

AkzoNobel



REPORT 2021

Akzo Nobel India Limited

OUR PURPOSE

PIONEERING
A WORLD OF
POSSIBILITIES TO
BRING SURFACES
TO LIFE

Our approach to sustainable business

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



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Contents

Overview

Chairman's Statement	02
Chairman Designate Statement	06
Managing Director's Statement	08
Board of Directors	12
Akzo Nobel India at a glance	14
Performance Highlights	16
Recent Years at a Glance	17
Company Information	18

Statutory Reports

Directors' Report	20
--------------------------	----

- Management Discussion & Analysis	22
------------------------------------	----

Annexures to the Directors' Report

- Report on Corporate Governance	35
----------------------------------	----

- Business Responsibility (BR) Report	49
---------------------------------------	----

- Corporate Social Responsibility (CSR) Report	54
--	----

Secretarial Audit Report	61
---------------------------------	----

Financial Statements

Standalone Financial Statements

- Independent Auditors' Report	64
--------------------------------	----

- Balance Sheet	72
-----------------	----

- Statement of Profit and Loss	73
--------------------------------	----

- Statement of Cash Flows	74
---------------------------	----

- Statement of Changes in Equity	76
----------------------------------	----

- Notes	77
---------	----

Consolidated Financial Statements

- Consolidated Independent Auditors' Report	128
---	-----

- Consolidated Balance Sheet	134
------------------------------	-----

- Consolidated Statement of Profit and Loss	135
---	-----

- Consolidated Statement of Cash Flows	136
--	-----

- Consolidated Statement of Changes in Equity	138
---	-----

- Consolidated Notes	139
----------------------	-----

Notice of Annual General Meeting	189
---	-----



Chairman's statement



Amit Jain

Chairman

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

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

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

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

Leveraging the growth enablers

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

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

- First, that, as metros and Tier-1 cities grappled with higher infection incidents, growth was markedly shifting to rural and semi-urban markets.

- Secondly, safety was now a non-compromise for all. The emphasis had shifted clearly to health and hygiene.
- Third, as our consumers spent more time at home, there was a new focus on home improvement across all geographies.

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

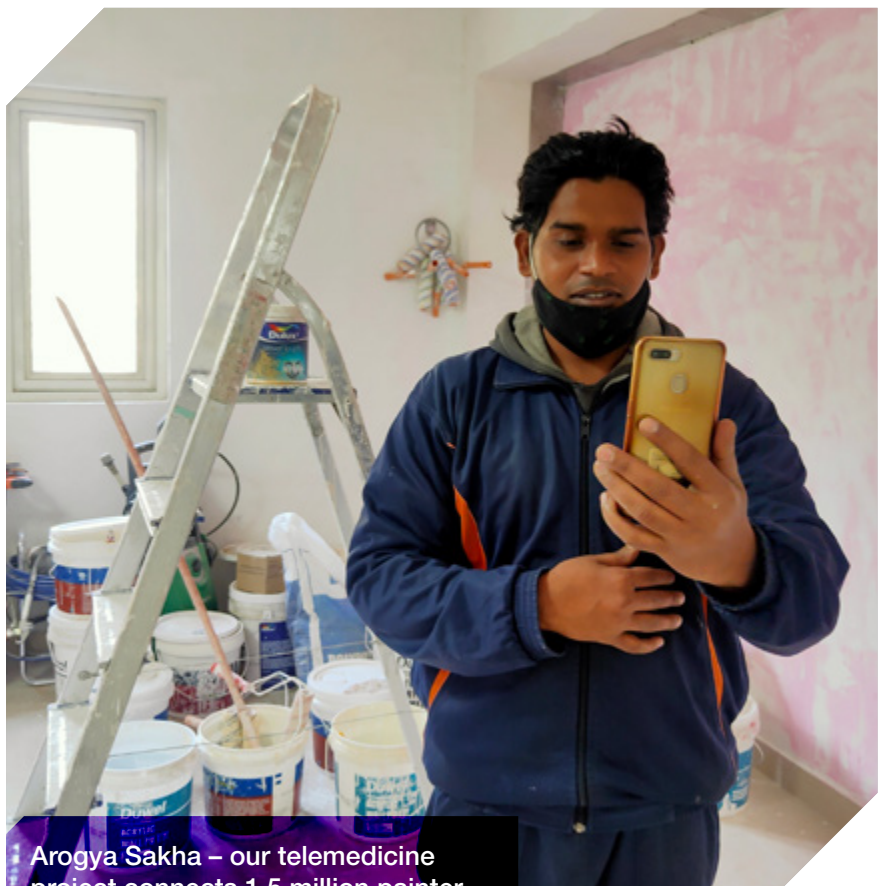
While operating in the present with an eye on the future, we are driven by our Grow & Deliver strategy. Our focus now is to grow our topline while maintaining profitability.

Staying connected matters....

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

AkzoNobel Cares

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



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

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

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

As daily cases crossed the 4-lac mark and medical grade oxygen availability

became challenging, AkzoNobel India distributed 135 oxygen concentrators to support local communities via respective District administrations and its employees during the Wave 2.0 of COVID-19.

Committed to Long term Shareholder value creation

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

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

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



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



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

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

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

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

As we move ahead, the emerging green shoots including the intense focus on improving health care system, economic

unlocking and the energetic aspirations of young India strengthen my belief that our nation is poised to move to an even higher trajectory of sustainable growth. And I am confident that driven by the passion for paints and indomitable spirit of its employees, so is AkzoNobel India Limited!

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

Stay Safe, Stay Healthy!

Amit Jain
Chairman

Chairman Designate statement



Oscar Wezenbeek
Chairman Designate

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

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

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

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

At the same time, with the core value of Sustainability embedded in everything we do; AkzoNobel India prioritized the 3Cs (Collaborate, Connect and Communicate) to endear itself with local

communities. Meaningful collaborations with Government authorities, NGOs and rural initiatives like distributing oxygen concentrators to ProtoVillage (one of the driest district in India) focused on empowering the needy. Initiatives like COVID-19 helpline prioritized safety and connected painters, including their families and our students covered under our Parivartan project to specialist doctors. Confidence building campaigns

communicated several initiatives taken under AkzoNobel We Care program, which has been providing critical medical and vaccination support to our employees and their families. As I take over the Chairmanship, continuing our social interventions with the same spirit will be one of my priorities.

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

STRATEGY NARROWCASTING

Grow & Deliver



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

BEHAVIORS NARROWCASTING



Passion for paint

Be customer focused



Precise processes

Execute with discipline



Powerful performance

Deliver on commitments



Proud people

Take ownership

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

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

Our uniqueness as the integrated global expert of paints and performance coatings, coupled with our pioneering spirit and 4P's of behavior (Passion for

paint, Powerful performance, Precise processes and Proud People) continues to fuel our ambitions to paint the future.

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

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

Warm Regards,

Oscar Wezenbeek
Chairman Designate

Managing Director's statement



Rajiv Rajgopal
Managing Director

Gearing ahead to Grow & Deliver

“The greater the obstacle, the more glory in overcoming it.”

— Molière

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