

Annexure I

Report on Corporate Governance

1. Company's philosophy on Corporate Governance

Your Company believes that it is imperative to manage its business affairs in a fair and transparent manner. All its actions are guided by ethical principles and values, which not only comply with the applicable legislations but also help to achieve highest standards of performance and behaviour in everything it does.

Your Company takes due care to safeguard the interests of all its stakeholders. All significant issues requiring strategic direction are decided after due examination by the Board with the 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 Board, through its effective supervision ensures that each business unit remains committed to achieving operational excellence while observing the highest ethical standards.

The Company is in compliance with the requirements on corporate governance stipulated under Clause 49 of the Listing Agreements entered into with the Stock Exchanges, as explained below:

2. Board of Directors

Composition

The Board composition is in conformity with the applicable provisions of the Act and the Listing Agreement. The names and categories of the Directors on the Board and the number of Directorships and Committee Memberships held by them in public companies are given alongside.

Name of the Director	Category of Directorship in Akzo Nobel India Limited	Directorship in Public Companies*	Membership/Chairmanship in specified committees (Audit & Stakeholder Relationship)
Mr N Kaviratne CBE	Non-Executive Chairman	2	1
Mr Jayakumar K	Managing Director	1	1
Mr H Agarwal	Wholetime Director	1	1
Mr R Gopalakrishnan	Independent Director	10	3
Mr A Jain	Non-Executive Director	1	1
Mr R S Kapur	Independent Director	1	1
Ms R S Karnad ³	Independent Director	14	5
Dr S Misra	Independent Director	4	2 (including 1 as Chairman)
Mr R Molenaar ¹	Non-Executive Director	1	1
Ms S Govil ²	Alternate Director	1	-
Ms K Narasimhan ⁴	Independent Director	1	1
Mr A Uppal	Independent Director	2	3 (including 1 as Chairman)

Including Akzo Nobel India Limited

¹ Resigned w.e.f. 9 September 2014. Details are as reported upto 8 September 2014.

² Alternate Director to Mr R Molenaar (ceased to be a Director w.e.f. 9 September 2014). Details are as reported upto 8 September 2014.

³ Resigned w.e.f. 9 September 2014. Details are as reported upto 8 September 2014.

⁴ Appointed w.e.f. 30 January 2015

Board Procedures

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

The Board Meetings are governed by a structured Agenda. The Agenda along with supporting material are circulated in advance before each meeting to all the Directors. At each meeting, presentations are made by the Management Team on the Company's plans, performance, operations and any other matters asked by the Chairman/members. All Board members have access to accurate, relevant and timely information to fulfil their responsibilities.

The Board, inter alia, reviews annual operating and capital expenditure plans and budgets, financial statements of business segments, compliance report(s) of all laws applicable to the Company, major legal and tax issues, appointment and remuneration of Directors and any other important matters concerning the Company.

Meetings and attendance

Given below is the consolidated list of meetings of the shareholders, Board and specified committees held during 2014-15 and attendance details of Directors therein:

Meeting details

Name of the meeting	Meeting date
Annual General Meeting (AGM)	11 August 2014
Board	16 May 2014, 11 August 2014, 07 November 2014 and 29 January 2015
Audit Committee	16 May 2014, 11 August 2014, 07 November 2014 and 29 January 2015
Stakeholders Relationship Committee (SRC)	11 February 2015
Nomination and Remuneration Committee(NRC)	11 August 2014, 07 November 2014, 11 December 2014 and 29 January 2015
CSR Committee	05 August 2014, 16 October 2014 and 06 January 2015
Independent Directors Meeting	29 January 2015

Attendance details

	AGM	Board	Audit	SRC	NRC	CSR
No. of Meetings held	1	4	4	1	4	3
Directors						
Mr N Kaviratne CBE	1	4	NA	NA	4	NA
Mr Jayakumar K	1	4	NA	1	NA	2
Mr H Agarwal	1	4	NA	1	NA	3
Mr R Gopalakrishnan	1	4	4	NA	4	NA
Mr A Jain	1	3	3	NA	3	NA
Ms R S Karnad	1	1	1	NA	1	NA
Mr R S Kapur	1	4	4	NA	4	3
Dr S Misra	-	3	3	NA	3	NA
Mr R Molenaar	-	1	1	NA	NA	NA
Ms S Govil	-	-	-	NA	NA	NA
Ms K Narasimhan	NA	NA	NA	NA	NA	NA
Mr A Uppal	-	3	3	1	3	NA

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

All relevant information in terms of the Listing Agreement are shared with the Board through periodic reports, statements and discussions in Board/Committee meetings.

Performance Evaluation of Board members

The Company has set up a formal mechanism to evaluate the performance of all Board members. The Board works with the nomination and remuneration committee to lay down the evaluation criteria for the performance of all the

Directors. For the year 2014-15, the evaluation was done through a peer-evaluation survey coordinated by an external agency. The findings from the evaluation were shared with the Chairman, who in turn held discussions with individual Board members. Individual evaluations were in line with the full board evaluation, with no Board member receiving negative feedback on any aspect.

Remuneration of Directors

While remuneration of Wholetime Directors is recommended by the NR Committee, the remuneration of NEDs is

recommended by the Board. The NEDs, other than Mr A Jain and Mr R Molenaar, were paid sitting fees of ' 20,000 per meeting for attending Board/Committee meetings, where they have been nominated as members, and Commission as approved by the Board/shareholders from time to time. The details of remuneration paid/payable to the Directors for the year 2014-15 are given below:

(* million)

	Total remuneration	Fixed component	Performance linked payments
	a	b	c
	(a = b + c)	Salary, allowances and perquisites	Performance pay
Managing/Wholtime Directors			
Mr Jayakumar K	19.47	15.39	4.08
Mr H Agarwal	13.73	10.85	2.88
Total	33.20	26.24	6.96
Non-Executive Directors			
		Sitting fees	Commission
Mr N Kaviratne CBE	0.96	0.16	0.80
Mr R Gopalakrishnan	1.04	0.24	0.80
Ms R S Karnad (upto 8 September 2014)	0.49	0.06	0.43
Mr R S Kapur	1.10	0.30	0.80
Dr S Misra	0.98	0.18	0.80
Ms K Narasimhan	0.13	-	0.13

Mr A Uppal 1.00 0.20 0.80

Total 5.70 1.14 4.56

Notes:

- Service contracts with the Managing Director and Wholtime Director are terminable by notice. Extracts of such contracts have been communicated to the shareholders as required under law.
- Performance linked payments are made to the Managing Director(s) and Wholtime Director(s) based on pre-agreed parameters and taking into account the recommendations of the NR Committee.

Presentations are made by the business heads and other senior officials of the Company at the Board and Board Committee Meetings on business and performance of the Company, global business environment, business strategy and risks involved. Quarterly updates on relevant statutory changes and judicial pronouncements encompassing important laws, financial results, press releases and annual report are circulated to all the Directors.

Familiarisation programmes for Board members The familiarisation programme for Independent Directors

All the Board members are provided with access to necessary in terms of Clause 49 of the Listing Agreement is available documents/brochures, reports and internal policies to at https://www.akzonobel.com/in/corporate_governance/ enable them to familiarise with the Company's procedures. policies.

Independent Directors

All Independent Directors have confirmed that they do not hold directorship in more than seven listed companies. Your Company has issued formal appointment letters to all the Independent Directors in the manner provided under the Act and Clause 49 of the Listing Agreement. Template of the letter of appointment is available on the website of the Company at https://www.akzonobel.com/in/corporate_governance/ policies.

Directors to be appointed/re-appointed

In terms of the Articles of Association of the Company and relevant provisions of the Act, Mr Amit Jain will be retiring by rotation at the forthcoming Annual General Meeting and is eligible for re-appointment.

Mr R Gopalakrishnan, Ms Renu S Karnad and Mr Arvind Uppal were appointed as Independent Directors of the Company with effect from 12 August 2014. Ms Karnad had subsequently resigned from the Board with effect from 9 September 2014. Ms Kimsuka Narasimhan was appointed as an Independent Director of the Company with effect from 30 January 2015 in the casual vacancy caused by the resignation of Ms Karnad. The aforesaid appointments are subject to approval of the members at the forthcoming Annual General Meeting.

A brief resume of the above directors, as required under clause 49(VIII)(E) of the Listing Agreement, is given in the Notice convening the Annual General Meeting.

3. Audit Committee

Composition

Dr S Misra (Chairman)¹	Independent Director
Mr R Gopalakrishnan	Independent Director
Mr A Jain	Non-Executive Director
Mr R S Kapur	Independent Director
Ms K Narasimhan²	Independent Director
Mr A Uppal	Independent Director

⁽¹⁾ Became the Chairman of the committee w.e.f 07 November 2014

⁽²⁾ Inducted as a member of the committee w.e.f 30

The members of the Committee are eminent professionals with requisite knowledge in financial, accounting and business matters. The Chairman, Managing Director, Wholetime Director, internal and statutory auditors are permanent invitees to the meetings of the Committee. Any other person / executive, when required, also attend the meetings of the Committee. Minutes of the Audit Committee meetings are circulated to all the Board members.

The terms of reference of the Committee are in alignment with the norms specified in Clause 49 of the Listing Agreement and relevant provisions of the Act. For details of meetings of the Committee held during the year and attendance therein, please refer to para 2 above.

The Company Secretary functions as the Secretary to this Committee.

4. Nomination and Remuneration Committee

Composition

Mr R Gopalakrishnan (Chairman)	Independent Director
Mr A Jain	Non-Executive Director
Mr R S Kapur	Independent Director
Mr N Kaviratne CBE	Non-Executive Director
Dr S Misra	Independent Director
Mr A Uppal	Independent Director

The purpose of this Committee is to assist the Board in the nomination of members to the Board, evaluating the performance of the Wholetime Directors and the Board as a whole and make appropriate recommendations as to the remuneration of Wholetime Directors and such others matters as may be specified under the Act and the listing regulations. For details of meetings of the Committee held during the year and attendance therein, please refer to para 2 above.

The Company Secretary functions as the Secretary to this Committee.

5. Stakeholders Relationship Committee

Composition

Mr A Uppal (Chairman)¹	Independent Director
Mr Jayakumar K	Managing Director
Mr H Agarwal	Wholetime Director

⁽¹⁾ Became the Chairman of the committee w.e.f 07 November 2014

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

The Company received 4 complaints from its investors during 2014-15, all of which have been resolved and no complaint was pending as on 31 March 2015. Routine queries/service requests received from the shareholders are normally addressed within 7 days of receipt. All share transfer requests received during the year were serviced within the normal service time.

For details of meeting of the Committee held during the year and attendance therein, please refer to para 2 above.

6. CSR Committee

Composition

Mr R S Kapur (Chairman)	Independent Director
Mr Jayakumar K	Managing Director
Mr H Agarwal	Wholetime Director

The purpose of this Committee is to assist the Board in implementing its CSR policy, which is available on the website of the Company at https://www.akzonobel.com/in/corporate_governance/policies. For details of meetings of the Committee held during the year and attendance therein, please refer to para 2 above.

The Company Secretary functions as the Secretary to this Committee.

7. Risk Management Committee

During 2014-15, the Board of Directors constituted a Risk Management Committee and defined its roles and responsibilities in accordance with the provisions of clause 49 of the Listing Agreement. The Committee's terms of reference, inter alia, include:

- (a) Overseeing and approving the Company's enterprise wide risk management framework; and
- (b) Overseeing that all the risks that the organisation faces such as strategic, financial, credit, market, liquidity, security, property, IT, legal, regulatory, reputational and other relevant areas.

Composition

Mr R Gopalakrishnan (Chairman)	Independent Director
Mr A Jain	Non-Executive Director
Mr R S Kapur	Independent Director
Dr S Misra	Independent Director
Mr A Uppal	Independent Director

The Board has also nominated a few members of the Management team to participate in the proceedings of the Committee. The Company Secretary functions as the Secretary to this Committee.

The Risk Management Committee had held one meeting during the year on 07 November 2014.

8. Related Party Transactions ('RPT')

Your Company enters into various transactions with related parties as defined under Section 2(76) of the Act in the ordinary course of business. All the RPTs are undertaken in compliance with the provisions of the Act and Clause 49 of the Listing Agreement. All RPTs are referred to the Audit Committee for its approval at the scheduled quarterly meetings or as may be called upon from time to time along with all relevant and stipulated information of such transaction(s).

The Policy on materiality of RPTs and dealing with such transactions as approved by the Board can be accessed from the Company's website at https://www.akzonobel.com/in/corporate_governance/policies

9. General Body Meetings

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

Date of AGM	Time	Venue
11 August 2014	2.30 pm	Kala Mandir, 48, Shakespeare Sarani, Kolkata 700 017
8 August 2013	2.30 pm	Kala Kunj, 48 Shakespeare Sarani, Kolkata 700 017
9 August 2012	2.30 pm	Mini Auditorium, Science City, Kolkata 700 046

(ii) No Extraordinary General Meeting of the Members was v. held during the year 2014-15.

(iii) No Postal Ballot was conducted during the year 2014- vi. 15, nor is there any proposal pending as on date for approval as a special resolution through postal ballot.

(iv) There was one special resolution for payment of remuneration to Non-executive Directors taken up in the 2014 AGM, which was approved with requisite majority.

10. Disclosures

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

ii. None of the NEDs had any materially significant pecuniary relationship or transaction vis-a-vis the Company, which may have a potential conflict with the interests of the Company at large. Mr A Jain and Mr R Molenaar are entitled to remuneration and other benefits for their respective roles and responsibilities in the AkzoNobel Group.

iii. All Directors have confirmed that they do not hold any shares in the Company.

iv. None of the Directors are related to each other.

Disclosures, as required under the relevant Accounting Standards, have been incorporated in the Accounts.

A declaration by the Managing Director on the adoption, dissemination and compliance of the Company's Code of Conduct is attached to this report.

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

viii. The Company has adopted a Whistle Blower policy by the name 'Speak Up' under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct. It is affirmed that no personnel has been denied access to the Audit Committee. A copy of the policy is posted on the website of the Company and available at https://www.akzonobel.com/in/corporate_governance/policies.

11. Means of Communication

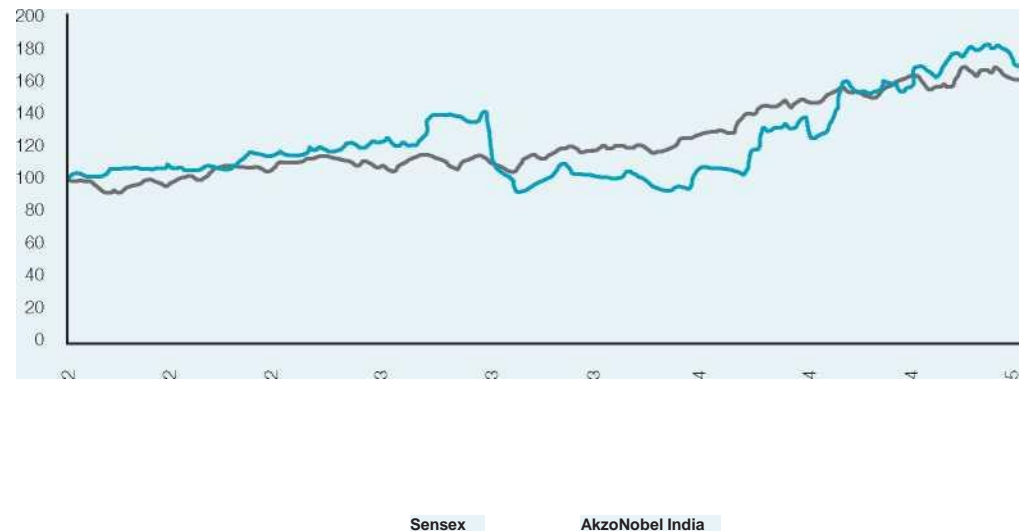
Description	Status/remarks
i. Quarterly results	The quarterly results of the Company are published and advised to the Stock Exchanges where the Company's shares are listed.
ii. Newspapers wherein results are normally published	Business Standard (English), Aajkal (Bengali)
iii. Any website, where results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

12. General Shareholder Information

Subject	Details
i. AGM: date, time and venue	14 August 2015 at 1430 hours at Crystal Hall, Taj Bengal, 34-B Belvedere Road, Alipore, Kolkata - 700 027
ii. Financial year	1 April to 31 March
iii. Financial calendar (Tentative)	Quarterly / Annual Adoption on or Results before
	1st quarter ending 14 August 2015 30 June 2015
	2nd quarter ending 14 November 2015 30 September 2015
	3rd quarter ending 14 February 2016 31 December 2015
	Year ending 30 May 2016 31 March 2016
iv. Date of book closure	10 August 2015 to 14 August 2015 (both days inclusive)
v. Dividend payment date(s)	On or around 28 August 2015 (after approval at the AGM)
vi. Listing on Stock Exchange	The Company's shares are listed in Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). Listing fees for the period 1 April 2015 to 31 March 2016 have been paid to BSE and NSE.
vii. Stock code	BSE : 500710
	NSE : AKZOINDIA-EQ
	ISIN : INE133A01011

viii. Market price and volume data during the year 2014-15						
BSE				NSE		
Month	High (?)	Low (?)	Volume	High (?)	Low (?)	Volume
April, 2014	920.00	860.00	33,294	916.50	860.00	121,701
May, 2014	1,019.90	801.00	99,407	1,007.00	815.00	592,421
June, 2014	1,149.00	970.00	135,797	1,150.00	969.00	343,429
July, 2014	1,168.00	1,034.00	128,759	1,173.95	1,032.00	445,124
August, 2014	1,155.00	1,000.00	140,894	1,156.95	1,005.00	391,664
September, 2014	1,399.00	1144.00	245,539	1,399.00	1,150.00	765,680
October, 2014	1,355.00	1,230.00	109,607	1,355.00	1,226.00	346,683
November, 2014	1,355.00	1,225.00	312,623	1,358.00	1,227.65	684,933
December, 2014	1,449.70	1,302.00	172,277	1,433.90	1,301.10	613,362
January, 2015	1,550.00	1,367.45	147,037	1,548.50	1,362.00	619,778
February, 2015	1,550.00	1,430.00	91,374	1,551.00	1,424.95	303,601
March, 2015	1,520.00	1,407.90	45,831	1,522.00	1,324.45	300,740

ix. Stock performance in comparison to BSE Sensex from April 2012 to March 2015



Note: Comparison is made by anchoring the share price and sensex at a base value of 100 as on 1 April 2012. The movements in the BSE Sensex and the Company's share price have been displayed in the graph with reference to that base.

x. Unpaid/Unclaimed dividend

In terms of the provisions of the Act, the Company is required to transfer the amount of dividend remaining unclaimed for a period of seven years from the date of transfer to the unpaid dividend account to the Investor Education and Protection Fund (IEPF). Amounts of unclaimed dividend as on 31 March 2015 and the due dates for transfer to IEPF are:

Financial year	Amount (' million)	Due date for transfer to IEPF (excluding the period allowed for remittance under Rule 3 of the IEPF Rules, 2001)
2007-08	3.1	16 July 2015
2008-09	6.5	15 July 2016
2009-10	7.4	21 July 2017
2010-11	9.0	21 July 2018
2011-12	12.5	8 August 2019
2012-13	50.3	7 August 2020
2013-14	48.9	10 August 2021

During the year, a sum of ' 9.6 million was remitted to the IEPF towards dividend remaining unclaimed in respect of the financial year ended 31 March 2007 within the due date.

xi. Unclaimed shares

(i)	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year	733 shareholders and 25,081 shares
(ii)	Number of shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account during the year	4 (125 shares)
(iii)	Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year	4 (125 shares)
(iv)	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year	729 shareholders and 24,956 shares

xii. Registrar and Share Transfer Agent M/s

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

xiii. Share transfer system

All requests for share transfers are processed and approved by the Seal and Share Transfer Committee, which normally meets once in every 10 to 15 days. Share transfers are registered and returned within 10 days from the date of receipt of complete documents.

xiv. Distribution of shareholding as on 31 March 2015

Range (No. of shares)	No. of shareholders	No. of shares ('000's)	% to total issued capital
1-50	29,808	557	1.2
51-500	14,673	2,096	4.5
501-5,000	1,329	1,574	3.4
5,001-50,000	69	1,067	2.3
50,001 ~ 1,000,000	23	6,484	13.9
1,000,001 & above	5	34,882	74.7
Total	45,907	46,660	100.0

Shareholding pattern as on 31 March 2015

Category of shareholders	No. of shares ('000)	%
(A) Promoter and Promoter Group	34,044	73.0
(B) Public shareholding		
(a) Mutual funds	1,938	4.1
(b) Insurance companies	2,057	4.4
(c) Foreign institutional investors	932	2.0
(d) Bodies corporate	3,335	7.2
(e) Individuals/others	4,354	9.3
Total public shareholding	12,616	27.0
Total (A) + (B)	46,660	100.0

xv. Dematerialisation of shares and liquidity

The Company's equity shares have been notified for trading only in demat form with effect from 17 January, 2000. As of 31 March 2015, 73.81% of the Company's equity shares involving 34.44 million shares have been dematerialised (No. of Demat accounts: 26,169). The Company entered into necessary agreements with NSDL & CDSL to enable smooth operation of demat mode of shareholding. None issued/outstanding

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

Coatings

xvii. Plant locations

The Company's plants are located at:

- Plot No 9-29, Narsapur Road, Balanagar, Hyderabad, Telangana - 500 037
- Plot No 62 P, Hoskote Industrial Area, Pilgumpa Village, Bangalore, Karnataka - 562 114
- Plot No. GAE-1 (Part), GAF-1 & GAF-2, Industrial Area, Ghirongi (Malanpur), Bhind, Madhya Pradesh - 477 117
- Plot No. A-42, Phase-VIII B, Focal Point, SAS Nagar, Mohali, Punjab - 160 059
- Plot No.1/1, TTC. Indl. Area, Thane Belapur Road, Koparkhairne, Navi Mumbai, Maharashtra - 400 709
- Plot No. E-19/20, MIDC Area, Mahad, Raigad, Maharashtra - 402 301

Chemicals

xviii. Address for correspondence

Shareholders' correspondence may be addressed to:

1. C B Management Services (P) Ltd,
P-22, Bondel Road, Kolkata 700 019 Email: cta@cbmsl.com
OR
2. The Company Secretary Akzo Nobel India Ltd DLF Epitome
Building No 5, Tower A, 20th Floor Cyber City, DLF Phase III
Gurgaon 122 002, Haryana Email: investor.india@akzonobel.com

xix. Auditors Certificate on corporate governance

As required by clause 49 of the Listing Agreement, the secretarial auditors of the Company have examined the compliance of the conditions of corporate governance as stipulated under clause 49 of the Listing Agreement. Their certificate is attached to this report.

xx. CEO and CFO certification

As required by Clause 49 of the Listing Agreement, the CEO and CFO certification has been provided to the Board.

xxi. Code of Conduct

The Company has in place a Code of Conduct applicable to all the employees and Non-executive Directors including Independent Directors. The Code of Conduct gives guidance and support needed for ethical conduct of business and compliance of law. Copy of the Code of Conduct is posted on the website of the Company and available at https://www.akzonobel.com/in/corporate_governance/policies.

This has been circulated to Directors and Management Personnel, and its compliance is affirmed by them annually. A declaration in this regard signed by the Managing Director is given below:

Declaration by the Managing Director

**Code of Conduct
Declaration under Clause 49(II)(E)**

I hereby confirm that the Company has obtained affirmation from all the members of the Board and senior management personnel that they have complied with the Code of Conduct of the Company in respect of the financial year ended 31 March 2015.

Jayakumar Krishnaswamy

28 May 2015 *Managing Director*
Gurgaon DIN 00032473

13. Non-Mandatory Requirements

All the mandatory requirements of Clause 49 of the Listing Agreement have been complied with by the Company. The status vis-a-vis the non-mandatory requirements are given below:

Description	Status as on 31 March 2015
i. Non-Executive Chairman's office and expenses	The Non-Executive Chairman is reimbursed the cost of maintaining his office at Mumbai. In addition, expenses incurred by him in the performance of his official duties are borne by the Company.
ii. Sending of half-yearly declaration of financial performance including summary of the significant events during the past six months to each household of shareholders	As the Company's quarterly results are published in leading newspapers and major developments are covered in the press releases (which are also posted on the Company's website), sending the halfyearly financial results to the shareholders is not considered necessary.
iii. Audit qualifications	There is no audit qualification in the current financial year.
iv. Separate posts of Chairman and CEO	The Company currently has separate persons appointed to the posts of Chairman and Managing Director
v. Reporting of Internal Auditor	The Internal Auditor directly reports to the Audit Committee

For and on behalf of the Board

28 May 2015
Gurgaon

Nihal Kaviratne CBE
Chairman