



Versatile. Agile. Upbeat.

EMERGING STRONGER

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Notice of the AGM

Highlights of the year

Revenue from Operations

₹ **905.97** Crore **25.25%**

EBITDA

₹ **135.98** Crore **10.99%**

PAT

₹ **84.05** Crore **18.63%**



Y-O-Y growth



For more information, please, visit our [website](#)

We have always
dared to be different!

Different in our
approach towards innovation.

Different in the way
we conduct **our operations and reach out to our customers and influencers.**

Different in the way **we create and amplify value for all our stakeholders.**

Our versatility and capability for differentiation is our biggest asset, which has **enabled us to build a thriving business and brand equity from a very modest beginning.**

As the industry continues to evolve in line with customer expectations, **we are growing our scale of operations, enhancing our national footprint and bringing more agility in our response to emerging opportunities.**

We believe that, crisis reveals character. Notwithstanding transient headwinds, **we are committed to grow our business in terms of volume and value and touch more lives with our innovative offerings**

Versatile, agile and upbeat, we try to see the silver lining beyond challenges, walk the road less travelled and create exceptional value for customers and all other stakeholders.

Setting industry trends with sparkling innovation

Indigo Paints has come a long way since inception in 2,000 to emerge as one of India's fastest growing paint companies, catering to evolving needs of customers with innovation-driven offerings.

We manufacture a wide range of paints for the decorative segment and we were the first company in India to create category-creator products including Metallic coat emulsions, tile coat emulsions, bright ceiling coat emulsion and floor coat emulsions in India.



Our Philosophy

Setting new work strategies, innovative product development and strong market research fundamentals, while keeping the spirit of wonderment intact; Indigo Paints has stood out in a class of its own in a competitive paint industry landscape.

The ability to innovate with 'first-of-its-kind' products and provide surprising results and never-thought-of approaches for deeper understanding of market insights has been the key differentiator to building sustainable value-accretive company.

Highlights for the hurried reader

Founded in the year **2000**

Listed on **BSE and NSE in 2021**

5th largest paint company in India by market capitalisation

5th largest decorative paint manufacturer in India

Active dealer network : **15,787**

Present across **28 states in India**

4 manufacturing units

Total income : **₹ 916.87 Crore**

Market capitalisation : **₹ 7,638.87 Crore** as on March 31, 2022

Employees **708 as on March 31, 2022**

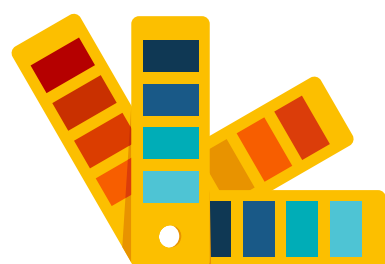
29.62% Revenue contribution from highly differentiated products

Growing with versatility, agility and up-beat approach

We started our innings in the paint sector on a modest note. However, our overarching objective was to surprise our customers and patrons with the vibrancy and versatility of our innovation.

In the 10 years that preceded our listing in 2021, our growth story has been led by the launch of a range of differentiated products,

a conscious focus on Tier 3 and Tier 4 towns, gradual build-up of our brand equity through advertising, and an agile and relentless expansion in our dealer network and tinting machine population.



The result was as surprising to us as it was to our employees, customers, investors and other stakeholders. Consistent industry outperformance by a factor of 2X or even 2.5X. Now we are consolidating our capabilities, enhancing our brand equity and expanding our footprint to build the foundation for the next leg of our journey.

Indigo Paints 2.0 Strategy

Sharpening **focus on Tier 1 and Tier 2 cities and towns of India**

Expanding presence **across 750 large cities, with growing population and high disposable income**

Engaging more with **the painter community for a larger increase in sales**

Stepping up **brand promotion campaigns aggressively**

Further **expanding capacity** with a view to address a larger slice of the market

Chairman & Managing Director's Message

Aiming for the next altitude



Dear Shareholders,

In a year marked by several challenges such as supply chain disruptions following repeated waves of the pandemic, subdued demand scenario, and high inflation, fuelling rise in input costs and putting pressures on margins, we have reported double-digit growth in revenue and profitability.

During the year, we focused more on engaging with our customers, dealers and influencers and supporting our teams to remain undeterred by challenges and emerge stronger.

We believe India's mega consumption engine will gradually gain momentum, as the 2+ trillion-dollar economy shakes off the inertia induced by the pandemic and the geopolitical tensions in Europe. The macro indicators such as GST collections, railway freight, E-Way bills, air travel, power consumption are pointing towards a robust revival. The high inflation trajectory is expected to normalise over the medium term, with the RBI resorting to a series of repo rate hikes to absorb the excess liquidity in the economy.

Performance during the year

You are aware of the unusual rise in input costs in the last 18 months, which has compelled all industry players to take a series of price hikes. We also focused on enhancing our operational efficiency in order to optimise our costs to the extent possible. What is heartening to note that despite escalation in input costs, we have been able to contain the reduction in gross margins, and Indigo Paints closed the year with a gross margin of 43.32%, which is perhaps the highest in the industry. This was possible due to the higher contribution from the differentiated products, prudent sourcing and cost measures undertaken by the Company. The sudden surge in crude prices did not hurt our margins significantly, because oil-based paints are a relatively small portion of our portfolio.

Notwithstanding steep rise in input costs, our operational income has expanded by 25.25% over FY21. EBITDA and PAT have expanded by 11% and 18.63% over FY2021, despite lower gross margins and higher advertising and promotion (A&P) spends than the preceding year.

Our EBITDA margin has touched 18.64% in the last quarter, which is up sequentially from 14.57% in the preceding quarter and even higher than 16.89% that we experienced in Q4 of FY2021. PAT numbers for Q4 have expanded by 39.14% on a Y-on-Y basis. This points to a revival in the profitability parameters towards the end of the FY 2022.

Coming to the financial numbers for the full fiscal FY2022, our net sales in operations during the year have been 25.25% higher than FY2021. Now it should be noted that this increase is on a more robust base level of FY2021, because Indigo Paints had not been as severely impacted by the first Covid-19 wave as other paint companies and we had shown a much higher top line growth in FY2021 compared to others. Therefore, this growth of 25.25% comes from a relatively robust base for us.

EBITDA margin for the full year FY2022 has been 15.01% and PAT margin has been 9.17%, both of which are marginally lower than the corresponding figures for FY2021, due to steep raw material inflation. However, the contraction in both these margins is not as severe as for other industry players.

Next leg of the journey

Our growth over the years has been stellar, but we believe in order to sustain that momentum, we need to expand to Tier 1 and Tier 2 cities, without diluting our focus on the smaller towns and cities from where we derive our strength.

In most states of India, our network of dealers in these small towns is excellent and an attempt to further increase our network would be counterproductive. Our share of counter revenue in these cities is also fairly high. Although there is considerable scope for further improvement, we believe it will happen gradually. Therefore, we have now decided to focus on the next level of towns or cities in India. We have identified 750 such cities in India, which are big cities of the country by population, where we will now be looking to deepen our penetration.

Silver lining on the horizon

We are seeing a gradual improvement in the demand scenario in the current fiscal year, which is likely to strengthen further. Prices of key raw materials are also showing a stabilizing trend. In view of these positive factors, we are confident of growing our business, both in terms of volume and value. Our topline growth has been more or less in line with the industry in the preceding five quarters. We now need to revert to our earlier growth trajectory of 2X growth, compared to the industry.

Our key priorities are

- Enhance output per dealer in the 750 cities in focus
- Intensive engagement with the influencer community to drive sales
- Aggressive innovation to strengthen differentiation and command price premium
- Increase distribution footprint through wholesalers in select cities
- Invest in brand building, with an eye on reducing our total A&P spends as a percentage of total revenue.

We are progressing reasonably well on the construction of our new water-based paint plant in Tamil Nadu with civil construction and machinery procurement in full swing. We expect to complete the commissioning of this plant by Q3 of FY2023. However, this is not a cause for concern, as we have enough adequate surplus capacity to meet near-term demand increase.

We are growing a responsible business, with the support and encouragement of all stakeholders. We are committed to extending support to the disadvantaged sections of society as a part of our corporate citizenship initiative.

I would also like to reiterate what said in my last letter, that Indigo Paints is balancing growth with environmental sustainability. Before I conclude, I must thank all our employees, consumers, business partners, suppliers, shareholders and all other stakeholders for their continued trust in our vision and capabilities.

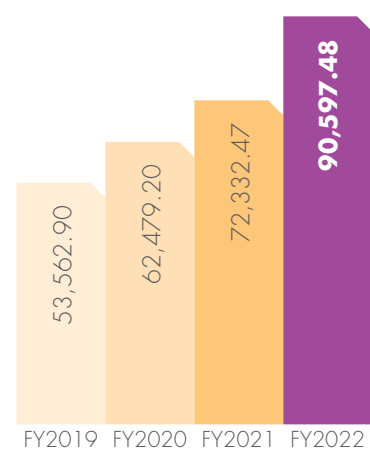
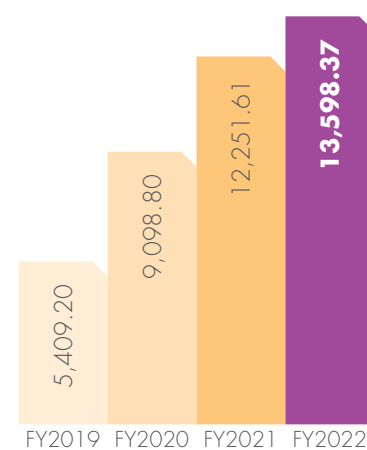
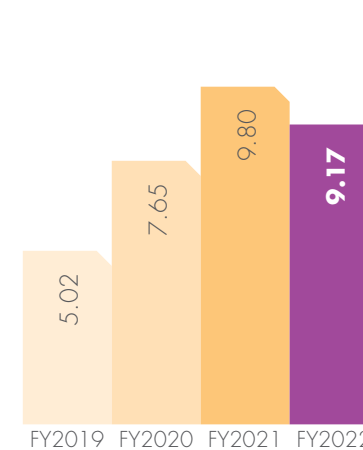
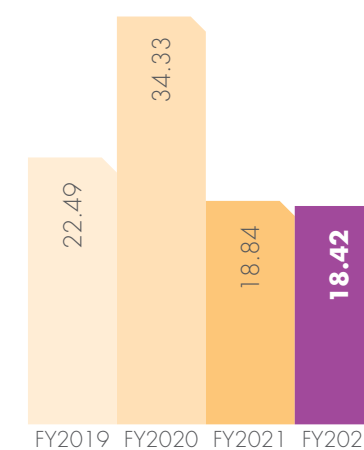
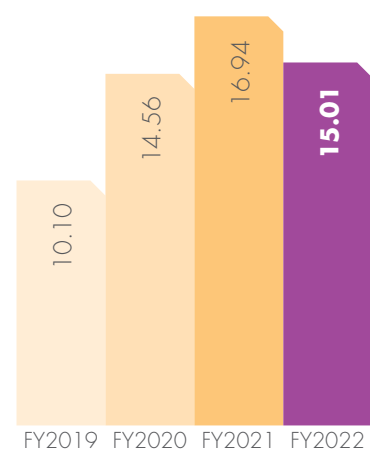
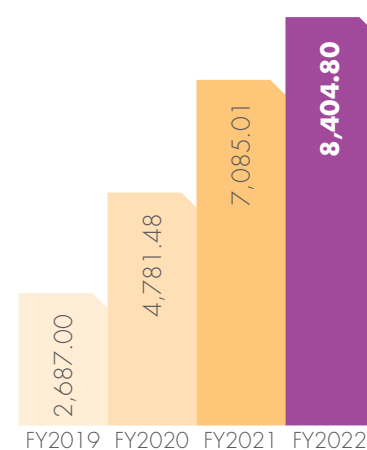
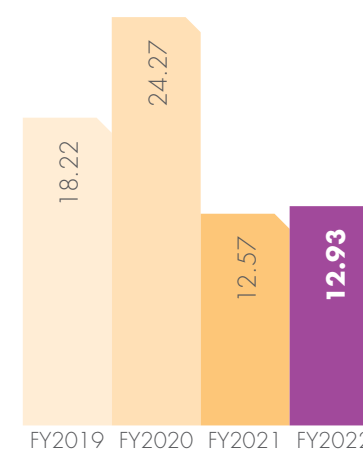
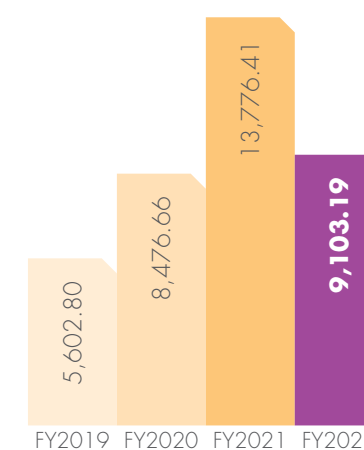
Regards,

Hemant Jalan

Chairman/Managing Director

Financial performance

Painting a bright picture of optimism

Revenue from operations (₹ Lakhs)

EBITDA (₹ Lakhs)

PAT margin (%)

ROCE (%)

EBITDA margin (%)

PAT (₹ Lakhs)

ROE (%)

Cash from Operations (₹ Lakhs)


Rounded off to the nearest decimal

Rounded off to the nearest decimal

Product Portfolio & Operational Highlights

Foraying into new categories, reinforcing our creativity

Our offerings



Emulsions



Enamels



Wood Coatings



Primers



Distempers



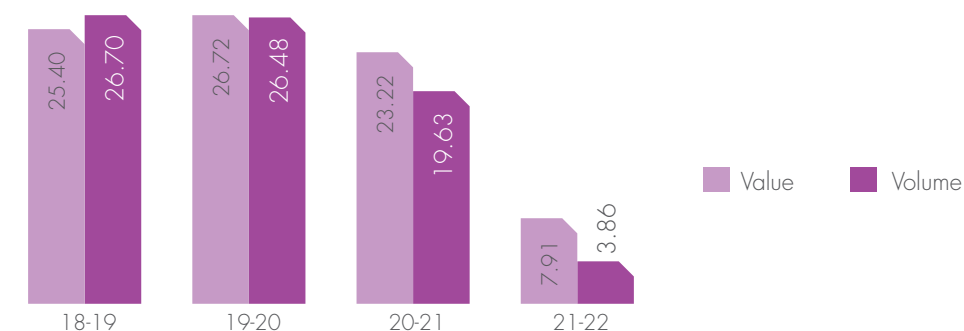
Cement Paints



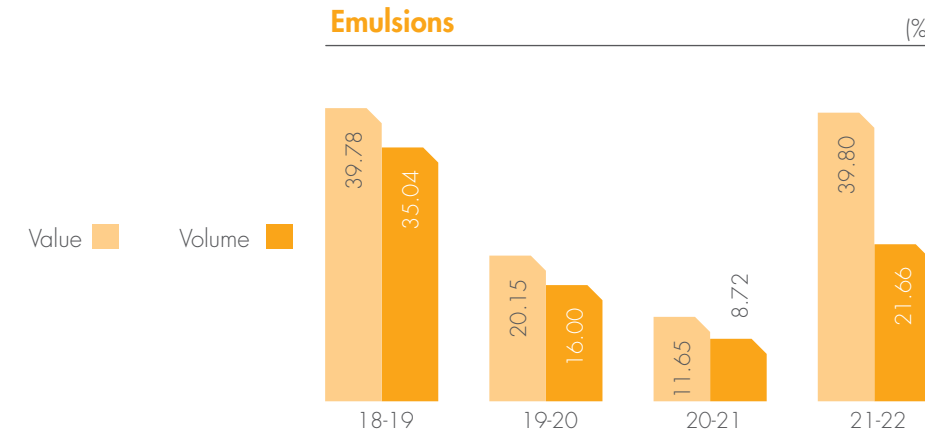
Putties

Operational highlights Value Growth & Volume growth

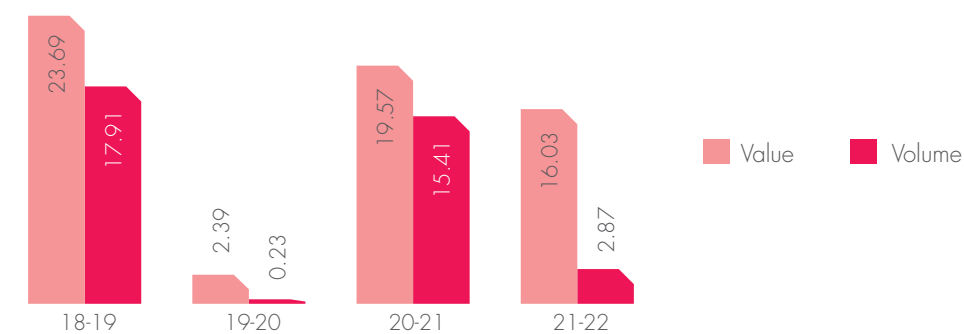
Cement Paints + Putty (%)



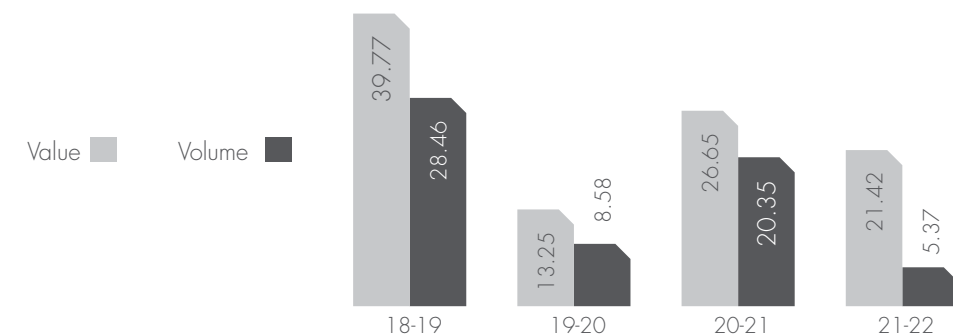
Emulsions (%)



Enamels + Wood Coatings (%)

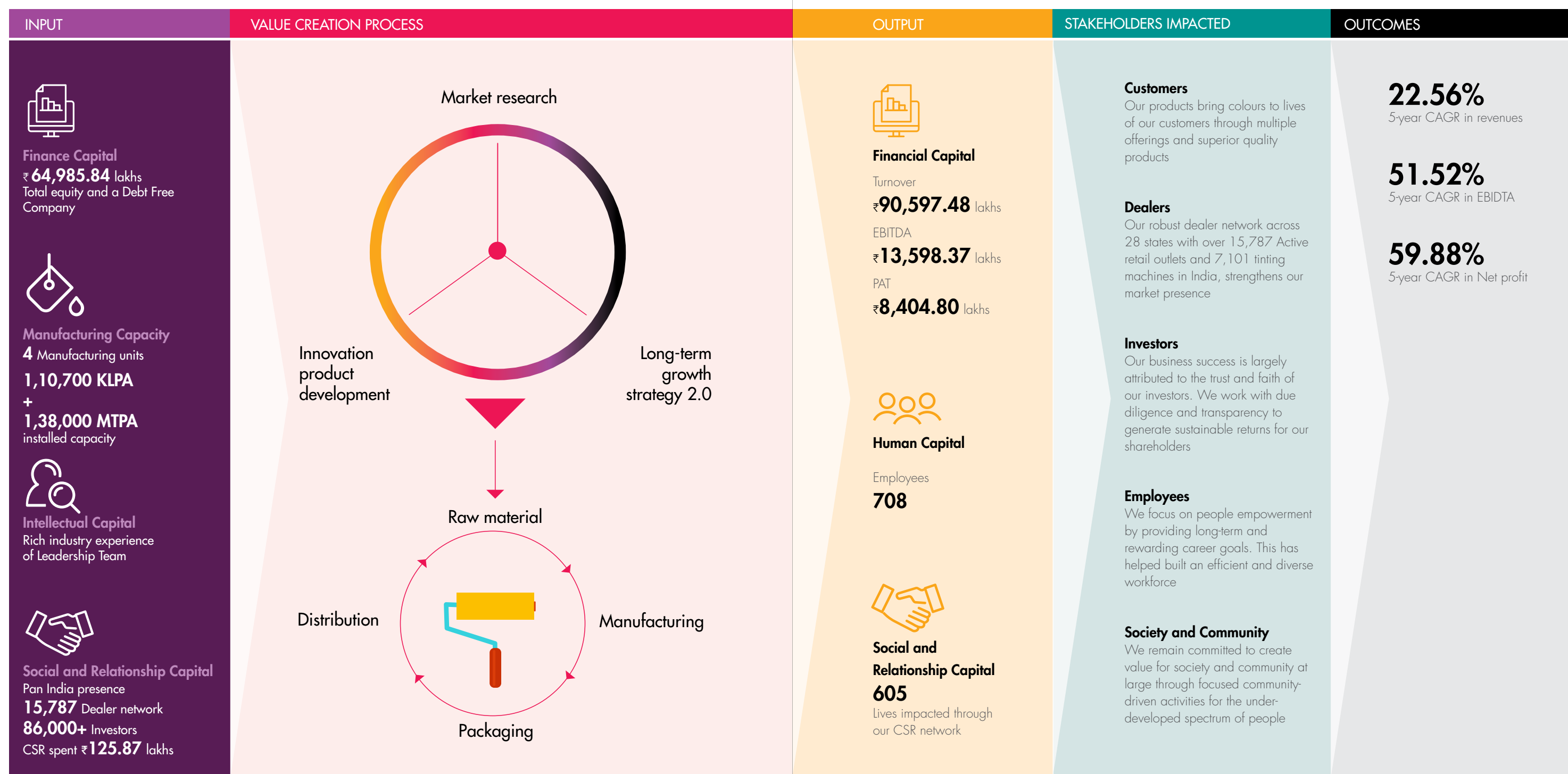


Primers + Distempers + Others (%)



Business Model

Delivering value through a multi-capital approach



Brand Equity

Reinforcing brand salience

At Indigo Paints, we continue to aggressively invest in brand building through multiple platforms. Over two decades, our brand equity continues to drive our business growth in a highly competitive industry.

We have a large sales force and we connect with our customers through various marketing and branding initiatives. We actively utilise media to reinforce our brand identity and enhance our engagement with our customers.

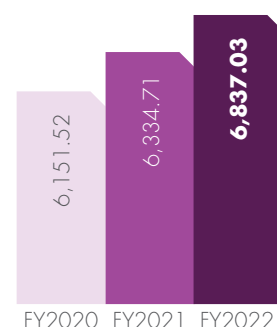


Brand Mascot

To increase our brand visibility and create a unique brand identity 'Zebro' with colourful stripes is our brand mascot. This distinctive mascot aligns with our overarching objective of delivering differentiated paint solutions. Our mascot has multi-coloured stripes to highlight the unexpected nature of our brand's solutions.

Advertising expenditure

(₹ Lakhs)



Launched a new campaign **"Jaisa Performance Waisi Price"** to emphasis the high quality of the products and to position Indigo Paints as a premium brand.



Indigo Paints was also the Title Sponsor for the **"Puneri Paltan"** team in the Pro Kabaddi league.

Social media marketing

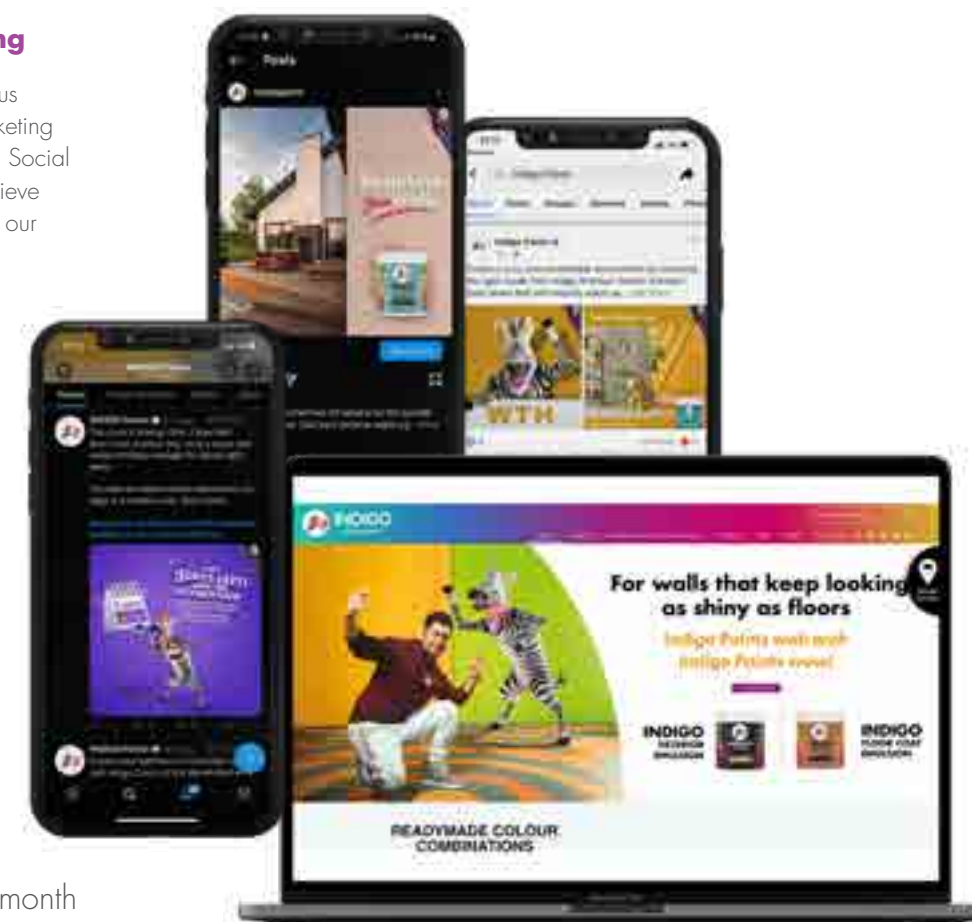
We have also leveraged various social media platforms for marketing brands and value propositions. Social media platform helps us to achieve business growth and enhances our brand visibility.

11,200
Instagram followers

7,70,000
Facebook followers

9,200
Twitter followers

2,27,000 Per month
Website reach



Product Development and Innovation

Churning out new ideas to surprise and delight

We have always focused on innovation to deliver products that are aligned with customers' aspirations and end-market trends. Fostering an innovation-driven culture has been the cornerstone of our growth strategy, designed to deliver sustained performance year-on-year.

Innovation and excellence are primary aspects of our business growth. We implement state-of-the-art technologies, optimise processes and enhance automation to deliver best-in-class products to our customers. Our aim is to always develop and deliver innovative products in the paint sector.

New product development

We collaborate with dealers and the painting community through with our ground-level sales force to deep-dive into the dynamics of demand for different products and understand

the changing needs of the customers. On the based on the understanding of the market we develop new product as per the demand in the market. We develop and create category-creating product to address specific needs in the Indian decorative paint market.



Anti Odour Paint - Transform your walls with deodorizing power and imparting a germ free environment



Leak Proof Emulsion - 2 in 1 coating that combines waterproofing and heat reflect properties to prevent leaks and keep your rooms 5 degrees cooler all year round



Rustic Texture Finish Putty - Gives beautiful fine grain textured look to your walls



Premium Interior Sheen Emulsion Adds a touch of elegance and has properties like stain resistance, fungal resistance, high-brightness and rich sheen



Self-Priming Epoxy Enamel - two-in-one single pack epoxy system that functions as a primer & topcoat. The easy-to-use coating keeps metal surfaces protected in adverse climatic conditions



PU Floor Coat - Indigo PU Floor coat is a polyurethane modified coating for paver blocks, cement tiles & concrete floors

06

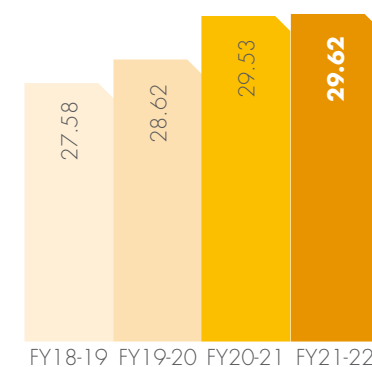
New product launched in last two years

Differentiated Products Contributed

29.62% to the revenue

Growing share of revenues from differentiated products

(Sales of differentiated products as a percentage of total revenue from operations)



Category- creator products

Based on their end-use requirements, these items are distinguished from one another.

- Metallic Emulsion paints give walls a stylish finish with a glossy metallic texture look since they are constructed of unique effect pigments.
- Tile Coat Emulsion paints are made to offer gloss and lustre for outdoor roof tiles.
- Floor Coat Emulsion Paints offer a glossy finish for terrace floors, driveways, pathways, and cement surfaces.

Value- added products

These products can be distinguished from one another by certain value-added attributes.

- Waterproof and dirtproof the advantages of dirt resistance and waterproofing qualities are combined in exterior laminate.
- Externally and internally high gloss paint ideal for both indoor and exterior walls is acrylic laminate.
- PU Super Gloss Enamel is an enamel paint that protects wood and metal while giving the surface a glossy sheen. It is appropriate for a variety of materials.

Research and development

We believe in constantly reinventing our offering to stay ahead of peers and offer well-researched and differentiated offerings to our customers. our R&D team constantly work to innovate new product.

Do you know?

Indigo Paints is the first company in India to offer metallic paint for walls, floor paint that can withstand vehicular traffic, specifically developed ceiling paint for brighter ceilings, and a unique tile paint for roofs.

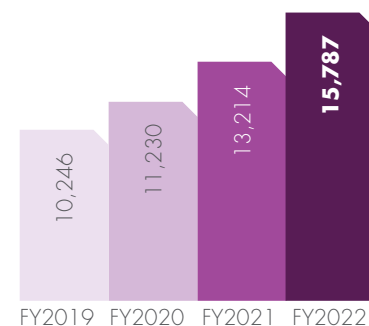
First company to launch certain other types of emulsion paints such as the Dirtproof & Waterproof Exterior Laminate, Exterior and Interior Acrylic Laminate and enamels such as PU Super Gloss Enamel.

Our Distribution Network

Delivering with a nimble-footed supply chain

We believe in building a robust and responsive supply chain to strengthen our market presence. Our manufacturing is supported by a strong distribution and logistics network that help us to increase our market penetration.

Active dealer network



TM are important for increasing the emulsions sale which constitutes the major portion of the decorative paint market in India

Supply chain strategy 2.0

We have integrated our distribution network, which helps us serve customers from across the length and breadth of the country including the hinterlands. We have utilised our resources strategically to progressively build our distribution network. Backed by a decisive brand-building approach, we made a strong presence in small towns with our products in last two decades. We also focused on building strong relation with dealers in tier 3 & 4 cities and rural area where dealers have the ability to affect consumer purchasing choices.

Company continues to expand in the existing locations which are strategically located closer to the source of the raw materials.

Now, we are shifting our focus to tier-1 and tier-2 cities, having identified 750 cities in the country. The market penetration will be backed by a focused and intensive engagement with the influencer (painter) community in these cities to drive market penetration.

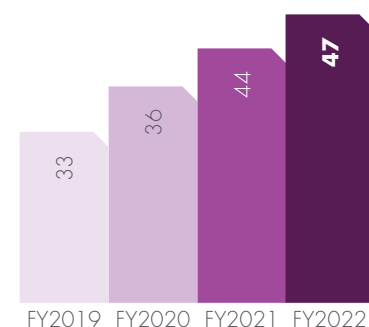
The Company had opened three more depots including one each in Delhi and Himachal Pradesh. With this expansion, Indigo Paints has a direct presence in all the states of the Country.

Building relationship with dealers

To support our supply chain strategy and to engage with our customers we believe in building and strengthen our relationship with our dealers across supply chain network.

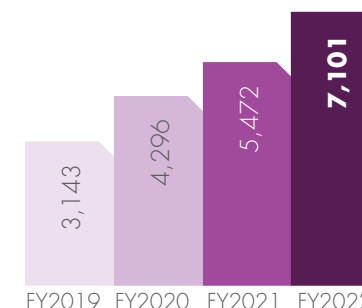
We constantly upgrade the 'product knowledge' bank of the dealers, defining our product capabilities for higher sales conversion.

Depots



We continue to be committed to installing tinting machines across our network of dealers to boost sales of emulsion paints. With growing installation of tinting machine, we are accelerating our services offered to our customer. Tinting machine with inbuilt computers are being installed as we embrace technology-led solutions to enhance operations.

Installed tinting machine



Great Indian Painter Challenge



Chote Ustaad Contest



Growing our talent pool

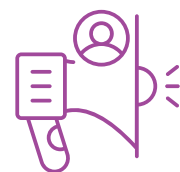
Building an empowered team

Indigo Paints is committed to building a strong talent pool, who are empowered to take decisions and generate better business outcomes.

Our success over the years is a result of an engaged and committed workforce. As a diversified paint company, we hire a wide range of employees from diverse backgrounds, spanning technicians, engineers, sales professionals, supply chain, customer service and administrative personnel. Our performance-driven culture brings a sense of belonging among our employees and fosters inclusivity for business growth.

Employee engagement

We strive to create a transparent atmosphere for our employees. We believe in offering value to our employees and build an open channel of communication for them. Throughout the year we connect with our employees through different programs and events to build a stronger engagement channel.



708

Total employees

6.22%

Employee cost
(% of net revenue)



Training and skill development

To make our employee skills more relevant to changing business environment and customer needs we provide training with comprehensive programs. We endeavour to create a future-ready organisation by enhancing the capabilities of our employees and build excellence.



Occupational, health and safety

We prioritise safety and make sure that industry-best practices are effectively implemented. We recognise that occupational health and safety are core values that are essential to an organisation's success and sustainability.



Our Manufacturing Capacities

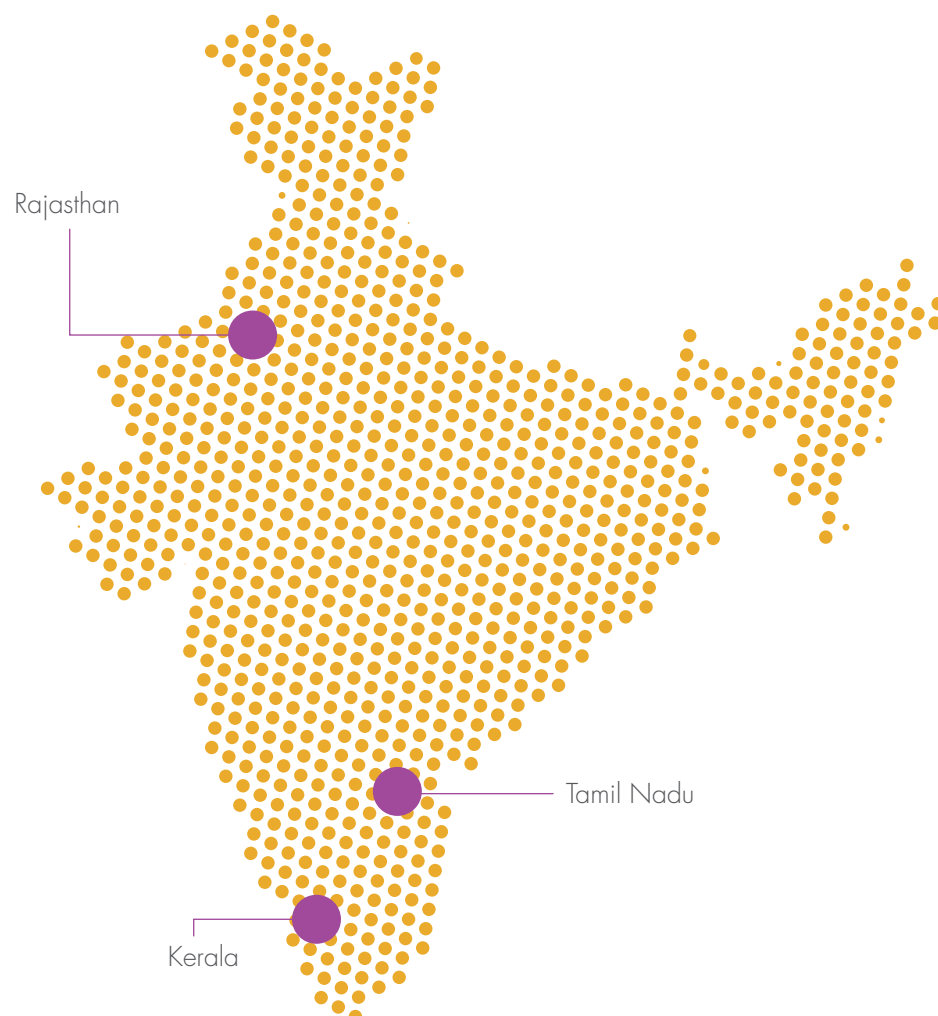
Enhancing scale to address growing demand

We have been constantly investing in our manufacturing capabilities and establishing a strong capacity base to serve the demand of our customers. We are moving towards building a greater and efficient manufacturing processes to deliver innovative offerings.

1,10,700 KLPA
 Installed production capacity for Liquid Paints

1,38,000 MTPA
 Installed production capacity for putties and powder paints

The manufacturing base at Tamil Nadu is being expanded for the manufacturing of water-based paints. The use of green technology and bio-based material is increasing along with the growing awareness of climate change. With the increase in awareness demand of water-based coatings is increasing in the country. The expansion unit is expected to have an estimated installed capacity of 50,000 KLPA



Improving manufacturing capacity

Indigo Paints is setting up a new highly automated water based paint manufacturing unit with state of the art material storage and handling system. The upcoming plant in Tamil Nadu will have a capacity of ~ 50,000 KLPA with provision to expand it by another 50,000 KLPA on minimal incremental investment.



Our Social Responsibility

Giving back to the community

We are committed to making a positive contribution building communities where we operate in. Our efforts go above and beyond business priorities, designed to accelerate social progress.

₹125.87 lakhs
CSR expenditure

605
Beneficiaries impacted

Our CSR focus area is education and empowerment of girls from low socio-economic backgrounds. Potential female candidates from 10th class onwards are identified and provided with the support they require. Proper mentoring and scholarship activities are provided for imparting quality educations to needy.

Provided Smart phones to enable study from home during the pandemic and sponsored private tuitions for special

focus. During the FY 2021-22, the Company had also extended its CSR activities towards empowerment of women who belongs to marginalized sections of the society. Towards this initiative, Indigo Paints have tied up with "CORO", an NGO dedicated towards empowering and improving the livelihoods of women. The Company aims to equip such women with leadership and administrative skillsets.



Fill-in Baseline Survey Form for Setting Mission - Vision regarding their work - Process During Fellowship



Activity - To Know Your Environment - Your Village



Leaders Talk, Previous Fellow Shared their Journey to Inspire New Batch - First Training at Aurangabad



On Labour Day, Women from Ajmer Came together to Create Awareness about constitutional Values



Session on Public Advocacy and Process Documentation



AJMER - Meeting Regarding How Collective Leadership will work for Community Learning Classes for Children



Discussion on constitutional rights as labour on Labour Day 2022



Presentation on Public Advocacy By Fellow



Sheetal Sathye - Navyaan Group Artist taking Session on Communication Skills



Community Learning Classes

Board of Directors



Hemant Jalan
Chairman and Managing Director

On the Board since March 2000.

Born in the year 1957

Professional Experience

- He has over 20 years of experience in the Paint Industry.
- He is one of the promoters of Indigo Paints Limited.
- He has been an entrepreneur for most of his professional life.
- He was previously associated with AF Ferguson & Co and Vedanta Group of Industries.

Education

- M.B.A. from the University of Chicago.
- M.Sc from Stanford University.
- B.Tech in Chemical Engineering from the Indian Institute of Technology, Kanpur.



Anita Jalan
Executive Director

On the Board since March 2000.

Born in the year 1960

Professional Experience

- She is one of the promoters of Indigo Paints Limited.
- She is actively involved in CSR activities of the Company.

Education

- B.Sc in Home Science.



Narayanan Kutty Kottiedath Venugopal
Executive Director

On the Board since February 2016.

Born in the year 1948

Professional Experience

- He has over 40 years of experience in the Paint Industry.
- He has been an entrepreneur for most of his professional life.
- He was previously associated with Asian Paints Limited and Hi-Build Coatings Private Limited.

Education

- PGDM from Indian Institute of Management, Calcutta.
- B.Sc in Mechanical Engineering from the University of Kerala.



Sakshi Chopra
Nominee Director

On the Board since October 2018.

Born in the year 1978

Professional Experience

- She has over 10 years of experience in private equity funds.
- She is currently associated with Sequoia Capital India LLP as a Managing Director.
- She has advised on investments across a range of consumer, D2C and fintech companies including Five-Star Business Finance, Hector Beverages, B9 Beverages, Faces, Go Colors, Healthkart, Innovcare Lifesciences and Wakefit.
- She was previously associated with Deutsche Bank.

Education

- M.B.A. from the Asian Institute of Management, Republic of the Philippines.
- Post-Graduate Diploma in Advertising and Public Relations from the Indian Institute of Mass Communications.
- B.Com from University of Mumbai.



Nupur Garg
Independent Director

On the Board since June 2020.

Born in the year 1974

Professional Experience

- She has a vast experience in the finance and private equity sectors.
- She is the founder of WinPE, a not-for-profit initiative to enhance gender diversity in the investing ecosystem.
- She is the Chairperson of the board of Kids Clinic India Limited.
- She is serving as an independent director on the boards of companies including Kerala Infrastructure Fund Management Limited and SIDBI, the Indian Development Finance Institution.
- She is an independent member of the investment committee at the Funds of funds managed by the National Investment and Infrastructure Fund (NIIF).
- She is an advisor to and a member of the investment committee for the Dutch Good Growth Fund (DGGF) investment funds mandate given by the Dutch government for investments in SMEs in frontier markets across 75 countries.
- She has led the private equity and venture capital funds business in the region for International Finance Corporation (IFC).

Education

- M.B.A. from MIT Sloan School of Management.
- Executive Programme on private equity and venture capital from Harvard Business School.
- A qualified chartered accountant from the Institute of Chartered Accountants of India (ICAI).
- B.Com (Hons.) from the University of Delhi.

Recognitions

- She was listed in the BW VC World Most Influential Women 2022.
- She was awarded the Veda Women's Alliance's Women Leader in D&I 2022.
- She was listed in the Forbes W-Power list of Self Made Women in 2020.
- She was awarded the Women Empowerment Entrepreneur Award 2019-20.
- She was among India's top 100 Women Leaders in Finance (AIWMI 2019).
- She was awarded the Business Excellence and Innovative Best Practices Academia Award 2019.

Board of Directors (Contd.)



Ravi Nigam
Independent Director

On the Board since March 2019.

Born in the year 1960

Professional Experience

- He has vast experience in the Food and Agribusiness sectors.
- He is currently the President of The Indus Entrepreneurs Association (TiE), Pune Chapter.
- He is also currently serving as a Board Member on the board of companies including Hector Beverages Private Limited, Visage Lines Personal Care Private Limited, Extraedge Technology Solutions Private Limited, Sunshot Technologies Private Limited and Ronin Wines Private Limited.
- He has been an entrepreneur for most of his professional life.
- He was previously associated with Tasty Bite Eatables Limited as the Managing Director.

Education

- Post Graduate Diploma in Rural Management from Institute of Rural Management, Anand (IRMA).
- Owner President Management program from Harvard Business School (HBS).



Praveen Kumar Tripathi
Independent Director

On the Board since November 2014.

Born in the year 1957

Professional Experience

- He has vast experience in sectors such as media planning and advertising, media and market research, brand consulting, communication planning, data analytics and financial services.
- He is currently serving as a Board Member on the board of companies including Magic9 Media & Consumer Knowledge Private Limited and Indevia Accounting Private Limited.
- He has previously served as an Independent Director with Motilal Oswal Financial Services Limited.
- He has previously held senior leadership roles in Pidilite Industries Limited, Zenith Optimedia Asia, Starcom India, Chaitra Leo Burnett Private Limited, MARG Marketing & Research Group Private Limited and Lowe Lintas.
- He has been a member of the Awareness and Communication Strategy Advisory Council and the Advisory Committee for Information, Education and Communication (IEC) strategy implementation, each constituted by the Unique Identification Authority of India, Government of India.
- He has been a member TAM Transparency Panel constituted by TAM Media Research Private Limited and the President of the Market Research Society of India.

Education

- PGDM from Indian Institute of Management, Ahmedabad.
- B.Tech in Electrical Engineering from the Indian Institute of Technology, Kanpur.



Sunil Goyal
Independent Director

On the Board since November 2014.

Born in the year 1967

Professional Experience

- He has over 31 years of experience in the field of Financial and Business consultancy, with core strengths in fund raising through debt and equity, business restructuring, business valuations, M&A, strategic alliances and capital markets.
- He is also serving as an independent director on the board of JSW Energy Limited and JSW Hydro Energy Limited.
- He is the Founder and Managing Partner of Kreston SGCO Advisors LLP and the Founder of SGCO & Co., a well-known accountancy firm based in Mumbai.
- He is the Founder of Ladderup Group, engaged in Investment Banking and Wealth Management activities.
- He leads a team of more than 300 professionals in his group and is a member of the Global Board of Kreston International Limited, UK, headquartered in London.
- He has also served as the chairman of the Western India Regional Council of the Institute of Chartered Accountants of India for the year 2006-07.

Education

- A qualified chartered accountant from the Institute of Chartered Accountants of India (ICAI).
- B.Com from the University of Rajasthan.



Ravi Shankar Venkataraman Ganapathy Agraharam
Alternate Director

On the Board since March 2020.

Born in the year 1978

Professional Experience

- He has over 16 years of experience in the Private Equity space.
- He is a managing director with Sequoia Capital India Advisors Private Limited.
- He currently serves on the boards of BYJUs, Capital Float, Eruditus Learning, Faces Cosmetics, Five Star Finance, Finova Capital, Homelane, India Shelter Finance Corporation, K12 Technoservices, Prataap Snacks Limited, Rebel Foods, Rupeek, Suburban Diagnostics and Turtlemint.
- He has also served as a Nominee Director of the Board of Indigo Paints Limited.
- He has previously worked at McKinsey & Company, where he advised senior management of top Indian companies on a variety of issues including business building, channel management and leadership development.
- He has previously also worked with Wipro Technologies in their Embedded and Internet Access division.

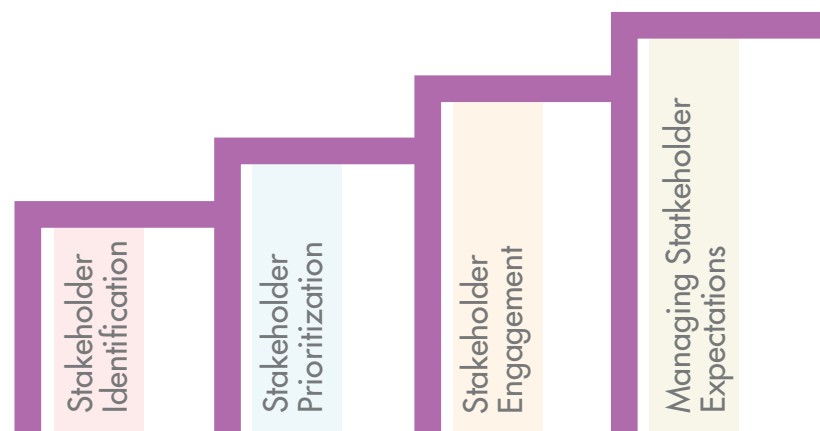
Education

- M.B.A. from Indian Institute of Management, Ahmedabad.
- B.E. in Computer Science and Engineering from National Institute of Technology, Trichy Recognition.
- He is the recipient of the Midas Touch award by Economic Times Startup Awards 2020.
- He is the recipient of IIM Ahmedabad's Young Alumni Achiever's Award, 2019-20 in the Corporate Leadership category.

Sustainability Initiatives

At Indigo Paints, we thrive on building relationships with our stakeholders. We define our stakeholders as those individuals and organisations that affect or are affected by the company's business.

Engaging with our stakeholders serves as a medium to realize the prominent risks and opportunities in the current and future business landscape, thus aiding in long-term sustainability. We identified the stakeholders who have considerable impact on our organization operations, and then ranked them basis the degree of their influence. Stakeholder engagement was done through various platforms at regular intervals to understand the matters relevant to the organization. A pictorial representation of the process is given below.



Regular interactions with our stakeholders and periodic reviews, help us to understand the concerns that matters to them the most and address them. A list of our key stakeholders is given below.



This year we have conducted our formal stakeholder engagement and their inputs have been formalized into material topics for the Sustainability Report for FY 2022.

The summary of stakeholder engagement framework is given below.

Stakeholder group	Mode of Engagement	Key concerns and feedback
Employees	- Performance review - Materiality Survey - Feedback forms - Emails	- Employee Incentives - Training and Development - Job Enhancement - Annual Reward & recognition - Code of conduct
Customers	- Customer engagement surveys - Materiality Survey - Regular meetings	- Customer satisfaction - Customer Awareness - Managing customer feedback - Complaint settlement - Product Complaint Handling
Investors	- Materiality Survey - Emails	- Innovation management - R&D activities - Green Labelling - Material sourcing and efficiency - Carbon emissions reduction targets
Suppliers	- Materiality Survey - Emails - Meetings	- Safety Measures - Child Labour - Code of Conduct - Carbon footprint measures - Corporate & Social Responsibility
Local Communities	- Community wellbeing and development initiatives through NGO partners - Community visits / meeting	- Investment in community welfare programs - Creation of economic value through educational and empowerment projects - Improved quality of life

Sustainability Initiatives (Contd.)

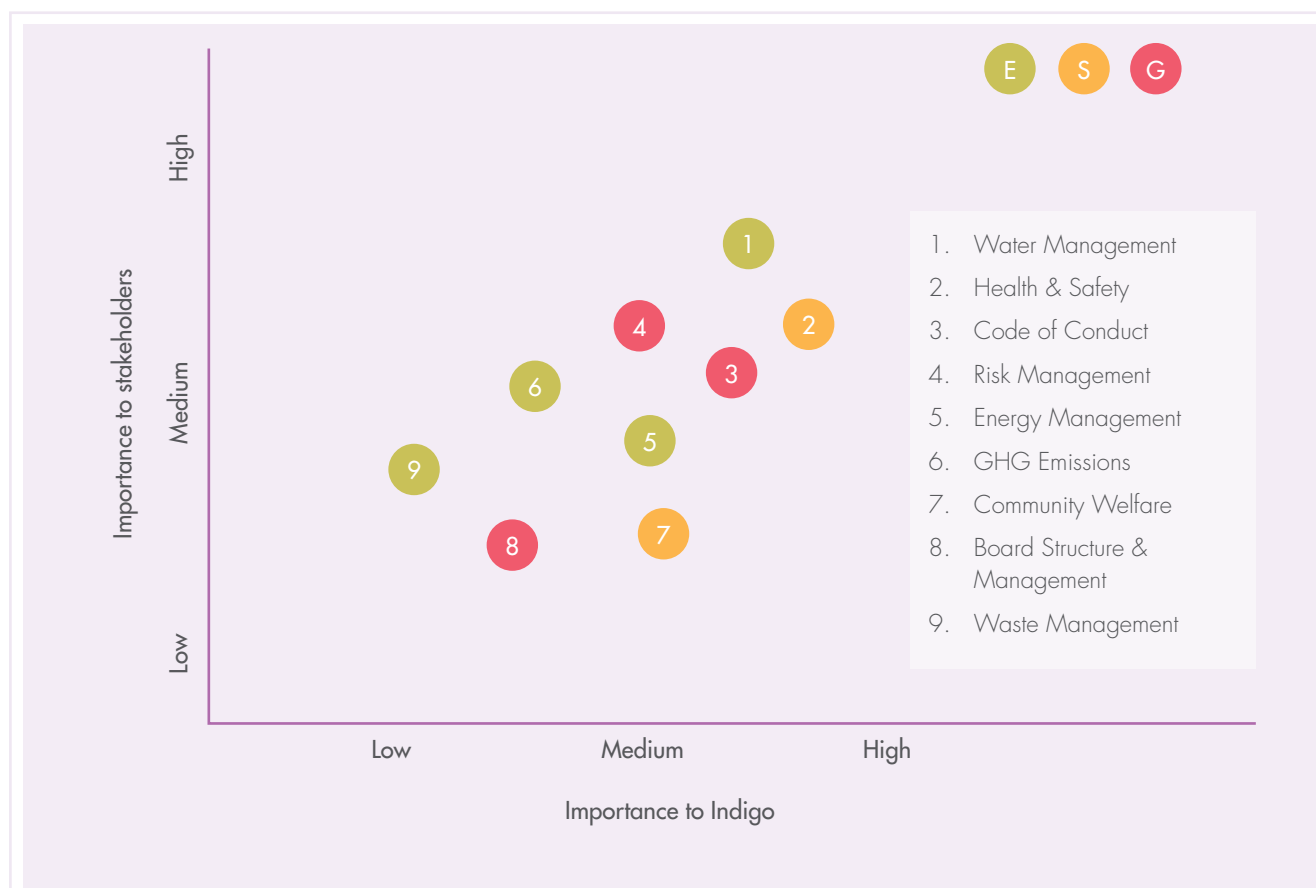
Materiality Assessment

As we take strides towards our sustainability journey to create long term sustainable benefits and shared value, we realize that our stakeholders are our pillars of strength. To define what is most crucial for our stakeholders and the company itself in the different areas of sustainable development, we have undertaken a detailed materiality assessment in FY 2022. The Materiality analysis is a comprehensive study that helps us identify critical environmental, social and governance issues that are critical to business performance and stakeholder interest. The analysis highlights the relevance of Environmental, Social and Governance (ESG) topics that are most important to our stakeholders

and how they influence the stakeholders' assessments and decisions with regards to our company's performance.

As a first step in the materiality analysis, we have undertaken a comprehensive stakeholder engagement exercise. The stakeholder engagement gives us the opportunity to understand their concerns, priorities, and means to address them. The stakeholders identified, both internal and external, were those which have maximum impact on our operations and evaluate our performance as well. These include our customers, investors, suppliers and our own employees. A systematic stakeholder engagement exercise was carried out to engage with these prioritized stakeholders through targeted surveys and questionnaires to help us

understand their concerns and feedback. As a next step we conducted our materiality assessment to test the validity of our direction and decide on the most pressing concerns for our organization's long-term sustainability. We define material topics as those of remarkable importance that have the potential to create an impact on our business in the short-, medium- and long-term. The top 9 material topics were selected from the major issues based on the results of the stakeholder engagement surveys. These outcomes were then used to develop a materiality matrix, which shows the priority of each issue for our internal and external stakeholders. The materiality matrix presented here indicates the list of material topics identified this year and actions towards them.



Our ESG Vision

We endeavor to become a leading paint manufacturer for sustainable business practices across our operations. As we go towards the operating environments of 2030 and 2050, our focus shall

be continued "Sustainable Future" through "Sustainable Operations". We are continuously strengthening our sustainability performance across the ESG metrics. Our sustainability vision is painted to keep our planet green through conscious consumption, empowering our

communities, creating safe workplace for our employees and upholding a robust governance structure.

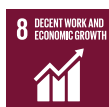
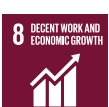
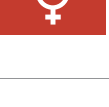
We have categorized our ESG vision in 5 pillars basis the material areas.



Sustainability Initiatives (Contd.)

Our Commitment to the UN SDGs

We believe that a balanced approach towards environmental, social and governance aspects of business is very critical for long-term success. We have, therefore mapped our material topics with the UN SDGs setting the appropriate targets and tracking them through a set of KPIs as listed below.

Material Topic	Linkage with SDGs	Description of Materiality
Water Management	 	- Effective use of water is very important for our sustainable growth - We therefore aim at responsible consumption through our zero liquid discharge initiatives and reduction of water intensity
Health & Safety	 	- As a paint manufacturer, we believe that good health and wellbeing is of prime importance - We have safety measures for handling of hazardous material for safety of our employees
Code of Conduct	 	- We operate in an ethical manner for our business practices and ensure compliance - For our business growth, we have Money laundering, insider trading and whistle blowing issues addressed in the COC
Risk Management		- We actively track and mitigate regulatory risks to ensure decent economic growth - We also analyze ESG risks as part of the company's enterprise risk management framework
Energy Management		We encourage clean, renewable energy to ensure energy efficiency as part of our energy management measures
GHG Emissions	 	- Reduction of emissions shall help combat climate change impacts - We encourage opportunities in green technologies
Community Welfare	  	- We invest in CSR by strengthening our relations with the local communities and conducting Impact Assessments - CSR projects are aimed at better quality education, women empowerment and reducing inequalities
Board Structure & Management		We pay attention to transparency, remuneration and board management to encourage decent work and economic growth
Waste Management		Effective waste management is critical for our sustainable business. Hence, segregation, recycling and reusing of materials is important to encourage responsible consumption

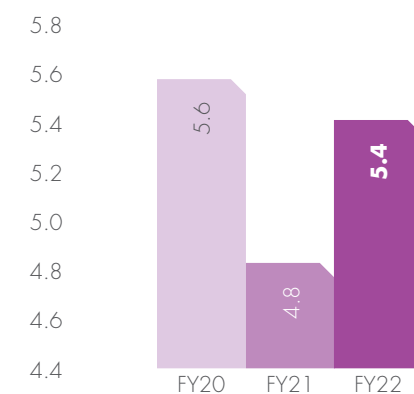
1. Water Management

Since water is a critical raw material in our operations, it becomes a business imperative for us to optimize and reduce its consumption and move towards water security and water positivity. In this direction, we shall assess and implement solutions such as rainwater harvesting at our operating locations and reducing our consumption of ground water. We will take measures to reduce our water intensity at our units to ensure water security for the business and the community at large.



We have Zero Liquid Discharge facilities at all our plants in Rajasthan, Tamil Nadu and Kerala. We have water recycling facilities at our plants. The ETP treated water is used for gardening purposes. The trend over years is given below –

Water recycled (%)



efforts towards safety also contribute greatly in meeting the UN Sustainable Development Goal (SDG) of Decent Work and Economic Growth as well as Good health and Wellbeing.

We have a publicly available health and safety policy which applies to all employees, suppliers and third-party vendors. We also have a hazard identification, risk management and incident investigation process in place. We also have joint committees on worker health and safety and have transparent communication pertaining to health and safety topics. We provide specific safety and health trainings for all our employees, which has resulted in zero fatalities for the reporting year and we strive to maintain that. Any incidents occurring at our locations are logged and actioned methodically through our Root Cause Analysis (RCA) report.

As a first step towards employee wellness and contentment, we have started taking employee feedback for our different departments to gauge the employee satisfaction levels with our company. From FY 2023 onwards we plan to set targets for increase in employee satisfaction levels through targeted wellness programs and benefits.



2. Health & Safety

We at Indigo Paints, are committed to protecting the health of our employees and ensuring a safe working environment. The multi-faceted approach which creates a friendly workspace and embracing world-class processes and practices has helped us embed the safety culture. This well-defined safety structure and culture helps us achieve our targets in its true spirits and become a responsible corporate citizen. Our

Sustainability Initiatives (Contd.)

3. Code of Conduct

Indigo Paints Code of Conduct, as adopted by the Board of Directors, is applicable to all Directors and the Senior Management of the Company. The Code is available on the Company's website: <https://indigopaints.com/wp-content/uploads/2020/10/Code-of-Conduct-for-BOD-and-Senior-Management.pdf>

Our goal is to operate ethically, legally, sustainably, with integrity, and in compliance with the law. All Directors, Senior Management members and employees adhere to the Company's Code of Conduct. We target to include 100% compliance of all employees to the company COC from FY 2023 as well going forward. Our code of conduct is applicable for Prevention of Insider Trading, in accordance with the requirements of Securities and Exchange Board of India. The CoC also includes zero tolerance for corruption and unfair trade practices, principles of non-discrimination, zero tolerance to sexual harassment and adherence to human rights. We have formulated a Whistle Blower Policy for vigil mechanism of Directors and employees to report to the management about the unethical behaviour, fraud or violation of Company's code of conduct. The Whistle Blower Policy is displayed on the Company's website at www.indigopaints.com/investors. The mechanism safeguards the employees and directors and makes way for direct access to the Chairman of the Audit Committee in exceptional cases. In FY 2022 we have recorded zero CoC breaches at all our locations and we shall continue to ensure the same going forward as well.

4. Risk Management

We have a strong risk management framework in place, which helps us become resilient to deal with dynamic external environment. It helps us to protect and, at the same time, make best use of our resources within well-defined risk limits and, in turn, enhance the return. We have a risk management committee that lays down risk assessment and minimization procedures to inform the Board. The committee also frames, implements, reviews and monitors the risk management plan for the Company. Our Risk Management Policy ensures sustainable business growth with stability and enhances our approach reporting, evaluating and resolving risks associated with the business. Furthering our risk management protocol, we intend to embark on our ESG journey and showcase our performance through ESG ratings from reputed agencies by FY 2024. We continue to ensure 100% compliance with risk management practices and 100% employees are trained on the risk management and mitigation practices. We shall also continue to ensure 100% compliance with statutory and mandatory policies. We also plan to implement Balanced

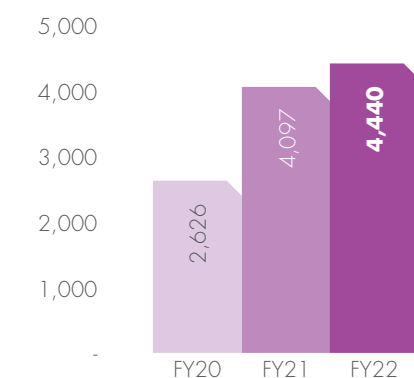
scorecard for senior management with sustainability-linked targets as criteria by FY 2024. This approach shall help us significantly in meeting the UN Sustainable Development Goal (SDG) of Decent Work and Economic Growth.

5. Energy Management

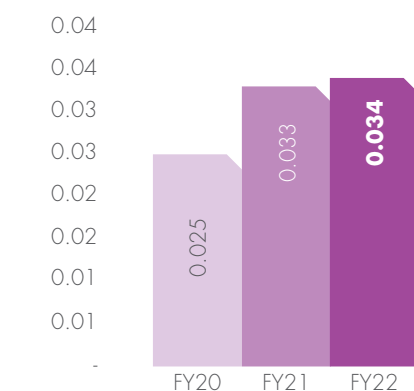
To accomplish our goals of resource conservation, we regularly monitor our energy performance at all our operating units as well as head office. Energy optimization is vital to our environment management system and to achieve it, we need to integrate the principles of renewable energy across our business operations. We have started to use solar streetlights at our Tamil Nadu plant and are exploring the expansion of it for other operations as well installing other renewable energy plants at our other manufacturing locations. Staying committed to our goals of energy conservation, we shall ensure that all our manufacturing plants shall have access to renewable energy by FY 2028. Furthermore, we shall reduce our energy intensity by 3% YoY effective from FY 2024. Our team shall be conducting energy audits and transition measures through vendors and suppliers.



Energy Consumption (MWh)



Energy Intensity (MWh/KL)



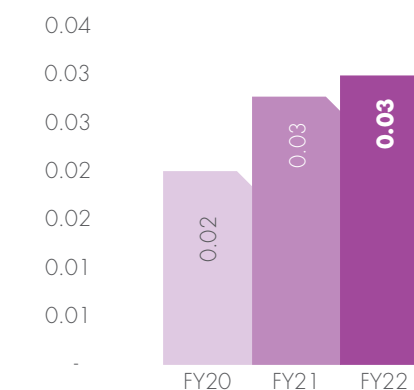
6. GHG Emissions

As we embark on our journey for sustainable development, we are integrating methods to reduce our greenhouse gases emissions generated through our operations. We aim to become Net Zero by 2050. We strive to continuously monitor our Scope 1 and 2 emissions and take initiatives to reduce them. We shall start monitoring our Scope 3 emissions by FY 2024. We limit our SOx, NOx and PM levels in compliance with statutory norms and shall continue to do so going forward. We shall continue our efforts in GHG reduction and reduce our GHG intensity by 5% YOY with FY 2022 as baseline. Regular performance reviews will help us keep a track of our emission generation

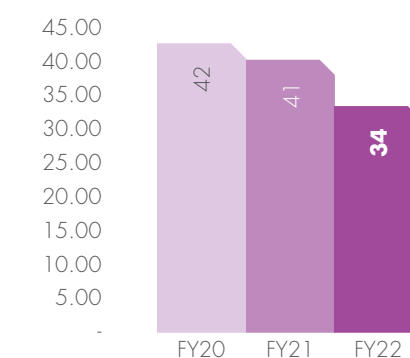


and further formulate appropriate plans to reduce our carbon footprint.

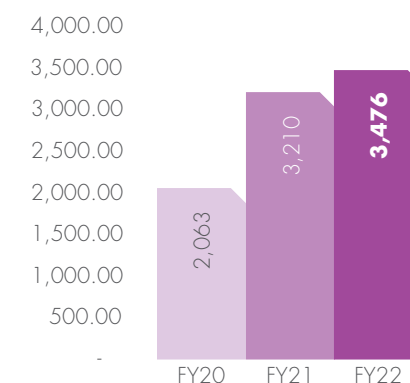
GHG Intensity (tCO2/KL)



Scope 1 Emissions (tCO2)



Scope 2 Emissions (tCO2)



7. Community Welfare

We believe community wellbeing and development is vital to responsible and sustainable business growth. We undertake the CSR programs for overall betterment of the community with special emphasis on activities for the benefit of the poor and the needy segments of the society. Therefore, our CSR strategy adopts programmes aimed at long-term empowerment of communities through education and empowerment of women, contributing to the UN Sustainable Development Goals (SDGs). Our CSR programmes are aligned with our key business objectives and the strategy is guided from the top, wherein the Board of Directors takes responsibility of the CSR initiatives. The programs are focused towards educational needs of the underprivileged girl child and women empowerment projects. We have a well-defined CSR Policy which ensures our commitment to create a positive impact on the society.

We have initiated several training programs for applicators to enhance their skills in collaboration with the Paints & Coatings Skill Council. We provide mentoring and scholarship activities for the female candidates through our women focused CSR initiative. In FY 2021, we spent ₹ 63,79,000 while this year we spent ₹ 1,25,87,000 towards the CSR expenditure and strive to increase the expenditure in the forthcoming years to support such activities.

Sustainability Initiatives (Contd.)



We have therefore aimed at positively impacting 3,000 lives through our CSR initiatives by FY 2030 that create measurable and lasting change. Our local NGO partners shall be supporting in the process. The impacted beneficiaries shall be indicative of our achievement of targets.

8. Board Structure & Management

Board plays a very important role in setting the tone of organization with respect to the establishment of vision, mission, values keeping in view our

Corporate Governance guidelines. We are compliant with the requirements of the applicable regulations, including the SEBI Listing Regulations, the Companies Act, 2013 and other applicable regulations of SEBI for constitution of the Board and Committees and formulation and adoption of policies. Our Board has been constituted in compliance with the Companies Act, 2013 and the SEBI Listing Regulations. The governance and management of Indigo Paints is supervised by our Board of Directors. To show our continuous efforts in sustainability, we aim at setting up an ESG Committee at Board level by FY 2024, with Appointment of a Chief Sustainability Officer by FY 2024.

9. Waste Management

Waste management and reduction in our operations is one of the key areas of

concerns for our organization. We have been making consistent efforts to reduce the quantity of waste produced through our operations, by following techniques to reuse and recycle generated waste in an environmentally friendly manner. Our Research and Development department continues its endeavors and its focus on development of new technology that reduces the dependence on ecologically harmful raw materials. Some of the key achievements in this context are - Water-based coating for Interior & Exterior Woodwork, Premium Interior Emulsion with rich sheen and smooth finish and Polyurethane based single pack Floor coat. We aim to recycle 25% waste by FY 2025 and 50% by FY 2030. We are also exploring opportunities for introducing recycled paint cans for select paint segments from FY 2023.

Corporate Information

Directors

Mr. Hemant Kamala Jalan
Chairperson and Managing Director

Ms. Anita Hemant Jalan
Executive Director

Mr. Narayanankutty Kottiedath Venugopal
Executive Director

Mr. Ravi Nigam
Independent Director

Mr. Sunil Badriprasad Goyal
Independent Director

Mr. Praveen Kumar Ramniranjan Tripathi
Independent Director

Ms. Nupur Garg
Independent Director

Ms. Sakshi Vijay Chopra
Nominee Director

Mr. Ravi Shankar Venkataraman Ganapathy Agraharam

Alternate Director

Chief Financial Officer

Mr. Chetan Bhalchandra Humane

Company Secretary and Compliance Officer

Mr. Sujoy Sudipta Bose

Investor Relations

Mr. Srihari Santhakumar
srihari@indigopaints.com

Mr. Sujoy Sudipta Bose
secretarial@indigopaints.com

Committees of Board Audit Committee

Mr. Sunil Badriprasad Goyal
Chairperson

Mr. Hemant Kamala Jalan
Mr. Ravi Nigam

Mr. Praveen Kumar Ramniranjan Tripathi

Ms. Nupur Garg

Ms. Sakshi Vijay Chopra

Nomination and Remuneration Committee

Mr. Ravi Nigam
Chairperson

Mr. Sunil Badriprasad Goyal

Ms. Nupur Garg

Mr. Praveen Kumar Ramniranjan Tripathi

Stakeholder Relationship Committee

Ms. Nupur Garg
Chairperson

Mr. Hemant Kamala Jalan

Mr. Narayanankutty Kottiedath Venugopal

Corporate Social Responsibility Committee

Mr. Hemant Kamala Jalan
Chairperson

Ms. Anita Hemant Jalan

Mr. Praveen Kumar Ramniranjan Tripathi

Risk Management Committee

Mr. Narayanankutty Kottiedath Venugopal
Chairperson

Mr. Hemant Kamala Jalan

Mr. Praveen Kumar Ramniranjan Tripathi

Mr. Chetan Bhalchandra Humane

Mr. Chetan Bhalchandra Humane

Statutory Auditors

SRBC & Co LLP

101, Ground Floor, C Wing,
Panchshil Tech Park, Yerawada,
Pune: 411 016, Maharashtra
Tel No: +91 20 6603 6000

Secretarial Auditors

ARKS and Associates,
Flat No.4, Vasant Tara Apts,
Above Udyam Vikas Sahakari Bank,
Apte Road, Shivaji Nagar,
Pune: 411 004, Maharashtra
Tel No: +91 20 2551 1022

Registrar and Share Transfer Agent

Link Intime India Private Limited
Block No. 202, Akshay Complex,
Near Ganesh Temple,
Off Dhole Patil Road
Pune: 411 001, Maharashtra.
Tel No: +91 20 2616 0084

Bankers and Financial Institutions

HDFC Bank Limited
5th Floor, Data Processing Centre,
Bund Garden Road,
Pune: 411 001, Maharashtra.
Tel No: +91 20 6769 4663

Registered and Corporate Office

Indigo Paints Limited
Indigo Tower, Street 5,
Pallod Farm 2, Baner Road,
Pune: 411 045, Maharashtra.
Tel No: + 91 20 6681 4300

Management Discussion and Analysis



Indian economic review

India remained resilient in the face of pandemic-induced headwinds and geopolitical conflicts in Europe. The fiscal and monetary measures of the Government of India and the Reserve Bank of India (RBI), respectively, supported the economic recovery of the country. It grew by 8.7% in FY 2022. The country's consumption engine revived as the economy gradually gained momentum and mobility restrictions were lifted.

The government's renewed focus on creating new infrastructure and upgrading legacy assets will also act as a positive tailwind for the economy, going forward. The government has reinforced its commitment to using infrastructure as a force multiplier for sustained economic growth, with over 35% y-o-y increase in capital expenditure and a proposed infrastructure spend of over ₹10 lakh crore in the Union Budget 2022-23,.

In the first quarter of the new fiscal year, the figures of Direct Tax collections for as on 16th June, 2022 show net collections of ₹3,39,225 crore compared to ₹2,33,651 crore over the preceding year, representing an increase of 45% over the collections of the preceding year. This bodes well for the quick economic turnaround of the country.

Outlook

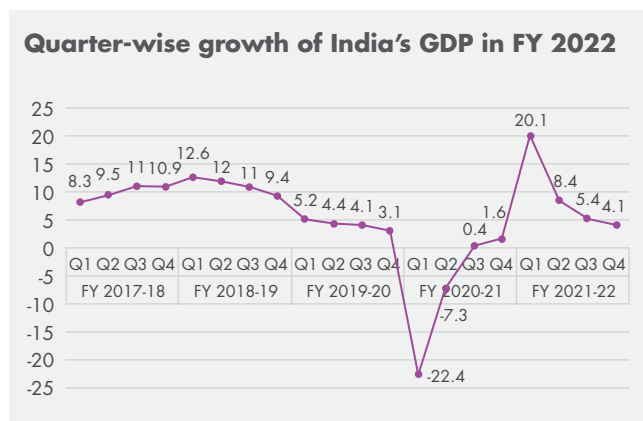
Inflation saw a spike over the year due to the pandemic and geopolitical upheavals, primarily led by elevated food and crude oil prices. On the exchange rate front, the Indian currency saw a depreciation in the beginning of the financial year, but in the subsequent quarters the currency has been relatively well supported by a better current account position.

Inflation in input materials has risen significantly in the last fiscal, and continues to be on the uptrend. The challenges posed by inflationary pressure and the uncertain market conditions would place strong emphasis on altering operational priorities to suit the changing market conditions. India's real GDP is expected to grow at 7.2% FY2023, with growth of 16.2% in Q1, 6.2% in Q2, 4.1% in Q3, and 4% in Q4.¹

Industry Review

The Covid-19 crises, that spanned two years, could not put brakes on the new investments and capacity expansions in the Indian paints industry. Almost all the major producers have gone ahead with a slew of investments.

¹ <https://rbidocs.rbi.org.in/rdocs/Bulletin/PDFs/3GOVERNORSTATEMENTE3D7BFA16E2749E8BED258EC8B18FFB6.PDF>



The Indian paint industry has historically grown in double digits except for the years 2020 and 2021 and is now valued over 62,000 crores (USD 8 billion) and is the world's fastest-growing major paint industry. The country's paint industry is poised to grow at a healthy rate in the medium and long run.

The decorative paint category constitutes almost 75% of the overall market and includes multiple categories like exterior wall paints, interior wall paints, wood finishes and enamels, as well as ancillary products like primers, putties, and so on. The industrial paint category constitutes 25% of the paint market and includes a broad array of segments like automotive, marine, packaging, powder, protective and other general industrial coatings. The development is equal and rapid in all areas, right from architecture to powder, automotive to coil, high-performance to general industrial, refinish to wood, and packaging to plastic.²

Megatrends trends

Industry optimism

The real estate sector is on a path to recovery post Covid-19. Demand in real estate is being witnessed particularly in tier-2 and tier-3 cities due to reverse migration, flexible work options, learning from home and demand for open spaces. Sales and new launches have witnessed increased traction setting record growth. Lower interest rates, improved market sentiments, and reduced risk of further disruptions have created additional demand for real estate. This augurs well for paint industry, driving up demand across categories.

New products

Innovative paints are finding increasing acceptance among the consumers. Paints like the heat reflective come with properties that extending the durability of a structure by reflecting damaging UV rays away from the building. Environment-friendly paints are being developed with renewed composition to avoid major health and environment issues. Oil-based paints are giving way to water-based paints, since it has little to no harmful emissions. Water-based paints offer superior endurance and performance than solvent-based paints when it comes to environmental compliance.

Regulatory focus

The infrastructure push by the government (both at central and state level), particularly in new policies and private investment will drive growth of the Paints and Coatings Market. Specifically schemes such as Pradhan Mantri Awas Yojana (PMAY), AMRUT and Housing for All are likely to drive the demand for interior paints with a particular focus on medium and economy range products.

Opportunities

- In India, per capita paint usage stands at 4.1 kg (in 2019), which is still quite low when compared to developed western nations, but is expected to rise as the country continues to grow.
- Government impetus to the manufacturing sector, increased government support for affordable housing in India and the overall uplift of the real estate sector will boost demand for the paint industry.
- Indian paints have a strong market in South Asian countries and developed economies
- Re-painting activities are increasing in the country as repainting cycle is set to shorten from 7-8 years to 4-5 years.

Challenges

- Rising raw material prices is one of the most pressing issues facing the paint business, and most industry participants have passed on the cost of higher raw materials to customers through price hikes.
- Most of the raw materials used by the paint industry are derived from crude oil, thus continuous hike in crude prices owing to current geopolitical scenario, will have an influence on user industries, including the paint industry.
- Supply chain disruptions severely affect the industry because a large amount of working capital is involved for purchasing raw materials from several sources.
- Roughly 30% of the raw ingredients are imported from other countries, import rules have a significant effect on the pricing of paints. As a result, any change in the import tax regime might impact the costing.

Company overview

Indigo Paints was founded in the year 2000 and is the fifth largest firm in India's ₹62,000 crores (USD 8 billion) paints sector. Emulsions, enamels, wood coatings, distempers, primers, putties, and cement paint are among the Company's offerings. The Company has been able to establish a significant presence in the market despite being a late entrant with high entry barriers, thanks to its multi-pronged strategy of introducing differentiated products, high advertisement spends (as a percentage of sales), focusing on rural markets, and increasing the penetration of tinting machines.

² <http://www.paintindia.in/frost and sullivan>

The Company overcame the Indian paint industry's high entry barriers with a patient and multi-pronged strategy that included introducing differentiated products, purposefully building a distribution network in rural and tier-II & III markets, building brand equity through high advertisement spending, driving the rapid penetration of tinting machines, and engaging with influencers (painters/contractors) to build trust. Indigo Paints is one of the successful new entrant in an industry dominated by age-old companies in the previous two decades. Through innovation, the Company was able to carve out its niche in the paint market over time with innovative painting solutions. Gradually, the Company came to be known for its innovative products and futuristic thinking.

The Company has a strong presence in Tier III and IV markets, where brand penetration is relatively easy, and dealers have more power to influence customers' buying decisions. These markets allowed the Company to expand its brand and presence in the Indian market by a factor of ten. The Company is presently expanding its distribution networks in Metro and Tier 1 cities.

The Company has achieved tremendous brand recognition and strong consumer recall through persistent branding and marketing. Through a dealer network of 15,750+ dealers, the Company has a presence in all states in India. The Company has production facilities at Jodhpur (Rajasthan), Kochi (Kerala), and Pudukkottai (Kerala).

Manufacturing facility	Emulsion paints	Enamels	Wood Coatings	Distempers	Primer	Putties	Cement Paints	Other Products
Unit – I, Jodhpur, Rajasthan	☑			☑	☑			☑
Unit – II, Jodhpur, Rajasthan						☑	☑	
Kochi, Kerala	☑				☑			☑
Pudukkottai, Tamil Nadu		☑	☑		☑			☑

Strengths

Introducing differentiated products

Indigo Paints focuses on niche and unique products, which allows it to set itself apart and gain access to dealer shelf space. These products are also profitable from a margin standpoint.

Building a distribution network through rural markets on purpose

Instead of metros and Tier I cities, where the big players have a significant presence in distribution and penetration of tinting machines, the Company first concentrated on Tier II to Tier IV towns and villages. Onboarding dealers was relatively easier and the strategy of initially establishing a foothold in smaller areas before moving on to larger locations helped the Company cement its presence. As strategy 2.0, it will now focus on penetrating in tier-I cities (excluding metro cities) and leverage its brand salience built over two decades.

Significant investment on advertising to build brand equity

- By allocating adequate share of expenditure on advertising and promotion, the Company is making big investments in its building its brand equity. The Company spent ₹ 88.06 crore in Advertisement & Promotional expenses in 2022, with targeted television ads for its multiple products. The Company has also launched a new advertisement campaign "Jaisa performance waisi price" to put emphasis on enhanced quality of products.

Increasing the penetration of tinting equipment across its dealer network

The Company continues to establish itself as a favoured brand among dealers and thereby increase throughput per location. As on March 31, 2022, it had 7,101 tinting machines in its dealer network, with a Tinting Machine penetration ration of 43%.

Building trust with influencers (painters/contractors) by constant engagement

In addition to providing financial incentives, the Company performs blind tests with influencers to acquire their trust. Additionally, attempts are being made to widen dealer network in tier I cities and focus on engaging with painters and contractors of these cities

IPO Fund Utilization

Indigo Paints had raised ₹ 1,170 Cr during the IPO during FY 2020-21. Out of the proceeds, the Company had received ₹ 28,711.21 Lakhs for the following objects

- Funding capital expenditure for expansion of the existing manufacturing facility at Pudukkottai, Tamil Nadu by setting-up an additional unit adjacent to the existing facility;
- Purchase of tinting machines and gyroshakers;
- Repayment/prepayment of all or certain portion of the borrowings; and
- General corporate purposes

(In Lakhs)

Particulars	Proceeds from IPO	Utilized up to March 31, 2022	Utilized up to March 31, 2022
Funding capital expenditure for the Proposed Expansion	15,000.00	9,637.55	5,362.45
Purchase of tinting machines and gyroshakers	5,000.00	2,506.95	2,493.05
Repayment/prepayment of certain borrowings of our Company	2,500.00	2,500.00	
General corporate purposes	6,211.21	6,211.21	
	28,711.21	20,855.71	7,855.50

The proceeds have been utilized for the intended objects. The construction of additional unit at Pudukkottai, Tamil Nadu is progressing well and is estimated to be commissioned by Q3 FY 2023.

Operational review

Sales and product mix

The Company continued to deliver growth across its product verticals, in value and volume terms. Amidst a challenging operating environment, hampered with Delta variant of Covid-19 in first quarter, which was subsequently followed by unprecedented spike in raw materials triggered by the global shipping crises, the Company's prudent strategy helped navigate the challenges and deliver growth-oriented results.

Value growth

Product category	2019-20	2020-21	2021-22
Cement Paints+ Putty	26.72%	23.22%	7.91%
Emulsions	20.15%	11.65%	39.80%
Enamels + wood coatings	2.39%	19.57%	16.03%
Primers + distempers+ others	13.25%	26.65%	21.42%

Volume growth

Product category	2019-20	2020-21	2021-22
Cement Paints+ Putty	26.48%	19.63%	3.86%
Emulsions	16.00%	8.72%	21.66%
Enamels + wood coatings	0.23%	15.41%	2.87%
Primers + distempers+ others	8.58%	20.35%	5.37%



In line with the industry, Indigo Paints had undertaken a massive price hike to mitigate the increase in price of the materials. Naturally, the value growth was higher than the volume growth across categories. In line with the Company's strategy of increasing the population of the Tinting Machines across the dealer network to increase the sale of Emulsions, the category grew at a healthy 21.66% in volume term and 39.80% in value terms.

Product category	2018-19	2019-20	2020-21	2021-22
Sales from differentiated products	27.58%	28.62%	29.53%	29.62%

Despite being a challenging year with unprecedented increase in raw material price followed by massive industry wide price increase, the higher margin differentiated products have grown at the same pace as the Company and continue to contribute 29.6% to the revenue.

Distribution network

During the year under review, the Company has increased the number of active dealers to 15,787. Additionally, we have increased the population of tinting machines to 7,101 in FY 2022. The active dealer network expansion was part long-term business strategy, that now attracts more dealers and helps the Company expand its shelf-space. In FY 2022, the Company has opened an additional depot in Karnataka and opened a depot each in Delhi & Himachal Pradesh. With this expansion, Indigo Paints has direct distribution reach in all the states of India.

Product category	2018-19	2019-20	2020-21	2021-22
No. of depots	33	36	44	47
Active dealers	10,246	11,230	13,214	15,787
Tinting machine	3,143	4,296	5,472	7,101

Financial review

The Company's revenue from operations increased to ₹90,597 lakhs in FY 2022 compared to ₹72,332 lakhs in FY 2021. The EBDITA has grown from ₹12,251 lakhs to ₹13,598 lakhs. EBITDA in FY 2022 is 10.99 higher than the previous financial year. The rise in EBITDA is due to the re-opening of construction and infrastructure sector during the year. Net sales operations in FY 2022 have been 25.25% higher than FY 2021.

PBT for FY 2022 is 16.74% higher than FY 2021 and PAT numbers are 18.6% higher than FY 2021.

In accordance with the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations 2018, the Company is required to provide details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios, along with detailed explanations therefor. The key financial ratios are given below:

Particulars	2018-19	2019-20	2020-21	2021-22
Revenue from Operations (₹ in lakhs)	53,562.90	62,479.20	72,332.47	90,597.48
Gross margin (%)	44.27%	48.47%	47.95%	43.32%
EBITDA (₹ in lakhs)	5,409.20	9,098.80	12,251.61	13,598
EBITDA margin (%)	10.10%	14.56%	16.94%	15.01%
Profit for the year (₹ in lakhs)	2,687.00	4,781.50	7,085.01	8,404.80
PAT margin	5.02%	7.65%	9.80%	9.17%
Capital employed ¹ (₹ in lakhs)	17,063.13	21,271.69	53,992.27	62,777.76
ROCE ² (%)	22.49%	34.33%	18.84%	18.42%
RoNW ⁵	18.22%	24.26%	12.57%	12.93%
Debt equity ratio (in times)	0.4	0.25	0.00	0.00
Debtors turnover ³	5.31	5.97	6.38	6.16
Inventory turnover ⁴	4.79	4.41	4.39	4.84
Interest coverage ratio	8.31	13.05	26.68	86.91
Current ratio	1.12	1.14	2.37	2.34

1. Capital employed = Tangible net worth (i.e. paid up capital + reserves – goodwill) + total debt + deferred tax liability

2. Return on capital employed (ROCE) = Earnings before interest and taxes (i.e. profit before tax + finance cost) ÷ capital employed

3. Debtors turnover ratio = Net credit sales (gross credit sales – sales return) ÷ average trade receivable

4. Inventory turnover ratio = Cost of goods sold ÷ average inventory

5. Return on net worth (RONW) = Profit before tax ÷ shareholders' equity (i.e. equity share capital + reserves)

Expense metrics

Product category	2018-19	2019-20	2020-21	2021-22
Discount as a % of revenue from Operations	11.45%	11.39%	12.64%	14.22%
Employee costs as % of net revenue	6.79%	6.72%	6.68%	6.22%
Advertising and sales promotion as a % of revenue from Operations	12.63%	12.65%	10.65%	9.72%
Material costs as a % of revenue from Operations	55.73%	51.53%	52.05%	56.68%
Freight and handling as a % of revenue from Operations	10.36%	10.53%	9.93%	8.89%
Overhead Costs – Other Expense (excluding Freight and handling, A&P)	4.38%	4.01%	3.74%	3.48%

Revenue from operations increased by 25.25% from ₹ 72,332.47 in FY 2020-21 to ₹ 90,597.48 in FY 2021-22 primarily due to an increase in sale of goods driven by entering new markets, and increased demand for our products on our back of our branding and marketing initiatives, despite the impact of Covid-19 during April –May 2021.

Raw Materials & Gross Margins

The cost of materials and components consumed increased by 39.82% from ₹ 36,394.68 in FY 2020-21 to ₹ 50,888.16 in FY 2021-22 due to the unprecedented increase in the raw material prices. The raw material prices unlike anything witnessed in decades escalated sharply due to the global shipping crises, unplanned shutdowns across major international raw material producers and exacerbated by the Russia-Ukraine war. Subsequently, the gross margin was compressed to 43.32% in FY 2021-22 from 47.95% a year ago. However, due to the prudent pricing and sourcing strategy, Indigo Paints was able to clock a industry leading gross margin despite multiple challenges.

Other income, Cash and Investments

The other income increased from ₹ 359.37 Lakhs in FY 2020-21 to ₹ 1089.32 Lakhs in FY 2021-22, primarily due to the increase in the interest income and the gain on the investments made. The interest income was ₹ 606.00 Lakhs and the gain on investments was ₹ 443.92 Lakhs. As on March 31, 2022, including the unutilised proceeds from the IPO, the Company had ₹ 27,426.87 Lakhs in terms of cash and cash equivalents, Bank balances, short-term and long-term investment instruments.

D&A, Property Plant and Equipment

The D&A expense increased to ₹ 3,125.08 Lakhs in FY 2021-22 from ₹ 2,439 Lakhs in FY 2020-21 primarily due to higher depreciation incurred following the addition in plant and machinery worth ₹ 2,560 Lakhs for regular upgradation in the manufacturing facilities including the upcoming plant at Pudukkottai (Tamil Nadu). The Capital work in progress (CWIP) also increased from ₹ 311.54 Lakhs in FY 2020-21 to ₹ 5,097.27 Lakhs in FY 2021-22 primarily due to the upcoming plant at Tamil Nadu. On commissioning of the plant, CWIP will be capitalized and transferred to the Property, Plant & Equipment.

**Interest Coverage Ration & Finance Costs**

Pursuant to repayment of the debt, the finance cost has significantly reduced from ₹ 381.31 Lakhs in FY 2020-21 to ₹ 133.04 Lakhs in FY 2021-22. The major portion of the finance cost (₹ 133.04 Lakhs) pertains to the lease liabilities. Subsequent to the fall in finance cost and increase in the EBIT, the interest coverage ratio has improved significantly from 26.68 in FY 2020-21 to 86.91 in FY 2021-22.

The discounts offered by the Company predominantly includes cash discounts, scheme discounts, annual turnover rebates, foreign trip schemes, special discounts etc. These discounts form a major cost to the Company and is netted off from the gross revenue. In FY 2021-22, discounts as a percentage of revenue from operations was higher at 14.22% compared to 12.64% in the preceding year predominantly due to the additional discounts



offered to the dealers to clear the high channel inventory build-up in the second half the year. The dealers had stocked up heavily during the massive price hike undertaken by the industry in response to the unprecedented spike in the raw materials. Company had also introduced some special scheme discounts offered to market selected products during the course of the year.

The advertising and sales promotion expense consists of media spends, television commercial production charges, business promotion charges etc. In line with the strategy of the Company to reduce the advertising and sales promotion expense as a percentage of revenue from operations, the advertising and sales promotion as a percentage of the revenue from operation decreased from 10.65% in FY 2020-21 to 9.72% in FY 2021-22. The major constituent of these expenses – Media advertising spends of Company increased from ₹ 6,334.71 Lakhs (FY 2020-21) to ₹ 6,837.04 Lakhs (FY 2020-21), with the major portion going towards IPL. Indigo Paints has also launched new advertisement campaigns in “Jaisa performance waisi price” to emphasis the higher quality of the products.

- In the FY 2021-22, the industry faced a massive spike in the price of the raw material which was not witnessed in decades due to global shipping crises triggered by the pandemic, unplanned shutdown in major manufacturing plants across the globe. Consequently, the material costs as a percentage of revenue from Operations increased to 56.68% affecting the gross margins. With prudent price increase and prudent sourcing strategy the Company closed the year with an industry leading gross margin of 43.32%.
- The Company's manufacturing facilities are strategically located – closer to the source of the raw materials, which results in lower procurement costs compared to the industry. However, this results in increased freight costs when the goods are transported from factories to the depots. With the increase in contribution from the differentiated products and

premiumization of the product mix, the Freight and handling as a % of revenue from Operations continued to reduce as a percentage of revenue from operations from 9.93% in FY 2020-21 to 8.89% in FY 2021-22.

- With economies of scale, the Employee Cost as a percentage of revenue from operations reduced further from 6.68% FY 2020-21 to 6.22% in FY 2021-22, despite giving a hike to the employees in the pandemic affected year.
- The overhead expense (excluding material cost, employee benefits, advertisement and sales promotion, freight) continued to decline further and was at 3.48% of the revenue from operations. The overhead cost as percentage of revenue was contained and probably is the lowest in the industry.

Human resources

The Company's employees are a major differentiator for sustained business growth. The Company continues to create a strong leadership pipeline while also building a safe, inclusive and diverse workforce. Multiple training programs are conducted to engage with employees on a regular basis. The inclusive culture is responsible for people delivering performance and build a sustainable business.

Information technology

The Company's technology is intrinsically connected to majority of its operations. Over the year, the Company has invested in upgrading technology, enabling it to monitor operations to optimise value for shareholders. Investment in technology-led tools like IT SAP system, enabling seamless management of raw material procurement, finished goods, vendor and supplier payments, and effective receivables management.

Risk management

The Company understands that every business has its set of risks. In terms of their impact and likelihood of occurrence, these risks are constantly evolving. The Company constantly scans the external environment for emerging risks and assesses their impact on business objectives. The Risk Management Committee of the Board of Directors, reviews the Company's enterprise-wide risk management framework and guides the Company. Multiple risks such as competition risk, safety and sustainability risk, compliance risk, information security risk, raw material availability risk, and pandemic risk are among the key risks that the Company considers for mitigation and sustain business operations. The Company remains committed to building an effective risk management and mitigation framework.

Growth strategy and outlook

The Company's venture into tier-I cities remains a key focus area for growth. Strategies have been shaped to increase the wallet share in more than 750 cities identified that have high growth potential. The Company is also engaging with influencers for strengthening brand awareness, product highlight, functional features and more. The Company is increasing its active dealer network and populating Tinting Machine across dealers to penetrate emulsion category of business – its largest segment by value and volume. In addition, a detailed strategic framework is explained on page 04 of the report.

Internal control

Internal control systems of the Company are commensurate to the nature of its business, as well as the scale and complexity of its activities. Appropriate internal control policies and procedures have been established to provide reasonable assurance on the

effectiveness and efficiency of operations, financial reporting reliability, compliance with applicable laws and regulations, fraud and error prevention and detection, and asset safeguarding.

Internal auditors examine the adequacy and efficacy of these internal controls on a regular basis as part of their risk-based audit strategy. The Audit Committee reviews and approves the internal audit plan. The Audit Committee examines the Company's internal financial controls for sufficiency and effectiveness, as well as the execution of audit recommendations. The Audit Committee is informed of significant audit findings and activities, and corrective measures are taken as a result.

Disclaimer

Certain statements in the MDA section concerning future prospects may be forward-looking statements which involve a number of underlying identified / non identified risks and uncertainties that could cause actual results to differ materially. In addition to the foregoing changes in the macro-environment, a global pandemic like Covid-19 may pose an unforeseen, unprecedented, unascertainable and constantly evolving risk(s), inter-alia, to the Company and the environment in which it operates. The results of these assumptions made, relying on available internal and external information, are the basis for determining certain facts and figures stated in the report. Since the factors underlying these assumptions are subject to change over time, the estimates on which they are based are also subject to change accordingly. These forward-looking statements represent only the Company's current intentions, beliefs or expectations, and any forward-looking statement speaks only as of the date on which it was made. The Company assumes no obligation to revise or update any forward-looking statements, whether as a result of new information, future events, or otherwise.



Board Report

Dear Members,

Your Directors are pleased to present the 22nd Annual Report on the business and operations of Indigo Paints Limited ("the Company/ your Company") together with the Audited Financial Statements for the Financial Year ended March 31, 2022.

FINANCIALS

The key highlights of the financial results of your Company for the financial year ended March 31, 2022 and comparison with the previous financial year ended March 31, 2021 are summarised below:

Particulars	(₹ In Lakhs)	
	Year ended 31st March, 2022	Year ended 31st March, 2021
Revenue from operations	90,597.48	72,332.47
Less: Expenses	76,999.11	60,080.86
EBITDA	13,598.37	12,251.61
Less:		
Finance Cost	133.04	381.31
Depreciation	3,125.08	2,438.95
Add:		
Other income	1,089.32	359.37
Profit before Tax	11,429.57	9,790.72
Less: Tax expenses (including deferred Tax)	3,024.77	2,705.71
Profit after Tax	8,404.80	7,085.01
Add/(Less): Total Other Comprehensive Income	13.36	(10.87)
Total Comprehensive Income for the year	8,418.16	7,074.14

OVERVIEW OF COMPANY'S FINANCIAL PERFORMANCE

- Revenue from Operations of the Company stood at ₹ 90,597.48 lakhs as against ₹ 72,332.47 lakhs for the previous year, registering a growth of 25.25 % in the revenue.
- Employee Cost as a percentage of Revenue from operations decreased to 6.22% as against 6.68% in the previous years.
- EBITDA of the Company stood at ₹ 13,598.37 lakhs as against ₹ 12,251.61 lakhs for the previous year, registering a growth of 11 % in EBITDA.
- Profit after Tax (PAT) of the Company stood at ₹ 8,404.80 lakhs as against ₹ 7,085.01 lakhs for the previous year, registering a growth of 18.63 % in PAT.

DIVIDEND

The Board of Directors at their meeting held on 20th May 2022, has recommended payment of ₹ 3/- (Rupees Three only) per equity share of the face value of ₹ 10/- (Rupees Ten only) each as final dividend for the financial year ended 31st March, 2022.

The payment of final dividend is subject to the approval of the shareholders at the ensuing Annual General Meeting (AGM) of the Company.

In view of the changes made under the Income-tax Act, 1961, by the Finance Act, 2020, dividends paid or distributed by the Company shall be taxable in the hands of the Shareholders. The Company shall, accordingly, make the payment of the final dividend after deduction of tax at source.

The dividend recommended is in accordance with the Dividend Distribution Policy of the Company. The Dividend Distribution Policy, in terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") is available on the Company's website: www.indigopaints.com/investors

The dividend pay-out ratio including the proposed final dividend of the Company would be 16.98%

RESERVES

There is no amount proposed to be transferred to any reserves for Financial Year 2021-22.

CHANGE IN NATURE OF BUSINESS

There is no change in nature of business of your Company.

UTILIZATION OF IPO PROCEEDS

Your Company has appointed ICICI Bank Limited as the Monitoring agency in terms of regulation 41(2) of the SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2018, as amended from time to time, to monitor the utilization of the IPO proceeds. Your Company obtains the monitoring report from the Monitoring agency every quarter and files the same with both exchanges where the equity shares of the Company are listed.

Out of the IPO proceeds of ₹ 28,711.21 Lakhs, your Company has utilized the funds as per the below mentioned table:

(₹ In Lakhs)

Sr. No	Particulars	Amount to be utilized	Amount utilized as on March 31, 2022	Total unutilized Amount as on March 31, 2022
1	Funding capital expenditure for the Proposed Expansion	15,000.00	9,637.55	5,362.45
2	Purchase of tinting machines and gyro shakers	5,000.00	2,506.95	2,493.05
3	Repayment/prepayment of certain borrowings of our Company	2,500.00	2,500.00	-
4	General corporate purposes*	6,211.21	6,211.21	-
Total		28,711.21	20,855.71	7,855.50

* net of IPO related expenses

The Monitoring Agency Reports are available at the Company's website at www.indigopaints.com/investors

Further, the details of Utilisation of Net IPO Proceeds for the year ended March 31, 2022 has been provided in notes to the Accounts of the Financials of the Company.

Your directors confirm that there have been no deviations from the objects as mentioned in the Company's prospectus dated January 25, 2021.

SHARE CAPITAL

During the year under review there was no change in the authorised or paid up share capital of the Company.

EMPLOYEE STOCK OPTION SCHEME

In order to enable the employees to participate in the future growth and to attract and retain talent, the Company has adopted Indigo Paints Employee Stock Option Scheme, 2019 ("ESOS 2019").

The Members of the Company, in the Annual General Meeting held dated September 02, 2021 had ratified the ESOS 2019, owing to the requirements under Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations 2021.

As per Rule 12 of the Companies (Share Capital and Debenture) Rules, 2014 the disclosures are as follows:

Sr No.	Particulars	ESOS 2019
1	Number of Options granted	70,750
2	Exercise price or Pricing formula	₹ 10/-
3	Number of Options vested and exercisable	-
4	Number of Options exercised	-
5	Total number of shares arising out of exercise of Options	-
6	Number of Options lapsed (includes forfeited and lapsed options)*	1,000
7	Variation in the terms of the Options	-
8	Money realized by exercise of Options (₹)	-
9	Total number of Options in force	1,18,250

10 Employee wise details of options granted to -

A	Senior Management Personnel's and Key Managerial Personnel's	Name	Options granted
		Mr. Srihari Santhakumar	500
		Mr. Sujoy Bose	750
		Mr. Chetan Humane	3,000
		Mr. T S Suresh Babu	3,500
B	Any other employee who receives a grant in any one year of option amounting to 5% or more of options granted during the year	Mr. Narayanankutty Kottiedath Venugopal	7,500
C	Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	NA	NA

*As approved by the Nomination and Remuneration Committee and Board of Directors of the Company.

The applicable disclosures as stipulated under the Companies Act, 2013 and SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 are provided in Annexure A to this Report.

CREDIT RATING

As your Company has not availed any credit facility, there was no requirement for obtaining any credit rating.

INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

During the year under review, the Company had not transferred any amount or Shares to the Investor Education and Protection Fund.

HUMAN RESOURCES & EMPLOYEE RELATIONS

During the year under review, the Human Resources department of the Company focused on effective execution of plans through its qualified workforce. During the Covid-19 pandemic, the prime responsibility of the Company's HR function was to work towards restoring the entire support ecosystem for ensuring employee health and well-being. This required steps such as workforce planning, increased digitalisation of HR systems, strengthening of medical facilities, health monitoring and continuous communication. These steps built confidence among the employees, who in turn extended full support by adapting to the changed working patterns and conditions.

Employee Performance & Engagement

To ensure our employees' financial, social, mental and physical wellbeing throughout all stages of their lives while employed at the Company, we offer a wide range of benefits. The Company has in place an Employee Stock Option Policy to retain and attract skilled and experienced personnel.

To expand and plan our talent pipeline we have a 360-degree collective feedback in place. This enables us to develop, groom and elevate these leaders. This approach is directly linked to our compensation framework and promotion process. All our

employees receive regular performance feedback and we have a People Review process, which identifies development, opportunities and plan the development journey for our managerial talent pipeline. This has also strengthened the employee and management relationship.

An organisation wide employee pulse survey was also conducted in the year under review. The survey was anchored around several drivers such as perception of their work environment, leadership, career goals, collaboration, rewards and recognition. Based on the outcome of the survey, several initiatives have been taken up across the organisation to address the identified gaps.

Employee Welfare and Policies

It is crucial for us to understand what motivates and engages our employees and how they perceive their work environment. Therefore, we encourage open and regular dialogue between managers and their team members, conduct surveys and offer a framework which ensures they feel comfortable to speak up, raise concerns and are empowered to initiate improvements.

Our Company has a comprehensive Human Resource (HR) policy framework, which includes maternity leave, insurance for employees and their families; and flexible timings that help employees establish a work-life balance. There are several sessions conducted every month to sensitise employees regarding their physical- mental health and well-being.

Diversity and Inclusion at workplace helps nurture innovation, by leveraging the variety of opinions and perspectives coming from employees with diverse age, gender and ethnicity. The company embarks conscious steps towards increasing the diversity and inclusion across the organisation.

We firmly believe in the Equal Employment and Opportunity policy do not discriminate on the pay and conditions of employment between our male and female workers engaged in a similar role. Similarly pay and conditions of employment are not discriminated on grounds of race, religion, caste, creed or any such ground. Decisions pertaining to recruitment, promotions and performance evaluations are all done strictly basis of merit and performance only.

Digital Transformation

The Company has embarked on a digital transformation of its human resource management systems to bring in more innovation, agility and operational excellence as well as create value for the employees. The mobile app helps employees to manage leaves, documents, payroll and all the other notifications and events happening across the organisation.

An online expense management module has been introduced to provide employees an option to file their expenses digitally.

The Company is focusing comprehensively on people analytics to measure the effectiveness of the HR programmes and identify mechanisms to make meaningful business decisions based on trends, patterns and feedbacks.

Building Talent

The Company has a rich legacy of nurturing talent and creating business leaders from within its ranks and takes pride in the fact that majority of the senior leadership positions today are occupied by those who have built their entire career with the Company.

The management is committed to a robust succession plan at every level and towards this a comprehensive leadership development initiative is in progress to identify, groom and retain high potentials across departments.

A structured recruitment process has helped your Company attract the right talent at all levels. Entry level candidates now respond to different approaches, for example social media, campus engagement, job boards as well as look for an authentic Employee Value Proposition. We have adopted a number of these approaches. At the same time, in line with our focus on internal mobility, we have continued our efforts to retain expertise and experience by providing attractive career opportunities. Internal mobility also helps us turn necessary restructuring into an opportunity.

Employee and Leadership Development

Your Company is committed to helping its employees develop the knowledge, skills and abilities needed for continued success, and encourages professional development throughout each employee's career. Through a well-structured training process, the Company conducts training for the workforce which in turn helps the workforce to improve their efficiencies and capabilities.

To ensure we develop future leaders in the Company, we provide a number of cross divisional programs to foster management and leadership skills. The purpose is to equip our people with the necessary qualities to lead the organization through change, develop their teams, manage performance and ensure business success in line with the Company's strategy and our values and beliefs.

Employee Relations & Compliance

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on Prevention, Prohibition

and Redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. An Internal Complaints Committee ('ICC') is in place for all works and offices of the Company to redress complaints received regarding sexual harassment.

DIRECTORS & KEY MANAGERIAL PERSONNEL

The appointment and remuneration of Directors are governed by the Policy devised by the Nomination and Remuneration Committee of your Company. The detailed Nomination and Remuneration Policy is contained in the *Corporate Governance Section* of the Annual Report.

Your Company's Board comprises of the following Directors and Key Managerial Personnels:

Sr No.	Name of the Director & KMP	Designation
1.	Mr. Hemant Kamala Jalan	Chairman and Managing Director
2.	Ms. Anita Hemant Jalan	Executive Director
3.	Mr. Narayanankutty Kottiedath Venugopal	Executive Director
4.	Ms. Nupur Garg	Independent Director
5.	Mr. Sunil Badriprasad Goyal	Independent Director
6.	Mr. Praveen Kumar Tripathi	Independent Director
7.	Mr. Ravi Nigam	Independent Director
8.	Ms. Sakshi Vijay Chopra	Non-Executive Nominee Director
9.	Mr. Ravi Shankar Venkataraman Ganapathy Agraharam	Non-Executive Alternate Director
10.	Mr. Sujoy Sudipta Bose	Company Secretary & Compliance Officer
11.	Mr. Chetan Bhalchandra Humane	Chief Financial Officer

The constitution of the Board of the Company is in accordance with Section 149(6) of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Further, in terms of the regulatory requirements, the name of every Independent Director is to be registered in the online database of Independent Directors maintained by Indian Institute of Corporate Affairs, Manesar ("IICA"). Accordingly, the Independent Directors of the Company have registered themselves with the IICA for the said purpose.

The Board of Directors of your Company, at its meeting held on 05th August, 2022 and pursuant to the recommendation of Nomination and Remuneration Committee, approved the reappointment of Mr. Hemant Kamala Jalan, as the Managing Director of the Company for a period of 5 (five) years commencing from 1st March, 2023 and ending on 29th February, 2028 based on the terms and conditions as set out in the draft Agreement between the Company and Mr. Jalan.

An appropriate resolution seeking your approval to his re-appointment as a Managing Director is included in the Notice to AGM.

KEY MANAGERIAL PERSONNEL (KMP):

During the year under review, there was no change in the Key Managerial Personnel of the Company.

In terms of the Companies Act, 2013, the following are the KMPs of the Company as on March 31, 2022:

- Mr. Hemant Kamala Jalan- Managing Director
- Mr. Chetan Bhalchandra Humane- Chief Financial Officer
- Mr. Sujoy Sudipta Bose- Company Secretary

DIRECTORS RETIRING BY ROTATION

Mr. Hemant Kamala Jalan, Executive Director, is liable to retire by rotation and being eligible for re-appointment at the ensuing Annual General Meeting ("AGM") of your Company, has offered himself for re-appointment. His details as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are contained in the accompanying Notice convening the ensuing AGM of your Company.

An appropriate resolution seeking your approval to his re-appointment as Director is included in the Notice to AGM.

DECLARATION FROM INDEPENDENT DIRECTORS

The Company has received necessary declaration from each Independent Director under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

BOARD AND COMMITTEE MEETINGS

Your Board of Directors met 4 (Four) times during the financial year 2021-22. The details of the meetings and the attendance of the Directors are mentioned in the *Corporate Governance Report*.

The Board of Directors of your Company have formed various Committees, as per the provisions of the Companies Act, 2013 and as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as a part of the best corporate governance practices, the terms of reference and the constitution of these Committees is in compliance with the applicable laws and to ensure focused attention on business and for better governance and accountability. The constituted Committees are as below:

- a) Audit Committee;
- b) Nomination and Remuneration Committee;
- c) Stakeholders Relationship Committee;
- d) Corporate Social Responsibility Committee and;
- e) Risk Management Committee;

The details with respect to the composition, terms of reference, number of meetings held and business transacted business transacted by the aforesaid Committees are given in the "*Corporate Governance Report*" of the Company which is presented in a separate section and forms a part of the Annual Report of the Company.

During the year under review, a separate meeting of the Independent Directors was held on June 07, 2021, with no participation of Non- Independent Directors or the Management of the Company. The Independent Directors had discussed and reviewed the performance of the Non-Independent Directors and the Board as a whole and also assessed the quality, quantity and timeliness of the flow of information between the Management and the Board, which is necessary for the Board to effectively and reasonably perform its duties.

BOARD EVALUATION

In terms of requirements of the Companies Act, 2013 read with the Rules issued thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Board is required to carry out the annual performance evaluation of the Board of Directors as a whole, Committees of the Board and individual Directors.

Your Company understands the requirements of an effective Board Evaluation process and accordingly conducts the Performance Evaluation in respect of the following:

- i. Board of Directors as a whole.
- ii. Committees of the Board.
- iii. Individual Directors including the Chairperson of the Board of Directors.

In compliance with the requirements of the provisions of Section 178 of the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Guidance Note on Board Evaluation issued by SEBI, your Company has carried out a Performance Evaluation process internally for the Board/Committees of the Board/Individual Directors including the Chairperson of the Board of Directors for the financial year ended 31st March, 2022.

The Board on the recommendation of Nomination & Remuneration Committee has adopted the 'Remuneration and Evaluation Policy' for selection, appointment and remuneration of Directors and Senior Management Personnel including criteria for determining qualifications, positive attributes, independence of a director and other matters as required by the Companies Act, 2013. Necessary diversity in the board was ensured. Detailed policy is available at Company's website www.indigopaints.com/investors

The key objectives of conducting the Board Evaluation process were to ensure that the Board and various Committees of the Board have appropriate composition of Directors and they have been functioning collectively to achieve common business goals of your Company. Similarly, the key objective of conducting performance evaluation of the Directors through individual assessment and peer assessment was to ascertain if the Directors actively participate in the Board/Committee Meetings and contribute to achieve the common business goals of the Company.

The Directors carry out the aforesaid Performance Evaluation in a confidential manner and provide their feedback on a rating scale of 1-5.

Also, the Board was of the opinion that the Directors and Board collectively stand the highest level of integrity and all members of the Board had specified skill set and experience required for the Company.

FAMILIARISATION PROGRAMME

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company has worked out a Familiarisation Programme for the Independent Directors, with a view to familiarise them with their role, rights and responsibilities in the Company, nature of Industry in which the Company operates, business model of the Company etc. Through the Familiarisation Programme, the Company apprises the Independent directors about the business model, corporate strategy, business plans, finance human resources, technology, quality, facilities, risk management strategy, governance policies and operations of the Company. Details of Familiarisation Programme of Independent Directors with the Company are available on the website of the Company www.indigopaints.com/investors

SUBSIDIARY COMPANIES, ASSOCIATES & JOINT VENTURES

Your Company does not have any subsidiaries, associates and joint ventures.

RELATED-PARTY TRANSACTIONS

In accordance with the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company has a Policy on Related-Party Transactions which can be viewed at www.indigopaints.com/investors

There were no material transaction with related parties during the year under review as defined under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Accordingly, the disclosure of transactions entered into with related parties pursuant to the provisions of Section 188(1) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts), Rules 2014 in Form AOC-2 is not applicable.

PUBLIC DEPOSITS

No public deposits have been accepted by your Company during the year under review.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

No Loans, guarantees or investments have been made by the Company during the financial year March 31, 2022.

ACCOUNTING TREATMENT

The Accounting Treatment is in line with the applicable Indian Accounting Standards (IND-AS) as recommended by the Institute of Chartered Accountants of India (ICAI) and prescribed by the Central Government.

AUDITORS

(a) Statutory Auditors:

In accordance with the provisions of section 139 of the Companies Act 2013 and the rules made thereunder M/s. SRBC & Co LLP. Chartered Accountants, bearing FRN 324982E/E300003 were appointed as the statutory auditors of the Company, for a period of five years at the 19th Annual General Meeting held on 30th September, 2019.

The Auditors have issued an unmodified opinion on audited financial statements of the Company for the year ended 31st March, 2022. The Report given by the Auditors on the financial statements of the Company is part of the Annual Report. There has been no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report.

(b) Cost Auditors:

Your Company is not required to maintain cost records as specified under Section 148(1) of the Companies Act, 2013, and hence, no cost auditors have been appointed.

(c) Secretarial Auditors:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of SEBI Listing Regulations, Mr. Sushant Kulkarni, Partner of M/s. ARKS and Associates, Practising Company Secretaries had been appointed as Secretarial Auditor, to undertake Secretarial Audit of the Company for the financial year 2021-22. The report of the Secretarial Auditor in the prescribed Form MR-3 is annexed to this report as Annexure B.

The secretarial auditor's report has no qualifications for the financial year 2021-22

(d) Internal Auditors:

Pursuant to the provisions of Section 138 of the Companies Act, 2013 and The Companies (Accounts) Rules, 2014, Mr. Srihari Santhakumar, Deputy General Manager-Finance, was appointed by the Board of Directors to conduct internal audit of your Company for the financial year 2021-22.

INSTANCES OF FRAUD, IF ANY, REPORTED BY THE AUDITORS

During the year under review, the Statutory Auditors, Secretarial Auditors and Internal Auditor have not reported any instances of

fraud committed in the Company by its officers or employees to the Audit Committee under section 143(12) and Rule 13 of the Companies (Audit and Auditors) Rules, 2014 of the Companies Act, 2013.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Act, the Board of Directors, to the best of its knowledge and ability, confirm that:

- The Annual Accounts have been prepared in conformity with the applicable Accounting Standards and there are no material departures;
- They 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 affairs of the Company at the end of Financial Year 2021-22 and of the profit for that period;
- Proper and sufficient care has been taken and that adequate accounting records have been maintained in accordance with the provisions of the Act for safeguarding the assets of the Company; and for prevention and detection of fraud and other irregularities;
- The Annual Accounts have been prepared on a going concern basis;
- The internal financial controls laid down by the Company were adequate and operating effectively; and
- The systems devised to ensure compliance with the provisions of all applicable laws were adequate and operating effectively.

RISK AND CONTROL

Through the Risk Management Committee, the Board of Directors oversees your Company's Risk Management.

Risk Management Policy

Your Company has adopted a Risk Management Policy wherein all material risks faced by the Company are identified and assessed. The Company has formed a Risk Management Committee which defines the Company's approach towards risk management and includes collective identification of risks impacting the Company's business its process of identification and mitigation of such risks. The Risk Management Policy is uploaded on the website of the Company and can be viewed through the following web link: www.indigopaints.com/investors

Internal Control Systems

Your Company is committed in maintaining the highest standards of internal controls. We have deployed controls through appropriate policies, procedures and implemented a robust Internal Financial Control system that encompasses the following:

- Key processes affecting the reliability of the Company's financial reporting together with the required controls
- Periodic testing of controls to check their operational effectiveness

- Prompt implementation of remedial action plans arising out of tests conducted
- Regular follow-up of these action plans by senior management

In addition, the Internal Auditor performs periodic audits in accordance with the pre-approved plan. He reports on the adequacy and effectiveness of the internal control systems and provides recommendations for improvements.

Audit findings along with management response are shared with the Audit Committee. Status of action plans are also presented to the Audit Committee which reviews the steps taken by the management to ensure that there are adequate controls in design and operation.

The Certificate provided by Managing Director and Chief Financial Officer in the Corporate Governance Report discusses the adequacy of the internal control systems and procedures.

DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (31 OF 2016) DURING THE YEAR

Your Company confirms that there has been no application or any proceedings pending under the Insolvency and Bankruptcy Code, 2016 ("the Code") during the year under review. Your Company further confirms there are no past applications or proceeding under the Code.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

As required by the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, the relevant data pertaining to conservation of energy, technology absorption and foreign exchange earnings and outgo is given as below:

A. Energy conservation measures taken:

- Installation of Solar Panels at one factory location.
- Capacitor Panel installed for one factory location.

B. Technology Absorption:

Your Company focuses greatly on Research and Development (R&D) for developing innovative products for its consumers. R&D is a continuous activity to create differentiated products so as to maintain the technological edge in the market.

The nature of activities carried out by R&D team are as follows:

- Offering premium product with multifunctional use.
- Upgrading our current products to meet the needs of the consumer.
- Value generation via formula optimization, new sourcing, process efficiency and usage of alternative raw material to enhance profitability.

- Development of new lab testing methods for faster approval of raw materials.
- Continuous benchmarking of our product with other market players.

New product developed in the financial year 2021-22 is as follows:

- Anti-Odor Paint for Kitchen and Bathrooms
- Rustic Texture Finish

C. The foreign exchange earnings and outgo during the reporting period is as under:

FOREIGN EXCHANGE EARNINGS AND OUTGO (₹ in lakhs)

Foreign exchange inflows	-
Foreign exchange outflows	2,003.91

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company's CSR Policy statement and annual report on the CSR activities undertaken during the financial year ended 31st March 2022, in accordance with Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed to this report as Annexure C.

As per the provisions of Section 135 of the Companies Act, 2013, every Company falling under the applicability of Corporate Social Responsibility is required to spend 2% of its average net profits of previous three years on the activities given under Schedule VII of the Companies Act, 2013, and CSR policy adopted by the Board of Directors. The Company has spent a total amount of ₹ 1,25,87,000/- during financial year 2021 - 22.

During the year under review your Company has been actively involved in CSR activities. Your Company has carried out CSR activities in fields of education and women empowerment. Your Company has spent the requisite amount in line with the recommendations by the CSR Committee and approval of the Board of Directors of your Company.

The Composition of CSR Committee and meetings of the CSR Committee held during the year has been disclosed in the "Corporate Governance Report".

PREVENTION OF INSIDER TRADING

Your Company has adopted a Code of Conduct for Prevention of Insider Trading, in accordance with the requirements of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015, as amended from time to time.

The Company Secretary is the Compliance Officer for monitoring adherence to the said Regulations. The Code is displayed on the Company's website at www.indigopaints.com/investors

MATERIAL CHANGES AND COMMITMENT AFFECTING FINANCIAL POSITION OF THE COMPANY

There were no material changes during the year affecting financial position of the Company.

MATERIAL ORDERS OF REGULATORS/COURTS/TRIBUNALS

No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in the future.

SHARE REGISTRAR & TRANSFER AGENT (R&T)

Link Intime India Private Limited is the Registrar and Transfer Agent of the Company.

They were appointed as the Registrar and Share Transfer Agent of the Company with effect from February 15, 2021.

PARTICULARS OF EMPLOYEES

1 employee is in receipt of remuneration of not less than ₹ 1,02,00,000/- (Rupees One crore and two lakh) who is employed throughout the year. No employee was employed for part of the year.

Disclosures concerning the remuneration of Directors, KMPs and employees as per Section 197(12) of the Companies Act, 2013 read with Rule 5(1), 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed to this Report in Annexure D. Your Directors affirm that the remuneration is as per the remuneration policy of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report for the year under review, as stipulated under Regulation 34 of the (Listing Obligations Disclosures Requirements), Regulations, 2015 is presented in a separate section forming part of the Annual Report of the Company.

CORPORATE GOVERNANCE

Report on Corporate Governance and Certificate by the Practicing Company Secretary regarding compliance of the conditions of Corporate Governance as stipulated in Part C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are provided in a separate section and forms a part of the Annual Report of the Company.

BUSINESS RESPONSIBILITY REPORT

A Business Responsibility Report describing the initiatives taken by the Company from an environmental, social and governance perspective, as required in terms of the provisions of Regulation 34(2)(f) of SEBI Listing Regulations, separately forms part of the Annual Report.

STATEMENT UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

Your Company has in place a Prevention of Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this Policy.

During the year under review, your Company has not received any complaints on sexual harassment.

VIGIL MECHANISM

Your Company has formulated a Vigil Mechanism and Whistle Blower Policy intending to provide a mechanism for employees to report violations. It also assures them of the process that will be observed to address the reported violation. The Policy also lays down the procedures to be followed for tracking complaints, giving feedback, conducting investigations and taking disciplinary actions. It also provides assurances and guidelines on confidentiality of the reporting process and protection from reprisal to complainants.

Any incident that is reported is investigated and suitable action is taken in line with the Policy.

The Whistle Blower Policy of your Company is available on the website of the Company and can be viewed at the web link www.indigopaints.com/investors

Your Company had received 1 (one) complaint under the Whistle Blower Policy during the year under review.

ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014, the Annual Return of the Company is available on the website of the Company www.indigopaints.com/investors.

SECRETARIAL STANDARDS

Your Directors state that applicable Secretarial Standards, i.e., SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly followed by the Company.

OTHER DISCLOSURES

In terms of the applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company additionally discloses that, during the year under review no disclosure or reporting is required with respect to the following:

- Issue of equity shares with differential rights as to dividend, voting or otherwise;
- Issue of Sweat equity shares; and
- Buyback of shares

Your Company has not taken any debt and therefore, the details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions in accordance with the disclosure requirements under Rule 8 (5) of Companies (Accounts) Rules, 2014 is not applicable.

CAUTIONARY STATEMENT

Statements in the Board's Report and the Management Discussion & Analysis Report describing the Company's objectives, expectations or forecasts may be forward-looking within the meaning of applicable laws and regulations. Actual results may differ from those expressed in the statements.

ACKNOWLEDGEMENTS

Your Directors wish to convey their gratitude and appreciation to all the employees of the Company posted at all its locations for their tremendous personal efforts as well as collective dedication and contribution to the Company's performance.

Your Directors would also like to thank the employee unions, shareholders, customers, dealers, suppliers, bankers, Government and all other business associates, consultants and all the stakeholders for their continued support extended to the Company and the Management.

For and on behalf of the Board of Directors

For **Indigo Paints Limited**
 (formerly known as Indigo Paints Private Limited)

Mr. Hemant Kamala Jalan

Chairman and Managing Director
 DIN: 00080942

Place: Pune
 Date: August 05, 2022

Annexure A

AS PER THE DISCLOSURE REQUIREMENT SPECIFIED UNDER SEBI (SHARE-BASED EMPLOYEE BENEFITS AND SWEAT EQUITY) REGULATIONS, 2021 AND SECTION 62(1)(B) OF THE COMPANIES ACT, 2013 READ WITH RULE 12(9) OF THE COMPANIES (SHARE CAPITAL & DEBENTURES) RULES, 2014, THE FOLLOWING INFORMATION IS DISCLOSED WITH RESPECT TO EMPLOYEE STOCK OPTIONS SCHEME

Details of Employee Stock Option Scheme, 2019 ("ESOS, 2019")

I. Description of each ESOP that existed at any time during the year:

1. Date of shareholders' approval	March 28, 2019
2. Total number of options approved under ESOP	2,50,000
3. Vesting requirements	Options granted under this Scheme shall vest for 48 months from the date of grant
4. Exercise price or pricing formula	₹ 10/-
5. Maximum term of options granted	Options vested under this Scheme shall be exercised within 36 months from the date of vesting
6. Source of shares (Primary, Secondary or combination)	Primary
7. Variation in terms of options	NIL

II. Method used to account for ESOP: Fair Value

III. Option Movement during the year:

1. Number of options outstanding at the beginning of the year	48,500
2. Number of options granted during the year	70,750
3. Number of options forfeited/lapsed during the year*	1,000
4. Number of options vested but not exercised during the year	NIL
5. Number of options exercised during the year	NIL
6. Total number of shares arising as a result of exercise of options	NIL
7. Money realised by exercise of options (₹)	NIL
8. Number of options outstanding at the end of the year	1,18,250
9. Number of options exercisable at the end of the year	NIL

*As approved by the Nomination and Remuneration Committee and Board of Directors of the Company.

IV. Weighted-average exercise price of options granted during the year whose:

i. Exercise price equals market price	NA
ii. Exercise price is greater than market price	NA
iii. Exercise price is less than market price	70,750

V. Employee-wise details of options granted during the financial year 2021-22 to:

i. Senior Managerial Personnel and Key Managerial Personnel	Options granted	
	Name	Options granted
	Mr. Srihari Santhakumar	500
	Mr. Sujoy Bose	750
	Mr. Chetan Humane	3,000
	Mr. T S Suresh Babu	3,500
	Mr. Narayanankutty Kottiedath Venugopal	7,500
ii. Employees who were granted, during any one year, options amounting to 5% or more of the options granted during the year	NA	NA
iii. Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NA	NA

Method and Assumptions used to estimate the fair value of options granted during the year:

The fair value has been calculated using the Black Scholes Option Pricing Model

The Assumptions used in the model are as follows:

Particulars	
1. Risk-Free Interest Rate	5.00%
2. Expected Life	4 Years
3. Expected Volatility	33%
4. Dividend Yield	1.26%
5. Price of the underlying share in market at the time of the option grant (₹)	₹ 2390.59

Annexure B

FORM NO. MR-3 SECRETARIAL AUDIT REPORT

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]
FOR THE FINANCIAL YEAR ENDED 31.03.2022

To,
The Members,
Indigo Paints Limited
Indigo Tower, Street-5, Pallod Farm-2,
Baner Road Pune - 411045

I/We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Indigo Paints Ltd. (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me/us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my/our verification of the Indigo Paints Ltd.'s 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, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Indigo Paints Ltd. ("the Company") for the financial year ended on 31st March, 2022, according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the Audit period).
- (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 2018 regarding the Companies Act and dealing with client;
- (f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the Audit period).
- (g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the Company during the Audit period).
- (h) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (i) The Securities and Exchange Board of India (Share Based Employee Benefits And Sweat Equity) Regulations, 2021.
- (vi) I further report that, having regard to the compliance system prevailing in the Company and on the examination of the relevant documents and records in pursuance thereof on test-check basis, the Company has complied with the following laws applicable specifically to the Company:
 - (a) The Environment Protection Act, 1986.
 - (b) Air (Prevention and Control of Pollution) Act, 1981 and Air (Prevention and Control of Pollution) Rules, 1982.
 - (c) Water (Prevention and Control of Pollution) Act, 1974 and Water (Prevention and Control of Pollution) Rules, 1975.
 - (d) Hazardous and other wastes (Management and Transboundary Movement) Rules, 2016.

- (e) The Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989.
- (f) Professions Tax
- (g) Provident Funds and Miscellaneous Provisions Act, 1952
- (h) Employees' State Insurance Act, 1948.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards (SS-1 and SS-2) issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Limited and the National Stock Exchange of India Limited read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

I FURTHER REPORT THAT

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 during the period under review were carried out in compliance with the provisions of the Act. 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. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that 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.

I further report that during the audit period following are the specific events and actions which have a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above:

- (i) During the Financial period under review the Board of Directors submitted the quarterly Statement of Deviation and Variation on use of proceeds of the IPO of the Company along with the Monitoring Report issued by the ICICI Bank Ltd reviewed by Audit Committee of the company for each quarter as required under Regulation 32 of SEBI (Listing Obligations and Disclosure Requirements) 2015.
- (ii) During the Financial period under scrutiny, the Company vide its Board Meeting dated 6th August 2021 has ratified its existing ESOP Scheme namely "Indigo Paints- ESOS 2019" and later the shareholders has ratified the same at the Annual General Meeting (AGM) held on 2nd September 2021 in accordance with the requirements under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.
- (iii) During the period under review the consent of Board was accorded to grant an aggregate of 70,750 stock options to the employees on such terms and conditions as agreed by the Board in the resolution passed in its meeting held on 6th August 2021.
- (iv) During the period under scrutiny the Company has complied with all the Statutory Compliances as required under SEBI (Listing Obligations and Disclosure Requirements) 2015.
- (v) During the Financial Year under scrutiny, all the necessary compliances with respect to Corporate Governance as specified under SEBI (Listing Obligations and Disclosure Requirements) 2015 namely Constitution of Board and its Committees, Committee meetings, Periodic Disclosures, Code of Conduct etc were adhered to by the Company.

CS Sushant Vikas Kulkarni

Partner

FCS No: 9823

C P No.: 10197

UDIN: F009823D000349316

Place: Pune

Date: May 20, 2022

Annexure C

Annual Report on Corporate Social Responsibility (CSR) Activities
[Pursuant to Section 135 of the Companies Act, 2013 ("the Act") read with the Companies
(Corporate Social Responsibility Policy) Rules, 2014]

1. BRIEF OUTLINE ON CSR POLICY OF THE COMPANY:

CSR has been a long-standing commitment at Indigo Paints Limited ("Company") and forms an integral part of our activities. Being a responsible corporate citizen, the Company is committed to perform its role towards the society at large. In alignment with its vision, the Company always works towards adding value to its stakeholders by going beyond business goals and contributing to the wellbeing of the community. Its contribution to the social sector development includes several pioneering interventions, and is implemented through the involvement of stakeholders within the Company, the Group and the broader community.

The company continues to assist girl children from an underprivileged background towards their education thus contributing for the better future of these girls and largely for the society. The Company is also engaged with a leading NGO to empower and educate various NGO's in the neighbourhood (working on women related issues), to make them self-reliant and improve their effectiveness.

2. COMPOSITION OF CSR COMMITTEE:

Sr. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Hemant Kamala Jalan	Chairman and Managing Director	2	2
2	Anita Jalan	Executive Director	2	2
3	Praveen Kumar Ramniranjan Tripathi	Non-Executive Independent Director	2	2

- Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company: www.indigopaints.com/investors
- Provide the details of 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 (attach the report): N/A
- Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sr. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
1	2021-22	34,438	N/A

- Average net profit of the company as per section 135(5): ₹ 62,62,26,480/-
- Two per cent of average net profit of the company as per section 135(5): ₹ 1,25,24,529/-
 - Surplus arising out of the CSR projects or programmes or activities of the previous financial years: NIL
 - Amount required to be set off for the financial year, if any: NIL
 - Total CSR obligation for the financial year (7a+7b-7c): ₹ 1,25,24,529/-

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount	Date of transfer.
₹ 1,25,87,000	N/A	N/A	N/A	N/A	N/A

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

Sr. No.	(2) Name of the Project	(3) Item from the list of activities in Schedule VII to the Act	(4) Local area (Yes/No)	(5) Location of the project		(6) Project duration	(7) Amount allocated for the project (in ₹)	(8) Amount spent in the current financial Year (in ₹)	(9) Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	(10) Mode of Implementation - Direct (Yes/No)	(11) Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-

(c) Details of CSR amount spent against other than on-going projects for the financial year:

Sr. No.	(2) Name of the Project	(3) Item from the list of activities in Schedule VII to the Act.	(4) Local area (Yes/No)	(5) Location of the project.		(8) Amount spent in the current financial Year (in ₹)	(10) Mode of Implementation - Direct (Yes/No).	(11) Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration number.
1	Educare	Item ii as per Schedule VII of the Companies Act, 2013	Yes	State of Maharashtra and Pune District		60,87,000	No	Payal Jalan Charitable Trust	CSR00019184
2	Grassroot Leadership Development Program (GLDP)	Item ii as per Schedule VII of the Companies Act, 2013	Yes	State of Maharashtra and Pune District		50,00,000	No	CORO INDIA	CSR00006169
3	Covid-19 relief	As per General Circular no. 10/2020/05/01/2019-CSR, various other circulars issued by MCA in this regards and Schedule VII of the Companies Act, 2013	No	Across India		15,00,000	No	United Way of Bengaluru Government of Tamil Nadu	CSR00000324 -
Total						1,25,87,000	-	-	-

(d) Amount spent in Administrative Overheads: Nil

(e) Amount spent on Impact Assessment, if applicable: Nil

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 1,25,87,000/-

(g) Excess amount for set off, if any: Nil

Sr. No.	Particulars	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	1,25,24,529
(ii)	Total amount spent for the Financial Year	1,25,87,000
(iii)	Excess amount spent for the financial year [(ii)-(i)]	62,471
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	34,438
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	96,909

9. (a) Details of Unspent CSR amount for the preceding three financial years

Sr. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in ₹).	Date of transfer.	
1	2018-19	Nil	Nil	N/A	N/A	N/A	Nil
2	2019-20	Nil	Nil	N/A	N/A	N/A	Nil
3	2020-21	Nil	Nil	N/A	N/A	N/A	Nil

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): N/A

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sr. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year. (in ₹)	Status of the project - Completed /Ongoing
—	—	—	—	—	—	—	—	—

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year

Asset wise details: N/A

- Date of creation or acquisition of the capital asset(s).
- Amount of CSR spent for creation or acquisition of capital asset.
- Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.
- Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): N/A

Hemant Kamala Jalan

(Chairman and Managing Director)

Hemant Kamala Jalan

(Chairman CSR Committee)

Annexure D

Details pertaining to remuneration as required under section 197(12) read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

A. THE RATIO OF THE REMUNERATION OF EACH DIRECTOR TO THE MEDIAN REMUNERATION OF THE EMPLOYEES OF THE COMPANY FOR 2021-22:

The median remuneration of employees of the Company during 2021-22 was ₹ 4,47,099/- and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year is provided in the table below:

Sr. No.	Name of Director	Designation	Remuneration of Director for F.Y. 2021-2022	Ratio of Remuneration of each Director to Median Remuneration of employees for F.Y. 2021-2022
1	Mr. Ravi Nigam	Independent Director	4,00,000	0.89
2	Mr. Hemant Kamala Jalan	Chairman and Managing Director	1,44,00,000	32.21
3	Mrs. Anita Hemant Jalan	Executive Director	6,00,000	1.34
4	Mr. Narayanankutty Kottiedath Venugopal	Executive Director	96,00,000	21.47
5	Mr. Sunil Badriprasad Goyal	Independent Director	4,00,000	0.89
6	Mr. Ravi Shankar Venkataraman Ganapathy Agharam	Alternate Director	Nil	Nil
7	Ms. Sakshi Vijay Chopra	Nominee Director	Nil	Nil
8	Mr. Praveen Kumar Ramniranjan Tripathi	Independent Director	4,00,000	0.89
9	Ms. Nupur Garg	Independent Director	10,00,000	2.24

Notes:

- 1) The remuneration of Directors includes sitting fees, perquisites and commission.
- 2) The remuneration mentioned aforesaid is for the entire financial year 2021-22.
- 3) The Remuneration to Directors is within the overall limits approved by the shareholders
- 4) "Median" means the numerical value separating the higher half of a population from the lower half and the median of a finite list of numbers may be found by arranging all the observations from lowest value to highest value and picking the middle one. If there is an even number of observations, the median shall be the average of the two middle values.

B. THE PERCENTAGE INCREASE IN REMUNERATION OF EACH DIRECTOR, CHIEF EXECUTIVE OFFICER (CEO), CHIEF FINANCIAL OFFICER (CFO), COMPANY SECRETARY OR MANAGER, IF ANY, IN THE FINANCIAL YEAR:

The percentage increase in remuneration of each Director, Chief Executive Officer (CEO), Chief Financial Officer (CFO), Company Secretary or Manager, if any, in 2021-22 is provided in the table below:

Sr. No.	Name of Director / KMP	Designation	Percentage increase in Remuneration in 2021-2022
1	Mr. Ravi Nigam	Independent Director	-
2	Mr. Hemant Kamala Jalan	Chairman and Managing Director	-
3	Mrs. Anita Hemant Jalan	Executive Director	-
4	Mr. Narayanankutty Kottiedath Venugopal	Executive Director	-
5	Mr. Sunil Badriprasad Goyal	Independent Director	-
6	Mr. Ravi Shankar Venkataraman Ganapathy Agharam	Alternate Director	-

Sr. No.	Name of Director / KMP	Designation	Percentage increase in Remuneration in 2021-2022
7	Ms. Sakshi Vijay Chopra	Nominee Director	-
8	Mr. Praveen Kumar Ramniranjan Tripathi	Independent Director	-
9	Ms. Nupur Garg	Independent Director	-
10	Mr. Chetan Bhalchandra Humane	Chief Financial Officer	13.69%
11	Mr. Sujoy Sudipta Bose	Company Secretary	29.08%

C. THE PERCENTAGE INCREASE IN THE MEDIAN REMUNERATION OF EMPLOYEES IN THE FINANCIAL YEAR:

In the financial year under review, there was an increase of 6.74% in the median remuneration of employees as compared to financial year 2020-21.

D. THE NUMBER OF PERMANENT EMPLOYEES ON THE ROLLS OF THE COMPANY:

There were 708 permanent employees on the rolls of the Company as on 31st March, 2022.

E. AVERAGE PERCENTILE INCREASE 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:

The average increase in salaries of employees other than managerial personnel was 10.86%. The increase in remuneration of employees other than the Key Managerial Personnel is in line with the increase in remuneration of Key Managerial Personnel.

F. AFFIRMATION THAT THE REMUNERATION IS AS PER THE REMUNERATION POLICY OF THE COMPANY:

It is hereby affirmed that the remuneration paid is as per the Nomination and Remuneration Policy of the Company.

Disclosure under Rule 5(2) and 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

List of employees of the Company employed throughout the financial year 2021-22 and who were paid remuneration of not less than ₹ 1.02 crores per annum

Name of Employee	Designation	Remuneration**	Qualification	Years of Exp	Age	Last Employment
Hemant Kamala Jalan	Chairman and Managing Director	1,44,00,000	B. Tech, M.Sc and M.B.A	Over 30	64	NA

List of employees of the Company employed for the part of the year and were paid monthly remuneration not less than ₹ 8.5 lakhs per month

Name of Employee	Designation	Remuneration	Qualification	Years of Exp	Joining Date	Age	Last Employment
NA	NA	NA	NA	NA	NA	NA	NA

List of Top 10 Employees of the Company

Name of Employee	Designation	Remuneration**	Qualification	Years of Exp	Age	Last Employment
Hemant Jalan	Chairman and Managing Director	1,44,00,000	B. Tech, M.Sc and M.B.A	Over 30	64	NA
Narayanankutty Kottiedath Venugopal	Executive Director	96,00,000	B.Sc and PGDM	Over 40	73	Hi Build Coatings Private Limited
Thundiyl Surendra Suresh Babu	Chief Operating Officer	74,14,000	B.E. and PGDM	24	51	Hi Build Coatings Private Limited
Vineet Bhatia	DGM Sales(North)	49,28,107	B. Tech, MBA	24	51	Berger Paints Limited
Ajay Dubey	DGM Sales(East)	44,33,239	B.E. and PGDM	21	48	Devyani Food Industries Ltd
Satya Narayan Shukla	Sr G. M. (Works)	40,18,914	B.Sc	22	59	NA
Pavan Sharma	G. M. (Technical)	37,56,065	B.E.	22	44	NA
Chetan Bhalchandra Humane	Chief Financial Officer	37,34,911	M.Com	22	46	Jenson & Nicholson (I) Limited
Srihari Santhakumar	DGM (Finance)	36,90,167	B. E. and MBA	13	36	SBI Capital Markets
Shinu Varghese	G M - Manufacturing	30,99,917	B. Sc	22	46	BASF Coatings Private Limited

**Remuneration includes salary, bonus, various allowances, performance incentive and perquisites.

For and on behalf of the Board of Directors

For **Indigo Paints Limited**
 (formerly known as Indigo Paints Private Limited)

Mr. Hemant Kamala Jalan
 Chairman and Managing Director
 DIN: 00080942

Place: Pune
 Date: August 05, 2022

Corporate Governance Report

The report on Corporate Governance is prepared pursuant to Regulation 34(3) read with Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Regulations"/ "Listing Regulations").

1. INDIGO PAINTS' PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company is committed to uphold best business practices along with the highest standards of corporate governance. The principles of transparency, accountability, integrity and innovation constitute the foundation on which the edifice of the organization is built.

Your Company takes utmost care to safeguard the interests of all its stakeholders. Your Company's governance structure comprises of the Board of Directors and the Committees of the Board at the apex level and the management structure at the operational level.

The Board decides significant policies and business matters with full participation of non-executive directors, who impart the benefit of their vast experience and skills to bring qualitative improvement to the decision-making process.

The Management on a quarterly basis presents before the Board of Directors a status report on regulatory compliances, as applicable to the Company thus ensuring monitoring at the highest levels.

As on March 31, 2022, the Board of your Company comprises of 3 (three) Executive Directors and 6 (six) Non-Executive Directors, of whom 4 (four) are Independent Directors. The Chairperson is an Executive Director. The Company fulfils the requirement of the composition of the Board of Directors as per the provisions of Regulation 17 of the Listing Regulations.

Ms. Anita Hemant Jalan, Mr. Hemant Kamala Jalan, and Mr. Narayanankutty Kottiedath Venugopal are the executive Directors of your Company.

Ms. Nupur Garg, Mr. Ravi Nigam, Mr. Sunil Badriprasad Goyal and Mr. Praveen Kumar Ramniranjan Tripathi are Independent in terms of Regulation 17 of the Listing Regulations and the Act.

Ms. Sakshi Vijay Chopra is Non-Executive Nominee Director.

Mr. Ravi Shankar Venkataraman Ganapathy Agraharam is the alternate director to Ms. Sakshi Vijay Chopra.

Ms. Nupur Garg is Woman Independent Director in terms of the Listing Regulations as amended from time to time.

None of the Directors hold Directorships in more than 20 (twenty) Indian Companies including 10 (ten) Public Limited Companies. Further, none of the Directors on the Board are members of more than 10 (ten) Board Committees and Chairpersons of more than 5 (five) Board Committees across all public Companies in which he/she is a Director. All the Directors have made necessary disclosures regarding Committee positions occupied by them in other Companies. None of the Independent Directors of the Company serve as Independent Directors in more than 7 (seven) listed Companies.

2. BOARD OF DIRECTORS

a. COMPOSITION:

Your Company has an optimum mix of Executive and Non-Executive Directors in line with the applicable provisions of the Companies Act, 2013 ("the Act") and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

TABLE 1

Composition of the Board of Directors as on March 31, 2022.

Name	Particulars	Other Board/Committee Memberships		
		Directorships*	Committee Memberships*	Committee Chairpersonship*#
Mr. Hemant Kamala Jalan	Chairperson and Managing Director	0	0	0
Ms. Anita Hemant Jalan	Executive Director	0	0	0
Mr. Narayanankutty Kottiedath Venugopal	Executive Director	0	0	0
Ms. Nupur Garg	Independent Director	2	2	1
Mr. Sunil Badriprasad Goyal	Independent Director	3	4	0

Name	Particulars	Other Board/Committee Memberships		
		Directorships*	Committee Memberships*	Committee Chairpersonship*#
Mr. Praveen Kumar Ramniranjan Tripathi	Independent Director	0	0	0
Mr. Ravi Nigam	Independent Director	0	0	0
Ms. Sakshi Vijay Chopra	Non-Executive Director	0	0	0
Mr. Ravi Shankar Venkataraman Ganapathy Agharam**	Non-Executive Director	3	2	0

* Excludes directorship and membership in Indigo Paints Limited. Also excludes directorships in private limited Companies, foreign Companies and Companies registered under Section 8 of the Act and Government Bodies. Also number of memberships is exclusive of Chairpersonships.

For the purpose of calculating, only Audit and Stakeholders' Relationship and Share Transfer Committee in public limited companies, whether listed or not, are considered – Regulation 26(1) of Listing Regulations

**Mr. Ravi Shankar Ganapathy Agharam Venkataraman shall act as an Alternate Director to Ms. Sakshi Vijay Chopra during her absence in accordance of the Act.

TABLE 2
List of Directorship Held in Other Listed Companies

Name	Name of the other Listed Entity	Category of Directorship
Mr. Sunil Badriprasad Goyal	(i) Ladderup Finance Limited	Managing Director
	(ii) JSW Energy Limited	Director
Mr. Ravi Shankar Venkataraman Ganapathy Agharam	(i) Prataap Snacks Limited	Director
	(ii) Go Fashion (India) Limited	Nominee Director

TABLE 3
Inter-se relationship amongst the Directors:

Except as stated below, none of our Directors are related to each other

Name of the Directors	Name of the Directors	Relationship
Mr. Hemant Kamala Jalan	Ms. Anita Hemant Jalan	Spouse
Ms. Anita Hemant Jalan	Mr. Hemant Kamala Jalan	Spouse

TABLE 4
Directors' Shareholding

Name of Directors	Designation	Shares held
Mr. Hemant Kamala Jalan	Chairperson and Managing Director	85,67,500
Ms. Anita Hemant Jalan	Executive Director	69,87,500
Mr. Narayanan Kutty Kottiedath Venugopal	Executive Director	10,551
Ms. Nupur Garg	Independent Director	301
Mr. Sunil Badriprasad Goyal	Independent Director	301
Mr. Praveen Kumar Ramniranjan Tripathi	Independent Director	301

KEY BOARD SKILLS, EXPERTISE, COMPETENCE

The Board comprises of distinguished, qualified and experienced Directors who bring in the requisite skills, expertise and competence that allows them to make a valuable contribution to the Board and its Committees.

Table 5 below summarises the key skills, expertise and competence required for the Company and is taken into consideration while nominating candidates to serve on the Board.

TABLE 5

Skills Identified	Definition
Experience and Industry Knowledge	Industry experience through detailed knowledge of the Company or the sector in which it operates, as well as those who understand the broader industry environment.
Financial & Accounts	Leadership of a financial firm or management of the finance function of an enterprise, resulting in proficiency in complex financial management, capital allocation and financial reporting processes.
Corporate Governance	Service on a public listed company board to develop insights about maintaining board and management accountability, protecting shareholder interests, and observing best governance practices.
General Management and Leadership	Extended leadership experience resulting in a practical understanding of organisations, processes, strategic planning, and risk management. General know how of business management, talent management & development, compliance with applicable regulations, workplace health & safety.
Technology and Development	A significant background in technology, resulting in knowledge as to how to anticipate technological trends, generate disruptive innovation and extend or create new business models.
Sales & Marketing	Experience in developing strategies to grow sales and market share, build brand competitiveness, awareness and equity, and build a strong Corporate reputation.
Business Development	Suggesting Innovative new ideas and formulation of new strategies for the business, keeping in mind the changing requirements of the industry and customers.

In the table below, the key skills, expertise and competence of the Board of Directors in the context of the Company's business for effective functioning and as available with the Board have been highlighted.

Name of Director	Mr. Hemant Kamala Jalan	Mr. Ravi Nigam	Mr. Sunil Badriprasad Goyal	Mr. Praveen Kumar Ramniranjan Tripathi	Ms. Nupur Garg	Ms. Anita Hemant Jalan	Mr. Narayanan kuttu Kottiedath Venugopal	Mr. Ravi Shankar Venkataraman Ganapathy Agraharam	Ms. Sakshi Vijay Chopra
Experience and Industry knowledge	✓	✓	-	-	-	-	✓	-	-
Financial & Accounts	✓	✓	✓	-	✓	-	✓	✓	✓
Corporate Governance	✓	✓	✓	✓	✓	-	-	✓	✓
General Management and Leadership	✓	-	-	-	-	✓	✓	-	-
Technology and Development	✓	-	-	✓	✓	-	-	-	-
Sales & Marketing	✓	-	-	✓	-	-	✓	-	-
Business Development	✓	✓	✓	-	✓	-	✓	✓	✓

The absence of a mark against a Board Member's name does not necessarily mean the Director does not possess the corresponding skill, expertise or competence.

Independent Directors:

Formal letters of appointment have been issued to the Independent Directors. The terms and conditions of their appointment are disclosed on the Company's website at www.indigopaints.com/investors

Independent Directors are Non-Executive Directors as defined under Listing Regulations read with Section 149(6) of the Act. All the Independent Directors have confirmed that they meet the criterias as mentioned under the Listing Regulations and Section 149(6) of the Act.

They have further declared that they do not fall under any disqualifications specified under the Act.

b. BOARD MEETINGS:

Board Procedure

The Board meets at regular intervals to discuss and decide on business policies and review the financial performance of the Company. Board meetings are communicated by giving appropriate notice to the Directors. The Board of Directors met 4 (four) times during the financial year 2021-22 and the gap between two Boards meetings did not exceed the period of 120 (one hundred and twenty days). The necessary quorum was present for all the meetings.

The dates on which the Board Meetings were held are as follows:

- May 14, 2021;
- August 06, 2021;
- October 29, 2021 and;
- February 11, 2022.

Table 6 given below gives details of the attendance record of the Directors in the Board Meeting and Annual General Meeting:

TABLE 6

Attendance Record of the Directors for the year 2021-22.

Name	Board Meeting				Last AGM
	May 14, 2021	August 06, 2021	October 29, 2021	February 11, 2022	September 02, 2021
Mr. Hemant Kamala Jalan	Yes	Yes	Yes	Yes	Yes
Ms. Anita Hemant Jalan	Yes	Yes	Yes	Yes	Yes
Mr. Narayanankutty Kottiedath Venugopal	Yes	Yes	Yes	Yes	Yes
Ms. Nupur Garg	Yes	Yes	Yes	Yes	Yes
Mr. Sunil Badriprasad Goyal	Yes	Yes	Yes	Yes	Yes
Mr. Praveen Kumar Ramniranjan Tripathi	Yes	Yes	Yes	Yes	Yes
Mr. Ravi Nigam	Yes	Yes	Yes	Yes	Yes
Ms. Sakshi Vijay Chopra	Yes	Yes	Yes	Yes	Yes
Mr. Ravi Shankar Venkataraman Ganapathy Agraharam*	NA	NA	NA	NA	NA

* Mr. Ravi Shankar Venkataraman Ganapathy Agraharam is an alternate director to Ms. Sakshi Vijay Chopra on the Board of the Company.

c. FAMILIARISATION PROGRAMME

The Familiarization Program for Independent Directors is uploaded on the website of the Company, and is accessible at www.indigopaints.com/investors

d. CODE OF CONDUCT

Your Company has a Code of Conduct for Directors and Senior Management that reflects its high standards of integrity and ethics. The Directors and senior management of the Company have affirmed their adherence to this Code of Conduct for 2021-22, as required by Regulation 34 of the Listing Regulations.

Mr. Hemant Kamala Jalan, as the Company's Chairperson and Managing Director, has signed a declaration, stating that the Board of Directors and senior management personnel of the Company have affirmed compliance with this Code of Conduct, which is annexed to this Report as Annexure I. The Code of Conduct also includes code for Independent Directors which is a guide to professional conduct for Independent Directors pursuant to Section 149(8) and Schedule IV of the Act.

This Code is available on the Company's website www.indigopaints.com/investors

3. COMMITTEES OF THE BOARD**A. AUDIT COMMITTEE:**

The Audit Committee acts as a link between the management, the statutory and internal auditors and the Board of Directors. It assists the Board in fulfilling its oversight responsibilities of monitoring financial reporting processes, reviewing the Company's established systems and processes for internal financial controls, governance and reviewing the Company's statutory and internal audit activities. Majority of the Members on the Committee, including the Chairperson are Independent Directors. The Committee is governed by a Charter that is in line with the regulatory requirements mandated by the Act and SEBI Regulations.

Terms of reference of Audit Committee are:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommendation for appointment, replacement, reappointment, remuneration and terms of appointment of auditors of the Company;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- 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 the Companies Act, 2013;
 - (b) Changes, if any, in accounting policies and Practices and reasons for the same;
 - (c) Major accounting entries involving estimates based on the exercise of judgment by management;
 - (d) Significant adjustments made in the financial statements arising out of audit findings;
 - (e) Compliance with listing and other legal requirements relating to financial statements;
 - (f) Disclosure of any related party transactions; and
 - (g) Qualifications and modified opinion(s) in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- Examination of the financial statement and auditors' report thereon;
- Monitoring the end use of funds raised through public offers and related matters;
- 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 issue document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, making appropriate recommendations to the Board to take up steps in this matter;
- Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary
- Evaluation of internal financial controls and risk management systems;
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- 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;

- Discussion with internal auditors of any significant findings and follow up there on;
- 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;
- Discussion with statutory auditors, internal auditors, secretarial auditors and cost auditors before the audit commences, about the nature and scope of and as well as post-audit discussion to ascertain any area of concern;
- 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;
- To establish a vigil mechanism for directors and employees to report the genuine concerns or grievances;
- To review the functioning of the whistle blower mechanism;
- Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- Carrying out any other function as may be required / mandated as per the Provisions of the Companies Act, 2013, Listing Agreements and/or any other applicable laws;
- Reviewing the utilization of loan and/or advances from investment by the holding company in the subsidiary exceeding ₹ 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.

The audit committee mandatorily reviews the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses;
5. The appointment, removal and terms of remuneration of the internal auditor shall be subject to review by the audit committee; and
6. Statement of deviations as and when becomes applicable:
 - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI Listing Regulations; and
 - (b) Annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice in terms of the SEBI Listing Regulations

There were 4 (four) Audit Committee Meetings held during 2021-22 as follows:

- May 14, 2021;
- August 06, 2021;
- October 29, 2021 and;
- February 11, 2022.

Table 7 given below gives details of Composition and the attendance record of the Members of the Audit Committee:

TABLE 7

Audit Committee Meetings

Name	Designation	May 14, 2021	August 06, 2021	October 29, 2021	February 11, 2022
Mr. Sunil Badriprasad Goyal	Chairperson	Yes	Yes	Yes	Yes
Mr. Ravi Nigam	Member	Yes	Yes	Yes	Yes
Mr. Praveen Kumar Ramniranjan Tripathi	Member	Yes	Yes	Yes	Yes
Ms. Nupur Garg	Member	Yes	Yes	Yes	Yes
Mr. Hemant Kamala Jalan	Member	Yes	Yes	Yes	Yes
Ms. Sakshi Vijay Chopra*	Member	Yes	Yes	Yes	Yes

*Mr. Ravi Shankar Ganapathy Agraharam Venkataraman shall act as an Alternate Director to Ms. Sakshi Vijay Chopra during her absence in terms of the Companies Act, 2013.

The Company Secretary of the Company acts as Secretary to the Committee.

B. NOMINATION AND REMUNERATION COMMITTEE (NRC):

The scope and functions of the Nomination and Remuneration Committee are in accordance with Section 178 of the Companies Act, 2013 and the SEBI Listing Regulations and its terms of reference as stipulated pursuant to resolution passed by our Board in its meeting held on October 20, 2020 are set forth below.

Terms of reference of Nomination and Remuneration Committee are:

- Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of the executive directors and key managerial personnel.
- The Nomination and Remuneration Committee, while formulating the above policy, should ensure that:
 - a. the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate the executive directors of the quality required to run the Company successfully;
 - b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - c. remuneration to executive directors and key managerial personnel involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals;
- Formulating criteria for evaluation of performance of independent directors and the Board;
- Devising a policy on diversity of Board;
- Identifying persons who are qualified to become directors and who may be appointed in accordance with the criteria laid down, and recommend to the Board their appointment and removal and shall specify the manner for effective evaluation of performance of the Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;
- Extending or continuing the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;

- Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;
- Performing such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended;
- Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:
 - i. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended;
 - ii. The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003.
- Performing such other activities as may be delegated by the Board and/ or specified/ provided under the Companies Act, 2013 or the SEBI Listing Regulations or any other applicable law and any regulatory authority;
- Administering, monitoring and formulating detailed terms and conditions of the Employees' Stock Option Scheme of the Company;
- Carrying out any other function as is mandated by the Board from time to time and / or enforced/mandated by any statutory notification, amendment or modification, as may be applicable; and
- Performing such other functions as may be necessary or appropriate for the performance of its duties.

The Committee has formulated criteria for performance evaluation of the Board of Directors of the Company. The said criteria forms part of the performance evaluation policy of the Company.

There were three (3) Meeting held during 2021-22 as follows:

- May 14, 2021;
- August 06, 2021 and;
- October 28, 2021.

Table 8 given below gives details of Composition and the attendance record of the Members of the Nomination and Remuneration Committee:

TABLE 8

Nomination and Remuneration Committee Meetings

Name	Designation	May 14, 2021	August 06, 2021	October 28, 2021
Mr. Ravi Nigam	Chairperson	Yes	Yes	No
Mr. Sunil Badriprasad Goyal	Member	Yes	Yes	Yes
Mr. Praveen Kumar Ramniranjan Tripathi*	Member	NA	NA	Yes
Ms. Nupur Garg	Member	Yes	Yes	No

*Mr. Praveen Kumar Ramniranjan Tripathi was inducted in the Committee from August 06, 2021.

The Company Secretary of the Company acts as the Secretary of the Committee.

C. DIRECTORS' REMUNERATION

A. Remuneration Policy

Your Company has a well-defined Policy for Remuneration of the Directors (the "Board"), Key Managerial Personnel ("KMPs"), Senior Management Personnel ("SMPs") and other Employees. The Nomination and Remuneration Policy has been formulated to provide a framework for the nomination, evaluation and remuneration of members of the Board, KMPs, SMPs and other employees of the Company. This Policy is guided by the principles and objectives as enumerated in Section 178 (3) of the Act and the rules made thereunder, each as amended and Regulation 19 read with Part D of Schedule II of the Listing Regulations, to ensure reasonableness and sufficiency of remuneration to attract, retain and motivate competent resources, a clear relationship of remuneration to performance and a balance between rewarding short and long-term performance of the Company. The policy has been placed on the website of the Company at www.indigopaints.com/investors

The Nomination and Remuneration Committee ("NRC") recommends the remuneration to be paid to the Executive Directors, Non-Executive Directors (including Independent Directors) and KMPs to the Board for their approval. The NRC also approves the remuneration to be paid to the SMPs who are not covered under the definition of KMPs. The NRC while deciding the basis for determining the compensation, both fixed and variable to the Non-Executive Directors, takes into consideration various factors such as Director's participation in Board and Committee Meetings during the year, other responsibilities undertaken, such as Membership or Chairpersonship of Committees, time spent in carrying out other duties, role and functions as envisaged in Schedule IV of the Act and Listing Regulations and such other factors as the NRC may deem fit.

The level and composition of remuneration so determined by the Committee is reasonable and sufficient to attract, retain and motivate directors, KMPs and SMPs of the quality required to run the Company successfully. The relationship of remuneration to performance is clear and meets the appropriate performance benchmarks. The remuneration

also involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

B. Non-Executive Independent Directors Compensation

Non-executive Independent Directors ("NEDs") are paid remuneration by way of sitting fees and commission. The remuneration/ commission/ compensation to the NEDs is determined by the NRC and recommended to the Board for its approval.

Our Independent Directors are entitled to receive sitting fees of ₹ 100,000/- every Board Meeting that they attend for the Financial Year 2021-22. Further, one of our Independent Director, Ms. Nupur Garg was entitled to an annual commission of ₹ 600,000/-.

The commission paid is restricted to a fixed sum on the basis of her tenor in office during the financial year, the payment of the commission, if any to the NEDs is placed before the Board every year for its consideration and approval. The sitting fee payable to the NEDs for attending the Board meetings is also fixed, subject to the statutory ceiling. The fee is also being reviewed periodically and aligned to comparable best in class companies.

NEDs are not eligible to receive stock options under the existing employee stock option scheme(s) ("ESOP") of the Company.

NEDs are entitled to be paid all travelling and other expenses they incur for attending to the Company's affairs, including attending meetings of the Company.

The remuneration payable, by the Company to NEDs are subject to the conditions specified in the Act and the Listing Regulations including in terms of monetary limits, approval requirements and disclosure requirements.

There is no remuneration or sitting fees paid to our Non-Executive Nominee Director and Alternate Director.

The remuneration of Non-Executive Independent Directors is given in Table 9.

TABLE 9**Compensation of Non-Executive Independent Directors of the Company**

(₹ in lakhs)

	Sitting Fees	Commission	Total
Mr. Ravi Nigam	4.00	-	4.00
Mr. Sunil Badriprasad Goyal	4.00	-	4.00
Mr. Praveen Kumar Ramniranjan Tripathi	4.00	-	4.00
Ms. Nupur Garg	4.00	6.00	10.00

None of the Non-Executive Non-Independent Directors were paid any remuneration except as mentioned above.

C. Executive Director's Remuneration

The compensation paid to the Executive Directors (including Managing Director) is within the scale approved by the shareholders. The elements of the total compensation, approved by the NRC are also within the overall limits specified under the Act.

The elements of compensation of the Executive Directors are decided by the Board from time to time.

The Executive Directors, except for a promoter Directors, are also eligible for ESOPs as per the ESOP scheme in force from time to time.

Grants made under the ESOP scheme are approved by the NRC and subsequently by the Board. In case of inadequacy of profit in any financial year, the remuneration payable to the Executive Directors shall be further subject to the relevant provisions of the Act.

Executive Directors are not paid sitting fees for any Board/ Committee meetings attended by them. The remuneration payable by the Company to the Executive Directors are subject to the conditions specified in the Act and the Listing Regulations including in terms of monetary limits, approval requirements and disclosure requirements.

The annual remuneration package of Ms. Anita Jalan, Executive Director, Mr. Hemant Kamala Jalan, Managing Director and Mr. Narayanakutty Kottiedath Venugopal, Executive Director of the Company, comprises a fixed salary component. A service agreement exists with all the above 3 (three) Directors which contains the terms and conditions of service, including remuneration, notice period, severance compensation, etc., as approved by the NRC and the Board, from time to time.

The remuneration paid to Ms. Anita Jalan, Mr. Hemant Kamala Jalan and Mr. Narayanakutty Kottiedath Venugopal in 2021-22 was as follows:

(₹ in lakhs)

Sr. No	Particulars of Remuneration	Name	Name	Name
		Ms. Anita Jalan	Mr. Hemant Kamala Jalan	Mr. Narayanakutty Kottiedath Venugopal
1.	Gross Salary	₹ 6.00	₹ 144.00	₹ 96.00
	(a) Salary as per the provisions contained in section 17(1) of the Income-tax Act, 1961			
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	- As % of profit			
	- Others, If any			
5.	Others	-	-	-
6.	Total (A)	₹ 6.00	₹ 144.00	₹ 96.00

D. STAKEHOLDERS' RELATIONSHIP COMMITTEE:

The Stakeholders' Relationship Committee was constituted according to Section 178 of the Act and Regulation 20 of the Listing Regulations and its terms of reference as stipulated are set forth below.

Terms of reference for Stakeholders' Relationship Committee are:

- Consider and resolve grievances of security holders of the Company, including complaints related to transfer of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, etc.;
- Review of measures taken for effective exercise of voting rights by shareholders;
- Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar and Share Transfer Agent;
- Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company;
- Formulation of procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time;
- To approve, register, refuse to register transfer or transmission of shares and other securities;
- To sub-divide, consolidate and or replace any share or other securities certificate(s) of the Company;
- Allotment and listing of shares;
- Approval of transfer or transmission of shares, debentures or any other securities;
- To authorize affixation of common seal of the Company;
- To issue duplicate share or other security(ies) certificate(s) in lieu of the original share/security(ies) certificate(s) of the Company;
- To approve the transmission of shares or other securities arising as a result of death of the sole/any joint shareholder;
- To dematerialize or rematerialize the issued shares;
- Ensure proper and timely attendance and redressal of investor queries and grievances;
- Carrying out any other functions contained in the Companies Act, 2013 and the rules notified there under and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, each as amended and/or equity listing agreements (if applicable), as and when amended from time to time; and
- To further delegate all or any of the power to any other employee(s), officer(s), representative(s), consultant(s), professional(s), or agent(s).

The Company Secretary of the Company acts as the Secretary of the Committee.

There was 1 (one) meeting held of Stakeholders' Relationship Committee on 18th May, 2021.

Table 10 given below gives the details of Composition and attendance record of the Members of the Stakeholders' Relationship and Share Transfer Committee:

TABLE 10

Stakeholders' Relationship Committee Meetings

Name	Designation	Meeting attended
Ms. Nupur Garg	Chairperson	Yes
Mr. Hemant Kamala Jalan	Member	Yes
Mr. Narayanankutty Kottiedath Venugopal	Member	Yes

During the year, below are the details of the grievances received from the shareholders:

Sr. No.	Nature of Complaint	Opening Balance	Received	Resolved	Closing Balance
1.	On SEBI portal	3	12	15	0
2.	On BSE/NSE portal	0	2	2	0
3.	On NSDL/CDSL portal	0	0	0	0
4.	Non-receipt of Annual Report	0	0	0	0
5.	Non-Receipt of Share Certificate	0	0	0	0
6.	Non-Receipt of dividend	0	0	0	0
Total		3	14	17	0

E. RISK MANAGEMENT COMMITTEE:

As per Regulation 21 of the Listing Regulations and provisions of the Act, as amended which requires the Company to lay down procedures about risk assessment and risk minimization. The scope and functions of the Risk Management Committee are in accordance with the Listing Regulations and its terms of reference are set forth below.

The terms of reference of the Risk Management Committee shall include the following:

- Laying down risk assessment and minimization procedures and the procedures to inform Board of the same;
- Framing, implementing, reviewing and monitoring the risk management plan for the Company; and
- Performing such other activities as may be delegated by the Board and/or are statutorily prescribed under any law to be attended to by the Risk Management Committee.

There were 2 (Two) Meeting held during 2021-22 as follows:

- May 13, 2021
- October 28, 2021

The Company Secretary of the Company acts as the Secretary of the Committee.

Table 11 given below gives the details of Composition and attendance record of the Members of the Risk Management Committee:

TABLE 11

Risk Management Committee Meetings

Name	Designation	May 13, 2021	October 28, 2021
Mr. Narayanankutty Kottiedath Venugopal	Chairperson	Yes	Yes
Mr. Hemant Kamala Jalan	Member	Yes	Yes
Mr. Chetan Balchandra Humane	Member	Yes	Yes
Mr. Praveen Kumar Ramniranjan Tripathi*	Member	NA	Yes

*Mr. Praveen Kumar Ramniranjan Tripathi was inducted in the Committee from August 06, 2021.

F. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:

The scope and functions of the Corporate Social Responsibility Committee are in accordance with Section 135 of the Act and its terms of reference as stipulated are set forth below.

Terms of reference of CSR Committee are:

- Formulation of a corporate social responsibility policy to the Board, indicating the activities to be undertaken by the Company in areas or subject specified in the Companies Act, 2013. The activities should be within the list of permitted activities specified in the Companies Act, 2013 and the rules there under, each as amended;
- Recommending the amount of expenditure to be incurred, amount to be at least 2% of the average net profit of the Company in the three immediately preceding financial years or where the Company has not completed the period of three financial years since its incorporation during such immediately Preceding financial years;

- Instituting a transparent monitoring mechanism for implementation of the corporate social responsibility projects or programs or activities undertaken by the Company;
 - Monitoring the corporate social responsibility policy from time to time and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes;
 - Identifying corporate social responsibility policy partners and corporate social responsibility policy programmes;
 - Identifying and appointing the corporate social responsibility team of the company including corporate social responsibility manager, wherever required,
- And,
- Performing such other duties and functions as the Board may require the corporate social responsibility committee to undertake to promote the corporate social responsibility activities of the Company.

There were 2 (two) Meeting held during 2021-22 as follows:

- May 13, 2021
- February 11, 2022

The Company Secretary of the Company acts as the Secretary of the Committee.

Table 12 given below gives the details of Composition and attendance record of the Members of the Corporate Social Responsibility Committee:

TABLE 12

Corporate Social Responsibility Committee Meetings

Name	Designation	May 13, 2021	February 11, 2022
Mr. Hemant Kamala Jalan	Chairperson	Yes	Yes
Mr. Praveen Kumar Ramniranjan Tripathi	Member	Yes	Yes
Ms. Anita Hemant Jalan	Member	Yes	Yes

G. INTERNAL COMPLAINTS COMMITTEE ("ICC") :

A Committee of Board of Directors was constituted as per the provisions of Section 4 of Sexual Harassment of Women at Workplace Prevention, Prohibition and Redressal Act, 2013.

Members of the Internal Complaints Committee have been authorized to do the following acts:

- To draft and amend the Sexual Harassment Policy for the organization from time to time
- To work towards providing a safe and respectful working environment
- Organize training and awareness programs (classroom / elearning) at regular intervals
- To conduct meetings:
 - When there is a complaint received in writing from any of the women employees,
 - To settle grievances,
 - To make sure there is appropriate compensation for any case of misconduct and sexual harassment.

And,

- Other functions as mentioned in the Anti-Sexual Harassment Policy.

The Company Secretary of the Company acts as the Secretary of the Committee.

There were no Internal Complaints Committee Meetings held during the financial year 2021-22

**CONFIRMATION BY THE BOARD OF DIRECTORS
ACCEPTANCE OF RECOMMENDATION OF MANDATORY
COMMITTEES**

In terms of the amendments made to the Listing Regulations, the Board of Directors confirms that during the year, it has accepted all recommendations received from its mandatory committees.

INSIDER TRADING

In an endeavor to prevent the misuse of unpublished price sensitive information in the day-to-day business affairs and to promote the culture of fair disclosure of information in due compliance with the Principles of Fair Disclosures as set out in the SEBI (Prohibition of Insider Trading) Regulations, 2015 ("SEBI PIT Regulation"), the Board of Directors of your Company, have formulated a Code of Conduct known as "Indigo Paints Code of Conduct for fair disclosure of unpublished price sensitive information.

Your Company has issued comprehensive guidelines in accordance with the SEBI Regulations as amended, in this regard, which advise and caution the Directors and designated persons, dealing with the securities of the Company. The Insider Trading Code framed by the Company helps in ensuring compliance with these requirements.

The Company adopted the Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons in line with SEBI PIT Regulation. The Company has automated the declarations and disclosures to identified designated persons, and the Board reviews the policy on a need basis.

PERFORMANCE EVALUATION

Your Company understands the requirements of an effective Board Evaluation process and accordingly conducts the Performance Evaluation every year in respect of the following:

- i. Board of Directors as a whole.
- ii. Committees of the Board.
- iii. Individual Directors including the Chairperson of the Board of Directors.

Your Company has carried out a performance evaluation process internally for the Board as a whole, Committees of the Board and Individual Directors including the Chairperson of the Board of Directors for the year under review.

During the year under review, the Company has complied with all the criteria of Evaluation as envisaged in the SEBI Circular on 'Guidance Note on Board Evaluation'. The key

objectives of conducting the Board Evaluation process is to ensure that the Board and various Committees of the Board have appropriate composition of Directors and they have been functioning collectively to achieve common business goals of your Company. Similarly, the key objective of conducting performance evaluation of the Directors through individual assessment and peer assessment was to ascertain if the Directors actively participate in the Board/Committee Meetings and contribute to achieve the common business goals of the Company.

The Directors carry out the aforesaid performance evaluation in a confidential manner and provide their feedback on a rating scale of 1-5. Duly completed evaluation sheets are sent to the Chairperson of the Board and the Chairperson of the Nomination and Remuneration Committee for their consideration.

The outcome of performance evaluation of the Board Committee, Directors, and Board has been discussed at the meeting of Nomination and Remuneration Committee and Board of Directors. The Directors were individually briefed about their performance by the Chairperson of the Board after that it was noted that Directors, Board Committee and Board are working effectively.

Pursuant to Section 178(3) of the Act and Regulation 17(6) of the Listing Regulations, the Remuneration Committee is entrusted with responsibility of formulating criteria for determining qualifications, positive attributes and independence of an independent director. This can be viewed at www.indigopaints.com/investors.

4. INFORMATION ON GENERAL BODY MEETINGS:

The details of the Annual General Meeting held during the last 3 (three) years and Extra Ordinary General Meeting(s) for the year under review are as follows:

TABLE 14

Information on General Body Meetings

Sr. No.	Nature of Complaint	Opening Balance	Received	Resolved	Closing Balance
1	19th Annual General Meeting	30th September, 2019 at 11.00 a.m. at 103, Montreal, Behind Mauli Petrol Pump, Baner Road, Pune – 411045, Maharashtra.	Ordinary	2	1. Adoption of the Balance Sheet of the Company as on 31st March 2019 and statement of profit and loss for the year ended along with the reports of the auditors and directors of the company thereon. 2. Reappointment of Statutory Auditor
2	20th Annual General Meeting	27th July, 2020 at 11.00 a.m. at 103, Montreal, Behind Mauli Petrol Pump, Baner Road, Pune – 411045, Maharashtra.	Ordinary	2	1. Adoption of the Balance Sheet of the Company as on 31st March 2020 and statement of profit and loss for the year ended along with the reports of the auditors and directors of the company thereon. 2. Ratification of Statutory Auditor.

Sr. No.	Nature of Complaint	Opening Balance	Received	Resolved	Closing Balance
3	21st Annual General Meeting	2nd September, 2021 at 2.00 p.m. through video conferencing/ other audio-visual means ("VC/OAVM") facility at the registered office of the company at 103, Montreal, Behind Mauli Petrol Pump, Baner Road, Pune – 411045, Maharashtra.	Ordinary	2	1. Adoption of the Balance Sheet of the Company as on 31st March 2021 and statement of profit and loss for the year ended along with the reports of the auditors and directors of the company thereon. 2. Reappointment of Director liable to retire by rotation.
			Special	3	1. Ratification of Indigo Paints- Employee Stock Option Scheme, 2019 ("ESOS, 2019") 2. Approval of Fees payable for copies of inspection of documents 3. Approval from members for nomination of one Investor Director as required under clause 18.2 of Articles of Association of the Company.

- 3 Special Resolution was passed at the 21st Annual General Meeting.
- No Special Resolution(s) were passed at the 19th and 20th Annual General Meeting.

POSTAL BALLOT:

The Company has not passed any Special Resolution through postal ballot during the Financial Year 2021-22.
 No special resolution is proposed to be conducted through postal ballot.

5. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

This is given as a separate Chapter in the Annual Report.

6. MEANS OF COMMUNICATON:

WEBSITE, NEWS & EVENTS

- The Company has been undertaking dissemination of information in line with the Listing Regulations on its website at www.indigopaints.com
- A separate dedicated section under 'Investors' at www.indigopaints.com/investors gives information on applicable policies including policy on dealing with related party transactions which is at www.indigopaints.com/investors, along with news and events held during the year of the Company.
- A separate dedicated section under 'Investors' Section on the Company's website at www.indigopaints.com/investors gives information on policy for determining material subsidiary at www.indigopaints.com/investors.
- The quarterly, half-yearly and yearly results are disseminated to the Stock Exchanges where the shares of the Company are listed. The results are normally published in "Financial Express" (English Daily) and "Loksatta" (Marathi Daily). The results are displayed on the Company's www.indigopaints.com/investors. It also displays official press release along with presentations made to institutional investors or to the analysts.

7. GENERAL SHAREHOLDER IN

FINANCIAL YEAR	The financial year of the Company is from 1st April To 31st March.
DATE OF THE BOARD MEETING AT WHICH THE FINAL ACCOUNTS WERE APPROVED	May 20, 2022
22ND ANNUAL GENERAL MEETING	Date - September 02, 2022 Day - Friday Time - 11.00 hrs (IST) Venue- Annual General Meeting ("AGM") would be held through Video Conference/ Other Audio Visual Means: [Deemed venue for meeting: Registered Office of the Company at Indigo Tower, Street-5, Pallod Farm-2, Baner Road, Pune, Maharashtra 411045]
BOOK CLOSURE DATE	August 27, 2022 to September 02, 2022 (both days inclusive)
DIVIDEND PAYMENT DATE	On or around September 23, 2022
LISTING ON STOCK EXCHANGES	BSE Limited BSE Limited, Phiroze Jeejeebhoy Towers Dalal Street, Mumbai - 400 001 The National Stock Exchange of India Limited. Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051
DATE OF LISTING & STOCK CODE	February 02, 2021 BSE Limited.- 543258 National Stock Exchange of India Limited. - INDIGOPNTS
CORPORATE IDENTITY NUMBER (CIN)	L24114PN2000PLC014669
ISIN	INE09VQ01012 (NSDL & CDSL)
COMPANY'S ADDRESS FOR CORRESPONDENCE	Mr. Sujoy Sudipta Bose Company Secretary & Compliance Office Indigo Tower, Street-5, Pallod Farm-2, Baner Road, Pune- 411045. Telephone: +91 20 66814300 Email: secretarial@indigopaints.com Website: www.indigopaints.com
ADDRESS OF THE REGISTRARS & SHARE TRANSFER AGENTS	Link Intime India Pvt Ltd Block No. 202, 2nd Floor, Akshay Complex, Off, Dhole Patil Rd, Near Ganesh Temple, Pune, Maharashtra 411001 Telephone.: 020 2616 1629/ 022 – 4918 6270 Email.: pune@linkintime.co.in
FINANCIAL CALENDAR (TENTATIVE):	First Quarter Results On or before 14th August 2022 Second Quarter Results On or before 14th November 2022 Third Quarter Results On or before 14th February 2023 Last Quarter Results and Annual Audited Results Within 60 days of the close of financial Year ending on 31st March 2023 i.e. On or before 30th May 2023
DIVIDEND PAYMENT:	₹ 3/- (Rupees Three) of Dividend to be declared at the forthcoming Annual General Meeting.
SHARE TRANSFER SYSTEM	Your Company's shares are compulsorily traded in dematerialised form. In the case of transfers in physical form which are lodged at the Registrar and Transfer Agent's office, these are processed within a maximum period of 15 days from the date of receipt. All share transfers and other share-related issues are approved by Stakeholders' Relationship Committee and duly constituted for this purpose.

DEMATERIALISATION OF SHARES

As on 31st March, 2022, the breakup of the total shares of your Company was as under:

Particulars	No. of shares	Percentage of Total Number of Shares
Held in dematerialised form in CDSL	9,11,631	1.92%
Held in dematerialised form in NSDL	4,66,57,365	98.08%
Physical	1	-

PAYMENT OF LISTING FEES:

The Company has paid the Annual Listing Fees to both the Stock Exchanges for the Financial Year 2022-23 within the stipulated time.

PLANT LOCATIONS

Sr. No.	State	City	Address
1.	Rajasthan	Jodhpur Unit I Jodhpur Unit II	F-910, Boranada Industrial Area, Phase- IV Jodhpur – 342 012 Rajasthan. A 207, 208, Boranada Industrial Area, Boranada, Jodhpur – 342 012 Rajasthan.
2.	Kerala	Cochin	Plot No. 74, 75, 76 B&C, Major Industrial Estate, South Kalamassery, Kochi-683 109, Kerala.
3.	Tamil Nadu	Pudukkottai	Plot No. 4 A(3), SIPCOT Industrial Complex, Vellanur Village, Pudukkottai – 622 002, Tamil Nadu.

DISTRIBUTION OF SHAREHOLDING AS ON 31STMARCH, 2022

Sr. No.	Number of Shares held	Number of Shareholders	Number of Shares held	% of Shareholding
1	Up to 500	86,354	16,34,577	3.44
2	501-1,000	229	1,60,223	0.34
3	1,001-2,000	112	1,51,094	0.32
4	2,001-3,000	38	93,985	0.19
5	3,001-4000	23	76,358	0.16
6	4,001-5,000	7	31,328	0.06
7	5,001-10,000	24	1,71,297	0.36
8	Above 10,001	48	45,25,0135	95.13
TOTAL		86,835	4,75,68,997	100

Details of the shareholders acting as persons in Concert including their Shareholding (No. and %): NIL

CATEGORIES OF SHAREHOLDERS AS ON 31st MARCH, 2022

Sr. No.	Category	No. of Shares of ₹ 10 each	% of Shareholding
1	Promoter & Promoter Group*	2,56,86,638	54.00
2	Clearing Members	15,729	0.03
3	Bodies Corporate - Limited Liability Partnership	52,089	0.10
4	Other Bodies Corporate	1,87,235	0.39
5	Directors	11,454	0.02
6	Foreign Company	1,35,73,635	28.53
7	Hindu Undivided Family	37,997	0.07
8	Mutual Funds	3,83,168	0.80
9	Non Resident Indians	36,491	0.07
10	Non Resident (Non Repatriable)	18,361	0.03
11	Public	19,81,142	4.16
12	Insurance Companies	9,46,766	1.99

Sr. No.	Category	No. of Shares of ₹ 10 each	% of Shareholding
13	Foreign Portfolio Investors (Corporate)	42,53,706	8.94
14	Alternate Investment Funds - III	3,84,506	0.80
15	Trusts	80	0.00
TOTAL		4,75,68,997	100

Note:

*The Present Promoters of your Company are Mr. Hemant Kamala Jalan, Ms. Anita Hemant Jalan, Mr. Kamala Prasad Jalan, Mr. Parag Hemant Jalan and Halogen Chemicals Private Limited.

MARKET PRICE DATA

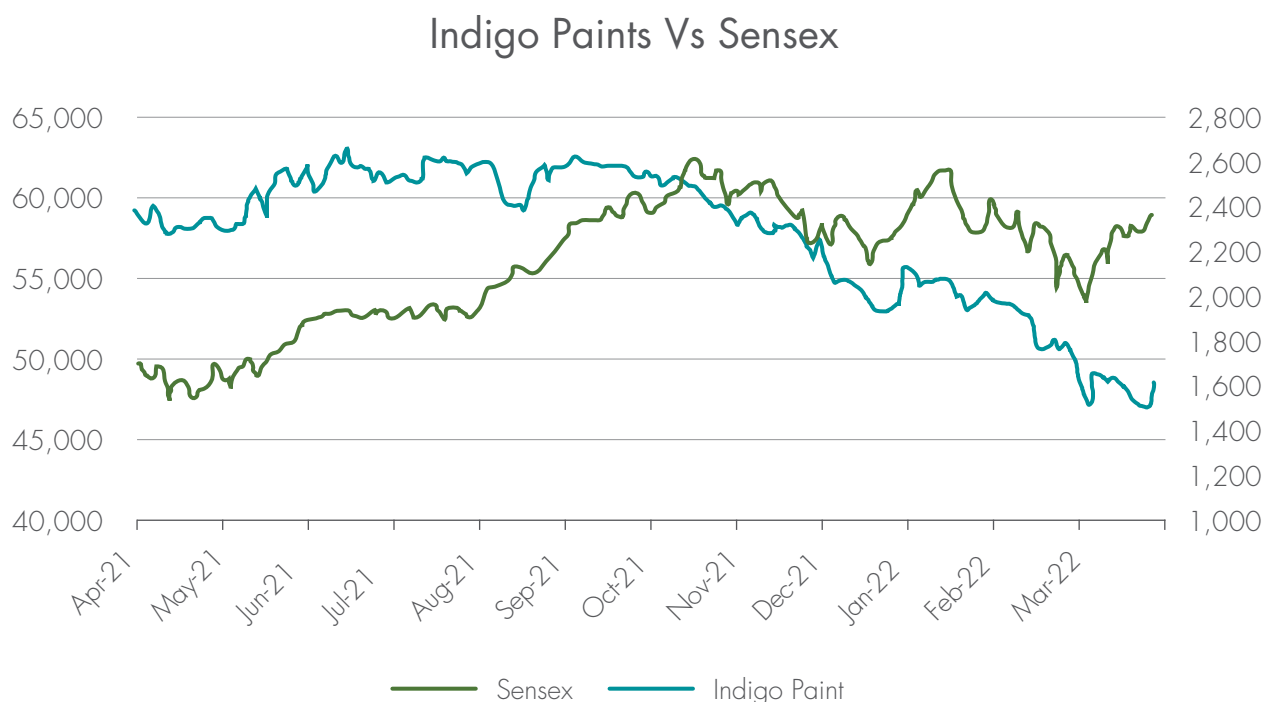
The details of monthly high/low market price of the Equity Shares of the Company at BSE Ltd. and at the National Stock Exchange of India Ltd. for the year under review is provided hereunder:

	BSE Ltd		National Stock Exchange of India Ltd	
	High	Low	High	Low
April-21	2,444.25	2,191.50	2,444.85	2,250.05
May-21	2,634.90	2,237.95	2,639.00	2,286.80
June-21	2,736.10	2,471.05	2,740.00	2,468.00
July-21	2,707.35	2,481.05	2,709.00	2,482.40
Aug-21	2,647.25	2,375.00	2,649.00	2,370.60
Sep-21	2,689.35	2,489.60	2,695.00	2,500.05
Oct-21	2,600.00	2,330.00	2,589.90	2,302.50
Nov-21	2,475.00	2,130.30	2,418.70	2,129.30
Dec-21	2,320.00	1,900.05	2,288.00	1,900.00
Jan-22	2,200.00	1,902.00	2,143.45	1,902.10
Feb-22	2,031.75	1,694.55	2,030.20	1,700.00
March-22	1,783.00	1,440.45	1,774.90	1,438.15

The company is listed on the BSE & NSE w.e.f. February 02, 2021

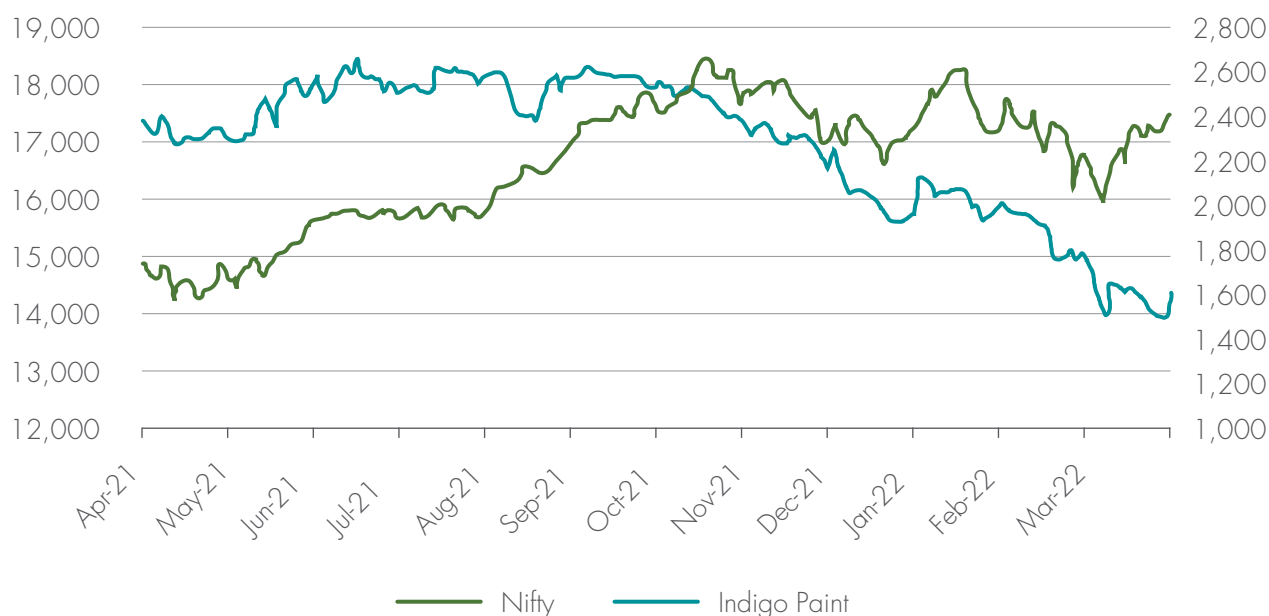
STOCK PERFORMANCE vs. SENSEX AND NIFTY

The performance of your Company's shares relative to the SENSEX index is given in the chart below:



The performance of your Company's shares relative to the NIFTY Index is given in the chart below:

Indigo Paints Vs Nifty



BREAK-UP OF SHARES IN PHYSICAL AND DEMAT FORM AS ON 31STMARCH, 2022

Description	Shares	% to Equity
Physical	1	-
NSDL	4,66,57,365	98.08%
CDSL	9,11,631	1.92%
TOTAL	4,75,68,997	100

OUTSTANDING CONVERTIBLE INSTRUMENTS AS ON 31ST MARCH, 2022: NIL

DETAILS OF CAPITAL MARKET NON-COMPLIANCE, IF ANY: NIL

UNCLAIMED SHARES: NA

LIST OF ALL CREDIT RATINGS OBTAINED BY THE ENTITY ALONG WITH ANY REVISIONS THERE TO: NA

This Corporate Governance Report of the Company for the financial year ended March 31, 2022 is in compliance with the requirements of Corporate Governance under the Listing Regulations, as applicable.

The Company has complied with all the applicable requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations, to the extent applicable.

8. OTHER DISCLOSURES:

(A) Material Transaction with Related Parties:

All Related Party Transactions as defined under the Act, were in the ordinary course of business and on at Arm's Length basis. The Board has approved a policy for Related Party Transactions which has been uploaded on the Company's website at www.indigopaints.com/investors. During the year 2021-22, the Company has not entered into any materially significant related party transaction, which could have a potential conflict of interest between the Company and its Promoters or Directors or Management or their relatives other than the transactions carried out in the normal course of business. The related party transactions are disclosed in Notes to Accounts.

(B) Disclosure of Accounting Treatment

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) referred to in Section 133 of the Act. The significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements.

(C) Web Link Where Policy for Determining 'Material' Subsidiary Is Disclosed

The Company does not have any subsidiary and hence policy for determining the material subsidiary is not applicable.

(D) Details of Utilization of Funds Raised Through Initial Public Offer

A detailed table showing the utilization of funds raised through IPO forms part of the Board's report.

(E) Details of Non - Compliance: NA**(F) Vigil Mechanism / Whistle Blower Policy:**

Pursuant to Section 177(9) and (10) of the Act, 2013 and Regulation 22 of the Listing Regulations, the Company has formulated Whistle Blower Policy for vigil mechanism of Directors and employees to report to the management about the unethical behaviour, fraud or violation of Company's code of conduct. The mechanism provides for adequate safeguards against victimization of employees and Directors who use such mechanism and makes provision for direct access to the Chairperson of the Audit Committee in exceptional cases. None of the personnel of the Company have been denied access to the Audit Committee. The Whistle Blower Policy is displayed on the Company's website at www.indigopaints.com/investors

(G) Compliance with Mandatory Requirements

Post listing of shares of the Company your Company has complied with all the mandatory requirements of the Listing Regulations relating to Corporate Governance.

(H) Commodity Price Risk or Foreign Exchange Risk and Hedging Activities:

Your Company actively monitors the foreign exchange movements and takes appropriate steps to reduce the risks associated with transactions in foreign currencies.

(I) Non-Convertible Debentures (NCDs) and Credit Rating

Your Company has not issued NCDs.

(J) The Company also fulfilled the following non-mandatory requirements as specified in Part E of the Schedule II of the SEBI Listing Regulations:

- The Board: The Executive Chairman maintains a separate office, for which the Company does not reimburse expenses.
- Shareholder Rights: Details are given under the heading "Means of Communications".
- Modified opinion in Audit Report: During the year under review, there was no audit qualification in the Independent Auditor's Report on the Company's financial statements. The Company continues to adopt best practices to ensure a regime of unqualified financial statements.
- Reporting of Internal Auditor: The Internal Auditor reports to the Audit Committee of the Company, to ensure independence of the Internal Audit function.

CERTIFICATE FROM PRACTICING COMPANY SECRETARY

Certificate, as required under Part C of Schedule V of Listing Regulations, received from M/s. Bapat & Gaikwad Associates, Pune, Practicing Company Secretaries, confirming that none of the Directors on the Board of the Company have been debarred or disqualified for the financial ending on 31st March, 2022 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 statutory authority was placed before the Board of Directors at their meeting held on August 05, 2022 and is enclosed with this Report as Annexure II.

STATUTORY AUDITOR AND AUDIT FEES

M/s. SRBC & CO LLP, are the Statutory Auditors of your Company. The details of the total fees for all services paid by the Company to the Statutory Auditors are as follows:

Type of Service	Financial Year 2021-22	Financial Year 2020-21
Audit Fees * #	40.50	28.50
Others	-	-
Total	40.50	28.50

* Includes Audit and Audit-related services on a consolidated basis.

#Excludes any Out of Pocket Expenses Incurred.

The Audit Fees paid to the auditors for the financial year ended 31st March, 2022 is covered separately in the Notes to Accounts.

DISCLOSURE UNDER SEXUAL HARASSMENT

Your Company has constituted Internal Complaints Committee (ICC) to consider and resolve all sexual harassment complaints. The Constitution of ICC is as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Committee includes –

Name of Directors	Designation
Ms. Nupur Garg	Chairperson
Ms. Sakshi Vijay Chopra	Member
Mr. Narayanankutty Kottiedath Venugopal	Member
Ms. Divyanshikha	Member

The details of sexual harassment complaints for the year ended 31st March, 2022 are furnished as under:

Particulars	No. of Complaints
Number of complaints filed during the financial year	0
Number of complaints disposed of during the financial year	0
Number of complaints pending as on the end of the financial year	0

MANAGING DIRECTOR & CHIEF FINANCIAL OFFICER CERTIFICATION

The Managing Director and Chief Financial Officer of the Company have given annual certificate on financial reports and internal controls to the Board in terms of Regulation 17(8) of the Listing Regulations and the said certificate is annexed with this report in Annexure IV.

The Managing Director and Chief Financial Officer also jointly issue a quarterly compliance certificate on financial results and place the same before the Board in terms of Regulation 33(2) of the Listing regulations.

REPORT ON CORPORATE GOVERNANCE

This Chapter read together with the "Annexure to Corporate Governance", constitutes the Compliance Report on Corporate Governance for 2021-22.

For and on behalf of Indigo Paints Limited
(formerly Indigo Paints Private Limited)

Mr. Hemant Kamala Jalan

Chairman and Managing Director
DIN: 00080942

Place: Pune

Date: August 05, 2022

Annexure I**DECLARATION OF COMPLIANCE WITH CODE OF CONDUCT UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

In accordance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby confirm that all the Directors and Senior Management personnel of the Company have affirmed compliance with the Code of Conduct, as applicable to them, for the financial year ended 31st March, 2022.

Hemant Kamala JalanChairman and Managing Director
DIN: 00080942

Place: Pune

Date: August 05, 2022

Annexure II
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
Indigo Paints Limited
 Indigo Tower, Street-5, Pallod Farm-2,
 Baner Road, Pune-411045, Maharashtra.

Dear Sir,

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Indigo Paints Limited having CIN L24114PN2000PLC014669 and having registered office at Indigo Tower, Street-5, Pallod Farm-2, Baner Road Pune Maharashtra 411045 (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 at the Financial Year ending on 31st March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority:

Sr. No.	Name of Directors	DIN	Date of appointment in the Company
1.	Ravi Nigam	00024577	28/03/2019
2.	Hemant Kamala Jalan	00080942	28/03/2000
3.	Anita Hemant Jalan	00085411	28/03/2000
4.	Narayanankutty Kottiedath Venugopal	00296465	24/02/2016
5.	Sunil Badriprasad Goyal	00503570	13/11/2014
6.	Ravi Shankar Venkataraman Ganapathy Agraharam	02604007	11/03/2020
7.	Praveen Kumar Ramniranjan Tripathi	03154381	13/11/2014
8.	Nupur Garg	03414074	01/06/2020
9.	Sakshi Vijay Chopra	07129633	10/10/2018

Ensuring the eligibility of 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 is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Bapat Gaikwad & Associates,**
 Company Secretaries

Tejas Ravindra Bapat

Partner

M. No.: A24639

CP No.: 8588

UDIN-A024639D000747097

Date: August 05, 2022

Place: Pune

Annexure III**CERTIFICATE ON CORPORATE GOVERNANCE BY PRACTICING COMPANY SECRETARIES**

To,
The Members of
Indigo Paints Limited
Indigo Tower, Street-5, Pallod Farm-2,
Baner Road, Pune- 411045, Maharashtra.

We have examined the compliance of the conditions of Corporate Governance by Indigo Paints Limited ('the Company') for the year ended on March 31, 2022, as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para-C, D & E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations').

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance with conditions of Corporate Governance.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the Covid-19 pandemic, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, as applicable for the year ended on March 31, 2022.

We further state that this certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For **Bapat Gaikwad & Associates,**
Company Secretaries

Tejas Ravindra Bapat

Partner

M. No.: A24639

CP No.: 8588

UDIN-A024639D000747009

Date: August 05, 2022

Place: Pune

Annexure IV**COMPLIANCE CERTIFICATE BY MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER**

To
The Members,
INDIGO PAINTS LIMITED
(formerly known as Indigo Paints Private Limited)
Dear Sir/Madam,

Sub: Compliance Certificate for the year ended 31st March, 2022 – Regulation 17(8) & Part B of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

In compliance with Regulation 17 (8) & Part B of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (as amended), it is certified that –

- A. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (2) these statements together present a true and fair view of the Company's affairs and comply with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which is fraudulent, illegal or violate of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit Committee:
- (1) significant changes in internal control over financial reporting during the year;
 - (2) there were no significant changes in accounting policies during the year; and
 - (3) there were no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Thanking you,

Hemant Jalan
Chairman and Managing Director
DIN: 00080942

Chetan Bhalchandra Humane
Chief Financial Officer

Place: Pune
Date: August 05, 2022

Business Responsibility Report (BRR)

[As per Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

SECTION A - GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number (CIN)	L24114PN2000PLC014669
2.	Name of the Company	Indigo Paints Limited
3.	Registered Office and Corporate Office	Indigo Tower, Street-5, Pallod Farm-2, Baner Road Pune -411045
4.	Website	www.indigopaints.com
5.	E-mail Id	secretarial@indigopaints.com
6.	Financial Year reported	April 01, 2021 to March 31, 2022.
7.	Sectors that the Company is engaged in (Industrial Activity code-wise)	Name and description of main product / services: Manufacture of paints, varnishes and similar coatings, printing ink and mastics NIC code of the product / service: 202
8.	List three key products/services that the Company manufactures/ provides (as in Balance Sheet)	1. Manufacturing of Water based Paints 2. Manufacturing of Solvent based Paints 3. Manufacturing of Powder based Paints
9.	Locations where business activity is undertaken by the Company	1. Manufacturing Plants – 4 2. Sales Depots/Offices – 47 3. Registered office & Head office – Indigo Tower, Street 5, Pallod Farm 2, Baner Road, Pune- 411045
10.	Markets served by the Company - Local/State/National/ International	Your Company serves the National market in India which includes all States and Union Territories in India. Additionally, your Company also serves the markets in Bhutan.

SECTION B - FINANCIAL DETAILS OF THE COMPANY

1.	Paid-up Capital (As on 31st March, 2022)	₹ 4,756.90 Lakhs
2.	Total Turnover	₹ 90,597.48 Lakhs
3.	Total Profit after Taxes	₹ 8,404.80 Lakhs
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of Profit after taxes	₹ 125.87 Lakhs (refer to the 'Annual Report on CSR' which is annexed to the Directors Report).
5.	List of activities in which Corporate Social Responsibility (CSR) expenditures have been incurred.	Refer to the 'Annual Report on CSR' which is annexed to the Directors Report.

SECTION C - OTHER DETAILS

1. Does the Company have any Subsidiary Company/Companies?

No.

2. Do the Subsidiary Company/Companies participate in the BR initiatives of the Parent Company? If yes, then indicate the number of such Subsidiary Company(s)?

NA.

3. Do any other entity/entities (e.g. suppliers, distributors, etc.) that the Company does business with; participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

No.

SECTION D - BUSINESS RESPONSIBILITY INFORMATION

1. Details of Director/Directors responsible for BR

a. Details of Director/Directors responsible for the implementation of the BR policy/policies

Sr. No.	Particulars	Details
1.	DIN	00080942
2.	Name	Hemant Kamala Jalan
3.	Designation	Chairman and Managing Director

b. Details of the BR Head

Sr. No.	Particulars	Details
1.	DIN (if applicable)	NA
2.	Name	Chetan Bhalchandra Humane
3.	Designation	Chief Financial Officer
4.	Telephone Number	020- 66814300
5.	E-Mail ID	secretarial@indigopaints.com

2. Principle-wise (as per National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business {NVGs}) BR policy/policies (Reply in Y/N)

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant Stakeholders? (Refer Note 1)	Y	Y	Y	Y	Y	Y	NA	Y	Y
3.	Does the policy conform to any national/ international standards? If yes, specify?	The content of the policies as articulated by the Company are in compliance with the applicable regulatory requirements and standards.								
4.	Has the policy been approved by the Board? If yes, has it been signed by MD/ Owner/ CEO/appropriate Board of Directors?	Y								
5.	Does the Company have a specified Committee of the Board/Director/ Official to oversee the implementation of the policy?	Y								
6.	Indicate the link for the policy to be viewed online?	www.indigopaints.com/investors								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y								
8.	Does the Company have in-house structure to implement the policy/policies?	Y								
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/policies?	Y								
10.	Has the Company carried out an independent audit/evaluation of the working of this policy by an internal or external agency?	Y								

Note 1: While there may not be formal consultation with all stakeholders, the relevant policies have been drafted after taking inputs from concerned internal stakeholders.

2a. If answer to Sr. No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

Sr. No	Questions	Business Ethics	Product Responsibility	Well-being of Employees	Stakeholder Engagement & CSR	Human Rights	Environment	Public Policy	CSR	Customer Relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the Principles	-	-	-	-	-	-	-	-	-
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3.	The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4.	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5.	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6.	Any other reason (please specify)	-	-	-	-	-	-	*	-	-

*The Company does not have a separate public policy. For policies related to the Paint Industry, the Company works through industry associations such as Indian Paints Association, Confederation of Indian Industries, etc. There are specified officials in the Company who are authorized for communicating with industrial bodies and managing government affairs.

3. Governance related to BR

- (a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO meets to assess the BR performance of the Company.

Annually.

- (b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Company has a BR Report which forms part of the Annual Report and is published annually. The Annual Report is uploaded on the website of the Company, which can be viewed at www.indigopaints.com/investors

SECTION E – PRINCIPLE-WISE PERFORMANCE

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

Your Company continues to maintain the highest standards of ethics in all spheres of its business activities. Apart from the Code of Conduct required as per various laws, rules and regulations from time to time, the Company additionally has in place the Code of Conduct for all its Directors and employees applicable across the Company. Your Company is committed in complying with the laws that apply to them, the Code of Conduct of the Company and particularly in assuring that business is conducted with integrity.

Your Company with the help of technology has in place a fully automated system for tracking and informing trades conducted by insiders under the SEBI (Prohibition of Insider Trading) Regulations, 2015. Your Company also has in place the Code of Conduct for Insider Trading and Whistle Blower policy which are monitored on a regular basis.

Your Company has a zero tolerance for corruption and unfair trade practices and if they do occur, such instances are dealt at the highest level of your Company.

During the year under review, the Company had received 15 complaints from its shareholders which were promptly resolved. No complaints were outstanding as on 31st March, 2022.

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

Your Company is committed to the development of products that are useful to its consumers and ensuring that it has minimum adverse effect on the environment. Your company has always stuck to the philosophy of introducing products that are heavy-metal free and the Research and Development department continues its endeavors and its focus on development of new technology that reduces, if not eliminates, dependence on ecologically harmful raw materials.

Some of the achievements in this context are as below:

- Anti Odor Paint for Kitchen and Bath.
- Rustic Finish Putty.

Your company's Research & Development has set in place processes to ensure that new products launched are low in Volatile Organic Compounds and free from heavy metals. The use of all lead based raw materials in all our paints have been discontinued since more than half a decade.

New machinery introduced at plants are selected to ensure better efficiency and reduction in power consumption with a view to reduce the carbon footprint and hence better for the environment. All Finished Goods warehouses across the country are located strategically to efficiently receive material from the factory and distribute it to the customer. The distribution of goods from factory to the warehouse is done through the ERP (Enterprise Resource Planning) system which is tuned to reduce the freight cost and avoid build-up of non-moving inventory.

Your company sources majority of its transport requirements and packaging materials from local vendors. Wherever possible, the company, encourages suppliers to set up their manufacturing facilities near the factories.

Your Company is fully committed to take steps in minimizing the generation of waste from its factories and continuous efforts are made to recycle and reuse the waste. Effluent treatment plants are functional at the water-based manufacturing units for treatment and reuse of waste water. Dust collection machinery are used for dust-free environment inside the manufacturing facilities and the dust collected is reused to ensure zero wastage.

At the solvent-based manufacturing units washing and waste solvents are recycled and reused.

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

Safety is of paramount importance to the Company. All employees in the factories are provided with safety training as part of their induction programme. The safety induction programme is also a compulsory requirement for contract workforce before they are inducted into the Company. Training and Capability Building across organisation continued to be considered as a key element of Safety Processes.

Your Company believes in continual learning of its employees and has institutionalized a continual learning model for skill upgradation, especially at the shop-floor level.

Other details are mentioned below:

1. Total number of employees on the rolls of the Company - 708
2. Number of employees hired on temporary/contractual/casual basis - 167
3. Number of permanent women employees - 27
4. Number of permanent employees who are differently abled – 1
5. Do you have an employee association that is recognized by management? - Yes
6. Percentage of permanent employees that are members of recognized employee associations- 3.53%
7. Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year - 0
8. Percentage of under-mentioned employees that were given safety and skill upgradation training in the previous year:
 1. Permanent employees - 48%
 2. Permanent women employees - 91%
 3. Casual/temporary/contractual employees - 75%
 4. Employees with disabilities - NIL

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

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

- Employees
- Local communities
- Regulatory authorities
- Customers
- Shareholders
- Dealers, suppliers and other business partners

Your company undertakes its CSR for overall betterment of the community with special emphasis on activities for the benefit of the poor and the needy segments of the society.

Your company has also initiated training programs for applicators to enhance their skills in collaboration with the Paints & Coatings Skill Council.

Your company endeavors to maintain a healthy stakeholder engagement, allow participation wherever possible and promote a collective decision-making process.

Principle 5 - BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS.

Your Company appreciates and believes that human rights are inherent, universal, indivisible and interdependent in nature. The principles of non-discrimination, zero tolerance to sexual harassment and human rights have been laid down in the Company's Code of Conduct.

All relevant stakeholders have to abide by the Code.

No complaint was received from stakeholders under the Code of Conduct.

Principle 6 - BUSINESS SHOULD RESPECT, PROTECT AND MAKE EFFORTS TO RESTORE THE ENVIRONMENT

Your Company's policy extends to all the employees of the Company. Your company is ISO 45001 certified and has a well laid out Occupational Health & Safety and Environmental Policy.

Your company understands its responsibility towards improving environmental parameters and has in place sustainable methods and practices to identify and reduce the carbon and waste footprint.

Your company has mechanisms in place to identify and assess potential environmental risks.

The manufacturing units of the Company follow Environment Management Systems (EMS) practices in all its activities through adoption of ISO system (ISO 14001). With the adoption of EMS, the management of the environmental programs are done in a comprehensive, systematic, planned and documented manner.

The steps taken on conservation of energy include:

- Installation of Solar Panels at one factory location.
- Capacitor Panel installed for one factory location.

Emission/waste generated by the Company is within the permissible limits given by CPCB/SPCB.

Your Company has not received any show cause/legal notices from CPCB/SPCB during the financial year under review.

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

Your Company is the member of the Indian Paint Association (IPA) and recognizes the importance of engaging with the public and regulatory bodies in a responsible manner.

Your Company actively participates in the programs of the IPA and provides diligent inputs for the development of the industry as per global standards and best practices.

Principle 8 - BUSINESSES SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

Your Company actively engages in CSR activities for the overall development of the society and is a strong believer in the 'giving back more than consumed' principle. The CSR policy and HS&E policy are set up in the Company to support the functions.

In the year 2021-22, your Company has spent ₹ 1,25,87,000/- towards the CSR expenditure and strives to increase the expenditure in the forthcoming years to support such activities. The details of the same are given in the CSR report which forms an integral part of this Annual Report.

Principle 9 - BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CUSTOMERS AND CONSUMERS IN A RESPONSIBLE MANNER.

Your Company is committed to transform its consumer experience through its finest products in the Paint Industry with respect to Quality, Reliability and Delivery. The Company has addressed all the customer grievances received during the last financial year.

All product information displayed by the Company adheres to and conforms to norms as mandated by law. Additionally, Product Information Sheets which are available with the dealers of the Company and on the Company website and also on the packaging of products.

Your Company through its on ground staff conducts regular surveys and takes feedback of customers regarding the quality of the product and services offered by the Company. Your company is also committed to fulfill the dynamic needs of its customer.

For and on behalf of **Indigo Paints Limited**
(formerly Indigo Paints Private Limited)

Mr. Hemant Kamala Jalan

Chairman and Managing Director
DIN: 00080942

Place: Pune
Date: August 05, 2022



Financial Statements

Independent Auditor's Report

To the Members of Indigo Paints Limited (Formerly known as Indigo Paints Private Limited)

Report on the Audit of the Financial Statements

OPINION

We have audited the accompanying financial statements of Indigo Paints Limited ("the Company"), which comprise the Balance sheet as at March 31, 2022, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended ("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 March 31, 2022, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs), as 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 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 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 audit opinion on the financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matters

(a) **Revenue from contracts with Customer** - Sale of goods (refer note 18 of the financial statements)

Revenue is recognized when control of the goods is transferred to the customer, which is based on delivery terms, on the transaction price, which is the consideration, adjusted for volume discounts, rebates, scheme allowances, price concessions, incentives and returns (collectively 'discounts and rebates') i.e variable consideration given to the customers. An estimate of variable consideration payable to the customers is recorded as at the year-end.

How our audit addressed the key audit matter

Our audit procedures included, among others the following

- We evaluated the Company's accounting policies for revenue recognition (including for discounts and rebates) and assessed its compliance with Ind AS 115 'Revenue from contracts with customers'.
- We obtained an understanding, evaluated the design and tested the operating effectiveness of the internal financial controls relating to revenue recognition process.
- We carried out analytical procedures on revenue recognised during the year to identify unusual variances
- We assessed management's computations for accrual of discounts and rebates and on a sample basis compared the accruals made with the approved schemes and underlying documents.

Key audit matters

The terms of sales arrangements, including the timing of transfer of control, and the nature of discounts and rebate arrangements/schemes and historical experience, create complexities that require judgment in determining revenues. Considering the above factors; Revenue from contracts with customer, has been determined as a key audit matter.

How our audit addressed the key audit matter

- We compared the historical trend of payments and reversal of discounts and rebates to provisions made to assess the current year accruals
- Amongst others, we performed the following tests for a sample of transactions:
- Read and verified supporting documentation for sales transactions recorded during the year which included invoices, good dispatch register, customer acceptances and shipping documents and other related documents.
- Tested the supporting documentation for sales transactions recorded during the period closer to the year end and subsequent to the year end.
- Compared that the actual discounts and rebates in a respect of a particular scheme does not exceed their approval amount.
- We read and assessed the relevant disclosures of Revenue from contracts with Customers made in the financial statements.

We have determined that there are no other key audit matters to communicate in our report.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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 financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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 financial statements that give a true and fair view of the financial position, financial performance including other

comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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 charged with governance are also responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the financial year ended March 31, 2022 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

1. 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 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) In our opinion, the managerial remuneration for the year ended March 31, 2022 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(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 financial statements – Refer note 31 to the financial statements;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. a) The management has represented that, to the best of its knowledge and belief, as disclosed in the note 41(iv) to the 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 persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- b) The management has represented that, to the best of its knowledge and belief, as disclosed

in the note 41(v) to the financial statements, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

- c) Based on such audit procedures performed that have been 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. As stated in note 11.1 to the financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Tridevjal Khandelwal

Partner

Place of Signature: Pune
 Date: May 20, 2022

Membership Number: 501160
 UDIN: 22501160AJHLKW8651

ANNEXURE 1 REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING “REPORTING ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT OF EVEN DATE

Re: Indigo Paints Limited (‘the Company’)

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangibles assets.
- (b) Property, Plant and Equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) The title deeds of immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in note 3 to the Ind AS financial statements are held in the name of the Company except freehold land aggregating gross carrying value of INR 539.93 lakhs as at March 31, 2022 for which title deeds are not in the name of the Company. Also refer note 3.1(ii).
- (d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2022.
- (e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion the coverage and the procedure of such verification by the management is appropriate. Discrepancies of 10% or more in aggregate for each class of inventory were not noticed on such physical verification and have been properly dealt with in the books of account.
- (b) As disclosed in note 12 to the financial statements, the Company had a sanction of working capital limits in excess of Rs. five crores in aggregate from banks and/or financial institutions till August 03, 2021 on the basis of security of current assets of the Company. Based on the records examined by us in the normal course of audit of the financial statements, the quarterly returns/statements filed by the Company for June 30, 2021 with such banks and financial institutions are in agreement with the books of accounts of the Company.
- (iii) (a) During the year the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Company.
- (b) During the year the Company has not made investments, provided guarantees, provided security and granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(b) of the Order is not applicable to the Company.
- (c) The Company has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(c) of the Order is not applicable to the Company.
- (d) The Company has not granted loans or advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(d) of the Order is not applicable to the Company.
- (e) There were no loans or advance in the nature of loan granted to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(e) of the Order is not applicable to the Company.
- (f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.
- (iv) There are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Act are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.
- (v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act, related to the manufacture of Paints, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

- (vii) (a) Undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, duty of custom, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases of provident fund and professional tax. The provisions relating to sales tax, service tax, duty of excise and value added tax are not applicable to this Company.

According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (b) The dues of goods and services tax, provident fund, employees' state insurance, income-tax, duty of custom, cess and other statutory dues have not been deposited on account of any dispute, are as follows:

Name of Statute	Nature of dues	Amount of demand# (Rs. in lakhs)	Period to which it relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	21.53	FY 2009-10	Income Tax Appellate Tribunal, Cochin
		1.94 (net of Rs. 0.35 paid under protest)	FY 2012-13	Commissioner of Income-tax (Appeals), Cochin
The Central Excise Act, 1944	Excise duty, Service tax and penalty	5.29 (net of Rs. 0.43 paid under protest)	FY 2014-15	Commissioner of Central Excise (Appeals), Cochin
The Kerala Value Added Tax Act, 2003	Value added tax	0.87	FY 2016-17	Kerala Value Added Tax Appellate Tribunal, Ernakulam
The Kerala Building Tax Act, 1975	Building Tax	22.7	FY 2019-20	The Tahasildar, Kanayannur Taluk, Kanayannur, Kochi

- (viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

- (ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

- (c) The Company did not have any term loans outstanding during the year hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company.

- (d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.

- (e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the Company.

- (f) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on Clause 3(ix)(f) of the Order is not applicable to the Company.

- (x) (a) Monies raised during the previous year by the Company by way of initial public offer were applied for the purpose for which they were raised, though idle/surplus funds which were not required for immediate utilization have been invested in fixed deposits payable on demand and current account. The maximum amount of idle/surplus funds invested (excluding accrued interest) during the year was Rs 25,485.39 lakhs of which Rs 7,855.50 lakhs was outstanding at the end of the year.

- (b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

- (xi) (a) No fraud by the Company or no fraud on the Company has been noticed or reported during the year.

- (b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form

ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

- (c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of audit procedures.
- (xii) (a) The Company is not a nidhi Company as per the provisions of the Act. Therefore, the requirement to report on clause 3(xii)(a) of the Order is not applicable to the Company.
- (b) The Company is not a nidhi company as per the provisions of the Act. Therefore, the requirement to report on clause 3(xii)(b) of the Order is not applicable to the Company.
- (c) The Company is not a nidhi company as per the provisions of the Act. Therefore, the requirement to report on clause 3(xii)(c) of the Order is not applicable to the Company.
- (xiii) Transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.
- (b) The internal audit reports of the Company issued till the date of the audit report, 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 its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.
- (xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.
- (b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.
- (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.
- (d) There are no other Companies as part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.

(xvii) The Company has not incurred cash losses in the current financial year or during the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in note 39 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Act, in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 25(A) to the financial statements.

(b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of the Act. This matter has been disclosed in note 25(A) to the financial statements.

(xxi) The company does not have any subsidiary, associate or joint venture. Hence, the requirement to report on clause 3(xxi) of the order is not applicable to the company.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Tridevial Khandelwal

Partner

Place of Signature: Pune
Date: May 20, 2022

Membership Number: 501160
UDIN: 22501160AJHLKW8651

ANNEXURE 2 REFERRED TO IN PARAGRAPH 2(F) UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT OF EVEN DATE

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls with reference to financial statements of Indigo Paints Limited (“the Company”) as of March 31, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

MANAGEMENT’S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company’s Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the 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 Companies Act, 2013.

AUDITOR’S RESPONSIBILITY

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by 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 these financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial

statements included obtaining an understanding of internal financial controls with reference to these financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THESE FINANCIAL STATEMENTS

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

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

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential

components of internal control stated in the Guidance Note issued by the ICAI

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Tridevial Khandelwal

Partner

Place of Signature: Pune

Date: May 20, 2022

Membership Number: 501160

UDIN: 22501160AJHLKW8651

Balance Sheet

as at March 31, 2022

(All amounts in rupees lakhs, unless otherwise stated)

Particulars	Note	As at March 31, 2022	As at March 31, 2021
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	18,919.70	18,822.99
Capital work in progress	3.1	5,097.27	311.54
Right-of-use assets	3.2	3,320.43	3,009.14
Goodwill	3.3	3,055.20	3,055.20
Other intangible assets	3.3	38.38	46.10
Financial assets			
Other non-current assets	5	155.21	1,597.11
Other assets	9	4,163.39	34.41
		34,749.58	26,876.49
Current assets			
Inventories	6	11,771.93	9,467.47
Financial assets			
a) Investments	4	17,309.54	4,967.93
b) Trade receivables	7	17,165.25	12,119.16
c) Cash and cash equivalents	8.1	3,553.27	4,479.89
d) Bank balances other than cash and cash equivalents	8.2	6,408.85	21,351.16
e) Other financial assets	5	9.02	1,091.64
Other current assets	9	1,021.11	762.58
		57,238.97	54,239.83
TOTAL		91,988.55	81,116.32
EQUITY AND LIABILITIES			
Equity			
a) Equity share capital	10.1	4,756.90	4,756.90
b) Instruments in the nature of equity	10.2	-	-
c) Other equity	11	60,228.94	51,592.07
		64,985.84	56,348.97
Non-current liabilities			
Financial liabilities			
a) Borrowings	12.1	-	-
b) Lease liabilities	35	774.10	549.58
Other non-current liabilities	15	484.26	429.65
Provisions	16	475.04	252.53
Deferred tax liabilities (net)	17	847.12	695.22
		2,580.52	1,926.98
Current liabilities			
Financial liabilities			
a) Borrowings	12.2	-	3.28
b) Lease liabilities	35	469.54	325.13
c) Trade payables - total outstanding dues of:			
- micro and small enterprises	13	4,469.55	5,039.65
- creditors other than micro and small enterprises	13	15,671.47	13,517.46
d) Other financial liabilities	14	672.54	1,520.96
Other current liabilities	15	1,543.70	1,191.29
Provisions	16	227.45	167.93
Liabilities for income tax (net)		1,367.94	1,074.67
		24,422.19	22,840.37
TOTAL		91,988.55	81,116.32

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration No: 324982E/E300003

per Tridev Khandelwal

Partner

Membership number: 501160

Place: Pune

Date: May 20, 2022

For and on behalf of the Board of Directors of
Indigo Paints Limited

CIN : L24114PN2000PLC014669

Hemant Jalan

Chairman & Managing Director

DIN: 00080942

Anita Jalan

Director

DIN: 00085411

Sujoy Bose

Company Secretary & Compliance Officer

A - 43755

Place: Pune

Date: May 20, 2022

Chetan Humane

Chief Financial Officer

PAN: ABGPH4376K

Statement of Profit and Loss

for the year ended March 31, 2022

(All amounts in rupees lakhs, unless otherwise stated)

Particulars	Note	Year ended March 31, 2022	Year ended March 31, 2021
Income			
Revenue from operations	18	90,597.48	72,332.47
Other income	19	1,089.32	359.37
Total income (I)		91,686.80	72,691.84
Expenses			
Cost of raw materials and components consumed	20	50,888.16	36,394.68
Purchase of traded goods		1,926.02	1,783.48
(Increase) in inventories of finished goods and traded goods	21	(1,461.72)	(526.46)
Employee benefits expense	22	5,632.91	4,831.28
Finance costs	23	133.04	381.31
Depreciation and amortization expense	24	3,125.08	2,438.95
Other expenses	25	20,013.74	17,597.88
Total expenses (II)		80,257.23	62,901.12
Profit before tax (III) = (I - II)		11,429.57	9,790.72
Tax expense			
Current tax	17	2,877.37	2,555.37
Adjustment of tax relating to earlier periods		-	(84.85)
Deferred tax	17	147.40	235.19
Total tax expense		3,024.77	2,705.71
Profit for the year, after tax		8,404.80	7,085.01
Other comprehensive income (OCI)			
Items not to be reclassified to profit or loss in subsequent periods			
Re-measurement gain/ (loss) on defined benefit plans		17.86	(14.53)
Income tax effect		(4.50)	3.66
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		13.36	(10.87)
Total comprehensive income for the year, net of tax		8,418.16	7,074.14
Earnings per equity share (face value Rs.10)	26		
Computed on the basis of profit for the year			
- Basic (Amount in Rs.)		17.67	15.55
- Diluted (Amount in Rs.)		17.63	15.54

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration No: 324982E/E300003

**For and on behalf of the Board of Directors of
Indigo Paints Limited**

CIN :L24114PN2000PLC014669

per Tridevjal Khandelwal

Partner

Membership number: 501160

Hemant Jalan

Chairman & Managing Director

DIN: 00080942

Anita Jalan

Director

DIN: 00085411

Place: Pune

Date: May 20, 2022

Sujoy BoseCompany Secretary & Compliance Officer
A - 43755**Chetan Humane**Chief Financial Officer
PAN: ABGPH4376K

Place: Pune

Date: May 20, 2022

Statement of Cash Flows

for the year ended March 31, 2022

(All amounts in rupees lakhs, unless otherwise stated)

Particulars	March 31, 2022	March 31, 2021
Cash flow from operating activities		
Profit before tax	11,429.57	9,790.72
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortization expense	3,125.08	2,438.95
Employee stock option expenses	218.71	42.08
Provision for impairment of financial assets (net)	26.15	70.07
Loss on disposal of property, plant and equipment (net)	5.63	2.90
Finance costs	133.04	381.31
Fair value gain on financial instruments at fair value through profit or loss	(443.92)	(165.90)
Interest income	(606.00)	(158.33)
Operating profit before working capital changes	13,888.26	12,401.80
Working capital adjustments		
Increase in trade payables and other financial liabilities	1,126.90	4,694.89
Increase in other liabilities	407.02	674.95
Increase in provisions	299.89	157.29
(Increase) in trade receivables	(5,072.24)	(1,741.80)
(Increase) in inventories	(2,304.46)	(1,791.05)
(Increase) in other assets	(258.53)	(457.22)
Decrease / (increase) in other financial assets	1,016.35	(165.73)
Cash generated from operating activities	9,103.19	13,773.13
Direct taxes paid (net of refunds)	(2,584.10)	(1,641.11)
Net cash flow from operating activities (A)	6,519.09	12,132.02
Cash flows (used in) investing activities		
Purchase of property, plant and equipment and intangible assets including movement in CWIP, capital advances and capital creditors	(12,078.34)	(6,604.66)
Proceeds from sale of property, plant and equipment	3.17	2.28
Purchase of short term investments	(11,900.00)	(7,300.00)
Proceeds from sale of short term investments	2.31	4,581.68
Investments in bank deposits (having original maturity of more than three months)	(18,000.00)	(22,500.00)
Proceeds from maturity of bank deposits	34,493.18	-
Interest received	563.30	27.96
Net cash flow (used in) investing activities (B)	(6,916.38)	(31,792.74)
Cash flows (used in) / from financing activities		
Proceeds from issue of share capital (including Securities Premium)	-	29,549.40
Proceeds from exercise of share options	-	408.59
Transaction costs on issue of shares	-	(641.20)
(Repayment of) short-term borrowings (net)	(3.28)	(1,449.63)
Repayment of long-term borrowings	-	(3,550.82)
Payment of principal portion of lease liabilities	(502.86)	(411.11)
Interest paid	(23.19)	(333.05)
Net cash flow (used in)/ from financing activities (C)	(529.33)	23,572.18
Net (decrease)/ increase in cash and cash equivalents (A + B + C)	(926.62)	3,911.46

Statement of Cash Flows

for the year ended March 31, 2022

(All amounts in rupees lakhs, unless otherwise stated)

Particulars	March 31, 2022	March 31, 2021
Cash and cash equivalents at the beginning of the year	4,479.89	568.43
Cash and cash equivalents at the end of the year	3,553.27	4,479.89
Components of cash and cash equivalents		
Cash on hand	8.38	11.72
Balances with banks		
- on current accounts	3,544.89	1,071.42
- on cash credit accounts (surplus)	-	885.81
- deposits with original maturity of less than three months	-	2,510.94
Total cash and cash equivalents (refer note 8.1)	3,553.27	4,479.89

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration No: 324982E/E300003

per Tridevlal Khandelwal

Partner

Membership number: 501160

Place: Pune

Date: May 20, 2022

For and on behalf of the Board of Directors of Indigo Paints Limited

CIN :L24114PN2000PLC014669

Hemant Jalan

Chairman & Managing Director

DIN: 00080942

Anita Jalan

Director

DIN: 00085411

Sujoy Bose

Company Secretary & Compliance Officer

A - 43755

Place: Pune

Date: May 20, 2022

Chetan Humane

Chief Financial Officer

PAN: ABGPH4376K

Statement of Changes in Equity

for the year ended March 31, 2022

(All amounts in rupees lakhs, unless otherwise stated)

A. EQUITY SHARE CAPITAL#:

Equity shares of Rs. 10 each issued, subscribed and fully paid

Particulars	No. of Shares	Amount
As at April 1, 2020	29,022,175	2,902.22
Issue of share capital (refer note 10.1)	2,013,422	201.34
Issue of shares on exercise of stock options (refer note 10.1 and 29)	455,325	45.53
Conversion of Compulsory Convertible Cumulative Preference Shares (CCCPS) to equity shares (refer note 10.1)	16,078,075	1,607.81
As at March 31, 2021	47,568,997	4,756.90
Changes in share capital	-	-
As at March 31, 2022	47,568,997	4,756.90

B. OTHER EQUITY# (ALSO REFER NOTE 11)

Particulars	Attributable to equity shareholders				Total other equity
	Reserves and surplus				
	Securities premium	General reserves	Employee stock option reserve	Retained earnings	
Balance as at April 1, 2020	9,779.28	43.78	152.51	4,997.23	14,972.80
Profit for the year	-	-	-	7,085.01	7,085.01
Other comprehensive income	-	-	-	(10.87)	(10.87)
Exercise of share options (refer note 11 and 29)	504.78	-	(141.72)	-	363.06
Share-based payments (refer note 22 and 29)	-	-	42.08	-	42.08
Conversion of CCCPS into equity shares	222.61	-	-	-	222.61
Issue of share capital	29,772.09	-	-	-	29,772.09
Transaction costs (refer note 10.1)	(854.71)	-	-	-	(854.71)
Balance as at March 31, 2021	39,424.05	43.78	52.87	12,071.37	51,592.07
Balance as at April 1, 2021	39,424.05	43.78	52.87	12,071.37	51,592.07
Profit for the year	-	-	-	8,404.80	8,404.80
Other comprehensive income	-	-	-	13.36	13.36
Share-based payments (refer note 22 and 29)	-	-	218.71	-	218.71
Balance as at March 31, 2022	39,424.05	43.78	271.58	20,489.53	60,228.94

#There are no adjustments on account of prior period errors or due to changes in accounting policies.

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration No: 324982E/E300003

per Tridevjal Khandelwal

Partner

Membership number: 501160

Place: Pune

Date: May 20, 2022

For and on behalf of the Board of Directors of
Indigo Paints Limited

CIN :L24114PN2000PLC014669

Hemant Jalan

Chairman & Managing Director

DIN: 00080942

Anita Jalan

Director

DIN: 00085411

Sujoy Bose

 Company Secretary & Compliance Officer
 A - 43755

Place: Pune

Date: May 20, 2022

Chetan Humane

 Chief Financial Officer
 PAN: ABGPH4376K

Notes to the Financial Statements for the year ended March 31, 2022

(All amounts in rupees lakhs, unless otherwise stated)

1. CORPORATE INFORMATION

Indigo Paints Limited (formerly known as Indigo Paints Private Limited) ("the Company") is a public limited company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The shares of the Company got listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) on February 02, 2021. The registered office of the company is located at Indigo Tower, Street-5, Pallod Farm-2, Baner Road, Pune-411045, Maharashtra, India.

The Company is engaged in manufacture and sale of decorative paints and operates with its manufacturing facilities in Jodhpur (Rajasthan), Kochi (Kerala) and Pudukkottai (Tamil Nadu). The CIN of the Company is L24114PN2000PLC014669.

The financial statements were approved for issue in accordance with a resolution of the directors on May 20, 2022.

2.1 Significant accounting policies

(A) Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the Company.

Consequent to amendments to the Schedule III to the Companies Act, 2013, current maturities of long term borrowings (March 31, 2021: Rs.3.28 lakhs) have been presented as part of "Short term borrowings", which were previously disclosed under "Other financial liabilities" and Security deposits (March 31, 2021: Rs. 87.99 lakhs) have been presented as part of other non-current financial asset, which were previously included under non-current "Loans" and Security deposits (March 31, 2021: Rs. 366.50 lakhs) have been presented as part of other current financial asset, which were previously included under current "Loans".

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

- (i) Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments), and
- (ii) Employee stock option.

(B) Summary of significant accounting policies

a. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- (i) Expected to be realised or intended to be sold or consumed in normal operating cycle
- (ii) Held primarily for the purpose of trading
- (iii) Expected to be realised within twelve months after the reporting period, or
- (iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- (i) It is expected to be settled in normal operating cycle
- (ii) It is held primarily for the purpose of trading
- (iii) It is due to be settled within twelve months after the reporting period, or
- (iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

b. Foreign currencies

The Company's financial statements are presented in INR, which is also its functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at its functional currency spot rate at the date the transaction first qualifies for recognition. However, for practical reasons, the Company uses average rate if the average approximates the actual rate at the date of the transaction.

Notes to the Financial Statements for the year ended March 31, 2022

(All amounts in rupees lakhs, unless otherwise stated)

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

c. Fair value measurement

The Company measures financial instruments, such as, investments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (i) In the principal market for the asset or liability, or
- (ii) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value,

maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- (i) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- (ii) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- (iii) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The management determines the policies and procedures for both recurring fair value measurement as well as for non-recurring measurement.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

d. Revenue from contract with customer

Revenue from contracts with customers is recognised when control of the goods or services

Notes to the Financial Statements for the year ended March 31, 2022

(All amounts in rupees lakhs, unless otherwise stated)

are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2.2.

Sale of goods

Revenue from sale of all types of goods is recognised at the point in time when control of the asset is transferred to the customer, based on delivery terms. The normal credit term is 30 to 90 days upon delivery.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. customer loyalty points). In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, non-cash consideration, and consideration payable to the customer (if any).

Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts provide customers with a right of return the goods within a specified period. The Company also provides retrospective volume rebates to certain customers once the quantity of goods purchased during the period exceeds the threshold specified in the contract. The rights of return and volume rebates give rise to variable consideration.

(i) Rights of return

The Company uses the expected value method to estimate the variable consideration given the large number of contracts that have similar characteristics. The Company then applies

the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price. A refund liability is recognized for the goods that are expected to be returned (i.e., the amount not included in the transaction price).

(ii) Volume rebates

The Company applies the most likely amount method or the expected value method to estimate the variable consideration in the contract. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The most likely amount is used for those contracts with a single volume threshold, while the expected value method is used for those with more than one volume threshold. The Company then applies the requirements on constraining estimates of variable consideration and recognizes a refund liability for the expected future rebates.

The disclosures of significant estimates and assumptions relating to the estimation of variable consideration for returns and volume rebates are provided in Note 2.2.

Trade receivables

A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

e. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the

Notes to the Financial Statements for the year ended March 31, 2022

(All amounts in rupees lakhs, unless otherwise stated)

grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

f. Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

The Company applies the provisions of Appendix C to Ind AS 12 - Uncertain tax treatment to determine the liability if any. If it is probable (more likely than not) that a tax treatment will be accepted, no adjustment is made. If the company concludes that the tax treatment is not probable to be accepted by the tax authorities, it is reflected in the income tax accounting (as additional liability or higher rate) by using the approach- most likely amount or the expected value approach.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which

the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Goods and Services tax paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of Goods and Services tax paid, except:

- (i) When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- (ii) When receivables and payables are stated with the amount of tax included

Notes to the Financial Statements for the year ended March 31, 2022

(All amounts in rupees lakhs, unless otherwise stated)

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

g. Property, plant and equipment (including Capital work in progress)

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Capital work in progress is stated at cost, net of accumulated impairment loss, if any. It comprises of the cost of property, plant and equipment that are not yet ready for their intended use as at the balance sheet date.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Assets	Useful lives (in years) prescribed in Schedule II of the act (Single shift basis)
Building	30 to 60
Plant and machinery	5 to 15
Furniture and fixture	10
Electrical installation and equipment	10
Office equipment's	10
Computers and peripherals	3
Vehicles	8

Leasehold improvements are depreciated on a straight-line basis over the period of the lease or useful life whichever is lower. The lease term is five years.

The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of building, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

h. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed

Notes to the Financial Statements

(All amounts in rupees lakhs, unless otherwise stated)

annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or

when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss, when the asset is derecognised.

Intangible assets	Useful lives	Amortisation method used	Internally generated or acquired
Computer Software	Finite (10 years)	Amortised on a straight-line basis over the period of the computer software	Acquired

i. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

j. Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred,

and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Leasehold land – upto 99 years
- Building – upto 5 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

ii) Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

Notes to the Financial Statements for the year ended March 31, 2022

(All amounts in rupees lakhs, unless otherwise stated)

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date with no option for extension and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

k. Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- (i) Raw materials: cost includes cost of purchase and other costs incurred in bringing the

inventories to their present location and condition. Cost is determined on weighted average basis.

- (ii) Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost is determined on weighted average basis.

- (iii) Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

l. Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally

Notes to the Financial Statements for the year ended March 31, 2022

(All amounts in rupees lakhs, unless otherwise stated)

cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the Company operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

m. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive)

as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

n. Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service.

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- (i) The date of the plan amendment or curtailment, and
- (ii) The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

Notes to the Financial Statements for the year ended March 31, 2022

(All amounts in rupees lakhs, unless otherwise stated)

- (i) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and

- (ii) Net interest expense or income

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company recognizes expected cost of short-term employee benefit as an expense, when an employee renders the related service.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer the settlement for at least twelve months after the reporting date.

o. Share-based payments

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in share-based payment reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest because service conditions have not been met. When the terms of an equity-settled award

are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

p. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially 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. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under Ind AS 115.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Notes to the Financial Statements for the year ended March 31, 2022

(All amounts in rupees lakhs, unless otherwise stated)

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- (i) Financial assets at amortised cost (debt instruments)
- (ii) Financial assets at fair value through other comprehensive income (FVTOCI) with recycling of cumulative gains and losses (debt instruments)
- (iii) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- (iv) Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

A 'financial asset' is measured at the amortised cost if both the following conditions are met:

- (i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- (ii) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost

is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. The Company's financial assets at amortised cost includes trade receivables and other receivables.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of profit and loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised in the statement of profit and loss when the right of payment has been established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- (i) The rights to receive cash flows from the asset have expired, or
- (ii) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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(All amounts in rupees lakhs, unless otherwise stated)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

In accordance with Ind-AS 109, the Company applies expected credit loss ("ECL") model for measurement and recognition of impairment loss. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognizing impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, a Company is required to consider:

- (i) All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then

the Company is required to use the remaining contractual term of the financial instrument

- (ii) Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of profit and loss. This amount is reflected in a separate line in the Statement of profit and loss as an impairment gain or loss. The balance sheet presentation is described below:

Financial assets measured as at amortized cost and contractual revenue receivables. ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Notes to the Financial Statements for the year ended March 31, 2022

(All amounts in rupees lakhs, unless otherwise stated)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI. These gains/losses are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The Company has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost (Loans and borrowings)

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or

cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

q. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

r. Segment Reporting

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

The Board of Directors of the Company has identified the Managing Director and Chief Executive Officer as the chief operating decision maker of the Company.

s. Contingent liability

A disclosure for a contingent liability is made where there is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from the past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made

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t. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holders of parent company (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the parent company and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.2 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods

Other disclosures relating to the Company's exposure to risks and uncertainties includes:

- Capital management
- Financial risk management objectives and policies
- Sensitivity analyses disclosures

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Determining the lease term of contracts with renewal and termination options – Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create

an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Revenue from contracts with customers

The Company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- Determining method to estimate variable consideration and assessing the constraint

Certain contracts for the sale of goods include a right of return and volume rebates that give rise to variable consideration. In estimating the variable consideration, the Company is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Company determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of goods with rights of return, given the large number of customer contracts that have similar characteristics. In estimating the variable consideration for the sale of goods with volume rebates, the Company determined that using a combination of the most likely amount method and expected value method is appropriate. The selected method that better predicts the amount of variable consideration was primarily driven by the number of volume thresholds contained in the contract.

Before including any amount of variable consideration in the transaction price, the Company considers whether the amount of variable consideration is constrained. The Company determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Notes to the Financial Statements for the year ended March 31, 2022

(All amounts in rupees lakhs, unless otherwise stated)

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill recognised by the Company. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis.

Provision for expected credit losses of trade receivables and contract assets

The Company uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Share-based payments

For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Company uses a DCF model for Employee Share Option Plan. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 30.

Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various 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.

Fair value measurement of financial instruments

When the fair value of financial assets and liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets if available, otherwise, 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 the financial instrument.

Revenue recognition - Estimating variable consideration for returns and volume rebates

The Company estimates variable considerations to be included in the transaction price for the sale of goods with rights of return and volume rebates.

The Company developed a model for forecasting sales returns. The model used the historical return data of each product to come up with expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Company.

The Company's expected volume rebates are analysed on a per customer basis for contracts that are subject to a volume threshold. Determining whether a customer will be likely entitled to rebate will depend on the customer's historical rebates entitlement and accumulated purchases to date.

The Company applied a model for estimating expected volume rebates for contracts. The model uses the historical purchasing patterns and rebates entitlement of customers

Notes to the Financial Statements for the year ended March 31, 2022

(All amounts in rupees lakhs, unless otherwise stated)

to determine the expected rebate percentages and the expected value of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and rebate entitlements of customers will impact the expected rebate percentages estimated by the Company.

The Company updates its assessment of expected returns and volume rebates annually and the refund liabilities are adjusted accordingly. Estimates of expected returns and volume rebates are sensitive to changes in circumstances and the Company's past experience regarding returns and rebate entitlements may not be representative of customers' actual returns and rebate entitlements in the future. Refer note 19 for further details.

Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates).

2.3 Changes in accounting policies and disclosures

Several other amendments and interpretations apply for the first time for the year ended March 31, 2022, but do not have an impact on the financial statements of the Company.

2.4 Standards notified but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, as below.

- (i) Ind AS 16 – Property Plant and equipment - The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022. The Company is in the process of evaluating the amendment.
- (ii) Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets – The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022, although early adoption is permitted. The Company is in the process of evaluating the amendment.

Notes to the Financial Statements

(All amounts in rupees lakhs, unless otherwise stated)

3.1 PROPERTY, PLANT AND EQUIPMENT (PPE)

Particulars	Freehold land [refer note (iii)]	Building	Plant and machinery [refer note (i)]	Furniture and fixture	Office equipment	Leasehold improvements	Electrical installations and equipments	Computers and peripherals	Vehicles	Total	Capital Work in progress
Deemed cost											
At April 01, 2020	529.58	6,382.87	8,547.49	245.53	151.60	34.60	654.65	34.89	54.58	16,635.79	108.89
Additions	909.62	2,542.76	2,997.41	163.77	53.85	-	14.40	8.13	-	6,689.94	7,257.28
Disposals/transfers	-	-	(3.16)	-	(2.83)	-	-	-	-	(5.99)	(7,054.63)
At March 31, 2021	1,439.20	8,925.63	11,541.74	409.30	202.62	34.60	669.05	43.02	54.58	23,319.74	311.54
Additions	-	20.98	2,559.72	63.06	26.59	-	27.37	8.24	55.76	2,761.72	7,507.52
Disposals/transfers	-	-	(30.50)	(0.23)	-	-	-	(0.20)	(2.52)	(33.45)	(2,721.79)
At March 31, 2022	1,439.20	8,946.61	14,070.96	472.13	229.21	34.60	696.42	51.06	107.82	26,048.01	5,097.27
Depreciation											
At April 1, 2020	-	207.79	1,989.07	48.38	14.01	27.50	108.65	17.81	19.54	2,432.75	-
Charge for the year	-	275.94	1,629.22	37.57	16.59	7.10	79.88	9.53	9.21	2,065.04	-
Disposals/transfers	-	-	(1.01)	-	(0.03)	-	-	-	-	(1.04)	-
At March 31, 2021	-	483.73	3,617.28	85.95	30.57	34.60	188.53	27.34	28.75	4,496.75	-
Charge for the year	-	304.71	2,174.67	52.40	22.03	-	82.91	10.86	8.63	2,656.21	-
Disposals/transfers	-	-	(21.82)	(0.11)	-	-	-	(0.20)	(2.52)	(24.65)	-
At March 31, 2022	-	788.44	5,770.13	138.24	52.60	34.60	271.44	38.00	34.86	7,128.31	-
Net block											
At March 31, 2021	1,439.20	8,441.90	7,924.46	323.35	172.05	-	480.52	15.68	25.83	18,822.99	311.54
At March 31, 2022	1,439.20	8,158.17	8,300.83	333.89	176.61	-	424.98	13.06	72.96	18,919.70	5,097.27

Notes

i. Plant and machinery includes equipments installed at customers location given under operating lease arrangements (refer note 34). The carrying value of such assets are as below:

Particulars	Opening Gross block	Addition	Deletion	Closing gross block	Opening accumulated depreciation	Addition	Deletion	Closing accumulated depreciation	Net block
At March 31, 2021	4,489.57	1,707.45	-	6,197.02	1,265.41	1,069.81	-	2,335.22	3,861.80
At March 31, 2022	6,197.02	2,307.94	(25.67)	8,479.29	2,335.22	1,521.01	(16.99)	3,839.24	4,640.05

ii. With respect to immovable property aggregating Rs. 539.93 lakhs acquired in earlier year, registration of title deeds in name of the Company is in progress.

Relevant line item in the Balance Sheet	Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative# of promoter* / director or employee of promoter / director	Property held since which date	Reason for not being held in the name of the Company.
PPE	Freehold land	539.93	Crystal Skylines LLP	No	January 29, 2021	Purchase agreement is done on January 29, 2021. Process is initiated for transferring the land in the name of the Company.

Notes to the Financial Statements for the year ended March 31, 2022

(All amounts in rupees lakhs, unless otherwise stated)

3.1 PROPERTY, PLANT AND EQUIPMENT (PPE) (CONTD.)

iii. The Capital work in progress (CWIP) consists of construction of building and expenditure towards plant and machinery at its manufacturing facilities.

CWIP ageing schedule as at March 31, 2022

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	4,989.38	107.89	-	-	5,097.27
Projects temporarily suspended	-	-	-	-	-
Total	4,989.38	107.89	-	-	5,097.27

CWIP ageing schedule as at March 31, 2021

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	311.54	-	-	-	311.54
Projects temporarily suspended	-	-	-	-	-
Total	311.54	-	-	-	311.54

3.2 RIGHT OF USE ASSETS

Particulars	Leasehold land	Leased Building	Total
Cost			
At April 1, 2020	2,254.61	1,241.15	3,495.76
Additions	-	642.02	642.02
Disposals/transfers	-	(139.46)	(139.46)
At March 31, 2021	2,254.61	1,743.71	3,998.32
Additions	-	837.13	837.13
Disposals/transfers	-	(122.91)	(122.91)
At March 31, 2022	2,254.61	2,457.93	4,712.54
Depreciation			
At April 1, 2020	35.84	680.41	716.25
Charge for the year	22.89	342.42	365.31
Disposals/transfers	-	(92.38)	(92.38)
At March 31, 2021	58.73	930.45	989.18
Charge for the year	22.89	438.26	461.15
Disposals/transfers	-	(58.22)	(58.22)
At March 31, 2022	81.62	1,310.49	1,392.11
Net block			
At March 31, 2021	2,195.88	813.26	3,009.14
At March 31, 2022	2,172.99	1,147.44	3,320.43

Notes to the Financial Statements for the year ended March 31, 2022

(All amounts in rupees lakhs, unless otherwise stated)

3.3 INTANGIBLE ASSETS AND GOODWILL

Particulars	Goodwill	Computer software	Total intangible assets
Deemed cost			
At April 1, 2020	3,055.20	52.95	3,108.15
Additions	-	17.56	17.56
Disposals/transfers	-	-	-
At March 31, 2021	3,055.20	70.51	3,125.71
Additions	-	-	-
Disposals/transfers	-	-	-
At March 31, 2022	3,055.20	70.51	3,125.71
Amortization			
At April 1, 2020	-	15.81	15.81
Charge for the year	-	8.60	8.60
Disposals/transfers	-	-	-
At March 31, 2021	-	24.41	24.41
Charge for the year	-	7.72	7.72
Disposals/transfers	-	-	-
At March 31, 2022	-	32.13	32.13
Net block			
At March 31, 2021	3,055.20	46.10	3,101.30
At March 31, 2022	3,055.20	38.38	3,093.58

3.4 IMPAIRMENT TESTING OF GOODWILL

As at the March 31, 2022, the carrying amount of goodwill is Rs. 3,055.20 lakhs (March 31, 2021: Rs. 3,055.20) (deemed cost as at April 01, 2019). Such goodwill arose as part of the business purchase and merger of Hi-Build Coating Private Limited (HBC) pursuant to the composite scheme of amalgamation approved by National Company Law Tribunal ("NCLT") vide its order dated March 02, 2017 (Appointed date: April 01, 2016). For the purpose of impairment testing of Goodwill, as per the business plan of purchase, the entire business of the Company is considered as single Cash Generating Unit (CGU), as post business combination the entire operations of the Company has been integrated for synergies, includes aligning of manufacturing facilities, logistic management, technology exchange, etc.

The Company performs impairment testing annually at the same time. The recoverable amount of the CGU has been determined based on a value in use calculation using cash flow projections from financial budgets approved by management covering a five year period. The projected cash flows have been updated to reflect the demand changes for products pursuant to Covid-19 pandemic. The pre-tax discount rate applied to cash flow projections for impairment testing during March 31, 2022: 10% (March 31, 2021: 10%). Based on the cash flow projections, discount rate and other assumptions including gross margin, sales discount, market share, volume growth, etc it was concluded that the value in use exceeds the carrying value of goodwill and overall CGU. As a result of the analysis, no impairment of the Goodwill was required. As at March 31, 2022, there were no indicators of impairment noted by management.

4 CURRENT INVESTMENTS

Particulars	As at March 31, 2022	As at March 31, 2021
Investments at fair value through profit or loss (FVTPL)		
Investments in mutual funds (quoted funds)	17,309.54	4,967.93
Total current investments	17,309.54	4,967.93
Aggregate amount of quoted investments and market value thereof	17,309.54	4,967.93

Also refer note 36 for determination of fair values.

Notes to the Financial Statements for the year ended March 31, 2022

(All amounts in rupees lakhs, unless otherwise stated)

5 OTHER FINANCIAL ASSETS

Particulars	As at March 31, 2022	As at March 31, 2021
Non-Current		
Financial Instruments at amortised cost		
Security deposits	154.26	87.99
Bank deposits with remaining maturity of more than twelve months	0.95	1,509.12
Total other non-current financial assets	155.21	1,597.11
Current		
Financial Instruments at amortised cost		
Security deposits	4.99	366.50
Balance with statutory/government authorities	4.03	10.20
Other financial assets*#	-	714.94
Total other current financial assets	9.02	1,091.64

*includes receivable on account of share of IPO expenses for Rs. Nil lakhs (March 31, 2021 : Rs. 290.91 lakhs) from selling shareholders (including Rs. Nil (March 31, 2021 : Rs. 226.22 lakhs) from Chairman and Managing Director of the Company). Refer note 28.

#includes Rs. Nil (March 31, 2021 : Rs. 424.03 lakhs) receivable on account of sales proceeds on IPO. The balances are held in IPO escrow account.

6 INVENTORIES (VALUED AT LOWER OF COST AND NET REALIZABLE VALUE)

Particulars	As at March 31, 2022	As at March 31, 2021
Raw materials and components*	4,688.89	3,846.15
Finished goods#	6,722.75	5,247.35
Traded goods#	360.29	373.97
Total inventories	11,771.93	9,467.47

*includes goods in transit Rs. 115.57 lakhs (March 31, 2021: Rs. 179.64 lakhs)

#includes sales in transit Rs. 109.82 lakhs (March 31, 2021: Rs. 274.50 lakhs)

For the year ended March 31, 2022 Rs. 77.89 lakhs (March 31, 2021 Rs. 11.31 lakhs) was recognised (net of reversals) as an expense for finished goods inventories carried at net realisable value. These were recognised as an expense during the year and included in cost of raw materials and components consumed in the Statement of profit and loss.

7 TRADE RECEIVABLES

Particulars	As at March 31, 2022	As at March 31, 2021
Trade receivables	17,165.25	12,119.16
Break-up for security details:		
Secured, considered good	-	-
Unsecured, considered good	17,103.36	12,070.61
Trade receivables which have significant increase in credit risk	211.89	189.55
Trade receivables - credit impaired	-	-
	17,315.25	12,260.16
Impairment allowance (allowance for bad and doubtful debts)		
Secured, considered good	-	-
Unsecured, considered good	(47.85)	(48.16)
Trade receivables which have significant increase in credit risk	(102.15)	(92.84)
Provision for impairment	-	-
	(150.00)	(141.00)
	17,165.25	12,119.16

Notes to the Financial Statements for the year ended March 31, 2022

(All amounts in rupees lakhs, unless otherwise stated)

7 TRADE RECEIVABLES (CONTD.)

No trade receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade receivables due from firms or private companies respectively in which any director is a partner, a director or a member.

Trade receivables are non interest bearing and generally on terms of 30 to 90 days. The Company has considered invoice date for the purpose of ageing of trade receivables.

Trade receivables ageing schedule as at March 31, 2022

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables - considered good	16,880.35	136.33	46.62	11.83	28.23	17,103.36
(ii) Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed trade receivables - credit impaired	-	-	-	-	-	-
(iv) Disputed trade receivables - considered good	-	-	-	-	-	-
(v) Disputed trade receivables - which have significant increase in credit risk	1.25	6.35	19.68	63.62	120.99	211.89
(vi) Disputed trade receivables - credit impaired	-	-	-	-	-	-
Total	16,881.60	142.68	66.30	75.45	149.22	17,315.25

Trade receivables ageing schedule as at March 31, 2021

CWIP	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables - considered good	11,917.26	58.29	66.23	11.38	17.45	12,070.61
(ii) Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed trade receivables - credit impaired	-	-	-	-	-	-
(iv) Disputed trade receivables - considered good	-	-	-	-	-	-
(v) Disputed trade receivables - which have significant increase in credit risk	0.14	3.73	54.59	41.06	90.03	189.55
(vi) Disputed trade receivables - credit impaired	-	-	-	-	-	-
Total	11,917.40	62.02	120.82	52.44	107.48	12,260.16

There are no unbilled receivables, hence the same is not disclosed in the ageing schedule.

The following table summarises the change in impairment allowance measured using the life time expected credit loss model:

Notes to the Financial Statements for the year ended March 31, 2022

(All amounts in rupees lakhs, unless otherwise stated)

7 TRADE RECEIVABLES (CONTD.)

Particulars	As at March 31, 2022	As at March 31, 2021
At the beginning of the year	141.00	120.00
Provision made during the year	26.15	70.07
Utilized /reversed during the year	(17.15)	(49.07)
At the end of the year	150.00	141.00

8 CASH AND BANK BALANCES

Particulars	As at March 31, 2022	As at March 31, 2021
8.1 Cash and cash equivalents		
Balance with Banks		
- on current accounts#	3,544.89	1,071.42
- on cash credit accounts (surplus)	-	885.81
- deposits with original maturity of less than three months@	-	2,510.94
Cash on hand	8.38	11.72
Total cash and cash equivalents	3,553.27	4,479.89
8.2 Bank balances other than cash and cash equivalents		
Other bank balances		
Deposits with original maturity of more than three months but remaining maturity of less than twelve months@	6,408.85	21,351.16
Deposits with remaining maturity of more than twelve months@	0.95	1,509.12
Less: Amount disclosed under other financial assets (refer note 5)	(0.95)	(1,509.12)
Total bank balances other than cash and cash equivalents	6,408.85	21,351.16
	9,962.12	25,831.05

includes Rs. 2,031.69 (March 31, 2021: Rs 374.18 lakhs) earmarked as monitoring account balance towards unutilized IPO proceeds. Refer note 11.

@ includes Rs. 6,408.85 (March 31, 2021: Rs 19,500 lakhs) earmarked as bank deposits towards unutilized IPO proceeds. Refer note 11.

Bank deposits earns interest at fixed rates. Short-term deposits are generally made for varying periods between seven days to twelve months, depending on the cash requirements of the Company, and earn interest at the respective deposit rates.

The changes in liabilities arising from financing activities is on account of cash flow changes only and there are no non-cash changes.

9 OTHER ASSETS

(Unsecured, considered good unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021
Non-current		
Capital advances	4,163.39	34.41
Total other non-current assets	4,163.39	34.41
Current		
Advance to vendors	148.24	30.71
Prepaid expenses	101.02	96.28
Prepaid employee benefits (refer note 27)	37.08	16.75
Employee advances	9.59	11.80
Balance with statutory/government authorities	725.18	607.04
Total other current assets	1,021.11	762.58

There are no advances which are due from directors or other officers of the Company, firms in which a director is a partner or private companies in which director is a director or a member either severally or jointly with any other person.

Notes to the Financial Statements for the year ended March 31, 2022

(All amounts in rupees lakhs, unless otherwise stated)

10.1 EQUITY SHARE CAPITAL

A. Authorised share capital

Particulars	Equity shares		Class A1 equity shares		Class A2 equity shares		Total equity shares	
	No. of Shares	Amount in lakhs	No. of Shares	Amount in lakhs	No. of Shares	Amount in lakhs	No. of Shares	Amount in lakhs
As at April 1, 2020	43,000,000	4,300.00	3,250	0.33	3,250	0.33	43,006,500	4,300.65
Increase in authorised share capital during the year	8,915,195	891.52	-	-	-	-	8,915,195	891.52
Reclassified from CCCPS	18,078,305	1,807.83	-	-	-	-	18,078,305	1,807.83
Reclassification between class of shares	6,500	0.65	(3,250)	(0.33)	(3,250)	(0.33)	-	-
As at March 31, 2021	70,000,000	7,000.00	-	-	-	-	70,000,000	7,000.00
Increase during the year	-	-	-	-	-	-	-	-
As at March 31, 2022	70,000,000	7,000.00	-	-	-	-	70,000,000	7,000.00

B. Issued, subscribed and fully paid up equity shares:

Particulars	Equity shares		Class A1 equity shares		Class A2 equity shares		Total equity shares	
	No. of Shares	Amount in lakhs	No. of Shares	Amount in lakhs	No. of Shares	Amount in lakhs	No. of Shares	Amount in lakhs
As at April 1, 2020	29,015,675	2,901.57	3,250	0.33	3,250	0.33	29,022,175	2,902.22
Issue of shares on exercise of stock options (refer note 29)	455,325	45.53	-	-	-	-	455,325	45.53
Conversion of CCCPS to equity shares	16,078,075	1,607.81	-	-	-	-	16,078,075	1,607.81
Fresh issue of equity shares*	2,013,422	201.34	-	-	-	-	2,013,422	201.34
Reclassification between class of shares	6,500	0.65	(3,250)	(0.33)	(3,250)	(0.33)	-	-
As at March 31, 2021	47,568,997	4,756.90	-	-	-	-	47,568,997	4,756.90
Issue of shares on exercise of stock options (refer note 29)	-	-	-	-	-	-	-	-
As at March 31, 2022	47,568,997	4,756.90	-	-	-	-	47,568,997	4,756.90

*During the previous year, the Company, had completed the Initial Public Offering (IPO) of 7,853,422 Equity Shares of Face Value of Rs. 10 each for cash at a price of Rs. 1,490 per Equity Share (for employee reservation portion of 70,000 equity shares at a price of Rs. 1,342 per equity share) aggregating to Rs. 116,912.39 lakhs comprising a Fresh Issue of 2,013,422 Equity Shares aggregating to Rs. 29,973.43 Lakhs and on offer for sale of 58,40,000 Equity Shares aggregating to Rs. 86,938.96 Lakhs. Pursuant to the IPO, the Equity Shares of the Company got listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) on February 02, 2021. The selling shareholders included Mr. Hemant Jalan, Sequoia Capital India Investments IV and SCI Investments V ('Selling shareholders').

For the year ended March 31, 2021, the Company had incurred Rs. 4,251.33 Lakhs (net of GST) as IPO related expenses and allocated such expenses between the Company Rs. 1,087.71 Lakhs (net of income tax impact Rs. 854.71) and selling shareholders 3,163.62 Lakhs. Such amounts were allocated based on agreement between the various parties and in proportion to the total proceeds in the IPO. The Company's share of expenses of Rs. 854.71 Lakhs has been adjusted to securities premium. Refer note 11 of the financial statements.

Further, the Company had charged Rs. 3,163.62 Lakhs from the selling shareholder towards management support for their share of IPO expenses, based on the agreement with and indemnity from the selling shareholder for the IPO expenses, part of which being a qualified Export of services under GST Regulations. The Company has relied on expert opinion for invoicing to the selling shareholder.

The details of utilization of IPO proceeds - Rs. 29,118.72 Lakhs, net of IPO expenses of Rs. 854.71 Lakhs of the Company are as follows:

Notes to the Financial Statements for the year ended March 31, 2022

(All amounts in rupees lakhs, unless otherwise stated)

10.1 EQUITY SHARE CAPITAL (CONTD.)

Particulars	Planned as per prospectus	Revised proceeds@#	Utilized upto March 31, 2022#	Un-utilized as on March 31, 2022
Funding capital expenditure for the Proposed expansion	15,000.00	15,000.00	9,637.55	5,362.45
Purchase of tinting machines and gyroshakers	5,000.00	5,000.00	2,506.95	2,493.05
Repayment/prepayment of certain borrowings of Company	2,500.00	2,500.00	2,500.00	-
General corporate purposes@	6,115.60	6,211.21	6,211.21	-
Total	28,615.60	28,711.21	20,855.71	7,855.50

@net of IPO related expenses

#Based on the advice received by the Company from the monitoring agency, the expenditure has been disclosed gross of tax (i.e. gross debits).

The unutilised funds have been earmarked by the Company in fixed deposits and monitoring account (current account). Refer note 8.

For the purpose of below notes:

Class A Equity Shares shall mean collectively, the Class A1 Equity Shares and Class A2 Equity Shares;

CCCPS shall mean collectively, Series A1 CCCPS, Series A2 CCCPS, Series B CCCPS and Series C CCCPS

C. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share (March 31, 2021: Rs 10). Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company. The distribution of the remaining assets of the Company will be in proportion to the number of equity shares held by the shareholders.

The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting (refer note 41).

Each of Class A equity shares and CCCPS was converted into 1 equity shares of Rs. 10 each in 2020-21 at the ratio of 1:1.

D. Details of shareholding more than 5% shares in the Company

Name of the shareholder	As at March 31, 2022		As at March 31, 2021	
	Nos.	% holding	Nos.	% holding
Equity shares of Rs. 10 each fully paid				
Hemant Jalan	8,567,500	18.01%	8,567,500	18.01%
Anita Jalan	6,987,500	14.69%	6,987,500	14.69%
Kamalprasad Jalan	3,548,545	7.46%	3,548,545	7.46%
Parag Jalan	1,625,000	3.42%	1,625,000	3.42%
Halogen Chemicals Private Limited - India	4,958,070	10.42%	4,958,070	10.42%
Sequoia Capital India Investments IV - Mauritius	6,529,960	13.73%	6,529,960	13.73%
SCI Investments V - Mauritius	7,043,675	14.81%	7,043,675	14.81%

E. Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

Particulars	As at March 31, 2022	As at March 31, 2021
Bonus shares issued in FY 2016-17 by capitalisation of securities premium		
Equity shares	28,147,200	28,147,200
Class A1 equity shares*	3,200	3,200
Class A2 equity shares*	3,200	3,200

*Converted to ordinary equity shares.

Notes to the Financial Statements for the year ended March 31, 2022

(All amounts in rupees lakhs, unless otherwise stated)

10.1 EQUITY SHARE CAPITAL (CONTD.)

F. Details of shares held by promoter group

Equity shares of Rs.10 each fully paid

Particulars	No. of shares as at April 1, 2021	Change during the year	No. of shares as at March 31, 2022	% of Total Shares	% change during the year
1. Hemant Jalan	8,567,500	-	8,567,500	18.01%	0.00%
2. Anita Jalan	6,987,500	-	6,987,500	14.69%	0.00%
3. Kamalprasad Jalan	3,548,545	-	3,548,545	7.46%	0.00%
4. Parag Jalan	1,625,000	-	1,625,000	3.42%	0.00%
5. Halogen Chemicals Private Limited	4,958,070	-	4,958,070	10.42%	0.00%
6. Shashi Bhagat	-	23	23	0.00%	0.00%

Equity shares of Rs.10 each fully paid

Particulars	No. of shares as at April 1, 2020	Change during the year	No. of shares as at March 31, 2021	% of Total Shares	% change during the year
1. Hemant Jalan	10,237,500	(1,670,000)	8,567,500	18.01%	(17.27%)
2. Anita Jalan	6,987,500	-	6,987,500	14.69%	(9.39%)
3. Kamalprasad Jalan	1,657,500	1,891,045	3,548,545	7.46%	1.75%
4. Taradevi Jalan	1,891,045	(1,891,045)	-	0.00%	(6.52%)
5. Parag Jalan	1,625,000	-	1,625,000	3.42%	(2.18%)
6. Halogen Chemicals Private Limited	4,958,070	-	4,958,070	10.42%	(6.67%)

10.2 INSTRUMENTS IN THE NATURE OF EQUITY

A. Authorised share capital

Particulars	0.001% Compulsory convertible cumulative preference shares (CCCCPS)				Redeemable preference shares	
	No. of Shares	Amount in lakhs	No. of Shares	Amount in lakhs	No. of Shares	Amount in lakhs
	Rs. 100 each		Rs. 10 each		Rs. 10 each	
Authorised shares:						
As at April 01, 2020	247,355	247.36	15,830,950	1,583.10	2,000,000	200.00
Less: Reclassified to equity shares	(247,355)	(247.36)	(15,830,950)	(1,583.10)	(2,000,000)	(200.00)
As at March 31, 2021	-	-	-	-	-	-
Increase during the year	-	-	-	-	-	-
As at March 31, 2022	-	-	-	-	-	-

Notes to the Financial Statements for the year ended March 31, 2022

(All amounts in rupees lakhs, unless otherwise stated)

10.2 INSTRUMENTS IN THE NATURE OF EQUITY

B. Issued, subscribed and fully paid up 0.001% CCCPS:

Particulars	Series A1 CCCPS		Series A2 CCCPS		Series B CCCPS		Series C CCCPS		Total CCCPS	
	No. of Shares	Amount in lakhs	No. of Shares	Amount in lakhs	No. of Shares	Amount in lakhs	No. of Shares	Amount in lakhs	No. of Shares	Amount in lakhs
	Rs. 100 each		Rs. 10 each		Rs. 10 each		Rs. 10 each			
As at April 01, 2020	69,904	69.90	46,586	46.59	130,865	130.87	15,830,720	1,583.07	16,078,075	1,830.42
Less:	(69,904)	(69.90)	(46,586)	(46.59)	(130,865)	(130.87)	(15,830,720)	(1,583.07)	(16,078,075)	(1,830.42)
Conversion of CCCPS to equity shares#										
As at March 31, 2021	-	-	-	-	-	-	-	-	-	-
Issued during the year	-	-	-	-	-	-	-	-	-	-
As at March 31, 2022	-	-	-	-	-	-	-	-	-	-

C. Terms/rights attached to equity shares

#Each of Class A1 CCCPS, A2 CCCPS, B CCCPS and C CCCPS was converted into 1 equity shares of Rs. 10 each in 2020-21 at the ratio of 1:1.

D. Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

Particulars	Number of share	
	As at March 31, 2022*	As at March 31, 2021*
Bonus shares issued in FY 2016-17 by capitalisation of securities premium		
Preference shares ("CCCPS")	15,830,720	15,830,720

*as on reporting date the bonus shares have been converted into equity shares

11 OTHER EQUITY

Particulars	As at March 31, 2022	As at March 31, 2021
Reserves and surplus		
Securities premium		
Balance as per last financial statements	39,424.05	9,779.28
Add : Conversion of CCCPS into equity shares	-	222.61
Add : Fresh issue of equity shares	-	29,772.09
Add : Issue of shares under ESOS 2014 (refer note 29)	-	363.06
Add: Transferred from share based payment reserve	-	141.72
less: Company's share of expenses incurred on fresh issue of equity shares (net) (refer note 10.1)	-	(854.71)
Closing balance	39,424.05	39,424.05
General reserve		
Balance as per last financial statements	43.78	43.78
Closing balance	43.78	43.78

Notes to the Financial Statements for the year ended March 31, 2022

(All amounts in rupees lakhs, unless otherwise stated)

11 OTHER EQUITY (CONTD.)

Particulars	As at March 31, 2022	As at March 31, 2021
Employee stock option reserve		
Balance as per last financial statements	52.87	152.51
Add: Compensation for options granted during the year (refer note 22 and 29)	218.71	42.08
Less: Transferred to securities premium	-	(141.72)
Closing balance	271.58	52.87
Retained earnings		
Opening balance	12,071.37	4,997.23
Add: Profit for the year	8,404.80	7,085.01
Items of other comprehensive income recognised directly in retained earnings:		
Re-measurement gain/(loss) on defined benefit plans, net of tax Rs. 4.50 lakhs (March 31, 2021 Rs. (3.66) lakhs)	13.36	(10.87)
Net surplus in the Statement of profit and loss	20,489.53	12,071.37
Total reserves and surplus	60,228.94	51,592.07
Total other equity	60,228.94	51,592.07

Securities premium account - This represents the amount received in excess of par value of equity shares.

General reserve - Represents amounts transferred from retained earnings in earlier years as per the requirements of the erstwhile Companies Act 1956.

Employee stock option reserve: The share options based payment reserve is used to recognise the grant date fair value of options issued to employees under Employee stock option plan.

11.1 Proposed dividend

The Company has in the board meeting dated May 20, 2022, proposed a dividend of Rs.1,427.07 lakhs (March 31, 2021: Rs.Nil).

Particulars	March 31, 2022	March 31, 2021
Proposed dividends on equity shares:		
Proposed dividend for the year ended on March 31, 2022: Rs.3 per share (March 31, 2021: Nil)	1,427.07	-
	1,427.07	-

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability as at March 31, 2022.

12 BORROWINGS

12.1 Non-current Borrowings

Particulars	March 31, 2022	March 31, 2021
At amortized cost		
Term loans (secured)		
Indian rupee loan from bank (refer note a below)	-	-
Other loans (secured)		
Loan against movable assets (refer note b below)	-	3.28
	-	3.28
Less: Amount disclosed under the head current borrowings (refer note 12.2)		
- Current maturities of long-term debt	-	(3.28)
Total non-current borrowings	-	-

Notes to the Financial Statements for the year ended March 31, 2022

(All amounts in rupees lakhs, unless otherwise stated)

12 BORROWINGS (CONTD.)

12.2 Current Borrowings

Particulars	As at March 31, 2022	As at March 31, 2021
At amortized cost		
Secured		
Cash credit from bank*	-	-
Current maturities of long term debts (refer note 12.1)	-	3.28
	-	3.28

*During the year the cash credit facility is closed and charge has been released.

13 TRADE PAYABLES

Particulars	As at March 31, 2022	As at March 31, 2021
Trade payables		
- total outstanding dues of micro enterprises and small enterprises (refer note 32)	4,469.55	5,039.65
- total outstanding dues of creditors others than micro enterprises and small enterprises	15,671.47	13,517.46
Total trade payables	20,141.02	18,557.11

Terms and conditions of the above financial liabilities:

- a. Trade payables are non-interest bearing and are normally settled on 60-90 days terms.

For explanations on the Company's financial risk management processes, refer to note 38.

Trade payables ageing schedule as at March 31, 2022

Particulars	Outstanding for following periods from due date of payment					Total
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	3,924.21	542.91	2.43	-	-	4,469.55
(ii) Others	7,863.09	2,073.06	1.15	-	-	9,937.30
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
(v) Unbilled	5,734.17	-	-	-	-	5,734.17
Total	17,521.47	2,615.97	3.58	-	-	20,141.02

Trade payables ageing schedule as at March 31, 2021

CWIP	Outstanding for following periods from due date of payment					Total
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	4,622.81	415.10	1.74	-	-	5,039.65
(ii) Others	7,101.59	1,403.68	1.11	0.83	-	8,507.21
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
(v) Unbilled	5,010.25	-	-	-	-	5,010.25
Total	16,734.65	1,818.78	2.85	0.83	-	18,557.11

Notes to the Financial Statements

for the year ended March 31, 2022

(All amounts in rupees lakhs, unless otherwise stated)

14 OTHER FINANCIAL LIABILITIES

Particulars	As at March 31, 2022	As at March 31, 2021
Current		
Payables for property, plant and equipment and intangible assets	633.64	1,035.55
Security deposits	38.80	38.80
Expenses payable related to IPO	-	446.51
Proposed CCCPS dividend	0.08	0.08
Provision for tax on preference dividend	0.02	0.02
Total other current financial liabilities	672.54	1,520.96

15 OTHER LIABILITIES

Particulars	As at March 31, 2022	As at March 31, 2021
Non current		
Deferred revenue (refer note 3, 18 and 34)	484.26	429.65
Total other non-current liabilities	484.26	429.65
Current		
Advance from customers (contract liabilities)	256.84	268.28
Deferred revenue (refer note 3, 18 and 34)	255.26	204.65
Statutory dues payables*	1,031.60	718.36
Total other current liabilities	1,543.70	1,191.29

*Statutory dues payable includes payable on account of provident fund, tax deducted at source, goods and services tax etc.

16 PROVISIONS

Particulars	As at March 31, 2022	As at March 31, 2021
Non-Current		
Provision for long term sales incentive	475.04	252.53
	475.04	252.53
Current		
Provision for leave encashment	227.45	167.93
	227.45	167.93
Total provisions	702.49	420.46

In pursuance of Ind AS 37- 'Provisions, contingent liabilities and contingent assets' the provisions required have been incorporated in the following manner:

Movement in provision for long term sales incentive

Particulars	As at March 31, 2022	As at March 31, 2021
At the beginning of the year	252.53	130.00
Provision made during the year	199.37	110.00
Accretion of interest	23.14	12.53
At the end of the year	475.04	252.53

Long term sales incentive provision represents obligation of the Company to reward the customer for completion of prescribed sales target for each of the four years beginning from financial year 2019-20.

Notes to the Financial Statements for the year ended March 31, 2022

(All amounts in rupees lakhs, unless otherwise stated)

17 INCOME TAXES

(A) The major components of income tax expense for the year ended March 31, 2022 and year ended March 31, 2021 are:

Statement of profit and loss

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Current income tax charge:		
Current income tax	2,877.37	2,555.37
Adjustment of tax relating to earlier periods	-	(84.85)
Deferred tax		
Relating to origination and reversal of temporary differences	147.40	235.19
Income tax expense reported in the Statement of profit and loss	3,024.77	2,705.71

(B) Deferred tax recognised in other comprehensive income

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Remeasurements of defined benefit asset	(4.50)	3.66
	(4.50)	3.66

(C) Reconciliation of tax expenses and the accounting profit multiplied by applicable tax rate for March 31, 2022 and March 31, 2021

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Accounting profit before tax	11,429.57	9,790.72
Tax as per India's statutory income tax rate of 25.17% (March 31, 2021: 25.17%)	2,876.82	2,464.32
Impact of change in tax rates/tax law	46.89	405.52
Deferred tax on indexed cost of investments	-	(76.46)
Adjustment of tax relating to earlier periods	-	(84.85)
Non-deductible expenses for tax purposes	80.89	-
Others	20.17	(2.82)
Income tax expense reported in the Statement of profit and loss	3,024.77	2,705.71

(D) Deferred tax (liabilities)

Particulars	Balance sheet		Statement of profit and loss & OCI	
	As at March 31, 2022	As at March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2021
Deferred tax relates to the following				
Accelerated depreciation/ amortization for tax purposes	(1,004.32)	(1,084.63)	80.31	(383.94)
Change in fair value of financial instruments	(153.42)	(41.76)	(111.66)	105.16
Disallowances towards expenditure to be allowed in subsequent period	237.88	380.49	(142.61)	47.59
ICDS related allowances/ disallowances	42.14	33.66	8.48	4.31
Deferred tax on leased assets and liabilities (net)	24.55	15.47	9.08	(0.99)
On items recognized in OCI	6.05	1.55	4.50	(3.66)
Deferred tax (expense)			(151.90)	(231.53)
Net deferred tax (liabilities)	(847.12)	(695.22)		

Notes to the Financial Statements for the year ended March 31, 2022

(All amounts in rupees lakhs, unless otherwise stated)

17 INCOME TAXES

Reconciliation of deferred tax liabilities (net)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Opening balance	695.22	696.69
Tax on items recognised directly in equity	-	(233.00)
Tax expense during the year recognised in profit or loss	147.40	235.19
Tax (income) during the year recognised in OCI	4.50	(3.66)
Closing balance	847.12	695.22

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

18 REVENUE FROM OPERATIONS

Particulars	March 31, 2022	March 31, 2021
Revenue from contracts with customers (At a point in time)		
Sale of goods	90,126.95	71,995.11
Total revenue from contracts with customers	90,126.95	71,995.11
Other operating revenue		
Scrap sales	220.32	157.26
Amortisation of deferred revenue (also refer note 3, 15 and 34)	250.21	180.10
Total other operating revenue	470.53	337.36
Total revenue from operations	90,597.48	72,332.47

Disclosure pursuant to Ind AS 115: Revenue from contract with customers

A Disaggregated revenue

(i) Revenue by geographical market

Particulars	March 31, 2022	March 31, 2021
Within India	90,399.96	72,145.11
Outside India	197.52	187.36
	90,597.48	72,332.47

B Contract balances

Particulars	March 31, 2022	March 31, 2021
Advance from customers (note 15)	256.84	268.28
Trade receivables (note 7)	17,165.25	12,119.16

C Revenue recognised in the reporting period that was included in the contract liabilities balance at the beginning of the year:

Particulars	March 31, 2022	March 31, 2021
Advance from customers (note 15)	268.28	186.75

Notes to the Financial Statements for the year ended March 31, 2022

(All amounts in rupees lakhs, unless otherwise stated)

18 REVENUE FROM OPERATIONS (CONTD.)

D Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

Particulars	March 31, 2022	March 31, 2021
Gross revenue (Invoicing as per contracted price)	102,710.48	81,349.69
- Discounts and rebates	(12,885.61)	(9,141.38)
- Changes in revenue due to performance obligations (net)	302.08	(213.20)
Net revenue from contract with customers	90,126.95	71,995.11

19 OTHER INCOME

Particulars	March 31, 2022	March 31, 2021
Other non-operating income:		
Interest income on bank deposits	606.00	158.33
Fair value gain on financial instruments at fair value through profit or loss	443.92	165.90
Foreign exchange differences (net)	20.66	15.41
Miscellaneous income	18.74	19.73
Total other income	1,089.32	359.37

20 COST OF RAW MATERIALS AND COMPONENTS CONSUMED

Particulars	March 31, 2022	March 31, 2021
Inventory at the beginning of the year	3,846.15	2,581.56
Add: purchases	51,730.90	37,659.27
	55,577.05	40,240.83
Less: inventory at the end of the year	4,688.89	3,846.15
Total cost of raw materials and components consumed	50,888.16	36,394.68

21 (INCREASE) IN INVENTORIES OF FINISHED GOODS AND TRADED GOODS

Particulars	March 31, 2022	March 31, 2021
Inventory at the end of the year		
Finished goods	6,722.75	5,247.35
Traded goods	360.29	373.97
	7,083.04	5,621.32
Inventory at the beginning of the year		
Finished goods	5,247.35	4,830.35
Traded goods	373.97	264.51
	5,621.32	5,094.86
(Increase) in inventories of finished goods and traded goods	(1,461.72)	(526.46)

22 EMPLOYEE BENEFITS EXPENSE

Particulars	March 31, 2022	March 31, 2021
Salaries, wages and bonus	5,144.60	4,559.77
Employee stock option expenses (refer note 11 & 29)	218.71	42.08
Contribution to provident and other funds	167.10	133.29
Gratuity expenses (refer note 27)	25.37	24.55
Staff welfare expenses	77.13	71.59
Total employee benefits expense	5,632.91	4,831.28

Notes to the Financial Statements for the year ended March 31, 2022

(All amounts in rupees lakhs, unless otherwise stated)

23 FINANCE COSTS

Particulars	March 31, 2022	March 31, 2021
Interest expenses	10.55	303.99
Unwinding of financial liabilities (refer note 16 & 35)	122.49	77.32
Total finance costs	133.04	381.31

24 DEPRECIATION AND AMORTIZATION EXPENSE

Particulars	March 31, 2022	March 31, 2021
Depreciation of property, plant and equipment (refer note 3.1)	2,656.21	2,065.04
Depreciation of Right-of-use assets (refer note 3.2)	461.15	365.31
Amortization of intangible assets (refer note 3.3)	7.72	8.60
Total depreciation and amortization expense	3,125.08	2,438.95

25 OTHER EXPENSES

Particulars	March 31, 2022	March 31, 2021
Consumption of stores and spares	163.29	148.79
Contract labour charges	536.26	510.83
Power and fuel	386.11	342.08
Freight and forwarding charges	8,050.71	7,185.64
Lease rent (refer note 35)	-	26.01
Rates and taxes	88.76	63.22
Repairs and maintenance		
- Plant and machinery	150.20	133.08
- Others	187.41	120.26
Advertisement and sales promotion	8,806.31	7,706.04
Travelling and conveyance	749.73	609.50
Communication expense	36.89	35.30
Legal and professional charges	195.64	132.63
Payment to auditors		
- Audit fees	28.50	27.00
- Limited review	12.00	1.50
- Others*	-	-
- Out of pocket expenses	0.49	0.40
Provision for impairment of financial assets	26.15	70.07
Loss on disposal of property, plant and equipment (net)	5.63	2.90
CSR expenditure (refer note A)	125.87	63.79
Miscellaneous expenses (including directors sitting fees and commission Rs. 22.00 lakhs (March 31, 2021: Rs. 34.00 lakhs))	463.79	418.84
Total other expenses	20,013.74	17,597.88

*During the previous year, an amount of Rs. 170 lakhs (excluding OPE) was incurred on account of fresh issue of equity shares and accordingly applied against securities premium as stated in note 11 of financial statements.

Notes to the Financial Statements for the year ended March 31, 2022

(All amounts in rupees lakhs, unless otherwise stated)

25 OTHER EXPENSES (CONTD.)

A. Details of CSR expenditure

Particulars	March 31, 2022	March 31, 2021
a) Gross amount required to be spent by the Company during the year	125.25	63.45
b) Amount approved by the Board to be spent during the year	125.25	63.45

1. Amount spent during the year ended on March 31, 2022:

Particulars	In cash	Yet to be paid	Total
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	125.87	-	125.87

2. Amount spent during the year ended on March 31, 2021:

Particulars	In cash	Yet to be paid	Total
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	63.79	-	63.79

3. Details related to spent / unspent obligations:

Particulars	March 31, 2022	March 31, 2021
i) Contribution to Public Trust	-	-
ii) Contribution to Charitable Trust	125.87	63.79
iii) Unspent amount in relation to:		
- Ongoing project	-	-
- Other than ongoing project	-	-

4. Details of amount spent

Particulars	Opening balance	Amount required to be spent during the year	Amount spent during the year	Closing balance
i) for the year ended March 31, 2021	-	63.79	63.79	-
ii) for the year ended March 31, 2022	-	125.87	125.87	-

26 EARNINGS PER SHARE

The following table reflects the income and earnings per share data used in the basic and diluted EPS computation:

Particulars	March 31, 2022	March 31, 2021
Profit after tax attributable to the equity holders (Rs. in lakhs) (a)	8,404.80	7,085.01
Weighted average number of shares considered for calculating basic EPS (b)	47,568,997	45,549,538
Weighted average number of shares considered for calculating diluted EPS (c)	47,685,247	45,598,038
Nominal value of shares (Rs.)	10.00	10.00
Basic earnings per share (Rs.) (d) = (a)/(b)	17.67	15.55
Diluted earnings per share (Rs.) (e) = (a)/(c)	17.63	15.54

Notes to the Financial Statements for the year ended March 31, 2022

(All amounts in rupees lakhs, unless otherwise stated)

26 EARNINGS PER SHARE

Computation of weighted average number of shares

Particulars	March 31, 2022	March 31, 2021
Calculation of weighted number of shares of Rs. 10 each		
Number of shares outstanding as at April 01	4,75,68,997	4,51,00,250
Number of shares outstanding for 62 days	-	20,13,422
Number of shares outstanding for 86 days	-	4,55,325
Weighted average number of shares considered for calculation of Basic EPS	4,75,68,997	4,55,49,538
Effect of dilution:		
Stock options granted under ESOP (refer note 29)	1,16,250	48,500
Total considered for calculating Diluted EPS	4,76,85,247	4,55,98,038

27 GRATUITY

Gratuity plan

The Company operates a defined benefit gratuity plan for its employees. Under the gratuity plan, every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. For certain class of employees, the gratuity will be paid at 30 days salary (last drawn salary) for each completed year of service post their completion of 20 years of employment. The plan is funded with LIC by the Company.

The liability or asset recognised in the balance sheet in respect of defined benefit 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 cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

The following tables summarise the components of net benefit expense recognised in the Statement of profit and loss, the funded status and amounts recognised in balance sheet for the plan.

Net employee benefit expense on account of gratuity recognised in employee benefits expense

Particulars	March 31, 2022	March 31, 2021
Current service cost	27.44	25.69
Past service cost	-	-
Net interest (income)	(2.07)	(1.14)
Net benefit expense recognised in the Statement of profit and loss	25.37	24.55

Amount recognised in the statement of other comprehensive income

Particulars	March 31, 2022	March 31, 2021
Actuarial (gains) / losses arising from changes in financial assumptions	(11.45)	1.15
Actuarial (gains) arising from changes in experience assumptions	(7.05)	(9.16)
Actuarial (gains) / losses arising from changes in demographic assumptions	-	-
Return on plan assets excluding amounts included in interest loss	0.64	22.54
Total re-measurement costs for the year recognised in other comprehensive income	(17.86)	14.53

Changes in the present value of the defined benefit obligation are as follows :

Particulars	March 31, 2022	March 31, 2021
Opening defined benefit obligation	197.45	171.48
Current service cost	27.44	25.69
Interest cost	12.78	11.29
Benefits paid	(14.44)	(3.00)
Re-measurement loss in other comprehensive income	(18.50)	(8.01)
Closing defined benefit obligation	204.73	197.45

Notes to the Financial Statements

for the year ended March 31, 2022

(All amounts in rupees lakhs, unless otherwise stated)

Changes in the fair value of plan assets are as follows :

Particulars	March 31, 2022	March 31, 2021
Fair value of plan assets at the beginning of the year	214.20	175.81
Interest income	14.85	12.43
Contributions by employer	27.84	50.21
Benefits paid	(14.44)	(1.71)
Return on plan assets, excluding amount recognized in interest losses	(0.64)	(22.54)
Fair value of plan assets at the end of the year	241.81	214.20

Net benefit (asset)

Particulars	March 31, 2022	March 31, 2021
Present value of defined benefit obligation at the end of the year	204.73	197.45
Less: Fair value of plan assets at the end of the year	241.81	214.20
Net benefit (asset)	(37.08)	(16.75)

The major categories of plan assets of the fair value of the total plan assets are as follows:

Particulars	March 31, 2022	March 31, 2021
Nature of plan assets		
Investments with insurer	100%	100%

The overall expected rate of return on plan assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Changes in the fair value of plan assets are as follows :

Particulars	March 31, 2022	March 31, 2021
Discount rate	7.25%	6.80%
Salary growth rate	5.00%	5.00%
Normal age of retirement	60 years	60 years
Withdrawal rate	3% at younger ages reducing to 1% at older ages	3% at younger ages reducing to 1% at older ages
Mortality table	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)

A quantitative sensitivity analysis for significant assumption as at March 31, 2022 and March 31, 2021 is as shown below:

Assumptions	March 31, 2022		March 31, 2021	
	Increase by 50 basis points	Decrease by 50 basis points	Increase by 50 basis points	Decrease by 50 basis points
Discount rate	(11.66)	12.78	(11.05)	12.12
Salary growth rate	12.99	(11.96)	12.27	(11.28)
	Increase by 100 basis points	Decrease by 100 basis points	Increase by 100 basis points	Decrease by 100 basis points
Withdrawal Rate	0.96	(0.99)	0.65	(0.67)

Notes to the Financial Statements

(All amounts in rupees lakhs, unless otherwise stated)

The above sensitivity analysis is based on a change in 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 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 methods and types of assumptions used in preparing the sensitivity analysis didn't change compared to the previous periods.

The following are the expected cashflows to the defined benefit plan in future years:

Particulars	March 31, 2022	March 31, 2021
Within next 12 months	20.82	19.14
Between 1 to 5 years	34.80	41.01
Between 5 to 10 years	62.40	55.08

The average duration of the defined benefit plan obligation at the end of the year is 13.22 years (March 31, 2021: 13.14 years)

28 RELATED PARTY TRANSACTIONS

A Names of related parties and related party relationship

Halogen Chemicals Private Limited- India	Associate Company
Key managerial person (KMP)	
Hemant Jalan	Chairman & Managing Director
Anita Jalan	Director
Kottiedath Venugopal Narayanankutty	Director
Chetan Humane	Chief financial officer
Sujoy Bose	Company Secretary & Compliance Officer
Sunil Badriprasad Goyal	Independent Director
Praveen Kumar Ramniranjan Tripathi	Independent Director
Ravi Nigam	Independent Director
Nupur Garg	Independent Director
Payal Jalan Charitable Trust	Entity controlled by KMP
Vinay Menon	Relative of KMP
Shashi Bhagat	Relative of KMP

B Related party transactions and balances

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
a. Transactions during the year#		
(i) Remuneration paid		
Salary allowances and bonus*		
Hemant Jalan	144.00	135.00
Anita Jalan	6.00	6.00
Kottiedath Venugopal Narayanankutty	96.00	91.50
Vinay Menon	26.73	24.46
Chetan Humane	37.34	32.93
Sujoy Bose	9.48	7.22

Notes to the Financial Statements for the year ended March 31, 2022

(All amounts in rupees lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
(ii) CSR expenditure		
Payal Jalan Charitable Trust	60.87	63.79
(iii) Directors sitting fees & commission		
Sunil Badriprasad Goyal	4.00	7.00
Praveen Kumar Ramniranjan Tripathi	4.00	7.00
Ravi Nigam	4.00	7.00
Nupur Garg	10.00	13.00

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
b. Closing balance#		
Remuneration payable		
Hemant Jalan	9.61	3.00
Anita Jalan	0.49	0.49
Kottiedath Venugopal Narayanankutty	5.80	5.00
Vinay Menon	1.92	1.49
Chetan Humane	1.94	1.61
Sujoy Bose	0.65	0.51

* The remuneration does not include gratuity and leave encashment since the same is calculated for all the employees of the Company as a whole. Further, the amount excludes employee stock option perquisites

#The transactions of previous year do not include IPO related expenses and its recoverable balances, incurred on behalf of related parties as selling shareholders in Offer for Sale. Refer note 10.1 of the financial statements for details IPO expenses incurred by the company and allocated to selling shareholders.

Terms and conditions of related party transactions and balances

The transactions with related parties are assessed to be at arm's length transactions by the management. Outstanding balances at the end of the year are unsecured and interest free and settlement occurs in cash.

Majority of the transactions with related parties includes managerial remuneration which is determined based on market conditions and is subject to approval from the Nomination and Remuneration Committee of the Company.

Notes to the Financial Statements for the year ended March 31, 2022

(All amounts in rupees lakhs, unless otherwise stated)

29 EMPLOYEE STOCK OPTION SCHEME (ADJUSTED FOR ISSUE OF BONUS SHARES)

i. The Company has provided following share-based payment schemes to its employees:

Particulars	Employee stock option scheme 2014##	Employee stock option scheme 2014##	Employee stock option scheme 2014##	Employee stock option scheme 2014##	Employee stock option scheme 2019	Employee stock option scheme 2019	Employee stock option scheme 2019
Date of grant	December 07, 2014	December 14, 2015 & March 07, 2016	December 05, 2016	December 05, 2017	June 04, 2019	July 07, 2020	October 29, 2021
Date of board approval	December 07, 2014	November 30, 2015 & February 24, 2016	December 05, 2016	December 05, 2017	April 29, 2019	July 07, 2020	October 29, 2021
Date of shareholder's approval	December 06, 2014	December 06, 2014	December 06, 2014	December 06, 2014	March 28, 2019	March 28, 2019	March 28, 2019
Number of options granted	461,500	303,875	102,375	39,000	27,750	21,250	70,750
Method of settlement				Equity settled			
Original vesting period	3 year 6 months	4 years	4 years	4 years	5 years	5 years	5 years
Revised vesting period#	1 year 4 months	1 year 4 months	1 year 4 months	1 year 4 months	4 years	4 years	4 years
Fair value of shares on date of grant	Rs. 66.15	Rs. 106.15	Rs. 106.15	Rs. 106.15	Rs. 242.98	Rs. 612.96	Rs. 2390.59
Vesting conditions*	Vesting based on continued association with the Company						

#During the previous year, based on the powers of the board of directors, the board had reduced the vesting period for Employee stock option scheme 2019 from 5 years to 4 years

*policy doesn't mention the exercise period and expected life of the options.

The scheme does not have any options outstanding as it has been closed vide board approval dated May 14, 2021.

ii. The details of activities under the scheme have been summarized below:

Particulars	March 31, 2022		March 31, 2021	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	48,500	10.00	483,075	85.16
Granted during the year	70,750	10.00	21,250	10.00
Forfeited during the year	(3,000)	10.00	(500)	10.00
Exercised during the year	-	-	(455,325)	89.74
Outstanding at the end of the year	116,250	10.00	48,500	10.00
Exercisable at the end of the year	-	-	-	-

The weighted average remaining contractual life for the stock options outstanding as at March 31, 2022 is 2.81 years (March 31, 2021: 2.65 years).

Notes to the Financial Statements for the year ended March 31, 2022

(All amounts in rupees lakhs, unless otherwise stated)

29 EMPLOYEE STOCK OPTION SCHEME (ADJUSTED FOR ISSUE OF BONUS SHARES) (CONTD.)

iii. The details of stock options exercised during the year:

Particulars	March 31, 2022	March 31, 2021
Number of options exercised during the year	-	455,325
Weighted average share price (Rs.)	-	89.74

iv. The details of exercise price for stock options outstanding at the end of the year are:

Particulars	March 31, 2022	March 31, 2021
Number of options outstanding	116,250	48,500
Exercise price (Rs.)	Rs. 10	Rs. 10
Weighted average remaining contractual life of options (in years)	2.81 yrs	2.65 yrs

v. Stock options granted:

The weighted average fair value of stock options granted during the period was Rs. 1,574.59 (March 31, 2021: Rs. 605.96).

Particulars	March 31, 2022	March 31, 2021
Weighted average share price (Rs.)	1,577.47	612.96
Exercise Price (Rs.)	Rs 10	Rs 10
Expected volatility (%)	33.00%	30.00%
Expected life of the options granted (in years)	4 years	4 years
Average risk-free interest rate (%)	5.00%	5.10%
Dividend yield	1.26%	0.00%

The expected life of the share options is based on the historical data and current expectations and is not necessarily indicative of exercise pattern that may occur. The expected volatility reflects the assumptions that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

vi. Effect of the employee share-based payment plans on the Statement of profit and loss and on its financial position

Compensation expense arising from equity-settled employee share based payment plans for the year ended March 31, 2022 amounted to Rs. 218.71 lakhs (March 31, 2021: Rs. 42.08 lakhs). The liability for employee stock options outstanding as at March 31, 2022 is Rs. 271.58 lakhs (March 31, 2021: Rs. 52.87 lakhs).

30 CAPITAL AND OTHER COMMITMENTS

- The estimated amounts of contract remaining to be executed on capital account and not provided for are Rs. 12,351.31 lakhs (net of advances: Rs. 4,161.96 lakhs) [March 31, 2021: Rs. 454.32 lakhs (net of advances: Rs. 34.41 lakhs)]
- The Company has guaranteed purchase of certain quantities of tinting machine and gyro shakers. In the event the Company is not able to make the purchases, it will be liable to compensate the manufacturer with a fee equivalent to the manufacturer's price towards inventory of components including the customized front panel TAB, keyboard, mouse and USB hub with cabling.
- Bank guarantee issued to stock exchange is Rs. Nil (March 31, 2021: Rs. 870.16 lakhs).
- For commitments relating to lease arrangements, refer note 35.

Notes to the Financial Statements for the year ended March 31, 2022

(All amounts in rupees lakhs, unless otherwise stated)

31 CONTINGENT LIABILITIES

Particulars	March 31, 2022	March 31, 2021
Sales tax - C forms	2.67	3.05
Value added tax	1,727.80	1,787.62
Income tax matters	28.19	28.19
Excise and service tax related matters	5.72	5.72
Building tax	22.75	22.75
Total*	1,787.13	1,847.33

The management based on its assessment, believe that the outcome of these contingencies will be favourable, but not probable, and accordingly no provision for liability has been recognized in the financial statements.

*excludes interest and penalty thereon.

32 DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MSMED ACT, 2006

Particulars	March 31, 2022	March 31, 2021
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount due to micro and small enterprises	4,469.55	5,039.65
- Interest due on above	10.50	14.43
The amount of interest paid by the buyer in terms of section 16, of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	32.79	22.29
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	-	-

Based on the balance confirmations received by the Company, there are no interest for delayed payment of micro and small enterprises.

33 SEGMENT REPORTING

The Board of Directors of the Company performs the function of allotment of resources and assessment of performance of the Company. Considering the level of activities performed, frequency of their meetings and level of finality of their decisions, the Company has identified that Chief Operating Decision Maker function is being performed by the Managing Director. The financial information presented to the Board in the context of results and for the purposes of approving the annual operating plan is on a consolidated basis for various products of the Company. As the Company's business activity falls within a single business segment viz. 'Paints' and the sales substantially being in the domestic market, the financial statement are reflective of the information required by Ind AS 108 "Operating Segments".

The revenue from operations from products and services has not been disclosed as adjustments for discounts and rebates /performance obligation adjustments cannot be allocated at product category level.

Notes to the Financial Statements

for the year ended March 31, 2022

(All amounts in rupees lakhs, unless otherwise stated)

34 OPERATING LEASES

Operating lease - Company as lessor

The Company has given tinting machine and gyro shakers on operating lease to its dealers. The Company enters into 5 years cancellable lease agreements. The minimum aggregate lease payments to be received in future is considered as Rs. Nil. Accordingly, the disclosure of minimum lease payments receivable at the Balance sheet date is not made. The amount received from the dealers in nature of non-refundable deposits (representing lease income received in advance) is deferred and amortised over the period of lease.

35 LEASES

A Company as a lessee

The Company has lease contracts mainly for land and buildings (godowns and depots) used for factory operations, depots and storage of goods. Leases of such depots /godowns generally have lease terms between 3 and 6 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets. The Company also has certain leases of depots with lease terms of 12 months or less and leases of low value

For details on Right to use assets, refer note 3.2

The carrying amounts of lease liabilities and the movements during the year:

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
At the beginning of the year	874.71	626.09
Additions	837.13	642.02
Accretion of interest	99.35	64.79
Disposals/ Cancellations	(64.69)	(47.08)
Payments	(502.86)	(411.11)
At the end of the year	1,243.64	874.71
Current	469.54	325.13
Non-current	774.10	549.58

Non-cash investing transaction

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Additions to lease liabilities and right-of-use assets	837.13	642.02
Disposals/ Cancellations	(64.69)	(47.08)
Interest accrued on lease liabilities	99.35	64.79

The maturity analysis of lease liabilities are disclosed in Note 38.

The effective interest rate for lease liabilities is 10%, with maturity between 2022-2027.

The following are the amounts recognised in profit or loss:

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Depreciation expense of right-of-use assets	461.15	365.31
Interest expense on lease liabilities	99.35	64.79
Expense relating to short-term leases (included in other expenses)	-	26.01
Total amount recognised in Statement of profit and loss	560.50	456.11

Notes to the Financial Statements for the year ended March 31, 2022

(All amounts in rupees lakhs, unless otherwise stated)

35 LEASES (CONTD.)

The Company had total cash outflows for leases of Rs. 502.86 lakhs in March 31, 2022 (Rs 411.11 lakhs in March 31, 2021). The Company also had non-cash additions to right-of-use assets and lease liabilities of Rs. 837.13 lakhs in March 31, 2022 (Rs. 642.02 lakhs in March 31, 2021). The future cash outflows relating to leases are disclosed in Note 38.

The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

36 FAIR VALUE MEASUREMENTS

i) Category of financial instruments and valuation techniques

Breakup of financial assets carried at amortised cost

Particulars	March 31, 2022	March 31, 2021
Trade receivables (refer note 7)	17,165.25	12,119.16
Cash and cash equivalent (refer note 8.1)	3,553.27	4,479.89
Bank balances other than Cash and cash equivalents (refer note 8.2)	6,408.85	21,351.16
Other financial assets (refer note 5)	164.23	2,688.75
Total	27,291.60	40,638.96

Note:

The management has assessed that the carrying amounts of the above financial instruments approximate their fair values.

Breakup of financial assets carried at fair value through profit and loss

Particulars	Carrying value		Fair value	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Investments	17,309.54	4,967.93	17,309.54	4,967.93
Total	17,309.54	4,967.93	17,309.54	4,967.93

Breakup of financial liabilities carried at amortised cost

Particulars	March 31, 2022	March 31, 2021
Borrowings (refer note 12)	-	3.28
Trade payables (refer note 13)	20,141.02	18,557.11
Other financial liabilities (refer note 14)	672.54	1,520.96
Total	20,813.56	20,081.35

Note:

The management has assessed that the carrying amounts of the above financial instruments approximate their fair values.

Notes to the Financial Statements for the year ended March 31, 2022

(All amounts in rupees lakhs, unless otherwise stated)

36 FAIR VALUE MEASUREMENTS (CONTD.)

ii) Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Quantitative disclosures of fair value measurement hierarchy as at March 31, 2022 and March 31, 2021 respectively.

Particulars	Fair value measurement using				
	Date of valuation	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	Total
		Level 1	Level 2	Level 3	
Financial assets measures at fair value					
Investments (refer note 4)	March 31, 2022	17,309.54	-	-	17,309.54
	March 31, 2021	4,967.93	-	-	4,967.93
Total					

There has been no transfer among Level 1, Level 2 and Level 3 during the year.

37 CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value. The Company's capital management objectives are to maintain equity including all reserves to protect economic viability and to finance any growth opportunities that may be available in future so as to maximise shareholders' value. The management and the board of directors monitors the return on capital as well as the level of dividends to the shareholders. The Company manages its capital structure and makes adjustments in light of changes in economic conditions.

Particulars	March 31, 2022	March 31, 2021
Debt (A)	-	3.28
Equity (B)	64,985.84	56,348.97
Debt / Equity ratio (A/B)	-	0.00

38 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise lease liabilities and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company also holds FVTPL investments.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management ensures that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include deposits and FVTPL investments.

Notes to the Financial Statements for the year ended March 31, 2022

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38 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

The Company has negligible direct exposure to foreign currency risk.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to the interest rate risk as there is no long-term debt obligations.

(b) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including investments, deposits with banks and financial institutions and other financial instruments.

(i) Trade receivables

Customer credit risk is managed by the Company's established policies, procedures and controls relating to customer credit risk management. Credit quality of a customer is assessed based on an individual credit limits and are defined in accordance with management's assessment of the customer. Outstanding customer receivables are regularly monitored. The concentration of credit risk is limited due to the fact that the customer base is large. There is no customer representing more than 5% of the total balance of trade receivables.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The Company uses ageing buckets and provision matrix for the purpose of computation of expected credit loss. The provision rates are based on past trend of recoverability. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The Company does not hold collateral as security.

(ii) Financial instruments and bank deposits

Credit risk from balances with banks, mutual funds is managed by the management in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties based on limits defined by the management. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments. The Company's maximum exposure to credit risk for financial instruments (mutual funds), bank balances and deposits as at March 31, 2022 and March 31, 2021 is the carrying amounts as mentioned in note 4 and 8.

(c) Price risk

The Company invests its surplus funds in mutual funds which are linked to equity/debt markets. The Company is exposed to price risk for investments that are classified as fair value through profit and loss. To manage its price risk arising from investments in mutual funds, the Company diversifies its portfolio. Diversification and investment in the portfolio is done in accordance with Company's investment policy approved by the Board of Directors.

(d) Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulty in meeting its present and future obligations associated with financial liabilities that are required to be settled by delivering cash or another financial asset. The Company closely monitors its liquidity position and deploys a robust cash management system. It aims to minimise these risks by generating sufficient cash flows from its current operations, which in addition to the available cash and cash equivalents, will provide liquidity. The liquidity risk is managed on the basis of expected maturity dates of the financial liabilities. The carrying amounts are assumed to be reasonable approximation of fair value.

Notes to the Financial Statements

for the year ended March 31, 2022

(All amounts in rupees lakhs, unless otherwise stated)

38 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Particulars	On demand	Next 12 months	1 to 5 years	> 5 years	Total
March 31, 2022					
Borrowings (including current maturities of long-term debt)	-	-	-	-	-
Lease Liabilities	-	549.35	871.64	-	1,420.99
Trade payables	-	20,141.02	-	-	20,141.02
Other financial liabilities	-	672.54	-	-	672.54
	-	21,362.91	871.64	-	22,234.55
March 31, 2021					
Borrowings (including current maturities of long-term debt)	-	3.28	-	-	3.28
Lease Liabilities	-	396.35	636.71	6.51	1,039.57
Trade payables	-	18,557.11	-	-	18,557.11
Other financial liabilities	-	1,520.96	-	-	1,520.96
	-	20,477.70	636.71	6.51	21,120.92

39 RATIOS ANALYSIS AND ITS ELEMENTS

Particulars	Numerator	Denominator	March 31, 2022	March 31, 2021	% change	Reason for variance
Current ratio	Current Assets	Current Liabilities	2.34	2.37	(1.27%)	-
Debt- Equity Ratio	Total Debt	Shareholder's Equity	-	0.00	0.00%	-
Debt Service Coverage ratio	Earnings for debt service ¹	Debt service ²	18.26	1.71	968.53%	Company has repaid entire borrowings out of its IPO proceeds. Refer note 10 and 12.
Return on Equity ratio	Net Profits after taxes – Preference Dividend	Average Shareholder's Equity	13.85%	18.63%	(25.64%)	Company has issued fresh equity shares as part of its IPO (refer note 10).
Inventory Turnover ratio	Cost of goods sold	Average Inventory	4.84	4.39	10.09%	-
Trade Receivable Turnover Ratio	Net credit sales = Gross credit sales - sales return	Average Trade Receivable	6.16	6.38	(3.53%)	-
Trade Payable Turnover Ratio	Net credit purchases = Gross credit purchases - purchase return	Average Trade Payables	2.77	2.43	13.95%	-
Net Capital Turnover Ratio	Net sales = Total sales - sales return	Working capital = Current assets – Current liabilities	2.75	2.29	19.78%	-
Net Profit ratio	Net Profit	Net sales = Total sales - sales return	9.28%	9.80%	(5.29%)	-
Return on Capital Employed	Earnings before interest and taxes	Capital Employed ³	18.42%	18.84%	(2.24%)	-
Return on Investment	Interest (Finance Income)	Weighted average investments	3.83%	4.27%	(10.30%)	-

¹Net profit after taxes + Non-cash operating expenses (i.e. Depreciation and amortisation, Finance cost, Loss / (gain) on disposal of PPE)

²Interest & Lease Payments + Principal Repayments

³Tangible Net Worth + Total Debt + Deferred Tax Liability

Notes to the Financial Statements for the year ended March 31, 2022

(All amounts in rupees lakhs, unless otherwise stated)

40 TRANSACTIONS WITH COMPANIES STRUCK OFF:

Name of the struck off companies	Nature of transactions with struck off companies	Amount of transactions with struck off companies	Balance outstanding	Relations with struck off company, if any
Core Leadership Search Consulting Private Limited	Recruitment services	March 31, 2022	8.26	-
		March 31, 2021	3.90	-

41 OTHER STATUTORY INFORMATION:

- (i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- (ii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (iii) The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (iv) The Company have not advanced or loaned or invested funds to any other person or entity, 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.
- (v) The Company have not received any fund from any person or entity, 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.
- (vi) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration No: 324982E/E300003

per Tridev Lal Khandelwal

Partner

Membership number: 501160

Place: Pune

Date: May 20, 2022

For and on behalf of the Board of Directors of Indigo Paints Limited

CIN :L24114PN2000PLC014669

Hemant Jalan

Chairman & Managing Director

DIN: 00080942

Anita Jalan

Director

DIN: 00085411

Sujoy Bose

Company Secretary & Compliance Officer

A - 43755

Place: Pune

Date: May 20, 2022

Chetan Humane

Chief Financial Officer

PAN: ABGPH4376K

**INDIGO**

Be surprised!

Indigo Paints Limited**Registered Office:** Indigo Tower, Street 5, Pallod Farm-2, Baner Road, Pune- 411045, Maharashtra**CIN:** L24114PN2000PLC014669, **Tel:** +91 20 6681 4300**Email:** secretarial@indigopaints.com, **Website:** www.indigopaints.com

Notice of the 22nd Annual General Meeting

NOTICE is hereby given that the Twenty-Second Annual General Meeting (the "AGM") of Indigo Paints Limited (the "Company") will be held on Friday September 02, 2022 at 11.00 hrs (IST) through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

ORDINARY BUSINESS:

1. Adoption of Financial Statements.

To receive, consider and adopt the Standalone Audited Financial Statements of the Company for the financial year ended 31st March, 2022 together with the Reports of the Board of Directors ("the Board") and Auditors thereon.

2. Declaration of dividend on equity shares.

To declare final dividend of ₹ 3.00/- (Rupees Three only) per equity share of the face value ₹ 10/- (Rupees Ten Only) each for the financial year ended 31st March, 2022.

3. Appointment of Mr. Hemant Kamala Jalan as a Director, liable to retire by rotation.

To appoint a Director in place of Mr. Hemant Kamala Jalan (DIN: 00080942), who retires by rotation and being eligible, offers himself for reappointment.

SPECIAL BUSINESS:

4. Payment of commission to Non-Executive Independent Directors of the Company:

To approve payment of Commission to Non-Executive Independent Directors and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT in accordance with the provisions of Sections 149, 197, 198, Schedule V and other applicable provisions, if any, of the Companies Act, 2013, ("the Act") and the rules framed thereunder, including any statutory modification(s) or re-enactment(s) thereof for the time being in force & pursuant to Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and based on the recommendation of Nomination and Remuneration Committee and the Board of Directors, consent of the members of the Company be and is hereby accorded for the payment of commission to the Non-Executive Independent Directors of the Company for the financial year 2022-23 and subsequent years, in such amounts or proportions as the Board of Directors may from time to time

deem fit, which shall not exceed 1% of the net profits of the Company as computed in the manner laid down in Section 198 of the Act.

RESOLVED FURTHER THAT such commission would be in addition to the sitting fees and reimbursement of expenses towards attending the meetings of the Board of Directors and Committees thereof.

RESOLVED FURTHER THAT the Board of Directors and/or the Company Secretary of the Company and/or any person authorized by the Board be and are hereby jointly and severally authorized to do all such acts, deeds, matters and things, including to settle any question, difficulty or doubt that may arise and to finalize and execute all documents and writings as may be necessary and make such filings/ applications with the regulatory authorities including the Registrar of Companies, Maharashtra at Pune to effectively implement this resolution."

5. Re-appointment of Mr. Hemant Kamala Jalan as Managing Director

To consider and, if thought fit to pass with or without modification(s), the following resolution as a Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 196, 197, 198, 203 and any other applicable provisions of the Companies Act, 2013 ("Act") and the rules made there under, as amended from time to time, read with Schedule V to the Act, and Articles of Association of the Company, and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, the consent of the members of the Company be and is hereby accorded to re-appoint Mr. Hemant Jalan as the Managing Director of the Company for a period of 5 Years with effect from 01st March, 2023 to 29th February, 2028, not liable to retire by rotation and upon the terms and conditions set out in the Explanatory Statement annexed to the Notice convening this meeting (including remuneration), with liberty to the Board of Directors of the Company hereinafter referred to as "the Board" (which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary terms and conditions (including remuneration subject to limits prescribed in the Act) of the said appointment in such manner as may be agreed to between the Board and Mr. Hemant Jalan.

RESOLVED FURTHER THAT the Board of Directors and/or the Company Secretary of the Company and/or any person authorized by the Board be and are hereby jointly

and severally authorized to do all such acts, deeds, matters and things, including to settle any question, difficulty or doubt that may arise and to finalize and execute all documents and writings as may be necessary and make such filings/applications with the regulatory authorities including the Registrar of Companies, Maharashtra at Pune to effectively implement this resolution."

6. Amendment in Indigo Paints- Employee Stock Option Scheme, 2019 ("ESOS, 2019")

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the applicable provisions of Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, (including any statutory modification(s) or re-enactment thereof for the time being in force) ("SEBI SBEB Regulations"), Section 62(1) (b) of the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014 and all other applicable provisions of the Companies Act, 2013, and the rules notified thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), provisions contained in the memorandum of association and the articles of association of the Company, the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other rules, regulations and guidelines of any/ various statutory/ regulatory authority(ies) that are or may become applicable (collectively referred herein as the "Applicable Laws") and subject to any approvals, permissions and sanctions of the Nomination and Remuneration Committee and the Board of Directors ("Board") of the Company, the consent of the members of the Company be and is hereby accorded to approve the amendment to the 'Indigo Paints - Employee Stock Option Scheme 2019' (hereinafter referred as the "ESOS-2019" or "Scheme") as detailed in the Explanatory

Statement annexed thereto, apart from a few other changes with a view to ensure better efficacy and administration of the Scheme.

RESOLVED FURTHER THAT the Nomination and Remuneration Committee and the Board be and are hereby authorized on behalf of the Company to make and carry out any modifications, changes, variations, alterations or revisions in the Scheme or to suspend, withdraw or revive the ESOS-2019 Scheme, in accordance with applicable laws prevailing from time to time, as it may deem fit, to give effect to this resolution.

RESOLVED FURTHER THAT the Board of Directors and/ or the Company Secretary of the Company and/ or any person authorized by the Board be and are hereby jointly and severally authorized to do all such acts, deeds, matters and things, including to settle any question, difficulty or doubt that may arise and to finalize and execute all documents and writings as may be necessary and make such filings/applications with the regulatory authorities including the Registrar of Companies, Maharashtra at Pune to effectively implement this resolution."

By order of the Board
 For **Indigo Paints Limited**
 (formerly known as Indigo Paints Private Limited)

Sujoy Sudipta Bose
 Company Secretary & Compliance Officer
 Membership No. A43755

Registered Office:
 Indigo Tower, Street-5, Pallod Farm-2,
 Baner Road Pune -411045

Date: August 05, 2022
 Place: Pune

NOTES:

1. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 ("the Act"), in respect of businesses to be transacted at the Annual General Meeting ("AGM"), as set out under Item No(s). 4 to 7 above and the relevant details of the Directors as mentioned under Item No(s). 3 and 5 above as required by Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") and as required under Secretarial Standard – 2 on General Meetings issued by the Institute of Company Secretaries of India, is annexed hereto.
 2. As you are aware, in view of the situation arising due to Covid-19 global pandemic, the general meetings of the Companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide General Circular No. 2/2022 dated May 5, 2022, Circular No. 19/2021 dated December, 08, 2021, Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020 and Circular SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022 (hereinafter collectively referred to as "the Circulars"). The forthcoming AGM will thus be held through video conferencing (VC) or other audio visual means (OAVM) without the physical presence of members at a common venue. Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
 3. In accordance with the Secretarial Standard-2 on General Meeting issued by the Institute of Company Secretaries of India (ICSI) read with Guidance/Clarification dated April, 15, 2020 issued by ICSI, the proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company which shall be the deemed Venue of the e-AGM.
 4. The Board of Directors have considered and decided to include the Item no. 4 to 6 given above as Special Business in the forthcoming AGM, as they are unavoidable in nature.
 5. In accordance with the MCA Circulars, owing to the difficulties involved in dispatching of physical copies of the financial statements (including Report of Board of Directors, Auditor's report or other documents required to be attached therewith), such statements including the Notice of AGM are being sent in electronic mode to Members whose e-mail address is registered with the Company or the Depository Participant(s).
 6. The Notice of AGM along with Annual Report for the financial year 2021-2022, is available on the website of the Company at www.indigopaints.com/investors, on the website of Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited www.bseindia.com and www.nseindia.com respectively and on the website of Registrar and Transfer Agent (RTA) i.e www.linkintime.co.in
- The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM/EGM) i.e. www.evotingindia.com. The notice of the meeting containing the prescribed particulars has also been published in The Financial Express and Loksatta Newspapers.
7. 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 who may or may not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC, physical attendance of Members has been dispensed with. Further as per the MCA Circulars, the facility for appointment of proxies by the Members will not be available for the e-AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
 8. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section Corporate Shareholders of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
 9. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the members during the AGM. All documents referred to in the Notice will also be available for electronic inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM, i.e. September 02, 2022. Members seeking to inspect such documents can send an email to secretarial@indigopaints.com.
 10. Members whose shareholding is in electronic mode are requested to notify any change in address or bank account details to their respective depository participant(s) (DP). Members whose shareholding is in physical mode are requested to opt for the Electronic Clearing System (ECS) mode to receive dividend on time in line with the Circulars. We urge members to utilize the ECS for receiving dividends.
 11. Members may note that the Board, at its meeting held on May 20, 2022, has recommended a final dividend of ₹ 3 per share. The record date for the purpose of final dividend is August 26, 2022. The register of Members (Book Closure date) will be closed from August 27, 2022 to September 02, 2022 (both days inclusive). The final dividend, once approved by the members in the ensuing AGM, will be paid on or around September 23, 2022 electronically through various online transfer modes to those members who have updated their bank account details. For members who have not updated their bank account details, dividend warrants

- / demand drafts / cheques will be sent to their registered addresses. To avoid delay in receiving dividend, members are requested to update their KYC with their depositories (where shares are held in dematerialized mode) and with the Company's Registrar and Transfer Agent (RTA) (where shares are held in physical mode) to receive dividend directly into their bank account on the payout date
12. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.indigopaints.com/investors. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. www.evotingindia.com.
 13. In continuation of this Ministry's General Circular No. 20/2020, dated 05th May, 2020 and after due examination, it has been decided to allow companies whose AGMs were due to be held in the year 2020, or become due in the year 2021, to conduct their AGMs on or before 31.12.2022, in accordance with the requirements provided in paragraphs 3 and 4 of the General Circular No. 20/2020 as per MCA circular no. 02/2021 dated January 13, 2021.
 14. As the meeting is being conducted through VC/OAVM, a route map is not annexed herewith, in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.
 15. In continuation of this Ministry's General Circular No. 20/2020, dated 05th May, 2020 and after due examination, it has been decided to allow companies whose AGMs were due to be held in the year 2020, or become due in the year 2021, to conduct their AGMs on or before 31.12.2021, in accordance with the requirements provided in paragraphs 3 and 4 of the General Circular No. 20/2020 as per MCA circular no. 02/2021 dated January, 13, 2021.
 16. The Board has appointed Mrs. Ashwini Inamdar or failing her Mr. Atul Mehta, Partners, Mehta and Mehta, Practicing Company Secretaries (ICSI Unique Code: P1996MH007500) to act as the Scrutinizer, to scrutinize the e-voting process (including votes cast by the Members at the Annual General Meeting) in a fair and transparent manner.
 17. The Scrutinizer's decision on the validity of the vote shall be final.
 18. The Scrutinizer after scrutinizing the votes cast by remote e-voting and e-voting during the e-AGM will make a consolidated Scrutinizer's Report and submit the same forthwith not later than 48 hours of conclusion of the e-AGM to the Chairman of the Company or a person authorized by him in writing, who shall countersign the same.
 19. The Results declared along with the consolidated Scrutinizer's Report shall be hosted on the website of the Company i.e. www.indigopaints.com/investors and on the website of Link Intime India Private Limited i.e. www.linkintime.co.in. The results shall simultaneously be communicated to BSE Limited and the National Stock Exchange of India Limited. The result shall also be displayed on the Notice Board at the Registered Office of the Company.
 20. The Resolutions shall be deemed to be passed at the registered office of the Company on the date of the e-AGM, subject to receipt of the requisite number of votes in favour of the Resolutions.
 21. In terms of the Listing Regulations, securities of listed companies can only be transferred in dematerialized form with effect from 1st April 2019. In view of the above, Members are advised to dematerialize shares held by them in physical form.
 22. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their DEMAT accounts. Members holding shares in physical form can submit their PAN details to the Company.
 23. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any Member as soon as possible. Members are also advised to not leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified from time to time.
 24. In case of any queries regarding the Annual Report, the Members may write to secretarial@indigopaints.com to receive an email response.
 25. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the e-AGM through VC/OAVM on its behalf and to vote through remote e-voting or during the e-AGM. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to info@mehta-mehta.com with a copy to umesh.sharma@linkintime.co.in
 26. **e-AGM:** Company has appointed Central Depository Services Limited (CDSL), to provide Video Conferencing facility for the e-AGM and the attendant enablers for conducting of the e-AGM.

27. **Attending e-AGM:** Member will be provided with a facility to attend the e-AGM through video conferencing platform provided by CDSL.

The detailed instructions for participating in e-AGM through Video Conferencing forms part of this Notice of AGM.

28. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

29. The meeting conducted through the VC/AOVM facility shall have a capacity to allow participation by at least 1000 members of the Company on a first-come-first-serve basis. The large shareholders (i.e. shareholders holding 2% or more shareholding), promoters, institutional investors, directors, key managerial personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, auditors, etc. shall be allowed to attend the meeting without any restriction on account of the first-come-first-serve principle.

30. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.

31. Remote e-Voting: Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.

32. The Company has fixed Friday, August 26, 2022 as the cut-off date for identifying the Members who shall be eligible to vote through remote e-voting facility or for participation and voting in the e-AGM. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date shall be entitled to vote on the resolutions through the facility of Remote e-Voting or participate and vote in the e-AGM.

33. The Notice is being sent to all the Members/ Beneficiaries electronically, whose names appear on the Register of Members/Record of Depositories as on Friday, August 05, 2022 in accordance with the provisions of the Companies Act, 2013, read with Rules made thereunder and MCA and SEBI Circulars.

34. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection by the Members by writing an email to the Company at secretarial@indigopaints.com

THE INTRUCTIONS OF SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETINGS ARE AS UNDER:

Step 1 : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

Step 2 : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

- (i) The voting period begins on Tuesday, August 30, 2022 at 09.00 hrs (IST) and ends on Thursday, September 01, 2022 at 17.00 hrs (IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. August 26, 2022 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/

Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

Step 1 : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

(iv) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 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 advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to above said SEBI Circular, Login method for e-Voting and joining virtual meetings for **Individual shareholders holding securities in Demat mode CDSL/NSDL** is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL Depository	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 URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi. 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 i.e. CDSL/NSDL/KARVY/LINKINTIME, 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 https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page or click on https://evoting.cdslindia.com/Evoting/EvotingLogin 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 with NSDL Depository	1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting 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 name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2) If the user is 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.

Type of shareholders	Login Method
Individual Shareholders (holding securities in demat mode) login through their Depository Participants (DP)	You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you 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 name and you will be redirected to e-Voting service provider website 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. CDSL and NSDL

Type of shareholders	Login Method
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
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

Step 2 : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

- (v) Login method for e-Voting and joining virtual meetings for Physical shareholders and shareholders other than individual holding in Demat form.
- 1) The shareholders should log on to the e-voting website www.evotingindia.com.
 - 2) Click on "Shareholders" module.
 - 3) Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
 - 4) Next enter the Image Verification as displayed and Click on Login.
 - 5) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.

6) If you are a first-time user follow the steps given below:

	For Physical shareholders and other than individual shareholders holding shares in Demat.
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field.

- (vi) After entering these details appropriately, click on "SUBMIT" tab.
- (vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (ix) Click on the EVSN for Indigo Paints Limited on which you choose to vote.
- (x) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xii) After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvi) There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.
- (xvii) Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login will be mapped automatically & can be delink in case of any wrong mapping.
 - It is Mandatory that, a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
 - Alternatively Non Individual shareholders are required mandatory to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; secretarial@indigopaints.com, if they have voted from individual tab & not uploaded

same in the CDSL e-voting system for the scrutinizer to verify the same.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM/EGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:

1. The procedure for attending meeting & e-Voting on the day of the AGM/ EGM is same as the instructions mentioned above for e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM/EGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. 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.
7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 14 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). These queries will be replied to by the company suitably by email.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. Only those shareholders, who are present in the AGM/EGM 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 available during the EGM/AGM.

10. If any Votes are cast by the shareholders through the e-voting available during the EGM/AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders may be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES.

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company/RTA email id.
2. For Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP)
3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at toll free no. 1 800 22 55 33

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call toll free no. 1800 22 55 33.

By order of the Board
For **Indigo Paints Limited**
(formerly known as Indigo Paints Private Limited)

Sujoy Sudipta Bose
Company Secretary & Compliance Officer
Membership No. A43755

Registered Office:
Indigo Tower, Street-5, Pallod Farm-2,
Baner Road Pune -411045

Date: August 05, 2022
Place: Pune

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 ("THE ACT")

Item No. 4: Payment of commission to Non-Executive Independent Directors of the Company

The Nomination and Remuneration Committee and Board of Directors in its meeting held on 19th May, 2022 and 20th May, 2022 respectively had approved the payment of Commission not exceeding one percent of the net profit of the Company to the Non-Executive Independent Directors of the Company with effect from 1st April, 2022.

In pursuance to Section 197, 198 and other relevant provisions of the Companies Act, 2013, and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors shall recommend all fees or compensation, if any, paid to non-executive Directors, including Independent Directors and shall require approval of shareholders in general meeting.

With the growing scale of the business of the Company, the role of the Non-Executive Independent Directors is of much importance to the Company. In view of the valuable contribution made by them towards overall engagement and their future responsibilities with the Company on various policies, strategic and governance related issues, it is proposed to pay Commission to them.

It is proposed to seek approval of the members of the Company under Section 197 of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for payment of commission at the rate not exceeding one percent on the net profit of the Company computed in accordance with Section 198 of Companies Act, 2013. This remuneration will be distributed as per the decision taken by the Board from time to time. The above payment of Commission shall be over and above the sitting fees and reimbursement of expenses paid to the Directors for attending the meeting of the Board/Committee thereof. Accordingly, consent of the members is sought for passing an special resolution as set out at Item No. 4 of the Notice for payment of commission to Non-Executive Directors of the Company.

All the Non-Executive Independent Directors of the Company and their relatives are concerned/interested in the resolution set out at Item No. 4 of the Notice. Other than this none of the directors, key managerial personnel or any of their relatives, are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice.

The Board recommends the Resolution at Item No. 4 for approval of the shareholders by way of Special Resolution.

Item No. 5: Re-appointment of Mr. Hemant Kamala Jalan as Managing Director

Your Company had appointed Mr. Hemant Kamala Jalan as the Managing Director of the Company for a period of five years with effect from 07th March 2018. The Members had subsequently approved the said appointment and terms of his remuneration.

Mr. Hemant Kamala Jalan, aged 65 years is the Managing Director of the Company having over 20 years of experience in the paint industry. He has completed his M.Sc from Stanford University and M.B.A. from University of Chicago.

His current term of appointment as the Managing Director of the Company will expire on 06th March, 2023. Considering his knowledge of various aspects relating to the Company's affairs and long business experience, the Board of Directors is of the opinion that for the smooth and efficient running of the business, the services of Mr. Hemant Kamala Jalan should be available to the Company for a further period of 5 (Five) years with effect from 01st March, 2023, not liable to retire by rotation.

In terms of the provisions of the Act and the Articles of Association of the Company, the Nomination and Remuneration Committee and the Board of Directors have, at their meetings held on 19th May, 2022 and 05th August, 2022 respectively re-appointed him as Managing Director of the Company for a further period of 5 (Five) years with effect from 1st March 2023.

The main terms and conditions for the re-appointment of Mr. Hemant Kamala Jalan as Managing Director (MD) are as follows:

I. Period

From 01st March, 2023 to 29th February, 2028

II. Remuneration

The current remuneration for Mr. Hemant Kamala Jalan as approved by the Board for FY 2022-23 is ₹ 2,40,00,000/- per annum; The annual increment and other benefits to Mr. Jalan, would be decided by the Board based on the recommendation of the Nomination and Remuneration Committee (hereinafter called the "NRC"), within the maximum amount as prescribed under the Companies Act, 2013.

III. Perquisites and other Allowances

Telephone and Internet Expenses: The Managing Director is entitled for a full reimbursement for his telephone, mobile and internet expenses which he/she might incur.

Medical Expenses: The Managing Director is covered under the Group Health Insurance Policy offered by the Company and is entitled to claim/reimburse his/her medical expenses as per the terms and conditions of such Policy.

Fuel and Entertainment Expenses: The Managing Director is entitled to claim the fuel expenses as incurred by him/her in accordance with the Company Policy. He/she is also entitled to claim the actual entertainment expenses and club membership (up to a maximum of 2) incurred for the business of the Company.

IV. Benefits, Reimbursements and Other Conditions

Car Facility: The Managing Director is entitled to use the Company's Car for his/her use as per the conditions mentioned in the Company's Policy.

Reimbursement of Expenses: The Company shall pay or reimburse to the Managing Director, and he/she shall be entitled to be paid and/or to be reimbursed by the Company all costs, charges and expenses that have been incurred by him/her for the purpose of or on behalf of the Company.

Leave: The Managing Director is entitled for Earned and Casual Leaves in accordance with the rules and regulations as laid down by the Company from time to time.

Sitting Fees: The Managing Director will not be paid any sitting fees for attending the meetings of the Board and Committees thereof.

In accordance with the provisions of Sections 196, 197 & other applicable provisions of the Act, read with Schedule V to the said Act, the proposed appointment and the terms of remuneration payable to Mr. Hemant Kamala Jalan require consent of the members for passing an ordinary resolution as set out at Item No. 5 of the Notice.

The draft agreement to be entered into with the Managing Director is available for inspection by the Members up to the date of AGM. Members who wish to inspect the same can follow the steps as per point number 9 in the notes of the Notice to AGM.

The Board recommends the Resolution at Item No. 5 for approval of the shareholders by way of Ordinary Resolution.

Mr. Hemant Kamala Jalan, Mr. Parag Jalan, Mr. Kamalprasad Jalan and Mrs. Anita Jalan and their relatives are concerned/interested in the resolution set out at Item No. 5 of the Notice. Other than this none of the directors, key managerial personnel or any of their relatives, are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

Item No. 6: Amendment in Indigo Paints- Employee Stock Option Scheme, 2019 ("ESOS, 2019")

The Indigo Paints- Employee Stock Option Scheme, 2019 ("ESOS, 2019") was implemented by the Company with a view to attract, retain and motivate employees of the Company which was duly approved by the Members at their Extra-ordinary General Meeting held on March 28, 2019 and subsequently ratified at the Annual General Meeting held on September 02, 2021.

Based on the recommendations of the Nomination and Remuneration Committee and the Board of Directors at their meeting held on May 19, 2022 and May 20, 2022 respectively approved and recommended the proposed amendments / variations in the ESOS, 2019. As the ESOS, 2019 was implemented couple of years ago, terms of the ESOS, 2019 are sought to be varied/amended, for the benefit of employees and with a view to ensure efficient implementation and administration. The proposed changes would also be applicable to options already granted under ESOS, 2019.

In terms of Section 62 of the Companies Act, 2013 and provisions of Companies (Share Capital and Debenture) Rules, 2014 and given the details of amendments, rationale thereof and beneficiaries of such variation as per Regulation 7(4) of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, the approval of the Members is sought by way of Special Resolution for the approval of the variation to terms of the ESOS, 2019.

The draft of the revised ESOS, 2019 with the proposed amendments is available for inspection by the Members up to the date of AGM. Members who wish to inspect the same can follow the steps as per point number 9 in the notes of the Notice to AGM.

Key Variations in the ESOP Scheme:

Details of the key variations proposed to the ESOS, 2019 are provided below:

Sr. No.	Clause No.	Existing Provisions	Revised Provisions
1	xiii.	Exercise Period shall mean a period of 36 Months after Vesting within which the Employees are entitled to Exercise their rights to apply for Shares against the Vested Options in pursuance of the ESOS 2019 after which the Option would lapse.	Exercise Period shall mean a period of 48 Months after Vesting within which the Employees are entitled to Exercise their rights to apply for Shares against the Vested Options in pursuance of the ESOS 2019 after which the Option would lapse.
2	xxv.	Promoter shall mean Hemant Kamala Jalan, Anita Hemant Jalan, Parag Hemant Jalan, Halogen Chemicals Private Limited, Kamalprasad Tejpal Jalan and Taradevi Jalan.	Promoter shall mean Hemant Kamala Jalan, Anita Hemant Jalan, Parag Hemant Jalan, Halogen Chemicals Private Limited and Kamalprasad Tejpal Jalan.

Sr. No.	Clause No.	Existing Provisions	Revised Provisions
3	xxx.	SEBI SBEB Regulations shall mean the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended.	SEBI SBEB Regulations shall mean the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 as amended.
4	6	Options granted under ESOS 2019 shall vest after a period of 48 Months from the date of grant of such options.	Vesting schedule as below: - At the End of 1st Year from the date of Grant- 10% of the option Granted - At the End of 2nd Year from the date of Grant- 20% of the option Granted - At the End of 3rd Year from the date of Grant- 30% of the option Granted - At the End of 4th Year from the date of Grant- 40% of the option Granted In case the options are vested in fraction/s, such fraction/s amount shall be exercised at the end of the fourth year of vesting

Rationale for the variation of the ESOS, 2019:

- All the above variations/amendments sought are for the benefit of employees and also in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.
- The proposed amendments also contain certain editorial changes.
- The proposed amendments are not detrimental to the interests of the current grantees of the Company.

Details of the employees who are beneficiaries of such variation:

All employees to whom the Options have been granted under the ESOS, 2019.

Further, the Company shall comply with the applicable accounting standards.

Directors, Key Managerial Personnel or employees and their relatives who are/may be granted stock options under ESOS, 2019 are concerned/interested in the resolution set out at Item No. 6 of the Notice to the extent of stock options granted / to be granted pursuant to the ESOS, 2019 and to the extent of their shareholding in the Company, if any. Other than this none of the directors, key managerial personnel or any of their relatives, are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the Notice.

The Board recommends the Special Resolution set out at Item No. 6 of the Notice for approval by the Members.

ANNEXURE A

Details of Director seeking appointment/ re-appointment in the forthcoming Annual General Meeting

(In pursuance of Secretarial Standards on General Meetings [SS-2] and Regulation 36 of the Securities and Exchange Board of India [Listing Obligation and Disclosure Requirements] Regulations, 2015)

Type of shareholders	Login Method
Name of the Director	Mr. Hemant Jalan
Director Identification Number	00080942
Category	Managing Director, Chairperson
Date of Birth	23/08/1957
Age	65 years
Nationality	Indian
Date of First Appointment on the Board	March, 2000
Relationship with Directors and KMPs	Spouse of Mr. Anita Hemant Jalan, Executive Director
Qualifications	M.B.A. from University of Chicago M.Sc from Stanford University
Expertise in specific functional area.	• More than 20 years of Experience in the Paint Industry • Finance and Accounts • General Management and Leadership • Sales and Marketing • Corporate Governance • Business Development
Details of Board Meetings attended by the director during the year	4
Terms and Conditions of Appointment or re-appointment along with remuneration	The terms and conditions of reappointment would be same as per the previous employment/ Managing Director agreement. The remuneration payable would be ₹ 2,40,00,000/- Per Annum (as decided by Nomination and Remuneration Committee and Board) for FY 2022-23 ₹ 1,44,00,000/- Per Annum for FY 2021-22
Remuneration last drawn	
Membership of Committees of Indigo Paints Limited	Chairperson- Corporate Social Responsibility Committee. Member- Audit Committee Stakeholder Relationship Committee Risk Management Committee
List of Directorships held in other Companies (excluding foreign, private and Section 8 Companies)	NIL
Membership/ Chairmanship of Committees across other Public Companies	NIL

Notes

Notes

Notes



Indigo Paints Limited

Street 5, Pallod Farms II, Baner,
Pune – 411 045, Maharashtra
www.indigopaints.com

