SunReflect technology that reduces surface temperature by up to 5 degrees, to Intersleek 1100SR, which improves shipping vessel performance while being biocide-free. Our Interpon D technology enhances architectural longevity, and products like Dulux Better Living provide antibacterial properties and durability for asset beautification.

We believe that sustainability and innovation go hand in hand for a better tomorrow. With two state-of-the-art R&D centers in Mumbai and Bengaluru, equipped with world-class facilities and talented professionals, we are well-equipped to develop an innovation roadmap for years to come.

Our key focus areas

Our key focus areas revolve around building a sustainable business for long-term value creation, benefiting all our stakeholders. Currently, we are placing our focus on the following strategic areas:

- **Margin Management:** We aim to maintain and expand our margins by effectively holding on to pricing gains.
- **Operating Expense (OPEX):** We are actively adjusting our cost base to align with market realities, ensuring efficient expense management.
- **Working Capital:** Our focus is on reducing working capital to enhance cash flow and improve overall financial stability.
- **Integrated Supply Chain:** We are dedicated to enhancing demand planning and resolving supply chain issues to achieve a streamlined and efficient supply chain process.

Internal Control Systems

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

These Internal Financial Controls are designed at both the entity and process levels in accordance with the requirements of the Companies Act, 2013. Regular testing and review of the internal control systems are conducted at specified intervals, covering major processes across our offices and sites. The effectiveness of these internal financial controls is assured through management reviews, self-assessment, and independent testing by the Statutory Auditors. Any audit observations and subsequent actions are reported to the Audit Committee, which evaluates the adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations, including those related to strengthening the Company's risk management policies and systems.

Our Company is dedicated to upholding the highest standards of ethics and compliance throughout our business processes. We utilize robust IT tools to drive and enforce compliance across various areas. As required under the listing regulations, the Board of Directors periodically reviews the compliance report pertaining to all applicable laws for the entity.

Furthermore, the Board has established a Risk Management Committee with clearly defined roles and responsibilities. The committee is entrusted with the responsibility of monitoring the execution of the risk management plan and providing updates to the Board on a regular basis.

Risks and Opportunities

(a) Risks and Concerns

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

At AkzoNobel, we believe that implementing systematic risk management practices is essential for effectively navigating towards our business objectives and ensuring sustainable growth in a volatile and complex environment. These risks continually evolve and change, both in terms of their impact and the likelihood of their occurrence.

We understand the importance of operating within the dynamics of the paints and coatings industry and taking calculated risks to maintain our relevance in the market.

Our responsible management teams and functional experts identify risks, followed by the formulation of appropriate mitigating actions.

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

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

Risk description and mitigation

Risk	Risk Description	Mitigation
Cyber security **External; Operational**	The risk of significant business disruption and/or inadequate recovery following a cybersecurity attack, leading to potential loss of sensitive information, intellectual property, financial or reputational damage.	• Continuous reinforcement of cybersecurity culture by intense training and awareness creation. • Continuous security assessments and monitoring of infrastructure capacity to prevent cyber risks. • Introduction of updated Information and Cybersecurity Policies framework.
Statutory Compliances **External; Compliance**	The local regulatory environment is evolving, and we have witnessed considerable increase in regulatory scrutiny as well as stakeholder expectations vis a vis Compliances. We recognize that non-compliance with applicable laws and regulations poses a threat to our financial and reputational standing.	• The Company has zero tolerance policy against non-compliance. • Review of all applicable compliances through a third party compliance tool. • Quarterly compliance status reported to the Board of Directors. • Independent assessments are also undertaken to gain assurance.
Attract and retain Talent **Internal; Operational**	The risk that we are unable to attract, retain or develop talent in a dynamic talent market to ensure a fit for future workforce with the right capabilities.	• Focus on building employer brand; talent acquisition, talent development, talent retention and succession planning; • Continuing our employee well-being programs; and Embedding the Talent Management Framework to drive talent and leadership development.

(b) Opportunities and Threats

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

Opportunity description and actions

Opportunity	Opportunity Description	Actions
Growing in Channels for the future	With the advent of technology enabled distribution models there has been a hyper fragmentation of channels. Accelerated growth of e-Commerce has brought about a huge opportunity to tap into these channels and drive business growth.	Several new initiatives have been launched which include: • Digitalisation through e-commerce initiatives; • Focus on geographic expansion via Hub & Spoke model.
Increasing market reach	Growth and market penetration by gaining share and expanding into adjacent segments.	Expansion of geographic presence • Launches/re-launches of products and continued investment in innovation. Media Campaigns • First ever digital advertising consumer campaign - Parul and Painter- A Love Story. • Relaunch of Weathershield PowerFlexx with Triple Defence Technology. Dulux Assurance 2.0 Expansion of Waterproofing range.
Digital Transformation	Opportunities arising from rapidly emerging digital technologies present a chance to make meaningful interventions and develop capabilities across the value chain redefining the way we do business with a focus on customer experience to build long term relationships.	Investing time and resources to develop compelling content and presence across various social media platforms for the consumers. Continued automation in Painter & Dealer Initiatives. For further details, please refer to the section on 'Information Technology /Digitalisation'.

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

Human Resources

We endeavor to lead our industry by spearheading a world of possibilities to engage individuals and decrease our impact on planet, while reliably developing to convey the most supportable answers for our clients. People being our most significant resource, we strive to give them an ideal workplace to engage, develop and grow. At the end of FY 2022-23, we had 1,494 Full time Employees (FTEs) of which 165 were women.

The following are our key areas of focus in line with our purpose:

D&I: Overview & Achievements

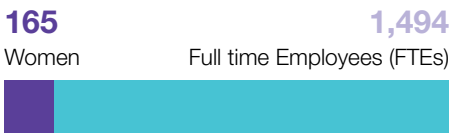
Your Company prioritizes diversity and inclusion ('D&I'), ensuring that all employees feel valued. Our Diversity and Inclusion program focuses on investing in our people, attracting top talent, and fostering individual growth. We understand that retaining talent is crucial, and we continuously improve our processes to support their development. Through our D&I efforts, we aim to create an inclusive culture that enhances competitiveness and innovation. Whether it is recruitment, promotion, talent management, or performance, we strive to build a culture where everyone can excel and support each other's success.

Here are some notable achievements:

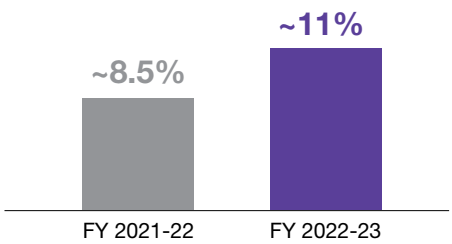
- Diversity representation (Women as % of FTEs) has increased from ~8.5% to ~11% in the last year;
- Creating awareness through Unconscious bias workshops to enable inclusion;
- Mentoring program for Women/ Launching Coaching Circles;

At present, we have three networks and a committee, all of which fall under our Diversity and Inclusion umbrella: Women Inspired Network, True Colours Network and the Diverse Abilities committee. As an organization we truly believe and work towards creating an inclusive environment for our employees and providing equal opportunities to shape a high-performance culture where people grow, collaborate, feel included, adapt quickly, and deliver with pride on our promises.

FY 2022-23 glimpse



More diverse today



D&I case studies

Best Workplaces in Manufacturing
Great Place To Work. INDIA 2023

In conversation with Ms. Gurpreet Kaur



"Success is a decision and not a result" is the belief of Ms. Gurpreet Kaur (Left in photo) when it comes to lead in both personal and professional life. Experienced in manufacturing and sales, Gurpreet landed in sales after completing her MBA in International Business. With her dedication, will, right guidance and the right opportunities, she is set to achieve big in a field dominated by her male counterparts.

What has followed has been nothing short of amazing in terms of personal and career growth, evolving as the best version of herself and being fierce, fearless and flawed!

In conversation with Ms. Meenakshi AP



"Catch the trade winds on your sail. Explore. Dream. Discover" as Mark Twain rightly quotes is the motto on which Ms Meenakshi leads her everyday life! Fresh out of College with a degree in Mechanical Engineering she joined Akzonobel as a Graduate Engineer Trainee and is currently the Assistant Manager for Production at Thane Site.

With a strong team for support & guidance and a dynamic work environment her journey so far has been nothing but exciting, challenging yet filled with amazing opportunities for growth in both personal and professional life!

Employee Engagement

Your Company fosters a culture that maximizes human potential through a leadership focus on employee development and well-being. We firmly believe that our people are the most valuable asset of the organization.

Our workplace principles of Employee Engagement revolve around the 4 Cs – Care, Connect, Capability and Culture. We encourage transparent communication within and across teams in the organization - ensuring that everyone is aligned towards the common objectives. This approach cultivates and increases trust and helps create and foster collaboration, not just within the organization in our region, but also globally. We also propagate creating a culture of learning within the organization, that fosters constructive debates and out of the box thinking, leading to innovation and continuous success in the business, despite the numerous constraints and challenges.

Apart from Care, Connect, and Capability, we also have great focus on creating a fun and engaged environment for employees and their families.

Employee Wellness

Employee well-being, both physical and mental, is a core focus for us. We offer high-standard medical care policies and benefits, which serve as our unique selling point (USP). Our initiatives include prompt time off, OPD claims, voluntary medical top-up, and a comprehensive WeCare program designed to support the overall well-being of our employees.

Capability Building

The Capability building agenda is focused on several talent management programs for different talent segments. The overall framework for all the identified leadership development or talent management program remains aligned to the AkzoNobel framework of Align – Execute – Renew.

In both global and regional talent programs, numerous employees from different functions participated as emerging talent from Akzo Nobel India. Focus has been on development of key talent for both technical and behavioral skillsets and succession plan for critical positions across verticals. Apart from these design-based interventions, there has been a high utilization of e-learning modules available on company's platform for self-learning.

Rewards

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

Nomination and Remuneration Policy

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

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

The NRC Terms of Reference cum Policy is available on company website at https://akzonobel.co.in/pdf/policy/NRC-Terms-of-Reference-Policy.pdf

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

Name	Status	(i) Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2022-23	(ii) Percentage increase in remuneration during 2022-23 over 2021-22
Oscar Wezenbeek	Non Executive Director and Chairman	NA	No remuneration was paid to him during his tenure as a Director
Rajiv Rajgopal	Managing Director	33.67	11% increase in base salary based on Industry benchmarking.
Krishna Rallapalli	Wholetime Director and CFO	15.40	9% increase in base salary based on Industry benchmarking
Amit Jain	Independent Director	2.01	Reduction in sitting fee due to fewer meetings during the year
Hemant Sahai	Independent Director	1.85	Reduction in sitting fee due to fewer meetings during the year
Smriti Rekha Vijay	Independent Director	1.90	Reduction in sitting fee due to fewer meetings during the year
Harshi Rastogi	Company Secretary	11.57	7.70% Increase in base salary based on industry benchmarking

	Description	Remarks
iii.	Percentage increase in the median remuneration of employees in the financial year	7.73%
iv.	Number of permanent employees on the rolls of the Company	1,494 as on 31 March 2023
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 7.73% 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 paid for the financial year 2022-23.
2. Median remuneration in the Company (Base Salary) for all its employees was ₹0.92 million for the financial year 2022-23.
3. Remuneration to Directors includes sitting fees paid to them for the financial year 2022-23.
4. Remuneration to Directors is within the overall limits approved by the shareholders.

Corporate Governance

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

Board Evaluation

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

Vigil Mechanism - Whistle Blower Policy

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

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

Sustainability

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

At the core of our operations is the People. Planet. Paint. approach, which guides everything we do. We are dedicated to delivering sustainable and innovative solutions that meet the increasing needs of our customers, communities, and the planet.

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



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

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

In terms of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') read with relevant SEBI Circulars, new reporting requirements on ESG parameters were prescribed under Business Responsibility and Sustainability Report ('BRSR').

As per the SEBI Circulars, effective from the financial year 2022-23, filing of BRSR is mandatory for the top 1,000 listed companies by market capitalisation. Accordingly, BRSR for the financial year 2022-23 is annexed to this report as **Annexure II-A**

Corporate Social Responsibility

Your company recognizes its role in contributing to local communities and considers it a crucial aspect of its sustainability agenda. Through collaborations with organizations, corporates, government bodies, and partners, your company strives to make the AkzoNobel brand impactful.

The CSR agenda focuses on three key areas of:

Economic development through Skill building

Education

Community healthcare

The CSR agenda is governed by approved policies from relevant stakeholders, CSR Committee and the Board.

1) Skill training

As part of our initiative, your company operates five skill training centers under the AkzoNobel Paint Academy (APA), two of which are recognized as International Training Centers by the National Skill Development Corporation. These centers, located in four states, provide skill training in Decorative Paints and Vehicle Refinish to over 3,000 youth and painters annually.

Additionally, in collaboration with other corporates, voluntary bodies and government, your company runs six more skill training centers, connecting trained individuals to employment opportunities with paint contractors and automobile body shops.

FY 2022-23 Highlights:

3700+ youth and painters trained and upskilled

~39% of students are females and D&I candidates

15 students from LGBTQ+ community

Expanded business for **~100 women microentrepreneurs** across Assam, Tamil Nadu and West Bengal

Presence in two aspirational districts of Darrang (Assam); East Singhbum (Jharkhand)

Diversity & Inclusion Focus



Trained approximately 400 women in Decorative Paints and facilitated their employment as painters, breaking gender barriers.



Provided Decorative Training to around 110 youth rehabilitated from drug addiction in Imphal



Trained approximately 30 tribal youth from Bihar and Jharkhand as professional painters in partnership with the Responsible Mica Initiative.



Partnered with Thane Central Prison to launch a rehabilitation program for approximately 150 prison inmates.



Established two new training centers in Kerala, specifically in Kollam and Tavanur, offering training in Decorative Paints and Vehicle Refinish.

Case studies



Despite parental pressures and getting married at 19, Ajima never abandoned her dream of becoming an entrepreneur. Last September, she seized the opportunity and became the first female-owned Dulux paints dealer in Darrang district, Assam. In a short time, she has achieved remarkable success, selling paints worth ₹3,00,000 per month. Now, Ajima not only manages her own business but also supports 25 women entrepreneurs who have opened Dulux paint sections in their stores.



Tejashree is not an ordinary girl. She is the first female aeroplane body painter in Air India's Mumbai engineering team. Her journey began with joining AkzoNobel Paint Academy's vehicle repainting course. She is now not only valued as the best painter by her employer but has also played a vital role in achieving 50% female workforce in the bodyshop.



Rakhi and Mousumi, members of the LGBTQ+ community, are now living life on their own terms, thanks to the support of AkzoNobel. They enrolled in vocational skill training in decorative paints at the Kolkata center and secured jobs as professional painters with a leading paint contractor in Bhubaneshwar, earning ₹12,000 per month. AkzoNobel Paint Academy takes pride in training and empowering numerous members of the LGBTQ+ community, enabling them to earn respect for their work and live authentically.

2) Education

Your Company is dedicated to comprehensive educational development for underprivileged children in India. Our flagship project, 'Parivartan' (meaning Progressive Change), operates in six States. The project includes a four-tier program:

a) Early childhood education
b) Non-formal education for out-of-school children
c) Remedial education for underprivileged children
d) Digital literacy

During the year, we also painted five government schools in Madhya Pradesh and Odisha, creating a clean and colorful environment for over 2,000 children.



FY 2022-23 Highlights:

6,700+ children benefitted

1,800+ children being provided supplementary education

Appreciation Letter received from education Department and/or Sub Divisional Magistrate of three States

Projects in two aspirational districts of Rajgarh (Madhya Pradesh) and Koraput (Orissa)

"Thanks to the AkzoNobel-run Parivartan project, my children's future has transformed. From the fear of rag picking, they are now able to recite poems in English. As a father, I couldn't be prouder."

Mr. Vijay
Father of Rajeev, a student of Parivartan centre in Sohna

3) Community healthcare

In partnership with Government Health Departments, your company extends preventive and curative healthcare to over 60,000 villagers in Bengaluru (Karnataka) and Bhind (Madhya Pradesh) through telemedicine. This project utilizes advanced technologies like Artificial Intelligence (AI) for disease detection and offers free doorstep access to specialized diagnostic services.

To ensure healthcare access for the painter community and their families, your company has implemented the 'Arogya Sakha' project since 2020-21. Over 1.5 million beneficiaries had access to telemedicine services from specialist doctors.

In collaboration with the Genesis Foundation, your company supported surgical interventions for four young children afflicted with congenital heart disease.

FY 2022-23 Highlights:

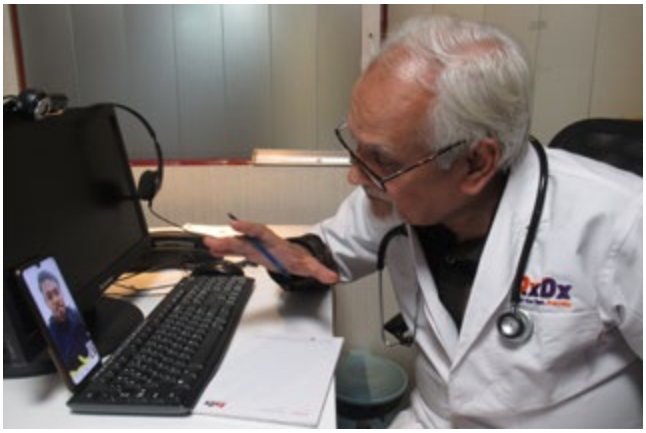
25,000+ tele consultations provided to villagers & painters

46,000+ teleconsultations since 2019

~64% beneficiaries are women & children

Tele medicine access to **1.5m+ painter families**

Appreciation Letter received from Health Department of Bhind District of Madhya Pradesh



"As painters, we don't have the luxury to spend hours in the hospital to visit a doctor. With AkzoNobel's help, we can consult doctors over phone easily for our family without spending even a single rupee"

Mr. Mohammad Javed
Beneficiary of ArogyaSakha project in Madhya Pradesh

Please refer to Annexure II B of the Director's Report for further details on Corporate Social Responsibility.

Conservation of Energy, Technology Absorption and Forex Earnings and Outgo

Your Company continues to use its research and development base to bring to consumers new products with improved performance features and for special applications. The details of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo as required under section 134(3)(m) of the Act, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is annexed as **Annexure III** to this report.

Information Technology/Digitalisation

We have embraced digitalization as a means to maintain competitiveness and leverage emerging technologies. Our strategic initiatives have brought about transformative changes in our business cycle, resulting in factory automation, advanced analytics, and improved customer experiences. To optimize our supply chain, we have implemented the Advanced Planning Transformation (APT) tool, enabling enhanced connectivity and improving demand and supply planning. This has led to higher service levels, reduced inventory, and cost savings.

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

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

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

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

We remain committed to streamlining our systems and eliminating redundancies wherever necessary, allowing us to operate more efficiently and effectively.

Policy against Sexual Harassment

The Company has implemented a comprehensive Prevention of Sexual Harassment at Workplace policy, applicable to all employees. This inclusive policy addresses governance mechanisms and prevention measures for all genders. It is accessible on the company's website at www.akzonobel.co.in/corporate-governance.php#policy. The policy aims to prevent and discourage sexual harassment, outlining procedures for resolution and settlement. The company has established an Internal Complaints Committee in compliance with the Sexual Harassment of Women at Workplace Act, 2013. Awareness workshops and programs are conducted throughout the organization to promote understanding and prevent sexual harassment. Five complaints were reported during 2022-23, and further disclosures can be found in the Corporate Governance Report.

Related Party Transactions (RPTs)

The Company's Policy on Related Party Transactions (RPTs) can be found on the company's website at www.akzonobel.co.in/pdf/policy/Related_Party_Transactions_Policy.pdf. This policy ensures proper reporting, approval, and disclosure processes for all transactions between the Company and Related Parties.

All Related Party Transactions, along with any material modifications, are reviewed and approved by the Audit Committee. The Board of Directors has granted annual omnibus approval within the policy framework for Related Party Transactions for repetitive transactions in the ordinary course of business and at arm's length.

Independent review by a reputable accounting firm is conducted to ensure compliance with the Companies Act, 2013, and Listing Regulations regarding Related Party Transactions.

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

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

Particulars of Loans, Guarantees or Investments

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

Auditors

Statutory Auditors

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

The Auditors' Report for the financial year 2022-23, does not contain any qualification, reservation or adverse remark.

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

Secretarial Auditors

In terms of Section 204 of the Act, Secretarial Audit was conducted for the financial year 2022-23 by M/s A K Labh & Co., Company Secretaries, Kolkata. Their report is appended. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

The Board has re-appointed M/s A K Labh & Co., Company Secretaries, Kolkata to conduct Secretarial Audit for the financial year 2023-24.

Cost Auditors

In terms of Section 148 of the Companies Act 2013, Cost Audit was conducted for the year 2022-23 by M/s Chandra Wadhwa & Co., New Delhi. The Cost Audit report for the year 2021-22 was filed with MCA within the stipulated time.

The Board has re-appointed M/s Chandra Wadhwa & Co., New Delhi as the Cost Auditors for conducting Cost Audit for the financial year 2023-24, whose remuneration is subject to ratification by the shareholders at the forthcoming AGM.

Cost Records

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

Annual Return

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

Directors & Key Management Personnel

The Board composition remained unchanged since the last Directors' report. Mr Krishna Rallapalli will retire by rotation at the upcoming Annual General Meeting (AGM) and has offered himself for re-appointment. The current term of Mr Hemant Sahai as an Independent Director ends on August 2, 2023. The Board recommends his re-appointment for another three-year term, subject to shareholder approval. The AGM Notice includes the appointments of Mr Krishna Rallapalli and Mr Hemant Sahai, along with their profiles as required by Listing Regulations. Mr Rajiv Rajgopal, Managing Director, Mr Krishna Rallapalli, Wholetime Director and CFO, and Mrs Harshi Rastogi, Company Secretary, serve as the whole-time Key Managerial Personnel of the Company under Section 203 of the Act.

Committees of the Board

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

Board Meetings

There were 4 Board Meetings held during the year under review. The Board Meeting Dates and the attendance of the Directors at the meetings have been provided in the Corporate Governance Report.

Directors' Responsibility Statement

As required under section 134(5) of the Act, the Directors confirm that:

a) in the preparation of the annual accounts for the year ended 31 March 2023, the applicable Indian accounting standards have been followed and with proper explanation relating to material departures, if any;

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

c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

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

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

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

Awards

- **Most Trusted Brand of India 2023:** Two centuries of AkzoNobel's colour expertise, innovation, the power of science, and above all, our commitment to delight consumers with high-quality products is inside every can of Dulux. That's why, we're even more thrilled to share that Dulux is now among the Most Trusted Brands of India 2023 powered by Marksmen Daily!
- **Best Campaign in Home Improvement & Décor segment by the International Advertising Association (India Chapter) Award:** 'The two-episode digital campaign 'Parul aur Painter- A Love Story', a fun take on love stories

due to water seepage in homes, was awarded the Best Campaign in Home Improvement & Décor segment by the International Advertising Association (India Chapter)

- **2021 FICCI CSR Awards- special Jury Recommendation** for its CSR projects undertaken in Skill Development & livelihood. Award was presented by the Minister of SC/ST Welfare, Government of India
- **2022 ICSI CSR Excellence Award –** Small and emerging category.
- **2022 CII ITC Sustainability Award -** Commendation for Significant Achievement in Corporate Social Responsibility

General

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

1. The Company has issued only one class of equity shares with equal voting rights.
2. The Company has not issued shares with differential voting rights and sweat equity shares during the year under review.
3. The 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 its future operations.
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 did not accept any public deposit within the meaning of the Companies (Acceptance of Deposits) Rules, 2014 and accordingly no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.
8. Your Company has complied with the applicable Secretarial Standards, issued by The Institute of Company Secretaries of India.
9. Your Company has neither made any application nor any proceeding is pending under the Insolvency and Bankruptcy Code, 2016 with any Tribunals.
10. Your Company has not made any one-time settlement against loans taken from the Banks or Financial Institutions.
11. Independent Directors have confirmed that they meet the criteria of independence in terms of Section 149(6) of the Companies Act, 2013.

Cautionary Statement

Some of the statements in this report, describing your Company's objectives and expectations expressed in good faith, may constitute 'forward-looking statements' within the meaning of applicable laws and regulations and may involve risks and uncertainties. Actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of their dates. This Report should be read in conjunction with the financial statements included herein and the notes thereto.

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

Acknowledgements

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

On behalf of the Board

Oscar Wezenbeek
Chairman
DIN 08432564

Place: Singapore
Date: 23 May 2023

Annexure I

Report on Corporate Governance

1. Company's philosophy on Corporate Governance

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

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

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

The Board holds the responsibility for strategic supervision and oversight of the Company on behalf of the shareholders and other stakeholders. It represents the shareholders' interests in optimizing long-term financial returns. All significant matters are thoroughly examined by the Board, with the full participation of non-executive directors exercising independent judgment and leveraging their extensive experience and skills to enhance the decision-making process.

To fulfill our obligations and to comply with statutory requirements, the Board has established five committees: the Audit Committee, Risk Management Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, and Corporate Social Responsibility Committee. These committees are entrusted with overseeing specific areas, as defined in their Terms of Reference.

The principles and policies guiding our corporate governance goals are available on our company website, www.akzonobel.co.in, and can be accessed from https://akzonobel.co.in/corporate-governance.php#principle and https://akzonobel.co.in/corporate-governance.php#policy.

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

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

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

2. Board of Directors

Composition

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

Name of the Director	Category of Directorship in the Company	Directorship held in other listed entities	Directorship in other Companies# (Chairmanship)	Membership in specified* committees (Chairmanship)
Oscar Wezenbeek	Non Executive Chairman	-	-	-
Rajiv Rajgopal	Managing Director	-	-	1
Krishna Rallapalli	Wholetime Director	-	-	1
Amit Jain	Independent Director	-	-	1
Hemant Sahai	Independent Director	-	1	2(1)
Smriti Rekha Vijay	Independent Director	-	-	1(1)

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

* Specified committees include only Audit and Stakeholders Relationship committees

Board Procedures

The Board of Directors, as of 31 March 2023, comprises a suitable mix of executive, non-executive, and independent directors, in compliance with the requirements of the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

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

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

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

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

Meetings and attendance

Given below is the consolidated list of meetings of the shareholders, Board and committees held during April 2022 to March 2023 and attendance details of Directors:

Meeting	Date
Annual General Meeting (AGM)	05 August 2022
Board	27 May 2022, 05 August 2022, 04 November 2022, 09 February 2023
Audit Committee	27 May 2022, 05 August 2022, 04 November 2022, 09 February 2023
Stakeholders Relationship Committee (SRC)	21 March 2023
Nomination and Remuneration Committee (NRC)	04 November 2022, 09 February 2023
CSR Committee	30 September 2022, 31 January 2023
Risk Management Committee (RMC)	08 April 2022, 28 September 2022, 21 March 2023
Independent Directors Meeting	09 Feb 2023

Attendance

			AGM	Board	Audit	RMC	NRC	SRC	CSR
No. of Meetings held			**1**	**4**	**4**	**3**	**2**	**1**	**2**
Directors	**Date of joining the Board**	**Date of cessation**							
A Jain	02 Jan 2014	Continuing	1	4	4	3	2	NA	NA
O Wezenbeek	04 May 2019	Continuing	1	4	NA	NA	2	NA	NA
R Rajgopal	01 Nov 2018	Continuing	1	4	NA	3	NA	1	2
Krishna R	01 Dec 2021	Continuing	1	4	NA	3	NA	1	2
H Sahai	03 Aug 2018	Continuing	1	4	4	3	2	1	NA
S Vijay	16 Aug 2019	Continuing	1	4	4	3	2	NA	2

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

Core Skills for Board Members

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

Skills & its description	Oscar W	Rajiv R	Krishna R	Amit J	Hemant S	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 and Leadership Protect interest of all stakeholders, observing appropriate governance practices while nurturing talent to create strong & competent future business leaders.	●	●	●	●	●	●
Legal and Governance or Corporate Governance Professional skills & knowledge of changing regulatory frameworks.	●	●	●	●	●	●
Strategic thinking and decision making Ability to review & guide strategy by analysing Companies Competitive position & benchmarking, taking into account market & Industry trends while consistently growing profitability in the diverse business environments.	●	●	●	●	●	●
Financial expertise Ability to comprehend, interpret & guide on the financial statements, financial controls, risk management, mergers and acquisition, etc.	●	●	●	●	-	●
International Business Experience in leading & driving businesses success in geographies/markets around the world with an understanding of diverse business environments, economic conditions.	●	●	●	●	-	-

Familiarization Programme for Independent Directors

The Company has adopted a policy on familiarization programme for Independent Directors. Upon their appointment/re-appointment, all directors receive a formal letter of appointment outlining their roles, duties, and other terms and conditions. The familiarization sessions encompass four main areas as follows:

Induction:

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

Immersion sessions on Functional Updates

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

Strategy Sessions

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

Sessions by External Consultants

The Company also arranges sessions facilitated by external consultants. These sessions cover various topics of relevance, such as Environmental, social, and governance ('ESG') matters, Industry best practices etc.

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

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

Details of the familiarization programme for Independent Directors is available on the company's website www.akzonobel.co.in and can be accessed from www.akzonobel.co.in/famialirization.php

Declaration by Independent Directors

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

3. Audit Committee

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

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

The Role of the Audit Committee include the following:

(1) oversight of the entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

(2) recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;

(3) approval of payment to statutory auditors for any other services rendered by the statutory auditors;

(4) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:

  (a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;

  (b) changes, if any, in accounting policies and practices and reasons for the same;

  (c) major accounting entries involving estimates based on the exercise of judgment by management;

  (d) significant adjustments made in the financial statements arising out of audit findings;

  (e) compliance with listing and other legal requirements relating to financial statements;

  (f) disclosure of any related party transactions;

  (g) modified opinion(s) in the draft audit report;

(5) reviewing, with the management, the quarterly financial statements before submission to the board for approval;

(6) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public issue or rights issue or preferential issue or qualified institutions placement, and making appropriate recommendations to the board to take up steps in this matter;

(7) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

(8) approval or any subsequent modification of transactions of the listed entity with related parties;

(9) scrutiny of inter-corporate loans and investments;

(10) valuation of undertakings or assets of the listed entity, wherever it is necessary;

(11) evaluation of internal financial controls and risk management systems;

(12) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

(13) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department,

staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

(14) discussion with internal auditors of any significant findings and follow up there on;

(15) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;

(16) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

(17) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

(18) to review the functioning of the whistle blower mechanism;

(19) approval of appointment of chief financial officer after assessing the qualifications, experience and background of the candidate;

(20) carrying out any other function as mentioned in the terms of reference of the audit committee;

(21) reviewing the utilization of loans and/ or advances from/ investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision;

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

The audit committee shall mandatorily review the following information:

(1) management discussion and analysis of financial condition and results of operations;

(2) management letters / letters of internal control weaknesses issued by the statutory auditors;

(3) internal audit reports relating to internal control weaknesses; and

(4) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.

(5) statement of deviations:

(a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1);

(b) annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice in terms of Regulation 32(7).

Discharging such other functions as may be required under the relevant provisions of the Companies Act, 2013, the Rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and various circulars issued by the regulatory authorities thereof, as amended from time to time and discharge such other functions as may be specifically delegated to the Committee by the Board from time to time.

The Audit Committee is a three-member committee, comprising of Independent Directors most of whom possess necessary knowledge in financial management, core principles of accounting, internal controls and business matters. The composition of Audit Committee complies with the requirements of the Act and the Listing Regulations. The Chairman, Managing Director, Wholetime Director & CFO, Internal Auditors, Statutory Auditors and Lead Accounting Controller are permanent invitees to the meetings of the Committee. Any other person / executive, when required, also attend the meetings of the Committee.

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

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

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

Mrs S Vijay, Chairperson of the Committee, attended the AGM of the Company held on 5 August 2022.

The Company Secretary functions as the Secretary to this Committee.

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

4. Risk Management Committee

Composition	
A Jain (Chairman)	Independent Director
R Rajgopal	Managing Director
Krishna R	Wholetime Director and CFO
H Sahai	Independent Director
S Vijay	Independent Director
P Chandrasekharan	Director Sales- Decorative Paints
N Kataria[1]	Country HR Manager
S Khatuja	Country Manufacturing Manager
D Mitra[2]	Sales Manager, ASC

[1] from 6 August 2022

[2] from 23 May 2023

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

The roles and responsibilities of the Risk Management Committee are as prescribed under Regulation 21 of the Listing Regulations read with Part D of Schedule II to the Listing Regulations commensurate with the provisions of Section 134(3)(n) of the Companies Act, 2013 mandating development and implementation of a risk management policy for the Company including identification therein of elements of risk, which in the opinion of the Board may threaten the integrity of operations of the Company.

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

(1) To formulate a detailed risk management policy which shall include:

   (a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.

   (b) Measures for risk mitigation including systems and processes for internal control of identified risks.

   (c) Business continuity plan.

(2) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

(3) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

(4) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

(5) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;

(6) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee

   Discharging such other functions as may be required under the relevant provisions of the Companies Act, 2013, the Rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and various circulars issued by the regulatory authorities thereof, as amended from time to time and discharge such other functions as may be specifically delegated to the Committee by the Board from time to time.

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

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

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

Mr Amit Jain, Chairman of the Committee was present at the AGM of the Company held on 5 August 2022.

The Company Secretary functions as the Secretary to this Committee and the Risk Officer is a permanent invitee to the meeting.

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

5. Nomination and Remuneration Committee

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

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

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

(1) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;

(1a) for every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description.

(2) formulation of criteria for evaluation of performance of independent directors and the board of directors;

(3) devising a policy on diversity of board of directors;

(4) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.

(5) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

(6) recommend to the board, all remuneration, in whatever form, payable to senior management.

Discharging such other functions as may be required under the relevant provisions of the Companies Act, 2013, the Rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and various circulars issued by the regulatory authorities thereof, as amended from time to time and discharge such other functions as may be specifically delegated to the Committee by the Board from time to time.

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

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

Mr Amit Jain, Chairman of the Committee was present at the AGM of the Company held on 5 August 2022.

The Company Secretary functions as the Secretary to this Committee.

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

Board Evaluation

In terms of the requirements of the Act and the Listing Regulations, an annual performance evaluation of the Board is undertaken to formally assess the performance of the Board, its Committees and its individual members with an objective to improve the effectiveness of the Board and its Committees.

For the year 2022-23, the evaluation was undertaken internally in compliance with the SEBI Guidance note on Board Evaluation dated 5 January 2017 for evaluation of the Board as a whole, Board Committees and Peer Evaluation of the Directors. The NRC approved a framework in the form of a detailed digital questionnaire for the annual evaluation of the Board, board committees and the individual directors.

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

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

The findings from the survey were shared with the Chairman, who in turn, held discussions with individual Board members. Individual evaluations were in line with the full Board evaluation. The responses for the Board and Committees were compiled and a consolidated report was presented before the Board. As an outcome of the above exercise, it was noted that the Board as a whole is functioning as a cohesive body and is well engaged. The Board Members from different backgrounds bring about different complementarities and deliberations and the Board and Committee Meetings are enriched by this.

The outcomes of the performance evaluation process for FY 2021-22 and the actions taken thereafter by the management were shared every quarter with the NRC/Board and were brought to a logical closure.

One meeting of the Independent Directors was held on 9 February 2023 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. One Independent Director of the Company was granted leave of absence for this meeting.

6. Stakeholders Relationship Committee

Composition	
H Sahai (Chairman)	Independent Director
R Rajgopal	Managing Director
Krishna R	Wholetime Director and CFO

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

The role of the Stakeholders Relationship Committee inter alia includes:

(1) Resolving the grievances of the security holders of the listed entity including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/ duplicate certificates, general meetings etc.

(2) Review of measures taken for effective exercise of voting rights by shareholders.

(3) Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.

(4) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

(5) Reviewing the engagement with security holders including institutional investors and identify the actionable points for implementation;

(6) Reviewing movement in shareholdings and ownership structure;

(7) Discharging such other functions as may be required under the relevant provisions of the Companies Act, 2013, the Rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and various circulars issued by the regulatory authorities thereof, as amended from time to time and discharge such other functions as may be specifically delegated to the Committee by the Board from time to time.

The Company received 10 complaints from its investors during 2022-23, all of them have been resolved and no complaint was pending as on 31 March 2023. Routine queries/service requests received from the shareholders are normally addressed within 7 days of receipt of complete datails/documents.

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

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

Mr Hemant Sahai, Chairman of the Committee, was present at the AGM of the Company held on 5 August 2022.

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	
S Vijay (Chairperson)	Independent Director
R Rajgopal	Managing Director
Krishna R	Wholetime Director and CFO

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

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

- Formulation of CSR policy;
- Recommending the amount of expenditure to be incurred on CSR activities;
- Monitoring the programs from time to time as per the CSR policy;
- Reviewing the performance of the Company in the areas of CSR;

Discharging such other functions as may be required under the relevant provisions of the Companies Act, 2013, the Rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and various circulars issued by the regulatory authorities thereof, as amended from time to time and discharge such other functions as may be specifically delegated to the Committee by the Board from time to time.

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

Mrs Smriti Vijay, Chairperson of the Committee, was present at the AGM of the Company held on 5 August 2022.

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.

Highlights of CSR activities conducted during the year are given in the Corporate Social Responsibility section of the directors report and details of the amount spent under the head CSR during the year in the CSR Report (Annexure II-B).

8. Remuneration of Directors

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 https://akzonobel.co.in/pdf/policy/Policy-on-Remuneration.pdf.

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 2022-23 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			
R Rajgopal	21.99	8.98	30.97
Krishna R	12.78	1.39	14.17
Total	**34.77**	**10.37**	**45.14**
Non-Executive Directors	**Sitting fees**	**Commission**	**Total**
A Jain	0.65	1.20	1.85
H Sahai	0.70	1.00	1.70
S Vijay	0.75	1.00	1.75
Total	**2.10**	**3.20**	**5.30**

Notes:

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

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

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

d) 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.

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

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

g) None of the directors are above 70 years of age.

9. General Body Meetings

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

Date of AGM	Time	Venue
5 August 2022	2.30 pm	Video Conferencing / Other Audio Visual Means ('VC/OAVM')
13 August 2021	2.30 pm	VC/OAVM
28 August 2020	10.30 am	VC/OAVM

(ii) One special resolution for appointment of Mrs Smriti Rekha Vijay as an Independent Director for a second term was passed by the shareholders at the 2022 AGM.

(iii) There was no postal ballot conducted during 2022-23

(iv) There was no special resolution proposed during FY 2022-23 through postal ballot and no proposal is pending as on date of this report for approval as a special resolution through postal ballot.

(v) No Extraordinary General Meeting of the Members was held during the year 2022-23

10. Means of Communication

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

11. General Shareholder Information

i. AGM: date, time and venue
3 August, 2023 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 2023	14 Aug 2023
2nd quarter ending 30 Sep 2023	14 Nov 2023
3rd quarter ending 31 Dec 2023	14 Feb 2024
Year ending 31 Mar 2024	30 May 2024

iv. Book closure period
28 July 2023 to 3 Aug 2023 (both days inclusive)

v. Dividend payment date
On or around 24 August 2023 (after approval at the AGM)

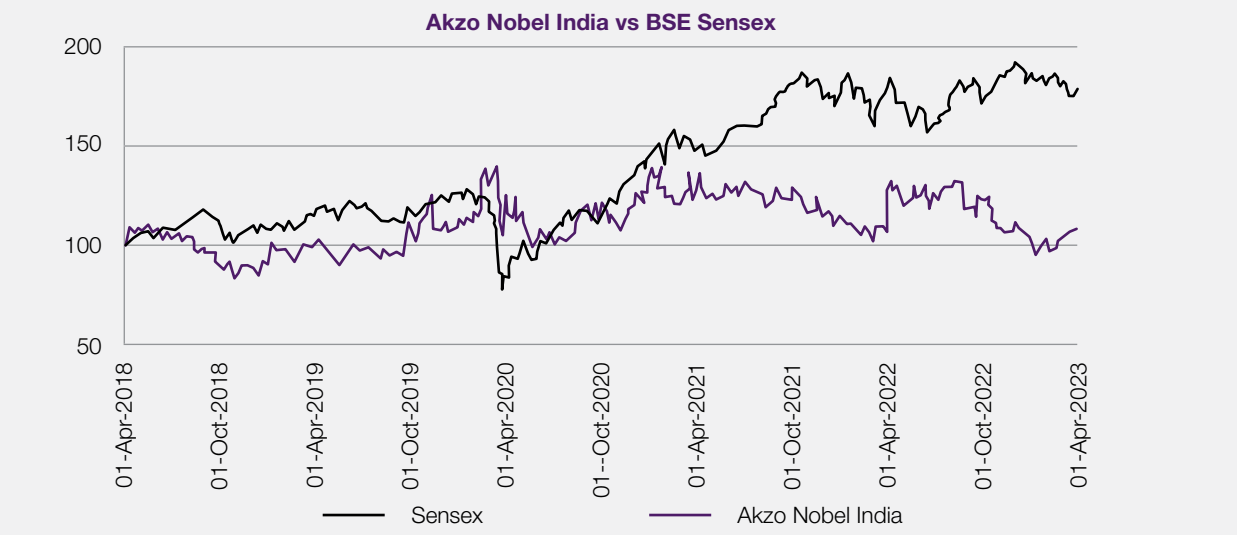
vi. Listing on Stock Exchange
The Company's shares are listed on BSE Limited ('BSE'), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001 and National Stock Exchange of India Limited ('NSE'), Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400051. Listing fees for the period 1 Apr 2022 to 31 Mar 2023 has been paid.

vii. Stock code
BSE : 500710
NSE : AKZOINDIA-EQ
ISIN : INE133A01011

viii. Market price data and stock performance during the year 2022-23

Month	BSE			NSE		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
Apr-22	1,963.70	1,862.00	11,572	1,933.75	1,862.75	14,469
May-22	1,882.40	1,705.00	9,911	1,884.70	1,700.00	37,041
Jun-22	1,920.15	1,685.00	6,385	1,919.00	1,687.60	77,192
Jul-22	1,990.75	1,840.00	13,849	2,000.00	1,821.10	39,281
Aug-22	1,984.50	1,886.85	16,521	1,985.00	1,885.00	46,177
Sep-22	2,241.50	1,906.10	201,475	2,236.20	1,923.55	173,533
Oct-22	2,259.90	2,030.00	34,344	2,260.00	2,029.40	39,923
Nov-22	2,399.95	2,060.60	37,818	2,400.00	2,060.95	65,586
Dec-22	2,375.05	2,146.75	24,928	2,378.00	2,158.55	38,884
Jan-23	2,334.70	2,120.00	14,442	2,336.55	2,116.00	40,065
Feb-23	2,362.30	2,105.10	21,882	2,365.00	2,123.20	92,574
Mar-23	2,380.00	2,125.10	24,288	2,383.15	2,125.35	43,305

ix. Stock performance in comparison to BSE Sensex



Note:
Comparison is made by anchoring the share price and Sensex value at a base value of 100 as on 1 April 2018. The movements in the BSE Sensex and the Company's share price have been displayed in the graph with reference to that base.

x. Registrar and Share Transfer Agent

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

xi. Share transfer system

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

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

xii. Updation of KYC Details

SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/655 dated 3 November, 2021 and SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 dated 16 March, 2023 has provided common and simplified norms for processing investors' service requests by RTAs and norms for furnishing PAN, KYC and Nomination details. As per the said Circular, it is mandatory for the shareholders holding securities in physical form to inter alia furnish PAN, KYC and Nomination details. Physical folios wherein the PAN, KYC and Nomination details are not available on or after 1st October, 2023, shall be frozen by the RTA and will be eligible for lodging any service request or receiving payment including dividend only after registering the required details. Further, the said physical folios shall be referred by the Company or RTA to the administering authority under the Benami Transactions (Prohibitions) Act, 1988 and/or Prevention of Money Laundering Act, 2002, if they continue to remain frozen as on 31st December, 2025.

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

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

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

xiii. Distribution of shareholding as on 31 March 2023

Range (No. of shares)	No. of shareholders	% of shareholders	No. of shares	% of total shares
1-50	30,831	70.50	537,003	1.18
51-500	11,775	26.92	1,664,023	3.65
501-5000	1,044	2.39	1,195,984	2.63
5001-50000	66	0.15	854,015	1.87
50001-1000000	15	0.03	4,197,642	9.22
1000001 & Above	4	0.01	37,091,647	81.45
Total	**43,735**	**100.00**	**45,540,314**	**100.00**

Shareholding Pattern as on 31 March 2023

Category of shareholders	No. of shares	%
(A) Promoter and Promoter Group	34,044,335	74.76
Total promoter shareholding	**34,044,335**	**74.76**
(B) Public shareholding		
(a) Mutual funds	2,702,521	5.93
(b) Insurance companies	1,342,048	2.95
(c) Nationalised Banks	17,913	0.04
(d) Other Banks	758	-
(e) Foreign Portfolio Investors	1,352,753	2.97
(f) Alternate Investment Funds	32,297	0.07
(g) NRIs	146,164	0.32
(h) Bodies Corporate	2,194,660	4.82
(i) Individuals/others	3,706,865	8.14
Total public shareholding	**2,702,521**	**25.24**
Total (A) + (B)	**45,540,314**	**100.00**

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 2023, 98.95% of the Company's equity shares involving 45.06 million shares have been dematerialized (No. of demat accounts: 36,764).

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

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

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

None issued/outstanding in the past 10 years.

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

The Company's business operations are subject to commodity as well as foreign exchange risks. Commodity price risk is managed by adhering to inventory norms. Foreign exchange risk is managed in accordance with Company's policy for foreign exchange management.

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. GAE-1 (PART) GAF-1 GAF-2 Ghirongi, Industrial Area, 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. Unclaimed Dividend and Shares

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

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

Your Company has transferred a sum of ₹11.91 million and 16,365 shares, after 114 and 130 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 2015, within the due dates.

Amounts of unclaimed dividend as on 31 March 2023 and the due dates for transfer to IEPF are:

	Amount (₹ million)	Due date for transfer to IEPF (excluding the period allowed for remittance under Rule 3 of the IEPF Rules, 2001)
2015-16	38.2	26 Aug 2023
2016-17	13.2	14 Sep 2024
2017-18	7.3	2 Sep 2025
2018-19	7.3	8 Sep 2026
2019-20	3.9	28 Sep 2027
2020-21 (Interim)	3.5	9 Mar 2028
2020-21 (Final)	6.3	13 Sep 2028
2021-22 (Interim)	7.1	11 Mar 2029
2021-22 (Final)	6.6	5 Sep 2029
2022-23 (Interim)	6.4	9 Mar 2030
Total	**99.8**	

xx. Compliance Officer

Name : Mrs Harshi Rastogi
Designation : Company Secretary
Tel: +91 124 4852400
E-mail : harshi.rastogi@akzonobel.com

xxi. Green Initiative

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

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

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

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

12. Other Disclosures

a. There were no materially significant related party transactions entered into by the Company with its Promoters, Directors or the Management, their subsidiaries or relatives, etc., that may have potential conflict with the interests of the Company. 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. Compliance to mandatory requirements and adoption of Non-mandatory Requirements

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

Description	Status as on 31 March 2023
(i) Non-Executive Chairman's office and expenses	No office or related facilities are provided by the Company to its Non-Executive Chairman.
(ii) Sending of half-yearly declaration of financial performance including summary of the significant events during the past six months to each household of shareholders	As required under the Listing Regulations, the Company's quarterly financial results summary are published in leading newspapers and detailed results as well as major developments through press releases are sent to the Stock Exchanges (which are available on Stock Exchange websites as well as Company's website).
(iii) Audit qualifications	There is no audit qualification in the report of the statutory auditors for the current financial year.
(iv) Reporting of Internal Auditor	The Internal Auditor directly reports to the Audit Committee

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

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

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

g. The Policy on determining material subsidiaries is uploaded on the Company's website www.akzonobel.co.in and can be accessed from https://akzonobel.co.in/pdf/policy/Policy_Determining_Material_Subsidiaries.pdf.

h. None of the Non-Executive Directors had any materially significant pecuniary relationship or transaction vis-à-vis the Company, which may have a potential conflict with the interests of the Company. Mr Oscar Wezenbeek 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 one another.

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

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

n. All Independent Directors ('ID') have confirmed their independent status to the Company. In terms of Regulation 25(8) of the Listing Regulations, the ID have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. The Company has issued formal letters of appointment to the ID. As required under Regulation 46 of the SEBI Listing Regulations, as amended, the terms and conditions of appointment of ID including their role, responsibility and duties are available on our website at https://akzonobel.co.in/pdf/policy/Model-Appointment-Letter-to-ID.pdf.

o. All the Independent Directors have also confirmed that their names are duly registered in the data bank of Independent Directors as maintained by The Indian Institute of Corporate Affairs in terms of Rule 6 of The Companies (Appointment and Qualification of Directors) Rules, 2014.

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

q. 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 https://akzonobel.co.in/pdf/policy/Model-Appointment-Letter-to-ID.pdf.

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

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

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

Financial year	**(₹ million)**
Statutory audit for the year (including limited reviews)	8
Other audit related services	7
Reimbursement of expenses	*
Total#	**15**

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

#Excluding Goods and Service Tax

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

   a. Number of complaints filed during the financial year : 5

   b. Number of complaints disposed off during the financial year : 3

   c. Number of complaints pending as on end of the financial year : 2

v. Disclosure by listed entity and its subsidiaries of Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount:

   There are no loans and advances in the nature of loans to firms/companies in which Directors are interested.

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

x. Web link where details of familiarisation programmes imparted to Independent Directors : www.akzonobel.co.in/famialirization.php

y. All the Directors of the Company are covered under Directors' and Officers' Insurance Policy taken by the Company.

z. Dividend Distribution Policy of the Company has been uploaded on the Company's website at www.akzonobel.co.in and may be accessed at https://akzonobel.co.in/pdf/policy/Dividend-Distribution-Policy.pdf.

aa. The Company is a subsidiary of Akzo Nobel N.V., Netherlands. The Company itself has a subsidiary, ICI India Research & Technology Centre.

13. Compliance

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

14. Code of Conduct

Your Company has in place a comprehensive Code of Conduct applicable to all the employees and Non-executive Directors including Independent Directors. The Code of Conduct gives guidance and support needed for ethical conduct of business and compliance with law. Copy of the Code of Conduct is posted on the website of the Company www.akzonobel.co.in 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 2023.

Rajiv Rajgopal
Managing Director
DIN 06685599

Place: Gurugram
Date: 23 May 2023

15. Certificate of Compliance

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

16. Certificate of Non-Disqualification of Directors

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

17. Unclaimed Suspense Accounts

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

i) Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year:	82 shareholders and 3,095 shares
ii) Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year:	2 shareholders and 52 shares
iii) Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year:	2 shareholders and 52 shares
iv) Number of shareholders whose shares were transferred from the Unclaimed Suspense Account to IEPF Authority:	5 shareholders and 215 shares
v) Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year:	75 shareholders and 2,828 shares

As per SEBI Notification no. SEBI/LAD-NRO/GN/2022/66 dated 24.01.2022 the securities where the securities holder/claimant fails to submit the Demat request within 120 days from the date of issuance of Letter of Confirmation is liable for transfer to the Suspense Escrow Demat Account. In terms of this notification the Company has dematerialized and kept the pending Demat requests in 'Akzo Nobel India Limited- Unclaimed Securities-Suspense Escrow Account'. Disclosure in respect of the equity shares kept in this account is given below:

i) Aggregate number of shareholders and the outstanding shares lying in the Suspense Escrow Demat Account at the beginning of the year:	Nil
ii) Aggregate number of shareholders and the outstanding shares transferred to the Suspense Escrow Demat Account during the year:	3 shareholders and 129 shares
iii) Number of shareholders who approached the issuer for transfer of shares from the Suspense Escrow Demat Account during the year:	Nil
iv) Aggregate number of shareholders and the outstanding shares lying in the Suspense Escrow Demat Account at the end of the year	3 shareholders and 129 shares

On behalf of the Board

Oscar Wezenbeek
Chairman
DIN 08432564

Place: Singapore
Date: 23 May 2023

Certificate on Corporate Governance

To
The Members of
Akzo Nobel India Limited

We have examined the compliance of conditions of Corporate Governance by Akzo Nobel India Limited ('the Company') in terms of Regulation 15(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for the year ended 31 March 2023.

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

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

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

For A. K. LABH & Co.
Company Secretaries

(CS A. K. LABH)
Practicing Company Secretary
FCS – 4848 / CP No 3238
UIN : S1999WB026800
PRCN : 1038/2020
UDIN : F004848E000353174

Place: Kolkata
Date: 23 May 2023

Certificate of Non-Disqualification of Directors

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

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

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, 2023 have been debarred or disqualified from being appointed or continuing as Directors of the Company by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

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

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This Certificate has been issued relying on the documents and information as mentioned herein above and as were made available to us or as came to our knowledge for verification without taking any cognizance of any legal dispute(s) or sub-judice matters which may have effect otherwise, if ordered so, by any concerned authority(ies). This certificate is also neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For A. K. LABH & Co.
Company Secretaries

(CS A. K. LABH)
Practicing Company
Membership No. : FCS 4848
CP No. : 3238
PRCN : 1038/2020
UIN : S1999WB026800
UDIN : F004848E000353163

Place : Kolkata
Date : 23 May 2023

Annexure II-A

Business Responsibility and Sustainability Report (BRSR)

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

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

Principle#	Description
P1	Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable
P2	Businesses should provide goods and services in a manner that is sustainable and safe
P3	Businesses should respect and promote the well-being of all employees, including those in their value chains
P4	Businesses should respect the interests of and be responsive to all its stakeholders
P5	Businesses should respect and promote human rights
P6	Businesses should respect and make efforts to protect and restore the environment
P7	Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent
P8	Businesses should promote inclusive growth and equitable development
P9	Businesses should engage with and provide value to their consumers in a responsible manner

SECTION A: GENERAL DISCLOSURES

I. Details of the Listed Entity

1. **Corporate Identity Number (CIN) of the Listed Entity:** L24292WB1954PLC021516
2. **Name of the Listed Entity:** Akzo Nobel India Limited
3. **Year of Incorporation:** 1954
4. **Registered Office address:** Geetanjali Apartment, 1st Floor, 8-B, Middleton Street, Kolkata 700 071, India
5. **Corporate Office address:** 9th Floor, Magnum Towers 1, Sector 58, Gurugram 122 011, India
6. **E-mail id :** investor.india@akzonobel.com
7. **Telephone :** 0124 4852400
8. **Website :** www.akzonobel.co.in
9. **Financial year for which reporting is being done :** April 2022- March 2023
10. **Name of the Stock Exchange(s) where shares are listed :** BSE Limited and National Stock Exchange of India Limited
11. **Paid-up Capital:** ₹455.4 million
12. **Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR:**

Name	Krishna R
Designation	Wholetime Director and CFO
Telephone number	0124-4852400
Email	investor.india@akzonobel.com

13. **Reporting boundary -** Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together):

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

II. Products/Services

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

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

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

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

III. Operations

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

Location	Number of plants	Number of offices	Number of Depots/ Sales locations	Total
National	5	4	28	37
International	-	2	2	4

17. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	24
International (No. of Countries)	4

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

Exports contribute ~5% of the total turnover of the entity.

c. A brief on types of customers

We serve broadly 3 types of consumers as below:

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

IV. Employees

18. Details as at the end of the Financial Year

Employees and workers (including differently abled)

	Total*	Male	%	Female	%
No. of Employees	**1,212**	**1,047**	**86%**	**165**	**14%**
Permanent	1,212	1,047	86%	165	14%
Others	-	-	-	-	-
No. of Workers	**506**	**497**	**98%**	**9**	**2%**
Permanent	282	282	100%	0	-
Others	224	215	96%	9	4%
Total	**1,718**	**1,544**	**90%**	**174**	**10%**
Permanent	1,494	1,329	89%	165	11%
Others	224	215	96%	9	4%

*Including 3 differently abled male permanent employees

19. Participation/Inclusion/Representation of women

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

20. Turnover rate for permanent employees and workers

	2022-23			2021-22			2020-21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	15%	11%	15%	11%	13%	11%	25%	19%	24%
Workers	1%	-	1%	2%	-	2%	12%	-	12%

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

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

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

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

VI. CSR Details

22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: **Yes**

(ii) Turnover (in ₹ mn) **38,021**

(iii) Net worth (in ₹ mn) **13,156**

VII. Transparency and Disclosures Compliances

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

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/ No) (If Yes, then provide web-link for grievance redress policy)	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
		No. of complaints filed during the year	No.of complaints pending resolution at close of the year	Remarks	No. of complaints filed during the year	No.of complaints pending resolution at close of the year	Remarks
Communities	Email: customercare.india@akzonobel.com Helpline: 1800 3000 4455; Through local NGO partners	-	-	-	-	-	-
Investors (other than shareholders)	Email: investor.india@akzonobel.com	-	-	-	-	-	-

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/ No) (If Yes, then provide web-link for grievance redress policy)	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
		No. of complaints filed during the year	No.of complaints pending resolution at close of the year	Remarks	No. of complaints filed during the year	No.of complaints pending resolution at close of the year	Remarks
Shareholders	SEBI, Stock Exchange, Registrar and Share Transfer Agent, Email: investor.india@akzonobel.com	10	-	-	10	-	
Employees and workers	Speak up (Vigil Mechanism)	5	3	-	7	4	
Customers *	Email: customercare.india@akzonobel.com Helpline: 1800 3000 4455	2,441	639	-	1,822	194	-
Value Chain Partners	Email: customercare.india@akzonobel.com Helpline: 1800 3000 4455	-	-	-	-	-	-

*Company has tracked & reviewed Customer Complaints for FY 2022-23 for all the Business units

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

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

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

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Policy and management processes									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs#	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
b. Has the policy been approved by the Board?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
c. Web Link of the Policies, if available	https://akzonobel.co.in/corporate-governance.php#policy								
2. Whether the entity has translated the policy into procedures*	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3. Do the enlisted policies extend to your value chain partners?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4. Name of the national and international codes/ certifications/ labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	Your Company's manufacturing facilities and office premises have well defined Environment, Health, Safety and Quality Management systems in place with stringent internal standards and are also certified with international standards ISO 45001 (OHSAS)- Occupational Health and safety Management system ISO 9001- Quality Management system ISO 14001- Environmental Management system Our products are certified as per BIS								
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	Globally, AkzoNobel is committed to the following by 2030- • reduce our carbon emissions by 50% • utilize 100% of our energy requirements from renewable sources • move towards zero waste								
6. Performance of the entity against the specific commitments, goals and targets alongwith, reasons in case the same are not met	Your Company follows a series of Environmental Performance Indicators (as referred in various places of this report) to monitor its efforts for sustainable use of natural resources in manufacturing.								
Governance, leadership and oversight									
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements	Refer Chairman and MD statements								
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	The Board of Directors of the Company oversee the implementation of the Business Responsibility Policy(ies). The sustainability agenda of your Company is spread across various Board Committees.								
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues?	No specified committee. However, the Managing Director is responsible for decision making on sustainability related issues								

10. Details of Review of NGRBCs by the Company:

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

11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? If yes, provide name of the agency.

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

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

    N.A

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

*where required

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

SECTION C: PRINCIPLE-WISE PERFORMANCE

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

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

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

Segment	Total number of trainings and awareness programmes held	Topics/principles covered under training and its impact	% of persons in respective category covered by the awareness programmes
Board of Directors	4	· Changes in Companies Act and SEBI Listing Regulations · Global Data Privacy Rules · India Paint industry overview · Plastic waste management (PWM) obligations	100%
Employees other than BOD and KMPs	7	· Code of conduct training · Anti Bribery Anti Corruption · Training on The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act · IT trainings – Spotting Phishing emails; Security Awareness Training; our role in Internet Security · Health & Safety related sessions · Global Data Privacy Rules · Ethical Dilemma and Speak Up Insights	100%
Workers	3#	· Code of conduct training · Training on The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act · Health & Safety related sessions	100%

Health & Safety sessions were conducted multiple times across sites and offices.

In addition to the aforementioned trainings, employees undertake various e-learning programs based on functional requirements. Some trainings are mandatory, while others are optional. Throughout the year, voluntary training programs are also conducted to support individual learning and development

Besides the above there were familiarization programmes held for the directors, details of which are available on the company's website www.akzonobel.co.in and can be accessed from www.akzonobel.co.in/familiarization.php

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

During the year, no fines/penalties/punishment/award/compounding fees/settlement amount was paid in proceedings (by the Company or by directors/KMPs with regulators/law enforcement agencies/judicial institutions.

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

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

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

No such instances and hence not applicable.

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

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

The entity has a strict anti-bribery and anti-corruption policy. We strictly prohibit making, offering, authorizing, or accepting bribes or facilitation payments. We expect all employees and business partners representing AkzoNobel to adhere to the highest ethical standards in all business dealings and relationships. The policy explaining our compliance policy with regards to anti-bribery, anti-corruption, gifts and hospitality is available at https://www.akzonobel.com/en/about-us/governance-/policies---procedures/anti-bribery-and-corruption-policy.

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

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

	2022-23	2021-22
Directors	None	None
KMPS		
Employees		
Workers		

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

There were no complaints with regard to conflict of interest.

	2022-23		2021-22	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of Directors	Nil	Not applicable	Nil	Not applicable
Number of complaints received in relation to issues of Conflict of Interest of KMPs	Nil	Not applicable	Nil	Not applicable

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

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

Leadership Indicators

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

The Company is committed to conducting business in an ethical and fair manner. The Company's Business Partners are an integral part of the ecosystem. The Company has in place a documented Code of Conduct for Business Partners to emphasize its commitments to its core values of Safety, Integrity and Sustainability. All the agreements and purchase orders entered into by the Company with the business partners include a confirmation of compliance with all laws and regulations applicable to the business they conduct for AkzoNobel. Non compliance with this code may lead to measures, including termination of the business relationship.

The Code of Conduct for Business Partners is available at https://akzonobel.co.in/pdf/policy/code-of-conduct-business-partners-en-2022.pdf

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

The entity has processes to prevent/manage conflicts of interest among Board members. All related party transactions are recorded in the Register of Contracts on a quarterly basis and presented to the Board for review. All Directors sign the register to acknowledge their awareness of the transactions.

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

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

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

   We prioritize innovation to provide sustainable solutions that surpass generations and bring surfaces to life. With a strong belief in staying ahead in the paints and coatings industry, we invest in R&D. This enables us to conduct ground-breaking research, foster innovation, and develop world-class products that deliver sustainable solutions to our customers.

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

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

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

   We prioritize a sustainable business approach and aim to build a more sustainable value chain. Our global ambition is to achieve a 50% reduction in carbon emissions throughout the value chain by 2030 (with a 2018 baseline). We have established procedures for sustainable sourcing and strive to create long-term value for AkzoNobel stakeholders in social, environmental, and economic terms. This benefits our customers, employees, shareholders, communities, the environment, and individuals within our supply chain.

   Our supply chain plays a significant role in driving sustainability impact. We partner with Ecovadis for self-assessment of supplier performance and TfS (Together for Sustainability) for on-site audits, enabling proactive management of supplier sustainability performance and risk. The assessment encompasses four key areas: Environment, Labour & Human Rights, Ethics, and Sustainable Procurement.

   Our Responsible Procurement Policy, Business Partner Code of Conduct, and EcoVadis assessments provide visibility into our third-party relationships, ensuring alignment with our business principles.

   Suppliers are required to endorse the Business Partner Code of Conduct, confirming their compliance with environmental, social, human rights, and governance requirements. Approximately 60% of raw materials purchased during the year were from sustainable sources.

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





of raw materials purchased from sustainable sources



contribution of EPD covered products to their relevant portfolio



Recycled plastic in our containers - ahead of timelines stipulated under PWM

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

   (a) Plastics (including packaging):

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

   (b) E-waste:

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

   (c) Hazardous waste:

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

(d) Other Wastes:

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

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

Yes, EPR is applicable to the Company. As a responsible manufacturer, the Company has complied with the obligations as stipulated under the Plastic Waste management amended rules 2022 well before 31st March 2023.

Leadership Indicators

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

Developing Environment Product Declarations ('EPDs') is essential for AkzoNobel's 2030 sustainability goals and meeting our customers' needs. To provide environmentally-friendly solutions, we partner with Ecomatters to mainstream Lifecycle Assessment for buildings and infrastructure projects. The Cradle-to-Gate assessment evaluates the environmental impact of our products, and we provide the results through EPDs for key brands like International and Interpon.

Presently, these EPDs cover products which contribute~14% to their relevant portfolio.

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

The EPDs resulting from the Lifecycle Assessment for buildings and infrastructure projects focus on one impact category and do not assess other potential social, economic, and environmental impacts associated with these products.

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

We use ~10% of recycled plastic in our containers, ahead of the timelines stipulated under Plastic Waste management amended rules 2022.

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

Particulars (in metric tonnes)	2022-23			2021-22		
	Reused	Recycled	Safely disposed	Reused	Recycled	Safely disposed
Plastics (including packaging)*	-	5,598.0	-	-	5,163.0	-
E-Waste	-	-	-	-	-	-
Hazardous waste	-	156.6	657.7	-	130.4	365.0
Other Waste	-	485.9	-	-	425.8	-

* The volume relates to the EPR obligation of the previous year, recyled in the year mentioned above. For the FY 2022-23 the post-consumer plastic waste is under evaluation for recycling in 2023-24.

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

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
Category I (Rigid Plastic)	70%
Category II (Flexible Plastic)	70%



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

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

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

		% of Employees covered by									
	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent Employees											
Male	1,047	1,047	100%	1,047	100%	-	-	1,047	100%	1,047	100%
Female	165	165	100%	165	100%	165	100%	-	-	165	100%
Total	**1,212**	**1,212**	**100%**	**1,212**	**100%**	**165**	**14%**	**1,047**	**86%**	**1,212**	**100%**

		% of Workers covered by									
	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent Workers											
Male	282	282	100%	282	100%	-	-	282	100%	282	100%
Female	-	-	-	-	-	-	-	-	-	-	-
Total	**282**	**282**	**100%**	**282**	**100%**	**-**	**-**	**282**	**100%**	**282**	**100%**
Other than Permanent workers											
Male	215	215	100%	215	100%	-	-	-	-	215	100%
Female	9	9	100%	9	100%	9	100%	-	-	9	100%
Total	**224**	**224**	**100%**	**224**	**100%**	**9**	**4%**	**-**	**-**	**224**	**100%**

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

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

	2022-23			2021-22		
	No. of Employees covered	No. of Workers covered	Deducted & Deposited with Authority (Y/N/NA)	No. of Employees covered	No. of Workers covered	Deducted & Deposited with Authority (Y/N/NA)
PF	1,212	282	Y	1,183	284	Y
Gratuity	1,212	282	N.A	1,183	284	N.A
ESI	-	3	Y	-	-	Y

3. Are premises/ offices accessible to differently-abled employees & workers as per requirements of Rights of Persons with Disabilities Act, 2016? If no, any steps being taken in this regard?

We are striving to ensure all our Offices, Manufacturing sites and RD&I labs are accessible to differently abled employees & workers. An advisory firm has been engaged to study the current accessibility across Sites/Offices and ramp up infrastructure in a phased manner.

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

Yes, the entity has an Equal Opportunity policy in accordance with the Rights of Persons with Disabilities Act, 2016, and it is registered with the relevant authorities.

The Equal Opportunity policy is available on our website at https://akzonobel.co.in/pdf/policy/Equal-Opportunity-Policy.pdf

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

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

	Permanent Employees			Permanent Workers		
	Male	Female	Total	Male	Female	Total
Return to Work rate	100%	63%	93%	N.A	N.A	N.A
Retention rate	92%	67%	88%	100%	-	100%

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

Yes, there is a Speak Up or vigil mechanism for employees and workers to address grievances. Please refer to the Vigil Mechanism - Whistleblower Policy and Other Disclosure section of the Corporate Governance Report for more information.

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

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

Category	FY 2022-23 (Current Financial Year)			FY 2021-22 (Previous Financial Year)		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B/A)
Total Permanent Employees	**1,212**	**0**	**-**	**1,183**	**0**	**-**
- Male	1,047	0	-	1,050	0	-
- Female	165	0	-	133	0	-
Total Permanent Workers	**282**	**188**	**67%**	**284**	**191**	**67%**
- Male	282	188	67%	284	191	67%
- Female	0	0	-	0	0	-

8. Details of training given to employees and workers.

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

Category	2022-23					2021-22				
	Total (A)	On health Safety Measures		On Skill upgradation		Total (A)	On health Safety Measures		On Skill upgradation	
		Number (B)	% (B/A)	Number (C)	% (C/A)		Number (B)	% (B/A)	Number (C)	% (C/A)
Employees										
Male	1,047	1,047	100%	732	70%	1,050	1,050	100%	1,050	100%
Female	165	165	100%	162	98%	133	133	100%	133	100%
Total	**1,212**	**1,212**	**100%**	**894**	**74%**	**1,183**	**1,183**	**100%**	**1,183**	**100%**
Workers										
Male	497	497	100%	154	31%	487	284	58%	122	25%
Female	9	9	100%	0	0	10	10	100%	10	100%
Total	**506**	**506**	**100%**	**154**	**30%**	**497**	**294**	**59%**	**132**	**27%**

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

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

	2022-23			2021-22		
	2022-23	PD&D conducted	%	Number	PD&D conducted	%
Employees						
Male	1,047	1,047	100%	1,050	1,050	100%
Female	165	165	100%	133	133	100%
Total	**1,212**	**1,212**	**100%**	**1,183**	**1,183**	**100%**
Workers						
Male	497	282	57%	487	284	58%
Female	9	0	0%	10	0	0%
Total	**506**	**282**	**56%**	**497**	**284**	**57%**

10. Health and safety management system:

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

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

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

The entity has established Environment, Health, Safety and Security Policy aligned with Global HSE&S policy. There is a well-established HSE&S procedures, Guidelines and Directives which are non-negotiable, to ensure uniform implementation of HSE&S requirements across all AkzoNobel manufacturing sites.

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

i Hazard Identification and Risk Assessment (HIRA) for all the activities

ii Process Hazard Study (PHA) is performed by a team of experts to identify hazard related to process.

iii The chemical compatibility study is performed to analyze the chemical interaction and the risks identified to establish control measures.

iv Static risk assessment is performed to identify the static electricity hazards and control measures are adopted

v Ergonomic risk assessment is performed using AkzoNobel tool to identify hazards related to manual material handling and control measures established.

vi Fire Risk Assessment is performed for identifying fire hazards and control measures established.

vii. System based employee engagement on hazard reporting & other lead indicators through Enablon HSES suite as defined by Global HSES.

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

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

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



Safety Day 2022

Our annual Safety Day is the moment for us to celebrate safety and reflect on how we're doing. This year's theme was "Learning today makes us safer tomorrow", building on our human performance principles of "Be Human – Be Safe".

Zero

fatalities and high-consequence work related injury /ill-health in last three years

Zero

Loss Time Injury for contractors and workers in last two years

0.14 2022-23 | **0.30** 2021-22

Loss Time Injury Frequency Rate (LTIFR) reduces by 53% in a year*

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

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

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

Total Reportable Injury Rate: FTEs & TWs (calculated as Number/Mioh)

Safety Incident/ Number	Category	FY 2022-23	FY 2021-22
Lost Time Injury Frequency Rate (LTIFR)*	Employees	0.14	0.3
	Workers	-	-
Total recordable work related injuries	Employees	1	3
	Workers	1	1
No. of fatalities	Employees	-	-
	Workers	-	-
High consequence work-related injury or ill-health (excluding fatalities)	Employees	-	-
	Workers	-	-

*per one million-person hours worked

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

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

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

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

In 2022, we accelerated our life critical procedures and Health, Safety, Environment & Security (HSE&S) roadmap program. We identified improvement areas in our operations and developed targeted plans and governance. We invested in root cause analysis and launched a lift truck/pedestrian segregation program. Behavior Based Safety (BBS) and industrial hygiene programs were relaunched, and occupational illness-related absenteeism was actively managed. Our two-wheeler driving policy was strictly enforced, reducing business-related two-wheeler usage and ensuring qualified drivers. Wellness Checkpoint continues to support the evaluation of psycho-social risk factors.Wellness Checkpoint evaluated psycho-social risk factors, and our companywide compliance assurance process supported industrial hygiene and occupational health.

The lost time injury rate (LTIR) for employees and temporary workers remained low at 0.14 (2021: 0.3) and the severity of injuries remained low. The most common causes of reportable injuries remain slips, trips and falls. The most frequent injuries are fractures, cuts/ lacerations, and sprain/strains.

Process Safety

In the financial year 2022-23, we achieved zero losses of primary containment (LoPCs), a significant improvement from the previous year (2021-22: 8 incidents). Operational discipline and asset integrity trainings effectively addressed the causes identified in incident investigations. None of our 5 manufacturing sites reported any LoPCs (compared to 4 sites in 2021-22), demonstrating our commitment to achieving zero spills. We proactively identify spill causes through LoPC process confirmation and implement improvement plans to address root causes.

Company's policy on Health, Safety, Environment and Security (HSE&S) is available on Company website www.akzonobel.co.in and can be accessed from https://akzonobel.co.in/pdf/policy/HSES-Policy.pdf

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

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

Category	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	0	0	N/A	0	0	N/A
Health & safety	0	0	N/A	0	0	N/A

14. Assessments for the year

All manufacturing and commercial sites were covered by Lloyd's assessment. Corporate HSE&S audits are performed once every three years (high hazard sites) to five-year (other sites) cycles by a team of experts. All five manufacturing facilities in India successfully completed the Corporate HSE&S audit in the year 2022. Third party fire audits conducted annually across sites.

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and Safety practice	100%
Working Conditions	100%

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

The corrective action for the restricted work injury to the worker was taken by providing mechanized solution to open the Cyclone chamber which was earlier manual operation.

A registration and approval portal for all riders/drivers was done for the front line employees.

Leadership Indicators

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

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

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

	Total number of affected employees/Workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
Employees	0	0	0	0
Workers	0	0	0	0

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

   The Company does not provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment.

4. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Health and Safety practice	~ 60%
Working Conditions	~ 60%

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

   There is no significant risks/concerns arising from assessments of health & safety practises & working conditions of value chain partners.

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

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

We engage with stakeholders to understand their interests and material matters. Despite challenging times, we successfully delivered on stakeholder interests and maintained engagement. Material matters are topics that impact an organization's ability to create sustainable value for itself and stakeholders in the short, medium, and long term.

Material matters, aligned with ESG principles and group assessment, are identified, prioritized, and monitored in our operational, financial, and social activities. They are closely linked with our value creation process. These matters are categorized as high, medium, and low impact based on the chart below. It is important to note that these issues are contextual and can have both positive and adverse impacts.

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

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

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

Leadership Indicators

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

The company engages with local communities at its plant sites to support vulnerable and marginalized stakeholder groups. Initiatives include vocational skill training for youth, education for underprivileged children, school painting, infrastructure provision in schools, and healthcare initiatives for villagers and the painter community.

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

PRINCIPLE 5: Businesses should respect and promote human rights

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

All the Permanent employees and workers have been provided with the training on human rights issues as a part of code of conduct policy of the entity.

No. of people given trainings on Human Rights issues and policies	2022-23		2021-22	
	Total no.	No. trained	Total no.	No. trained
Employees				
- Permanent	1,212	1,212	1,183	1,183
- Others	0	0	0	0
Workers				
- Permanent	282	282	284	284
- Others	224	224	213	0

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

All the employees and workers have been paid minimum wages.

Employees	2022-23			2021-22		
	Male	Female	Total	Male	Female	Total
No. of Permanent Employees = Min. wage	0	0	0	0	0	0
%	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
No. of Permanent Employees > Min. wage	1,047	165	1,212	1,050	133	1,183
%	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Total no. of Permanent Employees	1,047	165	1,212	1,050	133	1,183
No. of Temporary Employees = Min. wage	0	0	0	0	0	0
%	-	-	-	-	-	-
No. of Temporary Employees > Min. wage	0	0	0	0	0	0
%	-	-	-	-	-	-
Total no. of Temporary Employees	0	0	0	0	0	0

Workers	2022-23			2021-22		
	Male	Female	Total	Male	Female	Total
No. of Permanent Workers = Min. wage	0	0	0	0	0	0
%	**-**	**-**	**-**	**-**	**-**	**-**
No. of Permanent Workers > Min. wage	282	0	282	284	0	284
%	**100%**	**-**	**100%**	**100%**	**-**	**100%**
Total no. of Permanent Workers	282	0	282	284	0	284
No. of Temporary Workers = Min. wage	175	9	184	162	10	172
%	**81%**	**100%**	**82%**	**80%**	**100%**	**81%**
No. of Temporary Workers > Min. wage	40	0	40	41	0	41
%	**19%**	**0%**	**18%**	**20%**	**0%**	**19%**
Total no. of Temporary Workers	215	9	224	203	10	213

Average remuneration (₹ Mn)	2022-23			2021-22		
	Male	Female	Average	Male	Female	Average
Employees	2.19	2.01	2.17	2.00	1.92	1.98
Workers	0.73	-	0.73	0.69	-	0.69

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

Average remuneration (₹ Mn)	Male		Female	
	Number	Median remuneration/ salary/wages of respective category	Number	Median remuneration/ salary/wages of respective category
Board of Directors (BoD)	2	13.19	-	-
Key Managerial Personnel	2	13.19	1	7.66
Employees other than BoD and KMP	1,330	0.90	161	1.04

The median has been computed on base salary

The median remuneration for 282 workers is 0.49

The Board of Directors includes only Akzo Nobel Executive Directors who are also the KMPs.

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

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

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

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

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

Speak up mechanism is also in place to redress grievances related to human rights issues. In addition, we have a redressal mechanism for complaints under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Company's policy on Human Rights is available on Company website www.akzonobel.co.in and can be accessed at https://akzonobel.co.in/pdf/policy/Human-Rights-Policy.pdf

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

	2022-23		2021-22	
	Filed during the year	Pending resolution at year end	Filed during the year	Pending resolution at year end
Sexual Harassment	5	2	0	0
Discrimination at workplace	4	1	0	0
Child Labour	0	0	0	0
Forced Labour/Involuntary Labour	0	0	0	0
Wages	0	0	0	0
Other human rights related issues	0	0	0	0

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

Our whistle blower policy includes a global Speak up mechanism that safeguards complainants from adverse consequences. The platform allows anonymous reporting, ensuring confidentiality for the complainant. The investigating officer maintains the confidentiality of the complainant, and the policy provides protection against any retaliatory action.

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

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

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

9. Assessments for the year: % of your plants and offices that were assessed (by entity or statutory authorities or third parties)

All sites/offices strictly adhere to relevant policies and have been assessed for child labour and forced labor. The company prohibits the employment of such practices within its premises. Sexual harassment prevention and redressal methodologies are implemented across all sites/offices, in accordance with local laws and group guidelines. As an equal opportunity employer, no discrimination is tolerated of any aspect. Payment of wages is ensured on time at all sites/offices, following local practices and legislative requirements.

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

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

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

Leadership Indicators

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

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

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

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

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

There are 3 differently abled employees across different functions/locations and have access to required facilities. The Company has engaged an advisory firm to study the current accessibility across Sites/Offices and take appropriate measures to ramp up infrastructural facilities in a phased manner so as to ensure:

i. employees with disabilities discharge their duties safely and effectively; and

ii. They have an accessible environment as required

We continue to strive towards ensuring that all Akzo Nobel India Offices and Manufacturing sites are accessible to differently abled visitors as well per our policy.

4. Details on assessment of value chain partners:

All suppliers are required to sign the Business Partner Code of Conduct which encompasses AkzoNobel's core values of Safety, Integrity and Sustainability. Non-compliance with this Code may lead to measures, including impact on share of business and termination of business relationship.

As detailed in Principle 2, the TfS initiative provides infrastructure for on-line assessments carried out by EcoVadis and on-site audits. Both programs are based on international standards and cover key areas like Environment, Labor and Human Rights, Health and Safety, Ethics and Responsible Supply Chains.

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

The value chain partners endorse the Business Partner Code of Conduct in compliance with social, human rights and governance requirements.

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

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

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

Gigajoule ('GJ')	2022-23	2021-22	2020-21
Energy consumption	37,626	37,068	31,733
Fuel consumption	4,780	4,824	3,860
Energy consumption through other sources	21,590	19,138	16,087
Total energy consumption	**63,996**	**61,030**	**51,680**
Energy intensity per Rupee of turnover	*	*	*

*Value is below rounding off norms

We invest in energy reduction programs, improve energy monitoring, and enhance governance structure. In 2022-23, our renewable energy accounted for 34%, on track for our goal of 100% by 2030 and progressing towards our 2025 target of 50%. We continue to utilize in-house rooftop solar panels and procure renewable energy externally (where permitted) to strengthen our commitment to renewables. Generating on-site renewable energy reduces grid reliance and our carbon footprint. One of our five manufacturing facilities already meets 75% of its energy requirements with renewables.

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

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

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

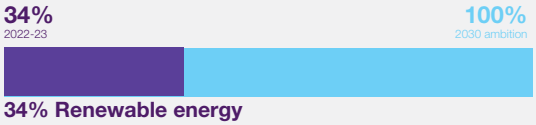
3. Provide details of the disclosures related to water. Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency?

   We optimize water usage for domestic cooling, processing, cleaning, and gardening to conserve natural resources. Our water is primarily sourced from groundwater or municipal supplies. In 2022-23, we implemented projects like sprinklers, aerators, and rainwater harvesting, resulting in an 8% reduction in water consumption at our manufacturing sites.



Going Green

Generating renewable energy on site alleviates pressure on the energy grid and further reduces our carbon footprint. At our Bengaluru site, solar panels on the rooftop and on-ground are already fulfilling 75% of the site's total energy requirements with renewable power.



34% Renewable energy
(of total energy used in own operations)

8% reduction
in water consumption at our manufacturing sites in 2022-23

Zero
Liquid Discharge in 2022-23

The disclosures related to water are as below-

Kiloliters	2022-23	2021-22	2020-21
Surface water	-	-	1.83
Ground water	29.08	31.77	26.49
Third-party water	76.69	82.88	74.45
Seawater/ desalinated water	-	-	-
Others	-	-	-
Total Water withdrawal	**105.77**	**114.65**	**102.77**
Energy intensity per Rupee of turnover	*	*	*

*Value is below rounding off norms

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

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

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

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

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

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

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

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

Tonnes of CO2 equivalent	2022-23	2021-22	2020-21
Total Scope 1 emissions (CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3)	351	372	283
Total Scope 2 emissions (CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3)	7,388	7,036	6,097
Total Scope 1 and Scope 2 emissions (kg) per rupee of turnover (₹)	*	*	*

*Value is below rounding off norms

To minimize our carbon emissions, we aim to reduce our energy consumption, which is a significant contributor (Scope 1 and 2 emissions). Our goal is to achieve a 30% reduction in relative energy consumption by 2030, based on the 2018 baseline of AkzoNobel.

While we were able to reduce our Scope 1 emissions, Scope 2 emissions reported an increase due to certain unforeseen outages, changing product mix and installation of VOC emission abatement systems which have higher energy intensity.

We continue to work on energy reduction initiatives. For example, installation of energy efficient chillers at Bengaluru facility, automatic shutdown of utilities and timers for air conditioners in most of our Indian manufacturing facilities has significantly contributed towards energy reduction.

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

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

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

Yes, the entity uses renewable energy (solar) across its sites. Energy saving projects such as shutdown management, LED installation, efficient chillers at Bengaluru facility, automatic shutdown of utilities and timers for air conditioners contribute towards reducing GHG emissions.

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

Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency?

Metric tonnes	2022-23						
	Generated	Recycled	Re-used	Other Recovery	Incinerated	Land-filled	Other disposal
Bio-medical waste	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Radioactive waste	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other Hazardous waste	814.4	156.6	N/A	N/A	657.7	N/A	N/A
Other non-hazardous waste	487.6	485.9	N/A	N/A	N/A	N/A	N/A
Total	**1,302.0**	**642.6**	**N/A**	**N/A**	**657.7**	**N/A**	**N/A**

Metric tonnes	2021-22						
	Generated	Recycled	Re-used	Other Recovery	Incinerated	Land-filled	Other disposal
Bio-medical waste	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Radioactive waste	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other Hazardous waste	165.2	130.4	N/A	N/A	35.2	N/A	N/A
Other non-hazardous waste	425.8	425.8	N/A	N/A	N/A	N/A	N/A
Total	**591**	**555.8**	**N/A**	**N/A**	**35.2**	**N/A**	**N/A**

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

Our relative waste (kg per ton of material produced) was higher than previous year on account of disposal of legacy waste. Excluding the legacy waste, the parameter was flat. While the disposal of slow-moving obsolete stock and legacy waste remained a challenge, numerous waste reduction projects are helping to manage waste reduction. We have achieved our ambition of zero waste to landfill (defined as <1% of total waste). In 2022-23, our waste to landfill was 0%.

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

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

Switching gears towards a circular economy means reducing waste and increasing circularity throughout our value chain. We're driven by 3R's reduce, reuse, and recycle, while our products seek to protect and give longer life to surfaces and materials. Reducing waste at source and increasing circularity we're on a journey towards achieving 100% circular use of materials in our own operations by 2030 which is in line with AkzoNobel global targets. To reach there, we're focused on reducing the amount of waste and increasing the circular use of materials. In 2022-23, we achieved circular use of materials for 56% of our obsolete material and waste streams.

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

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

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

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

No new site constructed during the year under review.

12. Is the entity compliant with the applicable environmental law/regulations/guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N).

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

Leadership Indicators

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

Renewable Sources (GJ)	2022-23	2021-22	2020-21
Energy consumption	21,590	19,138	16,087
Fuel consumption	0	0	0
Energy consumption through other sources	0	0	0
Total energy consumption from Renewable Sources	**21,590**	**19,138**	**16,087**

Non-Renewable Sources (GJ)	2022-23	2021-22	2020-21
Energy consumption	37,626	37,068	31,733
Fuel consumption	4,780	4,824	3,860
Energy consumption through other sources	0	0	0
Total energy consumption from Non-Renewable Sources	**42,406**	**41,892**	**35,593**

As of 31 March 2023, approximately 34% of total energy consumed is through renewable sources.

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

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

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

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

Parameter	Unit	FY 2022-23	FY 2021-22
Total Scope 3 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)	Kilo tonnes	652	695
Total Scope 3 emissions per rupee of turnover		*	*

*Value is below rounding off norms

Mode of calculating Scope 3 carbon emissions

The Scope 3 greenhouse gas (GHG) emissions are calculated as per AkzoNobel Carbon Reporting in accordance with the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard and the World Business Council for Sustainable Development (WBCSD) Chemical Sector Working Group Guidelines.

The results in the Annual report only include the GHG protocol scope 3 emission categories that are included as part of the AkzoNobel carbon reporting. The results are given in kilo tonnes of carbon dioxide equivalents, independent of any GHG trades, such as purchases, sales, or transfers of offsets or allowances.

Climate change mitigation is an integral part of our approach to sustainable business and plays an important role in our company strategy. It brings risks, but also creates opportunities. In 2021, AkzoNobel announced an ambitious target of reducing carbon emissions across our full value chain by 50% by 2030, taking 2018 as our baseline in global level.

Our Scope 3 carbon footprint is currently at 652 kilo tonnes. It includes:

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

While we were able to reduce our Scope 3 emissions by ~6% YoY in 2022-23 (primarily due to volume change), a more collaborative approach will be required across industries to innovate changes which will lead to carbon reduction at several different points in the chain.

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

Not Applicable.

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

The Company is committed to reducing its carbon footprint throughout the value chain. In line with its sustainability principle, it has implemented initiatives to minimize energy and water consumption in manufacturing operations. Efforts have also been made to reduce VOCs in the manufactured products. The company prioritizes product stewardship, adopting controls to eliminate, substitute, or reduce hazardous content in production and finished goods. We continuously challenge ourselves and our partners to be responsible global citizens and safeguard the future of our planet. The Company has implemented various initiatives, including the use of alternative energy sources, water consumption reduction, and effective waste management.

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

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

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

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

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

60% of value chain partners were assessed for environmental impacts through the Ecovadies assessment and TfS audit.

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

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

We currently have four affiliations with state/national trade and industry chambers/ associations.

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

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

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	Confederation of Indian Industry (CII)	National
2	Indian Paints Association (IPA)	National
3	Paints & Coatings Skill Council (PCSC)	National
4	Federation of Indian Export Organisations(FIEO)	National

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

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

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

Leadership Indicators

1. Details of public policy positions advocated by the entity

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

- Plastic Waste Management through Extended Producer Responsibility

- Changes in Legal Metrology (Packaged Commodities) Rules, 2011

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

PRINCIPLE 8: Businesses should promote inclusive growth and equitable development

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

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

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

S.no	Name of the project for which R & R is ongoing	State	District	No. of project affected families (PAFs)	% of PAFs covered by R & R	Amount paid to PAFs in FY (in ₹)
Not applicable						

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

Any grievances raised with respect to the Company's operations are typically addressed through local community institutions, with community leaders representing the voice of the people. In villages, Panchayats serve as a platform for grievance redressal, while in cities, it is managed through government municipalities. Our CSR program includes regular interactions between employees and the local community to address concerns. Based on these interactions,we have not encountered any specific greivances from the community at present.

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

The company sources ~5% of the input material directly from MSMEs/small producers.

The Company actively collaborates with MSME suppliers located near its manufacturing sites, in alignment with the product requirements. To enhance the capacity and capability of its suppliers, the following steps have been taken:

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

Leadership Indicators

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

Details of negative social impact identified	Corrective action taken
Not Applicable	

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

S. No.	State	Aspirational District	Amount spent in ₹ mn
1	Assam	Darrang	2.57
2	Madhya Pradesh	Rajgarh	0.26
3	Jharkhand	East Singhbhum	0.32
4	Odisha	Koraput	0.16

We have undertaken two projects for providing Vocational Skill Training to rural women and youth in Darrang district of Assam and East Singhbhum district of Jharkhand. In Rajgarh and Koraput, we have undertaken painting of three government schools.

3. a. Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalised/vulnerable groups? (Yes/No):

We are open to collaborations that help us create sustainable and innovative solutions which ultimately create value for our stakeholders and business partners. We optimize the sourcing mix – making use of global, regional and local sources – to meet the needs of our Business Units.

From which marginalised/vulnerable groups do you procure?

Refer point 4 of principle 8 above

b. What percentage of total procurement (by value) does it constitute?

Refer point 4 of principle 8 above

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

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

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

Name of authority	Brief of case	Corrective action taken
Not Applicable		

6. Details of beneficiaries of CSR Projects:

S. No.	CSR Project	No. of persons benefited from CSR project	% of beneficiaries from vulnerable and marginalised groups
1	Skill Training to youth/painters to provide Livelihood	3,795	100%
2	Providing Education for children	6,708	100%
3	Providing access of Health care through tele medicine	25,638	100%

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

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

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

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

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

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

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

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

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

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

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

	2022-23		2021-22		
	Filed during the year	Pending resolution at year-end	Filed during the year	Pending resolution at year-end	Remarks
Data Privacy	-	-	-	-	
Advertising	-	-	-	-	
Cyber-Security	-	-	-	-	
Delivery of essential services	-	-	-	-	
Restrictive Trade practice	-	-	-	-	
Unfair trade practice	-	-	-	-	
Others*	2,441	639	1,822	194	Product complaints relating products, packaging, technical attributes and colour

*Company has tracked & reviewed Customer Complaints for FY 2022-23 for all the Business units

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

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

	Number	Reasons for recall
Voluntary recalls	Nil	Not Applicable
Forced recalls	Nil	Not Applicable

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

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

   Refer Section on Risks and Opportunities for more details.

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

   No issues have been reported during the year regarding advertising and delivery of essential services, cyber security, and data privacy of customers. There have been no instances of product recalls or penalties/actions taken by regulatory authorities concerning the safety of products/services that would require corrective actions.

Leadership Indicators

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

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

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

   Safety applications and procedures are clearly stated on our livery and websites. Additionally, we conducted awareness campaigns for painters and contractors throughout the year to ensure their understanding and adherence to safety protocols.

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

   There was no risk of disruption/discontinuation of essential services and hence no requirement of informing consumers on actions required in such an eventuality.

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

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

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

   A centralized survey is conducted by an external agency with a random sample of outlets, covering multiple touch points including Customer Satisfaction.

5. Provide the following information relating to data breaches:

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

   There have been no instances of data breach.

On behalf of the Board
Oscar Wezenbeek

Place: Singapore
Date: 23 May 2023

Chairman
DIN 08432564

Annexure II-B

Corporate Social Responsibility (CSR) Report

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

1. Brief outline on the CSR Policy of the Company

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

2. Composition of CSR Committee

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

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

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

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

5. (a) Average net profit of the Company for last three financial years was ₹3,261 million, computed under Section 198 of the Act

(b) Two percent of average net profit of the company as per section 135(5): ₹65.23 million

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

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

(e) Total CSR Obligation for the financial year (a+b-c): ₹65.23 million

6. (a) CSR Amount spent for the financial year: ₹65.53 million

(b) Amount spent on Administrative Overheads: ₹3.11 million

(c) Amount spent on Impact Assessment: NA

(d) Total amount spent for the financial year [(a+b+c)]: ₹65.53 million

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

(in ₹ million)

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

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

Sl. No.	Particular	Amount (₹ million)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	65.23
(ii)	Total amount spent for the Financial Year	65.53
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	0.30
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	Nil
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	0.30

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

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

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

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

Sl. No.	Short particular of the asset	Pin code of the Property/Asset (s)	Date of creation	Amount of CSR spent	Details of entity/authority/beneficiary of the registered owner		
1)	2)	3)	4)	5)	6)		
					CSR registration number if applicable	Name	Registered Address
Not applicable							

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

The Company has not failed to spend two percent of average net profit of the company as per section 135(5)

Place: Gurugram
Date: 23 May 2023

Smriti Rekha Vijay
Chairperson - 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 2022-23, various energy conservation measures were implemented by the Company:

i.	Conservation measures taken	Energy saving measures were adopted across all offices & manufacturing facilities with continued efforts towards technological upgradation and optimization of processes to reduce carbon footprint. Some of the key measures are: 1. Shut down management system implemented for various energy saving measures in the plant and utilities such as air compressors, chillers etc. 2. Training imparted to all employees to save energy. 3. Lighting upgraded to LED for reduced energy consumption across all the offices, manufacturing plants and warehouses. 4. Harvested the exhaust air wastage released to atmosphere from Discharge valve (DV) dust collector air purging system. 5. Timers installed in dust collectors, spray booth exhaust, process equipment and various other utilities to automatically to locally operate for optimum utilization and reduce idle running. 6. Separate control switch for plant individual lights to avoid excess running of lights 7. Switching off utilities such as compressor, chiller, cooling water pump and cooling tower 15 min prior to plant shutdown, thus saving energy. 8. Operational improvements by switching off chiller 30 mins earlier during shift change over to use chilling water in the buffer tank. 9. Efficient chillers installed to save energy. 10. Phase wise replacement of motors with high energy efficiency motors 11. Replacement of chilled water motors and cooling water motor from conventional motor to save energy. 12. AC mapping done across the sites for minimum usage and maximum coverage. 13. Capacitor Replacements for maintaining the power factor close to unity. 14. Chiller pump RPM reduction, yield improvement and batch cycle time improvement etc. 15. HVLS Fan Installation in Powder Plant in place of AHU unit resulting in energy savings. 16. Auto spray booths and interlock with local exhaust ventilation system to avoid manual intervention and use optimum energy. 17. Scheduling the air leakage test to reduce leakages 18. Air Compressor performance monitoring and control
ii.	Steps taken by the Company for utilizing alternate sources of energy	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. 1. The total installed capacity of solar energy in all manufacturing sites in India is 2,557 KWA. 2. Solar Tubes (which converts Direct sunlight to light without using any Energy source) 3. Solar water heaters installed in the place of conventional water heaters.
iii.	Capital investment on energy conservation equipment	There has been no Capital investment in Energy conservation equipment during the year.

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 centres of the Company focus on development of innovative products & techniques.
ii.	Benefits derived as a result of the above efforts like product improvement, cost reduction, product development or import substitution	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 customers while strengthening DULUX's premium interior wall paint segment with differentiated proposition of "**Tru Color**" for Dulux Velvet Touch range (Pearl Glo, Diamond Glo & Platinum Glo) under aesthetic pillar. Launch of differentiated new product in waterproof range under Dulux AquaTech brand i.e. Dulux Aquatech PU Coat which gives higher performance for a longer period of time for waterproofing and protecting the assets on Roof and external walls . To refresh and enhance the offering of the premium exterior segment, Dulux Weathershield Max & Dulux Weathershild Powerlfexx were also relaunched with enhanced performance backing with PU & PUMA technology respectively. New Product Range under "**DIY**" category launched with the brand offering under "**Dulux Simply refresh**" which includes product ranges like Dulux Simply refresh Multi surface paint with unique single coat application, Dulux Simply refresh wall filers which can fill the cracks up to 10 mm, Dulux Simply refresh Fix & Grout which is one stop solution for both fixing and grouting of small tiles, Dulux Simply refresh spray paint for ease application and Dulux Simply refresh Application tool range to have a hassle free small area application by the households. New economy primers under the "**Dulux Promise Smart choice**" brand launched for both exterior & interior surfaces to complement the Dulux Promise Smart choice Top coats. New product category to decorate regular cementitious household floor was launched viz Dulux Floor Plus, which is new to the portfolio with superior performance. A new concept of undulation levelling product in exteriors for high rises with varying construction type like RCC & Mivan is specially designed to deliver high thickness and with self-sealing properties is launched in "**professional segment**" as "**Dulux Professional Exterior Hi-Build Basecoat**" Focussed R&D efforts are made in the year to improve sustainable solutions for products by reducing VOCs or better process development or substitution to sustainable alternatives.
iii.	In case of imported technology, imported during the last 3 years (reckoned from the beginning of the financial year)	Nil

iv. Expenditure On R&D

(₹ million)

Parameter	2022-23	2021-22
Recurring*	101	130
Capital	-	-
Total	**101**	**130**

*Excludes Royalty Charge and recoveries

C. Foreign exchange earnings and outgo

(₹ million)

Parameter	2022-23	2021-22
Earnings	1,127	1,134
Outgo[@]	6,676	6,158

[@] 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.

On behalf of the Board

Oscar Wezenbeek
Chairman
DIN 08432564

Place: Singapore
Date: 23 May 2023

Form AOC - 1

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

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

Part A: Subsidiaries

(₹ million)

1	Name of the subsidiary	ICI India Research & Technology Centre
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Same as holding Company
3	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	₹
4	Share capital	Nil (limited by guarantee)
5	Reserves & surplus	7.12
6	Total assets	13.02
7	Total liabilities (excluding 5 above)	5.90
8	Investments	-
9	Turnover (excluding other Income)	11.62
10	Profit before taxation	-
11	Provision for taxation	-
12	Profit after taxation	-
13	Proposed Dividend	-
14	% of shareholding	25% voting rights and effective control is exercised through voting rights of related parties.

Part B: Associates and Joint Ventures Nil

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

Oscar Wezenbeek
Chairman
DIN : 08432564

Place: Singapore
Date: 23 May 2023

Rajiv Rajgopal
Managing Director
DIN : 06685599

Place: Gurugram
Date: 23 May 2023

Krishna Rallapalli
Wholetime Director and CFO
DIN : 03384607

Place: Gurugram
Date: 23 May 2023

Harshi Rastogi
Company Secretary
ACS 13642

Place: Gurugram
Date: 23 May 2023

Form AOC - 2

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

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

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

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

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

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

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

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

Oscar Wezenbeek
Chairman
DIN : 08432564

Place: Singapore
Date: 23 May 2023

Rajiv Rajgopal
Managing Director
DIN : 06685599

Place: Gurugram
Date: 23 May 2023

Krishna Rallapalli
Wholetime Director and CFO
DIN : 03384607

Place: Gurugram
Date: 23 May 2023

Harshi Rastogi
Company Secretary
ACS 13642

Place: Gurugram
Date: 23 May 2023

Secretarial Audit Report

for the financial year ended 31.03.2023

[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 31.03.2023 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

Auditors' Responsibility

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

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

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

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

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

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

We report that, we have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31.03.2023 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 31.03.2023 and our examination and reporting is based on the documents, records and files as produced and shown to and the information and explanations as provided to us by the Company and its management and to the best of our judgment and understanding of the applicability of the different enactments upon the Company. Further, to the best of our knowledge and understanding there are adequate systems and processes in the Company commensurate with its size and operation to monitor and ensure compliances with applicable laws including general laws, labour laws, competition law, environmental laws, etc.

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

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

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

(ii) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

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

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

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

We further report that :

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

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

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

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

We further report that :

a) There has been delay in submission of transcript of Earning Call held on 04.11.2022. Pursuant to Regulation 46 of SEBI (LODR) Regulations, 2015, transcript of post earnings call shall be made available on Company's website simultaneously with submission of the same to the recognized stock exchange within 5 working days; however, the same was submitted on 16.11.2022.

b) The Company is in compliance with Regulations 3(5) and 3(6) SEBI (Prohibition of Insider Trading) Regulations, 2015 and has a Structured Digital Database in place.

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

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

UIN : S1999WB026800
PRCN : 1038/2020
UDIN : F004848E000353196

Place : Kolkata
Dated : 23 May 2023

STANDALONE FINANCIAL STATEMENTS

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Bringing alive the vibrant Rajasthani culture

What does a man with an impressively long moustache, a blushing bride and a young woman carrying a pail of water have in common? They can all be found painted on walls along the historic streets of Jodhpur. The vibrant artworks are among 20 murals created by ten local artists as part of our "Let's Colour" project. Our Dulux range of decorative paints have transformed this tourist area into an open-air art gallery that showcases Rajasthani culture and heritage.

INDEPENDENT AUDITOR'S 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 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the Standalone Financial Statements, including a summary of significant accounting policies and other explanatory information.

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 2023, 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.

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
A. Revenue recognition including variable consideration [Refer to Notes 1(o) (Significant accounting policies) and 18 (Revenue from operations) to the Standalone Financial Statements] The Company recognises revenue when control of the goods is transferred to the customer at an amount that reflects the net consideration, which the Company expects to receive for those goods from customers. The sales arrangements are voluminous and in determining the sales price, the Company considers the effects of variable consideration, which requires estimation, leading to complexities and application of significant effort and judgment.	Our audit procedures included the following: • We assessed the design and tested the operating effectiveness of internal controls related to recognition of revenue including variable consideration. • We tested sales transactions on a sample basis, by comparing the underlying sales invoices, sales orders and dispatch documents to assess whether revenue was recognised appropriately. • We assessed the underlying assumptions and estimates used for determination of variable consideration. • We tested rebates and discount provided to the customers on a sample basis, comparing the same with underlying approvals and terms of the contracts and schemes offered to customers. • We assessed the adequacy of the disclosures made in the Standalone Financial Statements in respect of revenue recognition.

Key audit matter	How our audit addressed the key audit matter
Considering these significant 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(l) and 1(m) (Significant accounting policies), Note 27(b) (Contingent liabilities), Note 6.2 [Non-current tax assets (net)], Note 13 (Provisions) to the Standalone Financial Statements]. As at 31 March 2023, the Company is subjected to a number of significant income tax litigations relating to disallowance of expenses, transfer pricing adjustments etc. and indirect tax litigations relating to taxable turnover, availability of statutory forms etc. (together referred to as "tax litigations"). These matters are in appeal before various judicial forums. The eventual outcome of tax litigations is uncertain and the positions taken by the management are based on the application of significant judgement and estimation. The assessment of the tax matters requires application and interpretation of tax laws and reference to applicable judicial pronouncements. Based on management judgement and advice from external legal and tax consultants and considering the merits of the case, the Company has recognised provisions wherever required and for the balance matters, where the management expects favourable outcome, the tax litigations have been disclosed as contingent liabilities in the Standalone Financial Statements unless the possibility of outflow of resources is considered to be remote. We identified this matter as a key audit matter as the ultimate outcome of matters is uncertain and the positions taken by the management are based on the application of significant judgement, related legal advice including those relating to interpretation of laws and regulations.	Our procedures included the following: • Obtained an understanding of the process and controls designed and implemented by the management and tested the design and operating effectiveness of relevant controls; • Obtained an understanding of the tax litigations through enquiry with the management, including the significant developments, additions and settlements during the year and subsequent to the year-end; • Inspected demand notices received from the tax authorities and evaluated the Company's response to those matters; • Obtained independent confirmations from the Company's external tax experts including the status of the significant tax litigations, their views regarding the likely outcome and magnitude of the potential exposure; • Involved specialists to evaluate the management's assessment on the likely outcome and potential magnitude on complex or significant tax matters as considered necessary; and • Assessing the adequacy of the Company's disclosures in respect of litigations. We did not identify any significant exceptions to the management's assessment of the ongoing tax litigations as a result of the above procedures.

Other Information

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

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

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

We have nothing to report in this regard.

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

6. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

8. Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists.

   Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

9. As part of an audit in accordance with SAs, we exercise professional 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 Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

12. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances,

we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

(d) In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors as on 31 March 2023, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023, from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the maintenance of accounts and other matters connected therewith, reference is made to our comments in paragraph 14(b) above that the back-up of the books of account and other books and papers maintained in electronic mode has not been maintained on a daily basis on servers physically located in India.

(g) With respect to the adequacy of the internal financial controls with reference to Standalone Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements – Refer Note 27 to the Standalone Financial Statements;

ii. The Company was not required to recognise a provision as at 31 March 2023 under the applicable law or accounting standards, as it does not have any material foreseeable losses on long-term contract. The Company did not have any long-term derivative contracts as at 31 March 2023.

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

iv. (a) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the Standalone Financial Statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ["Intermediary(ies)"], with the understanding, whether recorded in writing or otherwise, that the Intermediary(ies) shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 38 to the Standalone Financial Statements);

(b) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the Standalone Financial Statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or

provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 38 to the Standalone Financial Statements); and

(c) Based on such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. The dividend declared and paid during the year by the Company is in compliance with Section 123 of the Act, except for the delay in transferring the amount of final dividend for the year ended March 31, 2022, to a separate bank account within the timeline specified in sub-section (4) of section 123 of the Act.

vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 (as amended), which provides for books of account to have the feature of audit trail, edit log and related matters in the accounting software used by the Company, is applicable to the Company only with effect from financial year beginning April 1, 2023, the reporting under clause (g) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), is currently not applicable.

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

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

Anurag Khandelwal
Partner
Membership Number: 078571
UDIN: 23078571BGXZHS6607

Place: Gurugram
Date: 23 May 2023

ANNEXURE TO INDEPENDENT AUDITOR'S REPORT

Annexure A

Referred to in paragraph 14(g)of the Independent Auditor's Report of even date to the members of Akzo Nobel India Limited on the Standalone Financial Statements for the year ended 31 March 2023

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

1. We have audited the internal financial controls with reference to Standalone Financial Statements of Akzo Nobel India Limited ("the Company") as of 31 March 2023 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls with reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to Standalone Financial Statements and such internal financial controls with reference to Standalone Financial Statements were operating effectively as at 31 March 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

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

Anurag Khandelwal
Partner
Membership Number: 078571
UDIN: 23078571BGXZHS6607

Place: Gurugram
Date: 23 May 2023

Annexure B

Referred to in paragraph 13 of the Independent Auditor's Report of even date to the members of Akzo Nobel India Limited on the Standalone Financial Statements as of and for the year ended 31 March 2023

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

(B) The Company is maintaining proper records showing full particulars of Intangible assets.

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

(c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), as disclosed in Note 3.1 on Property, plant and equipment to the Standalone Financial Statements, are held in the name of the Company, except for the following:

(₹ in Mn)

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

(d) The Company has not revalued its property, plant and equipment (including Right-of-use assets) or intangible assets or both during the year. Consequently, as stated in Note 38 to the Standalone Financial Statements, the question of our commenting on whether the revaluation is based on the valuation by a Registered Valuer, or specifying the amount of change, if the change is 10% or more in the aggregate of the net carrying value of each class of Property, plant and equipment (including Right-of-use assets) or Intangible assets does not arise.

(e) Based on the information and explanations furnished to us, as stated in Note 38 to the Standalone Financial Statements, no proceedings have been initiated on or are pending against the Company for holding benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) (formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)) and Rules made thereunder, and therefore the question of our commenting on whether the Company has appropriately disclosed the details in its Standalone Financial Statements does not arise.

ii. (a) The physical verification of inventory (excluding stocks with third parties) and goods in transit has been conducted at reasonable intervals by the management during the year and, in our opinion, the coverage and procedure of such verification by management is appropriate. In respect of inventory lying with third parties, these have substantially been confirmed by them and for goods in transit, the goods have been received subsequent to the year end in most of the cases. The discrepancies noticed on physical verification of inventory as compared to book records were not 10% or more in aggregate for each class of inventory.

(b) During the year, the Company has not been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate from banks and financial institutions on the basis of security of current assets and accordingly, the question of our commenting on whether the quarterly returns or statements are in agreement with the unaudited books of account of the Company does not arise. Also refer Note 38 to the Standalone Financial Statements.

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

Particulars	(₹ in Mn) Loans
Employee loans Aggregate amount granted during the year	1
Balance outstanding as at balance sheet date in respect of the above case	4

(Also refer Note 5.2 to the Standalone Financial Statements)

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

(b) In respect of the aforesaid loans, the terms and conditions under which such loans were granted are not prejudicial to the Company's interest.

(c) In respect of the aforesaid loans, the schedule of repayment of principal and payment of interest has been stipulated, and the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest as applicable.

(d) In respect of the aforesaid loans, there is no amount which is overdue for more than ninety days.

(e) There were no loans which fell due during the year and were renewed/extended. Further, no fresh loans were granted to same parties to settle the existing overdue loans.

(f) There were no loans which were granted during the year, which are repayable on demand or without specifying any terms or period of repayment, including to promoters/related parties.

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

v. The Company has not accepted any deposits or amounts which are deemed to be deposits referred in Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

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

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of income tax and professional tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including goods and service tax, employees' state insurance, provident fund, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. Also, refer note 27(c) to the financial statements regarding management's assessment on certain matters relating to provident fund.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no statutory dues of goods and services tax, provident fund, employees' state insurance and cess which have not been deposited on account of any dispute. The particulars of other statutory dues referred to in sub-clause (a) as at 31 March 2023, which have not been deposited on account of a dispute, are as follows:

(₹ in Mn)

Name of the statute	Nature of dues	Amount	Amount paid under protest	Period to which the amount relates	Forum where the dispute is pending	Remarks, if any
Income Tax Act, 1961	Income Tax	108	96	2003-04, 2010-11, 2011-12, 2012-13 and 2013-14	Assessing Officer	None
Income Tax Act, 1961	Income Tax	93	84	2008-09, 2009-10 and 2019-20	Commissioner of Income Tax (Appeals)	None
Income Tax Act, 1961	Income Tax	2,832	984	2007-08, 2008-09, 2014-15, 2015-16, 2016-17, 2017-18 and 2018-19	Income Tax Appellate Tribunal	None
Income Tax Act, 1961	Income Tax	65	-	1998-99	Calcutta High Court	None

(₹ in Mn)

Name of the statute	Nature of dues	Amount	Amount paid under protest	Period to which the amount relates	Forum where the dispute is pending	Remarks, if any
The Central Excise Act, 1944	Excise Duty	27	1	2015-16 and 2016-17	Joint Commissioner	None
The Central Excise Act, 1944	Excise Duty	41	2	2015-16 and 2016-17	Commissioner Appeal/Joint Commissioner Appeal	None
The Central Excise Act, 1944	Excise Duty	10	4	1992 to 1994, 2005-06, 2007-08 and 2012-13	Customs Excise and Service Tax Appellate Tribunal	None
The Finance Act, 1994	Service Tax	22	1	2012-13 ,2013-14 and 2014-15	Customs Excise and Service Tax Appellate Tribunal	None
The Finance Act, 1994	Service Tax	23	6	2013-14 t0 2017-18	Commissioner Appeals	None
The Customs Act, 1962	Custom Act	3	-	1999 to 2000	Calcutta High Court	None
The Customs Act, 1962	Custom Act	65	5	1997 to 2002	Commissioner Appeals	None
State Sales Tax / Value Added Tax as per statutes applicable in various states	Sales Tax	85	39	2005-06, 2007-08, 2008-09, 2010-11 to 2017-18 and 2020-21	First Appellate Authority	None
State Sales Tax / Value Added Tax as per statutes applicable in various states	Sales Tax	13	3	2005-06, 2006-07, 2009-10 to 2012-2013, 2014-15	Second Appellate Authority / Sales Tax Tribunal	None
State Sales Tax / Value Added Tax as per statutes applicable in various states	Sales Tax	52	3	1982-83, 2009-10, 2010-11, 2012-13	Madhya Pradesh High Court and Allahabad High Court	None
Total		**3,439**	**1,228**			

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

ix. (a) As the Company did not have any loans or other borrowings from any lender during the year, the reporting under clause 3(ix)(a) of the Order is not applicable to the Company. Also refer Note 38 to the Standalone Financial Statements.

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared Wilful Defaulter by any bank or financial institution or government or any government authority. Also refer Note 38 to the Standalone Financial Statements.

(c) According to the records of the Company examined by us and the information and explanations given to us, the Company has not obtained any term loans.

(d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the Standalone Financial Statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) According to the information and explanations given to us and on an overall examination of the Standalone Financial Statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary. The Company does not have any associate or joint venture.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiary. The Company does not have any associate or joint venture.

x. (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the reporting under clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares or fully or partially or optionally convertible debentures during the year. Accordingly, the reporting under clause 3(x)(b) of the Order is not applicable to the Company.

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

(b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under clause 3(xi)(b) of the Order is not applicable to the Company.

(c) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, the Company has received whistle-blower complaints during the year, which have been considered by us for any bearing on our audit and reporting under this clause. As explained by the management, there were certain complaints in respect of which investigations are ongoing as on the date of our report, the impact of which is not likely to be material.

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

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the Standalone Financial Statements as required under Indian Accounting Standard 24 “Related Party Disclosures” specified under Section 133 of the Act.

xiv. (a) In our opinion and according to the information and explanation given to us, the Company has an internal audit system commensurate with the size and nature of its business.

(b) The reports of the Internal Auditor for the period under audit have been considered by us.

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with them. Accordingly, the reporting on compliance with the provisions of Section 192 of the Act under clause 3(xv) of the Order is not applicable to the Company.

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

(b) The Company has not conducted non-banking financial / housing finance activities during the year. Accordingly, the reporting under clause 3(xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) Based on the information and explanations provided by the management of the Company, the Group does not have any CICs, which are part of the Group. We have not, however, separately evaluated whether the information provided by the management is accurate and complete. Accordingly, the reporting under clause 3(xvi)(d) of the Order is not applicable to the Company.

xvii. The Company has not incurred any cash losses in the financial year or in the immediately preceding financial year.

xviii. There has been no resignation of the statutory auditors during the year and accordingly the reporting under clause (xviii) is not applicable.

xix. According to the information and explanations given to us and on the basis of the financial ratios (Also refer Note

36 to the Standalone Financial Statements), ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the Standalone Financial Statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date will get discharged by the Company as and when they fall due.

xx. As at balance sheet date, the Company does not have any amount remaining unspent under Section 135(5) of the Act. Accordingly, reporting under clause 3(xx) of the Order is not applicable.

xxi. The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of Standalone Financial Statements. Accordingly, no comment in respect of the said clause has been included in this report.

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

Anurag Khandelwal
Partner
Membership Number: 078571
UDIN: 23078571BGXZHS6607

Place: Gurugram
Date: 23 May 2023

BALANCE SHEET

AS AT 31 MARCH 2023

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

	Notes	As at 31 March 2023	As at 31 March 2022
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	4,096	4,151
Right-of-use assets	3.2	970	997
Capital work-in-progress	3.3	727	416
Intangible assets	4	41	52
Financial assets			
(i) Investments	5.1	*	*
(ii) Loans	5.2	4	4
(iii) Other financial assets	5.3	87	86
Deferred tax assets (net)	14	266	196
Non-current tax assets (net)	6.2	1,526	1,374
Other non-current assets	6.1	1,004	1,034
Total non-current assets		**8,721**	**8,310**
Current assets			
Inventories	7	5,979	6,644
Financial assets			
(i) Trade receivables	8.1	5,523	4,955
(ii) Cash and cash equivalents	8.2	3,136	1,441
(iii) Bank balances other than (ii) above	8.3	2,496	3,135
(iv) Loans	8.4	*	*
(v) Other financial assets	8.5	139	116
Other current assets	9	1,398	1,304
Total current assets		**18,671**	**17,595**
Total assets		**27,392**	**25,905**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	10	455	455
Other equity	11	12,701	12,133
Total equity		**13,156**	**12,588**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Lease liabilities	3.2	530	551
(ii) Other financial liabilities	12	147	179
Other non-current liabilities	15	77	69
Provisions	13	846	682
Total non-current liabilities		**1,600**	**1,481**
Current liabilities			
Financial liabilities			
(i) Lease liabilities	3.2	167	154
(ii) Trade payables	16.1		
- Total outstanding dues of micro enterprises and small enterprises		214	139
- Total outstanding dues of creditors other than micro enterprises and small enterprises		8,720	8,312
(iii) Other financial liabilities	16.2	886	774
Other current liabilities	17	2,264	2,036
Provisions	13	385	421
Total current liabilities		**12,636**	**11,836**
Total liabilities		**14,236**	**13,317**
Total equity and liabilities		**27,392**	**25,905**

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

The notes from note no. 1 to 39 form an integral part of these Standalone Financial Statements.

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

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

Anurag Khandelwal
Partner
Membership No. : 078571

Place: Gurugram
Date: 23 May 2023

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

Oscar Wezenbeek
Chairman
DIN : 08432564

Place: Singapore
Date: 23 May 2023

Rajiv Rajgopal
Managing Director
DIN : 06685599

Place: Gurugram
Date: 23 May 2023

Krishna Rallapalli
Wholetime Director and CFO
DIN : 03384607

Place: Gurugram
Date: 23 May 2023

Harshi Rastogi
Company Secretary
ACS 13642

Place: Gurugram
Date: 23 May 2023

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2023

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

	Notes	For the year ended 31 March 2023	For the year ended 31 March 2022
Revenue from operations	18	38,021	31,486
Other income	19	274	227
Total income		**38,295**	**31,713**
Expenses			
Cost of materials consumed	20	20,812	17,747
Purchases of stock-in-trade		2,016	1,939
Changes in inventories of finished goods, work-in-progress and stock-in-trade	21	73	(902)
Employee benefits expense	22	3,002	2,632
Finance costs	23	141	145
Depreciation and amortisation expense	24	825	759
Other expenses	25	6,867	5,746
Total expenses		**33,736**	**28,066**
Profit before exceptional items and tax		**4,559**	**3,647**
Exceptional items (net)	26	–	20
Profit before tax		**4,559**	**3,667**
Income tax expense:			
Current tax	14	1,261	782
Deferred tax		(53)	(15)
Total tax expense		**1,208**	**767**
Profit after tax for the year (A)		**3,351**	**2,900**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit plans	35	(68)	*
Changes in fair value of equity instruments at FVOCI	5.1	–	–
Income tax relating to the above items	14	17	*
Other comprehensive income for the year (B)		**(51)**	*****
Total comprehensive income for the year (A + B)		**3,300**	**2,900**
*Amount is below rounding off norms, adopted by the Company			
Earnings per equity share attributable to owners of Akzo Nobel India Limited:	29		
Basic earning per equity share (in ₹) [Face value of ₹ 10 each]		73.58	63.68
Diluted earning per equity share (in ₹) [Face value of ₹ 10 each]		73.58	63.68

The notes from note no. 1 to 39 form an integral part of these Standalone Financial Statements.

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

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

Anurag Khandelwal
Partner
Membership No. : 078571

Place: Gurugram
Date: 23 May 2023

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

Oscar Wezenbeek
Chairman
DIN : 08432564

Place: Singapore
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Rajiv Rajgopal
Managing Director
DIN : 06685599

Place: Gurugram
Date: 23 May 2023

Krishna Rallapalli
Wholetime Director and CFO
DIN : 03384607

Place: Gurugram
Date: 23 May 2023

Harshi Rastogi
Company Secretary
ACS 13642

Place: Gurugram
Date: 23 May 2023

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

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

		Notes	For the year ended 31 March 2023	For the year ended 31 March 2022
A	**Cash flow from operating activities**			
	Profit before tax		4,559	3,667
	Adjustments for:			
	Depreciation and amortisation expense	24	825	759
	Loss on sale of property, plant and equipment (net)	25	11	20
	Net gain on termination of leases	19	(8)	(9)
	Exceptional items (net)	26	–	(20)
	Provision for inventory obsolescence made / (written back)		93	(81)
	Provision for doubtful debts and advances made / (written back)	25	23	(21)
	Net foreign exchange differences		5	(29)
	Provision/liabilities no longer required written back	18	(92)	(190)
	Government grants	19	(11)	(11)
	Interest income	19	(255)	(194)
	Gain on sale of investments	19	–	(7)
	Finance costs	23	141	145
	Operating profit before change in operating assets and liabilities		**5,291**	**4,029**
	(Increase) / Decrease in trade receivables		(601)	(799)
	(Increase) / Decrease in inventories		572	(1,681)
	(Increase) / Decrease in loans		*	*
	(Increase) / Decrease in other financial assets		(1)	(10)
	(Increase) / Decrease in other assets		80	(253)
	Increase / (Decrease) in trade payables		572	697
	Increase / (Decrease) in other financial liabilities		90	(77)
	Increase / (Decrease) in provisions		59	79
	Increase / (Decrease) in other liabilities		223	359
	Cash generated from operations		**6,285**	**2,344**
	Income taxes paid (net)		(1,425)	(1,132)
	Net cash inflow from operating activities (A)		**4,860**	**1,212**
B	**Cash flow from investing activities**			
	Payments for purchase of property, plant and equipment		(1,043)	(634)
	Proceeds from sale of investments		–	13
	Bank deposits		639	2,738
	Interest received		253	187
	Net cash inflow / (outflow) from investing activities (B)		**(151)**	**2,304**
C	**Cash flow from financing activities**			
	Principal element of lease payments		(165)	(153)
	Dividend paid		(2,732)	(3,188)
	Interest paid		(120)	(118)
	Net cash (outflow) from financing activities (C)		**(3,017)**	**(3,459)**
	Net increase in cash and cash equivalents (A+B+C)		**1,692**	**57**
	Cash and cash equivalents at the beginning of the year		1,441	1,384
	Effect of exchange rate changes on cash and cash equivalents		3	*
	Cash and cash equivalents at the end of the year		**3,136**	**1,441**
	Non-cash investing activities			
	– Acquisition of right-of-use assets		222	295

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

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

Notes:

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

(ii) Amounts in bracket represent outflows.

Components of cash and cash equivalents are as under:

	Notes	For the year ended 31 March 2023	For the year ended 31 March 2022
Balances with banks			
– In current accounts	8.2	1,008	620
– In EEFC accounts	8.2	217	119
Bank deposits with maturity of less than three months	8.2	1,911	702
Cash and cash equivalents (Refer note 8.2)		**3,136**	**1,441**

The notes from note no. 1 to 39 form an integral part of these Standalone Financial Statements.

This is the Statement of Cash Flows referred to in our report of even date.

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

Anurag Khandelwal
Partner
Membership No. : 078571

Place: Gurugram
Date: 23 May 2023

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

Oscar Wezenbeek
Chairman
DIN : 08432564

Place: Singapore
Date: 23 May 2023

Rajiv Rajgopal
Managing Director
DIN : 06685599

Place: Gurugram
Date: 23 May 2023

Krishna Rallapalli
Wholetime Director and CFO
DIN : 03384607

Place: Gurugram
Date: 23 May 2023

Harshi Rastogi
Company Secretary
ACS 13642

Place: Gurugram
Date: 23 May 2023

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

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

(a) Equity share capital

	Number of Shares	Notes	Amount
As at 31 March 2021	**45,540,314**	**10**	**455**
Changes in equity share capital during 2021-22	–		–
As at 31 March 2022	**45,540,314**	**10**	**455**
Changes in equity share capital during 2022-23	–		–
As at 31 March 2023	**45,540,314**	**10**	**455**

(b) Other equity

Description	Reserves and surplus					Other reserves	Total
	Capital reserve (Refer note 11 (a))	Capital redemption reserve (Refer note 11 (b))	Re-valuation 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 2021	503	64	12	4,519	7,320	3	12,421
Profit for the year	–	–	–	–	2,900	–	2,900
Other comprehensive income arising from remeasurement of defined benefit plans	–	–	–	–	*	*	*
Transfer of gain on FVOCI equity investments	–	–	–	–	3	(3)	–
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**2,903**	**(3)**	**2,900**
Transactions with owners in their capacity as owners:							
Dividends paid	–	–	–	–	(3,188)	–	(3,188)
Balance as at 31 March 2022	**503**	**64**	**12**	**4,519**	**7,035**	**–**	**12,133**
Balance as at 1 April 2022	503	64	12	4,519	7,035	–	12,133
Profit for the year	–	–	–	–	3,351	–	3,351
Other comprehensive income arising from remeasurement of defined benefit plans	–	–	–	–	(51)	–	(51)
Transfer of gain on FVOCI equity investments	–	–	–	–	–	–	–
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**3,300**	**–**	**3,300**
Transactions with owners in their capacity as owners:							
Dividends paid	–	–	–	–	(2,732)	–	(2,732)
Balance as at 31 March 2023	**503**	**64**	**12**	**4,519**	**7,603**	**–**	**12,701**

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

The notes from note no. 1 to 39 form an integral part of these Standalone Financial Statements.

This is the Statement of Changes in Equity referred to in our report of even date.

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

Anurag Khandelwal
Partner
Membership No. : 078571

Place: Gurugram
Date: 23 May 2023

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

Oscar Wezenbeek
Chairman
DIN : 08432564

Place: Singapore
Date: 23 May 2023

Rajiv Rajgopal
Managing Director
DIN : 06685599

Place: Gurugram
Date: 23 May 2023

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Wholetime Director and CFO
DIN : 03384607

Place: Gurugram
Date: 23 May 2023

Harshi Rastogi
Company Secretary
ACS 13642

Place: Gurugram
Date: 23 May 2023

NOTES

to Standalone Financial Statements for the year ended 31 March 2023
(All amounts are in millions Indian ₹, unless otherwise stated)

Background

Akzo Nobel India Limited ('the Company') was incorporated in India on 12 March 1954 as Indian Explosives Limited. It is currently known as Akzo Nobel India Limited with effect from 15 February 2010 under Section 23(1) of the Companies Act, 1956. The Company is domiciled in India and is limited by shares. The registered office of the Company is situated in Kolkata (West Bengal). The Company is engaged in the business of manufacturing, trading and selling of paints and related products. The Company also provides research and development services to its holding company and other group companies. The Company's equity shares are listed on the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE). The Standalone Financial Statements for the year ended 31 March 2023 were approved by the Board of Directors and authorised for issue on 23 May 2023.

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 Ministry of Corporate Affairs had vide notification dated 23 March 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amended certain accounting standards, and are effective 1 April 2022. These amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(iv) New and amended standards issued but not effective

The Ministry of Corporate Affairs has vide notification dated 31 March 2023 notified Companies (Indian Accounting Standards) Amendment Rules, 2023 (the 'Rules') which amends certain accounting standards, and are effective 1 April 2023.

The Rules predominantly amend Ind AS 12, Income taxes, and Ind AS 1, Presentation of financial statements. The other amendments to Ind AS notified by these rules are primarily in the nature of clarifications.

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

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.

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

c) Property, plant and equipment

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

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

Transition to Ind AS

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

Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

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

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

The assets' useful lives are reviewed at the end of each reporting period.

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

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

Capital work-in-progress

Capital work-in-progress excluding capital advances includes property, plant and equipment under construction and not ready for intended use as on the balance sheet date.

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

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Transition to Ind AS

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

f) Financial assets

(i) Classification

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

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

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

For assets measured at fair value, gains and losses will either be recorded in the Statement of Profit and Loss or Other Comprehensive Income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through Other Comprehensive Income.

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

(ii) Recognition

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

(iii) Measurement

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

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

Debt instruments

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

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

Trade Receivables

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

Cash and cash equivalents

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

Other bank balances

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

(iv) Impairment of financial assets

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

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

(v) Derecognition of financial assets

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

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

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

(vi) Income recognition

Interest income

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

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

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

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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. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is required even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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

m) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to

settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the Standalone Financial Statements.

n) Employee benefits

(i) Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are classified as short-term employee benefits. These benefits include salaries and wages, short-term bonus, 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-retirement medical benefits: The Company provides post-retirement medical benefits to certain categories of its employees. The entitlement to these benefits is conditional on the employee retiring from the services of the Company, after completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit plans. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the period in which they arise.

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

(iii) Other long-term employee benefit obligations

The liabilities for annual leave, pension scheme for certain employees and long-term service awards are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore accrued using actuarial valuations and are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

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The leave obligations are presented as current liabilities in the Balance Sheet as the Company does not have an unconditional legal and contractual right to defer settlement for a period beyond twelve months after the reporting period.

o) Revenue recognition

Sale of goods

Sales are recognised when control of the products is transferred, which happens when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the acceptance of the products by the customer. Delivery occurs when the products have been shipped to the specific location, the risk of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

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.

Results of the operating segments are reviewed regularly by the country leadership team (Managing Director, Chief

Financial Officer, Head HR, Company Secretary) which has been identified as the chief operating decision maker (CODM), to assess the financial performance and position of the Company and make strategic decisions. Refer note 33 for reportable segments determined by the Company.

r) Leases

As a lessee

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

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

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

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

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

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

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

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

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

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

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

a. the amount of the initial measurement of lease liability

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

c. any initial direct costs, and

d. restoration costs.

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

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

As a lessor

Lease income from operating leases where the Company is lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to carrying amount of underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective lease assets are included in Balance Sheet based on their nature.

s) Earnings per share

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

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

t) Dividend

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

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u) Exceptional Items

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

v) Rounding of amounts

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

Note 2 : Critical estimates and judgements

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

- Useful life of property, plant and equipment (Refer note 3.1)
- Provision for employee benefits and fair value of plan assets (Refer note 35)
- Tax litigations/claims (Refer note 27)
- Customer incentives (Refer note 17)
- Allowance for doubtful debts (Loss allowance on trade receivables) (Refer note 8.1)
- Inventory obsolescence (Refer note 7)

Estimates and judgements are continually evaluated. They are based on historical experience and other factors including expectation of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

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Note 3.1 : Property, plant and equipment

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

Particulars	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount	
	As at 1 April 2021	Additions	Disposals	As at 31 March 2022	As at 1 April 2021	Charge during the year	Disposals	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022
Freehold land (Refer note 'a' below)	265	–	–	265	–	–	–	–	265	265
Buildings	2,195	14	(2)	2,207	512	85	*	597	1,683	1,610
Plant and equipment										
- owned	3,220	141	(59)	3,302	1,624	314	(44)	1,894	1,596	1,408
- given under operating lease	1,304	93	(18)	1,379	638	92	(15)	715	666	664
Motor vehicles	3	*	–	3	2	*	–	2	1	1
Furniture and fixtures	325	12	*	337	238	25	*	263	87	74
Office equipment	98	40	(1)	137	71	22	(1)	92	27	45
Leasehold improvements	107	–	–	107	59	6	–	65	48	42
Data processing equipment	176	22	*	198	138	18	*	156	38	42
Total	**7,693**	**322**	**(80)**	**7,935**	**3,282**	**562**	**(60)**	**3,784**	**4,411**	**4,151**

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

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

(b) Refer note 28 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

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

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Note 3.2 Right-of-use assets and Lease liabilities

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, buildings, warehouses and vehicles. Rental contracts are typically made for fixed periods of 3 years to 12 years except in case of leasehold land where it is upto 99 years, but may have extension options as described in (iv) below.

(i) Amounts recognised in balance sheet

The balance sheet shows the following amounts relating to leases:

Right-of-use assets	As at 31 March 2023	As at 31 March 2022
Building and warehouse leases	596	625
Land leases (Refer note 'a' and 'b' below)	364	366
Vehicles leases	10	6
Total	**970**	**997**

Financial liabilities - Lease liabilities	As at 31 March 2023	As at 31 March 2022
Current lease liabilities	167	154
Non-current lease liabilities	530	551
Total	**697**	**705**

Additions to the right-of-use assets during the current financial year were ₹ 222 (31 March 2022 ₹ 295).

(a) The Company had received the final possession of land acquired on lease-cum-sale basis at Mysore (gross carrying value - ₹ 166) from Karnataka Industrial Area Development Board (KIADB) in March 2018. The registration of lease deed in respect of the said land is pending finalisation with the authorities and the sale deed will be executed after the lease period upon fulfillment of the conditions specified in the allotment letter.

(b) The Company has leasehold land at Thane (gross carrying value - ₹ 7) for which original title deed is not in possession of the Company. However the Company is in possession of certified true copy of aforesaid lease deed.

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

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

Depreciation charge on right-of-use assets	For the year ended 31 March 2023	For the year ended 31 March 2022
Building and warehouse leases	186	181
Land leases	1	1
Vehicles leases	4	4
Total	**191**	**186**

	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest expense (included in finance costs) (Refer note '23')	76	73
Rent expenses relating to short term leases (included in other expenses) (Refer note '25')	26	23
Total	**102**	**96**

The total cash outflow for leases including interest and short term leases ₹267 (31 March 2022 ₹ 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 leases across the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

(v) Residual value guarantees

There are no residual value guaranteed in the lease contracts.

NOTES (Contd..)

to Standalone Financial Statements for the year ended 31 March 2023
(All amounts are in millions Indian ₹, unless otherwise stated)

Note 3.3 : Capital work-in-progress

As at 31 March 2023

(a) Ageing of Capital work-in-progress

	Amounts in capital work-in-progress for				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Projects in progress	603	74	27	–	704
(ii) Projects temporarily suspended	–	–	–	23	23
Total	**603**	**74**	**27**	**23**	**727**

(b) Completion schedule for capital work-in-progress whose completion is overdue or has exceeded its cost compared to its original plan

	To be completed in				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Projects in progress					
Installation of new machinery and production lines	215	15	–	–	230
Process improvement equipments	103	15	–	–	118
Sprinklers system and fire hydrant pipe lines	16	11	17	–	44
Supply chain and logistics optimization	10	17	11	–	38
Automation and robotics integration	11	*	–	–	11
Computers equipment & software	*	7	–	–	7
Packaging and labeling equipments	5	–	–	–	5
(ii) Projects temporarily suspended					
Compound wall at Mysore land	–	–	–	23	23
Total	**360**	**65**	**28**	**23**	**476**

As at 31 March 2022

(a) Ageing of Capital work-in-progress

	Amounts in capital work-in-progress for				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Projects in progress	366	27	*	–	393
(ii) Projects temporarily suspended	–	–	–	23	23
Total	**366**	**27**	*****	**23**	**416**

(b) Completion schedule for capital work-in-progress whose completion is overdue or has exceeded its cost compared to its original plan

	To be completed in				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Projects in progress					
New production line at Thane plant	92	–	–	–	92
Computers equipment & software	71	–	–	–	71
Process equipments	28	–	–	–	28
Sprinklers system and fire hydrant pipe lines	19	17	–	–	36
Additions to buildings	19	8	–	–	27
Process equipments	28	–	–	–	28
Laboratory equipments	3	–	–	–	3
(ii) Projects temporarily suspended					
Compound wall at Mysore land	–	–	–	23	23
Total	**260**	**25**	**–**	**23**	**308**

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

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

NOTES (Contd..)

to Standalone Financial Statements for the year ended 31 March 2023
(All amounts are in millions Indian ₹, unless otherwise stated)

Note 4 : Intangible assets

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

Particulars	Gross Carrying Amount				Accumulated Amortisation				Net Carrying Amount	
	As at 1 April 2021	Additions	Disposals	As at 31 March 2022	As at 1 April 2021	Charge during the year	Disposals	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022
Intangible assets (Acquired)										
Customer relationships	110	–	–	110	47	11	–	58	63	52
Non compete fees	9	–	–	9	9	–	–	9	–	–
Total	**119**	**–**	**–**	**119**	**56**	**11**	**–**	**67**	**63**	**52**

Pursuant to business transfer agreement with BASF India Limited, the Company had acquired Intangible assets with respect to customer relationships and non-compete fees during the year ended 31 March 2017. The estimate for the useful life for customer relationships is based on the expected economic benefits from such assets, however, which may be longer or shorter than 10 years, depending upon the customer attrition rate and competition. If it were only 5 years, the carrying amount would be ₹ Nil (₹ Nil as at 31 March 2022). If the useful life were estimated to be 15 years, the carrying amount would be ₹64 (₹ 72 as at 31 March 2022).

Note 5.1 : Non current financial assets- investments

	Number as at 31 March 2023	Number as at 31 March 2022	Face value ₹ per unit	As at 31 March 2023	As at 31 March 2022
(a) Investment in equity instruments (measured at FVTPL)					
Unquoted					
Adyar Property Holding Company Limited (paid up ₹ 65 per share)	105	105	100	*	*
Paints and Coatings Skill Council (fully paid up)	17	17	25,000	*	*
(b) Investment in debentures (measured at Amortised Costs)					
Unquoted					
6.5% Bengal Chamber of Commerce and Industry	19	19	1,000	*	*
				*	*

	As at 31 March 2023	As at 31 March 2022
Aggregate amount of quoted investments	–	–
Aggregate market value of quoted investments	–	–
Aggregate amount of unquoted investments	*	*
Aggregate amount of impairment in the value of investments	–	–
	*	*

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

(a) Information about the Company's exposure to credit and market risk and fair value measurement is included in note 31.

(b) The Company has a subsidiary – 'ICI India Research and Technology Centre' which is limited by guarantee and does not have share capital. Based on undertaking given by the members of the Company, they will contribute a maximum of Rupees one hundred in the event this subsidiary is wound up. The subsidiary conducts research activity on behalf of Akzo Nobel India Limited and receives contributions from the Company to the extent of costs incurred on such research activity.

NOTES (Contd..)

to Standalone Financial Statements for the year ended 31 March 2023
(All amounts are in millions Indian ₹, unless otherwise stated)

Note 5.2 : Non current financial assets - Loans

	As at 31 March 2023	As at 31 March 2022
Loan given to employees	4	4
	4	**4**
Break - up of security details		
Loans considered good - Secured	–	–
Loans considered good - Unsecured	4	4
Loans which have significant increase in credit risk	–	–
Loans credit impaired	–	–
Total	**4**	**4**
Less : Loss allowance	–	–
	4	**4**

Note 5.3 : Non current financial assets - Other financial assets

	As at 31 March 2023	As at 31 March 2022
Security deposits	93	88
Less : Loss allowance	(9)	(9)
Bank deposits with more than 12 months maturity (Refer note below)	3	7
	87	**86**

Note: The above bank deposits are held as margin money against various guarantees issued by banks on behalf of the Company in favour of Government authorities.

Note 6.1 : Other non-current assets

	As at 31 March 2023	As at 31 March 2022
Capital advances	222	84
Advances other than capital advances		
Indirect taxes recoverable		
– Considered good	47	98
– Considered doubtful	31	31
Less: Provision for doubtful indirect taxes recoverable	(31)	(31)
Retirement benefit trusts surplus (Refer note 35)	52	57
Advance to customers	674	786
Miscellaneous	9	9
	1,004	**1,034**

Note 6.2 : Non current tax assets (net)

	As at 31 March 2023	As at 31 March 2022
Income tax {net of provision ₹ 16,884 (31 March 2022 ₹ 15,611)}	1,526	1,374
	1,526	**1,374**

NOTES (Contd..)

to Standalone Financial Statements for the year ended 31 March 2023
(All amounts are in millions Indian ₹, unless otherwise stated)

Note 7 : Inventories

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Raw materials (Refer note 'a' below)	2,262	2,853
Work in progress	135	156
Finished goods (Refer note 'b' below)	2,931	2,060
Stock-in-trade (in respect of goods acquired for trading) (Refer note 'a' and 'b' below)	642	1,565
Stores and spares	9	10
	5,979	**6,644**
(a) Includes in-transit inventory:		
Raw materials	181	250
Stock-in-trade (in respect of goods acquired for trading)	*	–

(b) Finished goods and stock-in-trade (in respect of goods acquired for trading) are written down by ₹44 (31 March 2022 ₹ 26) to bring them down to the lower of cost and net realisable value. These were recognised as an expense during the year and included in 'changes in inventories of finished goods, work-in-progress and stock-in-trade' in the Statement of Profit and Loss.

Note 8.1 : Current financial assets - Trade receivables

	As at 31 March 2023	As at 31 March 2022
Trade receivables from contracts with customers	5,262	4,683
Trade receivables from contracts with customers - related parties (Refer note 34)	411	459
Less: Loss allowance	(150)	(187)
	5,523	**4,955**
Break - up of security details		
Trade receivables considered good - Secured	307	284
Trade receivables considered good - Unsecured	5,366	4,858
Trade receivables which have significant increase in credit risk	–	–
Trade receivables - Credit impaired	–	–
Total	**5,673**	**5,142**
Less: Loss allowance	(150)	(187)
	5,523	**4,955**

Ageing of trade receivables

As at 31 March 2023

Particulars	Outstanding for following periods from the due date of payment							
	Unbilled	Not Due	Less than 6 Months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed trade receivables								
considered good	–	4,990	504	75	42	10	52	5,673
which have significant increase in credit risk	–	–	–	–	–	–	–	–
credit impaired	–	–	–	–	–	–	–	–
Disputed trade receivables								
considered good	–	–	–	–	–	–	–	–
which have significant increase in credit risk	–	–	–	–	–	–	–	–
credit impaired	–	–	–	–	–	–	–	–
Total	**–**	**4,990**	**504**	**75**	**42**	**10**	**52**	**5,673**

NOTES (Contd..)

to Standalone Financial Statements for the year ended 31 March 2023
(All amounts are in millions Indian ₹, unless otherwise stated)

Note 8.1 : Current financial assets - Trade receivables (Contd..)

As at 31 March 2022

Particulars	Outstanding for following periods from the due date of payment							
	Unbilled	Not Due	Less than 6 Months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed trade receivables								
considered good	–	4,080	876	43	38	33	65	5,135
which have significant increase in credit risk	–	–	–	–	–	–	–	–
credit impaired	–	–	–	–	–	–	–	–
Disputed trade receivables								
considered good	–	–	–	7	–	–	–	7
which have significant increase in credit risk	–	–	–	–	–	–	–	–
credit impaired	–	–	–	–	–	–	–	–
Total	**–**	**4,080**	**876**	**50**	**38**	**33**	**65**	**5,142**

Note 8.2 : Current financial assets - Cash and cash equivalents

	As at 31 March 2023	As at 31 March 2022
Balances with banks (of the nature of cash and cash equivalents):		
– In current accounts	1,008	620
– In EEFC accounts	217	119
Bank deposits with maturity of less than three months	1,911	702
	3,136	**1,441**

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

Note 8.3 : Current financial assets - bank balances other than cash and cash equivalents

	As at 31 March 2023	As at 31 March 2022
Bank deposits (Refer note 'a' below)	2,396	3,032
Unpaid dividend accounts (Refer note 'b' below)	100	103
	2,496	**3,135**

(a) Bank deposits include deposits held as margin money amounting to ₹ 17 (31 March 2022 ₹ 11) against various guarantees issued by banks on behalf of the Company in favour of Government authorities.

(b) The Company can utilise these balances only towards settlement of unclaimed dividend.

Note 8.4 : Current financial assets - Loans

	As at 31 March 2023	As at 31 March 2022
Loan given to employees	*	*
	*	*
Break - up of security details		
Loans considered good - Secured	–	–
Loans considered good - Unsecured	*	*
Loans which have significant increase in credit risk	–	–
Loans Credit impaired	–	–
	*	*

Note: The carrying value of loans and advances may be affected by changes in the credit risk of the counterparties. Refer note 31 for the credit risk exposure.

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

NOTES (Contd..)

to Standalone Financial Statements for the year ended 31 March 2023
(All amounts are in millions Indian ₹, unless otherwise stated)

Note 8.5 : Current financial assets - Other financial assets

	As at 31 March 2023	As at 31 March 2022
Amount recoverable from related parties (Refer note 34)	*	*
Government grant receivable (Refer note below)	123	100
Security deposits	16	16
	139	**116**

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

Note: Government grant relates to tax incentives receivable from the State Government of Madhya Pradesh in respect of the operations of the Company's factory at Gwalior. Refer note 19 for details.

Note 9 : Other current assets

	As at 31 March 2023	As at 31 March 2022
Advances other than capital advances		
Advances to suppliers		
– Considered good	88	123
– Considered doubtful	30	30
Less: Provision for doubtful advances	(30)	(30)
Advances to employees		
– Considered good	6	4
– Considered doubtful	2	2
Less: Provision for doubtful advances	(2)	(2)
Advance to Customers		
– Considered good	777	525
– Considered doubtful	24	28
Less: Provision for doubtful advances	(24)	(28)
Prepaid expenses	199	218
Indirect tax recoverable	328	434
Others	*	*
	1,398	**1,304**

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

Note 10 : Equity share capital

	As at 31 March 2023	As at 31 March 2022
Authorised:		
126,690,000 (31 March 2022 - 126,690,000) equity shares of ₹ 10 each	**1,267**	**1,267**
Issued, subscribed & fully paid up:		
45,540,314 (31 March 2022 - 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 2023		As at 31 March 2022	
	No. of Shares	Amount	No. of Shares	Amount
Opening balance	45,540,314	455	45,540,314	455
Add: Equity shares increased during the year	–	–	–	–
Closing balance	**45,540,314**	**455**	**45,540,314**	**455**

b. Terms and rights attached to equity shares

The Company has only one class of equity shares, having a par value of ₹10 per share. Each shareholder is eligible to one vote per share held. The Company declares and pays dividend in Indian Rupees. The dividend proposed, if any, by the Board of Directors is subject to approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend. The repayment of equity share capital in the event of liquidation and buy back of shares are possible subject to prevalent regulations. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, if any, in proportion to their shareholding.

NOTES (Contd..)

to Standalone Financial Statements for the year ended 31 March 2023
(All amounts are in millions Indian ₹, unless otherwise stated)

Note 10 : Equity share capital (Contd..)

c. Shares of the Company held by holding/ultimate holding company or their subsidiaries

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 2023	As at 31 March 2022
	No. of Shares	No. of Shares
Imperial Chemical Industries Limited, United Kingdom (Subsidiary of Ultimate Holding Company)	22,977,544	22,977,544
Akzo Nobel Coatings International B.V., The Netherlands (Subsidiary of Ultimate Holding Company)	11,066,791	11,066,791
	34,044,335	**34,044,335**

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

	As at 31 March 2023		As at 31 March 2022	
	No. of Shares	% holding	No. of Shares	% holding
Imperial Chemical Industries Limited, United Kingdom	22,977,544	50.46%	22,977,544	50.46%
Akzo Nobel Coatings International B.V., The Netherlands	11,066,791	24.30%	11,066,791	24.30%
	34,044,335	**74.76%**	**34,044,335**	**74.76%**

e. Details of shareholding of promoters

	As at 31 March 2023			As at 31 March 2022		
	No. of Shares	Percentage of total number of shares	Percentage of change during the year	No. of Shares	Percentage of total number of shares	Percentage of change during the year
Imperial Chemical Industries Limited, United Kingdom	22,977,544	50.46%	–	22,977,544	50.46%	–
Akzo Nobel Coatings International B.V., The Netherlands	11,066,791	24.30%	–	11,066,791	24.30%	–
Total	**34,044,335**	**74.76%**	**–**	**34,044,335**	**74.76%**	**–**

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

g. There are no shares reserved for issue under options and contracts or commitments for sale of shares or disinvestment.

Note 11 : Other equity

	As at 31 March 2023	As at 31 March 2022
Reserves and surplus		
Capital reserve (refer note 'a' below)	503	503
Capital redemption reserve (refer note 'b' below)	64	64
Revaluation reserve (refer note 'c' below)	12	12
General reserve (refer note 'd' below)	4,519	4,519
Retained earnings (refer note 'e' below)	7,603	7,035
Other reserves		
Equity instruments through OCI (refer note 'f' below)	–	–
	12,701	**12,133**

NOTES (Contd..)

to Standalone Financial Statements for the year ended 31 March 2023
(All amounts are in millions Indian ₹, unless otherwise stated)

Note 11 : Other equity (Contd..)

		As at 31 March 2023	As at 31 March 2022
a	**Capital reserve**	503	503
	Pursuant to various amalgamation schemes executed in the previous years as per the requirement of Companies Act, 1956 and Court orders, the Company had created capital reserve based on the differential between the net assets and liabilities acquired from the other party. There is no movement during the year.		
b	**Capital redemption reserve**	64	64
	Pursuant to the buy back scheme for purchase of equity shares offered by the Company during earlier years, the Company had created a capital redemption reserve in those years as per the regulatory requirements. There is no movement during the year.		
c	**Revaluation reserve**	12	12
	It represents revaluation of certain land acquired as part of amalgamation done with various companies in the previous periods. This reserve is not available for distribution of the balance to shareholders. There is no movement during the year.		
d	**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	7,035	7,320
	Net profit for the year	3,351	2,900
	Items of other comprehensive income recognised directly in retained earnings		
	Remeasurements of post-employment benefit obligation, net of tax*	(51)	*
	Transfer of gain on FVOCI equity investments	–	3
	Dividends	(2,732)	(3,188)
	Balance at the end of the year	**7,603**	**7,035**
	*Remeasurements of post-employment benefit obligation / (asset) comprises actuarial gains and losses and return on plan assets (excluding interest income).		
f	**Equity instruments through OCI**		
	Balance at the beginning of the year	–	3
	Add: Fair value gain/(loss) on equity instruments for the year	–	–
	Less: Transfer of gain on FVOCI equity investments	–	(3)
	Balance at the end of the year	**–**	**–**

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 2023	As at 31 March 2022
Security deposits (Refer note below)	147	179
	147	**179**

Note : It represents deposits received from customers under operating lease arrangement, refer note 31.

NOTES (Contd..)

to Standalone Financial Statements for the year ended 31 March 2023
(All amounts are in millions Indian ₹, unless otherwise stated)

Note 13 : Provisions

	Non- current		Current	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
Employee benefits (Refer note 35)				
Pension	2	3	–	–
Gratuity	416	313	3	2
Leave obligations (Refer note 'c' below)	–	–	166	160
Post retirement medical and others	309	316	27	25
Provident fund	101	33	–	–
Long service award	14	13	3	3
Indirect taxes	–	–	140	185
Divested businesses	–	–	38	38
Others	4	4	8	8
	846	**682**	**385**	**421**

Additional disclosure relating to provisions:

(a) Movement in provisions:

For the year ended 31 March 2023

Particulars	Class of provisions		
	Indirect taxes	Divested business	Others
Opening balance as at 1 April 2022	185	38	12
Provision created during the year	–	–	–
Provision utilised / written back during the year	(45)	–	–
Closing balance as at 31 March 2023	**140**	**38**	**12**

For the year ended 31 March 2022

Particulars	Class of provisions		
	Indirect taxes	Divested business	Others
Opening balance as at 1 April 2021	185	58	12
Provision created during the year	5	–	–
Provision utilised / written back during the year (includes ₹20 related to indirect tax provision pertaining to divested business, no longer required written back (Refer note 26))	(5)	(20)	–
Closing balance as at 31 March 2022	**185**	**38**	**12**

(b) Nature of provisions:

(i) Indirect taxes

Provisions relating to indirect taxes are in respect of proceedings of various sales tax, excise duty and other indirect tax cases, including those relating to divested businesses. Outflows in all these cases, including their timing and certainty, would depend on the developments/outcome in these cases, though, presently classified as short term due to uncertainty of the timing.

(ii) Divested businesses

Provisions relating to divested businesses (other than any indirect tax cases relating to such businesses) are in respect of existing / anticipated costs arising from divestment of businesses. Outflows in these cases will depend upon settlement of claims, if any for which timing and amount of outflow is not certain.

(iii) Others

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

(c) The entire amount of leave obligations provision of ₹ 166 (31 March 2022 ₹ 160) is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Company does not expect all employees to avail the full amount of accrued leave or require payment for such leave within the next 12 months.

NOTES (Contd..)

to Standalone Financial Statements for the year ended 31 March 2023
(All amounts are in millions Indian ₹, unless otherwise stated)

Note 14 : Income Tax

A. Income tax expense

	As at 31 March 2023	As at 31 March 2022
Current tax expense		
Current tax on profits for the year	1,234	944
Adjustments for current tax of prior periods	27	(162)
Total current tax expense	**1,261**	**782**
Deferred tax		
Decrease/(increase) in deferred tax assets	(4)	16
(Decrease)/increase in deferred tax liabilities	(49)	(31)
Total deferred tax charge/(credit)	**(53)**	**(15)**
Income tax expense	**1,208**	**767**

B. Reconciliation of effective tax rate

	For the year ended 31 March 2023	For the year ended 31 March 2022
Profit before tax	4,559	3,667
Tax at the Indian tax rate of 25.168% (31 March 2022 - 25.168%)	1,147	923
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Corporate social responsibility expenditure	16	15
Income tax provision of prior years	27	(162)
Income tax related to foreign branch operations, net of foreign tax credit	6	–
Tax effects of other amounts which are not deductible in calculating taxable income	12	(9)
	1,208	**767**

C. Movement in deferred tax balances

	As at 1 April 2022	Recognised in P&L	Recognised in OCI	As at 31 March 2023
Deferred tax liabilities				
Property, plant and equipment	199	(41)	–	158
Surplus payments to retirement trusts	14	(1)	–	13
Investments at fair value through OCI	–	–	–	–
Right-of-use assets	166	(7)	–	159
Others	–	*	–	*
Sub- total (a)	**379**	**(49)**	**–**	**330**
Deferred tax assets				
Provision for doubtful debts and advances	72	(10)	–	62
Expenditure disallowed u/s 43B of Income Tax Act, 1961	229	20	17	266
Expenditure deductible under section 35 DDA of the Income Tax Act, 1961	13	(4)	–	9
Lease liabilities	178	(2)	–	176
Other disallowances under the Income Tax Act, 1961	83	*	–	83
Sub- total (b)	**575**	**4**	**17**	**596**
Net deferred tax liabilities/(assets) (a)-(b)	**(196)**	**(53)**	**(17)**	**(266)**

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

Note 14 : Income Tax (Contd..)

D. Movement in deferred tax balances

	As at 1 April 2021	Recognised in P&L	Recognised in OCI	As at 1 April 2022
Deferred tax liabilities				
Property, plant and equipment	223	(24)	–	199
Surplus payments to retirement trusts	15	(1)	–	14
Investments at fair value through OCI	2	(2)	–	–
Right-of-use assets	154	12	–	166
Others	16	(16)	–	–
Sub- total (a)	**410**	**(31)**	**–**	**379**
Deferred tax assets				
Provision for doubtful debts and advances	81	(9)	–	72
Expenditure disallowed u/s 43B of Income tax Act, 1961	210	19	*	229
Expenditure deductible under section 35 DDA of the Income Tax Act, 1961	18	(5)	–	13
Lease liabilities	161	17	–	178
Other disallowances under the Income Tax Act, 1961	121	(38)	–	83
Sub- total (b)	**591**	**(16)**	*****	**575**
Net deferred tax liabilities/(assets) (a)-(b)	**(181)**	**(15)**	*****	**(196)**

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

Note 15 : Other non-current liabilities

	As at 31 March 2023	As at 31 March 2022
Deferred lease rentals (Refer note 'a' below)	4	8
Deferred government grant (Refer note 'b' below)	62	50
Others	11	11
	77	**69**

(a) Represents fair valuation of security deposits received from customers, Refer note 31.

	As at 31 March 2023	As at 31 March 2022
(b) Opening balance of Deferred/(Accrued) Government grant	50	40
Add : Government grant receivable	23	21
Less : Government grant recognised during the year	(11)	(11)
Closing balance of (Deferred) /Accrued Government grant	**62**	**50**

Note 16.1 : Current financial liabilities - Trade payables

	As at 31 March 2023	As at 31 March 2022
Total outstanding dues of micro enterprises and small enterprises (Refer note 'b' below)	214	139
Total outstanding dues of creditors other than micro enterprises and small enterprises		
- Payables to related parties (Refer note 34)	1,382	1,894
- Acceptances	363	272
- Others	6,975	6,146
	8,720	**8,312**
	8,934	**8,451**

NOTES (Contd..)

to Standalone Financial Statements for the year ended 31 March 2023
(All amounts are in millions Indian ₹, unless otherwise stated)

Note 16.1 : Current financial liabilities - Trade payables (Contd..)

(a) Refer note 31 for explanations on the Company's liquidity risk management process.

(b) Additional disclosure as per Micro, Small and Medium Enterprises Development (MSMED) Act, 2006

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act). The disclosures pursuant to the said MSMED Act are as follows:

	As at 31 March 2023	As at 31 March 2022
(i) Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	184	121
(ii) Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	30	18
(iii) Principal amount paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	522	401
(iv) Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	–	–
(v) Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	–	–
(vi) Interest due and payable towards suppliers registered under MSMED Act for payments already made	12	6
(vii) Further interest remaining due and payable for earlier years	18	12

(c) Ageing of trade payables

As at 31 March 2023

Particulars	Outstanding for following periods from the due date of payment						
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed trade payables							
Micro enterprises and small enterprises	55	93	66	*	–	*	214
Others	3,299	3,347	1,794	87	54	139	8,720
Disputed trade payables							
Micro enterprises and small enterprises	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	–
Total	**3,354**	**3,440**	**1,860**	**87**	**54**	**139**	**8,934**

As at 31 March 2022

Particulars	Outstanding for following periods from the due date of payment						
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed trade payables							
Micro enterprises and small enterprises	67	60	12	*	–	*	139
Others	2,849	3,899	1,127	297	20	120	8,312
Disputed trade payables							
Micro enterprises and small enterprises	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	–
Total	**2,916**	**3,959**	**1,139**	**297**	**20**	**120**	**8,451**

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

Note 16.2 : Current financial liabilities - Other financial liabilities

	As at 31 March 2023	As at 31 March 2022
Security Deposits (Refer note 'a' below)	480	425
Others		
Unpaid dividends (Refer note 'b' below)	100	103
Payable to employees	211	136
Capital creditors	91	107
Derivatives not designated as hedges- forward contracts (Refer note 31)	3	2
Retention money payable	1	1
	886	**774**

(a) It represents deposits received from customers under operating lease arrangement, refer note 31.

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

Net debt reconciliation

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

	As at 31 March 2023	As at 31 March 2022
Cash and cash equivalents	3,136	1,441
Lease liabilities	(697)	(705)
	2,439	**736**

Particulars	Other assets	Liabilities from financing activities	Total
	Cash and cash equivalents	Lease liabilities	
Balance as on 1 April 2021	**1,384**	**(639)**	**745**
Cash flow	57	153	210
Net acquisition lease	–	(219)	(219)
Interest expense	–	(73)	(73)
Interest paid	–	73	73
Balance as on 31 March 2022	**1,441**	**(705)**	**736**
Balance as at 1 April 2022	**1,441**	**(705)**	**736**
Cash flow	1,695	165	1,860
Net acquisition lease	–	(157)	(157)
Interest expense	–	(76)	(76)
Interest paid	–	76	76
Balance as on 31 March 2023	**3,136**	**(697)**	**2,439**

Note 17 : Other current liabilities

	As at 31 March 2023	As at 31 March 2022
Statutory dues payable	441	507
Liability towards customers	65	88
Deferred revenue (Refer note 'a' below)	341	197
Deferred lease rental (Refer note 'b' below)	5	8
Refund liabilities (Refer note 'c' below)	1,405	1,232
Others	7	4
	2,264	**2,036**

NOTES (Contd..)

to Standalone Financial Statements for the year ended 31 March 2023
(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 ₹ 197 (31 March 2022 ₹ 181).

(b) It includes fair valuation of security deposits received from customers, as explained in note 31.

(c) When a customer has a right to return product within a given period, the Company recognises a refund liability for the amount of consideration received for which it does not expect to be entitled amounting to ₹47 (31 March 2022 ₹ 20). Refund Liabilities are also recognised for expected volume discount and other incentives payable to customers amounting to ₹1,358 (31 March 2022 ₹ 1,212) 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 2023	For the year ended 31 March 2022
Revenue from contracts with customers		
– Sale of products	37,168	30,508
– Sale of services	600	579
Other operating revenue	253	399
	38,021	**31,486**

(a) The customer incentive is recognised based on purchases made by the customers in line with ongoing schemes and incentive programmes rolled out by the Company. Judgements include past history of incentive, likelihood of achieving targets, other variable inputs etc. Changes in assumptions about these factors could affect the reported accrual of customer incentive.

Reconciliation of revenue recognised with contract price

	For the year ended 31 March 2023	For the year ended 31 March 2022
Contract price	47,379	38,422
Adjustments :		
Deferred revenue	(144)	(16)
Refund liabilities	(1,405)	(1,232)
Incentive to customers	(8,062)	(6,087)
Revenue from operations	**37,768**	**31,087**

(b) **Breakup of other operating revenue**

	For the year ended 31 March 2023	For the year ended 31 March 2022
Duty drawback on exports	7	9
Lease rentals	105	147
Scrap sales	24	21
Business auxiliary services	23	31
Provision/liabilities no longer required written back	92	190
Miscellaneous income	2	1
	253	**399**

Note 19 : Other income

	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest income:		
– on income tax refund	93	45
– on fixed deposits	158	145
– on others	4	4
Other non-operating income:		
Gain on sale of investments	–	7
Government grants (Refer note below)	11	11
Net gain on termination of leases	8	9
Miscellaneous income	*	6
	274	**227**

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

NOTES (Contd..)

to Standalone Financial Statements for the year ended 31 March 2023
(All amounts are in millions Indian ₹, unless otherwise stated)

Note 19 : Other income (Contd..)

Note: Government grants are related to investments of the Company in property, plant and equipment of the manufacturing plant set up in a backward area at Malanpur, Gwalior, India. There are no unfulfilled conditions or other contingencies attached to these grants. The Company did not benefit directly from any other forms of government assistance. Also Refer note 8.5 and 15.

Note 20 : Cost of materials consumed

	For the year ended 31 March 2023	For the year ended 31 March 2022
Raw materials as at the beginning of the year	2,853	1,993
Add: Purchases	20,221	18,607
Less: Raw materials as at the end of the year	(2,262)	(2,853)
Total cost of materials consumed	**20,812**	**17,747**

Note 21 : Changes in inventories of finished goods, work-in-progress and stock-in-trade

	For the year ended 31 March 2023	For the year ended 31 March 2022
Inventory at the beginning of the year		
– Finished goods	2,060	2,117
– Stock-in-trade (in respect of goods acquired for trading)	1,565	639
– Work-in-progress	156	123
	3,781	**2,879**
Inventory at the end of the year		
– Finished goods	2,931	2,060
– Stock-in-trade (in respect of goods acquired for trading)	642	1,565
– Work-in-progress	135	156
	3,708	**3,781**
(Increase)/decrease in inventories of finished goods, work-in-progress and stock-in-trade	**73**	**(902)**

Note 22 : Employee benefits expense

	For the year ended 31 March 2023	For the year ended 31 March 2022
Salaries, wages and bonus	2,647	2,302
Contribution to provident and other funds (Refer note 35)	194	179
Other long-term employee benefits	30	51
Staff welfare expenses	131	100
	3,002	**2,632**

Note 23 : Finance costs

	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest and finance charges on financial liabilities not at FVTPL	23	17
Interest and finance charges on lease liabilities (Refer note 3.2)	76	73
Unwinding of discount on security deposits	9	27
Others	33	28
	141	**145**

Note 24 : Depreciation and amortisation expense

	For the year ended 31 March 2023	For the year ended 31 March 2022
Depreciation of property, plant and equipment (Refer note 3.1)	623	562
Depreciation of right-of-use-assets (Refer note 3.2)	191	186
Amortisation of intangible assets (Refer note 4)	11	11
	825	**759**

NOTES (Contd..)

to Standalone Financial Statements for the year ended 31 March 2023
(All amounts are in millions Indian ₹, unless otherwise stated)

Note 25 : Other expenses

	For the year ended 31 March 2023	For the year ended 31 March 2022
Stores and spare parts consumed	40	41
Repairs and maintenance		
– Plant and machinery	346	253
– Buildings	12	17
– Others	*	*
Power and fuel	173	166
Travelling	271	180
Rates and taxes	52	38
Rent	26	23
Insurance	133	101
Freight and transport	1,507	1,402
Advertisement and publicity	916	549
Royalty	1,346	1,089
Consultancy charges	162	144
Net foreign exchange differences	17	31
Payments to auditors (Refer note 'a' below)	15	15
Corporate social responsibility expenditure (Refer note 'b' below)	66	60
IT support & maintenance	344	298
Warehouse charges	245	258
Provision for doubtful debts and advances (Refer note 'c' below)	23	(21)
Loss on sale of property, plant and equipment (net)	11	20
Sub contracting charges	476	466
Miscellaneous expenses	686	616
	6,867	**5,746**

*Amount is below rounding off norms, adopted the Company

(a) Details of payments to auditors#

	For the year ended 31 March 2023	For the year ended 31 March 2022
Statutory audit (including limited reviews)	8	8
Other audit related services	7	7
Reimbursement of expenses	*	*
	15	**15**

Excluding Goods and Service Tax

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

(b) Corporate social responsibility expenditure

	For the year ended 31 March 2023	For the year ended 31 March 2022
Vocational skill training	42	33
Promoting education	13	15
COVID19 relief work	–	2
Promoting preventive healthcare	6	5
Road safety awareness	–	1
Others	5	4
	66	**60**
Amount required to be spent as per Section 135 of the Act	66	60
Amount spent during the year on		
i) Construction/acquisition of an asset	–	2
ii) On purposes other than (i) above	66	58

NOTES (Contd..)

to Standalone Financial Statements for the year ended 31 March 2023
(All amounts are in millions Indian ₹, unless otherwise stated)

Note 25 : Other expenses (Contd..)

Details of ongoing CSR Projects under Section 135 (6) of the Act

Balance as at 1 April 2021		Amount required to be spent during the year	Amount spent during the year		Balance as at 31 March 2022	
With the Company	In separate CSR unspent account		From the Company's bank account	From separate CSR unspent Account	With the Company	In separate CSR unspent account
–	–	–	–	–	–	–

Balance as at 1 April 2022		Amount required to be spent during the year	Amount spent during the year		Balance as at 31 March 2023	
With the Company	In separate CSR unspent account		From the Company's bank account	From separate CSR unspent Account	With the Company	In separate CSR unspent account
–	–	–	–	–	–	–

Details of CSR expenditure under Section 135 (5) of the Act in respect to other than ongoing projects

Balance unspent as on 1 April 2021	Amount deposited in Specified Fund of Schedule VII of the Act within 6 months	Amount required to be spent during the year	Amount spent during the year	Balance unspent as on 31 March 2022	Balance unspent as on 1 April 2022	Amount deposited in Specified Fund of Schedule VII of the Act within 6 months	Amount required to be spent during the year	Amount spent during the year	Balance unspent as on 31 March 2023
–	–	60	60	–	–	–	66	66	–

Details of excess CSR expenditure under Section 135 (5) of the Act

Balance excess spent as at 1 April 2021	Amount required to be spent during the year	Amount spent during the year	Balance excess spent as on 31 March 2022	Balance excess spent as at 1 April 2022	Amount required to be spent during the year	Amount spent during the year	Balance excess spent as on 31 March 2023
–	60	60	–	–	66	66	–

(c) Excluding bad debts written off during the year amounting to ₹ 60 (31 March 2022 ₹ 45)

Note 26 : Exceptional items (net)

	For the year ended 31 March 2023	For the year ended 31 March 2022
Indirect tax provision related to divested business no longer required written back (Refer note 13 (a) and note below)	–	20
	–	**20**

Note: The Company had created a provision in prior years with respect to divested businesses. In the previous year, the Company had carried out the assessment of said provision and reversed the excess amount which was no longer required. This was disclosed as an exceptional item.

NOTES (Contd..)

to Standalone Financial Statements for the year ended 31 March 2023
(All amounts are in millions Indian ₹, unless otherwise stated)

Note 27 : Contingent liabilities

	As at 31 March 2023	As at 31 March 2022
(a) Claims against the Company not acknowledged as debts	59	60

The Company is contesting certain claims filed against the Company by past employees and external parties in various forums. Based on the available documentation and experts view, the Company has created provisions wherever required and for the balance matters, it believes that more likely than not, these disputes would not result in additional outflow of resources.

	As at 31 March 2023	As at 31 March 2022
(b) Contingent liability of direct and indirect tax		
Income tax matters in dispute / under appeal (Refer note below)	378	395
Sales tax/VAT matters in dispute / under appeal	58	207
Custom, Excise and Service tax matters in dispute / under appeal	180	129
	616	**731**

Note: The Income tax assessments for the Company have been completed up to the financial year ended 31 March 2018 and demands aggregating from such assessments and appellate orders amount to ₹378 (31 March 2022 - ₹395). 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) The Company has a subsidiary – 'ICI India Research and Technology Centre' which is limited by guarantee and does not have a share capital. (Refer note 5.1)

(e) There are no contingent assets as at 31 March 2023 and as at 31 March 2022.

Note 28 : Capital and other commitments

	As at 31 March 2023	As at 31 March 2022
Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	535	360
Liability on partly paid investment: Adyar Property Holding Company Limited	*	*

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

NOTES (Contd..)

to Standalone Financial Statements for the year ended 31 March 2023
(All amounts are in millions Indian ₹, unless otherwise stated)

Note 29 : Earnings per share

	As at 31 March 2023	As at 31 March 2022
Weighted average number of shares outstanding during the year	45,540,314	45,540,314
Net profit after tax available for equity shareholders	3,351	2,900
Basic earning per equity share (in ₹) [Face value of ₹ 10 each]	73.58	63.68
Diluted earning per equity share (in ₹) [Face value of ₹ 10 each]	73.58	63.68

Note 30 : Operating lease

The Company has given colour solution machines under operating leases to various dealers and customers. These have been disclosed under 'Plant and equipment -given under operating lease' in note 3.1 (Property, plant and equipment). The leases have varying terms with no escalation clause and no renewable rights. The leases are cancellable at the option of Company. The future lease rentals receivable in respect of these assets, based on the agreements in place, are as under :

	As at 31 March 2023	As at 31 March 2022
Within one year	47	54
Later than one year and not later than five years	63	45
Later than five years	*	*
	110	**99**

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

Note 31 : Fair Value Measurements

a) Financial instruments by category

Particulars	As at 31 March 2023			As at 31 March 2022		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investments in equity shares	*	–	–	*	–	–
Investment in debentures	–	–	*	–	–	*
Loans	–	–	4	–	–	4
Other financial assets	–	–	223	–	–	195
Trade receivables	–	–	5,523	–	–	4,955
Cash and cash equivalents	–	–	3,136	–	–	1,441
Other bank balances	–	–	2,499	–	–	3,142
Total financial assets	*	–	11,385	*	–	9,737
Financial liabilities						
Trade payables	–	–	8,934	–	–	8,451
Other financial liabilities	–	–	1,030	–	–	951
Other financial liabilities - Foreign exchange forward contracts	3	–	–	2	–	–
Total financial liabilities	3	–	9,964	2	–	9,402

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

b) Fair value measurement hierarchy for assets and liabilities

The following explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard.

NOTES (Contd..)

to Standalone Financial Statements for the year ended 31 March 2023
(All amounts are in millions Indian ₹, unless otherwise stated)

Note 31 : Fair Value Measurements (Contd..)

Financial assets and liabilities measured at fair value as at 31 March 2023

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial instruments at FVTPL				
– Unquoted Equity shares	–	–	*	*
Financial liabilities				
Derivative not designated as hedges				
– Foreign exchange forward contracts	–	3	–	3

Financial assets and liabilities measured at fair value as at 31 March 2022

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial instruments at FVTPL				
– Unquoted Equity shares	–	–	*	*
Financial Liabilities				
Derivative not designated as hedges				
– Foreign exchange forward contracts	–	2	–	2

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). The fair value of such financial instruments is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. This includes foreign exchange forward contracts.

Level 3 - If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.This is the case for unlisted equity securities included in level 3.There are no transfers between levels 1 and 2 during the year. The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

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

c) Valuation techniques used to determine fair value

The fair value of the financial assets and liabilities are included at the amount that would be received to sell an asset and paid to transfer a liability in an orderly transaction between market participants. The following methods were used to estimate the fair values:

- Unquoted equity shares – The valuation model is based on market multiples derived from quoted prices and price earning multiples of companies comparable to the investee and the net assets value and price earning multiples of the investee. The estimate is adjusted for the effect of the non-marketability of the relevant equity securities.
- Other non-current financial assets and liabilities: Fair value is calculated using a discounted cash flow model with market assumptions, unless the carrying value is considered to approximate the fair value.
- Derivative financial assets/liabilities: The Company enters into derivative contracts with various counterparties, principally financial institutions with investment grade credit ratings. Forward foreign currency contracts are determined using forward exchange rates at the balance sheet date.
- Trade receivables, loans, other current financial assets, trade payables and other current financial liabilities: Approximate their carrying amounts largely due to the short-term maturities of these instruments.

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.

Note 31 : Fair Value Measurements (Contd..)

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 2023		As at 31 March 2022		Level
	Carrying amount	Fair value	Carrying amount	Fair value	
Financial assets					
Investment in debentures	*	*	*	*	3
Loans	4	4	4	4	3
Other financial assets	223	223	195	195	3
Trade receivables	5,523	5,523	4,955	4,955	3
Total financial assets	**5,750**	**5,750**	**5,154**	**5,154**	
Financial liabilities					
Trade payables	8,934	8,934	8,451	8,451	3
Other financial liabilities	1,030	1,039	951	967	3
Total financial liabilities	**9,964**	**9,973**	**9,402**	**9,418**	

a) The carrying amounts of investment in debentures, loans, trade receivables, other financial assets and trade payables are considered to be the same as their fair values, due to their short-term nature.

b) The fair values for security deposits are calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

c) The fair values of financial assets and financial liabilities recorded in the balance sheet in respect of which quoted prices in active markets are available are measured using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company's activities expose it to credit risk, liquidity risk and market risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

NOTES (Contd..)

to Standalone Financial Statements for the year ended 31 March 2023
(All amounts are in millions Indian ₹, unless otherwise stated)

Note 31 : 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 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 ₹ 5,523 and ₹ 4,955 as at 31 March 2023 and 31 March 2022 respectively. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Company has a credit risk management policy in place to limit credit losses due to non-performance of financial counterparties and customers. The Company monitors its exposure to credit risk on an ongoing basis at various levels. The Company only deals with financial counterparties that have a sufficiently high credit rating. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. The Company closely monitors the acceptable financial counterparty credit ratings and credit limits and revise where required in line with the market circumstances. Due to the geographical spread and the diversity of the Company 's customers, the Company is not subject to any significant concentration of credit risks at balance sheet date.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are combined into homogenous entities and assessed for impairment collectively. The calculation is based on credit losses historical data. The Company has evaluated that the concentration of risk with respect to trade receivables to be low.

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.

Note 31 : Fair Value Measurements (Contd..)

Reconciliation of loss allowance provision – Trade receivables

	As at 31 March 2023	As at 31 March 2022
Opening balance	187	253
Changes in loss allowance (net)	(37)	(66)
Closing balance	**150**	**187**

Reconciliation of loss allowance provision – Other receivables

	As at 31 March 2023	As at 31 March 2022
Opening balance	9	9
Changes in loss allowance (net)	–	–
Closing balance	**9**	**9**

Loss allowance as at 31 March 2023 and 31 March 2022 was determined as follows under the simplified approach:

As at 31 March 2023	Not Due	0-90 days past due	91-180 days past due	181-270 days past due	271-360 days past due	More than 360 days past due	Total
Trade receivables - Considered good	4,990	453	51	42	33	104	5,673
Expected loss rate	0.52%	2.87%	11.76%	16.67%	39.39%	81.73%	2.64%
Expected credit losses– trade receivables	26	13	6	7	13	85	150
Carrying amount of trade receivables (net of impairment)	**4,964**	**440**	**45**	**35**	**20**	**19**	**5,523**

As at 31 March 2022	Not Due	0-90 days past due	91-180 days past due	181-270 days past due	271-360 days past due	More than 360 days past due	Total
Trade receivables - Considered good	4,080	754	122	40	10	136	5,142
Expected loss rate	0.64%	1.86%	7.35%	19.93%	61.54%	91.18%	3.64%
Expected credit losses– trade receivables	26	14	9	8	6	124	187
Carrying amount of trade receivables (net of impairment)	**4,054**	**740**	**113**	**32**	**4**	**12**	**4,955**

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.

NOTES (Contd..)

to Standalone Financial Statements for the year ended 31 March 2023
(All amounts are in millions Indian ₹, unless otherwise stated)

Note 31 : Fair Value Measurements (Contd..)

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

As at 31 March 2023	Contractual cash flows					
	Total	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Lease liabilities (including interest)	1,134	117	114	190	312	401
Trade and other payables	8,934	8,934	–	–	–	–
Other financial liabilities	1,030	759	124	140	7	–
Derivative financial liabilities						
Forward exchange contracts	3	3	–	–	–	–

As at 31 March 2022	Contractual cash flows					
	Total	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Lease liabilities (including interest)	1,143	110	105	198	319	411
Trade and other payables	8,451	8,451	–	–	–	–
Other financial liabilities	953	681	93	122	34	23
Derivative financial liabilities						
Forward exchange contracts	2	2	–	–	–	–

The gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

Borrowing facilities	As at 31 March 2023	As at 31 March 2022
- Expiring within one year (bank overdraft facilities)	828	840

iii. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables. The Company is exposed to market risk primarily related to foreign exchange rate risk and the market value of the investments. Thus, the Company's exposure to market risk is a function of investing and revenue generating and operating activities. The objective of market risk management is to avoid excessive exposure in financial assets and unhedged foreign currency, revenues and costs.

Currency risk

The Company is exposed to currency risk on account of its receivables and payables in foreign currency. The functional currency of the Company is Indian Rupee. The Company uses forward exchange contracts to limit its exposure of currency risk, most with a maturity of less than one year from the reporting date. The Company does not use derivative financial instruments for trading or speculative purposes.

Note 31 : Fair Value Measurements (Contd..)

Exposure to currency risk

The currency profile of financial assets and financial liabilities (other than Indian Rupees) as at 31 March 2023 and 31 March 2022 are reinstated in millions Indian Rupees which is stated below :

As at 31 March 2023	USD	Euro	Other
Financial assets			
Trade and other receivables	453	6	5
Balance in EEFC account	217	–	–
Derivative assets			
Foreign exchange forward contracts-sell foreign currency	–	–	–
Net exposure to foreign currency risk (Assets)	**670**	**6**	**5**
Financial liabilities			
Trade and other payables	895	201	98
Derivative liabilities			
Foreign exchange forward contracts-buy foreign currency	(592)	–	–
Net exposure to foreign currency risk (Liabilities)	**303**	**201**	**98**

As at 31 March 2022	USD	Euro	Other
Financial assets			
Trade and other receivables	151	264	5
Balance in EEFC account	119	–	–
Derivative assets			
Foreign exchange forward contracts-sell foreign currency	–	–	–
Net exposure to foreign currency risk (Assets)	**270**	**264**	**5**
Financial liabilities			
Trade and other payables	826	207	246
Derivative liabilities			
Foreign exchange forward contracts-buy foreign currency	(524)	–	–
Net exposure to foreign currency risk (Liabilities)	**302**	**207**	**246**

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars/EURO or other currencies as at year end would have affected the measurement of financial instruments denominated in US dollars /EURO or other currencies and affected profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Effect	Impact on Profit after tax	
	Increase	Decrease
31 March 2023		
10% movement		
USD	27	(27)
Euro	(15)	15
Others	(7)	7
	5	**(5)**

Effect	Impact on Profit after tax	
	Increase	Decrease
31 March 2022		
10% movement		
USD	(2)	2
Euro	4	(4)
Others	(18)	18
	(16)	**16**

NOTES (Contd..)

to Standalone Financial Statements for the year ended 31 March 2023
(All amounts are in millions Indian ₹, unless otherwise stated)

Note 31 : Fair Value Measurements (Contd..)

iv. Price risk

The Company's exposure to equity securities price risk arises from investments held by the Company and classified in the balance sheet either as fair value through OCI or at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

The Company considers factors such as long term credit rating, tenor of investment, minimum assured return, monetary limits, etc. while investing.

Sensitivity analysis

The table below summarises the impact of increases/decreases of the index on the Company's profit for the period. The analysis is based on the assumption that the equity index had increased by 10% or decreased by 10% with all other variables held constant, and that all the Company's equity instruments moved in line with the index.

Effect	Impact on Profit after tax	
	31 March 2023	31 March 2022
Increase 10%	*	*
Decrease 10%	*	*

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

Profit for the period would increase/decrease as a result of gains/losses on equity securities classified as fair value through profit or loss.

Note 32 : Capital management

For the purpose of the Company's capital management, capital includes issued equity share capital and all other equity reserves attributable to the equity holders of the Company. The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2022 and 31 March 2023.

	For the year ended 31 March 2023	For the year ended 31 March 2022
The following dividends were declared and paid by the Company during the year:		
Final dividend for the year ended 31 March 2022 of ₹35 per equity share (31 March 2021 ₹ 30 per equity share)	1,594	1,366
Interim dividend for the year ended 31 March 2023 of ₹25 per share (31 March 2022 ₹ 40 per share)	1,138	1,822
	2,732	**3,188**

In addition to the above dividend, directors have recommended the payment of dividend of ₹40 per equity share (31 March 2022 ₹ 35 per equity share). The proposed dividend is subject to the approval of shareholders in the ensuing Annual General Meeting.

Dividend not recognised at the end of the year	For the year ended 31 March 2023	For the year ended 31 March 2022
31 March 2023 ₹40 per equity share (31 March 2022 ₹ 35 per equity share)	1,822	1,594
	1,822	**1,594**

Note 33 : Segment information

A. General information

The chief operating decision maker (CODM) (i.e. the country leadership team comprising Managing Director, Chief Financial Officer, Head HR, Company Secretary) examines the Company's performance as a single unit (Coatings consisting of decorative, automotive and industrial paints and related activities). Therefore, there is no separate reportable segment for the Company.

NOTES (Contd..)

to Standalone Financial Statements for the year ended 31 March 2023
(All amounts are in millions Indian ₹, unless otherwise stated)

Note 33 : Segment information (Contd..)

B. Entity wide disclosures

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Revenue from operations		
Domestic	36,094	29,761
Overseas	1,927	1,725
Total	**38,021**	**31,486**

Revenue from overseas customers includes ₹ 562 from Akzo Nobel Coatings International B.V., Netherlands (31 March 2022 ₹ 513 from Akzo Nobel Car Refinishes B.V., Netherlands).

Particulars	As at 31 March 2023	As at 31 March 2022
Non current segment assets		
Domestic	6,786	6,593
Overseas	–	–

Break up of non current assets is as follows:

Particulars	As at 31 March 2023	As at 31 March 2022
Property, plant and equipment	4,096	4,151
Right-of-use assets	970	997
Capital work-in-progress	727	416
Intangible assets	41	52
Other non-current assets (excluding retirement benefit trust surplus)	952	977
Total	**6,786**	**6,593**

C. Information about major customers

No external customer individually accounted for more than 10% of the revenues during the year ended 31 March 2023 and 31 March 2022.

Note 34 : Related Party Disclosures

1. (a) The Company is controlled by:

Akzo Nobel N.V., Netherlands (Ultimate Holding Company)
Imperial Chemical Industries Limited, United Kingdom, which is wholly owned by Akzo Nobel N.V., Netherlands
Akzo Nobel Coatings International B.V., Netherlands which is wholly owned by Akzo Nobel N.V., Netherlands

(b) The Company controls the following related party:

ICI India Research and Technology Centre*

(c) Fellow subsidiaries:

Akzo Nobel Argentina S.A.	Akzo Nobel Car Refinishes B.V.
Akzo Nobel Boya Sanayi ve Ticaret A.S.	Akzo Nobel Coatings (Dongguan) Co. Ltd.
Akzo Nobel Car Refinishes (Singapore) Pte Ltd	Akzo Nobel Coatings (Jiaxing) Co. Ltd.
Akzo Nobel Chang Cheng Coatings (Guangdong) Co Ltd	Akzo Nobel Ltda
Akzo Nobel Coatings AS	Akzo Nobel Paints (Malaysia) Sdn. Bhd.
Akzo Nobel Coatings CZ a.s.	Akzo Nobel Paints (Thailand) Limited
Akzo Nobel Coatings Inc.	Akzo Nobel Paints Lanka (Pvt) Ltd
Akzo Nobel Coatings K.K.	Akzo Nobel Paints Taiwan Limited
Akzo Nobel Coatings Limited	Akzo Nobel Powder Coatings Korea Co., Ltd.
Akzo Nobel Coatings S.A.	Akzo Nobel UAE Paints L.L.C.
Akzo Nobel Coatings S.P.A.	AkzoNobel South Africa (Pty) Ltd
Akzo Nobel Coatings, S.L.U.	Compania Mexicana de Pinturas International S.A. de C.V.
Akzo Nobel Decorative Coatings B.V.	Flexcrete Technologies Limited
Akzo Nobel Global Business Services LLP	International Farbenwerke GmbH
Akzo Nobel Hilden GmbH	International Farg AB
Akzo Nobel Industrial Coatings AB	International Farvefabrik A/S

NOTES (Contd..)

to Standalone Financial Statements for the year ended 31 March 2023
(All amounts are in millions Indian ₹, unless otherwise stated)

Note 34 : Related Party Disclosures (Contd..)

Akzo Nobel Industrial Coatings Korea Ltd.	International Paint (East Russia) Limited
Akzo Nobel Industrial Coatings Sdn Bhd	International Paint (Hong Kong) Ltd.
Akzo Nobel International Paint (Suzhou) Co. Ltd.	International Paint Limited
Akzo Nobel LLC	International Paint LLC
Akzo Nobel Oman SAOC	International Paint Pazarlama Limited Sirketi
Akzo Nobel Packaging Coatings Limited	International Paint Sdn Bhd
Akzo Nobel Paints (Shanghai) Co., Ltd	International Paint (Akzo Nobel Chile) Ltda
Akzo Nobel Paints (Singapore) Pte Ltd.	International Paint (Korea) Ltd
Akzo Nobel Paints Limited	International Paint (Nederland) B.V.
Akzo Nobel Performance Coatings (Changzhou) Co., Ltd.	International Paint (Panama) Inc.
Akzo Nobel Performance Coatings (Shanghai) Co Ltd	International Paint (Taiwan) Ltd
Akzo Nobel Powder Coatings (Langfang) Co Ltd.	International Paint of Shanghai Co Ltd
Akzo Nobel Powder Coatings GMBH	International Paint Singapore Pte. Ltd.
Akzo Nobel Powder Coatings Limited	Oy International Paint (Finland) AB
Akzo Nobel Pty. Limited	Pinturas Inca S.A.
Akzo Nobel SAS	PT Akzo Nobel Car Refinishes Indonesia
Akzo Nobel Saudi Arabia Ltd.	PT ICI Paints Indonesia
Akzo Nobel Server Boya Sanayi ve Ticaret A.S.	PT International Paint Indonesia
Akzo Nobel Sourcing B.V.	Schramm Coatings GmbH
Akzo Nobel Vietnam Limited	

(d) Key Management Personnel

Mr. Oscar Wezenbeek - Non-Executive Director (upto 22 May 2021) and Chairman (from 23 May 2021)
Mr. Amit Jain - Chairman (upto 22 May 2021) and Independent Director (from 13 August 2021)
Mr. Rajiv Rajgopal - Managing Director
Mr. Krishna Rallapalli - Wholetime Director and CFO (from 1 December 2021)
Mr. Lakshay Kataria - Wholetime Director and CFO (upto 30 September 2021)
Mr. Hemant Sahai - Independent Director
Mr. Arvind Uppal - Independent Director (upto 23 May 2021)
Mr. Rahul Bhatnagar - Independent Director (upto 23 May 2021)
Ms. Smriti Vijay - Independent Director
Ms. Harshi Rastogi - Wholetime Director and CFO (from 1 October 2021 upto 30 November 2021) and Company Secretary

(e) Employee benefit trusts

Pension trusts
ICI's Associated Companies in India Employees Pension Fund
ICI India Management Staff Pension Fund
Akzo Nobel India Employees Pension Scheme
Akzo Nobel Coatings Employees Superannuation Fund

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

Provident Fund Trusts
The Alkali and Chemical Corporation of India Limited Provident Fund
ICI India Staff Provident Fund
ICI's Associated Companies in India Staff Provident Fund

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

NOTES (Contd..)

to Standalone Financial Statements for the year ended 31 March 2023
(All amounts are in millions Indian ₹, unless otherwise stated)

Note 34 : Related Party Disclosures (Contd..)

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

	Akzo Nobel N.V., Netherlands	Imperial Chemical Industries Limited, United Kingdom	Akzo Nobel Coatings International B.V.	Fellow Subsidiaries of the Company	Key Management Personnel	Employee Benefit Trusts	ICI India Research and Technology Centre	Total
	2022-23 (2021-22)	2022-23 (2021-22)	2022-23 (2021-22)	2022-23 (2021-22)	2022-23 (2021-22)	2022-23 (2021-22)	2022-23 (2021-22)	2022-23 (2021-22)
a) Transactions during the year								
Purchase of raw materials / finished goods	3	–	–	1,615	–	–	–	1,618
	(–)	(–)	(–)	(1,547)	(–)	(–)	–	(–)
Sale of finished goods	–	–	–	558	–	–	1	559
	(–)	(–)	(–)	(308)	(–)	(–)	(2)	(310)
Expenses incurred and recovered/recoverable from other Companies (Income)	–	–	–	141	–	–	11	152
	(–)	(–)	(–)	(139)	(–)	(–)	(10)	(149)
Expenses reimbursed to other Companies (Expense)	3	–	–	16	–	–	14	33
	(–)	(–)	(–)	(13)	(–)	(–)	(15)	(28)
Royalty	–	–	1,346	–	–	–	–	1,346
	(–)	(–)	(1,089)	(–)	(–)	(–)	–	(1,089)
Dividend paid	–	1,379	664	–	–	–	–	2,043
	(–)	(1,608)	(775)	(–)	(–)	(–)	–	(2,383)
Services provided (Income)	20	–	562	–	–	–	–	582
	(22)	(–)	(–)	(517)	(–)	(–)	–	(539)
Services received (expenses)	299	–	–	126	–	–	–	425
	(280)	(–)	(–)	(130)	(–)	(–)	–	(410)
Managerial remuneration Short-term employee benefits	–	–	–	–	51	–	–	51
	(–)	(–)	(–)	(–)	(48)	(–)	(–)	(48)
Post employment benefits	–	–	–	–	4	–	–	4
	(–)	(–)	(–)	(–)	(3)	(–)	(–)	(3)
Other long - term benefits	–	–	–	–	6	–	–	6
	(–)	(–)	(–)	(–)	(8)	(–)	(–)	(8)
Contributions made	–	–	–	–	–	207	–	207
	(–)	(–)	(–)	(–)	(–)	(192)	(–)	(192)
Purchase of property plant & equipment	3	–	–	–	–	–	–	3
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Guarantee issued on behalf of the Company for credit facilities from banks	850	–	–	–	–	–	–	850
	(850)	(–)	(–)	(–)	(–)	(–)	(–)	(850)

	Akzo Nobel N.V., Netherlands	Imperial Chemical Industries Limited, United Kingdom	Akzo Nobel Coatings International B.V.	Fellow Subsidiaries of the Company	Key Management Personnel	Employee Benefit Trusts	ICI India Research and Technology Centre	Total
	2022-23 (2021-22)	2022-23 (2021-22)	2022-23 (2021-22)	2022-23 (2021-22)	2022-23 (2021-22)	2022-23 (2021-22)	2022-23 (2021-22)	2022-23 (2021-22)
b) Balances as at the end of the year								
Dues to related parties	120	–	622	640	35	–	–	1,417
	(639)	(–)	(552)	(702)	(34)	(–)	(1)	(1,928)
Dues from related parties	15	–	148	248	–	–	*	411
	(5)	(–)	(–)	(454)	(–)	(–)	(*)	(459)
Guarantee issued on behalf of the Company for credit facilities from banks	850	–	–	–	–	–	–	850
	(850)	(–)	(–)	(–)	(–)	(–)	(–)	(850)

NOTES (Contd..)

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Note 34 : Related Party Disclosures (Contd..)

	Akzo Nobel N.V., Netherlands	Imperial Chemical Industries Limited, United Kingdom	Akzo Nobel Coatings International B.V.	Fellow Subsidiaries of the Company	Key Management Personnel	Employee Benefit Trusts	ICI India Research and Technology Centre	Total
	2022-23 (2021-22)	2022-23 (2021-22)	2022-23 (2021-22)	2022-23 (2021-22)	2022-23 (2021-22)	2022-23 (2021-22)	2022-23 (2021-22)	2022-23 (2021-22)
c) Share Capital outstanding as at end of the year	–	230	111	–	–	–	–	341
	(–)	(230)	(111)	(–)	(–)	(–)	(–)	(341)

Terms and conditions of transactions with related parties

- The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and settlement occurs in cash.
- There have been no guarantees provided or received for any related party receivables or payables.
- For the year ended 31 March 2023 (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 2021-22.

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

d) Disclosure in respect of transactions / balances which are more than 10% of the total transactions / balances of the same type with related parties.

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Purchase of materials / finished goods		
PT Akzo Nobel Car Refinishes Indonesia	470	329
Akzo Nobel Hilden GmbH	127	256
Others	1,021	962
	1,618	**1,547**
Sales of finished goods		
Akzo Nobel Vietnam Limited	64	8
PT ICI Paints Indonesia	82	89
PT International Paint Indonesia	107	4
Akzo Nobel Paints (Malaysia) Sdn. Bhd.	70	52
Akzo Nobel Paints (Thailand) Limited	60	38
Others	176	119
	559	**310**
Expenses incurred and recovered/recoverable from other Companies (Income)		
Akzo Nobel Sourcing B.V.	92	–
Akzo Nobel Global Business Services LLP	25	132
Akzo Nobel Paints (Singapore) Pte. Ltd.	17	13
Others	18	4
	152	**149**
Expenses reimbursed to other Companies (Expense)		
Akzo Nobel Paints (Singapore) Pte. Ltd.	16	13
Akzo Nobel N.V., Netherlands	3	–
ICI India Research and Technology Centre	14	15
Others	–	*
	33	**28**
Royalty		
Akzo Nobel Coatings International B.V.	1,346	1,089
	1,346	**1,089**

NOTES (Contd..)

to Standalone Financial Statements for the year ended 31 March 2023
(All amounts are in millions Indian ₹, unless otherwise stated)

Note 34 : Related Party Disclosures (Contd..)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Dividend paid		
Imperial Chemical Industries Limited, United Kingdom	1,379	1,608
Akzo Nobel Coatings International B.V.	664	775
	2,043	**2,383**
Services provided (Income)		
Akzo Nobel Coatings International B.V., Netherlands	562	–
Akzo Nobel Car Refinishes B.V.	–	513
Others	20	26
	582	**539**
Services received (Expense)		
Akzo Nobel N.V. Netherlands	299	280
Akzo Nobel Global Business Services LLP	126	130
	425	**410**
Managerial remuneration		
Mr. Rajiv Rajgopal	31	32
Mr. Krishna Rallapalli	14	5
Mr. Lakshay Kataria	–	6
Ms. Harshi Rastogi	11	10
Others	5	6
	61	**59**
Contributions made		
The Alkali and Chemical Corporation of India Limited Provident Fund	191	189
Others	16	3
	207	**192**
Purchase of property plant & equipment		
Akzo Nobel N.V. Netherlands	3	–
	3	**–**
Guarantee issued on behalf of the Company for credit facilities from banks		
Akzo Nobel N.V. Netherlands	850	850
	850	**850**

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

Particulars	As at 31 March 2023	As at 31 March 2022
Dues to related parties		
Akzo Nobel Coatings International B.V.	622	552
Akzo Nobel N.V. Netherlands	120	639
Others	675	737
	1,417	**1,928**
Dues from related parties		
Akzo Nobel Coatings International B.V.	148	–
Akzo Nobel Car Refinishes B.V.	–	264
Akzo Nobel Paints (Malaysia) Sdn. Bhd.	58	13
Others	205	182
	411	**459**
Share capital outstanding		
Imperial Chemical Industries Limited, United Kingdom	230	230
Akzo Nobel Coatings International B.V.	111	111
	341	**341**
Guarantee issued on behalf of the Company for credit facilities from banks		
Akzo Nobel N.V. Netherlands	850	850
	850	**850**

NOTES (Contd..)

to Standalone Financial Statements for the year ended 31 March 2023
(All amounts are in millions Indian ₹, unless otherwise stated)

Note 35 : Employee benefits

Defined benefit plans

The Company makes specified monthly contributions towards employees' provident fund and pension to the trusts administered by the Company for certain employees. The minimum interest payable by the provident fund trusts to the beneficiaries every year is notified by the Government. The Company has an obligation to make good the shortfall of interest (basis the actuarial valuation), if any, as at the date of the Balance Sheet.
The liability or asset recognised in the balance sheet in respect of defined benefit pension, provident fund and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuary using the projected unit credit method. The Gratuity Plan provides a lump sum payment to vested employees as per Payment of Gratuity Act, 1972 at retirement, disability or termination of employment being an amount based on the respective employee's last drawn salary and the number of years of employment with the Company. Also Refer note 27 (c).

Post-retirement medical benefits

The Company provides post-retirement healthcare benefits to its employees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit plans i.e. actuarial valuation using the projected unit credit method. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the period in which they arise.

Defined contribution plans

Defined contribution plans are provident fund scheme, superannuation scheme and part of the pension scheme for eligible employees. The Company recognises contribution payable to the respective employee benefit fund as an expenditure, as and when they are due. The Company has no further payment obligations once the contributions have been made. Also Refer note 27 (c).

Other long-term employee benefit obligations

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

Significant Estimates : Employee benefit obligations are determined using actuarial valuations. An actuarial valuation involves making appropriate assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

NOTES (Contd..)

to Standalone Financial Statements for the year ended 31 March 2023
(All amounts are in millions Indian ₹, unless otherwise stated)

Note 35 : Employee benefits (Contd..)

	Gratuity		Pension		Post retirement medical benefit		Provident Fund	
	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2023	For the year ended 31 March 2022
(A) Employee benefit expense recognised in Statement of Profit and Loss								
(a) Current service cost	57	53	2	2	4	4	90	89
(b) Interest cost (net)	20	13	(3)	(4)	22	20	2	2
(c) Past service cost - plan amendments	–	–	–	–	–	–	–	–
Total expense / (gain)	**77**	**66**	**(1)**	**(2)**	**26**	**24**	**92**	**91**
Remeasurements recognised directly in other comprehensive income								
(a) Return on plan assets (greater)/less than discount rate	7	(1)	(9)	(5)	–	–	65	(39)
(b) Actuarial (gains) / losses								
– from changes in demographic assumptions	3	–	1	2	5	–	1	–
– from changes in financial assumptions	(5)	(20)	(4)	(5)	(21)	(16)	(23)	(5)
– Experience adjustments	20	42	(2)	4	3	6	13	33
(c) Adjustment for limit on net asset	–	–	14	4	–	–	–	–
Total expense / (gain)	**25**	**21**	*	*	**(13)**	**(10)**	**56**	**(11)**

	Gratuity		Pension		Post retirement medical benefit		Provident Fund	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
(B) Net Asset / (Liability) as at year end								
(a) Present value of obligations as at year end	752	670	79	89	336	341	1,976	1,742
(b) Fair value of plan assets as at year end	333	355	252	247	–	–	1,875	1,709
(c) Fair value of plan assets, limited to present value of future contributions	333	355	131	146	–	–	1,875	1,709
Net Asset / (Liability) (b)-(a)	**(419)**	**(315)**	**173**	**158**	**(336)**	**(341)**	**(101)**	**(33)**
Net Asset / (Liability) recognised in Balance Sheet (c)-(a)	**(419)**	**(315)**	**52**	**57**	**(336)**	**(341)**	**(101)**	**(33)**
(Refer below details for amount recognised in balance sheet)								
Provision in Balance Sheet (Refer note 13)								
Current	(3)	(2)	–	–	(27)	(25)	–	–
Non-Current	(416)	(313)	–	–	(309)	(316)	(101)	(33)
	(419)	**(315)**	**–**	**–**	**(336)**	**(341)**	**(101)**	**(33)**
Retirement Benefit Trust Surplus (Refer note 6.1)								
Current	–	–	–	–	–	–	–	–
Non-Current	–	–	52	57	–	–	–	–
	–	**–**	**52**	**57**	**–**	**–**	**–**	**–**
Net Asset / (Liability) recognised in Balance Sheet								
Current	(3)	(2)	–	–	(27)	(25)	–	–
Non-Current	(416)	(313)	52	57	(309)	(316)	(101)	(33)
	(419)	**(315)**	**52**	**57**	**(336)**	**(341)**	**(101)**	**(33)**

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

NOTES (Contd..)

to Standalone Financial Statements for the year ended 31 March 2023
(All amounts are in millions Indian ₹, unless otherwise stated)

Note 35 : Employee benefits (Contd..)

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 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
(C) Change in defined benefit obligations during the year								
Present value of obligations at beginning of the year	670	581	89	94	341	344	1,742	1,480
(a) Current service cost	57	53	2	2	4	4	90	89
(b) Interest cost	42	34	5	5	22	20	117	93
(c) Benefits paid	(37)	(22)	(12)	(13)	(17)	(17)	(167)	(131)
(d) Actuarial (gains) / losses	19	23	(5)	1	(14)	(10)	(9)	28
(e) Employee contributions	–	–	–	–	–	–	111	110
(f) Other adjustments	1	1	–	–	–	–	92	73
Present value of obligations at end of the year	**752**	**670**	**79**	**89**	**336**	**341**	**1,976**	**1,742**
(D) Change in fair value of plan assets during the year								
Fair value of plan assets as at beginning of the year	355	352	247	247	–	–	1,709	1,447
(a) Return on plan assets (greater)/less than discount rate	(7)	1	9	5	–	–	(64)	40
(b) Interest income on plan assets	22	21	15	14	–	–	115	91
(c) Company contributions	–	3	–	–	–	–	81	79
(d) Employee contributions	–	–	–	–	–	–	111	110
(e) Benefits paid	(37)	(22)	(12)	(13)	–	–	(167)	(131)
(f) Adjustment of defined contribution	–	–	(7)	(6)	–	–	90	73
(g) Acquisition cost	–	–	–	–	–	–	–	–
Fair value of plan assets	**333**	**355**	**252**	**247**	**–**	**–**	**1,875**	**1,709**
(E) Change in Irrevocable Surplus								
Irrevocable Surplus as at the beginning of the year	–	–	101	92	–	–	–	–
(a) Interest in Irrevocable Surplus	–	–	7	6	–	–	–	–
(b) Change in Irrevocable Surplus in excess of interest	–	–	13	3	–	–	–	–
Irrevocable Surplus as at the end of the year	**–**	**–**	**121**	**101**	**–**	**–**	**–**	**–**
(F) Expected maturity analysis of undiscounted defined benefit plans								
Less than a year	100	97	17	17	27	26	313	287
Between 1-2 years	101	94	16	16	28	26	292	265
Between 2-5 years	307	277	41	41	85	81	632	571
Over 5 years	547	464	41	41	142	137	1,311	1,179
Total	**1,055**	**932**	**115**	**115**	**282**	**270**	**2,548**	**2,302**
(G) Weighted Average Duration	7	6	7	6	7	6	7	6
(H) Sensitivity Analysis								
Discount Rate (%age)								
Effect on DBO due to 0.5% increase in Discount Rate	–2.9%	–2.8%	–3.8%	–3.4%	–4.8%	–5.0%	–1.9%	–1.9%
Effect on DBO due to 0.5% decrease in Discount Rate	3.1%	3.0%	3.8%	4.5%	5.1%	5.3%	1.9%	1.9%
Salary Escalation Rate (%age)								
Effect on DBO due to 0.5% increase in Salary Escalation Rate	2.9%	2.8%	–	–	–	–	–	–

NOTES (Contd..)

to Standalone Financial Statements for the year ended 31 March 2023
(All amounts are in millions Indian ₹, unless otherwise stated)

Note 35 : Employee benefits (Contd..)

	Gratuity		Pension		Post retirement medical benefit		Provident Fund	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
Effect on DBO due to 0.5% decrease in Salary Escalation Rate	–2.8%	–2.7%	–	–	–	–	–	–
Medical Inflation Rate (%)								
Effect on DBO due to 0.5% increase in Medical Inflation	–	–	–	–	4.5%	4.7%	–	–
Effect on DBO due to 0.5% decrease in Medical Inflation	–	–	–	–	–4.2%	–4.4%	–	–
Mortality Rate (%)								
Effect on DBO if Post retirement medical rates are scaled up by one year	–	–	–	–	–6.3%	–5.3%	–	–
Effect on DBO if Post retirement medical rates are scaled down by one year	–	–	–	–	4.2%	5.6%	–	–

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet. The method and type of assumptions used in preparing the sensitivity analysis did not change as compared to previous year.

(I) Other long-term employee benefit obligations

	Long service award obligation		Pension obligation		Leave obligation	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
Current	(3)	(3)	–	–	(166)	(160)
Non-Current	(14)	(13)	(2)	(3)	–	–
Total	**(17)**	**(16)**	**(2)**	**(3)**	**(166)**	**(160)**

(J) Expected contributions to defined benefit plans for the year ending on 31 March 2024 is ₹318 (31 March 2023 ₹ 241).

(K) Major category of plan assets

	Gratuity				Pension				Provident Fund			
	As at 31 March 2023		As at 31 March 2022		As at 31 March 2023		As at 31 March 2022		As at 31 March 2023		As at 31 March 2022	
	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount
Government of India Securities (Central and State)	6%	19	9%	31	15%	38	24%	58	56%	1040	57%	967
High Quality Corporate Bonds (including Public sector bonds)	7%	24	7%	25	18%	45	19%	46	35%	661	34%	594
Cash (including special deposits)	14%	47	18%	62	11%	27	4%	9	4%	83	5%	79
Scheme of Insurance-conventional Products	35%	119	17%	62	–	–	–	–	–	–	–	–
Scheme of Insurance-ULIP products	32%	108	44%	155	–	–	–	–	–	–	–	–
Other	6%	16	5%	20	56%	142	53%	134	5%	91	4%	69
	100%	**333**	**100%**	**355**	**100%**	**252**	**100%**	**247**	**100%**	**1,875**	**100%**	**1709**

NOTES (Contd..)

to Standalone Financial Statements for the year ended 31 March 2023
(All amounts are in millions Indian ₹, unless otherwise stated)

Note 35 : Employee benefits (Contd..)

Actuarial Assumptions

	2022-23	2021-22
Discount Rate (annual)	7.10%	6.50%
Salary growth rate	7.50%	7.00%
Expected rate of return (annualised)	7.50%	7.25%
Medical Inflation Rate	8.00%	8.00%

(L) Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset Volatility: The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a return lesser than the yield. Most of the plan asset investments are in fixed income securities with high grades and in government securities. These are subject to interest rate risk and the fund manages interest rate risk to minimise risk to an acceptable level.

Changes in bond yields: The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

Inflation risks: In the pension plans, the pensions in payment are not linked to inflation, so this is a less material risk.

Life expectancy: The pension and medical plan obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant where inflationary conditions result in higher sensitivity to changes in life expectancy.

The Company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the employee benefit plans. Within this framework, the Company's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due.

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

Note 36 : Analytical ratios

The following reflects the ratios and data used in the computation:

Ratio	Numerator		Denominator		Ratio		% Variance
	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	
(a) Current ratio = Current assets / Current liabilities	18,671	17,595	12,636	11,836	1.5	1.5	(0.6%)
(b) Debt-equity ratio = Total debt / Shareholder's equity	697	705	13,156	12,588	5.3%	5.6%	(5.4%)
(c) Debt service coverage ratio = Earning available for debt service / Debt service	4,358	3,484	241	226	18.1	15.4	17.3%
(d) Return on equity ratio = Net profits after taxes / Average shareholder's equity	3,351	2,900	12,872	12,732	26.0%	22.8%	14.3%
(e) Inventory turnover ratio = Cost of goods sold / Average inventory	22,901	18,784	6,311	5,763	3.6	3.3	11.3%
(f) Trade receivables turnover ratio = Total sales / Average trade receivables	38,021	31,486	5,239	4,543	7.3	6.9	4.7%
(g) Trade payables turnover ratio = Total purchase / Average trade payables	29,103	26,299	8,693	8,218	3.3	3.2	4.6%
(h) Net capital turnover ratio = Total sales / Working capital	38,021	31,486	6,035	5,759	6.3	5.5	15.2%
(i) Net profit ratio = Net profit after tax / Total sales	3,351	2,900	38,021	31,486	8.8%	9.2%	(4.3%)
(j) Return on capital employed = Earning before interest and taxes / Capital employed	4,700	3,812	12,577	12,048	37.4%	31.6%	18.1%
(k) Return on investment = Earning before interest and taxes / Total assets	4,700	3,812	27,392	25,905	17.2%	14.7%	16.6%

Note 36 : Analytical ratios (Contd..)

Notes:

(i) Debt = Lease liabilities

(ii) Earning available for debt service = Profit for the year + Finance costs + Depreciation and amortization expense - Provisions written back to the extent no longer required +/(-) Provision for doubtful debts and advances +/(-) Provision for inventory obsolescence made + Loss on sale of property, plant and equipment (net) + Unrealized foreign currency (gain)/loss (net) - Exceptional items (net)

(iii) Debt service = Interest & principal repayments including lease payments

(iv) Total sales = Revenue from operations

(v) Total purchases = Purchase of stock-in-trade + Purchases of raw materials + Other expenses (excluding - Net foreign exchange differences, Corporate social responsibility expenditure, Provision for doubtful debts and advances and Loss on sale of property, plant and equipment) + staff welfare expenses

(vi) Working capital = Current assets - Current liabilities

(vii) Earning before interest and taxes = Profit before tax + Finance costs

(viii) Capital employed = Tangible Net worth + Total debt - Deferred tax assets (net)

(ix) Tangible Net worth = Total assets - Total liabilities - Intangible assets - Right-of-use assets

Note 37 : Disclosure of transactions with struck off companies

Details of transactions entered into by Company with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956 are as follows:

Name of struck off Company	Nature of transactions with struck off Company	Balance outstanding as at 31 March 2023	Balance outstanding as at 31 March 2022	Relationship with the struck off Company
Kohinoor Mills Limited	Investment in equity instruments*	–	–	None

*The Company had an investment of five equity shares, having a par value of ₹100 per share, which was written off during the previous year. The carrying value of investment was below the rounding off norms adopted by the Company.

Note 38 : Additional regulatory information required by Schedule III

(i) Details of benami property held

No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

(ii) Borrowing secured against current assets

The Company does not have any borrowings from banks and financial institutions on the basis of security of current assets.

(iii) Wilful defaulter

The Company is not declared wilful defaulter by any bank or financial institution or government or any government authority.

(iv) Compliance with number of layers of companies

The Company has complied with the number of layers prescribed under the Companies Act, 2013.

(v) Compliance with approved scheme(s) of arrangements

The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

NOTES (Contd..)

to Standalone Financial Statements for the year ended 31 March 2023
(All amounts are in millions Indian ₹, unless otherwise stated)

Note 38 : Additional regulatory information required by Schedule III (Contd..)

(vi) Utilisation of borrowed funds and share premium

The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

(vii) Undisclosed income

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

(viii) Details of crypto currency or virtual currency

The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.

(ix) Valuation of Property, plant and equipment and intangible asset

The Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.

Note 39 : The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of The Income Tax Act, 1961. Since the law requires such information and documentation to be contemporaneous in nature, the Company is in process of updating the documentation of international transactions with the Associated Enterprises during the financial year and expects such records to be in existence latest by the due date of filing the return of income. The management is of the opinion that its international transactions are at arm's length so that aforesaid legislation will not have any material impact on the Standalone Financial Statements, particularly on the amount of tax expense and that of provision for taxation.

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: 23 May 2023

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

Oscar Wezenbeek
Chairman
DIN : 08432564

Place: Singapore
Date: 23 May 2023

Rajiv Rajgopal
Managing Director
DIN : 06685599

Place: Gurugram
Date: 23 May 2023

Krishna Rallapalli
Wholetime Director and CFO
DIN : 03384607

Place: Gurugram
Date: 23 May 2023

Harshi Rastogi
Company Secretary
ACS 13642

Place: Gurugram
Date: 23 May 2023

CONSOLIDATED FINANCIAL STATEMENTS

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Homes are now beautiful outside, cooler inside!

Imagine having to cope with summer temperatures over 45˚C. For residents of Jodhpur in India, it's a reality every year. As part of our recent "Let's Colour" project here, we coated the roofs of 100 homes with Dulux Weathershield Protect. It contains SunReflect pigments that reduce surface temperatures by up to 5˚C – helping to keep interiors cooler and in turn, making homes more liveable.

INDEPENDENT AUDITOR'S 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 2023, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

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 2023, and consolidated total comprehensive income (comprising profit and other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
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 revenue when control of the goods is transferred to the customer at an amount that reflects the net consideration, which the Holding Company expects to receive for those goods from customers. The sales arrangements are voluminous and in determining the sales price, the Holding Company considers the effects of variable consideration, which requires estimation, leading to complexities and application of significant effort and judgment.	Our audit procedures included the following: • We assessed the design and tested the operating effectiveness of internal controls related to recognition of revenue including variable consideration. • We tested sales transactions on a sample basis, by comparing the underlying sales invoices, sales orders and dispatch documents to assess whether revenue was recognised appropriately. • We assessed the underlying assumptions and estimates used for determination of variable consideration. • We tested rebates and discount provided to the customers on a sample basis, comparing the same with underlying approvals and terms of the contracts and schemes offered to customers. • We assessed the adequacy of the disclosures made in the Consolidated Financial Statements in respect of revenue recognition.

Key audit matter	How our audit addressed the key audit matter
Considering these significant 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 27(b) (Contingent liabilities), Note 6.2 [Non-current tax assets (net)], Note 13 (Provisions) to the Consolidated Financial Statements]. As at 31 March 2023, the Holding Company is subjected to a number of significant income tax litigations relating to disallowance of expenses, transfer pricing adjustments etc. and indirect tax litigations relating to taxable turnover, availability of statutory forms etc. (together referred to as "tax litigations"). These matters are in appeal before various judicial forums. The eventual outcome of tax litigations is uncertain and the positions taken by the management are based on the application of significant judgement and estimation. The assessment of the tax matters requires application and interpretation of tax laws and reference to applicable judicial pronouncements. Based on management judgement and advice from external legal and tax consultants and considering the merits of the case, the Holding Company has recognised provisions wherever required and for the balance matters, where the management expects favourable outcome, the tax litigations have been disclosed as contingent liabilities in the Consolidated Financial Statements unless the possibility of outflow of resources is considered to be remote. We identified this matter as a key audit matter as the ultimate outcome of matters is uncertain and the positions taken by the management are based on the application of significant judgement, related legal advice including those relating to interpretation of laws and regulations.	Our procedures included the following: • Obtained an understanding of the process and controls designed and implemented by the management and tested the design and operating effectiveness of relevant controls; • Obtained an understanding of the tax litigations through enquiry with the management, including the significant developments, additions and settlements during the year and subsequent to the year-end; • Inspected demand notices received from the tax authorities and evaluated the Holding Company's response to those matters; • Obtained independent confirmations from the Holding Company's external tax experts including the status of the significant tax litigations, their views regarding the likely outcome and magnitude of the potential exposure; • Involved specialists to evaluate the management's assessment on the likely outcome and potential magnitude on complex or significant tax matters as considered necessary; and • Assessing the adequacy of the Holding Company's disclosures in respect of litigations. We did not identify any significant exceptions to the management's assessment of the ongoing tax litigations as a result of the above procedures.

Other Information

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

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

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

We have nothing to report in this regard.

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

6. The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

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

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

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

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

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

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

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

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

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

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

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

11. We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Financial Statements of which we are the

independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Report on Other Legal and Regulatory Requirements

14. This report does not contain a statement on the matter specified in paragraph 3(xxi) of 'the Companies (Auditor's Report) Order, 2020' ("CARO 2020") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act as, in our opinion, and according to the information and explanations given to us, CARO 2020 is not applicable to the subsidiary included in these Consolidated Financial Statements and there are no qualifications or adverse remarks in our CARO 2020 report issued in respect of the Standalone Financial Statements of the Holding Company.

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

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

    (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books, except that the backup of the books of account and other books and papers maintained in electronic mode for the Holding Company has not been maintained on a daily basis on servers physically located in India.

    (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the Consolidated Financial Statements.

    (d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act.

    (e) On the basis of the written representations received from the directors of the Holding Company and its subsidiary as on 31 March 2023 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 2023 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 a daily basis on servers physically located in India.

    (g) With respect to the adequacy of internal financial controls with reference to Consolidated Financial Statements of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A".

    (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

        i. The Consolidated Financial Statements disclose the impact, if any, of pending litigations on the consolidated financial position of the Group - Refer Note 27 to the Consolidated Financial Statements.

        ii. The Group was not required to recognise a provision as at 31 March 2023 under the applicable law or accounting standards, as it does not have any material foreseeable losses on long-term contracts. The Group did not have any long-term derivative contracts as at 31 March 2023.

        iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India during the year.

        iv. (a) The respective managements of the Holding Company and its subsidiary which are companies incorporated in India whose financial statements have been audited under the Act have represented to us that, to the best of their knowledge and belief, as disclosed in the notes to the Consolidated Financial Statements, no funds (which are

material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or its subsidiary to or in any other person(s) or entity(ies), including foreign entities ["Intermediary(ies)"], with the understanding, whether recorded in writing or otherwise, that the Intermediary(ies) shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or its subsidiary ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. Refer Note 38 to the Consolidated Financial Statements.

(b) The respective managements of the Holding Company and its subsidiary which are companies incorporated in India whose financial statements have been audited under the Act have represented to us that, to the best of their knowledge and belief, as disclosed in the notes to the Consolidated Financial Statements, no funds (which are material either individually or in the aggregate) have been received by the Holding Company or its subsidiary from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or its subsidiary shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Ultimate Beneficiaries or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. Refer Note 38 to the Consolidated Financial Statements.

(c) Based on the audit procedures, that have been considered reasonable and appropriate in the circumstances, performed by us, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) of Rule 11(e) contain any material misstatement.

v. The dividend declared and paid during the year by the Holding Company is in compliance with Section 123 of the Act, except for the delay in transferring the amount of final dividend for the year ended 31 March 2022, to a separate bank account within the timeline specified in sub-section (4) of section 123 of the Act. The subsidiary company has not declared or paid any dividend during the year.

vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 (as amended), which provides for books of account to have the feature of audit trail, edit log and related matters in the accounting software used by the Group, is applicable to the Group only with effect from financial year beginning April 1, 2023, the reporting under clause (g) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), is currently not applicable.

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: 23078571BGXZHT4305

Place: Gurugram
Date: 23 May 2023

ANNEXURE TO INDEPENDENT AUDITOR'S REPORT

Annexure A

Referred to in paragraph 15(g) of the Independent Auditor's Report of even date to the members of Akzo Nobel India Limited on the Consolidated Financial Statements for the year ended 31 March 2023

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

1. In conjunction with our audit of the Consolidated Financial Statements of the Akzo Nobel India Limited as of and for the year ended 31 March 2023, we have audited the internal financial controls with reference to Consolidated Financial Statements of Akzo Nobel India Limited (hereinafter referred to as "the Holding Company") and its subsidiary company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding Company and its subsidiary company, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements is applicable, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Consolidated Financial Statements were established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls with reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

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

Opinion

8. In our opinion, the Holding Company and its subsidiary company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to Consolidated Financial Statements and such internal financial controls with reference to Consolidated Financial Statements were operating effectively as at 31 March 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

Anurag Khandelwal
Partner
Membership Number: 078571
UDIN: 23078571BGXZHT4305

Place: Gurugram
Date: 23 May 2023

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2023

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

	Notes	As at 31 March 2023	As at 31 March 2022
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	4,098	4,153
Right-of-use assets	3.2	970	997
Capital work-in-progress	3.3	727	416
Intangible assets	4	41	52
Financial assets			
(i) Investments	5.1	*	*
(ii) Loans	5.2	4	4
(iii) Other financial assets	5.3	87	86
Deferred tax assets (net)	14	266	196
Non-current tax assets (net)	6.2	1,526	1,374
Other non-current assets	6.1	1,004	1,034
Total non-current assets		**8,723**	**8,312**
Current assets			
Inventories	7	5,979	6,644
Financial assets			
(i) Trade receivables	8.1	5,523	4,955
(ii) Cash and cash equivalents	8.2	3,147	1,450
(iii) Bank balances other than (ii) above	8.3	2,496	3,135
(iv) Loans	8.4	*	*
(v) Other financial assets	8.5	139	116
Other current assets	9	1,398	1,304
Total current assets		**18,682**	**17,604**
Total assets		**27,405**	**25,916**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	10	455	455
Other equity	11	12,708	12,140
Total equity		**13,163**	**12,595**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Lease liabilities	3.2	530	551
(ii) Other financial liabilities	12	147	179
Other non-current liabilities	15	77	69
Provisions	13	849	684
Total non-current liabilities		**1,603**	**1,483**
Current liabilities			
Financial liabilities			
(i) Lease liabilities	3.2	167	154
(ii) Trade payables	16.1		
- Total outstanding dues of micro enterprises and small enterprises		214	139
- Total outstanding dues of creditors other than micro enterprises and small enterprises		8,721	8,312
(iii) Other financial liabilities	16.2	886	774
Other current liabilities	17	2,265	2,037
Provisions	13	386	422
Total current liabilities		**12,639**	**11,838**
Total liabilities		**14,242**	**13,321**
Total equity and liabilities		**27,405**	**25,916**

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

The notes from note no. 1 to 39 form an integral part of these Consolidated Financial Statements.

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

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

Anurag Khandelwal
Partner
Membership No. : 078571

Place: Gurugram
Date: 23 May 2023

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

Oscar Wezenbeek
Chairman
DIN : 08432564

Place: Singapore
Date: 23 May 2023

Rajiv Rajgopal
Managing Director
DIN : 06685599

Place: Gurugram
Date: 23 May 2023

Krishna Rallapalli
Wholetime Director and CFO
DIN : 03384607

Place: Gurugram
Date: 23 May 2023

Harshi Rastogi
Company Secretary
ACS 13642

Place: Gurugram
Date: 23 May 2023

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31 MARCH 2023

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

	Notes	For the year ended 31 March 2023	For the year ended 31 March 2022
Revenue from operations	18	38,021	31,486
Other income	19	274	227
Total income		**38,295**	**31,713**
Expenses			
Cost of materials consumed	20	20,812	17,747
Purchases of stock-in-trade		2,016	1,939
Changes in inventories of finished goods, work-in-progress and stock-in-trade	21	73	(902)
Employee benefits expense	22	3,011	2,640
Finance costs	23	141	145
Depreciation and amortisation expense	24	825	759
Other expenses	25	6,858	5,737
Total expenses		**33,736**	**28,065**
Profit before exceptional items and tax		**4,559**	**3,648**
Exceptional items (net)	26	–	20
Profit before tax		**4,559**	**3,668**
Income tax expense:			
Current tax	14	1,261	782
Deferred tax		(53)	(15)
Total tax expense		**1,208**	**767**
Profit after tax for the year (A)		**3,351**	**2,901**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit plans	35	(68)	(1)
Changes in fair value of equity instruments at FVOCI	5.1	–	–
Income tax relating to the above items	14	17	*
Other comprehensive income for the year (B)		**(51)**	**(1)**
Total comprehensive income for the year (A + B)		**3,300**	**2,900**
*Amount is below rounding off norms, adopted by the Group			
Earnings per equity share attributable to owners of Akzo Nobel India Limited:	29		
Basic earning per equity share (in ₹) [Face value of ₹ 10 each]		73.58	63.70
Diluted earning per equity share (in ₹) [Face value of ₹ 10 each]		73.58	63.70

The notes from note no. 1 to 39 form an integral part of these Consolidated Financial Statements.

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

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

Anurag Khandelwal
Partner
Membership No. : 078571

Place: Gurugram
Date: 23 May 2023

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

Oscar Wezenbeek
Chairman
DIN : 08432564

Place: Singapore
Date: 23 May 2023

Rajiv Rajgopal
Managing Director
DIN : 06685599

Place: Gurugram
Date: 23 May 2023

Krishna Rallapalli
Wholetime Director and CFO
DIN : 03384607

Place: Gurugram
Date: 23 May 2023

Harshi Rastogi
Company Secretary
ACS 13642

Place: Gurugram
Date: 23 May 2023

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

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

		Notes	For the year ended 31 March 2023	For the year ended 31 March 2022
A	**Cash flow from operating activities**			
	Profit before tax		4,559	3,668
	Adjustments for:			
	Depreciation and amortisation expense	24	825	759
	Loss on sale of property, plant and equipment (net)	25	11	20
	Net gain on termination of leases	19	(8)	(9)
	Exceptional items (net)	26	–	(20)
	Provision for inventory obsolescence made / (written back)		93	(81)
	Provision for doubtful debts and advances made / (written back)	25	23	(21)
	Net foreign exchange differences		5	(29)
	Provision/liabilities no longer required written back	18	(92)	(190)
	Government grants	19	(11)	(11)
	Interest income	19	(255)	(194)
	Gain on sale of investments	19	–	(7)
	Finance costs	23	141	145
	Operating profit before change in operating assets and liabilities		**5,291**	**4,030**
	(Increase) / Decrease in trade receivables		(601)	(799)
	(Increase) / Decrease in inventories		572	(1,681)
	(Increase) / Decrease in loans		*	*
	(Increase) / Decrease in other financial assets		(1)	(10)
	(Increase) / Decrease in other assets		80	(253)
	Increase / (Decrease) in trade payables		573	697
	Increase / (Decrease) in other financial liabilities		90	(77)
	Increase / (Decrease) in provisions		60	80
	Increase / (Decrease) in other liabilities		223	359
	Cash generated from operations		**6,287**	**2,346**
	Income taxes paid (net)		(1,425)	(1,132)
	Net cash inflow from operating activities (A)		**4,862**	**1,214**
B	**Cash flow from investing activities**			
	Payments for purchase of property, plant and equipment		(1,043)	(634)
	Proceeds from sale of investments		–	13
	Bank deposits		639	2,738
	Interest received		253	187
	Net cash inflow / (outflow) from investing activities (B)		**(151)**	**2,304**
C	**Cash flow from financing activities**			
	Principal element of lease payments		(165)	(153)
	Dividend paid		(2,732)	(3,188)
	Interest paid		(120)	(118)
	Net cash (outflow) from financing activities (C)		**(3,017)**	**(3,459)**
	Net increase in cash and cash equivalents (A+B+C)		**1,694**	**59**
	Cash and cash equivalents at the beginning of the year		1,450	1,391
	Effect of exchange rate changes on cash and cash equivalents		3	*
	Cash and cash equivalents at the end of the year		**3,147**	**1,450**
	Non-cash investing activities			
	- Acquisition of right-of-use assets		222	295

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

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

Notes:

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

(ii) Amounts in bracket represent outflows.

Components of cash and cash equivalents are as under:

	Notes	For the year ended 31 March 2023	For the year ended 31 March 2022
Balances with banks			
– In current accounts	8.2	1,019	629
– In EEFC accounts	8.2	217	119
Bank deposits with maturity of less than three months	8.2	1,911	702
Cash and cash equivalents (Refer note 8.2)		**3,147**	**1,450**

The notes from note no. 1 to 39 form an integral part of these Consolidated Financial Statements.

This is the Consolidated Statement of Cash Flows referred to in our report of even date.

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

Anurag Khandelwal
Partner
Membership No. : 078571

Place: Gurugram
Date: 23 May 2023

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

Oscar Wezenbeek
Chairman
DIN : 08432564

Place: Singapore
Date: 23 May 2023

Rajiv Rajgopal
Managing Director
DIN : 06685599

Place: Gurugram
Date: 23 May 2023

Krishna Rallapalli
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DIN : 03384607

Place: Gurugram
Date: 23 May 2023

Harshi Rastogi
Company Secretary
ACS 13642

Place: Gurugram
Date: 23 May 2023

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

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

(a) Equity share capital

	Number of Shares	Notes	Amount
As at 31 March 2021	**45,540,314**	**10**	**455**
Changes in equity share capital during 2021-22	–		–
As at 31 March 2022	**45,540,314**	**10**	**455**
Changes in equity share capital during 2022-23	–		–
As at 31 March 2023	**45,540,314**	**10**	**455**

(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 2021	503	64	12	4,519	7,327	3	12,428
Profit for the year	–	–	–	–	2,901	–	2,901
Other comprehensive income arising from remeasurement of defined benefit plans	–	–	–	–	(1)	*	(1)
Transfer of gain on FVOCI equity investments	–	–	–	–	3	(3)	–
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**2,903**	**(3)**	**2,900**
Transactions with owners in their capacity as owners:							
Dividends paid	–	–	–	–	(3,188)	–	(3,188)
Balance as at 31 March 2022	**503**	**64**	**12**	**4,519**	**7,042**	**–**	**12,140**
Balance as at 1 April 2022	503	64	12	4,519	7,042	–	12,140
Profit for the year	–	–	–	–	3,351	–	3,351
Other comprehensive income arising from remeasurement of defined benefit plans	–	–	–	–	(51)	–	(51)
Transfer of gain on FVOCI equity investments	–	–	–	–	–	–	–
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**3,300**	**–**	**3,300**
Transactions with owners in their capacity as owners:							
Dividends paid	–	–	–	–	(2,732)	–	(2,732)
Balance as at 31 March 2023	**503**	**64**	**12**	**4,519**	**7,610**	**–**	**12,708**

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

The notes from note no. 1 to 39 form an integral part of these Consolidated Financial Statements.

This is the Consolidated Statement of Changes in Equity referred to in our report of even date.

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

Anurag Khandelwal
Partner
Membership No. : 078571

Place: Gurugram
Date: 23 May 2023

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

Oscar Wezenbeek
Chairman
DIN : 08432564

Place: Singapore
Date: 23 May 2023

Rajiv Rajgopal
Managing Director
DIN : 06685599

Place: Gurugram
Date: 23 May 2023

Krishna Rallapalli
Wholetime Director and CFO
DIN : 03384607

Place: Gurugram
Date: 23 May 2023

Harshi Rastogi
Company Secretary
ACS 13642

Place: Gurugram
Date: 23 May 2023

NOTES

to Consolidated Financial Statements for the year ended 31 March 2023
(All amounts are in millions Indian ₹, unless otherwise stated)

Background

Akzo Nobel India Limited ('the Holding Company') was incorporated in India on 12 March 1954 as Indian Explosives Limited. It is currently known as Akzo Nobel India Limited with effect from 15 February 2010 under Section 23(1) of the Companies Act, 1956. The Holding Company is domiciled in India and is limited by shares. The registered office of the Holding Company is situated in Kolkata (West Bengal). The Group (The Holding Company and its subsidiary) is engaged in the business of manufacturing, trading and selling of paints and related products. The Group also provides research and development services to its holding company and other group companies. The subsidiary Company – ICI India Research and Technology Centre – conducts research activity on behalf of the Holding Company and receives contributions to the extent of costs incurred on such research activity. The Holding Company's equity shares are listed on the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE). The Consolidated Financial Statements for the year ended 31 March 2023 were approved by the Board of Directors and authorised for issue on 23 May 2023.

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 Ministry of Corporate Affairs had vide notification dated 23 March 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amended certain accounting standards, and are effective 1 April 2022. These amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(iv) New and amended standards issued but not effective

The Ministry of Corporate Affairs has vide notification dated 31 March 2023 notified Companies (Indian Accounting Standards) Amendment Rules, 2023 (the 'Rules') which amends certain accounting standards, and are effective 1 April 2023.

The Rules predominantly amend Ind AS 12, Income taxes, and Ind AS 1, Presentation of financial statements. The other amendments to Ind AS notified by these rules are primarily in the nature of clarifications.

These amendments are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions. Specifically, no changes would be necessary as a consequence of amendments made to Ind AS 12 as the Group's accounting policy already complies with the now mandatory treatment.

b) Principles of consolidation

The Consolidated Financial Statements have been prepared on the following basis:

Subsidiary: Subsidiary is an entity over which group has control. The Group controls an entity when the group is exposed to, or has rights to, variable return from its involvement with the entity and has the ability to affect those returns through its powers to direct the relevant activities of the entity. Subsidiary is fully consolidated from the date on which the control is transferred to the group.

The Group (The Holding Company and its subsidiary) combines the financial statements of the parent and its subsidiary on line-by-line basis by adding together like items of assets, liabilities, income and expenses after eliminating intra-group balances and intra-group transactions and unrealised gains or losses.

c) Foreign currency translation

(i) Functional and presentation currency

Items included in the Consolidated Financial Statements of the Group are measured using the currency of the primary economic environment in which the group operates ('the functional currency'). The Consolidated Financial Statements have been prepared and presented in Indian Rupees (INR), which is the Group's functional and presentation currency.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the

dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss.

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

d) Property, plant and equipment

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

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

Transition to Ind AS

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

Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Depreciation methods and estimated useful lives

Depreciation on property, plant and equipment is calculated using the straight-line method (SLM) using rates determined based on management's assessment of useful economic lives of the assets. The useful lives have been determined based on technical evaluation done by management, which are higher than those specified by Schedule II to the Companies Act, 2013, in order to reflect the actual usage of assets. The residual values are not more than 5% of the original cost of the asset.

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

The assets' useful lives are reviewed at the end of each reporting period.

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

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

Capital work-in-progress

Capital work-in-progress excluding capital advances includes property, plant and equipment under construction and not ready for intended use as on the balance sheet date.

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

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

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

NOTES (Contd..)

to Consolidated Financial Statements for the year ended 31 March 2023
(All amounts are in millions Indian ₹, unless otherwise stated)

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

f) Intangible assets

(i) Customer relationships and Non-compete fees

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

(ii) Amortisation

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

Particulars	Estimated useful life (In years)
Customer relationships	10
Non-compete fees	3

Transition to Ind AS

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

g) Financial assets

(i) Classification

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

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

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

For assets measured at fair value, gains and losses will either be recorded in the Statement of Profit and Loss or Other Comprehensive Income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through Other Comprehensive Income.

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

(ii) Recognition

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

(iii) Measurement

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

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

Debt instruments

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

- **Amortised cost** : Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss in the other income on a net basis. Impairment losses are presented as separate line item in the Statement of Profit and Loss.
- **Fair value through other comprehensive income (FVOCI)**: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the asset's cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange

gains and losses which are recognised in the Statement of Profit and Loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income on a net basis. Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income on a net basis and impairment expenses are presented as separate line item in the Statement of Profit and Loss.

- **Fair value through profit or loss (FVTPL)**: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the Statement of Profit and Loss within other income on a net basis in the period in which it arises. Interest income from these financial assets is included in other income.

Trade Receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components when they are recognised at fair value. The 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 effective interest method, less impairment losses, if any.

(iv) Impairment of financial assets

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

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

(v) Derecognition of financial assets

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

Where the Group has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In 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 by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of loss allowance).

NOTES (Contd..)

to Consolidated Financial Statements for the year ended 31 March 2023
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Dividends

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

h) Financial Liabilities

(i) Trade and other payables

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

(ii) Borrowings

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

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

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

i) Borrowing costs

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

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

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

j) Offsetting Financial Instruments

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

k) Inventories

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

l) Government grants

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

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

m) Provisions

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

future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is required even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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

n) Contingent liabilities

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

o) Employee benefits

(i) Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are classified as short-term employee benefits. These benefits include salaries and wages, short-term bonus, 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 interest (basis the actuarial valuation), if any, as at the date of the Balance Sheet. The defined benefit obligation is calculated annually by an actuary using the projected unit credit method.

Gratuity and Pension –

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

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

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.

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

Post-retirement medical benefits: The Group provides post-retirement medical benefits to certain categories of its employees. The entitlement to these benefits is conditional on the employee retiring from the services

NOTES (Contd..)

to Consolidated Financial Statements for the year ended 31 March 2023
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of the Group, after completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit plans. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the period in which they arise.

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

(iii) Other long-term employee benefit obligations

The liabilities for annual leave, pension scheme for certain employees and long-term service awards are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore accrued using actuarial valuations and are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The leave obligations are presented as current liabilities in the Balance Sheet as the Group does not have an unconditional legal and contractual right to defer settlement for a period beyond twelve months after the reporting period.

p) Revenue recognition

Sale of goods

Sales are recognised when control of the products is transferred, which happens when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the acceptance of the products by the customer. Delivery occurs when the products have been shipped to the specific location, the risk of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

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

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

Service revenue

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

Financing components

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

q) Income Taxes

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

Tax expense comprises current and deferred tax. Current and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised in other 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.

Results of the operating segments are reviewed regularly by the country leadership team (Managing Director, Chief Financial Officer, Head HR, Company Secretary) which has been identified as the chief operating decision maker (CODM), to assess the financial performance and position of the Group and make strategic decisions. Refer note 33 for reportable segments determined by the Group.

s) Leases

As a lessee

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

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

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

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

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

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

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

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

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

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

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

a. the amount of the initial measurement of lease liability

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

c. any initial direct costs, and

d. restoration costs.

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

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in the Statement of Profit

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

and Loss. Short term leases are the leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

As a lessor

Lease income from operating leases where the Group is lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to carrying amount of underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective lease assets are included in Balance Sheet based on their nature.

t) Earnings per share

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

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

u) Dividend

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

v) Exceptional Items

Exceptional items are items which are events or transactions that are clearly distinct from the ordinary activities of the 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 to the Act, unless otherwise stated.

Note 2: Critical estimates and judgements

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

- Useful life of property, plant and equipment (Refer note 3.1)
- Provision for employee benefits and fair value of plan assets (Refer note 35)
- Tax litigations/claims (Refer note 27)
- Customer incentives (Refer note 17)
- Allowance for doubtful debts (Loss allowance on trade receivables) (Refer note 8.1)
- Inventory obsolescence (Refer note 7)

Estimates and judgements are continually evaluated. They are based on historical experience and other factors including expectation of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

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Note 3.1 : Property, plant and equipment

Particulars	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount	
	As at 1 April 2022	Additions	Disposals	As at 31 March 2023	As at 1 April 2022	Charge during the year	Disposals	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023
Freehold land (Refer note 'a' below)	265	–	–	265	–	–	–	–	265	265
Buildings	2,207	21	–	2,228	597	91	–	688	1,610	1,540
Plant and equipment										
– owned	3,302	326	–	3,628	1,894	323	–	2,217	1,408	1,411
– given under operating lease	1,379	162	(85)	1,456	715	136	(77)	774	664	682
Motor vehicles	3	–	–	3	2	*	–	2	1	1
Furniture and fixtures	337	36	–	373	263	26	–	289	74	84
Office equipment	137	3	(7)	133	92	13	(7)	98	45	35
Leasehold improvements	107	–	–	107	65	6	–	71	42	36
Data processing equipment	198	28	(42)	184	156	28	(42)	142	42	42
Laboratory equipments	2	–	–	2	*	*	–	*	2	2
Total	**7,937**	**576**	**(134)**	**8,379**	**3,784**	**623**	**(126)**	**4,281**	**4,153**	**4,098**

Particulars	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount	
	As at 1 April 2021	Additions	Disposals	As at 31 March 2022	As at 1 April 2021	Charge during the year	Disposals	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022
Freehold land (Refer note 'a' below)	265	–	–	265	–	–	–	–	265	265
Buildings	2,195	14	(2)	2,207	512	85	*	597	1,683	1,610
Plant and equipment										
– owned	3,220	141	(59)	3,302	1,624	314	(44)	1,894	1,596	1,408
– given under operating lease	1,304	93	(18)	1,379	638	92	(15)	715	666	664
Motor vehicles	3	*	–	3	2	*	–	2	1	1
Furniture and fixtures	325	12	*	337	238	25	*	263	87	74
Office equipment	98	40	(1)	137	71	22	(1)	92	27	45
Leasehold improvements	107	–	–	107	59	6	–	65	48	42
Data processing equipment	176	22	*	198	138	18	*	156	38	42
Laboratory equipments	2	–	–	2	*	*	–	*	2	2
Total	**7,695**	**322**	**(80)**	**7,937**	**3,282**	**562**	**(60)**	**3,784**	**4,413**	**4,153**

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

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

(b) Refer note 28 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

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

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Note 3.2 Right-of-use assets and Lease liabilities

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

(i) Amounts recognised in balance sheet

The balance sheet shows the following amounts relating to leases:

Right-of-use assets	As at 31 March 2023	As at 31 March 2022
Building and warehouse leases	596	625
Land leases (Refer note 'a' and 'b' below)	364	366
Vehicles leases	10	6
Total	**970**	**997**

Financial liabilities - Lease liabilities	As at 31 March 2023	As at 31 March 2022
Current lease liabilities	167	154
Non-current lease liabilities	530	551
Total	**697**	**705**

Additions to the right-of-use assets during the current financial year were ₹ 222 (31 March 2022 ₹ 295).

(a) The Group had received the final possession of land acquired on lease-cum-sale basis at Mysore (gross carrying value - ₹ 166) from Karnataka Industrial Area Development Board (KIADB) in March 2018. The registration of lease deed in respect of the said land is pending finalisation with the authorities and the sale deed will be executed after the lease period upon fulfillment of the conditions specified in the allotment letter.

(b) The Group has leasehold land at Thane (gross carrying value - ₹ 7) for which original title deed is not in possession of the Group. However the Group is in possession of certified true copy of aforesaid lease deed.

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

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

Depreciation charge on right-of-use assets	For the year ended 31 March 2023	For the year ended 31 March 2022
Building and warehouse leases	186	181
Land leases	1	1
Vehicles leases	4	4
Total	**191**	**186**

	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest expense (included in finance costs) (Refer note '23')	76	73
Rent expenses relating to short term leases (included in other expenses) (Refer note '25')	26	23
Total	**102**	**96**

The total cash outflow for leases including interest and short term leases ₹267 (31 March 2022 ₹ 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 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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Note 3.3 : Capital work-in-progress

As at 31 March 2023

(a) Ageing of Capital work-in-progress:

	Amounts in capital work-in-progress for				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Projects in progress	603	74	27	–	704
(ii) Projects temporarily suspended	–	–	–	23	23
Total	**603**	**74**	**27**	**23**	**727**

(b) Completion schedule for capital work-in-progress whose completion is overdue or has exceeded its cost compared to its original plan

	To be completed in				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Projects in progress					
Installation of new machinery and production lines	215	15	–	–	230
Process improvement equipments	103	15	–	–	118
Sprinklers system and fire hydrant pipe lines	16	11	17	–	44
Supply chain and logistics optimization	10	17	11	–	38
Automation and robotics integration	11	*	–	–	11
Computers equipment & software	*	7	–	–	7
Packaging and labeling equipments	5	–	–	–	5
(ii) Projects temporarily suspended					
Compound wall at Mysore land	–	–	–	23	23
Total	**360**	**65**	**28**	**23**	**476**

As at 31 March 2022

(a) Ageing of Capital work-in-progress:

	Amounts in capital work-in-progress for				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Projects in progress	366	27	*	–	393
(ii) Projects temporarily suspended	–	–	–	23	23
Total	**366**	**27**	*****	**23**	**416**

(b) Completion schedule for capital work-in-progress whose completion is overdue or has exceeded its cost compared to its original plan

	To be completed in				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Projects in progress					
New production line at Thane plant	92	–	–	–	92
Computers equipment & software	71	–	–	–	71
Process equipments	28	–	–	–	28
Sprinklers system and fire hydrant pipe lines	19	17	–	–	36
Additions to buildings	19	8	–	–	27
Process equipments	28	–	–	–	28
Laboratory equipments	3	–	–	–	3
(ii) Projects temporarily suspended					
Compound wall at Mysore land	–	–	–	23	23
Total	**260**	**25**	**–**	**23**	**308**

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

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

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Note 4 : Intangible assets

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

Particulars	Gross Carrying Amount				Accumulated Amortisation				Net Carrying Amount	
	As at 1 April 2021	Additions	Disposals	As at 31 March 2022	As at 1 April 2021	Charge during the year	Disposals	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022
Intangible assets (Acquired)										
Customer relationships	110	–	–	110	47	11	–	58	63	52
Non compete fees	9	–	–	9	9	–	–	9	–	–
Total	**119**	**–**	**–**	**119**	**56**	**11**	**–**	**67**	**63**	**52**

Pursuant to business transfer agreement with BASF India Limited, the Group had acquired Intangible assets with respect to customer relationships and non-compete fees during the year ended 31 March 2017. The estimate for the useful life for customer relationships is based on the expected economic benefits from such assets, however, which may be longer or shorter than 10 years, depending upon the customer attrition rate and competition. If it were only 5 years, the carrying amount would be ₹ Nil (₹ Nil as at 31 March 2022). If the useful life were estimated to be 15 years, the carrying amount would be ₹64 (₹ 72 as at 31 March 2022).

Note 5.1 : Non current financial assets- investments

	Number as at 31 March 2023	Number as at 31 March 2022	Face value ₹ per unit	As at 31 March 2023	As at 31 March 2022
(a) Investment in equity instruments (measured at FVTPL)					
Unquoted					
Adyar Property Holding Company Limited (paid up ₹ 65 per share)	105	105	100	*	*
Paints and Coatings Skill Council (fully paid up)	17	17	25,000	*	*
(b) Investment in debentures (measured at Amortised Costs)					
Unquoted					
6.5% Bengal Chamber of Commerce and Industry	19	19	1,000	*	*
				*	*

	As at 31 March 2023	As at 31 March 2022
Aggregate amount of quoted investments	–	–
Aggregate market value of quoted investments	–	–
Aggregate amount of unquoted investments	*	*
Aggregate amount of impairment in the value of investments	–	–
	*	*

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

(a) Information about the Group's exposure to credit and market risk and fair value measurement is included in note 31.

(b) The Group has a subsidiary – 'ICI India Research and Technology Centre' which is limited by guarantee and does not have share capital. Based on undertaking given by the members of the Holding Company, they will contribute a maximum of Rupees one hundred in the event this subsidiary is wound up. The subsidiary conducts research activity on behalf of Akzo Nobel India Limited and receives contributions from the Holding Company to the extent of costs incurred on such research activity.

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to Consolidated Financial Statements for the year ended 31 March 2023
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Note 5.2 : Non current financial assets - Loans

	As at 31 March 2023	As at 31 March 2022
Loan given to employees	4	4
	4	**4**
Break - up of security details		
Loans considered good - Secured	–	–
Loans considered good - Unsecured	4	4
Loans which have significant increase in credit risk	–	–
Loans credit impaired	–	–
Total	**4**	**4**
Less : Loss allowance	–	–
	4	**4**

Note 5.3 : Non current financial assets - Other financial assets

	As at 31 March 2023	As at 31 March 2022
Security deposits	93	88
Less : Loss allowance	(9)	(9)
Bank deposits with more than 12 months maturity (Refer note below)	3	7
	87	**86**

Note: The above bank deposits are held as margin money against various guarantees issued by banks on behalf of the Company in favour of Government authorities.

Note 6.1 : Other non-current assets

	As at 31 March 2023	As at 31 March 2022
Capital advances	222	84
Advances other than capital advances		
Indirect taxes recoverable		
– Considered good	47	98
– Considered doubtful	31	31
Less: Provision for doubtful indirect taxes recoverable	(31)	(31)
Retirement benefit trusts surplus (Refer note 35)	52	57
Advance to customers	674	786
Miscellaneous	9	9
	1,004	**1,034**

Note 6.2 : Non current tax assets (net)

	As at 31 March 2023	As at 31 March 2022
Income tax {net of provision ₹ 16,884 (31 March 2022 ₹ 15,611)}	1,526	1,374
	1,526	**1,374**

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to Consolidated Financial Statements for the year ended 31 March 2023
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Note 7 : Inventories

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Raw materials (Refer note 'a' below)	2,262	2,853
Work in progress	135	156
Finished goods (Refer note 'b' below)	2,931	2,060
Stock-in-trade (in respect of goods acquired for trading) (Refer note 'a' and 'b' below)	642	1,565
Stores and spares	9	10
	5,979	**6,644**
(a) Includes in-transit inventory:		
Raw materials	181	250
Stock-in-trade (in respect of goods acquired for trading)	*	–

(b) Finished goods and stock-in-trade (in respect of goods acquired for trading) are written down by ₹ 44 (31 March 2022 ₹ 26) to bring them down to the lower of cost and net realisable value. These were recognised as an expense during the year and included in 'changes in inventories of finished goods, work-in-progress and stock-in-trade' in the Statement of Profit and Loss.

Note 8.1 : Current financial assets - Trade receivables

	As at 31 March 2023	As at 31 March 2022
Trade receivables from contracts with customers	5,262	4,683
Trade receivables from contracts with customers - related parties (Refer note 34)	411	459
Less: Loss allowance	(150)	(187)
	5,523	**4,955**
Break - up of security details		
Trade receivables considered good - Secured	307	284
Trade receivables considered good - Unsecured	5,366	4,858
Trade receivables which have significant increase in credit risk	–	–
Trade receivables - Credit impaired	–	–
Total	**5,673**	**5,142**
Less: Loss allowance	(150)	(187)
	5,523	**4,955**

Ageing of trade receivables

As at 31 March 2023

Particulars	Outstanding for following periods from the due date of payment							
	Unbilled	Not Due	Less than 6 Months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed trade receivables								
considered good	–	4,990	504	75	42	10	52	5,673
which have significant increase in credit risk	–	–	–	–	–	–	–	–
credit impaired	–	–	–	–	–	–	–	–
Disputed trade receivables								
considered good	–	–	–	–	–	–	–	–
which have significant increase in credit risk	–	–	–	–	–	–	–	–
credit impaired	–	–	–	–	–	–	–	–
Total	**–**	**4,990**	**504**	**75**	**42**	**10**	**52**	**5,673**

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

Note 8.1 : Current financial assets - Trade receivables (Contd..)

As at 31 March 2022

Particulars	Outstanding for following periods from the due date of payment							
	Unbilled	Not Due	Less than 6 Months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed trade receivables								
considered good	–	4,080	876	43	38	33	65	5,135
which have significant increase in credit risk	–	–	–	–	–	–	–	–
credit impaired	–	–	–	–	–	–	–	–
Disputed trade receivables								
considered good	–	–	–	7	–	–	–	7
which have significant increase in credit risk	–	–	–	–	–	–	–	–
credit impaired	–	–	–	–	–	–	–	–
Total	**–**	**4,080**	**876**	**50**	**38**	**33**	**65**	**5,142**

Note 8.2 : Current financial assets - Cash and cash equivalents

	As at 31 March 2023	As at 31 March 2022
Balances with banks (of the nature of cash and cash equivalents):		
– In current accounts	1,019	629
– In EEFC accounts	217	119
Bank deposits with maturity of less than three months	1,911	702
	3,147	**1,450**

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

Note 8.3 : Current financial assets - bank balances other than cash and cash equivalents

	As at 31 March 2023	As at 31 March 2022
Bank deposits (Refer note 'a' below)	2,396	3,032
Unpaid dividend accounts (Refer note 'b' below)	100	103
	2,496	**3,135**

(a) Bank deposits include deposits held as margin money amounting to ₹ 17 (31 March 2022 ₹ 11) against various guarantees issued by banks on behalf of the Group in favour of Government authorities.

(b) The Group can utilise these balances only towards settlement of unclaimed dividend.

Note 8.4 : Current financial assets - Loans

	As at 31 March 2023	As at 31 March 2022
Loan given to employees	*	*
	*	*
Break - up of security details		
Loans considered good - Secured	–	–
Loans considered good - Unsecured	*	*
Loans which have significant increase in credit risk	–	–
Loans Credit impaired	–	–
	*	*

Note: The carrying value of loans and advances may be affected by changes in the credit risk of the counterparties. Refer note 31 for the credit risk exposure.

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

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to Consolidated Financial Statements for the year ended 31 March 2023
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Note 8.5 : Current financial assets - Other financial assets

	As at 31 March 2023	As at 31 March 2022
Amount recoverable from related parties (Refer note 34)	*	*
Government grant receivable (Refer note below)	123	100
Security deposits	16	16
	139	**116**

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

Note: Government grant relates to tax incentives receivable from the State Government of Madhya Pradesh in respect of the operations of the Group's factory at Gwalior. Refer note 19 for details.

Note 9 : Other current assets

	As at 31 March 2023	As at 31 March 2022
Advances other than capital advances		
Advances to suppliers		
– Considered good	88	123
– Considered doubtful	30	30
Less: Provision for doubtful advances	(30)	(30)
Advances to employees		
– Considered good	6	4
– Considered doubtful	2	2
Less: Provision for doubtful advances	(2)	(2)
Advance to Customers		
– Considered good	777	525
– Considered doubtful	24	28
Less: Provision for doubtful advances	(24)	(28)
Prepaid expenses	199	218
Indirect tax recoverable	328	434
Others	*	*
	1,398	**1,304**

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

Note 10 : Equity share capital

	As at 31 March 2023	As at 31 March 2022
Authorised:		
126,690,000 (31 March 2022 - 126,690,000) equity shares of ₹ 10 each	**1,267**	**1,267**
Issued, subscribed & fully paid up:		
45,540,314 (31 March 2022 - 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 2023		As at 31 March 2022	
	No. of Shares	Amount	No. of Shares	Amount
Opening balance	45,540,314	455	45,540,314	455
Add: Equity shares increased during the year	–	–	–	–
Closing balance	**45,540,314**	**455**	**45,540,314**	**455**

b. Terms and rights attached to equity shares

The Group has only one class of equity shares, having a par value of ₹10 per share. Each shareholder is eligible to one vote per share held. The Group declares and pays dividend in Indian Rupees. The dividend proposed, if any, by the Board of Directors is subject to approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend. The repayment of equity share capital in the event of liquidation and buy back of shares are possible subject to prevalent regulations. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Group, after distribution of all preferential amounts, if any, in proportion to their shareholding.

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

Note 10 : Equity share capital (Contd..)

c. Shares of the Group held by holding/ultimate holding company or their subsidiaries

The ultimate holding company is Akzo Nobel N.V., The Netherlands, which does not hold any shares directly in the Group.

	As at 31 March 2023	As at 31 March 2022
	No. of Shares	No. of Shares
Imperial Chemical Industries Limited, United Kingdom (Subsidiary of Ultimate Holding Company)	22,977,544	22,977,544
Akzo Nobel Coatings International B.V., The Netherlands (Subsidiary of Ultimate Holding Company)	11,066,791	11,066,791
	34,044,335	**34,044,335**

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

	As at 31 March 2023		As at 31 March 2022	
	No. of Shares	% holding	No. of Shares	% holding
Imperial Chemical Industries Limited, United Kingdom	22,977,544	50.46%	22,977,544	50.46%
Akzo Nobel Coatings International B.V., The Netherlands	11,066,791	24.30%	11,066,791	24.30%
	34,044,335	**74.76%**	**34,044,335**	**74.76%**

e. Details of shareholding of promoters

	As at 31 March 2023			As at 31 March 2022		
	No. of Shares	Percentage of total number of shares	Percentage of change during the year	No. of Shares	Percentage of total number of shares	Percentage of change during the year
Imperial Chemical Industries Limited, United Kingdom	22,977,544	50.46%	–	22,977,544	50.46%	–
Akzo Nobel Coatings International B.V., The Netherlands	11,066,791	24.30%	–	11,066,791	24.30%	–
Total	**34,044,335**	**74.76%**	**–**	**34,044,335**	**74.76%**	**–**

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

g. There are no shares reserved for issue under options and contracts or commitments for sale of shares or disinvestment.

Note 11 : Other equity

	As at 31 March 2023	As at 31 March 2022
Reserves and surplus		
Capital reserve (refer note 'a' below)	503	503
Capital redemption reserve (refer note 'b' below)	64	64
Revaluation reserve (refer note 'c' below)	12	12
General reserve (refer note 'd' below)	4,519	4,519
Retained earnings (refer note 'e' below)	7,610	7,042
Other reserves		
Equity instruments through OCI (refer note 'f' below)	–	–
	12,708	**12,140**

NOTES (Contd..)

to Consolidated Financial Statements for the year ended 31 March 2023
(All amounts are in millions Indian ₹, unless otherwise stated)

Note 11 : Other equity (Contd..)

		As at 31 March 2023	As at 31 March 2022
a	**Capital reserve**	503	503
	Pursuant to various amalgamation schemes executed in the previous years as per the requirement of Companies Act, 1956 and Court orders, the Group had created capital reserve based on the differential between the net assets and liabilities acquired from the other party. There is no movement during the year.		
b	**Capital redemption reserve**	64	64
	Pursuant to the buy back scheme for purchase of equity shares offered by the Group during earlier years, the Group had created a capital redemption reserve in those years as per the regulatory requirements. There is no movement during the year.		
c	**Revaluation reserve**	12	12
	It represents revaluation of certain land acquired as part of amalgamation done with various companies in the previous periods. This reserve is not available for distribution of the balance to shareholders. There is no movement during the year.		
d	**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	7,042	7,327
	Net profit for the year	3,351	2,901
	Items of other comprehensive income recognised directly in retained earnings		
	Remeasurements of post-employment benefit obligation, net of tax*	(51)	(1)
	Transfer of gain on FVOCI equity investments	–	3
	Dividends	(2,732)	(3,188)
	Balance at the end of the year	**7,610**	**7,042**
	*Remeasurements of post-employment benefit obligation / (asset) comprises actuarial gains and losses and return on plan assets (excluding interest income).		
f	**Equity instruments through OCI**		
	Balance at the beginning of the year	–	3
	Add: Fair value gain/(loss) on equity instruments for the year	–	–
	Less: Transfer of gain on FVOCI equity investments	–	(3)
	Balance at the end of the year	**–**	**–**

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 2023	As at 31 March 2022
Security deposits (Refer note below)	147	179
	147	**179**

Note : It represents deposits received from customers under operating lease arrangement, refer note 31.

NOTES (Contd..)

to Consolidated Financial Statements for the year ended 31 March 2023
(All amounts are in millions Indian ₹, unless otherwise stated)

Note 13 : Provisions

	Non- current		Current	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
Employee benefits (Refer note 35)				
Pension	2	3	–	–
Gratuity	419	315	3	2
Leave obligations (Refer note 'c' below)	–	–	167	161
Post retirement medical and others	309	316	27	25
Provident fund	101	33	–	–
Long service award	14	13	3	3
Indirect taxes	–	–	140	185
Divested businesses	–	–	38	38
Others	4	4	8	8
	849	**684**	**386**	**422**

Additional disclosure relating to provisions:

(a) Movement in provisions:

For the year ended 31 March 2023

Particulars	Class of provisions		
	Indirect taxes	Divested business	Others
Opening balance as at 1 April 2022	185	38	12
Provision created during the year	–	–	–
Provision utilised / written back during the year	(45)	–	–
Closing balance as at 31 March 2023	**140**	**38**	**12**

For the year ended 31 March 2022

Particulars	Class of provisions		
	Indirect taxes	Divested business	Others
Opening balance as at 1 April 2021	185	58	12
Provision created during the year	5	–	–
Provision utilised / written back during the year (includes ₹20 related to indirect tax provision pertaining to divested business, no longer required written back (Refer note 26))	(5)	(20)	–
Closing balance as at 31 March 2022	**185**	**38**	**12**

(b) Nature of provisions:

(i) Indirect taxes

Provisions relating to indirect taxes are in respect of proceedings of various sales tax, excise duty and other indirect tax cases, including those relating to divested businesses. Outflows in all these cases, including their timing and certainty, would depend on the developments/outcome in these cases, though, presently classified as short term due to uncertainty of the timing.

(ii) Divested businesses

Provisions relating to divested businesses (other than any indirect tax cases relating to such businesses) are in respect of existing / anticipated costs arising from divestment of businesses. Outflows in these cases will depend upon settlement of claims, if any for which timing and amount of outflow is not certain.

(iii) Others

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

(c) The entire amount of leave obligations provision of ₹ 166 (31 March 2022 ₹ 160) is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to avail the full amount of accrued leave or require payment for such leave within the next 12 months.

NOTES (Contd..)

to Consolidated Financial Statements for the year ended 31 March 2023
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Note 14 : Income Tax

A. Income tax expense

	As at 31 March 2023	As at 31 March 2022
Current tax expense		
Current tax on profits for the year	1,234	944
Adjustments for current tax of prior periods	27	(162)
Total current tax expense	**1,261**	**782**
Deferred tax		
Decrease/(increase) in deferred tax assets	(4)	16
(Decrease)/increase in deferred tax liabilities	(49)	(31)
Total deferred tax charge/(credit)	**(53)**	**(15)**
Income tax expense	**1,208**	**767**

B. Reconciliation of effective tax rate

	For the year ended 31 March 2023	For the year ended 31 March 2022
Profit before tax	4,559	3,668
Tax at the Indian tax rate of 25.168% (31 March 2022 - 25.168%)	1,147	923
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Corporate social responsibility expenditure	16	15
Income tax provision of prior years	27	(162)
Income tax related to foreign branch operations, net of foreign tax credit	6	–
Tax effects of other amounts which are not deductible in calculating taxable income	12	(9)
	1,208	**767**

C. Movement in deferred tax balances

	As at 1 April 2022	Recognised in P&L	Recognised in OCI	As at 31 March 2023
Deferred tax liabilities				
Property, plant and equipment	199	(41)	–	158
Surplus payments to retirement trusts	14	(1)	–	13
Investments at fair value through OCI	–	–	–	–
Right-of-use assets	166	(7)	–	159
Others	–	*	–	*
Sub- total (a)	**379**	**(49)**	**–**	**330**
Deferred tax assets				
Provision for doubtful debts and advances	72	(10)	–	62
Expenditure disallowed u/s 43B of Income Tax Act, 1961	229	20	17	266
Expenditure deductible under section 35 DDA of the Income Tax Act, 1961	13	(4)	–	9
Lease liabilities	178	(2)	–	176
Other disallowances under the Income Tax Act, 1961	83	*	–	83
Sub- total (b)	**575**	**4**	**17**	**596**
Net deferred tax liabilities/(assets) (a)-(b)	**(196)**	**(53)**	**(17)**	**(266)**

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

NOTES (Contd..)

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

Note 14 : Income Tax (Contd..)

D. Movement in deferred tax balances

	As at 1 April 2021	Recognised in P&L	Recognised in OCI	As at 1 April 2022
Deferred tax liabilities				
Property, plant and equipment	223	(24)	–	199
Surplus payments to retirement trusts	15	(1)	–	14
Investments at fair value through OCI	2	(2)	–	–
Right-of-use assets	154	12	–	166
Others	16	(16)	–	–
Sub- total (a)	**410**	**(31)**	**–**	**379**
Deferred tax assets				
Provision for doubtful debts and advances	81	(9)	–	72
Expenditure disallowed u/s 43B of Income tax Act, 1961	210	19	*	229
Expenditure deductible under section 35 DDA of the Income Tax Act, 1961	18	(5)	–	13
Lease liabilities	161	17	–	178
Other disallowances under the Income Tax Act, 1961	121	(38)	–	83
Sub- total (b)	**591**	**(16)**	*****	**575**
Net deferred tax liabilities/(assets) (a)-(b)	**(181)**	**(15)**	*****	**(196)**

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

Note 15 : Other non-current liabilities

	As at 31 March 2023	As at 31 March 2022
Deferred lease rentals (Refer note 'a' below)	4	8
Deferred government grant (Refer note 'b' below)	62	50
Others	11	11
	77	**69**

(a) Represents fair valuation of security deposits received from customers, Refer note 31.

	As at 31 March 2023	As at 31 March 2022
(b) Opening balance of Deferred / (Accrued) Government grant	50	40
Add : Government grant receivable	23	21
Less : Government grant recognised during the year	(11)	(11)
Closing balance of (Deferred) /Accrued Government grant	**62**	**50**

Note 16.1 : Current financial liabilities - Trade payables

	As at 31 March 2023	As at 31 March 2022
Total outstanding dues of micro enterprises and small enterprises (Refer note 'b' below)	214	139
Total outstanding dues of creditors other than micro enterprises and small enterprises		
– Payables to related parties (Refer note 34)	1,382	1,893
– Acceptances	363	272
– Others	6,976	6,147
	8,721	**8,312**
	8,935	**8,451**

NOTES (Contd..)

to Consolidated Financial Statements for the year ended 31 March 2023
(All amounts are in millions Indian ₹, unless otherwise stated)

Note 16.1 : Current financial liabilities - Trade payables (Contd..)

(a) Refer note 31 for explanations on the Group's liquidity risk management process.

(b) Additional disclosure as per Micro, Small and Medium Enterprises Development (MSMED) Act, 2006

The Group has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act). The disclosures pursuant to the said MSMED Act are as follows:

	As at 31 March 2023	As at 31 March 2022
(i) Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	184	121
(ii) Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	30	18
(iii) Principal amount paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	522	401
(iv) Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	–	–
(v) Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	–	–
(vi) Interest due and payable towards suppliers registered under MSMED Act for payments already made	12	6
(vii) Further interest remaining due and payable for earlier years	18	12

(c) Ageing of trade payables

As at 31 March 2023

Particulars	Outstanding for following periods from the due date of payment						
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed trade payables							
Micro enterprises and small enterprises	55	93	66	*	–	*	214
Others	3,299	3,348	1,794	87	54	139	8,721
Disputed trade payables							
Micro enterprises and small enterprises	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	–
Total	**3,354**	**3,441**	**1,860**	**87**	**54**	**139**	**8,935**

As at 31 March 2022

Particulars	Outstanding for following periods from the due date of payment						
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed trade payables							
Micro enterprises and small enterprises	67	60	12	*	–	*	139
Others	2,848	3,900	1,127	297	20	120	8,312
Disputed trade payables							
Micro enterprises and small enterprises	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	–
Total	**2,915**	**3,960**	**1,139**	**297**	**20**	**120**	**8,451**

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

NOTES (Contd..)

to Consolidated Financial Statements for the year ended 31 March 2023
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Note 16.2 : Current financial liabilities - Other financial liabilities

	As at 31 March 2023	As at 31 March 2022
Security Deposits (Refer note 'a' below)	480	425
Others		
Unpaid dividends (Refer note 'b' below)	100	103
Payable to employees	211	136
Capital creditors	91	107
Derivatives not designated as hedges- forward contracts (Refer note 31)	3	2
Retention money payable	1	1
	886	**774**

(a) It represents deposits received from customers under operating lease arrangement, refer note 31.

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

Net debt reconciliation

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

	As at 31 March 2023	As at 31 March 2022
Cash and cash equivalents	3,147	1,450
Lease liabilities	(697)	(705)
	2,450	**745**

Particulars	Other assets	Liabilities from financing activities	Total
	Cash and cash equivalents	Lease liabilities	
Balance as on 1 April 2021	**1,391**	**(639)**	**752**
Cash flow	59	153	212
Net acquisition lease	–	(219)	(219)
Interest expense	–	(73)	(73)
Interest paid	–	73	73
Balance as on 31 March 2022	**1,450**	**(705)**	**745**
Balance as at 1 April 2022	**1,450**	**(705)**	**745**
Cash flow	1,697	165	1,862
Net acquisition lease	–	(157)	(157)
Interest expense	–	(76)	(76)
Interest paid	–	76	76
Balance as on 31 March 2023	**3,147**	**(697)**	**2,450**

Note 17 : Other current liabilities

	As at 31 March 2023	As at 31 March 2022
Statutory dues payable	442	508
Liability towards customers	65	88
Deferred revenue (Refer note 'a' below)	341	197
Deferred lease rental (Refer note 'b' below)	5	8
Refund liabilities (Refer note 'c' below)	1,405	1,232
Others	7	4
	2,265	**2,037**

(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 ₹ 197 (31 March 2022 ₹ 181).

NOTES (Contd..)

to Consolidated Financial Statements for the year ended 31 March 2023
(All amounts are in millions Indian ₹, unless otherwise stated)

Note 17 : Other current liabilities (Contd..)

(b) It includes fair valuation of security deposits received from customers, as explained in note 31.

(c) When a customer has a right to return product within a given period, the Group recognises a refund liability for the amount of consideration received for which it does not expect to be entitled amounting to ₹ 47 (31 March 2022 ₹ 20). Refund Liabilities are also recognised for expected volume discount and other incentives payable to customers amounting to ₹ 1,358 (31 March 2022 ₹ 1,212) pending settlement.

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

Note 18 : Revenue from operations

	For the year ended 31 March 2023	For the year ended 31 March 2022
Revenue from contracts with customers		
– Sale of products	37,168	30,508
– Sale of services	600	579
Other operating revenue	253	399
	38,021	**31,486**

(a) The customer incentive is recognised based on purchases made by the customers in line with ongoing schemes and incentive programmes rolled out by the Group. Judgements include past history of incentive, likelihood of achieving targets, other variable inputs etc. Changes in assumptions about these factors could affect the reported accrual of customer incentive.

Reconciliation of revenue recognised with contract price

	For the year ended 31 March 2023	For the year ended 31 March 2022
Contract price	47,379	38,422
Adjustments :		
Deferred revenue	(144)	(16)
Refund liabilities	(1,405)	(1,232)
Incentive to customers	(8,062)	(6,087)
Revenue from operations	**37,768**	**31,087**

(b) **Breakup of other operating revenue**

	For the year ended 31 March 2023	For the year ended 31 March 2022
Duty drawback on exports	7	9
Lease rentals	105	147
Scrap sales	24	21
Business auxiliary services	23	31
Provision/liabilities no longer required written back	92	190
Miscellaneous income	2	1
	253	**399**

Note 19 : Other income

	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest income:		
– on income tax refund	93	45
– on fixed deposits	158	145
– on others	4	4
Other non-operating income:		
Gain on sale of investments	–	7
Government grants (Refer note below)	11	11
Net gain on termination of leases	8	9
Miscellaneous income	*	6
	274	**227**

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

NOTES (Contd..)

to Consolidated Financial Statements for the year ended 31 March 2023
(All amounts are in millions Indian ₹, unless otherwise stated)

Note 19 : Other income (Contd..)

Note: Government grants are related to investments of the Group in property, plant and equipment of the manufacturing plant set up in a backward area at Malanpur, Gwalior, India. There are no unfulfilled conditions or other contingencies attached to these grants. The Group did not benefit directly from any other forms of government assistance. Also Refer note 8.5 and 15.

Note 20 : Cost of materials consumed

	For the year ended 31 March 2023	For the year ended 31 March 2022
Raw materials as at the beginning of the year	2,853	1,993
Add: Purchases	20,221	18,607
Less: Raw materials as at the end of the year	(2,262)	(2,853)
Total cost of materials consumed	**20,812**	**17,747**

Note 21 : Changes in inventories of finished goods, work-in-progress and stock-in-trade

	For the year ended 31 March 2023	For the year ended 31 March 2022
Inventory at the beginning of the year		
– Finished goods	2,060	2,117
– Stock-in-trade (in respect of goods acquired for trading)	1,565	639
– Work-in-progress	156	123
	3,781	**2,879**
Inventory at the end of the year		
– Finished goods	2,931	2,060
– Stock-in-trade (in respect of goods acquired for trading)	642	1,565
– Work-in-progress	135	156
	3,708	**3,781**
(Increase)/decrease in inventories of finished goods, work-in-progress and stock-in-trade	**73**	**(902)**

Note 22 : Employee benefits expense

	For the year ended 31 March 2023	For the year ended 31 March 2022
Salaries, wages and bonus	2,655	2,309
Contribution to provident and other funds (Refer note 35)	195	180
Other long-term employee benefits	30	51
Staff welfare expenses	131	100
	3,011	**2,640**

Note 23 : Finance costs

	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest and finance charges on financial liabilities not at FVTPL	23	17
Interest and finance charges on lease liabilities (Refer note 3.2)	76	73
Unwinding of discount on security deposits	9	27
Others	33	28
	141	**145**

NOTES (Contd..)

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Note 24 : Depreciation and amortisation expense

	For the year ended 31 March 2023	For the year ended 31 March 2022
Depreciation of property, plant and equipment (Refer note 3.1)	623	562
Depreciation of right-of-use-assets (Refer note 3.2)	191	186
Amortisation of intangible assets (Refer note 4)	11	11
	825	**759**

Note 25 : Other expenses

	For the year ended 31 March 2023	For the year ended 31 March 2022
Stores and spare parts consumed	41	43
Repairs and maintenance		
– Plant and machinery	346	253
– Buildings	12	17
– Others	*	*
Power and fuel	173	166
Travelling	271	180
Rates and taxes	52	38
Rent	26	23
Insurance	133	101
Freight and transport	1,507	1,403
Advertisement and publicity	916	549
Royalty	1,346	1,089
Consultancy charges	162	144
Net foreign exchange differences	17	31
Payments to auditors (Refer note 'a' below)	15	15
Corporate social responsibility expenditure (Refer note 'b' below)	66	60
IT support & maintenance	344	298
Warehouse charges	245	258
Provision for doubtful debts and advances (Refer note 'c' below)	23	(21)
Loss on sale of property, plant and equipment (net)	11	20
Sub contracting charges	476	466
Miscellaneous expenses	676	604
	6,858	**5,737**

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

(a) Details of payments to auditors#

	For the year ended 31 March 2023	For the year ended 31 March 2022
Statutory audit (including limited reviews)	8	8
Other audit related services	7	7
Reimbursement of expenses	*	*
	15	**15**

Excluding Goods and Service Tax

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

(b) Corporate social responsibility expenditure

	For the year ended 31 March 2023	For the year ended 31 March 2022
Vocational skill training	42	33
Promoting education	13	15
COVID19 relief work	–	2

NOTES (Contd..)

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Note 25 : Other expenses (Contd..)

	For the year ended 31 March 2023	For the year ended 31 March 2022
Promoting preventive healthcare	6	5
Road safety awareness	–	1
Others	5	4
	66	**60**
Amount required to be spent as per Section 135 of the Act	66	60
Amount spent during the year on		
i) Construction/acquisition of an asset	–	2
ii) On purposes other than (i) above	66	58

Details of ongoing CSR Projects under Section 135 (6) of the Act

Balance as at 1 April 2021		Amount required to be spent during the year	Amount spent during the year		Balance as at 31 March 2022	
With the Group	In separate CSR unspent account		From the Group's bank account	From separate CSR unspent Account	With the Group	In separate CSR unspent account
–	–	–	–	–	–	–

Balance as at 1 April 2022		Amount required to be spent during the year	Amount spent during the year		Balance as at 31 March 2023	
With the Group	In separate CSR unspent account		From the Group's bank account	From separate CSR unspent Account	With the Group	In separate CSR unspent account
–	–	–	–	–	–	–

Details of CSR expenditure under Section 135 (5) of the Act in respect to other than ongoing projects

Balance unspent as on 1 April 2021	Amount deposited in Specified Fund of Schedule VII of the Act within 6 months	Amount required to be spent during the year	Amount spent during the year	Balance unspent as on 31 March 2022	Balance unspent as on 1 April 2022	Amount deposited in Specified Fund of Schedule VII of the Act within 6 months	Amount required to be spent during the year	Amount spent during the year	Balance unspent as on 31 March 2023
–	–	60	60	–	–	–	66	66	–

Details of excess CSR expenditure under Section 135 (5) of the Act

Balance excess spent as at 1 April 2021	Amount required to be spent during the year	Amount spent during the year	Balance excess spent as on 31 March 2022	Balance excess spent as at 1 April 2022	Amount required to be spent during the year	Amount spent during the year	Balance excess spent as on 31 March 2023
–	60	60	–	–	66	66	–

(c) Excluding bad debts written off during the year amounting to ₹ 60 (31 March 2022 ₹ 45)

Note 26 : Exceptional items (net)

	For the year ended 31 March 2023	For the year ended 31 March 2022
Indirect tax provision related to divested business no longer required written back (Refer note 13 (a) and note below)	–	20
	–	**20**

NOTES (Contd..)

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Note 26 : Exceptional items (net) (Contd..)

Note: The Group had created a provision in prior years with respect to divested businesses. In the previous year, the Group had carried out the assessment of said provision and reversed the excess amount which was no longer required. This was disclosed as an exceptional item.

Note 27 : Contingent liabilities

	As at 31 March 2023	As at 31 March 2022
(a) Claims against the Group not acknowledged as debts	59	60

The Group is contesting certain claims filed against the Group by past employees and external parties in various forums. Based on the available documentation and experts view, the Group has created provisions wherever required and for the balance matters, it believes that more likely than not, these disputes would not result in additional outflow of resources.

	As at 31 March 2023	As at 31 March 2022
(b) Contingent liability of direct and indirect tax		
Income tax matters in dispute / under appeal (Refer note below)	378	395
Sales tax/VAT matters in dispute / under appeal	58	207
Custom, Excise and Service tax matters in dispute / under appeal	180	129
	616	**731**

Note: The Income tax assessments for the Group have been completed up to the financial year ended 31 March 2018 and demands aggregating from such assessments and appellate orders amount to ₹378 (31 March 2022 - ₹395). The Group as well as the Income tax department have filed appeals on various matters arising from these assessments. Based on the available documentation and tax experts view, the Group has created provisions wherever required and for the balance matters, it believes that more likely than not, these disputes would not result in additional outflow of resources.

The Group is contesting certain claims raised by authorities towards excise, service tax and sales tax/VAT dues at various forums. Based on the available documentation and expert view, the Group has created provisions wherever required and for the balance matters, it believes that more likely than not, these disputes would not result in additional outflow of resources.

Significant Estimates: The assessments undertaken in recognising provisions and contingencies have been made in accordance with Ind AS 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events requires best judgement by management considering the probability of exposure to potential loss. Judgement includes consideration of experts opinion, facts of the matter, underlying documentation and historical experience. Changes in assumptions about these factors could affect the reported value of contingencies and provisions.

(c) The Supreme Court of India has passed an order dated 28 February 2019 in the matter of The Regional Provident Fund Commissioner (II) West Bengal vs. Vivekananda Vidyamandir & Ors in Civil Appeal No. 6221 of 2011 and few other linked cases. In the said order, the Supreme Court has clarified the definition of the Basic Wage under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the management, the aforesaid matter is not likely to have a significant financial impact and accordingly, no provision has been made in these financial statements. The Group will continue to monitor and evaluate its position based on future events and developments.

(d) The Group has a subsidiary – 'ICI India Research and Technology Centre' which is limited by guarantee and does not have a share capital. (Refer note 5.1)

(e) There are no contingent assets as at 31 March 2023 and as at 31 March 2022.

NOTES (Contd..)

to Consolidated Financial Statements for the year ended 31 March 2023
(All amounts are in millions Indian ₹, unless otherwise stated)

Note 28 : Capital and other commitments

	As at 31 March 2023	As at 31 March 2022
Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	535	360
Liability on partly paid investment: Adyar Property Holding Company Limited	*	*

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

Note 29 : Earnings per share

	As at 31 March 2023	As at 31 March 2022
Weighted average number of shares outstanding during the year	45,540,314	45,540,314
Net profit after tax available for equity shareholders	3,351	2,901
Basic earning per equity share (in ₹) [Face value of ₹ 10 each]	73.58	63.70
Diluted earning per equity share (in ₹) [Face value of ₹ 10 each]	73.58	63.70

Note 30 : Operating lease

The Group has given colour solution machines under operating leases to various dealers and customers. These have been disclosed under 'Plant and equipment -given under operating lease' in note 3.1 (Property, plant and equipment). The leases have varying terms with no escalation clause and no renewable rights. The leases are cancellable at the option of Group. The future lease rentals receivable in respect of these assets, based on the agreements in place, are as under :

	As at 31 March 2023	As at 31 March 2022
Within one year	47	54
Later than one year and not later than five years	63	45
Later than five years	*	*
	110	**99**

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

Note 31 : Fair Value Measurements

a) Financial instruments by category

Particulars	As at 31 March 2023			As at 31 March 2022		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investments in equity shares	*	–	–	*	–	–
Investment in debentures	–	–	*	–	–	*
Loans	–	–	4	–	–	4
Other financial assets	–	–	223	–	–	195
Trade receivables	–	–	5,523	–	–	4,955
Cash and cash equivalents	–	–	3,147	–	–	1,450
Other bank balances	–	–	2,499	–	–	3,142
Total financial assets	*	–	11,396	*	–	9,746
Financial liabilities						
Trade payables	–	–	8,935	–	–	8,451
Other financial liabilities	–	–	1,030	–	–	951
Other financial liabilities - Foreign exchange forward contracts	3	–	–	2	–	–
Total financial liabilities	3	–	9,965	2	–	9,402

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

NOTES (Contd..)

to Consolidated Financial Statements for the year ended 31 March 2023
(All amounts are in millions Indian ₹, unless otherwise stated)

Note 31 : Fair Value Measurements (Contd..)

b) Fair value measurement hierarchy for assets and liabilities

The following explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value. To provide an indication about the reliability of the inputs used in determining fair value, the 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 2023

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial instruments at FVTPL				
– Unquoted Equity shares	–	–	*	*
Financial liabilities				
Derivative not designated as hedges				
– Foreign exchange forward contracts	–	3	–	3

Financial assets and liabilities measured at fair value as at 31 March 2022

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial instruments at FVTPL				
– Unquoted Equity shares	–	–	*	*
Financial Liabilities				
Derivative not designated as hedges				
– Foreign exchange forward contracts	–	2	–	2

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). The fair value of such financial instruments is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. This includes foreign exchange forward contracts.

Level 3 - If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.This is the case for unlisted equity securities included in level 3.There are no transfers between levels 1 and 2 during the year. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

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

c) Valuation techniques used to determine fair value

The fair value of the financial assets and liabilities are included at the amount that would be received to sell an asset and paid to transfer a liability in an orderly transaction between market participants. The following methods were used to estimate the fair values:

- Unquoted equity shares – The valuation model is based on market multiples derived from quoted prices and price earning multiples of companies comparable to the investee and the net assets value and price earning multiples of the investee. The estimate is adjusted for the effect of the non-marketability of the relevant equity securities.
- Other non-current financial assets and liabilities: Fair value is calculated using a discounted cash flow model with market assumptions, unless the carrying value is considered to approximate the fair value.
- Derivative financial assets/liabilities: The Group enters into derivative contracts with various counterparties, principally financial institutions with investment grade credit ratings. Forward foreign currency contracts are determined using forward exchange rates at the balance sheet date.
- Trade receivables, loans, other current financial assets, trade payables and other current financial liabilities: Approximate their carrying amounts largely due to the short-term maturities of these instruments.

Note 31 : Fair Value Measurements (Contd..)

d) Valuation processes

External valuers are involved for valuation of significant assets. The finance department of the Group assists the external valuers in the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values.

The valuation processes and results are reviewed by CFO and finance team once every three months, in line with the Group's quarterly reporting periods.

The main level 3 inputs for unlisted equity securities, used by the Group are derived and evaluated as follows:

– the use of quoted market prices / dealer quotes / profit earning (PE) for similar instruments

– Risk adjustments specific to the counterparties (including assumptions about credit default rates) are derived from credit risk grading determined by the Group's internal credit risk management.

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

e) Financial assets and liabilities measured at amortised cost

Fair value of financial assets and liabilities measured at amortised cost

	As at 31 March 2023		As at 31 March 2022		Level
	Carrying amount	Fair value	Carrying amount	Fair value	
Financial assets					
Investment in debentures	*	*	*	*	3
Loans	4	4	4	4	3
Other financial assets	223	223	195	195	3
Trade receivables	5,523	5,523	4,955	4,955	3
Total financial assets	**5,750**	**5,750**	**5,154**	**5,154**	
Financial liabilities					
Trade payables	8,935	8,935	8,451	8,451	3
Other financial liabilities	1,030	1,039	951	967	3
Total financial liabilities	**9,965**	**9,974**	**9,402**	**9,418**	

a) The carrying amounts of investment in debentures, loans, trade receivables, other financial assets and trade payables are considered to be the same as their fair values, due to their short-term nature.

b) The fair values for security deposits are calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

c) The fair values of financial assets and financial liabilities recorded in the balance sheet in respect of which quoted prices in active markets are available are measured using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Risk management framework

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group's activities expose it to credit risk, liquidity risk and market risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

NOTES (Contd..)

to Consolidated Financial Statements for the year ended 31 March 2023
(All amounts are in millions Indian ₹, unless otherwise stated)

Note 31 : 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 ₹ 5,523 and ₹ 4,955 as at 31 March 2023 and 31 March 2022 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.

Note 31 : Fair Value Measurements (Contd..)

Reconciliation of loss allowance provision – Trade receivables

	As at 31 March 2023	As at 31 March 2022
Opening balance	187	253
Changes in loss allowance (net)	(37)	(66)
Closing balance	**150**	**187**

Reconciliation of loss allowance provision – Other receivables

	As at 31 March 2023	As at 31 March 2022
Opening balance	9	9
Changes in loss allowance (net)	–	–
Closing balance	**9**	**9**

Loss allowance as at 31 March 2023 and 31 March 2022 was determined as follows under the simplified approach:

As at 31 March 2023	Not Due	0-90 days past due	91-180 days past due	181-270 days past due	271-360 days past due	More than 360 days past due	Total
Trade receivables - Considered good	4,990	453	51	42	33	104	5,673
Expected loss rate	0.52%	2.87%	11.76%	16.67%	39.39%	81.73%	2.64%
Expected credit losses– trade receivables	26	13	6	7	13	85	150
Carrying amount of trade receivables (net of impairment)	**4,964**	**440**	**45**	**35**	**20**	**19**	**5,523**

As at 31 March 2022	Not Due	0-90 days past due	91-180 days past due	181-270 days past due	271-360 days past due	More than 360 days past due	Total
Trade receivables - Considered good	4,080	754	122	40	10	136	5,142
Expected loss rate	0.64%	1.86%	7.35%	19.93%	61.54%	91.18%	3.64%
Expected credit losses– trade receivables	26	14	9	8	6	124	187
Carrying amount of trade receivables (net of impairment)	**4,054**	**740**	**113**	**32**	**4**	**12**	**4,955**

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.

NOTES (Contd..)

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Note 31 : Fair Value Measurements (Contd..)

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

As at 31 March 2023	Contractual cash flows					
	Total	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Lease liabilities (including interest)	1,134	117	114	190	312	401
Trade and other payables	8,935	8,935	–	–	–	–
Other financial liabilities	1,030	759	124	140	7	–
Derivative financial liabilities						
Forward exchange contracts	3	3	–	–	–	–

As at 31 March 2022	Contractual cash flows					
	Total	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Lease liabilities (including interest)	1,143	110	105	198	319	411
Trade and other payables	8,451	8,451	–	–	–	–
Other financial liabilities	953	681	93	122	34	23
Derivative financial liabilities						
Forward exchange contracts	2	2	–	–	–	–

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 2023	As at 31 March 2022
– Expiring within one year (bank overdraft facilities)	828	840

iii. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables. The Group is exposed to market risk primarily related to foreign exchange rate risk and the market value of the investments. Thus, the Group's exposure to market risk is a function of investing and revenue generating and operating activities. The objective of market risk management is to avoid excessive exposure in financial assets and unhedged foreign currency, revenues and costs.

Currency risk

The Group is exposed to currency risk on account of its receivables and payables in foreign currency. The functional currency of the Group is Indian Rupee. The Group uses forward exchange contracts to limit its exposure of currency risk, most with a maturity of less than one year from the reporting date. The Group does not use derivative financial instruments for trading or speculative purposes.

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Note 31 : Fair Value Measurements (Contd..)

Exposure to currency risk

The currency profile of financial assets and financial liabilities (other than Indian Rupees) as at 31 March 2023 and 31 March 2022 are reinstated in millions Indian Rupees which is stated below :

As at 31 March 2023	USD	Euro	Other
Financial assets			
Trade and other receivables	453	6	5
Balance in EEFC account	217	–	–
Derivative assets			
Foreign exchange forward contracts-sell foreign currency	–	–	–
Net exposure to foreign currency risk (Assets)	**670**	**6**	**5**
Financial liabilities			
Trade and other payables	895	201	98
Derivative liabilities			
Foreign exchange forward contracts-buy foreign currency	(592)	–	–
Net exposure to foreign currency risk (Liabilities)	**303**	**201**	**98**

As at 31 March 2022	USD	Euro	Other
Financial assets			
Trade and other receivables	151	264	5
Balance in EEFC account	119	–	–
Derivative assets			
Foreign exchange forward contracts-sell foreign currency	–	–	–
Net exposure to foreign currency risk (Assets)	**270**	**264**	**5**
Financial liabilities			
Trade and other payables	826	207	246
Derivative liabilities			
Foreign exchange forward contracts-buy foreign currency	(524)	–	–
Net exposure to foreign currency risk (Liabilities)	**302**	**207**	**246**

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars/EURO or other currencies as at year end would have affected the measurement of financial instruments denominated in US dollars /EURO or other currencies and affected profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Effect	Impact on Profit after tax	
	Increase	Decrease
31 March 2023		
10% movement		
USD	27	(27)
Euro	(15)	15
Others	(7)	7
	5	**(5)**

Effect	Impact on Profit after tax	
	Increase	Decrease
31 March 2022		
10% movement		
USD	(2)	2
Euro	4	(4)
Others	(18)	18
	(16)	**16**

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.

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Note 31 : Fair Value Measurements (Contd..)

The Group considers factors such as long term credit rating, tenor of investment, minimum assured return, monetary limits, etc. while investing.

Sensitivity analysis

The table below summarises the impact of increases/decreases of the index on the Group's profit for the period. The analysis is based on the assumption that the equity index had increased by 10% or decreased by 10% with all other variables held constant, and that all the Group's equity instruments moved in line with the index.

Effect	Impact on Profit after tax	
	31 March 2023	31 March 2022
Increase 10%	*	*
Decrease 10%	*	*

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

Profit for the period would increase/decrease as a result of gains/losses on equity securities classified as fair value through profit or loss.

Note 32 : Capital management

For the purpose of the Group's capital management, capital includes issued equity share capital and all other equity reserves attributable to the equity holders of the Group. The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2022 and 31 March 2023.

	For the year ended 31 March 2023	For the year ended 31 March 2022
The following dividends were declared and paid by the Group during the year:		
Final dividend for the year ended 31 March 2022 of ₹ 35 per equity share (31 March 2021 ₹ 30 per equity share)	1,594	1,366
Interim dividend for the year ended 31 March 2023 of ₹ 25 per share (31 March 2022 ₹ 40 per share)	1,138	1,822
	2,732	**3,188**

In addition to the above dividend, directors have recommended the payment of dividend of ₹40 per equity share (31 March 2022 ₹ 35 per equity share). The proposed dividend is subject to the approval of shareholders in the ensuing Annual General Meeting.

Dividend not recognised at the end of the year	For the year ended 31 March 2023	For the year ended 31 March 2022
31 March 2023 ₹40 per equity share (31 March 2022 ₹ 35 per equity share)	1,822	1,594
	1,822	**1,594**

Note 33 : Segment information

A. General information

The chief operating decision maker (CODM) (i.e. the country leadership team comprising Managing Director, Chief Financial Officer, Head HR, Company Secretary) examines the Group's performance as a single unit (Coatings consisting of decorative, automotive and industrial paints and related activities). Therefore, there is no separate reportable segment for the Group.

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

Note 33 : Segment information (Contd..)

B. Entity wide disclosures

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Revenue from operations		
Domestic	36,094	29,761
Overseas	1,927	1,725
Total	**38,021**	**31,486**

Revenue from overseas customers includes ₹ 562 from Akzo Nobel Coatings International B.V., Netherlands (31 March 2022 ₹ 513 from Akzo Nobel Car Refinishes B.V., Netherlands).

Particulars	As at 31 March 2023	As at 31 March 2022
Non current segment assets		
Domestic	6,788	6,595
Overseas	–	–

Break up of non current assets is as follows:

Particulars	As at 31 March 2023	As at 31 March 2022
Property, plant and equipment	4,098	4,153
Right-of-use assets	970	997
Capital work-in-progress	727	416
Intangible assets	41	52
Other non-current assets (excluding retirement benefit trust surplus)	952	977
Total	**6,788**	**6,595**

C. Information about major customers

No external customer individually accounted for more than 10% of the revenues during the year ended 31 March 2023 and 31 March 2022.

Note 34 : Related Party Disclosures

1. (a) The Group is controlled by:

Akzo Nobel N.V., Netherlands (Ultimate Holding Company)
Imperial Chemical Industries Limited, United Kingdom, which is wholly owned by Akzo Nobel N.V., Netherlands
Akzo Nobel Coatings International B.V., Netherlands which is wholly owned by Akzo Nobel N.V., Netherlands

(b) Fellow subsidiaries:

Akzo Nobel Argentina S.A.	Akzo Nobel Car Refinishes B.V.
Akzo Nobel Boya Sanayi ve Ticaret A.S.	Akzo Nobel Coatings (Dongguan) Co. Ltd.
Akzo Nobel Car Refinishes (Singapore) Pte Ltd	Akzo Nobel Coatings (Jiaxing) Co. Ltd.
Akzo Nobel Chang Cheng Coatings (Guangdong) Co Ltd	Akzo Nobel Ltda
Akzo Nobel Coatings AS	Akzo Nobel Paints (Malaysia) Sdn. Bhd.
Akzo Nobel Coatings CZ a.s.	Akzo Nobel Paints (Thailand) Limited
Akzo Nobel Coatings Inc.	Akzo Nobel Paints Lanka (Pvt) Ltd
Akzo Nobel Coatings K.K.	Akzo Nobel Paints Taiwan Limited
Akzo Nobel Coatings Limited	Akzo Nobel Powder Coatings Korea Co., Ltd.
Akzo Nobel Coatings S.A.	Akzo Nobel UAE Paints L.L.C.
Akzo Nobel Coatings S.P.A.	AkzoNobel South Africa (Pty) Ltd
Akzo Nobel Coatings, S.L.U.	Compania Mexicana de Pinturas International S.A. de C.V.

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Note 34 : Related Party Disclosures (Contd..)

Akzo Nobel Decorative Coatings B.V.	Flexcrete Technologies Limited
Akzo Nobel Global Business Services LLP	International Farbenwerke GmbH
Akzo Nobel Hilden GmbH	International Farg AB
Akzo Nobel Industrial Coatings AB	International Farvefabrik A/S
Akzo Nobel Industrial Coatings Korea Ltd.	International Paint (East Russia) Limited
Akzo Nobel Industrial Coatings Sdn Bhd	International Paint (Hong Kong) Ltd.
Akzo Nobel International Paint (Suzhou) Co. Ltd.	International Paint Limited
Akzo Nobel LLC	International Paint LLC
Akzo Nobel Oman SAOC	International Paint Pazarlama Limited Sirketi
Akzo Nobel Packaging Coatings Limited	International Paint Sdn Bhd
Akzo Nobel Paints (Shanghai) Co., Ltd	International Paint (Akzo Nobel Chile) Ltda
Akzo Nobel Paints (Singapore) Pte Ltd.	International Paint (Korea) Ltd
Akzo Nobel Paints Limited	International Paint (Nederland) B.V.
Akzo Nobel Performance Coatings (Changzhou) Co., Ltd.	International Paint (Panama) Inc.
Akzo Nobel Performance Coatings (Shanghai) Co Ltd	International Paint (Taiwan) Ltd
Akzo Nobel Powder Coatings (Langfang) Co Ltd.	International Paint of Shanghai Co Ltd
Akzo Nobel Powder Coatings GMBH	International Paint Singapore Pte. Ltd.
Akzo Nobel Powder Coatings Limited	Oy International Paint (Finland) AB
Akzo Nobel Pty. Limited	Pinturas Inca S.A.
Akzo Nobel SAS	PT Akzo Nobel Car Refinishes Indonesia
Akzo Nobel Saudi Arabia Ltd.	PT ICI Paints Indonesia
Akzo Nobel Server Boya Sanayi ve Ticaret A.S.	PT International Paint Indonesia
Akzo Nobel Sourcing B.V.	Schramm Coatings GmbH
Akzo Nobel Vietnam Limited	

(c) Key Management Personnel

Mr. Oscar Wezenbeek - Non-Executive Director (upto 22 May 2021) and Chairman (from 23 May 2021)
Mr. Amit Jain - Chairman (upto 22 May 2021) and Independent Director (from 13 August 2021)
Mr. Rajiv Rajgopal - Managing Director
Mr. Krishna Rallapalli - Wholetime Director and CFO (from 1 December 2021)
Mr. Lakshay Kataria - Wholetime Director and CFO (upto 30 September 2021)
Mr. Hemant Sahai - Independent Director
Mr. Arvind Uppal - Independent Director (upto 23 May 2021)
Mr. Rahul Bhatnagar - Independent Director (upto 23 May 2021)
Ms. Smriti Vijay - Independent Director
Ms. Harshi Rastogi - Wholetime Director and CFO (from 1 October 2021 upto 30 November 2021) and Company Secretary

(d) Employee benefit trusts

Pension trusts
ICI's Associated Companies in India Employees Pension Fund
ICI India Management Staff Pension Fund
Akzo Nobel India Employees Pension Scheme
Akzo Nobel Coatings Employees Superannuation Fund

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

Note 34 : Related Party Disclosures (Contd..)

Provident Fund Trusts
The Alkali and Chemical Corporation of India Limited Provident Fund
ICI India Staff Provident Fund
ICI's Associated Companies in India Staff Provident Fund

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

	Akzo Nobel N.V., Netherlands	Imperial Chemical Industries Limited, United Kingdom	Akzo Nobel Coatings International B.V.	Fellow Subsidiaries of the Group	Key Management Personnel	Employee Benefit Trusts	Total
	2022-23 (2021-22)	2022-23 (2021-22)	2022-23 (2021-22)	2022-23 (2021-22)	2022-23 (2021-22)	2022-23 (2021-22)	2022-23 (2021-22)
a) Transactions during the year							
Purchase of raw materials / finished goods	3	–	–	1,615	–	–	1,618
	(–)	(–)	(–)	(1,547)	(–)	(–)	(1,547)
Sale of finished goods	–	–	–	558	–	–	558
	(–)	(–)	(–)	(308)	(–)	(–)	(308)
Expenses incurred and recovered/recoverable from other Companies (Income)	–	–	–	141	–	–	141
	(–)	(–)	(–)	(139)	(–)	(–)	(139)
Expenses reimbursed to other Companies (Expense)	3	–	–	16	–	–	19
	(–)	(–)	(–)	(13)	(–)	(–)	(13)
Royalty	–	–	1,346	–	–	–	1,346
	(–)	(–)	(1,089)	(–)	(–)	(–)	(1,089)
Dividend paid	–	1,379	664	–	–	–	2,043
	(–)	(1,608)	(775)	(–)	(–)	(–)	(2,383)
Services provided (Income)	20	–	562	–	–	–	582
	(22)	(–)	(–)	(517)	(–)	(–)	(539)
Services received (expenses)	299	–	–	126	–	–	425
	(280)	(–)	(–)	(130)	(–)	(–)	(410)
Managerial remuneration							
Short-term employee benefits	–	–	–	–	51	–	51
	(–)	(–)	(–)	(–)	(48)	(–)	(48)
Post employment benefits	–	–	–	–	4	–	4
	(–)	(–)	(–)	(–)	(3)	(–)	(3)
Other long - term benefits	–	–	–	–	6	–	6
	(–)	(–)	(–)	(–)	(8)	(–)	(8)
Contributions made	–	–	–	–	–	207	207
	(–)	(–)	(–)	(–)	(–)	(192)	(192)
Purchase of property plant & equipment	3	–	–	–	–	–	3
	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Guarantee issued on behalf of the Group for credit facilities from banks	850	–	–	–	–	–	850
	(850)	(–)	(–)	(–)	(–)	(–)	(850)

NOTES (Contd..)

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

Note 34 : Related Party Disclosures (Contd..)

	Akzo Nobel N.V., Netherlands	Imperial Chemical Industries Limited, United Kingdom	Akzo Nobel Coatings International B.V.	Fellow Subsidiaries of the Company	Key Management Personnel	Employee Benefit Trusts	Total
	2022-23 (2021-22)	2022-23 (2021-22)	2022-23 (2021-22)	2022-23 (2021-22)	2022-23 (2021-22)	2022-23 (2021-22)	2022-23 (2021-22)
b) Balances as at the end of the year							
Dues to related parties	120	–	622	640	35	–	1,417
	(639)	(–)	(552)	(702)	(34)	(–)	(1,927)
Dues from related parties	15	–	148	248	–	–	411
	(5)	(–)	(–)	(454)	(–)	(–)	(459)
Guarantee issued on behalf of the Group for credit facilities from banks	850	–	–	–	–	–	850
	(850)	(–)	(–)	(–)	(–)	(–)	(850)
c) Share Capital outstanding as at end of the year	–	230	111	–	–	–	341
	(–)	(230)	(111)	(–)	(–)	(–)	(341)

Terms and conditions of transactions with related parties

- The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and settlement occurs in cash.
- There have been no guarantees provided or received for any related party receivables or payables.
- For the year ended 31 March 2023 (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 2021-22.

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

d) Disclosure in respect of transactions / balances which are more than 10% of the total transactions / balances of the same type with related parties.

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Purchase of materials / finished goods		
PT Akzo Nobel Car Refinishes Indonesia	470	329
Akzo Nobel Hilden GmbH	127	256
Others	1,021	962
	1,618	**1,547**
Sales of finished goods		
Akzo Nobel Vietnam Limited	64	8
PT ICI Paints Indonesia	82	89
PT International Paint Indonesia	107	6
Akzo Nobel Paints (Malaysia) Sdn. Bhd.	70	52
Akzo Nobel Paints (Thailand) Limited	60	38
Others	175	115
	558	**308**
Expenses incurred and recovered/recoverable from other Companies (Income)		
Akzo Nobel Sourcing B.V.	92	–
Akzo Nobel Global Business Services LLP	25	132
Akzo Nobel Paints (Singapore) Pte. Ltd.	17	7
Others	7	–
	141	**139**
Expenses reimbursed to other Companies (Expense)		
Akzo Nobel Paints (Singapore) Pte. Ltd.	16	13

NOTES (Contd..)

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

Note 34 : Related Party Disclosures (Contd..)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Akzo Nobel N.V., Netherlands	3	–
Others	–	*
	19	**13**
Royalty		
Akzo Nobel Coatings International B.V.	1,346	1,089
	1,346	**1,089**
Dividend paid		
Imperial Chemical Industries Limited, United Kingdom	1,379	1,608
Akzo Nobel Coatings International B.V.	664	775
	2,043	**2,383**
Services provided (Income)		
Akzo Nobel Coatings International B.V., Netherlands	562	–
Akzo Nobel Car Refinishes B.V.	–	513
Others	20	26
	582	**539**
Services received (Expense)		
Akzo Nobel N.V. Netherlands	299	280
Akzo Nobel Global Business Services LLP	126	130
	425	**410**
Managerial remuneration		
Mr. Rajiv Rajgopal	31	32
Mr. Krishna Rallapalli	14	5
Mr. Lakshay Kataria	–	6
Ms. Harshi Rastogi	11	10
Others	5	6
	61	**59**
Contributions made		
The Alkali and Chemical Corporation of India Limited Provident Fund	191	189
Others	16	3
	207	**192**
Purchase of property plant & equipment		
Akzo Nobel N.V. Netherlands	3	–
	3	**–**
Guarantee issued on behalf of the Company for credit facilities from banks		
Akzo Nobel N.V. Netherlands	850	850
	850	**850**

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

Particulars	As at 31 March 2023	As at 31 March 2022
Dues to related parties		
Akzo Nobel Coatings International B.V.	622	552
Akzo Nobel N.V. Netherlands	120	639
Others	675	736
	1,417	**1,927**
Dues from related parties		
Akzo Nobel Coatings International B.V.	148	–
Akzo Nobel Car Refinishes B.V.	–	264
Akzo Nobel Paints (Malaysia) Sdn. Bhd.	58	13
Others	205	182
	411	**459**

NOTES (Contd..)

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

Note 34 : Related Party Disclosures (Contd..)

Particulars	As at 31 March 2023	As at 31 March 2022
Share capital outstanding		
Imperial Chemical Industries Limited, United Kingdom	230	230
Akzo Nobel Coatings International B.V.	111	111
	341	**341**
Guarantee issued on behalf of the Group for credit facilities from banks		
Akzo Nobel N.V. Netherlands	850	850
	850	**850**

Note 35 : Employee benefits

Defined benefit plans

The Group makes specified monthly contributions towards employees' provident fund and pension to the trusts administered by the Group for certain employees. The minimum interest payable by the provident fund trusts to the beneficiaries every year is notified by the Government. The Group has an obligation to make good the shortfall of interest (basis the actuarial valuation), if any, as at the date of the Balance Sheet.

The liability or asset recognised in the balance sheet in respect of defined benefit pension, provident fund and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuary using the projected unit credit method. The Gratuity Plan provides a lump sum payment to vested employees as per Payment of Gratuity Act, 1972 at retirement, disability or termination of employment being an amount based on the respective employee's last drawn salary and the number of years of employment with the Group. Also Refer note 27 (c).

Post-retirement medical benefits

The Group provides post-retirement healthcare benefits to its employees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit plans i.e. actuarial valuation using the projected unit credit method. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the period in which they arise.

Defined contribution plans

Defined contribution plans are provident fund scheme, superannuation scheme and part of the pension scheme for eligible employees. The Group recognises contribution payable to the respective employee benefit fund as an expenditure, as and when they are due. The Group has no further payment obligations once the contributions have been made. Also Refer note 27 (c).

Other long-term employee benefit obligations

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

Significant Estimates : Employee benefit obligations are determined using actuarial valuations. An actuarial valuation involves making appropriate assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

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Note 35 : Employee benefits (Contd..)

	Gratuity		Pension		Post retirement medical benefit		Provident Fund	
	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2023	For the year ended 31 March 2022
(A) Employee benefit expense recognised in Statement of Profit and Loss								
(a) Current service cost	58	53	2	2	4	4	90	89
(b) Interest cost (net)	20	13	(3)	(4)	22	20	2	3
(c) Past service cost - plan amendments	–	–	–	–	–	–	–	–
Total expense / (gain)	**78**	**66**	**(1)**	**(2)**	**26**	**24**	**92**	**92**
Remeasurements recognised directly in other comprehensive income								
(a) Return on plan assets (greater)/less than discount rate	7	(1)	(9)	(5)	–	–	65	(39)
(b) Actuarial (gains) / losses								
– from changes in demographic assumptions	3	–	1	2	5	–	1	–
– from changes in financial assumptions	(5)	(20)	(4)	(5)	(21)	(16)	(23)	(5)
– Experience adjustments	20	43	(2)	4	3	6	13	33
(c) Adjustment for limit on net asset	–	–	14	4	–	–	–	–
Total expense / (gain)	**25**	**22**	*	*	**(13)**	**(10)**	**56**	**(11)**

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

	Gratuity		Pension		Post retirement medical benefit		Provident Fund	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
(B) Net Asset / (Liability) as at year end								
(a) Present value of obligations as at year end	756	673	79	89	336	341	1,983	1,748
(b) Fair value of plan assets as at year end	334	356	252	247	–	–	1,882	1,715
(c) Fair value of plan assets, limited to present value of future contributions	334	356	131	146	–	–	1,882	1,715
Net Asset / (Liability) (b)-(a)	**(422)**	**(317)**	**173**	**158**	**(336)**	**(341)**	**(101)**	**(33)**
Net Asset / (Liability) recognised in Balance Sheet (c)-(a)	**(422)**	**(317)**	**52**	**57**	**(336)**	**(341)**	**(101)**	**(33)**
(Refer below details for amount recognised in balance sheet)								
Provision in Balance Sheet (Refer note 13)								
Current	(3)	(2)	–	–	(27)	(25)	–	–
Non-Current	(419)	(315)	–	–	(309)	(316)	(101)	(33)
	(422)	**(317)**	**–**	**–**	**(336)**	**(341)**	**(101)**	**(33)**
Retirement Benefit Trust Surplus (Refer note 6.1)								
Current	–	–	–	–	–	–	–	–
Non-Current	–	–	52	57	–	–	–	–
	–	**–**	**52**	**57**	**–**	**–**	**–**	**–**
Net Asset / (Liability) recognised in Balance Sheet								
Current	(3)	(2)	–	–	(27)	(25)	–	–
Non-Current	(419)	(315)	52	57	(309)	(316)	(101)	(33)
	(422)	**(317)**	**52**	**57**	**(336)**	**(341)**	**(101)**	**(33)**

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.

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Note 35 : Employee benefits (Contd..)

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 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
(C) Change in defined benefit obligations during the year								
Present value of obligations at beginning of the year	673	583	89	94	341	344	1,748	1,485
(a) Current service cost	58	54	2	2	4	4	90	89
(b) Interest cost	42	34	5	5	22	20	117	92
(c) Benefits paid	(37)	(22)	(12)	(13)	(17)	(17)	(167)	(131)
(d) Actuarial (gains) / losses	19	23	(5)	1	(14)	(10)	(9)	28
(e) Employee contributions	–	–	–	–	–	–	112	111
(f) Other adjustments	1	1	–	–	–	–	92	74
Present value of obligations at end of the year	**756**	**673**	**79**	**89**	**336**	**341**	**1,983**	**1,748**
(D) Change in fair value of plan assets during the year								
Fair value of plan assets as at beginning of the year	356	353	247	247	–	–	1,715	1,452
(a) Return on plan assets (greater)/less than discount rate	(7)	1	9	5	–	–	(64)	40
(b) Interest income on plan assets	22	21	15	14	115	91		
(c) Group contributions	–	3	–	–	–	–	81	79
(d) Employee contributions	–	–	–	–	112	111		
(e) Benefits paid	(37)	(22)	(12)	(13)	–	–	(167)	(131)
(f) Adjustment of defined contribution	–	–	(7)	(6)	–	–	90	73
(g) Acquisition cost	–	–	–	–	–	–	–	–
Fair value of plan assets	**334**	**356**	**252**	**247**	**–**	**–**	**1,882**	**1,715**
(E) Change in Irrevocable Surplus								
Irrevocable Surplus as at the beginning of the year	–	–	101	92	–	–	–	–
(a) Interest in Irrevocable Surplus	–	–	7	6	–	–	–	–
(b) Change in Irrevocable Surplus in excess of interest	–	–	13	3	–	–	–	–
Irrevocable Surplus as at the end of the year	**–**	**–**	**121**	**101**	**–**	**–**	**–**	**–**
(F) Expected maturity analysis of undiscounted defined benefit plans								
Less than a year	100	97	17	17	27	26	315	287
Between 1-2 years	101	94	16	16	28	26	294	265
Between 2-5 years	308	277	41	41	85	81	639	571
Over 5 years	550	464	41	41	142	137	1,324	1,179
Total	**1,059**	**932**	**115**	**115**	**282**	**270**	**2,572**	**2,302**
(G) Weighted Average Duration	7	6	7	6	7	6	7	6
(H) Sensitivity Analysis								
Discount Rate (%age)								
Effect on DBO due to 0.5% increase in Discount Rate	–2.9%	–2.8%	–3.8%	–3.4%	–4.8%	–5.0%	–1.9%	–1.9%
Effect on DBO due to 0.5% decrease in Discount Rate	3.1%	3.0%	3.8%	4.5%	5.1%	5.3%	1.9%	1.9%

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Note 35 : Employee benefits (Contd..)

	Gratuity		Pension		Post retirement medical benefit		Provident Fund	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
Salary Escalation Rate (%age)								
Effect on DBO due to 0.5% increase in Salary Escalation Rate	2.9%	2.8%	–	–	–	–	–	–
Effect on DBO due to 0.5% decrease in Salary Escalation Rate	–2.8%	–2.7%	–	–	–	–	–	–
Medical Inflation Rate (%)								
Effect on DBO due to 0.5% increase in Medical Inflation	–	–	–	–	4.5%	4.7%	–	–
Effect on DBO due to 0.5% decrease in Medical Inflation	–	–	–	–	–4.2%	–4.4%	–	–
Mortality Rate (%)								
Effect on DBO if Post retirement medical rates are scaled up by one year	–	–	–	–	–6.3%	–5.3%	–	–
Effect on DBO if Post retirement medical rates are scaled down by one year	–	–	–	–	4.2%	5.6%	–	–

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet. The method and type of assumptions used in preparing the sensitivity analysis did not change as compared to previous year.

(I) Other long-term employee benefit obligations

	Long service award obligation		Pension obligation		Leave obligation	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
Current	(3)	(3)	–	–	(167)	(161)
Non-Current	(14)	(13)	(2)	(3)	–	–
Total	**(17)**	**(16)**	**(2)**	**(3)**	**(167)**	**(161)**

(J) Expected contributions to defined benefit plans for the year ending on 31 March 2024 is ₹ 320 (31 March 2023 ₹ 245).

(K) Major category of plan assets

	Gratuity				Pension				Provident Fund			
	As at 31 March 2023		As at 31 March 2022		As at 31 March 2023		As at 31 March 2022		As at 31 March 2023		As at 31 March 2022	
	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount
Government of India Securities (Central and State)	6%	19	9%	32	15%	38	24%	58	56%	1044	57%	971
High Quality Corporate Bonds (including Public sector bonds)	7%	24	7%	25	18%	45	19%	46	35%	664	34%	596
Cash (including special deposits)	14%	47	18%	62	11%	27	4%	9	4%	83	5%	79
Scheme of Insurance-conventional Products	35%	119	17%	62	–	–	–	–	–	–	–	–
Scheme of Insurance-ULIP products	32%	108	44%	155	–	–	–	–	–	–	–	–
Other	6%	17	5%	20	56%	142	53%	134	5%	91	4%	69
	100%	**334**	**100%**	**356**	**100%**	**252**	**100%**	**247**	**100%**	**1,882**	**100%**	**1715**

NOTES (Contd..)

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

Note 35 : Employee benefits (Contd..)

Actuarial Assumptions

	2022-23	2021-22
Discount Rate (annual)	7.10%	6.50%
Salary growth rate	7.50%	7.00%
Expected rate of return (annualised)	7.50%	7.25%
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.

Note 36 : Statutory group information

a) Additional information to consolidated financial statements (Pursuant to Schedule III to the Companies Act, 2013):

Name of the entity in the group	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit and loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
Holding Company								
AKZO NOBEL INDIA LIMITED								
Balance as at 31st March, 2023	99.95%	13,156	99.99%	3,351	99.99%	(51)	100.00%	3,300
Balance as at 31st March, 2022	99.94%	12,588	99.97%	2,900	0.01%	*	100.00%	2,900
Indian Subsidiary								
ICI India Research and Technology Centre								
Balance as at 31st March, 2023	0.05%	7	0.01%	*	0.01%	*	–	–
Balance as at 31st March, 2022	0.06%	7	0.03%	1	99.99%	(1)	–	–
Total								
Balance as at 31st March, 2023	100.00%	13,163	100.00%	3,351	100.00%	(51)	100.00%	3,300
Balance as at 31st March, 2022	100.00%	12,595	100.00%	2,901	100.00%	(1)	100.00%	2,900

b) The subsidiary – 'ICI India Research and Technology Centre' is limited by guarantee and does not have a share capital. Based on undertaking given by the members of the Holding Company, they will contribute a maximum of ₹ 100/-(Rupees hundred) in the event the subsidiary is wound up.The Subsidiary conducts research activity on behalf of Akzo Nobel India Limited and receives contributions from the Holding Company to the extent of costs incurred on such research activity.

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

Note 37 : Disclosure of transactions with struck off companies

Details of transactions entered into by Group with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956 are as follows:

Name of struck off Company	Nature of transactions with struck off Company	Balance outstanding as at 31 March 2023	Balance outstanding as at 31 March 2022	Relationship with the struck off Company
Kohinoor Mills Limited	Investment in equity instruments*	–	–	None

*The Group had an investment of five equity shares, having a par value of ₹ 100 per share, which was written off during the previous year. The carrying value of investment was below the rounding off norms adopted by the Group.

Note 38 : Additional regulatory information required by Schedule III

(i) Details of benami property held

No proceedings have been initiated on or are pending against the Group for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

(ii) Borrowing secured against current assets

The Group does not have any borrowings from banks and financial institutions on the basis of security of current assets.

(iii) Wilful defaulter

The Group is not declared wilful defaulter by any bank or financial institution or government or any government authority.

(iv) Compliance with number of layers of companies

The Group has complied with the number of layers prescribed under the Companies Act, 2013.

(v) Compliance with approved scheme(s) of arrangements

The Group has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

(vi) Utilisation of borrowed funds and share premium

The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

(vii) Undisclosed income

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

NOTES (Contd..)

to Consolidated Financial Statements for the year ended 31 March 2023
(All amounts are in millions Indian ₹, unless otherwise stated)

Note 38 : Additional regulatory information required by Schedule III (Contd..)

(viii) Details of crypto currency or virtual currency

The Group has not traded or invested in crypto currency or virtual currency during the current or previous year.

(ix) Valuation of Property, plant and equipment and intangible asset

The Group has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.

Note 39 : The Group has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of The Income Tax Act, 1961. Since the law requires such information and documentation to be contemporaneous in nature, the Group is in process of updating the documentation of international transactions with the Associated Enterprises during the financial year and expects such records to be in existence latest by the due date of filing the return of income. The management is of the opinion that its international transactions are at arm's length so that aforesaid legislation will not have any material impact on the Consolidated Financial Statements, particularly on the amount of tax expense and that of provision for taxation.

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: 23 May 2023

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

Oscar Wezenbeek
Chairman
DIN : 08432564

Place: Singapore
Date: 23 May 2023

Rajiv Rajgopal
Managing Director
DIN : 06685599

Place: Gurugram
Date: 23 May 2023

Krishna Rallapalli
Wholetime Director and CFO
DIN : 03384607

Place: Gurugram
Date: 23 May 2023

Harshi Rastogi
Company Secretary
ACS 13642

Place: Gurugram
Date: 23 May 2023

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 69th Annual General Meeting ('AGM') of the Members of Akzo Nobel India Limited will be held on Thursday, 3 August 2023 at 1430 hours through Video Conferencing ('VC') / Other Audio Visual Means ('OAVM') to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited financial statements (standalone and consolidated) for the financial year ended 31 March 2023 and the reports of the Directors and Auditors thereon.

2. To confirm interim Dividend as declared and paid during financial year 2022-2023 and to declare final Dividend on equity shares for the financial year ended 31 March 2023.

3. To appoint a Director in place of Mr Krishna Rallapalli (DIN 03384607) who retires by rotation and being eligible, offers himself for re-appointment.

Special Business

4. To consider re-appointment of Mr Hemant Sahai (DIN 00088238) as an Independent Director and, if thought fit, to pass the following resolution as a Special Resolution:

   "RESOLVED that pursuant to the provisions of Sections 149, 150, 152, Schedule IV and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) ('the Act') and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), Mr Hemant Sahai (DIN 00088238), Independent Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in the Act and Listing Regulations and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company to hold office for a second term of three consecutive years with effect from 3 August 2023 to 2 August 2026 and he shall not be liable to retire by rotation."

   "RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary, desirable, proper or expedient for the purpose of giving effect to the above resolution."

5. To consider ratification of remuneration to M/s Chandra Wadhwa & Co., Cost Auditors, holding registration number 00239 allotted by the Institute of Cost Accountants of India and, if thought fit, to pass the following resolution(s) as ordinary resolutions:

   "RESOLVED that pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 and Companies (Cost Records and Audit) Rules, 2014 (including any statutory amendment or modification or re-enactment thereof, for the time being in force), the remuneration of ₹0.66 million, plus applicable taxes and reimbursement of out-of-pocket expenses at actuals, if any, incurred in connection with the audit, 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 2023-24 by the Board of Directors, be and is hereby ratified."

   "RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary, desirable, proper or expedient for the purpose of giving effect to the above resolution."

By order of the Board
for **Akzo Nobel India Limited**

Harshi Rastogi
Company Secretary
ACS 13642

23 May 2023
Gurugram

Registered office:
8-B, Middleton Street
Kolkata 700 071

Notes

i) The Ministry of Corporate Affairs, Government of India (the "MCA") vide its General Circulars No. 14/2020, 17/2020, 20/2020 , 02/2021, 2/2022 and 10/2022 dated 8 April 2020, 13 April 2020, 5 May 2020, 13 January 2021, 5 May 2022 and 28 December 2022 respectively (hereinafter, collectively referred as the "MCA Circulars") read with the SEBI Circulars No. SEBI/HO/CFD/CMD1/CIR/P/2020/79, SEBI/HO/CFD/CMD2/CIR/P/2021/11, SEBI/HO/CFD/CMD2/CIR/P/2022/62 and SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated 12 May 2020, 15 January 2021, 13 May 2022 and 5 January 2023 respectively (hereinafter, collectively referred as the 'SEBI Circulars' and together with the MCA Circulars referred as the 'Circulars') has allowed companies to conduct their annual general meetings through Video Conferencing ('VC') or Other Audio Visual Means ('OAVM'), thereby, dispensing with the requirement of physical attendance of the members at their AGMs and accordingly, the 69th Annual General Meeting (the 'AGM' or the '69th AGM' or the 'Meeting') of Akzo Nobel India Limited (the 'Company') will be held through VC or OAVM in compliance with the Circulars, the relevant provisions of the Companies Act, 2013 (as amended) and the rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended). The venue of the meeting shall be deemed to be the Registered office of the Company.

ii) The Members can join the AGM in the VC/OAVM mode 30 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in this Notice.

iii) Attendance of the Members participating in the AGM through VC/OAVM facility shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

iv) **Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company Circulars, since this AGM is being held, pursuant to the MCA and SEBI 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 Institutional 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 Directors proposed to be re-appointed at this AGM is also annexed to this Notice.

vi) Since the AGM will be held through VC/OAVM, the Route Map is not annexed to this Notice.

vii) The Register of Members and Share Transfer books of the Company will remain closed from 28 July 2023 to 3 August 2023 (both days inclusive).

viii) 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.

ix) Members who wish to obtain any information on the Company or the financial statements may visit the Company's website: www.akzonobel.co.in or may send their queries at least 10 days before the date of the Meeting to the Company through an email at investor.india@akzonobel.com.

x) 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 Aadhaar Card (in case of shares held in physical form) and to their DP (in case of shares held in demat form) at the earliest.

xi) The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, and the relevant documents referred to in the Notice will be available electronically for inspection by the members during the AGM. All documents referred to in the Notice of the AGM and the Explanatory Statement shall be open for inspection without any fee at the Registered Office of the Company between 10 am to 12 noon on all working days, except Saturday, upto and including the date of the AGM of the Company. Members are requested to email a request for inspection of documents at investor.india@akzonobel.com so that necessary arrangements can be made for online inspection.

xii) 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.

xiii) The meeting has been convened and will be conducted in terms of MCA Circulars 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.

xiv) The electronic copies of the Notice for this Meeting and Annual Report for the financial year 2022-23 will be sent to all the shareholders whose email addresses are registered with the Company/Depository Participant(s) ('DP'). The Notice of the 69th AGM and Annual Report for the financial year 2022-23 will also be made available on the Company's website www.akzonobel.co.in, on the website of Stock Exchanges where the equity shares of the Company are listed, BSE Limited at www.bseindia.com, National Stock Exchange of India Limited at www.nseindia.com and on the website of National Securities Depository Limited at www.evoting.nsdl.com.

xv) **Dividend Related Information**

a. The Board of Directors of the Company at their meeting held on 23 May, 2023 have, inter alia, approved and recommended payment of final dividend of ₹40 (Rupees forty only) per equity share of the face value of ₹10 (Rupees ten) each for the financial year ended 31st March, 2023, subject to approval of the members at the ensuing AGM.

b. Final Dividend, if approved at the Meeting, will be paid on or around 24 August 2023 by means of direct bank credit or dividend warrants:

   i. In respect of shares held in electronic form, to the beneficial owners of shares as on 27 July 2023 as per the downloads furnished to the Company by the depositories for this purpose;

   ii. In respect of shares held in physical form, to those members whose names appear on the Company's Register of Members as on 27 July 2023.

c. As per SEBI Regulations, dividend is required to be credited to shareholders using any of the electronic modes of payment approved by the Reserve Bank of India, wherever the requisite details/mandates have been provided by the Members. Members who are yet to provide their bank details are requested to send the details of their bank account (account number, bank name, bank address, MICR Code and IFS Code) to their Depository Participants ("DP") in case of shares held in dematerialized form or to the Registrar and Transfer Agent ("RTA") in case of shares held in physical form at the earliest.

d. Pursuant to the provisions of section 124 of the Act, dividend which remains 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 2016 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 2023.

   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.

xvi) **TDS 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. In order to enable the Company to determine the appropriate TDS rate as applicable. Members are requested to submit the documents in accordance with the provisions of the Income Tax Act, 1961, as detailed below:

I. For Resident Shareholders

1. Resident Individual

a. TDS is required to be deducted at the rate of 10% under Section 194 of the Act.

   Rate of TDS @10% under section 194 of the Act is subject to provisions of section 206AB of Act which provides for TDS in respect of non-filers of income-tax return. As provided in section 206AB, tax is required to be deducted at the highest of following rates in case of payments to specified persons:

   - at twice the rate specified in the relevant provision of the Act; or
   - at twice the rate or rates in force; or
   - at the rate of 5%.

   As per Central Board of Direct Taxes vide Circular No. 11 of 2021 dated 21st June 2021, for determining TDS rate on Dividend, the Company will be using functionality of the Income-tax department to determine the applicability of Section 206AB of the Act.

   Your PAN number which would be available in the database of the RTA/ Depository as on the record date will be considered by the Company for the purpose of tax deduction at source and the relevant tax compliances. The specified person who has not

submitted PAN and/or has not filed the income-tax returns; the tax shall be deducted at the higher of the two rates prescribed in Section 206AA and Section 206AB of the Act.

b. In case the dividend is not exceeding ₹5,000 in a fiscal year to resident individual shareholder then no tax will be deducted from the dividend. If any resident individual shareholder is in receipt of Dividend exceeding ₹5,000 in a fiscal year, entire dividend will be subject to applicable rate of tax.

c. No TDS is required to be deducted on furnishing of valid Form 15G (for individuals, with no tax liability on total income and income not exceeding maximum amount which is not chargeable to tax) or Form 15H (for individual above the age of 60 years with no tax liability on total income).

d. TDS is required to be deducted at the rate of 20% under Section 206AA of the Act, if valid PAN of the shareholder is not available.*

e. TDS is required to be deducted at the rate prescribed in the lower tax withholding certificate issued under Section 197 of the Act, if such valid certificate is provided.

* If the PAN is not as per the database of the Income-tax Portal, it would be considered as an invalid PAN. Further, as per the Notification of Central Board of Direct Taxes, individual shareholders are requested to link their Aadhaar number with PAN by 30th June 2023 and file your income tax return to avoid deduction of tax at higher rates.

2 Resident Non-Individual:

No tax shall be deducted on the dividend payable to the following resident non-individuals where they provide details and documents as follows:

- Insurance Companies: Self declaration that it has full beneficial interest with respect to the Ordinary Shares owned by it along with self-attested copy of PAN card and registration certificate issued by IRDA. Self-declaration to include that you are an Insurance company as defined under the second proviso to section 194 of the Act.

- 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 established in India (AIF): Self-declaration that its income is exempt under Section 10 (23FBA) and clause (a) of Explanation 1 to Section 115UB of the Indian Income-tax Act, 1961 [covered by Notification No. 51/2015 dated June 25, 2015] and they are governed by SEBI regulations as Category I or Category II AIF along with self-attested copy of the PAN card and SEBI registration certificate.

- Recognized Provident Fund: No TDS is required to be deducted as per Circular No.18/2017, subject to specified conditions. Self-attested copy of a valid order from Commissioner under Rule 3 of Part A of Fourth Schedule to the Act, or self-attested valid documentary evidence (e.g. relevant copy of registration, notification, order, etc.) in support of the provident fund being established under a scheme framed under the Employees' Provident Funds Act, 1952 needs to be submitted.

- Approved Superannuation Fund: No TDS is required to be deducted as per Circular No.18/2017, subject to specified conditions. Self-attested copy of valid approval granted by Commissioner under Rule 2 of Part B of Fourth Schedule to the Act needs to be submitted.

- Approved Gratuity Fund: No TDS is required to be deducted as per Circular No.18/2017, subject to specified conditions. Self- attested copy of valid approval granted by Commissioner under Rule 2 of Part C of Fourth Schedule to the Act needs to be submitted.

- New Pension System Trust: Self-declaration registration certificate /declaration that you qualify as NPS Trust for the purpose of section 197A(1E) of the act, and that your income is eligible for exemption under section 10(44) of the act along with self-attested copy of documentary evidence supporting the exemption and self-attested copy of PAN card.

- Government: Documentary evidence and self-declaration that it is a Corporation set up under specific legislation whose income is exempt from any income-tax and can be considered as a 'Government' and qualify for exemption under section 196 of the Act.

- Other Non-Individual shareholders: Self-attested copy of documentary evidence supporting the exemption along with self-attested copy of PAN card.

In case, shareholders (both individuals or non-individuals) provide certificate under Section 197 of the Income Tax Act, 1961, for lower / NIL withholding of taxes, rate specified in the said certificate shall be considered, on submission of self-attested copy of the certificate.

II. For Non-resident Shareholders

a. Taxes are required to be withheld in accordance with the provisions of Section 195 of the Income Tax Act, 1961, as per the rates as applicable. As per the relevant provisions of the Act, the withholding tax shall be at the rate of 20% (plus applicable surcharge and cess) on the amount of dividend payable to them. Further, in case

you are identified as a "Specified Person" under section 206AB then we request you to submit self-declaration for not having permanent establishment in India as per tax law so that tax can be deducted as per the applicable provisions of Income Tax Act, 1961. In case, non-resident shareholders provide a certificate issued under Section 197/195 of the Income Tax Act, 1961, for lower/ Nil withholding of taxes, rate specified in the said certificate shall be considered, on submission of self-attested copy of the certificate.

b. Further, as per Section 90 of the Income Tax Act, 1961 the non-resident shareholder has the option to be governed by the provisions of the Double Tax Avoidance Treaty between India and the country of tax residence of the shareholder, if they are more beneficial to them. For this purpose, i.e. to avail Tax Treaty benefits, the non-resident shareholders are required to provide the following:

- Self-attested copy of the PAN Card allotted by the Indian Income Tax authorities.
- Self-attested copy of Tax Residency Certificate (TRC) (for the period April 2023 to March 2024) obtained from the tax authorities of the country of which the shareholder is a resident.
- Electronic Form 10F as per notification No. 03/2022 dated 16th July 2022 from the Central Board of Direct Tax.
- Self-declaration to be provided under Rule 37BC(2) of the Income Tax Rules, 1962.
- 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 2023 to March 2024) 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, 28 July 2023 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, 28 July, 2023. It may be further noted that in case the tax on said dividend is deducted at a higher rate in absence of receipt of the aforementioned details / documents from you, there would still be an option available with you to file the return of income and claim an appropriate refund from the tax authorities, if eligible.

We shall arrange to email the soft copy of TDS certificate to you at your registered email ID/address in due course, post payment of the said dividend.

xvii) 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 31 July 2023 (9 am) and ends on 2 August 2023 (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 27 July 2023, 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 held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 4. Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience. 
Individual Shareholders holding securities in demat mode with CDSL	1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then use your existing my easi username & password. 2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly. 3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option.

Type of shareholders	Login Method
	4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders (holding securities in demat mode) login through their depository participants	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 022 - 4886 7000 and 022 - 2499 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33

B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.

2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.

3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12********** then your user ID is 12**********
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:

   a) If you are already registered for e-Voting, then you can user your existing password to login and cast your vote.

   b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

   c) How to retrieve your 'initial password'?

      (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

      (ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

   a) Click on "Forgot User Details/Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

   b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

   c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.

   d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.

2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join Meeting".

3. Now you are ready for e-Voting as the Voting page opens.

4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

5. Upon confirmation, the message "Vote cast successfully" will be displayed.

6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

xviii) **Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this Notice**

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAAR (self attested scanned copy of Aadhaar Card) by email to investor.india@akzonobel.com

2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAAR (self attested scanned copy of Aadhaar Card) to investor.india@akzonobel.com. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1(A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.

3. Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.

4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants.

Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

xix) 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 details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

xx) Instructions for Members for attending the AGM through VC/OAVM

1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of "VC/OAVM" placed under "Join meeting" menu against company name. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Shareholders are encouraged to join the Meeting through Laptops for better experience.
3. Further, Shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at investor.india@akzonobel.com. The same will be replied by the company suitably.
6. Shareholders who would like to express their views/ask questions as a speaker at the Meeting may pre-register themselves by sending a request from their registered e-mail address mentioning their names, DP ID and Client ID/folio number, PAN and mobile number at investor.india@akzonobel.com from 23 July 2023 9:00 am (IST) to 31 July 2023 5:00 pm (IST). Only those Shareholders who have pre-registered themselves as a speaker will be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

xxi) General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to aklabhcs@gmail.com with a copy marked to evoting@nsdl.co.in. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.
2. 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.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on.: 022 - 4886 7000 and 022 - 2499 7000 or send a request to Ms. Pallavi Mhatre, Senior Manager at evoting@nsdl.co.in
4. Mr A K Labh, Practicing Company Secretary (Membership No. FCS4848, C.P. No. 3238) of M/s A K Labh & Co., Company Secretaries, Kolkata has been appointed as the Scrutinizer to conduct the voting process in a fair and transparent manner.
5. The Scrutinizer, after the conclusion of e-voting at the Meeting, will scrutinize the votes cast at the Meeting and votes cast through remote e-voting, make a consolidated Scrutiniser's Report and submit the same to the Chairman. The results shall be declared within 48 hours from the conclusion of the meeting. The results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.akzonobel.co.in and on the website of NSDL immediately after the declaration of results by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to BSE Limited and National Stock Exchange of India Limited.
6. On receipt of requisite number of votes, the Resolutions shall be deemed to have been passed on the date of the AGM.

Explanatory statement

pursuant to Section 102 of the Companies Act, 2013

Item No. 4

Re-appointment of Mr Hemant Sahai as an Independent Director

Mr Hemant Sahai ('Mr Sahai') joined the Board of the Company as an Independent Director on 3 August 2018. He is currently the Chairperson of the Stakeholders Relationship Committee. He is also a member of the Audit Committee, Nomination and Remuneration Committee and Risk Management Committee.

Under the provisions of the Act, a person can serve as an independent Director on the Board of a company for a maximum of two consecutive terms of five years each. In case the Board decides to recommend a Board member for a second term as an Independent Director, such appointment shall require approval of shareholders by means of a special resolution.

The present term of appointment of Mr Sahai as an Independent Director of the Company ends on 2 August 2023. Pursuant to the recommendations of the Nomination and Remuneration Committee, the Board, at its meeting held on 23 May 2023, resolved to recommend his re-appointment for another term of three years, subject to the approval of the shareholders by means of a special resolution.

Relevant details relating to the appointment of Mr Sahai, 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 Sahai 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 Sahai 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 Sahai that he meets the criteria of independence as prescribed under Section 149 of the Act and the Listing Regulations. Mr Sahai 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 Sahai for the office of Independent Director of the Company. In the opinion of the Board, Mr Sahai 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 Sahai 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 Sahai, no other Director or Key Managerial Personnel ('KMP') has any interest or concern in this resolution.

Item No. 5

Ratification of remuneration to Cost Auditors

The Board, at its meeting held on 23 May 2023, 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 ₹ 0.66 million, plus applicable taxes and reimbursement of out-of-pocket expenses at actuals, if any, incurred in connection with the audit, for the financial year 2023-24, as recommended by the Audit Committee, subject to ratification by the shareholders.

The Board recommends the resolutions 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 Hemant Sahai (DIN: 00088238)	Mr Krishna Rallapalli (DIN: 03384607)
Age (years)	59	50
Experience and Qualification	Mr. Hemant Sahai has been an Independent Director of the Company since August 2018. He is the Chairman of the Stakeholder Relationship Committee. Mr. Sahai is the Founding Partner of HSA Advocates and is recognized by peers, clients, and diverse international legal publications such as Chambers-Asia Pacific, Chamber Global, Legal500, IBLJ, IFLR 1000, and several others as one of the leading lawyers in India. For more than three decades, Hemant has been a trusted legal counsel and strategic legal advisor to some of the largest corporations on corporate governance, mergers & acquisitions, SEBI and Listing Agreement issues, corporate finance & investment, tax-related matters, and regulatory affairs. Mr. Sahai has served as an advisor to the Prime Minister's Office, Planning Commission, Niti Aayog, and several working groups and committees formed by top government bodies/institutions on policy issues and on matters of national importance. He has also been an adviser to central government ministries, PSUs, regulatory authorities, multilateral institutions (World Bank, IFC, ADB, etc.), banks, and financial institutions. Mr. Sahai has studied B Com (H) and LLB at the University of Delhi. He is also an Independent Director on the board of MB Power (Madhya Pradesh) Limited.	Mr Krishna Rallapalli has been the CFO and Wholetime Director of the Company since December 2021. Mr Krishna is a member of the Institute of Chartered Accountants of India (ICAI). He has over 24 years of experience and his last role was that of Regional Commercial Controller, Vehicle Refinish and Automotive for Asia with AkzoNobel Group. He joined the Company in 2006 and has handled various leadership roles in the Commercial and Finance functions. Prior to Akzo Nobel, he worked with Cholamandalam MS General Insurance, National Starch & Chemicals and LG Polymers India in different roles. Mr Krishna's primary expertise lies in leading finance function across insurance, chemicals and paints & coatings industries. His achievements include building focused strategies for sustained business growth, reorganizing finance function, driving continuous improvement, bringing operational efficiencies by redesigning cost models, setting up systems to handle multiple projects simultaneously and forging strong relationships with internal/external stakeholders. He is also proficient in handling complex business projects in a cross functional and multicultural work situations.
Expertise in specific Functional Areas	General Management, Legal and Governance.	Finance, Corporate Governance, General Management
Date of first appointment on the Board	3 August 2018	1 December 2021
Number of meetings of the Board attended during the Financial year 2022-2023	He has attended all 4 (four) board meetings held during the financial year.	He has attended all 4 (four) board meetings held during the financial year.
No. of Committees Meetings attended during the year 2022-23.	He has attended all 10 (ten) committee meetings, where he is a member, held during the financial year.	He has attended all 6 (six) committee meetings, where he is a member, held during the financial year.
Skills and capabilities required for the role and the manner in which the proposed Independent Director meets such requirements	Skills and capabilities required for the role are Legal expertise with management skills. Mr Sahai fulfils the requirement as he is a Lawyer with extensive experience.	NA
Shareholding in the Company as on 31 March 2023 (self and through beneficial ownership)	Nil	Nil

Name of Director(s)	Mr Hemant Sahai (DIN: 00088238)	Mr Krishna Rallapalli (DIN: 03384607)
Term and conditions of re-appointment	Independent Director not liable to retire by rotation	Executive Director, liable to retire by rotation
Detail of remuneration last drawn (FY 2022-23)	₹ 1.70m	₹ 14.17m
Detail of proposed remuneration	Hemant Sahai will be paid sitting fees of ₹ 50,000 per meeting for attending Board/ Committee meetings and commission as approved by the Board/ shareholders from time to time.	Remuneration will continue as per the approval given by the shareholders on 21 December 2021.
Resignation from the directorship of the listed companies in the past three years	None	None
Others companies (in India) in which he/she holds Directorship	MB Power (Madhya Pradesh) Limited.	ICI India Research & Technology Centre
Chairman / Member of the Committees of the Board of the Companies on which he/ she is a Director*	Chairperson of Stakeholder Relationship Committee and member of Audit Committee, Akzo Nobel India Limited	None
Disclosure of relationships between directors inter-se	None	None

*Committees considered for the purpose are those prescribed in Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, viz. Audit Committee and Stakeholders' Relationship Committee.

NOTES

Corporate Office
9th Floor, Magnum Towers,
Golf Course Extension Road,
Sector 58, Gurugram 122 011, India

About AkzoNobel:
We supply the sustainable and innovative paints and coatings that our customers, communities – and the environment – are increasingly relying on. Our world class portfolio of brands – including Dulux, International, Sikkens and Interpon – is trusted by customers around the globe. We're active in more than 150 countries and have set our sights on becoming the global industry leader. It's what you'd expect from a pioneering paints company that's committed to science-based targets and is taking genuine action to address globally relevant challenges and protect future generations. For more information please visit www.akzonobel.com

About Akzo Nobel India Limited:
Akzo Nobel India has been present in India for over 60 years and is a significant player in the paints industry. In 2008, the company became a member of the AkzoNobel Group. With an employee strength of around 1,500, Akzo Nobel India has manufacturing sites, offices and a distribution network spread across the country. All manufacturing facilities have a state-of-the art environmental management system. It's commitment to Health, Safety, Environment & Security (HSE&S) has been among the best in class globally, with due care being taken to protect the people and the environment. For more information please visit www.akzonobel.co.in.

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Bringing a world of difference

AkzoNobel's efforts in the recent "Let's Colour" project in Jodhpur go beyond preserving the heritage of the 'Blue City'. The historic Surya Colony on the foothills of the Mehrangarh Fort is celebrating the identity and heritage of the city, while also creating new income opportunities for the 6,000 people strong local community as the area becomes a must-see hotspot for tourists. A powerful reminder that the real power of paint lies in transforming lives by uplifting communities.

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