

Annexure I

Report on Corporate Governance

1. Company's philosophy on Corporate Governance

Your Company aspires to achieve the highest standards of corporate governance and seeks to consistently enhance and improve its performance, emphasizing transparency in accordance with applicable laws, regulations and codes.

The Company takes utmost care to safeguard the interests of all its stakeholders. The Board represents the shareholders' interest in terms of optimizing long-term financial returns and is committed to its responsibilities for all the stakeholders viz. customers, employees, suppliers, regulatory bodies and the public in general. 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.

In order to make informed decisions, the Board has constituted Committees viz Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and CSR Committee that oversee specific areas and monitor activities within their purview.

The Company ensures that all its actions are guided by ethical principles and values, which not only comply with the applicable legislations but also maintain highest standards of performance and behaviour in everything it does. The principles and policies that guide the company in achieving its corporate governance goals are listed on company's website and available at www.akzonobel.com/in/corporate_governance

The Company is in compliance with the requirements on corporate governance stipulated under the Listing Regulations.

2. Board of Directors

Composition

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

Name of the Director	Category of Directorship in Akzo Nobel India Limited	Directorship in Other Companies (Chairmanship)	Membership in specified committees (Chairmanship) [Audit & SRC]
Mr N Kaviratne CBE	Non Executive Chairman	8(1)	1
Mr K Jayakumar	Managing Director	2	1
Mr H Agarwal ¹	Wholetime Director	-	1
Mr P Menon ²	Wholetime Director	1	1
Mr A Ghosh ³	Non Executive Director	-	1
Mr R Gopalakrishnan	Independent Director	4(1)	2
Mr A Jain	Non Executive Director	2	1
Mr R S Kapur	Independent Director	-	1
Dr S Misra	Independent Director	2	2 (1)
Ms K Narsimhan	Independent Director	-	1
Mr A Uppal	Independent Director	3	3 (1)
¹ Resigned w.e.f. 19 August 2015			
² Appointed w.e.f. 01 February 2016			
³ Appointed w.e.f. 28 May 2015			

Board Procedures

The Board meets at least once in a quarter to review financial results and operations of the Company. In addition to the above, the Board also meets as and when necessary to deal with specific matters concerning 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 performance, operations and any other matters asked by the Chairman/members.

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

All Board members have access to accurate, relevant and timely information to fulfil their responsibilities. The Company has arranged for sharing information electronically in a secure manner with its board members. Board meeting agendas, presentations, minutes and other important

documents and messages are shared through this platform making the board communication seamless and paperless.

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

Details of familiarization programmes imparted to Independent Directors is uploaded on the website of the Company and available at www.akzonobel.com/in/corporate_governance/policies.

Meetings and attendance

Given below is the consolidated list of meetings of the shareholders, Board and specified committees held during April 2015 to March 2016 and attendance details of Directors:

Name of the meeting	Meeting date
Annual General Meeting (AGM)	14 August 2015
Board	28 May 2015, 14 August 2015, 21 October 2015 and 29 January 2016
Audit Committee	28 May 2015, 14 August 2015, 21 October 2015 and 29 January 2016
Stakeholders Relationship Committee (SRC)	24 February 2016
Nomination and Remuneration Committee (NRC)	28 May 2015 and 28 January 2016
CSR Committee	16 April 2015, 13 August 2015, 4 November 2015 and 24 February 2016
Independent Directors Meeting	28 January 2016

Attendance details

	AGM	Board	Audit	SRC	NRC	CSR
No. of	1	4	4	1	2	4

Meetings held						
Directors						
Mr N Kaviratne CBE	1	4	NA	NA	2	NA
Mr K Jayakumar	1	4	NA	1	NA	4
Mr H Agarwal	1	2	NA	1	NA	2
Mr P Menon	NA	NA	NA	1	NA	1
Mr A Jain	1	3	3	NA	2	NA
Mr A Ghosh	1	3	3	NA	2	NA
Mr R Gopalakrishnan	1	4	4	NA	2	NA
Mr R S Kapur	1	4	4	NA	2	4
Dr S Misra	1	4	4	NA	2	NA
Ms K Narsimhan	1	4	4	NA	NA	NA
Mr A Uppal	-	3	3	1	2	NA

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

3. Audit Committee

Composition	
Dr S Misra (Chairman)	Independent Director
Mr A Ghosh	Non Executive Director
Mr R Gopalakrishnan	Independent Director
Mr A Jain	Non Executive Director
Mr R S Kapur	Independent Director
Ms K Narsimhan	Independent Director
Mr A Uppal	Independent Director

The members of the Committee are eminent professionals with necessary knowledge in financial, accounting and business matters. The Chairman, Managing Director, Wholtime Director, Internal Auditors and Statutory Auditors are permanent invitees to the meetings of the Committee, with the Company Secretary acting as its Secretary. 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 the Listing Regulations and relevant provisions of the Companies Act, 2013.

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

4. Nomination and Remuneration Committee

Composition	
Mr R Gopalakrishnan (Chairman)	Independent Director
Mr A Jain	Non Executive Director
Mr A Ghosh	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 identify persons who are qualified to become directors and recommend to the Board such candidates for appointment as Executive/ Non-Executive Directors and also for senior management positions. It will also advise the Board on the policies and framework for the remuneration and other terms and conditions of employment including commissions, perquisites and allowances for all Executive Directors of the Company.

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.

Performance Evaluation of Board members

The Company has a 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 its directors. For the year 2015-16, the evaluation was done through a peer-evaluation survey. The findings from the survey were shared with the Chairman; in turn, the Chairman held discussions with individual Board members. Individual evaluation were in line with the full board evaluation, with no Board Member receiving negative feedback on any aspect.

5. Remuneration of Directors

While remuneration of Wholtime 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 A Ghosh, 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

2015-16 are given below:	Fixed component a Salary and allowances	Performance linked bonus b Performance Pay	Total remuneration c (c = a+b)
			(' million)
Managing/Wholtime Directors			
Mr K Jayakumar	17.21	4.31	21.52
Mr H Agarwal	4.19	-	4.19
Mr P Menon	6.09	-	6.09*
Total	27.49	4.31	31.80
Non-Executive Directors	Sitting fees	Commission	
Mr N Kaviratne CBE	0.12	0.80	0.92
Mr R Gopalakrishnan	0.20	0.80	1.00
Mr R S Kapur	0.28	0.80	1.08
Dr S Misra	0.20	0.80	1.00
Ms K Narsimhan	0.16	0.80	0.96
Mr A Uppal	0.18	0.80	0.98
Total	1.14	4.80	5.94

*Subject to shareholder approval.

Notes:

- Service contracts with the Managing Director and Wholtime Director are terminable by notice of three months.
- No severance fee was paid to any Director during the year.
- Performance linked bonus are made to the Managing Director and Wholtime Director(s) based on pre-agreed parameters and taking into account the recommendations of the NR Committee.
- Currently, the Company does not have any stock option scheme.

6. Stakeholders Relationship Committee

Composition	
Mr A Uppal (Chairman)	Independent Director
Mr K Jayakumar	Managing Director
Mr P Menon	Wholtime Director

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

The Company received 15 complaints from its investors during 2015-16, all of which have been resolved and no complaint was pending as on 31 March 2016. 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.

7. General Body Meetings

- Details of the last three Annual General Meetings of the Company are given below:

Date of AGM	Time	Venue
14 August 2015	2.30 pm	Taj Bengal, 34-B, Belvedere Road, Kolkata 700 027
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

- No Extraordinary General Meeting of the Members was held during the year 2015-16.
- 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.

(iv) No Postal Ballot was conducted during the year 2015-16, nor is there any proposal pending as on date for approval as a special resolution through postal ballot.

8. Means of Communication

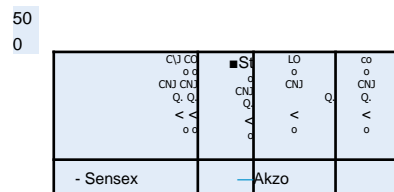
i.	Quarterly results	The quarterly results of the Company are published and advised to the Stock Exchanges where the Company's shares are listed.
ii.	Newspapers wherein results are normally published	Business Standard (English), Aajkal (Bangali)
iii.	Any website, where results are displayed	The results,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

9. General Shareholder Information

	AGM: date, time and venue	26 July 2016 at 1400 hours at Hyatt Regency, Salt Lake City, Kolkata 700098					
i.	Financial year	April 1 to March 31					
ii.	Financial calendar (Tentative)	Quarterly / Annual Results			Publication on or before		
		1 st quarter ending 30 June, 2016			14 August, 2016		
		2 nd quarter ending 30 September, 2016			14 November, 2016		
		3 rd quarter ending 31 December, 2016			14 February, 2017		
		Year ending 31 March, 2017			30 May, 2017		
v.	Date of book closure	21 July 2016 to 26 July 2016 (both days inclusive)					
v.	Dividend payment date	On or around 8 August 2016 (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 2016 to 31 March 2017 have been paid to BSE and NSE.					
vii.	Stock code	BSE : 500710					
		NSE : AKZOINDIA-EQ					
		ISIN : INE133A01011					
viii.	Market price data and stock performance during the year 2015-16						
		BSE			NSE		
	Month	High (?)	Low (?)	Volume	High (?)	Low (?)	Volume
	April 2015	1,488	1,367	70,087	1,490	1,367	323,345
	May 2015	1,470	1,331	61,585	1,467	1,335	247,718
	June 2015	1,393	1,235	62,998	1,392	1,233	362,438
	July 2015	1,375	1,249	114,417	1,380	1,245	421,361
	August 2015	1,549	1,201	236,218	1,547	1,213	547,014
	September 2015	1,403	1,216	41,133	1,404	1,223	229,234
	October 2015	1,430	1,315	43,126	1,435	1,322	149,075
	November 2015	1,375	1,272	36,382	1,375	1,275	103,745
	December 2015	1,415	1,259	31,193	1,420	1,261	235,442
	January 2016	1,460	1,286	41,210	1,420	1,282	160,642
	February 2016	1,370	1,204	37,218	1,380	1,205	179,363
	March 2016	1,397	1,255	17,974	1,419	1,252	473,153

ix. Stock performance in comparison to BSE Sensex from April 2011 to March 2016

Akzo Nobel India vs BSE Sensex



Note: Comparison is made by anchoring the share price and Sensex at a base value of 100 as on 01 April 2011. 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 Companies 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 2016 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)
2008-09	6.3	15-Jul-2016
2009-10	7.3	21-Jul-2017
2010-11	8.8	21-Jul-2018
2011-12	12.0	8-Aug-2019
2012-13	48.4	7-Aug-2020
2013-14	46.8	10 Aug 2021
2014-15	13.3	13-Aug 2022

During the year, a sum of ₹ 3.1 million was remitted to the IEPF towards dividend remaining unclaimed in respect of the financial year ended 31 March 2008 within the due date.

xi. Registrar and Share Transfer Agent

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

xii. 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 lodgment of complete documents.

xiii. Distribution of shareholding as on 31 March 2016

Range (No. of shares)	No. of shareholders	No. of shares (000's)	% to total issued capital
1-50	29,772	553	1.18
51-500	14,316	2,040	4.37
501-5,000	1,240	1,413	3.03
5,001-50,000	62	922	1.98
50,001-1,000,000	22	6,850	14.68
1,000,001 & above	5	34,882	74.76
Total	45,417	46,660	100.00

Shareholding Pattern as on 31 March 2016

Category of shareholders	No. of shares ('000)	%
(A) Promoter and Promoter Group	34,044	73.0
(B) Public shareholding		
(a) Mutual funds	1,909	4.1
(b) Insurance companies	2,067	4.4
(c) Foreign institutional investors	936	2.0
(d) Bodies corporate	3,533	7.6
(e) Individuals/others	4,171	8.9
Total public shareholding	12,616	27.0
Total (A) + (B)	46,660	100.0

xiv. Dematerialisation of shares and liquidity

The Company's equity shares have been notified for trading only in demat form with effect from 17 January, 2000. As of 31 March 2016, 73.9% of the Company's equity shares involving 34.48 million shares have been dematerialised (No. of Demat accounts: 26,195). The Company entered into necessary agreements with NSDL & CDSL to enable smooth operation of demat mode of shareholding. None issued/outstanding

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

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

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

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, Bengaluru, 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

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:
ta@cbmsl.com
OR

2. The Company Secretary Akzo Nobel India Ltd
Epitome, Building No 5, Tower A,
20th Floor, Cyber City, DLF Phase III Gurgaon 122 002
Email: investor.india@akzonobel.com

Other Disclosures

10.

a.

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

b.

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

c.

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

- d. The Policy on materiality of related party transactions can be accessed on the Company's website at www.akzonobel.com/in/corporate_governance/policies.
- e. The Policy on related party transactions can be accessed on the Company's website at www.akzonobel.com/in/corporate_governance/policies.
- f. The Company's business operations are subject to commodity risk. Commodity risk is not hedged but is managed by adhering to inventory norms.
- g. 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 A Ghosh are entitled to remuneration and other benefits for their respective roles and responsibilities in the AkzoNobel Group.
- h. All Directors have confirmed that they do not hold any shares in the Company.
- i. None of the Directors are related to each other.

11. Compliance

The company is in full compliance with all the requirements specified in regulation 17 to 27 and clauses (b) to (i) of subregulation (2) of regulation 46 of the listing regulations.

12. Code of Conduct

Your Company has in place a comprehensive Code of Conduct applicable to all the employees and Nonexecutive 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 www.akzonobel.com/in/

[corporate_governance/policies](http://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 by the Managing Director is given below:

Code of Conduct Declaration

I hereby confirm that the Company has obtained affirmation from all the members of the Board and senior management personnel that they have complied with the Code of Conduct of the Company in respect of the financial year ended 31 March 2016.

Gurgaon **Jayakumar Krishnaswamy**
13 May 2016 Managing Director

13. Certificate of Compliance

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

14. Unclaimed Suspense Account

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

(i)	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year	729 shareholders and 24,956 shares
(ii)	Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year	4 shareholders and 230 shares
(iii)	Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year	4 shareholders and 230 shares

(iv) Aggregate number of shareholders 725 shareholders and the outstanding shares lying in 24,726 shares the Unclaimed Suspense Account at the end of the year

The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

15. Discretionary Requirements

Details of compliance with discretionary requirements as specified in Part E of Schedule II of the listing regulations are given below:

Description Status as on 31 March 2016

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 duties on behalf of the Company 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 financial results are published in leading newspapers and major developments are covered in the press releases (which are also posted on the Company's website), sending the half-yearly financial results to the shareholders is not considered necessary.
iii.	Audit qualifications	There is no audit qualification in the 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