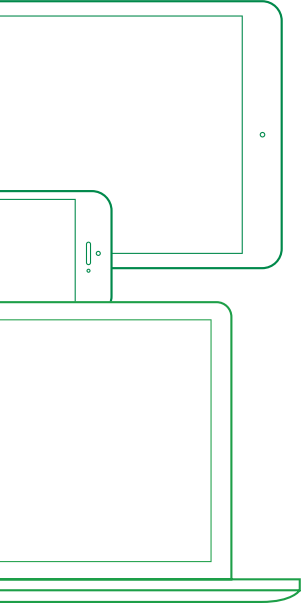


Annual Report 2014-15



**60 vibrant
years**



Fulfilling our green mandate for sixty vibrant years

This annual report reflects our
commitment for a greener world and
can be accessed digitally from
[https://www.akzonobel.com/in/investor_
relations/annual_reports_and_results/](https://www.akzonobel.com/in/investor_relations/annual_reports_and_results/)



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Sixty vibrant years

Looking back is always one way of planning for the future because the past invariably reveals lessons learnt, strategies that worked and success stories. As AkzoNobel India enters its 61st year, our thoughts turn to the decades gone by. It has been a time of change and challenge; we have grown our presence, added more customers and introduced new products and innovations. Along the way, we have built a robust talent pool and entered unexplored markets. We have also met changing customer aspirations and emerged as a significant player in the coatings industry. AkzoNobel has steadily invested in quality infrastructure and technology and this strategy has really worked well; it has given us a competitive edge in a volatile economic situation. And, in the midst of all this, our commitment to sustainability has

remained unchanged. We are leaders in sustainability and will carry on with our endeavour to create more value from fewer resources.

We have chosen 'Sixty vibrant years' as the theme of this annual report for it is these memorable decades that have defined the company's past. Driven by our values, we strongly believe that AkzoNobel will continue to deliver with passion for excellence.

AkzoNobel India at a glance

AkzoNobel India is part of the AkzoNobel Group, a leading global paints and coatings company and a major producer of specialty chemicals. Headquartered in Amsterdam, The Netherlands, AkzoNobel has an employee strength of over 47,000 in around 80 countries. Its portfolio includes well-known brands such as Dulux, Sikkens, International, Interpon and Eka. In 2008, we became a member of the AkzoNobel Group.

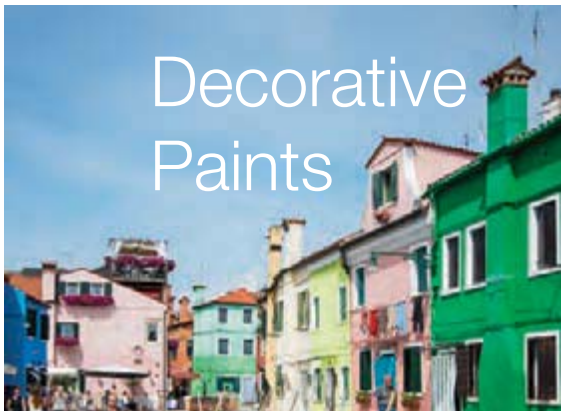
At AkzoNobel India, we manufacture and market a wide range of decorative paints, performance coatings and

specialty chemicals. In the last 60 years, we have witnessed expansion, growth and transformation and have emerged as one of the leading players in the Indian paints industry.

The company provides innovative solutions to various sectors, including automotive, consumer electronics, power, aviation, shipping and leisure craft, construction, oil and gas, water and waste water treatment, food and beverages, among others. We use best-in-class technologies to meet evolving customer aspirations and have manufacturing facilities, offices and distribution networks across the country.

In line with our parent company's focus on sustainable development, we believe in making life more livable and cities more human through our products, services, manufacturing processes and innovation. Our manufacturing facilities are provided with state-of-the-art environmental management systems. We are committed to Health, Safety, Environment & Security (HSE&S), with care being taken to protect the people and the planet.

Our businesses



Our operational landscape

6

State-of-the-art
manufacturing plants

4

Regional
offices

2

Innovation
centres

75+

Warehouses

9,000+

Dealer / Partners
network

Creating shareholder value

₹ 65 bn

Market
capitalisation
as on 31 March 2015

₹ 1.1 bn

Dividend
for FY 2014-15
(including tax)

Driving operational excellence (2014-15)

₹ 9.7 bn

Gross block

3.4 times

Asset turnover

30%

ROI

Our listings

Bombay Stock Exchange

Scrip ID 500710 – AKZOINDIA
Group B | Index: BSE 500

National Stock Exchange

Scrip ID – AKZOINDIA
Index: S & P CNX 500

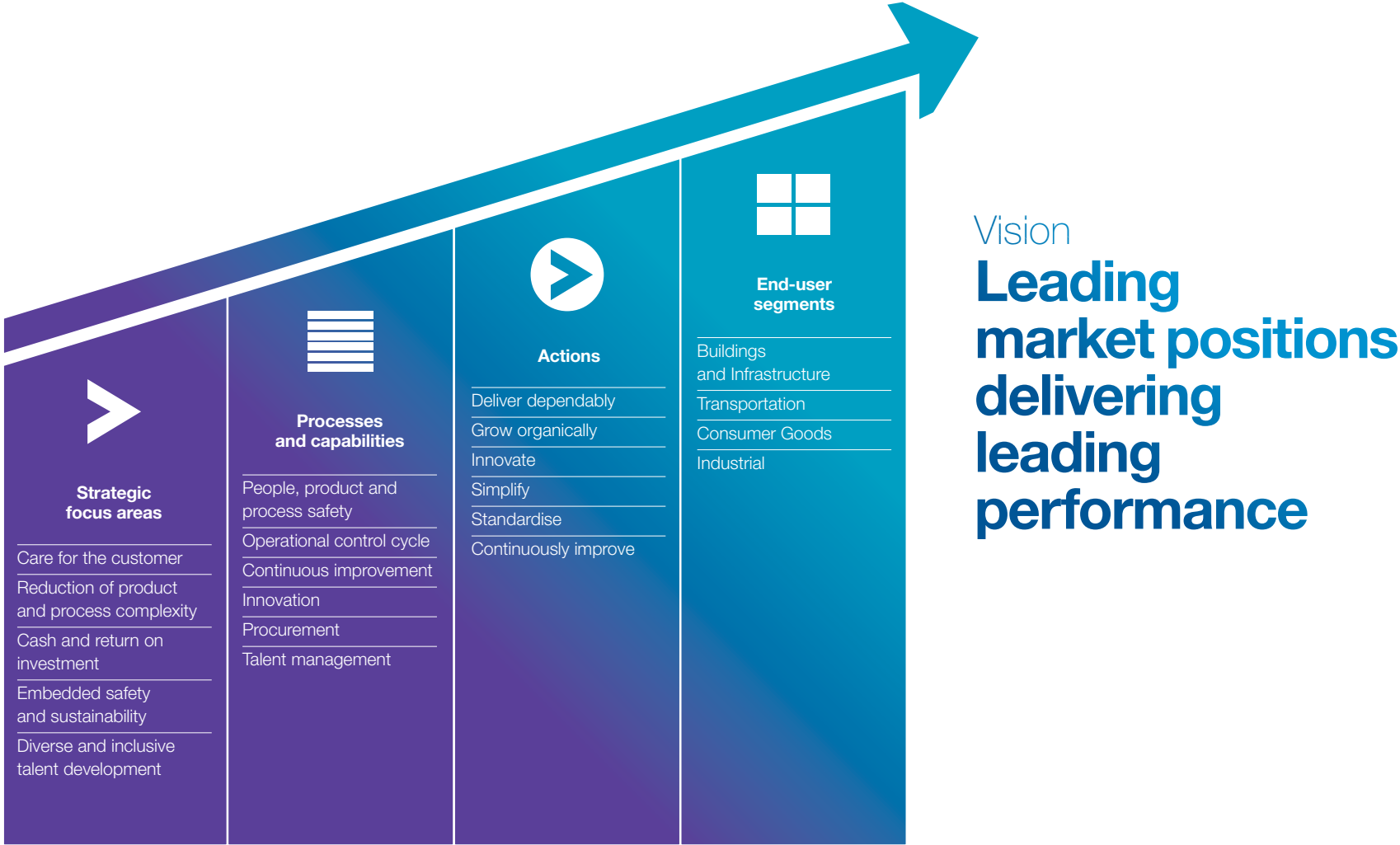
Elevating people potential

1,792

Motivated employees

as on 31st March 2015

Our strategy



Our values

<p>Core principles</p> <p>Safety</p> <p>Integrity</p> <p>Sustainability</p>	<p>Customer focused</p>	▶ We build successful partnerships with our customers
	<p>Deliver on commitment</p>	▶ We do what we say we will do
	<p>Passion for excellence</p>	▶ We strive to do the best in everything we do, everyday
	<p>Winning together</p>	▶ We develop, share and use our personal strengths to win as a team

Milestones

1954-63

- Incorporated as Indian Explosives Limited in West Bengal, co-promoted by the Government of India and Imperial Chemical Industries PLC, UK
- Manufactured explosives and accessories, blasting equipment, chemicals, industrial and other preparations (exited in 2003)

1964-74

- Commissioned polyester fibre facility at Thane, Maharashtra (exited in 1993)
- Commissioned paints and rubber chemicals plants at Rishra, West Bengal (exited in 2005)
- Commissioned urea manufacturing facility at Kanpur, Uttar Pradesh (exited in 1993)
- Commissioned paints plant at Hyderabad, Telangana

1975-79

- Established Research & Technology Centre at Thane, Maharashtra
- Established Agrochemicals (exited in 1995) and Pharmaceuticals (exited in 2002) manufacturing units at Chennai, Tamil Nadu
- Expanded capacity for urea manufacturing facility at Kanpur, Uttar Pradesh (exited in 1993)

1980-86

- Commissioned catalyst manufacturing facility at Kanpur, Uttar Pradesh (exited in 2002)
- Amalgamated three other ICI group companies with the Company
- Expansion of paint manufacturing at Rishra, West Bengal (exited in 2001)

1987-95

- Set up Dulux colour centres at major markets to provide advice on shade choices
- Commissioned surfactants manufacturing facility at Thane, Maharashtra (exited in 2006)

1996-99

- Commissioned paints plant at Thane, Maharashtra
- Commissioned paints plant at Mohali, Punjab
- Entered a joint venture with the Birla Group for setting up a chemicals plant at Mahad, Maharashtra (in 2001, AkzoNobel bought out the stake of the Birla Group)
- Acquired Courtaulds Coatings facility in Bangalore, Karnataka

2000-09

- Established state-of-the-art International Research Centre at Bangalore, Karnataka
- Introduced Supergloss 5-in-1, a unique enamel paint for wood and metal surfaces
- Unveiled new acrylic latex-based paints Dulux WeatherShield Max and TilesShield
- Acquired adhesives and flavours & fragrance businesses (exited in 2007-08)

2010-14

- Changed company name to Akzo Nobel India Ltd
- Three AkzoNobel companies merged with the Company to create a coatings powerhouse in India
- Commissioned new greenfield plant at Gwalior, Madhya Pradesh to produce water-based paint products
- Dulux conferred the title of 'Superbrand' by the Super Brand Council
- **Celebrated 60 years of winning together in India**

Our businesses

Decorative Paints
Marine Coatings
Metal Coatings
Powder Coatings

Protective Coatings
Specialty Chemicals
Specialty Coatings
Vehicle Refinishes



Our brands

AKUCCELL[®]
CELLULOSE GUM

Amaze

AMPHOMER[™]
STYLING POLYMERS

ARMOCARE[®]
Ingredients for Personal Care

Auto-Star
AUTOMOTIVE PAINT

Bermocoll

Bindzil[®]

Butanex[®]

CREST
WAX POLYMER

CELQIAT[™]
CONDITIONING POLYMERS

DEPRAMIN[®]

Dissolvine[®]
master the elements

Dry-Flo
SPECIALTY STARCHES

DUCO

Dulux

DynamX

*DynamX*_{H₂O}

ELOTEX[®]

Expancel

Ferrazone
This is on Work

International

Interpon
powder coatings
EVERY COLOR IS GREEN

KNZ[™]

Kromasil[®]

Levasil[®]

Perkadox[®]

RESICOAT[™]
Experts in Functional Powder Coatings

Sanal[®]

sikkens

Suprasel
KALF

TRINAR[®]

Trigonox[®]

Dissolvine GL
The greener chelate

Vektor PU⁺
Automotive Paint

How AkzoNobel India performed

Statement of income

5% ▲

Revenue

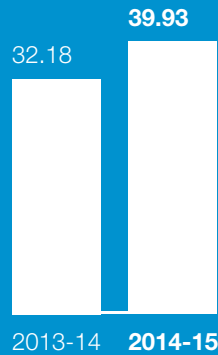
₹ mn
2013-14 24,179
2014-15 25,270

38% ▲

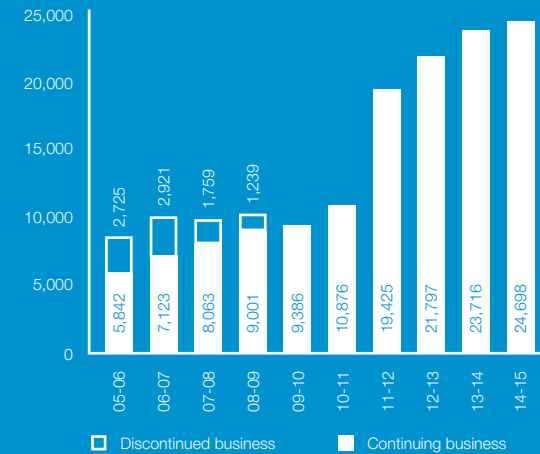
Operating profit

₹ mn
2013-14 1,467
2014-15 2,073

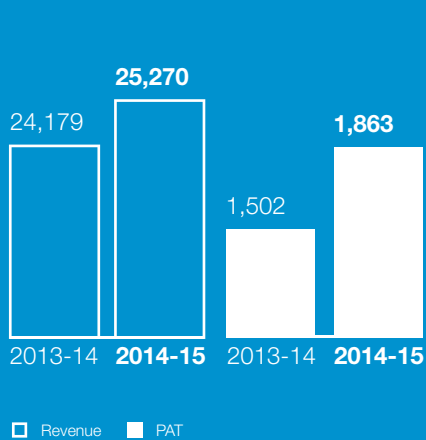
Earnings per share in ₹ mn



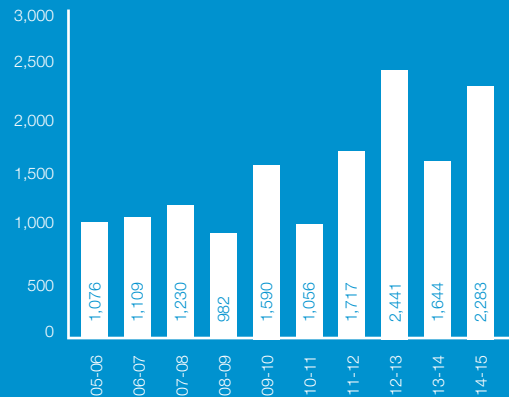
Sales in ₹ mn



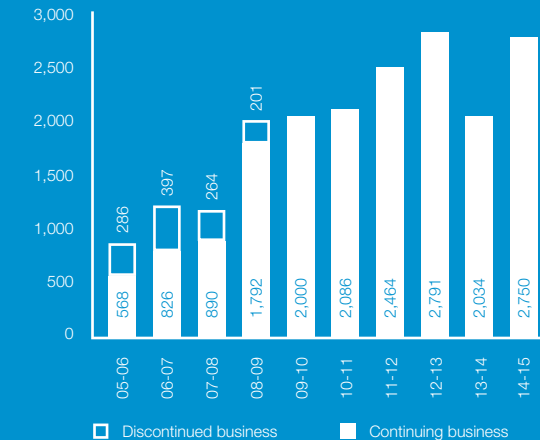
Revenue & PAT in ₹ mn



Cash flow from operations in ₹ mn



Profit before tax in ₹ mn



Ten years at a glance

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
	(₹ million)										
ASSETS EMPLOYED											
Gross Fixed Assets	3,737	3,115	2,857	3,116	3,255	3,495	3,749	6,974	7,310	9,049	9,594
Accumulated Depreciation	(2,251)	(1,662)	(1,559)	(1,783)	(1,924)	(2,114)	(2,330)	(3,411)	(3,762)	(4,024)	(4,430)
Capital Work in Progress	26	49	35	105	16	23	145	148	1,057	306	119
Net Fixed Assets	1,512	1,502	1,333	1,438	1,347	1,404	1,564	3,711	4,605	5,331	5,283
Trade Investments	1,530	1,528	97	97	-	-	-	-	-	-	-
Non-trade Investments, Cash & Bank balances	2,827	2,987	8,331	7,060	9,579	9,935	10,263	10,774	10,329	6,286	3,944
Other Current /Non Current Assets	2,940	2,804	3,365	2,675	2,109	2,101	3,013	7,012	7,376	8,580	8,572
Other Current/ Non-current Liabilities	(1,857)	(1,997)	(2,340)	(2,660)	(2,019)	(2,236)	(2,745)	(5,258)	(6,146)	(6,365)	(6,009)
Net Current/Non Current Assets	1,083	807	1,025	15	90	(135)	268	1,754	1,230	2,215	2,563
Taxation (net)	(306)	(246)	(65)	(8)	12	59	307	230	197	(271)	(375)
Provision for VRS liability (net)	(252)	(186)	(128)	(76)	(39)	(13)	-	-	-	-	-
Other Provisions	(712)	(611)	(605)	(537)	(566)	(643)	(715)	(944)	(941)	(989)	(1,095)
Provision for Proposed Dividend, dividend tax	(256)	(280)	(1,291)	(359)	(712)	(686)	(771)	(1,115)	(4,367)	(4,094)	(1,120)
Misc. Expenditure not written off	26	12	-	-	-	-	-	-	-	-	-
Net Assets Employed	5,452	5,513	8,697	7,630	9,711	9,921	10,916	14,410	11,053	8,478	9,200
FINANCED BY											
Share Capital	409	409	409	384	381	368	368	479	467	467	467
Capital Reserves	276	275	266	279	282	294	294	541	554	503	503
Revenue Reserves	4,607	4,829	8,022	6,967	9,048	9,259	10,254	13,390	10,032	7,508	8,230
Shareholders Funds	5,292	5,513	8,697	7,630	9,711	9,921	10,916	14,410	11,053	8,478	9,200
Secured/Unsecured Loans	160	-	-	-	-	-	-	-	-	-	-
Total Funds Employed	5,452	5,513	8,697	7,630	9,711	9,921	10,916	14,410	11,053	8,478	9,200
SALES AND PROFIT											
Net Sales	7,543	8,762	8,882	9,301	9,001	9,386	10,876	19,425	21,797	23,717	24,698
Profit before Depreciation & Interest	930	1,219	1,649	1,346	2,034	2,223	2,318	2,869	3,266	2,486	3,264
Depreciation	(201)	(218)	(225)	(225)	(213)	(212)	(217)	(366)	(386)	(437)	(526)
Interest	(35)	(36)	(23)	(30)	(29)	(11)	(15)	(39)	(89)	(15)	(15)
Profit before Exceptional items/Taxation	694	965	1,401	1,091	1,792	2,000	2,086	2,464	2,791	2,034	2,723
Exceptional items	(137)	(110)	4,461	(187)	1,995	-	113	-	-	-	27
Taxation	(85)	(354)	(1,378)	(302)	(841)	(407)	(433)	(446)	(603)	(532)	(887)
Profit After Taxation	472	501	4,484	602	2,946	1,593	1,766	2,018	2,188	1,502	1,863
Earnings per share (₹)	11.54	12.27	109.72	15.16	77.02	42.59	47.94	42.08	46.49	32.18	39.93
Equity Dividend - ₹ per share	5.50	6.00	27.00	8.00	16.00	16.00	18.00	20.00	80.00	75.00	20.00

“Our hallmark brands have helped add colour and vibrancy to life in this country, protecting a wide array of surfaces.”



Chairman's statement

Sixty vibrant years

Last year your Company crossed a major milestone in its journey by completing sixty years in India. Our hallmark brands have helped add colour and vibrancy to life in this country, protecting a wide array of surfaces. All members of the AkzoNobel India family have contributed to this achievement.

When I reflect on 2014-15, I see a year marked by continued economic volatility across the world. The growth we witnessed remained inconsistent, with the US economy showing modest recovery, Europe underperformed, as did parts of Asia and Latin America.

India's long-term potential continues to be robust. The new administration's developmental reform agenda and modernisation programmes are starting to deliver positive results. Investment in infrastructure, the refocus on manufacturing, and initiatives to drive inclusiveness and skill building, will combine to enable future growth and prosperity. Your company is well positioned to make the most of this opportunity.

Since the merger, which was approved by the shareholders in 2012, we have focused on harvesting the benefits of being 'One AkzoNobel'. With a simplified and customer-centric organisational structure, prudent cost management and

a renewed emphasis on operational excellence, we have enhanced profitability and earned the right to grow.

The improvements have been multi-faceted, ranging from higher machine utilisation to optimised raw material and energy usage. While our access to global expertise is helping deliver greater value to our customers, we continue to widen our coverage and deepen customer relationships. Our environmental and community initiatives have been taken to a higher level to help create a sustainable future.

Since the merger, your Company has achieved a total shareholder return of over 70%, which is ahead of the benchmark indices like SENSEX and NIFTY during the same period. The overall improvement in our results, and our confidence in the ability of the company to grow profitably, has enabled the Board to recommend a dividend of ₹ 20 per share, compared with ₹ 15 last year.

I would like to thank our shareholders for their continued loyalty, trust and support. I also congratulate the management and staff on a job well done.

Nihal Kaviratne CBE

**“People have
always been at
the forefront** of the
company’s agenda
and it is encouraging
to see them winning
together.”



Managing Director's statement

Last year was extremely encouraging, both in terms of financial performance and operating parameters for AkzoNobel India. Before I update you on the facts and figures, the progress and potential, let us take a look at the global scale of the company. AkzoNobel's unmatched skills and expertise mean we can coat any surface, in any country, in any colour. We have the latest technology for all kinds of coatings and the company is a major player in the chemicals sector as well. We have a dynamic programme in place, backed by a robust strategy that is enabling us to transform the company.

In India, our Decorative Paints business continues to perform well, leveraging its competitive advantages. It is driven by innovation and a keen desire to meet customer needs. The Performance Coatings and Specialty Chemicals businesses also contribute to the overall growth of revenue and profitability; here, too, innovation plays a key role. We have opened a production facility for packaging coatings in Thane; it has a capacity of 5,000 tonnes a year and is set to produce a broad range of products for the packaging coating industry. We have also set up a new agrochemicals laboratory in Mumbai to assist formulators in developing their customised agrochemical recipes. It is gratifying to note that our efforts to enhance manufacturing excellence, brand recall, safety, sustainability and people potential continue to receive industry-wide recognition.

The financial performance of the company reflects the fact that our strategies are working in harmony. Total revenue at ₹ 2,527 crore has increased by 5% and PAT at ₹ 186 crore witnessed a 24% rise. Focus on improving efficiency and optimum utilisation of existing assets have

enabled us to perform well. The ₹ 207 crore profit from business segments, over and above the income from investments, highlights the positive impact of the various steps that we have initiated, which will further increase shareholder confidence in the company.

We believe in building successful partnerships with our customers; we do what we say we will do; and we develop, share and use our personal strengths to win as a team. Driven by our passion for excellence, we strive to be the best in everything we do, every day. It is our four values that direct us and it is a matter of deep satisfaction and honour for all of us that we have been able to create value for our stakeholders and, indeed, for the nation, for over six decades.

As a part of the world's leading coatings and chemicals group, we are consistently achieving higher benchmarks in operating performance across all our facilities. We also focus significantly on the conservation of energy, water and resources, in line with our belief in producing more with less. We are progressing well on track to deliver on our commitments.

People have always been at the forefront of the company's agenda and it is encouraging to see them winning together. The value creation programme is being driven with rigour and passion, leading to substantial savings in manufacturing costs. These achievements are the result of collective efforts and we believe in reaching milestones together as a team. We will continue to implement multiple initiatives to improve the performance of our people and empower them at all levels of the organisational architecture. We are also collaborating with

external stakeholders to help protect the environment and seek to be a change agent in the lives of the communities we work with.

These are exciting times to be doing business in India as the world looks at the country and its policies with renewed expectations. The industrial landscape in India is undergoing a massive change, with emphasis on urban development, infrastructure, manufacturing and energy sectors. The 100 smart cities project of the Government deals with urban challenges, aiming at improving the quality of living of its residents. It is being hailed as the biggest city-building project in Indian history and is clearly a promising opportunity for AkzoNobel as it will significantly impact the coating industry. The 'Make in India: Zero Defect and Zero Effect' agenda is a clear commitment that the country will not compromise on its quality standards and its commitment towards environmental protection. A house for every household, developing industrial corridors and parks, setting up road networks, low cost airports, clean water and energy supply plants are initiatives we strongly endorse. The thrust of these initiatives is on infrastructure and AkzoNobel, with its wide portfolio, can contribute in a large measure to nation building.

Inspired by our values, spurred by our commitment to people and the planet, motivated by the best practices, let us make the next sixty years equally meaningful and vibrant.

Jayakumar Krishnaswamy

Innovation and excellence



In 2002, AkzoNobel set up an International Research Centre in Bangalore. It soon became a vital Research and Development (R&D) centre, contributing significantly to the development of global, regional, local products and services, today it is the only global colour centre for Vehicle Refinishes. With over 100 employees involved in various fields of research, the centre attracts talent from across the world and offers excellence not only in colour but in product services also.

The research centre has developed close to 175,000 colour formulas apart from colours for original equipment manufacturer approvals from global car manufacturers and aerospace customers worldwide. It continues to contribute in driving key innovations in colour digitisation, such as 'matching the measurement' and 'digital approval' criteria. The team is involved in the introduction of new pigments and toners in the assortments and pigment selections for new product lines. Spraying of colours is done robotically, thereby minimising the chances of variations. The process control is governed by the TS16949 quality system.

In addition, the R&D centre also houses colour RD&I groups, responsible for developing technology solutions in the area of colour innovation, colour equipment, colour application maintenance and colour data for various strategic marketing units in Performance coatings. The Group is currently supporting global Performance coatings projects focusing on colour digitisation, colour harmonisation, and standardisation across various strategic marketing units.

The centre has won several awards for its quality output and innovation and is currently in a position to share knowledge and support with other business units of the company. Being deeply committed to corporate social responsibility, the team at the research centre often teaches underprivileged children and helps run medical camps in nearby schools. This is not only aimed at motivating them but also in creating greater awareness among the community.





Caring for life

Actor Paul Newman's philosophy is straightforward: 'In life we need to be a little like the farmer, who puts back into the soil what he takes out.' If every organisation in the world thought that way, putting back what it takes out, there would be abundance everywhere. When we at AkzoNobel talk about caring for life, we echo the same sentiment. Giving back to society, in some form or the other, is our way of showing that people and the planet are priority areas for us. These have been our concerns for the past six decades; our growth and success would simply not have been possible had we not worked in harmony with the community. The coming years, too, will reflect our commitment to life.

We believe in partnering with our stakeholders and being the face of meaningful change. Our endeavour is to protect the environment through resource efficiency and better collaboration, while, at the same time, work towards enriching lives. The world's population is growing fast and if we do not come together to think of ways of conserving energy and resources, we will have little left. Let us, hence, work towards making the coming decades sustainable and meaningful.

Vibrancy of youth

India has immense opportunities for growth, but its youth needs to be empowered with critical skills to take the country forward. AkzoNobel has partnered with the **ICICI Academy of Skills** to encourage training in vocational skills and to promote painting as a training trade, with the focus on the Paint Application Technique (PAT). Currently, we conduct training sessions at four ICICI Skill Academy Centres across India. During the year, 180 students completed the two-month training course, which comprises classroom training for one month and on-the-job training with local contractors. The participants are familiarised with safety rules and the importance of using Personal Protective Equipment (PPE) during work. To enhance employability, they are also taught soft skills and imparted with personality development trainings. After the completion of the course, the students are placed with paint contractors across the country.

Most of India's sporting talent is deprived of opportunities to excel in their chosen fields. In recent years, Youth Football International and Premier Sports International joined hands to address this issue and set up the **Delhi Youth League (DYL)**. AkzoNobel partnered with DYL in this endeavour. The objective of the league is to introduce competitive football in India to children from a wide variety of backgrounds. Children aged between six and 19 years play in a competitive league on a weekly basis. DYL aims to ensure the participation of at least 30 per cent teams from underprivileged backgrounds.

Creativity of children

Believing in starting young, we have always concentrated on children, their education and nutritional and protection needs. Therefore, we began a child development partnership project with **Child Rights and You (CRY)**, a non-government organisation that aspires to empower children. The project is designed to touch the lives of 5,000 children in Delhi and Mumbai. As a part of the project we



“We believe in partnering with external stakeholders and being the face of meaningful change.”

organised community meetings to sensitise people about the importance of immunisation, child education and protection; ensured the effective functioning of 12 anganwadis, covering 1,153 children; and also established two **day-care centres** at Goregaon, Mumbai. These centres facilitated the non-formal education and holistic care of 56 children, whose parents are daily wage earners.

A residential school for leprosy affected children, **Rising Star** is located in Kancheepuram district of Tamil Nadu. The school educates over 500 children from poor families who cannot pay for their treatment and studies. We painted the hostel for students and the dining area of the residential facility, underscoring our conviction that colourful surroundings spread joy.

Snehalaya is an educational institution for children with cerebral palsy and multiple disabilities, located near Pune. Its objective is to rehabilitate children who are physically challenged. On learning that the organisation lacked a concrete exercise area and also required the urgent

refurbishment of its washrooms, our employees at Thane readily undertook both the projects.

AkzoNobel supports orphans in Mumbai through its community programme, **Sparsh**, which houses 50 children, aged up to six years. We placed sanitisers and air-conditioner units in the neo-natal section and repaired rain water drains to provide better health and hygiene facilities in the centre. Apart from improving facilities and physical infrastructure, a team of 50 volunteers from our Thane site are involved in developing children's skills through various extra-curricular activities.

The Decorative Paints R&D team in Thane constructed a structural roof support of MS powder coating for the new school building terrace of the **Mahatma Gandhi Vidyalaya**. The roof rectified the problem of water leakage and also provided additional space for indoor activities. New railings were put up in the first floor corridor and staircases to make the building safe for children.

Force of nature

Natural disasters are on the rise globally, impacting lives and livelihoods; this is a matter of serious concern for all of us. We are committed to help protect people in urgent need of relief and rehabilitation. In September 2014, there was a severe flood caused by torrential rainfall in the **Jammu & Kashmir region**, which left more than 250 people dead and 20,000 families dislocated. AkzoNobel provided aid to over 500 families; around 20 employees and local dealers volunteered for the distribution of materials during relief operations.

In May this year, AkzoNobel India employees pledged support to the Nepal earthquake victims by partnering with the NGO, **Goonj**, in mobilising relief material. Collection boxes were set up by employees in our offices in Gurgaon and Thane for the donation of woollens, blankets, medicines, unused toiletries, torches and so on. After a week-long campaign, AkzoNobel sent three boxes of relief material to the Goonj office for onward shipment to Nepal.



“We painted the hostel for students and the dining area of the residential facility, underscoring our conviction that colourful surroundings spread joy.”

Solutions for life

This year's theme for World Water Day (22 March) was 'Water and Sustainable Development'. We celebrated World Water Day with 70 underprivileged children of **Shahbad Dairy** in Northwest Delhi. The objective was to sensitise the children about the importance of water as a resource. It was a fun day for them and through various activities (talk on Water Day, drawing and slogan writing competition, group discussion and presentation, among others) they learnt how they can contribute to a greater cause. An action plan for the preservation of the planet was delineated with much enthusiasm.

In an endeavour to showcase the beauty of wildlife to young minds, a visit was organised to the **Bannerghatta Biological Park** by our Bangalore team. It was attended by 500 children from Classes IV to VIII of six government schools. During the tour, the children learnt about a variety of mammals, reptiles and birds.

Safety always

Promoting safety is a key initiative of the Company. We have organised road safety awareness programmes for truckers from the Hoskote area of Bangalore, in partnership with the **Institute of Road Traffic Education (IRTE)**. Two hundred truckers were trained on safe driving practices, traffic rules and regulations, qualities of a responsible driver and expertise to handle emergencies and accidents.

Knowledge of safety is also very important for children as, by taking some simple precautions, thousands of children's lives can be saved every year. To address this important issue, employees from our Hyderabad plant organised a safety awareness day at the **Chintal Zilla Parishad High School**. Students were familiarised with road safety rules and explained how right attitudes towards road safety could save lives. They were also made aware of the safety precautions to be taken while handling electrical equipment and fire. The

children participated in a poster-making competition where they expressed their views on road or home safety issues. We have also painted the school premises, thus improving its infrastructure, which helps impart a better quality of education.

Health challenges and concerns

Our Bangalore team organised a **blood donation camp**, which was attended by 51 donors. In our small way, we are happy to contribute towards reducing the deficit in India's blood banks.

St. Jude's, in partnership with Tata Memorial Hospital, provides hygienic accommodation and treatment to children suffering from cancer. We have provided paint to colour the



centres in Mumbai and Jaipur, which will, no doubt, cheer up over 200 residents.

Access to healthcare is often a challenge to communities living in far-flung areas. The situation is even worse in hilly regions owing to a lack of doctors and medical facilities. The **Mayavati Charitable Hospital**, in the Champawat district of Uttarakhand, is addressing this issue for many years. It provides generic and specialised healthcare to more than 200 villages and organises several camps—surgical, dental, urological and eye, among others. We joined the cause by painting the newly-constructed area of the hospital; the supervision was done by our sales team in Dehradun.

We have also been supporting a **village clinic** in Begur, Karnataka, which provides diagnostic and preventive healthcare. It also creates awareness on health and hygiene issues among the villagers and school children. During the year, the clinic catered to the needs of more than 500 villagers and organised six health camps in government schools, covering 2,300 students.

Team members from the Mahad plant conducted a **cleanliness campaign** to help make a visible difference in the lives of villagers. The objective was to generate awareness among villagers and school children about

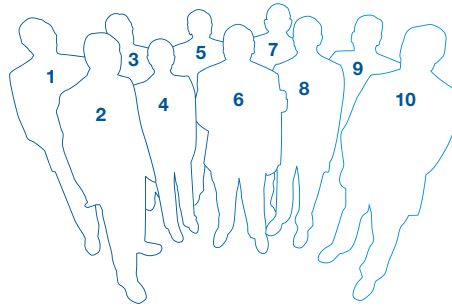
cleanliness and its link with public health and to bring about behavioural change towards healthy sanitation practices. Around 80 villagers voluntarily participated in the campaign. They were told about the importance of separating bio-degradable and non-biodegradable (plastic, glass and so on) waste and methods of waste disposal.

As responsible corporate citizens and global leaders in sustainability, we at AkzoNobel have always considered pressing issues, such as education, health, safety and the environment to be our primary concerns. We realise that, if we fail to do so, the coming years will lack vibrancy. The energy, effectiveness and sense of wellbeing that comes with caring for life, in all dimensions, will be lost. Let us, therefore, pledge to come together as one and extend a supportive hand to a person or cause in need. We both win.





Board of Directors



1. R Gopalakrishnan, Independent Director

Mr. R Gopalakrishnan joined the Board of the Company as a Non-Executive Director in May 1999. He is a Bachelor of Science in Physics from the University of Calcutta and has a B.Tech from IIT, Kharagpur. He has also attended the Advanced Management Programme of the Harvard Business School.

Mr. Gopalakrishnan serves on the Boards of several companies of the Tata Group. He has also worked with the Unilever Group for over 30 years in senior positions, including that of the Vice-Chairman of Hindustan Lever Limited.

2. Himanshu Agarwal, Wholetime Director

Mr. Himanshu Agarwal is the Chief Financial Officer and Wholetime Director of the Company since September 2013.

Mr. Agarwal is a chartered accountant, company secretary and cost management accountant with an excellent track record of over two decades across the paint and pharmaceutical sectors. Prior to joining AkzoNobel, he was Chief Financial Officer, AstraZeneca Pharma, responsible for Finance, ISIT and Procurement.

3. Arvind Uppal, Independent Director

Mr. Arvind Uppal joined the Board of the Company as a Non-Executive Director in April 2011. He is a Chemical Engineer from IIT, Delhi and holds a Master in Business Administration from the Faculty of Management Studies, New Delhi. He has also attended a programme for Executive Development at IMD, Lausanne, Switzerland.

Mr. Uppal is currently President, Whirlpool Asia Pacific and Chairman & Managing Director, Whirlpool India. He has worked with Nestle for over 18 years, having joined that company as a management trainee in 1987. He is also a Director on the Boards of Tuscan Capital and Whirlpool (Australia).

4. Kimsuka Narsimhan, Independent Director

Ms. Kimsuka Narsimhan joined the Board of the Company as a Non-Executive Director in January 2015. Ms Narsimhan is a chartered accountant and a cost accountant. She is Senior Vice-President, Finance and CFO, PepsiCo, India. She has also been the CFO of the foods business, followed by the role of Head of Planning at the divisional headquarters in Dubai.

Prior to PepsiCo, Ms. Narsimhan worked with the Unilever Group for 18 years. She actively participates in women's professional and leadership initiatives, including co-leading the Diversity and Inclusion Council in PepsiCo.

5. Raj S Kapur, Independent Director

Mr. Raj Kapur joined the Board of the Company as a Non-Executive Director in March 2014. He is a Chemical Engineer from IIT, Kanpur and a Master in Business Administration (Finance and Marketing) from the Central Michigan University, USA. He also holds a Master's degree in Polymer Engineering from Case Western University, USA.

Mr. Kapur's career spans almost 40 years of which around 35 were spent with Dow Corning. He is the founder-owner of Country Strategy Business Consultants, advising companies on their geographic expansion and market development strategies.

6. Nihal Kaviratne CBE, Chairman

Mr. Nihal Kaviratne CBE, is the Chairman of the Company since October 2010. He holds a Bachelor of Arts (Honours) degree with a major in Economics from Mumbai University. He has attended an Advanced Management Programme at Harvard Business School and an Advanced Executive Programme at the Kellogg School of Management, North Western University, U.S.A. His global career has spanned more than 40 years with Unilever. He was awarded the CBE for services to business interests in the UK and for sustainable development in Indonesia.

Mr. Kaviratne serves as an Independent, Non-Executive Director in GlaxoSmithKline Pharmaceuticals, India. He is an Independent, Non-Executive Director of several Temasek-linked companies. He is President Commissioner of PT. TVS Motor Company Indonesia, a Member of the Private Sector Portfolio Advisory Committee in India for the UK Government's Department for International Development (DFID), and serves on the Advisory Board of Bain & Company for SEA/Indonesia. He is also the Chairman of Caraway Pte Ltd, Singapore and a Director of TVS Motor (Singapore) Pte Limited.

7. Dr Sanjiv Misra, Independent Director

Dr. Sanjiv Misra, IAS (Retd.), joined the Board of the Company in May 2010. He is an alumnus of St. Stephen's College, Delhi and the Delhi School of Economics. As an Edward S Mason Fellow, he did his MPA from the John F Kennedy School of Government, Harvard University, USA and subsequently obtained his PhD from Jawaharlal Nehru University, New Delhi.

Dr. Misra has held several key positions in the central and state governments. He superannuated as a Secretary in the Finance Ministry, Government of India, in 2008, following which he was a member of the 13th Finance Commission, a constitutional position in the Indian Government. He has represented India in various international conferences, seminars and negotiations. He also has several publications to his credit.

Dr. Misra is the Chairman of Axis Bank and a Director on the Boards of Bombay Stock Exchange and Hindustan Unilever.

8. Jayakumar Krishnaswamy, Managing Director

Mr. Jayakumar Krishnaswamy is the Managing Director of the Company since March 2014.

Mr. Jayakumar is a mechanical engineer from the Delhi College of Engineering and has over 28 years of experience across the automotive and engineering sectors, as well as the FMCG and cement industries. He has previously worked with companies, such as Hindustan Unilever, Lafarge India, Brakes India and Eicher Motors.

9. Amit Jain, Non-Executive Director

Mr. Amit Jain is a Non Executive Director since January 2014; he had earlier served as the Managing Director of the Company during 2009 to 2013. Currently, he is the Managing Director for AkzoNobel's Decorative Paints business in North and West Europe and operates out of Amsterdam.

Mr. Jain holds a management degree from the Faculty of Management Studies, Delhi and has attended the Advanced Management Programme of the Wharton Business School. He started his career with ICI and has served in leadership roles at Coca-Cola and MTV.

10. Arabinda Ghosh, Non-Executive Director

Mr. Arabinda Ghosh has been appointed as a Non-Executive Director of the Company in May 2015. He is also the Managing Director of AkzoNobel's Metal Coatings business globally. He brings with him a wealth of experience from his roles in Finance and General Management in other global businesses of Powder Coatings, Automotive and Aerospace Coatings and the Marine and Protective Coatings of AkzoNobel.

Mr. Ghosh has completed his schooling from the UK. He qualified as a chartered accountant while working at Deloitte in Bristol, the UK.

Company information

Board of Directors

Chairman

Mr N Kaviratne CBE

Managing Director

Mr Jayakumar K

Directors

Mr H Agarwal — Wholetime Director

Mr A Ghosh (w.e.f 28 May 2015)

Mr R Gopalakrishnan

Mr A Jain

Mr R S Kapur

Dr S Misra

Ms K Narsimhan

Mr A Uppal

Key Managerial Personnel

Mr Jayakumar K, Managing Director

Mr H Agarwal, Wholetime Director and Chief Financial Officer

Mr R Guha, Company Secretary / Chief Internal Auditor

Registered Office

Geetanjali Apartment, 1st Floor,
8-B, Middleton Street, Kolkata 700 071
Tel: 033-22267462 Fax: 033-22277925

Corporate Office

DLF Epiteome, Building No 5, Tower A, 20th Floor
Cyber City, DLF Phase III, Gurgaon 122 002
Tel: 0124-2540400
Fax: 0124-2540849

Website

www.akzonobel.co.in

Email

investor.india@akzonobel.com

Corporate Identity Number (CIN)

L24292WB1954PLC021516

Registrar and Share Transfer Agent

C B Management Services (P) Ltd
P-22, Bondel Road,
Kolkata 700 019
Tel: 033-40116700
Fax: 033-22870263
Email: rta@cbmsl.com

Key Committees of the Board

Audit Committee

Dr S Misra (Chairman)

Mr A Ghosh (w.e.f 28 May 2015)

Mr R Gopalakrishnan

Mr A Jain

Mr R S Kapur

Ms K Narsimhan

Mr A Uppal

Nomination and Remuneration Committee

Mr R Gopalakrishnan (Chairman)

Mr A Ghosh (w.e.f 28 May 2015)

Mr A Jain

Mr R S Kapur

Mr N Kaviratne CBE

Dr S Misra

Mr A Uppal

Stakeholders Relationship Committee

Mr A Uppal (Chairman)

Mr Jayakumar K

Mr H Agarwal

CSR Committee

Mr R S Kapur (Chairman)

Mr Jayakumar K

Mr H Agarwal

Statutory Auditors

B S R & Associates LLP

Bankers

Citibank

Deutsche Bank

HDFC Bank

Hongkong & Shanghai Banking Corporation

Royal Bank of Scotland

Standard Chartered Bank

State Bank of India

Directors' report

Dear Members,

Your Directors are pleased to present their report for the year ended 31 March 2015.

All references to 'the Act' in this report refer to the Companies Act, 2013 unless stated otherwise.

Business Environment

GDP for the financial year 2014-15 is expected to grow over 7% on the 2011-12 base. The estimate is led by strong growth in service sector, followed by industry and agriculture. IIP data, which reflects the manufacturing industry's performance, registered a growth of 2.7% during 2014-15, compared to 0.1% in 2013-14.

From a macro-economic perspective, RBI had recognised the downward trend in inflation and announced a rate cut in April 2015 on top of liquidity enhancement measures taken during 2014-15. INR remained fairly stable through most part of the year but has shown some weakness in recent months.

The Union Budget for 2015-16 indicates the Government's commitment to support infrastructure sector and offer a stable and predictable tax regime. It has also taken positive steps to implement Goods and Service Tax (GST), to replace several state and central tax laws on indirect taxation.

Taken together, the above factors point to a favourable business environment for your Company to progress its growth plans with cautious optimism.

Finance and Accounts

Revenue for the year at ₹ 25,270 million is 5% ahead of previous year, with contribution from all segments. EBITDA from business operations at 2,614 million grew 36% over the previous year; after considering Exceptional Income and tax,

the profit after tax for the year at ₹ 1,863 million showed a growth of 24%, compared to previous year's ₹ 1,502 million, mainly on account of improved business performance.

The highlights of the performance during the year are:

	(₹ million)	
	2014-15	2013-14
Revenue from operations	25,270	24,179
Operating profit (EBITDA)	2,614	1,919
Depreciation	(526)	(437)
Other Income net of Finance costs	635	552
Exceptional item – income	27	
Profit before tax	2,750	2,034
Tax	(887)	(532)
Profit after tax	1,863	1,502
Surplus brought forward from previous year	1,763	5,015
Total available for appropriation	3,626	6,517
Appropriations		
Transfer to general reserve	(190)	(660)
Proposed dividend	(933)	(699)
Proposed special dividend	-	(2,800)
Tax on proposed dividend	(187)	(595)
Balance carried to Balance Sheet	2,316	1,763

Dividend

Keeping in view the current year's performance, the Board is pleased to recommend a dividend of ₹ 20 per share for the financial year 2014-15 (previous year ₹ 15 per share + special dividend of ₹ 60 per share, to commemorate the 60th year of the Company).

Public Deposits

Your Company has not accepted any public deposits during the year, and no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

Management Discussion and Analysis

Industry structure

Indian Coatings industry has been growing over past several years at a rate ahead of the country's GDP growth. The industry has two main segments: Decorative Paints and Performance Coatings, comprising Protective, Powder, Metal, Marine, Vehicle Refinishes and Coatings for specialised applications, and consists of both organised and unorganised sectors.

Decorative Paints account for a major part of the industry. The main drivers for the growth of this business have been shortening of repainting cycle and better demand from smaller towns. Another important driver for demand for Decorative

paints is the new homes underpinned by rising income levels and shift from joint families to nuclear families.

Performance Coatings business is essentially a B2B market in contrast to the Decorative paints, which is largely B2C market. This business is technology intensive with a diverse set of growth drivers, which include key customer relationships, sustained focus on R&D and innovation, with strong emphasis on offering a solution rather than a product.

Business Performance Coatings

Coatings segment recorded total revenue of ₹ 24,153 million during the year 2014-15, compared to the previous year's ₹ 23,243 million, a growth of 4%. Segment profit, however, improved by 43% to ₹ 2,111 million, reflecting impact of cost control, soft input prices and enriched sales mix.

Your Company continued to pursue its long-term objectives through investment in brands, RD&I, distribution expansion and capability building. Highlights of different business units within the Coatings segment are given below:

Decorative Paints

- Strong campaigns that included television advertising, digital and on-ground activation on Dulux SuperClean and Dulux WeatherShield Max, led growth in those product lines.
- Dulux SuperClean won the product of the year award in the paints category.
- Dulux was nominated as one of the 100 most valuable brands in India and also SuperBrand of the year.
- Consumer Centric Innovation with the launch of New Dulux Promise, Promise Primer, Dulux Weathershield Signature and Dulux Satin Stay Bright.

- Launch of the new Dulux website and the Dulux Visualizer, which has so far seen over 1 lakh downloads.
- Projects business grew modestly during the year, though growth in New Build segment was encouraging
- Scale up of the distributor model to expand distribution in un-serviced markets
- The business continued to remain focused to build lean cost structure across functions and capitalise on cost saving opportunities. As a result, the business has been able to realise savings through localisation of raw materials, alternate material/vendor development, improved process/ material usage efficiency and energy reduction, among others.

Performance Coatings

- **Marine Coatings** business focuses on coating solutions for ships, trawlers, supply vessels and coastal fishing boats, new ship construction, as well as maintenance and repair. The business continues to face pressure on both volumes and margins. Initiatives to expand into new avenues to propel growth, as well as de-risking were continued.
- **Protective Coatings** business provides coating solutions to segments like oil and gas, infrastructure projects such as airports and stadia, power generation, mining and minerals, among others. Some of the products introduced during the year were Isophthalic Polyester Glass Flake Linings for internal of pipelines, Ceilcote and Enviroline range for FGD and effluent treatment plants.

Though the overall market for protective coatings faced several challenges from delays in project

completion and liquidity issues, there are indications of revival of demand in the industry. In the year ahead, the business will be focusing on growth opportunities in maintenance and repair business in Chemicals, Pharma, Oil and Gas and Wind Energy sectors.

- **Powder Coatings** business caters mainly to architecture, white goods, automotive and general industry, and registered a healthy growth. Opportunities in certain other profitable segments are being explored.
- **Metal Coatings** business saw low growth during the early part of the year as domestic steel production was impacted adversely by low cost imports of coated steel. The business has commissioned a manufacturing facility for Packaging coatings products at Thane site during the year.
- **Vehicle Refinishes** business showed positive growth over previous year, with major contribution from commercial vehicles segment. Necessary enabling agreements for transfer of technology and technical support (including product approvals and referrals) from Akzo Nobel NV to support this business have been put into operation.

Chemicals

This segment, consisting of Polymer Chemistry and Surface Chemistry businesses, recorded a turnover of ₹ 1,117 million, compared to previous year's ₹ 936 million, a growth of 19%. Segment profit also kept pace, growing to ₹ 129 million from ₹ 103 million. Opportunities to manufacture/ source some products locally, using AkzoNobel's proven technologies are being explored.

To support local customer requirements, an Agrochemicals Laboratory was commissioned at Thane site during the year.

Going forward, your Company will continue to closely monitor the global trends in the availability and prices of all key inputs, to ensure supply security. Cost reduction and value creation initiatives have been ingrained in the business processes and are progressing on target. However, slow demand growth, volatility in currency exchange rates could negate the effects of some of the above actions and put pressure on business performance.

The Company follows a Risk Management policy under which all material foreign currency exposures are hedged through forward covers to protect against swings in exchange rates.

Your Company will continue to stay focused on growing profitably ahead of the market, with emphasis on serving its consumers through innovative technical solutions and continuous efforts to expand footprint in its areas of strength.

Corporate Governance

A report on Corporate Governance, along with a certificate from a practicing Company Secretary confirming compliance with the conditions of corporate governance, is attached as Annexure I to this report.

Your Company is also participating in an initiative 'Women on Corporate Boards' by mentoring and grooming suitable woman candidates to familiarise themselves with the operation and process of Corporate Boards. Under this programme, the Board has selected Ms Shalini Hinduja to participate in the board/committee meetings under the mentorship of the Chairman.

Responsible Care / Corporate Social Responsibility

Your Company recognises that its business activities have direct and indirect impact on the environment in which it operates and is firmly committed to conduct its business in a socially and environmentally responsible way for the benefit of

all its stake-holders viz. shareholders, consumers, employees, and the community at large. Towards this objective, various programmes were conducted to create safety awareness and reinforce the Company's vision of Zero injury.

During the year, your Company implemented several CSR initiatives on its own with employee volunteers, as well as in partnership with external agencies. Such activities covered the areas of health, education and development of the society's underprivileged sections and environment protection. A report on the CSR activities and initiatives undertaken by the Company during the year is attached as Annexure II.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Your Company continues to use its research and development base to bring new products with improved performance features and products for special applications. Particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, pursuant to Section 134 of the Act, are given in Annexure III to this report.

Information Technology

During the year, multiple businesses of your Company across the country have been brought under a common Global ERP platform at the respective business unit level to facilitate implementation of global processes. It has helped the Company to achieve synergy on the use of assets and resources.

To automate and streamline critical processes, the Company has gone live with Global Master Data solution for its raw materials code creation and validation process. This system will be able to help the Company integrate its master data

across all its businesses and countries, which will in turn ensure a single source of master data, thereby providing full visibility of materials sourced from vendors across business units.

To facilitate collaboration with the Company's suppliers, an interface has been setup, connecting the Company's SAP system with the supplier's ERP systems. This interface helps in automating the operational transactions between the Company and the supplier. This process has been initiated with some of the Company's biggest vendors, covering majority of the category spend. Plans are underway to extend it further to cover all major vendors.

Human Resources

Your Company had cordial relations with employees across all locations during the year. Your Company's Human Resources agenda for the year was focused on strengthening four key areas:

- building a robust and diverse talent pipeline,
- enhancing individual and organisational capabilities for future readiness,
- driving greater employee engagement; and
- capability building at the grass root level.

The Company has seen a significant improvement in the engagement score (which indicates the level of engagement, and hence commitment to the Company's goals and values) of its employees through sustained communication and development programmes. The total number of employees on the rolls of the Company as at 31 March 2015 was 1,792 (previous year 1,854).

Information as per section 197 of the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms part of this Report. However, as permitted under the provisions of section 137 of the Act, the Report and Accounts are being sent to the members

excluding the statement containing the said information. Any member interested in obtaining such particulars may inspect the same at the Registered Office of the Company or write to the Company Secretary for a copy.

In accordance with Section 178 and other applicable provisions of the Act, the Board has formulated the Nomination and Remuneration Policy of the Company by suitably defining the terms of reference of the Nomination and Remuneration Committee. More details in this regard have been outlined in the Corporate Governance report annexed to this report (Annexure I).

The following further disclosures are made in terms of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

(i) Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2014-15:

Name	Status	Ratio
Mr Nihal Kaviratne CBE	Non-Executive	1.6
Mr Jayakumar Krishnaswamy	Managing Director	22.7
Mr Himanshu Agarwal	Wholetime Director	18.9
Mr R Gopalakrishnan	Non-Executive	1.8
Mr Amit Jain	Non-Executive	-
Mr Raj S Kapur	Non-Executive	1.9
Dr Sanjiv Misra	Non-Executive	1.7
Ms Kimsuka Narasimhan	Non-Executive	0.2
Mr Arvind Uppal	Non-Executive	1.7

(ii) Details of percentage increase in the remuneration of each Director and Company Secretary in the financial year 2014-15:

Name	Status	Percentage increase
Mr Nihal Kaviratne CBE	Non-Executive	14% increase in Commission
Mr Jayakumar Krishnaswamy	Managing Director	5% of Annual Base salary with effect from 15 January 2015
Mr Himanshu Agarwal	Wholetime Director	5% of Annual Base salary, pro rated from the date of joining the Company (Actual: 3% with effect from 1 April 2014)
Mr R Gopalakrishnan	Non-Executive	14% increase in Commission
Mr Amit Jain	Non-Executive	Nil
Mr Raj S Kapur	Non-Executive	14% increase in Commission
Dr Sanjiv Misra	Non-Executive	14% increase in Commission
Ms Kimsuka Narasimhan	Non-Executive	Joined the Board on 30 January 2015 – hence, not applicable
Mr Arvind Uppal	Non-Executive	14% increase in Commission
Mr R Guha	Company Secretary	8% of Annual Base salary with effect from 1 April 2014

Description	Remarks
(iii) The percentage increase in the median remuneration of employees in the financial year	9.1%
(iv) The number of permanent employees on the rolls of the Company	1,792 as on 31 March 2015
(v) The explanation on the relationship between average increase in remuneration and the Company performance	Company PAT, after considering the salary increases referred to above, improved by 24% in 2014-15, compared to previous year. Increase in remuneration levels take into account relevant market factors.
(vi) Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company	Company PAT, after considering the salary increases referred to above, improved by 24% in 2014-15, compared to previous year. Increase in remuneration levels of KMPs is lower than the percentage increase at the median remuneration of the employees.
(vii) Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year	The Company's market capitalisation increased by 55% to ₹ 65.5 billion on 31 March 2015 from ₹ 42.1 billion on 31 March 2014. PE ratio was 35.2 times as on 31 March 2015, an increase of 25% compared to 31 March 2014 (28 times).
Increase or Decrease in the market quotations of the shares of the Company in comparison with the last public offer	The market quote (NSE) of the Company's share was ₹ 1,405 as on 31 March 2015 and the last public offer was made at a price of ₹ 10 in 1967. An amount of ₹ 1,000 invested in the said public offer would be worth ₹ 1.85 lakh as on March 31, 2015 which translates to a Compounded Annual Growth Rate of 12%, taking into account the bonus shares issued and dividends paid during the period.
(viii) 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	Average percentage increase in Base salary of non-managerial personnel is 10.3%
(ix) Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company	This is comparable with the increase in the managerial remuneration.
(x) The key parameters for any variable component of remuneration availed by the Director	Company PAT improved by 24% in 2014-15, compared to the previous year. Remuneration changes for each KMP is explained above <ul style="list-style-type: none"> • Business profitability • Business cash generation • Sustainability parameters • Specific personal goals
(xi) The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors, but receive remuneration in excess of the highest paid Director during the year	Not applicable - there is no employee drawing remuneration higher than the highest paid Director.
(xii) It is hereby affirmed that the remuneration paid to directors and managerial personnel referred to above is as per the remuneration policy of the Company.	

Notes:

1. The aforesaid details are calculated on the basis of remuneration for the financial year 2014-15.
2. Remuneration to Directors includes sitting fees paid to them for the financial year 2014-15.
3. Median remuneration of the Company for all its employees is ₹ 501,435 for the financial year 2014-15.

4. Commission to the Non-Executive Directors was increased commensurate with the increase in the responsibility, considering their involvement in strategy and changes in the regulatory environment.
5. Remuneration to Directors is within the overall limits approved by the shareholders.
6. Ratios have been compared with reference to the Annual Base Salary as applicable.

Internal Control Systems/Risk Management

Your Company has an effective risk management framework, which helps the Board to monitor the state of controls in key business processes. Your Company also has well-established procedures for internal controls, commensurate with its size and operations. The organisation is appropriately staffed with qualified and experienced personnel for implementing and monitoring the internal control environment. The internal audit function reports to the Audit Committee.

Vigil Mechanism

Your Company has a Vigil Mechanism in place as required under section 177 of the Act and the Listing Agreement. More details in this regard have been outlined in the Corporate governance report annexed to this report (Annexure I).

Policy Against Sexual Harassment

Your Company has formulated a policy for prevention and deterrence of acts of sexual harassment. The Policy also defines the procedures for the resolution and settlement of complaints, if any. Internal Complaints Committees have been constituted in accordance with the requirements under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, which ensures implementation and compliance with the law, as well as the policy at every unit. There were no cases/ complaints reported in this regard during 2014-15. A copy of the policy against sexual harassment is posted on the Company's website at https://www.akzonobel.com/in/corporate_governance/policies.

Related Party Transactions

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract / arrangement / transaction with related parties, which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

Your Directors draw attention of the members to Note 5.16 to the financial statements which sets out related party disclosures.

Loans, Guarantees & Investments

There are no loans given or guarantees issued that are covered under Section 186 of the Act read with the Rules made thereunder. Details of investments made under the said section are covered in Notes 3.9 and 3.12 of the financial statements.

Extracts of the Annual Return

As required under section 134(3)(a) of the Act, read with the Companies (Management and Administration) Rules, 2014, an extract of the Annual return in the prescribed form is attached as Annexure IV.

Directors & Key Managerial Personnel

Mr Robert Molenaar, Director, resigned from the Board with effect from 9 September 2014. Mr Arabinda Ghosh was appointed as a Director with effect from 28 May 2015 in the casual vacancy caused by the resignation of Mr Robert Molenaar.

Ms Renu Karnad resigned from the Board with effect from 9 September 2014 to comply with certain regulatory restrictions. Ms Kimsuka Narasimhan was appointed as a Director with effect from 30 January 2015 in the casual vacancy caused by Ms Renu Karnad's resignation.

Appointment of Mr R Gopalakrishnan and Mr Arvind Uppal as Independent Directors for a term of five years with effect from 12 August 2014, Ms Renu Karnad for the period from 12 August 2014 to 8 September 2014 and Ms Kimsuka Narasimhan for a term of five years with effect from 30 January 2015 are subject to approval by the shareholders at the forthcoming Annual General Meeting.

Mr Amit Jain will be retiring by rotation at the forthcoming Annual General Meeting and is eligible for re-appointment.

Your board wishes to place on record its deep appreciation of the contributions of Mr Robert Molenaar and Ms Renu Karnad during their respective tenures.

Declaration by Independent Directors

Your Company has received necessary declarations from each Independent Director under section 149(7) of the Act that he/ she meets the criteria of independence, laid down in section 149(6) of the Act and clause 49 of the Listing Agreement.

Auditors

Statutory Auditors

M/s B S R & Associates LLP will retire as the Auditors of the Company at the conclusion of the forthcoming Annual General Meeting, and being eligible have offered themselves for reappointment. The Auditors' Report for the financial year 2014-15, does not contain any qualification, reservation or adverse remark.

Cost Auditors

The Board has appointed M/s Chandra Wadhwa & Associates as the Cost Auditors for conducting Cost Audit for the financial year 2014-15. Their report for the previous year ended 31 March 2014, was filed with MCA within the stipulated time.

Secretarial Auditors

In terms of section 204 of the Act, the Board has appointed M/s A K Labh & Co, Kolkata to conduct a Secretarial Audit for 2014-15. Their report is attached as Annexure V.

Directors' Responsibility Statement

As required under section 134(5) of the Act, the Board states that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed and there are no material departures from the same;
- (b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit and loss of the Company for that period;
- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the annual accounts on a going concern basis;
- (e) the Directors had laid down proper internal financial controls to be followed by the Company and that

such internal financial controls are adequate and were operating effectively; and

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

General

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

1. The Company has issued only one class of equity shares with equal rights.
2. The Company has not issued any shares during the year, under ESOPs or Sweat Equity or otherwise.
3. The Company does not have any subsidiary; hence, the question of the Managing Director or Wholetime Directors of the Company receiving any remuneration or commission from any of its subsidiaries does not arise.
4. No significant or material orders were passed by the Regulators or Courts or Tribunals, which could impact the going concern status and the Company's operations in future.

Cautionary Statement

Some of the statements in this report, describing your Company's objectives and expectations expressed in good faith, may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ materially from those, in the event of changes in the assumptions/ market conditions.

Acknowledgement

Your Directors wish to convey their gratitude and appreciation to all the employees of the Company for their valuable contribution during the year. They also wish to place on record their appreciation of the Company's customers, shareholders, investors, bankers, agents, suppliers, distributors and other business associates for their cooperation and support.

For and on behalf of the Board

28 May 2015
Gurgaon

Nihal Kaviratne CBE
Chairman

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 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 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:

	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.
- Currently, the Company does not have any stock option scheme.

Familiarisation programmes for Board members

All the Board members are provided with access to necessary documents/brochures, reports and internal policies to enable them to familiarise with the Company's procedures.

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.

The familiarisation programme for Independent Directors in terms of Clause 49 of the Listing Agreement is available at https://www.akzonobel.com/in/corporate_governance/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 Narasimhan ²	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 January 2015

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:

- Overseeing and approving the Company's enterprise wide risk management framework; and
- 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 held during the year 2014-15.
- (iii) No Postal Ballot was conducted during the year 2014-15, 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-à-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.

- v. Disclosures, as required under the relevant Accounting Standards, have been incorporated in the Accounts.
- vi. 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 www.akzonobel.co.in
iv. Whether it also displays official news releases	
v. Presentations made to institutional investors or to the analysts	

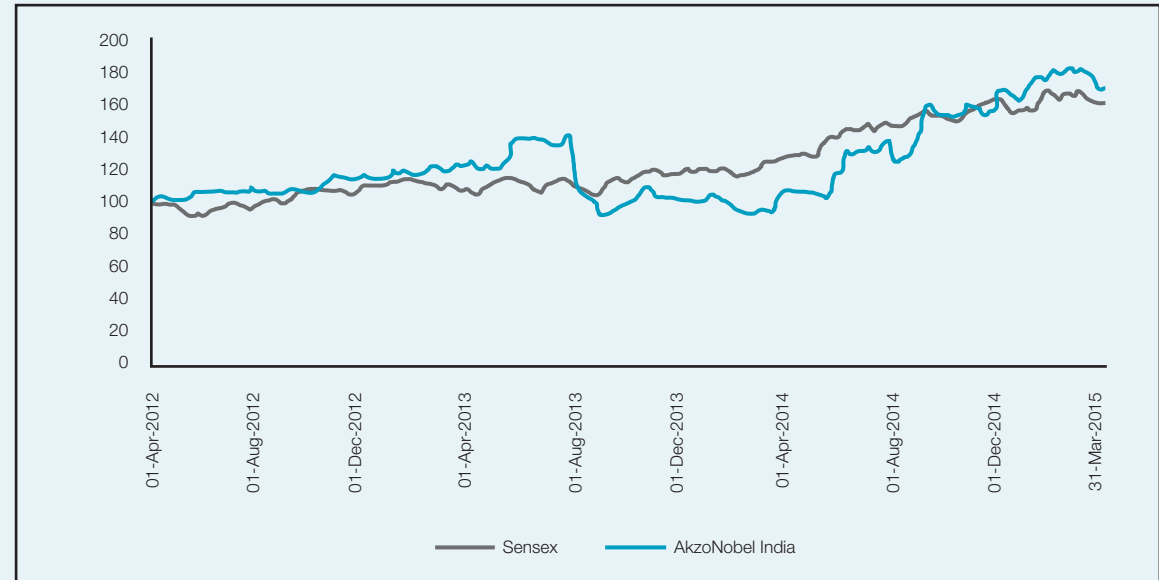
12. General Shareholder Information

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 Results	Adoption on or before
	1st quarter ending 30 June 2015	14 August 2015
	2nd quarter ending 30 September 2015	14 November 2015
	3rd quarter ending 31 December 2015	14 February 2016
	Year ending 31 March 2016	30 May 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

Month	BSE			NSE		
	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	1,144.00	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

xvii. Plant locations

Coatings

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: rta@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.

28 May 2015
Gurgaon

Jayakumar Krishnaswamy
Managing Director
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-à-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 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

For and on behalf of the Board

28 May 2015
Gurgaon

Nihal Kaviratne CBE
Chairman

Auditors' Certificate

To the Members of Akzo Nobel India Limited

We have examined the compliance of conditions of Corporate Governance by **Akzo Nobel India Limited** ("the Company") for the year ended on 31st March, 2015 as stipulated in clause 49, as amended, of the Listing Agreement of the Company with Stock Exchanges.

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

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

We have been explained that no investor grievances are pending for a period exceeding one month as at 31st March, 2015 against the Company.

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

For **A. K. LABH & Co.**
Company Secretaries

May 28, 2015
Kolkata

(CS A. K. LABH)
Practicing Company Secretary
FCS – 4848 / CP No - 3238

Annexure II

Corporate Social Responsibility (CSR) Report

[Pursuant to section 134(3)(o) and 135 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. **A brief outline of the Company's CSR policy:**
As a responsible corporate, Akzo Nobel India Limited is firmly committed to conduct its business in a socially and environmentally responsible way for the benefit of all its stake-holders viz. shareholders, consumers, employees, and the community at large. A copy of the CSR Policy is posted on the website of the Company and available at https://www.akzonobel.com/in/corporate_governance/policies.
2. **Composition of the CSR Committee:**
The CSR committee consists of three directors. The Chairman of the committee is Mr. Raj Kapur (Independent Director) and the other members are Mr. Jayakumar Krishnaswamy (Managing Director) and Mr. Himanshu Agarwal (Wholetime Director).
3. **Average net profit of the Company for last three financial years:**
₹ 1,614 million, computed under section 198 of the Act.
4. **Prescribed CSR Expenditure (two per cent of the amount as in item 3 above):**
₹ 32.3 million
5. **Details of CSR spent during the financial year:**
 - (a) Total amount spent: ₹ 8.0 million
 - (b) Amount unspent: ₹ 24.3 million

(c) Manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
S. No	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent : Direct or through implementing agency	Project Synopsis
1.	Child Development Project	Promotion of Education and eradicating malnutrition	Delhi (Delhi) Mumbai (Maharashtra)	2.50	Direct Project Expenditure: 1.26	1.26	Implementing Agency – CRY	The project aims to promote holistic development among children with special attention to bring drop outs back to school, provide nutritional support and sensitise and educate communities about child protection. The project is benefiting more than 5000 underprivileged children in Delhi and Mumbai.
2.	Vocational Skill Training	Skill Training	Jaipur (Rajasthan) Coimbatore (Tamil Nadu)	1.34	Direct Project Expenditure: 1.34	1.34	Implementing Agency- IICI Skill Academy	Initiated vocational skill training in Paint Application Techniques for youths. This year 180 students completed the course and placed in jobs.
3.	Flood Relief Material	Preventive Health	Srinagar (J&K)	0.50	Direct Project Expenditure: 0.50	0.50	Directly	The Company contributed to J&K flood relief by distributing winter clothing to families of flood victims. The entire relief operations were undertaken by employees as volunteers. The support helped more than 500 families to keep safe against harsh winters.

(₹ million)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
S. No	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent : Direct or through implementing agency*	Project Synopsis
4.	Painting School for leprosy students- Rising Star Outreach	Promoting Education	Kancheepuram (Tamil Nadu)	0.74	Direct Project Expenditure: 0.74	0.74	Directly	Undertaken painting job in Rising Star Outreach which provides residential education to students affected with leprosy.
5.	Painting for Cancer Children care center	Healthcare	Noida (Uttar Pradesh) Jaipur (Rajasthan)	0.78	Direct Project Expenditure: 0.78	0.78	Directly	The Company came in partnership with St. Jude's to provide paints to color St. Jude's Centre in Noida and Jaipur and also to provide operational cost. This support will help more than 200 child residents of the center to see a more colorful world.
6.	Promoting sports for underprivileged children	Promoting Sports	Delhi (Delhi)	0.10	Direct Project Expenditure:0.10	0.10	In partnership with Premier Sports	The project aimed at promoting football as a sport for the underprivileged sections of Delhi's children and youths.
7.	Painting of Advaita Ashram Hospital	Promoting Health Care	Lohaghat (Uttarakhand)	0.11	Direct Project Expenditure: 0.11	0.11	Directly	The project aimed at facilitating health care in rural areas of Uttarakhand through painting and refurbishment of hospital.
8.	Infrastructure support to Special Children's home	Healthcare	Pune (Maharashtra)	0.57	Direct Project Expenditure: 0.57	0.57	Directly	In order to provide better physiotherapy and sanitation facilities for children with Cerebral Palsy an outdoor exercise area and toilets were built at Snehalay educational institute, Pune.
9.	Infrastructure support to Mahatma Gandhi Vidyalay	Education	Uran (Maharashtra)	0.94	Direct Project Expenditure: 0.94	0.94	Directly	In order to provide better educational facilities to the underprivileged children a new Structural roof support was provided which will ensure addressing water leakage issues and will also provide additional space for indoor activities. Apart from that, new railings, doors and windows were provided to make the building safe for use of children.
10.	Support to Orphanage	Health Care	Nerul, Navi Mumbai (Maharashtra)	0.13	Direct Project Expenditure: 0.13	0.13	Directly	In the project the Company supported healthcare, sanitation and educational facilities at a NGO run orphanage (SPARSH).
11.	Educational material distribution	Education	Pune, (Maharashtra)	0.04	Direct Project Expenditure: 0.04	0.04	Directly	In order to facilitate education for the differently abled children, school bags and shoes were distributed to them at Snehalay (NGO), Pune.
12.	Community Health Clinic	Health Care	Bangalore (Karnataka)	0.16	Direct Project Expenditure: 0.16	0.16	Directly	The Company supported village health clinic provided preventive and curative health care to more 5000 villagers and children over the year.
13.	Educational Tour for School Children	Promotion of education	Bangalore (Karnataka)	0.33	Direct Project Expenditure: 0.33	0.33	Directly	More than 500 students of a Govt. school were taken on an education tour to Bannerghatta Biological Park. The students during the visit could learn about wildlife and ecology.
14.	Medical Camps	Health	Bangalore (Karnataka)	0.13	Direct Project Expenditure: 0.13	0.13	Directly	The Company conducted specialised medical camps for village women to undertake preventive and curative healthcare.
15.	Community Drinking Water	Health care	Raigad (Maharashtra)	0.40	Direct Project Expenditure: 0.40	0.40	Directly	To address the issue of acute shortage of water in Deulkond village at Mahad, employees of the Company facilitated an alternate source of water through installing a bore well and overhead tank in the village.

(₹ million)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
S. No	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent : Direct or through implementing agency*	Project Synopsis
16.	Enhancing School Infrastructure	Education	Palghar (Maharashtra)	0.08	Direct Project Expenditure: 0.08	0.08	Directly	In order to provide better educational infrastructure in schools the employees of the Company along with company hired painters painted Vikas Dhanu ashram. The center provides education and skill training to youths and children of tribal villages.
17.	Other projects					0.06	Directly	Various
18.	Admin Cost (CSR Manager Salary, Travelling Expenses, etc.	Admin Cost	NA	NA	NA	0.33	Directly	NA
Total CSR Expenditure						8.00		

6. The Company has taken many concrete steps during the year in order to prepare a road map for its CSR programme. Some of the steps taken are:

- 1) Formation of CSR Committee
- 2) Formulation of CSR Policy
- 3) Set up an internal CSR organisation
- 4) Active engagement with stakeholders and various implementing agencies to identify additional meaningful CSR projects.

The Company is committed to continue its active engagement in CSR activities and incur expenditure in accordance with the provisions of section 135 of the Act in future years.

7. The CSR Committee hereby confirms that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the Company.

28 May 2015
Gurgaon

Raj S Kapur
Chairman, CSR Committee
DIN 00060056

Jayakumar Krishnaswamy
Managing Director
DIN 00032473

Annexure III

Disclosure of particulars with respect to conservation of energy, technology absorption, foreign exchange earnings and outgo pursuant to Section 134 (3) (m) of the Act:

A. Conservation of Energy

During the year, various energy conservation measures were implemented by the Company:

i Conservation measures taken	Energy saving measures adopted across all offices & factories. Continued efforts towards optimisation of processes are in place. For example: reduction in number of Cold Storages as a result of effective inventory control, usage of solar panels & LED bulbs, etc
ii Steps taken by the Company for utilising alternate sources of energy	Various steps have been adopted to reduce dependency on commonly used sources of energy. Gwalior Plant's external premises run entirely on solar panels. Similar practices are also being adopted at other sites of the Company.
iii Capital investment on energy conservation equipments	₹ 8.72 million

B. Absorption of technology

i Efforts made towards technology absorption	<p>The RD&I center of the Company focuses on development of innovative products & techniques. Efforts during the year resulted in:</p> <ul style="list-style-type: none">• Indigenisation of Acrylic resin.• Product development of exterior durable high temperature resistance powder for Motorbike Engine blocks• Use of ILD for slurry preparation in place of HSD• Optimising the pump speed by using VFD in pumps• Product Innovations – VT PG-2, DWS Malabar recipes & DWS Max Malabar recipes.• Introduction of OE 300 project, water base satin paint, water base weather-shield to reduce VOC• Introduction of Crest economy PU products for VR business.• Localisation of imported resin and use of cost effective raw material
ii Benefits derived as a result of the above efforts (like product improvement, cost reduction, product development or import substitution)	<ul style="list-style-type: none">• Cost reduction due to indigenisation of acrylic resins• Improved performance attributes of the product meeting customer requirements• Less power consumption• Launch of new products – Dulux Super satin, Rollable Smoothover, VTT Rare pearl green & copper, Weathershield clear, Duwel Acrylic Emulsion• Efficiency improvement through use of cost effective raw materials - new improved melamine product range.
iii In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year)	No technology was imported during the last 3 years.

iv Expenditure on R&D		(₹ million)	
	2014-15	2013-14	
a. Capital	15	21	
b. Recurring*	108	101	
c. Total	123	122	

*Excludes Royalty charge.

C. Foreign exchange earnings and outgo

		(₹ million)	
	2014-15	2013-14	
i Earnings	1,213	1,068	
ii Outgo*	3,551	3,515	

*Excludes outgo on account of dividend

Outgo of foreign exchange by the Company is higher than earnings mainly on account of import of raw materials and services which are not available in the local market at competitive prices. Besides, the nature of the Company's product lines is such that it is not commercially viable to build a large Export portfolio.

Annexure IV

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on 31 March 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and Other Details

i)	CIN	: L24292WB1954PLC021516
ii)	Registration Date	: 12 March 1954
iii)	Name of the Company	: Akzo Nobel India Limited
iv)	Category/Sub-Category of the Company	: Public company having share capital
v)	Address of the Registered office and contact details	: 8-B, Middleton Street, Kolkata – 700071 Phone : (033) 22267462 Email : investor.india@akzonobel.com Website : www.akzonobel.co.in
vi)	Whether listed company	: Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	: C B Management Services (P) Ltd. P – 22, Bondel Road, Kolkata – 700019 Phone: (033) 4011 6700 Fax: (033) 4011 6739 Email: rta@cbmsl.com Website: www.cbmsl.com

II. Principal Business Activities of the Company

1	Name and Description of main products/ services	Manufacture of paints, varnishes, enamels and lacquers
2	NIC Code of the Product/ service	20221
3	% to total turnover of the Company	95.6

III. Particulars of Holding, Subsidiary and Associate Companies

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ subsidiary/ Associate	% of shares held	Applicable Section
1	Akzo Nobel NV	09007809 (The Netherlands)	Ultimate holding Company *	72.96*	2(46)

*Through wholly-owned subsidiaries

Note: List of Associate Companies with whom transactions took place during the year - Refer Note 5.16 to financial statements.

IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Shareholding

Shareholder Category of	No. of Shares held at the beginning of the year (01.04.2014)				No. of Shares held at the end of the year (31.03.2015)				% Change during the year
	Demat	Physical	Total	% of Total	Demat	Physical	Total	% of Total	
(A) Promoter									
1 Indian									
(a) Individuals/ HUF	-	-	-	-	-	-	-	-	-
(b) Central Government	-	-	-	-	-	-	-	-	-
(c) State Government(s)	-	-	-	-	-	-	-	-	-
(d) Bodies Corporate	-	-	-	-	-	-	-	-	-
(e) Bank/Financial Institutions	-	-	-	-	-	-	-	-	-
(f) Others	-	-	-	-	-	-	-	-	-
Sub Total (A)(1)	-	-	-	-	-	-	-	-	-
2 Foreign									
a NRIs-Individuals	-	-	-	-	-	-	-	-	-
b Other-Individuals	-	-	-	-	-	-	-	-	-
c Bodies Corporate	22,977,544	11,066,791	34,044,335	72.96	22,977,544	11,066,791	34,044,335	72.96	-
d Bank/Financial Institutions	-	-	-	-	-	-	-	-	-
e Any Other	-	-	-	-	-	-	-	-	-
Sub Total (A)(2)	22,977,544	11,066,791	34,044,335	72.96	22,977,544	11,066,791	34,044,335	72.96	-
Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	22,977,544	11,066,791	34,044,335	72.96	22,977,544	11,066,791	34,044,335	72.96	-
(B) Public shareholding									
1 Institutions									
(a) Mutual Funds	2,377,814	27,667	2,405,481	5.16	1,910,685	27,667	1,938,352	4.16	(1.00)
(b) Bank/Financial Institutions	6,754	18,186	24,940	0.05	11,377	18,186	29,563	0.06	0.01

Shareholder Category of	No. of Shares held at the beginning of the year (01.04.2014)				No. of Shares held at the end of the year (31.03.2015)				% Change during the year
	Demat	Physical	Total	% of Total	Demat	Physical	Total	% of Total	
(c) Central Government(s)	-	-	-	-	-	-	-	-	-
(d) State Government(s)	-	276	276	-	-	276	276	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f) Insurance Companies	2,083,788	197	2,083,985	4.47	2,056,568	197	2,056,765	4.41	(0.06)
(g) Foreign Institutional Investors (FII)	1,060,541	740	1,061,281	2.27	931,355	740	932,095	2.00	(0.27)
(h) Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(i) FFI	-	600	600	-	-	600	600	-	-
(j) Others	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1)	5,528,897	47,666	5,576,563	11.95	4,909,985	47,666	4,957,651	10.63	(1.32)
2 Non-institutions									
(a) Bodies Corporate									
i. Indian	3,215,993	9,331	3,225,324	6.91	3,326,697	8,802	3,335,499	7.15	0.24
ii. Overseas	-	-	-	-	-	-	-	-	-
(b) Individuals									
i. Individual shareholders holding nominal share capital up to ₹ 1 lac	2,327,936	1,126,524	345,446	7.41	2,798,306	1,078,890	3,877,196	8.31	0.90
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lac.	234,054	-	234,054	0.50	285,404	-	285,404	0.61	0.11
(c) Others									
i. NRI	68,018	18,591	86,609	0.19	84,719	18,491	103,210	0.22	0.03
ii. Clearing Member	9,850	-	9,850	0.02	18,488	-	18,488	0.04	0.02
iii. OCB	-	-	-	-	-	-	-	-	-
iv. Trust	2,966	24	2,990	0.01	12,503	24	12,527	0.03	0.02
v. Foreign Portfolio Investor	-	-	-	-	-	-	-	-	-
vi. Unclaimed Suspense Account	25,081	-	25,081	0.05	24,956	-	24,956	0.05	-
vii. The Custodian of Enemy Property	-	1,048	1,048	-	-	1,048	1,048	-	-
Sub-Total (B)(2)	5,883,898	1,155,518	7,039,416	15.09	6,551,073	1,107,255	7,658,328	16.41	1.32
(B) Total Public Shareholding (B)= (B)(1)+(B)(2)	11,412,795	1,203,184	12,615,979	27.04	11,461,058	1,154,921	12,615,979	27.04	-
Total (A)+(B)	34,390,339	12,269,975	46,660,314	100	34,438,602	12,221,712	46,660,314	100	-
(C) Shares held by Custodians for GDRs & ADRs					Nil				
Grand Total (A)+(B)+(C)	34,390,339	12,269,975	46,660,314	100	34,438,602	12,221,712	46,660,314	100	-

(ii) Shareholding of Promoters

SI No.	Shareholder's Name	Shareholding at the beginning of the year (01-04-2014)			Shareholding at the end of the year (31-03-2015)		
		No of Shares	% of total shares of Company	% of shares Pledged/ encumbered to total shares	No of Shares	% of total shares of Company	% of shares Pledged/ encumbered to total shares
1	Imperial Chemical Industries Limited						
a)	At the beginning of the year	22,977,544	49.24	Nil	22,977,544	49.24	Nil
b)	Change during the year	-	-	-	Nil	-	-
c)	At the end of the year	-	-	-	22,977,544	49.24	Nil
2	Akzo Nobel Coatings International B.V.						
a)	At the beginning of the year	8,626,648	18.49	Nil	8,626,648	18.49	Nil
b)	Change during the year	-	-	-	Nil	-	-
c)	At the end of the year	-	-	-	8,626,648	18.49	Nil
3	Akzo Nobel Chemicals International B.V.						
a)	At the beginning of the year	2,439,847	5.23	Nil	1,266,898	5.23	Nil
b)	Change during the year	-	-	-	Nil	-	-
c)	At the end of the year	-	-	-	1,266,898	5.23	Nil
4	Akzo Nobel Coatings Holdings B.V.						
a)	At the beginning of the year	291	-	Nil	291	-	Nil
b)	Change during the year	-	-	-	Nil	-	-
c)	At the end of the year	-	-	-	291	-	Nil
5	Panter B.V.						
a)	At the beginning of the year	5	-	Nil	5	-	Nil
b)	Change during the year	-	-	-	Nil	-	-
c)	At the end of the year	-	-	-	5	-	Nil
	Total	34,044,335	72.96	Nil	34,044,335	72.96	Nil

(iii) Change in Promoters' Shareholding

SI No.	Shareholding at the beginning of the year (01-04-2014)		Cumulative Shareholding at year end (31-03-2015)	
	No of Shares	% of total shares of Company	No of Shares	% of total shares of Company
	34,044,335	72.96	34,044,335	72.96
	Nil	Nil	Nil	Nil
	34,044,335	72.96	34,044,335	72.96

At the beginning of the year

Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/ sweat/ equity)

At the end of the year

(iv) Shareholding pattern of top ten shareholders (other than Directors, Promoters and holders of GDRs and ADRs)

SI No.	Reason	Shareholding at the beginning of the year (01-04-2014)		Cumulative Shareholding at year end (31-03-2015)	
		No of Shares	% of total shares of Company	No of Shares	% of total shares of Company
1 Asian Paints Limited					
a) At the beginning of the year		2,010,626	4.31		
b) Change during the year				Nil	
c) At the end of the year				2,010,626	4.31
2 UTI-Dividend Yield Fund					
a) At the beginning of the year		783,000	1.68		
b) Change during the year					
DATE					
25.04.2014	SALE	(7,752)		775,248	1.66
30.05.2014	SALE	(82,248)		693,000	1.48
06.06.2014	SALE	(800)		692,200	1.48
13.06.2014	SALE	(31,970)		660,230	1.41
20.06.2014	SALE	(11,535)		648,695	1.39
30.06.2014	SALE	(18,695)		630,000	1.35
11.07.2014	SALE	(18,000)		612,000	1.31
18.07.2014	SALE	(9,000)		603,000	1.29
25.07.2014	SALE	(18,000)		585,000	1.25
31.07.2014	SALE	(12,663)		572,337	1.23
22.08.2014	SALE	(4,818)		567,519	1.22
29.08.2014	SALE	(27,519)		540,000	1.16
12.09.2014	SALE	(2,700)		537,300	1.15
21.11.2014	SALE	(1,517)		535,783	1.15
31.12.2014	SALE	(18,000)		517,783	1.11
27.02.2015	SALE	(13,783)		504,000	1.08
c) At the end of the year				504,000	1.08
3 General Insurance Corporation of India					
a) At the beginning of the year		737,760	1.58		
b) Change during the year				Nil	
c) At the end of the year				737,760	1.58
4 The New India Assurance Company Limited					
a) At the beginning of the year		593,963	1.27		
b) Change during the year					
DATE					
11.07.2014	BUY	8,579		602,542	1.29
18.07.2014	BUY	6,761		609,303	1.31
25.07.2014	BUY	1,710		611,013	1.31
01.08.2014	BUY	1,312		612,325	1.31
08.08.2014	BUY	12,505		624,830	1.34

SI No.	Reason	Shareholding at the beginning of the year (01-04-2014)		Cumulative Shareholding at year end (31-03-2015)	
		No of Shares	% of total shares of Company	No of Shares	% of total shares of Company
15.08.2014	BUY	8,529		633,359	1.36
22.08.2014	BUY	16,531		649,890	1.39
29.08.2014	BUY	8,540		658,430	1.41
13.03.2015	SALE	(12,476)		645,954	1.38
20.03.2015	SALE	(6,840)		639,114	1.37
c) At the end of the year				639,114	1.37
5	UTI Opportunities Fund				
a) At the beginning of the year		511,523	1.10		
b) Change during the year					
DATE					
30.05.2014	SALE	(76,202)		435,321	0.94
13.06.2014	SALE	(11,818)		423,503	0.91
20.06.2014	SALE	(11,565)		411,938	0.88
30.06.2014	SALE	(12,696)		399,242	0.85
04.07.2014	SALE	(7,643)		391,599	0.84
05.12.2014	SALE	(13,340)		378,259	0.81
c) At the end of the year				378,259	0.81
6	ICICI Prudential Life Insurance Company Limited				
a) At the beginning of the year		452,909	0.97		
b) Change during the year					
DATE					
06.02.2015	SALE	(15,500)		437,409	0.94
20.02.2015	SALE	(7,150)		430,259	0.92
c) At the end of the year				430,259	0.92
7	Bajaj Allianz Life Insurance Company Ltd.				
a) At the beginning of the year		428,979	0.92		
b) Change during the year					
DATE					
04.04.2014	BUY	10,000		438,979	0.94
05.09.2014	BUY	10,000		448,979	0.96
12.09.2014	BUY	10,000		458,979	0.98
19.09.2014	BUY	15,000		473,979	1.01
30.09.2014	BUY	10,000		483,979	1.03
28.11.2014	SALE	(300,000)		183,979	0.39
05.12.2014	BUY	310,000		493,979	1.06
12.12.2014	BUY	35,000		528,979	1.13
19.12.2014	BUY	30,000		558,979	1.20
31.12.2014	BUY	20,000		578,979	1.24
02.01.2015	BUY	10,000		588,979	1.26
c) At the end of the year				588,979	1.26

SI No.	Reason	Shareholding at the beginning of the year (01-04-2014)		Cumulative Shareholding at year end (31-03-2015)	
		No of Shares	% of total shares of Company	No of Shares	% of total shares of Company
8	Macquarie Bank Limited				
a)	At the beginning of the year	365,232	0.78		
b)	Change during the year				
	DATE				
	11.04.2014	SALE (483)		364,749	0.78
	18.04.2014	BUY 4,523		369,272	0.79
	25.04.2014	BUY 27,274		396,546	0.85
	02.05.2014	BUY 8,438		404,984	0.87
	09.05.2014	BUY 4,562		409,546	0.88
	16.05.2014	BUY 5,700		415,246	0.89
	23.05.2014	BUY 11,900		427,146	0.92
	13.06.2014	BUY 8,000		435,146	0.94
	20.06.2014	BUY 10,780		445,926	0.96
	30.06.2014	BUY 11,000		456,926	0.98
	11.07.2014	BUY 8,383		465,309	1.00
	18.07.2014	BUY 617		465,926	1.00
	22.08.2014	SALE (49,454)		416,472	0.89
	29.08.2014	SALE (40,166)		376,306	0.81
	05.09.2014	SALE (17,983)		358,323	0.77
	12.09.2014	SALE (101,583)		256,740	0.55
	19.09.2014	SALE (44,518)		212,222	0.45
	30.09.2014	SALE (769)		211,453	0.45
	10.10.2014	SALE (28)		211,425	0.45
	17.10.2014	SALE (48,419)		163,006	0.35
	31.10.2014	SALE (27,087)		135,919	0.29
	07.11.2014	SALE (5,711)		130,208	0.28
	14.11.2014	SALE (54,098)		76,110	0.16
	21.11.2014	SALE (31,406)		44,704	0.09
	28.11.2014	SALE (44,704)		-	-
c)	At the end of the year			-	-
9	The Oriental Insurance Company Limited				
a)	At the beginning of the year	335,593	0.72		
b)	Change during the year				
	DATE				
	20.06.2014	SALE (3,000)		332,593	0.71
	30.06.2014	SALE (7,000)		325,593	0.70
	04.07.2014	SALE (2,000)		323,593	0.69
	05.09.2014	SALE (10,000)		313,593	0.67
c)	At the end of the year			313,593	0.67

SI No.	Reason	Shareholding at the beginning of the year (01-04-2014)		Cumulative Shareholding at year end (31-03-2015)	
		No of Shares	% of total shares of Company	No of Shares	% of total shares of Company
10	Life Insurance Corporation of India				
a)	At the beginning of the year	321,448	0.69		
b)	Change during the year				
	DATE				
	16.01.2015	SALE (16,519)		304,929	0.65
	23.01.2015	SALE (36,124)		268,805	0.58
	30.01.2015	SALE (32,572)		236,233	0.51
	06.02.2015	SALE (14,785)		221,448	0.47
c)	At the end of the year			221,448	0.47
11	Birla Sunlife Trustee Company Pvt Ltd A/C Birla Sunlife Frontline Equity Fund				
a)	At the beginning of the year	257,791	0.55		
b)	Change during the year				
	DATE				
	04.04.2014	BUY 10,000		267,791	0.57
c)	At the end of the year			267,791	0.57

(v) Shareholding of Directors and Key Managerial Personnel

SI No.	Name	Shareholding		Date	Increase/ (Decrease) in shareholding	Reason	Cumulative Shareholding during the year (01.04.14 to 31.03.15)	
		No. of shares at the beginning of the year (01.04.14)/ end of the year (31.03.15)	% of total shares of the Company				No. of Shares	% of total Shares of the Company
Directors								
1	Mr N Kaviratne CBE	-	-	01.04.2014	-		-	-
		-	-	31.03.2015	-		-	-
2	Mr Jayakumar K	-	-	01.04.2014	-	Nil holding/ movement during the year	-	-
		-	-	31.03.2015	-		-	-
3	Mr H Agarwal	-	-	01.04.2014	-		-	-
		-	-	31.03.2015	-		-	-
4	Mr A Jain	-	-	01.04.2014	-		-	-
		-	-	31.03.2015	-		-	-

Sl No.	Name	Shareholding		Date	Increase/ (Decrease) in shareholding	Reason	Cumulative Shareholding during the year (01.04.14 to 31.03.15)	
		No. of shares at the beginning of the year (01.04.14)/ end of the year (31.03.15)	% of total shares of the Company				No. of Shares	% of total Shares of the Company
5	Mr R Molenaar (upto 8 September 2014)	-	-	01.04.2014	-		-	-
		-	-	31.03.2015	-		-	-
6	Ms S Govil ¹ (upto 8 September 2014)	-	-	01.04.2014	-		-	-
		-	-	31.03.2015	-		-	-
7	Mr R Gopalakrishnan	-	-	01.04.2014	-		-	-
		-	-	31.03.2015	-		-	-
8	Ms R S Karnad (upto 8 September 2014)	-	-	01.04.2014	-	Nil holding/ movement during the year	-	-
		-	-	31.03.2015	-		-	-
9	Mr R S Kapur	-	-	01.04.2014	-		-	-
		-	-	31.03.2015	-		-	-
10	Dr S Misra	-	-	01.04.2014	-		-	-
		-	-	31.03.2015	-		-	-
11	Mr A Uppal	-	-	01.04.2014	-		-	-
		-	-	31.03.2015	-		-	-
12	Ms K Narasimhan (w.e.f 30 January 2015)	-	-	01.04.2014	-		-	-
		-	-	31.03.2015	-		-	-
Key Managerial Personnel								
1	Mr Jayakumar K	-	-	01.04.2014	-	Nil holding/ movement during the year	-	-
		-	-	31.03.2015	-		-	-
2	Mr H Agarwal	-	-	01.04.2014	-		-	-
		-	-	31.03.2015	-		-	-
3	R Guha	-	-	01.04.2014	-		-	-
		-	-	31.03.2015	-		-	-

¹Alternate Director

V. Indebtedness

Indebtedness of the Company including interest outstanding /accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-
Change in Indebtedness during the financial year				
• Addition	-	-	-	-
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-
• Reduction	-	-	-	-
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

Sl. No.	Particulars of Remuneration	Name of the Managing Director	Name of the Whole-time Director
		Jayakumar K	H Agarwal
1	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	19,124,666	13,482,085
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	43,152	57,603
	(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	-	-
5	Others - Contribution to Provident and other funds	302,298	193,787
	Total	19,470,116	13,733,475
	Grand Total	33,203,591	
	Ceiling as per the Act	222,076,629	

B. Remuneration to other directors

	(Amount in ₹)			
	Fee for attending Board/ Committee meetings	Commission	Others	Total
1. Independent Directors				
Mr R Gopalakrishnan	240,000	800,000	-	1,040,000
Mr Raj S Kapur	300,000	800,000	-	1,100,000
Dr Sanjiv Misra	180,000	800,000	-	980,000
Ms Renu S Karnad ¹	60,000	333,333	-	490,000
Mr Arvind Uppal	200,000	800,000	-	1,000,000
Ms Kimsuka Narasimhan ²	-	133,333	-	133,333
Total (1)				4,743,333
2. Non-executive Directors				
Mr Nihal Kaviratne	160,000	800,000	-	960,000
Mr Amit Jain	-	-	-	-
Mr Robert Molenaar ¹	-	-	-	-
Ms Sucheta Govil ³	-	-	-	-
Total (2)				960,000
Total (1+2)				5,703,333
Ceiling as per the Act				22,207,663

¹ Resigned w.e.f. 9 September 2014

² Alternate Director to Mr R Molenaar, who ceased to be a Director w.e.f 9 September 2014)

³ Alternate Director to Mr R Molenaar, who ceased to be a Director w.e.f 9 September 2014)

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

		(Amount in ₹)	
Sl. No.	Particulars of Remuneration	Key Managerial Personnel	Company Secretary
1	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	9,321,566	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profit in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission - as % of profit	-	-
5	Others - Contribution to Provident and other funds	232,260	-
	Total	9,555,826	

VII. Penalties / Punishment/ Compounding of Offences (under the Companies Act, 2013)

Nil during the year ended 31 March 2015.

Annexure V

Secretarial Audit Report

for the financial year ended 31 March 2015

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members
Akzo Nobel India Limited
Geetanjali Apartment, 1st Floor
8-B, Middleton Street
Kolkata – 700 071
West Bengal

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Akzo Nobel India Limited** having its Registered Office at Geetanjali Apartment, 1st Floor, 8-B, Middleton Street, Kolkata – 700 071, West Bengal (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended 31.03.2015 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.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31.03.2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulation made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 :
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically to the Company:

1. The Hazardous Waste (Management, Handling and Transboundary Movement) Rules, 2008

2. The Petroleum Act, 1934 and The Petroleum Rules, 2002
3. Explosives Act, 1884

to the extent of their applicability to the Company during the financial year ended 31.03.2015 and our examination and reporting is based on the documents, records and files as produced and shown to and the information and explanations as provided to us by the Company and its management and to the best of our judgment and understanding of the applicability of the different enactments upon the Company. Further, to the best of our knowledge and understanding there are adequate systems and processes in the Company commensurate with its size and operations to monitor and ensure compliance with applicable laws including general laws, labour laws, competition law, environments laws, etc.

We have also examined compliance with the applicable clauses of the Listing Agreements entered into by the Company with the Stock Exchanges.

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

During the period under review, provisions of the following regulations/guidelines/standards were not applicable to the Company:

- (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (ii) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (iii) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

- (iv) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2009;
- (v) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.
- (vi) Secretarial Standards issued by The Institute of Company Secretaries of India.

We further report that:

- (a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- (b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system

exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

- (c) All decisions at Board meetings and Committee meetings are carried unanimously as recorded in the minutes of the respective meetings.
- (d) There are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For **A. K. LABH & Co.**
Company Secretaries

28 May 2015
Kolkata

(CS A. K. LABH)
Practicing Company Secretary
FCS – 4848 / CP No - 3238

Independent Auditor's Report

To the Members of
Akzo Nobel India Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Akzo Nobel India Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("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 a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report, to the extent applicable, that:
 - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - 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, and the Cash Flow Statement 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 Rule 7 of the Companies (Accounts) Rules, 2014;

- e) on the basis of the written representations received from the directors as on 31 March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and
- f) 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, 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 5.1 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; and
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For B S R & Associates LLP
Chartered Accountants
 Firm Registration No.: 116231W / W-100024

Rakesh Dewan
Partner
 Membership No. 092212

28 May 2015
 Gurgaon

Annexure to the Auditor's report

(Referred to in our report of even date)

- (i) (a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets of the Company are physically verified by the management in accordance with a phased programme designed to cover all items of fixed assets over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and nature of its fixed assets. In accordance with the programme, all fixed assets at Company's manufacturing locations have been physically verified by the management during the year. As informed to us, no material discrepancies were noticed on such verification.
- (ii) (a) According to the information and explanations given to us, physical verification except in case of goods in transit and stocks lying with third parties has been conducted by management at reasonable intervals during the year in respect of inventories of raw materials, stores and spare parts, work-in-process and finished goods in the Company's possession. For stocks lying with third parties, as at 31 March 2015 confirmations or statements of account have been obtained. In our opinion, the frequency of physical verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) According to the information and explanations given to us and on the basis of our examination

of the records of inventories, we are of the opinion that the Company is maintaining proper records of inventories. As informed to us, the discrepancies noticed on verification between the physical stocks and the book records were not material.

- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Act during the year ended 31 March 2015. Thus, paragraph 3(iii) of the Order is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventories and fixed assets and with regard to sale of goods and rendering of services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have not observed any major weakness in the internal control system during the course of the audit.
- (v) As per the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder.
- (vi) We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government, the maintenance of cost records has been prescribed under section under sub-section (1) to Section 148 of the Companies Act, 2013, in respect of any of the activities of the Company and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of such records with a view to determine whether they are accurate or complete.

- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Income-tax, Sales tax, Value Added Tax, Wealth tax, Service tax, duty of Excise, duty of customs, Employees' State Insurance, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities though there has been a slight delay in few cases.

According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Income-tax, Sales-tax, Service tax, Value Added Tax, duty of Customs, duty of Excise, Wealth tax, Employees' State Insurance, Cess and other material statutory dues were in arrears as at 31 March 2015 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of Income tax, Sales Tax, Value Added tax, Service tax, duty of Customs, duty of Excise, Cess and Wealth tax which have not been deposited with the appropriate authorities on account of any dispute, except for the following:

(₹ million)					
Name of the Statute	Nature of the dues	Amounts involved	Amount paid under protest	Period to which the amount relates	Forum where dispute is pending
Income tax Act, 1961	Income tax	161	121	2008-09, 2010-11	First Appellate level
		775	717	1996-97, 1997-98, 1999-00, 2002-03 to 2007-08, 2009-10, 2010-11	Tribunal
Finance Act, 1994	Service tax	27	1	2004-05, 2005-06, 2007-08 to 2014-15	First Appellate level
Central Excise Act, 1944	Excise duty	2	-	2006-07, 2007-08	First Appellate level
		13	-	2001-02, 2002-03, 2004-05, 2005-06	Second Appellate level
Sales Tax Act	Sales tax	73	-	1991-92 to 1996-97, 2004-05 to 2008-09	Tribunal
		247	17	2000-01, 2003-04 to 2012-13	First Appellate level
		277	22	1976-77, 1979-80, 1980-81, 1982-83 to 1999-00, 2004-05 to 2011-12	Second Appellate level
		17	3	2004-05 to 2006-07, 2009-10	Tribunal
		12	0	2005-06, 2006-07, 2012-13	High Court

- c) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

(viii) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.

(ix) In our opinion, and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to bankers. The Company did not have any outstanding dues to any financial institutions or debenture holders during the year.

(x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

(xi) In our opinion and according to the information and explanations given to us, the Company did not have any term loans outstanding during the year.

(xii) According to the information and explanations given to us, no material frauds on or by the Company have been noticed or reported during the course of our audit.

For B S R & Associates LLP
Chartered Accountants
Firm Registration No.: 116231W / W-100024

28 May 2015
Gurgaon

Rakesh Dewan
Partner
Membership No. 092212

Balance Sheet

(Amounts in Rupees million, unless stated otherwise)

	Note No.	As at 31 March 2015		As at 31 March 2014	
Equity and Liabilities					
Shareholders' funds					
(a) Share capital	3.1	467		467	
(b) Reserves and surplus	3.2	8,733	9,200	8,011	8,478
Non-current liabilities					
(a) Deferred tax liabilities (net)	3.3	109		121	
(b) Other long-term liabilities	3.4	161		143	
(c) Long-term provisions	3.5	602	872	674	938
Current liabilities					
(a) Trade payables	3.6	4,590		4,926	
(b) Other current liabilities	3.7	1,149		1,175	
(c) Short-term provisions	3.5	2,180	7,919	4,872	10,973
			17,991		20,389
Assets					
Non-current assets					
(a) Fixed assets	3.8				
(i) Tangible assets		5,164		5,025	
(ii) Capital work-in-progress		119		306	
		5,283		5,331	
(b) Non-current investments	3.9	500		500	
(c) Long term loans and advances	3.10	1,075		1,032	
(d) Other non-current assets	3.11	5	6,863	18	6,881
Current assets					
(a) Current investments	3.12	3,444		5,786	
(b) Inventories	3.13	3,647		3,242	
(c) Trade receivables	3.14	2,784		3,076	
(d) Cash and bank balances	3.15	601		722	
(e) Short-term loans and advances	3.16	516		514	
(f) Other current assets	3.17	136	11,128	168	13,508
			17,991		20,389

The accompanying notes (1-5) form an integral part of the financial statements.

As per our report of even date attached.

For **B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration No. 116231W / W-100024

Rakesh Dewan

Partner

Membership No. 092212

28 May 2015

Gurgaon

For and on behalf of the **Board of Directors** of Akzo Nobel India Limited

Nihal Kaviratne CBE

Chairman

DIN 00032473

28 May 2015

Gurgaon

Jayakumar Krishnaswamy

Managing Director

DIN 02099219

Himanshu Agarwal

Wholetime Director and CFO

DIN 06672915

R Guha

Company Secretary

Statement of Profit and Loss

(Amounts in Rupees million, unless stated otherwise)	Note No.	For the year ended 31 March 2015		For the year ended 31 March 2014	
Revenue from operations	4.1				
Sale of products (gross)			27,416		26,378
Less: Excise duty			(2,718)		(2,661)
Sale of products (net)			24,698		23,717
Service Income			337		279
Other operating income			235		183
			25,270		24,179
Other income	4.2		650		567
Total revenue			25,920		24,746
Expenses					
Cost of materials consumed	4.3		11,970		11,726
Purchase of stock-in-trade	4.4		2,219		2,204
Changes in inventories of finished products, work-in-progress and stock-in-trade	4.5		(126)		(146)
Employee benefit expenses	4.6		2,058		1,939
Finance costs	4.7		15		15
Depreciation and amortisation expense (Net of transfer from revaluation reserve)	3.8		526		437
Other expenses	4.8		6,535		6,537
Total expenses			23,197		22,712
Profit before exceptional items and tax			2,723		2,034
Exceptional item (income)	4.9		27		-
Profit before tax			2,750		2,034
Tax expense					
Current tax			857		435
Deferred tax (credit)/charge			(1)		74
Provision for earlier years			31		23
			887		532
Profit for the year			1,863		1,502
Earnings per equity share - basic and diluted (in ₹) [Face value of ₹ 10 each]	5.3		39.93		32.18

The accompanying notes (1-5) form an integral part of the financial statements.

As per our report of even date attached.

For **B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration No. 116231W / W-100024

Rakesh Dewan

Partner

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R Guha

Company Secretary

Cash Flow Statement

(Amounts in Rupees million, unless stated otherwise)

	For the year ended 31 March 2015	For the year ended 31 March 2014
(A) Cash flow from operating activities		
Profit before tax	2,750	2,034
Adjusted for :		
Depreciation and amortisation	526	437
Loss on write-off of fixed assets	1	-
Provisions/liabilities no longer required written back	(37)	(11)
Profit on disposal of fixed assets (net)	(25)	-
Provision for doubtful debts and advances	12	18
Accrued interest on long term investments (bonds)	(43)	(39)
Gains on redemption of long term investments	(305)	(353)
Gains on redemption of other current investments	(226)	(151)
Exceptional item-income	(27)	-
Interest income on Income tax refunds	(12)	-
Interest expense	15	15
	(121)	(84)
Operating cash flow before working capital changes	2,629	1,950
Changes in :		
(Decrease) / increase in current and non current liabilities and provisions	(212)	195
Decrease / (increase) in inventories	(405)	(93)
Decrease / (increase) in trade receivables	280	(581)
(Increase) / decrease in loans and advances and other current and non current assets	(9)	173
	(346)	(306)
Cash generated from operations	2,283	1,644
Income tax (paid)/received (net)	(729)	64
Net cash flow from operating activities (A)	1,554	1,708
(B) Cash flow from investing activities		
Purchase of fixed assets (tangible fixed assets, capital work in progress)	(512)	(1,203)
Proceeds from sale of fixed assets	25	4
Investments in long term investments	-	(1,150)
Investment in other current investments	(18,320)	(17,915)
Redemption of long term investments	3,647	3,566
Proceeds from sale of other current investments	17,546	19,189
Fixed deposits held as margin money	1	14
Net cash flow from investing activities (B)	2,387	2,505

Cash Flow Statement

(Amounts in Rupees million, unless stated otherwise)

	For the year ended 31 March 2015	For the year ended 31 March 2014
(C) Cash flow from financing activities		
Dividend paid	(3,499)	(3,733)
Tax on dividend	(595)	(634)
Interest paid	(15)	(15)
Interest income on Income tax refund	12	-
Net cash flow from financing activities (C)	(4,097)	(4,382)
Net decrease in cash and cash equivalents (A+B+C)	(156)	(169)
Cash and cash equivalents - opening balance	618	787
Cash and cash equivalents - closing balance	462	618
Cash and cash equivalents comprise:		
Bank balances in current accounts	462	516
Fixed deposits	-	102
	462	618

The accompanying notes (1-5) form an integral part of the financial statements.

As per our report of even date attached.

For **B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration No. 116231W / W-100024

Rakesh Dewan

Partner

Membership No. 092212

28 May 2015

Gurgaon

For and on behalf of the **Board of Directors** of Akzo Nobel India Limited

Nihal Kaviratne CBE

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28 May 2015

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Jayakumar Krishnaswamy

Managing Director

DIN 02099219

Himanshu Agarwal

Wholetime Director and CFO

DIN 06672915

R Guha

Company Secretary

Notes

to Financial Statements for the year ended 31 March 2015

(Amounts in Rupees million, unless stated otherwise)

Note 1: Company Background

Akzo Nobel India Limited ('the Company') was incorporated in India on 12 March 1954 as Indian Explosives Limited. A fresh certificate of incorporation consequent to the change in name to Akzo Nobel India Limited was issued by the Dy. Registrar of Companies, Kolkata on 15 February 2010 under Section 23(1) of the Companies Act, 1956. The Company was set-up inter alia with the object of, manufacturing and selling of paints, chemicals and related products.

Note 2: Significant accounting policies

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention on a going concern basis, on the accrual basis of accounting in accordance with the Generally Accepted Accounting Principles (GAAP) in India. Indian GAAP comprises mandatory accounting standards as specified under the section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014 and other accounting pronouncements of the Institute of Chartered Accountants of India. Accounting policies set out below have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

Current & non-current classification

All assets and liabilities are classified into current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realised within 12 months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from

being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within 12 months after the reporting date; or
- the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles in India (GAAP) require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements and the results of operations during the year. Differences between actual results and estimates are recognised in the year in which the results are known or materialised and, if material, their effects are disclosed in notes to financial statements. Examples of such estimates are estimated useful life of assets, provision for doubtful debts, income taxes, future obligations under employee retirement benefit plans, classification of assets/liabilities as current or non-current, etc. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

Fixed assets / Depreciation

Tangible fixed assets are carried at the cost of acquisition or construction, less accumulated depreciation and impairment loss, if any. The cost of fixed assets comprises of its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use. Expenses directly attributable to new manufacturing facility during its construction period are capitalized. Know-how related to plans, designs and drawings of buildings or plant and machinery is capitalized under relevant tangible asset heads. Profit or Loss on disposal of tangible assets is recognised in the statement of Profit and Loss.

Capital work-in-progress and capital advances

Capital Work-in-progress excluding capital advances includes fixed assets under construction and not ready for intended use as on Balance Sheet date.

Depreciation on fixed assets other than leasehold improvements has been provided pro-rata to the period of use, on the straight line method, using rates determined based on management's assessment of useful economic lives of the asset. Depreciation is provided at the rates equal to or higher than those prescribed in Part C of Schedule II to the Companies Act, 2013.

Asset Category	Estimated useful life (in years)
Buildings	10 to 60*
Plant and Machinery	15
Plant and Machinery under operating lease	6
Laboratory equipment	10
Office equipment	5
Furniture and Fixture (at stores)	3
Furniture and Fixture (others)	10
Computers	3 to 6*
Vehicles	5
Trucks	7

* For different locations/type of assets

Notes

to Financial Statements for the year ended 31 March 2015

(Amounts in Rupees million, unless stated otherwise)

During the current year, pursuant to the Companies Act, 2013 being effective from 1 April 2014, the Company has revised depreciation rates of fixed assets as per the useful life specified in Part 'C' of Schedule II of the Act, read with notification dated 29 August 2014 of the Ministry of Corporate Affairs, on the original cost/acquisition of assets or other amounts substituted for cost, except for the following classes of fixed assets which are depreciated as under:

- a. Plant and Machinery under operating lease: 6 years
- b. Furniture and fixtures (at stores): 3 years

The above useful lives have been arrived at, based on the technical assessment of the management, and are currently reflective of the estimated useful lives of the fixed assets (also refer note 3.8 of the financial statements).

Leasehold improvements are amortised over the lower of useful life or the period of lease including the optional period, if any, available to the Company, where it is reasonably certain at the inception of lease that such option would be exercised by the Company.

Revenue recognition

Revenue from sale of goods is recognised when significant risks and rewards of ownership are transferred to customers. Sales are stated inclusive of excise duty and net of rebates, returns, trade discounts and sales tax/VAT.

Service income is recognised on accrual basis as per the contractual terms with the customers, net of service tax.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend or other income from mutual fund investments is recognised on declaration of dividend or on redemption, as the case may be. Profit on sale of investments is recorded on transfer of title from the Company and is determined as the difference between the redemption price and carrying value of the investment.

Investments

Investments are classified into current and long-term investments. Investments that are readily realizable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. However, that part of long term investments expected to be realized within twelve months from Balance Sheet date is also presented under "Current Assets" under "Current portion of long term investments" in consonance with the current / non-current classification of revised Schedule III to the Companies Act, 2013.

Current investments are stated at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investments. Long-term investments are stated at cost. A provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is recognized in the statement of Profit and Loss.

Current investments are carried at the lower of cost and fair value.

Long term investments (including their current maturities) are stated at cost less amount written off, where there is a diminution in value, other than temporary.

Current assets

(a) Inventories

Stores and spare parts are valued at the lower of cost and net realisable value, computed on a weighted average basis.

Raw materials, packing materials and work-in-process are carried at cost, computed on a weighted average basis, after providing for obsolescence. In case there is a decline in replacement cost of such materials and the net realisable value of finished products in

which they will be used is expected to be below cost, the value of such materials and work-in- process is appropriately written down.

Finished products are valued at the lower of cost (computed on weighted average basis) and net realisable value.

Cost includes an appropriate portion of manufacturing and other overheads, where applicable. Excise duty on finished products is included in the value of finished products inventory.

- (b) All other items of current assets are stated at cost after adequate provisions for any diminution in the carrying value.

Cash Flow Statement

Cash flows are reported using the indirect method, whereby, profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with the investing or financing cash flows. The cash flows from operating, investing and financing activities of the company are segregated.

Foreign currency transactions

Foreign currency transactions are accounted for at the exchange rate prevailing on the date of the transaction. All monetary foreign currency assets and liabilities are converted at the exchange rates prevailing at the date of the balance sheet. All exchange differences other than in relation to acquisition of fixed assets and other long term foreign currency monetary liabilities are dealt with in the statement of Profit and Loss.

In case of foreign exchange forward contracts taken for underlying transactions, and covered by Accounting Standard 11, "Accounting for the effects of changes in foreign exchange rates", the premium or discount is amortised as income or expense over the life of the contract. The exchange difference

Notes

to Financial Statements for the year ended 31 March 2015

(Amounts in Rupees million, unless stated otherwise)

is calculated as the difference between the foreign currency amount of the contract translated at the exchange rate at the reporting date, or the settlement date where the transaction is settled during the reporting period, and the corresponding foreign currency amount translated at the later of the date of inception of the forward exchange contract and the last reporting date. Such exchange differences is recognised in the statement of Profit and Loss in the reporting period in which the exchange rates change.

Any profit or loss arising on the cancellation or renewal of such contracts is recognised as income or expense for the year.

Operating Lease

The assets given under operating lease are shown in the Balance Sheet under fixed assets and depreciated on a basis consistent with the depreciation policy of the Company.

Lease rentals are accounted on accrual basis in accordance with the respective lease agreements.

Lease payments under operating leases are recognised as an expense in the statement of Profit and Loss on a straight line basis over the lease term and disclosed as lease rent equalization reserve in the Balance Sheet.

Employee benefits

a) Short term employee benefits

All employee benefits payable /available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages and bonus, etc., are recognised in the statement of Profit and Loss in the period in which the employee renders the related service.

b) Post –employment benefits

Defined contribution plans

Defined contribution plans are provident fund scheme, superannuation scheme and part of the pension fund scheme for eligible employees. The Company's contribution to defined contribution plans are recognised in the statement of Profit and Loss in the financial year to which they relate.

The Company makes specified monthly contributions towards employees provident fund to trusts administered by the Company/Regional Provident Fund Commissioner; towards superannuation fund to trusts managed by Life Insurance Corporation of India; and towards pension fund to respective trusts administered by the Company, where established. Where such pension trusts have not been established, the Company makes provision for the liability as on the date of the Balance Sheet. The minimum interest payable by the provident fund trusts to the beneficiaries every year is notified by the Government. The Company has an obligation to make good the shortfall, if any, between the return on investments of the trusts and the notified interest rate basis actual valuation as at the date of the Balance Sheet.

Defined benefit plans

Liability for funded post retirement gratuity, pension and unfunded post retirement medical benefit is accrued on the basis of actuarial valuation as at the date of the Balance Sheet using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured as the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields of Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations. Actuarial gains and losses are recognised immediately in the statement of Profit and Loss. In case of funded schemes, differential between fair value of plan assets of the trusts and the present value of obligations, as per the actual valuation, is recognised as an asset or liability based on the assessment of related cash flows.

c) Other long term employee benefits

Entitlements to annual leave and sick leave and long term service awards are recognised when they accrue to employees. All leave entitlements can be

encashed only at the time of retirement/ termination of employment or may be availed during the term of employment, subject to a restriction on the maximum number of accumulation of leave entitlement days. The Company determines the liability for long term employee benefits on the basis of actuarial valuation as at the year end.

Research and development

Revenue expenditure on research and development, including contribution to research associations, is charged to the statement of Profit and Loss. Capital expenditure on tangible assets for research and development is shown as additions to fixed assets.

Earnings per share

The basic and dilutive earnings per share is computed by dividing the net profit attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. Dilutive earnings per share is computed and disclosed after adjusting the effects of all dilutive potential equity shares, if any, except when the results will be anti-dilutive.

Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as a part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

Taxation

Income-tax expense comprises current tax (i.e. the amount of tax for the year determined in accordance with the Income-tax Act, 1961) and deferred tax charge or credit (reflecting the tax effects of timing differences between the accounting income and taxable income for the year). A provision is made for income tax, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that our liability due to disallowances or other matters is probable. The deferred tax charge

Notes

to Financial Statements for the year ended 31 March 2015

(Amounts in Rupees million, unless stated otherwise)

or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantially enacted as of the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty of realisation. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each Balance Sheet date and written down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the statement of Profit and Loss. The credit available under the Income-tax Act, 1961 in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each Balance Sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

Provisions and contingent liabilities

The Company recognises a provision when there is a present obligation as a result of a past event and

it is more likely than not that there will be an outflow of resources embodying economic benefits to settle such obligation and the amount of such obligation can be reliably estimated. Where no reliable estimate can be made, disclosure is made as contingent liability. Provisions are not discounted to their present values and are determined based on the management's estimation of the outflow required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect current management estimates.

Contingent liabilities are disclosed in respect of possible obligations that have arisen from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of future events, not wholly within the control of the Company.

When there is an obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Cash and cash equivalents

Cash and cash equivalents comprise cash and deposit with banks with an original maturity of 3 months or less. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

Notes

to Financial Statements for the year ended 31 March 2015

(Amounts in Rupees million, unless stated otherwise)

Note 3.1 Share capital

	As at 31 March 2015	As at 31 March 2014
Authorised		
126,690,000 equity shares of ₹ 10 each	1,267	1,267
Issued, subscribed and fully paid up		
46,660,314 equity shares of ₹ 10 each fully paid up	467	467

Foot note:

(i) Reconciliation of equity shares outstanding at the beginning and at the end of the year:

	31 March 2015		31 March 2014	
	Numbers	Amount (₹)	Numbers	Amount (₹)
Opening balance	46,660,314	466,603,140	46,660,314	466,603,140
Add: Equity shares issued during the year	-	-	-	-
Closing balance	46,660,314	466,603,140	46,660,314	466,603,140

(ii) The Company has only one class of equity shares, having a par value of ₹ 10 per share. Each shareholder is eligible to one vote per share held. The Company declares and pays dividend in Indian Rupees. The dividend proposed, if any, by the Board of Directors is subject to approval of shareholders in the ensuing Annual General Meeting. The repayment of equity share capital in the event of liquidation and buy back of shares is possible subject to prevalent regulations. In the event of liquidation, normally, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, if any, in proportion to their shareholding.

(iii) Shares in the Company held by each shareholder holding more than 5% of equity share capital:

	As at 31 March 2015		As at 31 March 2014	
	No. of shares	% of shares held	No. of shares	% of shares held
Shareholders				
Imperial Chemical Industries Limited, England	22,977,544	49.24%	22,977,544	49.24%
Akzo Nobel Coatings International B.V., Netherlands	8,626,648	18.49%	8,626,648	18.49%
Akzo Nobel Chemicals International B.V., Netherlands	2,439,847	5.23%	2,439,847	5.23%

With effect from 4 June 2012, Imperial Chemical Industries Limited, England ceased to be the holding company on allotment of new shares as per a scheme of amalgamation. The ultimate holding company is Akzo Nobel N.V., Netherlands ('the Promoter Group'), which does not hold any shares directly in the Company.

(iv) Number of equity shares of ₹ 10 each bought back in the five years immediately preceding the Balance Sheet date, aggregates to 2,535,195 (2013-14: 5,336,281)

Notes

to Financial Statements for the year ended 31 March 2015

(Amounts in Rupees million, unless stated otherwise)

Note 3.2 Reserves and surplus

	As at 31 March 2015	As at 31 March 2014
Capital reserve		
Opening balance	503	486
Add: Waiver of share application money (Refer to foot note 3)	-	17
Closing balance (A)	503	503
Capital redemption reserve (B)	53	53
Revaluation reserve		
Opening balance	15	15
Less: Adjustment on account of depreciation on revalued assets (Refer to foot note 1)	-	-
Closing balance (C)	15	15
General reserve		
Opening balance	5,677	5,017
Add: Amount transferred from surplus balance	190	660
Less: Adjustment on account of depreciation net of deferred tax of ₹ 11 million (Refer note 3.3 and 3.8 of the financial statement)	(21)	-
Closing balance (D)	5,846	5,677
Surplus		
Opening balance	1,763	5,015
Profit for the year	1,863	1,502
Less: Appropriations :		
Transferred to general reserve	(190)	(660)
Proposed dividend (Refer to foot note 2)	(933)	(3,499)
Tax on dividend	(187)	(595)
Closing balance (E)	2,316	1,763
Total Reserves and Surplus (A) +(B) +(C) +(D) +(E)	8,733	8,011

Foot notes:

- Adjustment against revaluation reserve of ₹ 0.1 million (2013-14 : ₹ 0.1 million) in respect of depreciation on revalued assets.
- Dividend proposed ₹ 20 per share (2013-14 ₹ 75 per share)
- In a prior year, the erstwhile Akzo Nobel Car Refinishes India Private Limited (AN Car)(since amalgamated w.e.f. 1 April 2011 with the Company) had received an interest free advance of ₹ 17 million in the nature of share application money from a fellow subsidiary, under an assignment of dues by Akzo Nobel International Chemicals B.V. (the non-resident holding company of AN Car). AN Car had not allotted the shares or refunded the amount till 31 March 2011. In the previous year, an application had been made to the Foreign Investment Promotion Board (FIPB) for regularising the above transaction. Further, as directed by FIPB, the Company had referred the matter to the Reserve Bank of India (RBI) wherein the RBI approved the said amount be treated as a capital grant. Accordingly, the amount of ₹ 17 million was transferred to the Capital Reserve.

Notes

to Financial Statements for the year ended 31 March 2015

(Amounts in Rupees million, unless stated otherwise)

Note 3.3 Deferred tax liabilities (net)

	As at 31 March 2015	As at 31 March 2014
Deferred tax liabilities on account of:		
Excess of depreciation/amortisation on fixed assets under Income tax laws over depreciation/amortisation provided in books of accounts	420	393
Surplus payments to retirement trusts	40	37
(A)	460	430
Less: Deferred tax assets on account of:		
Provision for doubtful debts and advances	58	61
Leave encashment and retirement benefit provisions	211	172
Provisions relating to divested businesses	26	54
Lease equalisation charge	5	5
Other disallowances under the Income Tax Act, 1961	51	17
(B)	351	309
Net deferred tax liability recognised (A) - (B)	109	121
Deferred tax (credit)/charge for the year	(1)	74
Adjustment on account of depreciation in Reserves and Surplus (Refer note 3.8 to the financial statements)	(11)	-
Net deferred tax movement for the year	(12)	74

Note 3.4 Other long-term liabilities

	As at 31 March 2015	As at 31 March 2014
Security deposits from customers	147	127
Lease equalisation charge	14	16
	161	143

Notes

to Financial Statements for the year ended 31 March 2015

(Amounts in Rupees million, unless stated otherwise)

Note 3.5 Provisions

	Long term		Short term	
	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2014
Employee benefits [Refer Note 5.14]				
Pension	73	72	17	4
Gratuity	122	109	22	15
Compensated absences	122	100	22	14
Post retirement medical and others	251	213	18	17
Income tax	-	-	567	463
Proposed dividend	-	-	933	3,499
Tax on dividend	-	-	187	595
Indirect taxes *	-	-	206	165
Divested businesses *	20	169	198	82
Others *	14	11	10	18
	602	674	2,180	4,872

* Foot notes

(a) Details of provisions	Indirect taxes (Foot note b)	Divested businesses (Foot note c)	Others (Foot note d)
Opening balance as at 1 April 2014	165	251	29
Provision set up during the year	41	122	-
Provision written back	-	(155)	(5)
Closing balance as on 31 March 2015	206	218	24

- (b) Provisions relating to indirect taxes are in respect of proceedings of various sales tax, excise duty, customs duty and other indirect tax cases, including those relating to divested businesses. Outflows in all these cases, including their timing and certainty, would depend on the developments/outcome in these cases, though, presently classified as short term due to uncertainty involved.
- (c) Provisions relating to divested businesses (other than any indirect tax cases relating to such businesses) are in respect of existing / anticipated costs arising from divestment of businesses (Catalyst, Explosives, Rubber Chemicals, Uniqema, Paints Advanced Refinish and Adhesives) and subsidiaries (Quest International India Limited and Polyinks Limited). Outflows in these cases will depend upon settlement of demands/claims. Consequent on receipt of provisional approval from authorities, the Company during the year, re-assessed the provision with regard to liability on sale of Catalyst business and the net impact of ₹ 27 million has been disclosed as an exceptional item in the statement of Profit and Loss. The tax impact of the transfer is being evaluated and will be recognised in the period in which the transfer is consummated.
- (d) Others relate to litigation matters in respect of sale of properties, demand for past arrears in respect of electricity, and provision for margin on expected sales returns.
- (e) The utilisation of the above provisions would depend on the resolution of the related issues, though classified as long term or short term, based on the management's best estimates and information presently available.

Notes

to Financial Statements for the year ended 31 March 2015

(Amounts in Rupees million, unless stated otherwise)

Note 3.6 Trade payables

	As at 31 March 2015	As at 31 March 2014
Acceptances	268	110
Payable to:		
Micro, small and medium enterprises *	50	28
Others	4,272	4,788
	4,590	4,926
* Disclosures as required under the Micro, Small and Medium Enterprises Development Act, 2006 in respect of micro and small suppliers based on the information available with the Company:		
(i) the principal amount due thereon remaining unpaid to any supplier as at the end of the accounting year	50	28
(ii) the interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) the amount of interest paid by the buyer under MSMED Act 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(iv) the amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act 2006 not paid)	-	-
(v) the amount of interest accrued and remaining unpaid at the end of the accounting year; and	-	-
(vi) the amount of further interest 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.	-	-

Note 3.7 Other current liabilities

	As at 31 March 2015	As at 31 March 2014
Unpaid dividends #	138	102
Statutory liabilities, including withholding taxes, provident fund and sales taxes	410	463
Payable on account of employees	222	189
Advances from customers	18	20
Current portion of Security deposits from customers	89	90
Payables for purchase of fixed assets	76	81
Payable on account of forward contracts	115	151
Miscellaneous payables	81	79
	1,149	1,175

There are no amounts due to be credited to the Investor Education and Protection Fund.

Notes

to Financial Statements for the year ended 31 March 2015

(Amounts in Rupees million, unless stated otherwise)

Note 3.8 : Fixed assets

As at 31 March 2015

Particulars	Gross block			Book value at cost or revalued amounts as at 31 March 2015	Depreciation			Net block	
	Book value at cost or revalued amounts as at 31 March 2014	additions during the year	Disposals / adjustments		Upto 31 March 2014	Depreciation for the year	In respect of disposals / adjustments*	Upto 31 March 2015	As at 31 March 2015
Tangible assets									
Land (Refer to foot note 1 below)									
- leasehold	142	-	-	142	7	1	-	8	134
- freehold	320	1	-	321	-	-	-	-	321
Buildings (Refer to foot notes 1 and 2 below)	2,369	169	(3)	2,535	495	83	6	584	1,951
Plant and machinery -owned	3,810	307	(100)	4,016	1,885	199	(87)	1,998	2,018
Plant and machinery - given under operating lease (Refer to note 5.11)	1,335	62	(40)	1,357	1,000	102	(39)	1,063	294
Motor vehicles	46	3	(3)	46	25	4	(3)	26	20
Furniture and fixtures	436	99	(2)	531	174	77	(4)	246	285
Office equipments	128	10	(5)	135	108	12	(7)	114	21
Leasehold improvements	96	-	-	96	35	11	-	46	50
Data processing equipment	367	49	-	415	295	37	13	345	70
	9,049	700	(153)	9,594	4,024	526	(121)	4,430	5,164
Capital work-in-progress	306	513	(700)	119					119

Foot notes :

- (1) Land and buildings at certain locations were revalued on 1 October 1982 based on a valuation carried out by an independent valuer.
- (2) Gross depreciation for the year includes depreciation of ₹ 0.1 million (2013-14: ₹ 0.1 million) on revalued assets charged against revaluation reserve.
- (3) Title in certain immovable properties, taken over pursuant to the Scheme of Amalgamation is to be transferred in the name of the Company.
- (4) * During the year, according to Schedule II of the Companies Act, 2013, the Company based on an internal assessment and independent technical evaluation carried out by external valuer, had reassessed the remaining estimated useful life of fixed assets with effect from 1 April 2014. Accordingly, the useful life of certain assets have been changed from the previous estimates.
- (5) Pursuant to the Companies Act, 2013 ('the Act') being effective from 1 April 2014, the Company has changed the useful life specified in Part 'C' of Schedule II of the Act. As a result of this change, the depreciation charge for the year ended 31 March 2015 is higher by ₹ 30 million. Further, based on the transitional provision provided in Note 7(b) of Schedule II to the Act, an amount of ₹ 32 million net of adjustment of related tax impact of ₹ 11 million has been debited to the opening balance of Retained earnings in respect of the fixed assets where life has expired as per the said Schedule as on 31 March 2014.

Notes

to Financial Statements for the year ended 31 March 2015

(Amounts in Rupees million, unless stated otherwise)

Note 3.8 : Fixed assets (contd.)

As at 31 March 2014

Particulars	Gross block			Book value at cost or revalued amounts as at 31 March 2014	Upto 31 March 2013	Depreciation		Upto 31 March 2014	Net block As at 31 March 2014
	Book value at cost or revalued amounts as at 31 March 2013	additions at cost	Disposals / adjustments			Depreciation for the year	In respect of disposals / adjustments		
Tangible assets									
Land (Refer to foot note 1 below)									
- leasehold	113	29	-	142	6	1	-	7	135
- freehold	303	17	-	320	-	-	-	-	320
Buildings (Refer to foot note 1 and 2 below)	1,696	673	-	2,369	434	61	-	495	1,874
Plant and machinery -owned	3,045	893	(128)	3,810	1,846	163	(124)	1,885	1,925
Plant and machinery - given under operating lease (Refer to note 5.11)	1,255	101	(21)	1,335	909	112	(21)	1,000	335
Motor vehicles	43	7	(4)	46	24	5	(4)	25	21
Furniture and fixtures	272	169	(5)	436	129	50	(5)	174	262
Office equipments	138	11	(21)	128	117	10	(19)	108	20
Leasehold improvements	96	-	-	96	24	11	-	35	61
Data processing equipment	349	18	-	367	273	24	(2)	295	72
	7,310	1,918	(179)	9,049	3,762	437	(175)	4,024	5,025
Capital work-in-progress	1,057	1,167	(1,918)	306					306

Foot notes :

- (1) Land and buildings at certain locations were revalued on 1 October 1982 based on a valuation carried out by an independent valuer.
- (2) Gross depreciation for the year includes depreciation of ₹ 0.1 million (2012-13: ₹ 0.1 million) on revalued assets charged against revaluation reserve.
- (3) Title in certain immovable properties, taken over pursuant to the Scheme of Amalgamation is to be transferred in the name of the Company.

Notes

to Financial Statements for the year ended 31 March 2015

(Amounts in Rupees million, unless stated otherwise)

Note 3.9: Non-current investments

	Number as at 31 March 2015	Number as at 31 March 2014	Face Value ₹ per unit	As at 31 March 2015	As at 31 March 2014
Long-term investments (at cost)					
(i) Trade Investments					
Equity shares - unquoted					
Adyar Property Holding Company Limited [Book value ₹ 6,825 (2013-14: ₹ 6,825) ; paid-up ₹ 65 per share]	105	105	100		
Debentures - unquoted					
6.5% Bengal Chamber of Commerce and Industry [Book value ₹ 19,000 (2013-14: ₹ 19,000)]	19	19	1,000		
(ii) Other investments					
Equity shares - unquoted					
Kohinoor Mills Limited [Book value ₹ 1,300 (2013-14: ₹ 1,300)]	5	5	100		
Maneck-Chowk & Ahmedabad Manufacturing Co. Limited [Book Value ₹ 1 (2013-14: ₹ 1)]	144	144	250		
Woodlands Multispeciality Hospital Limited [Book value: ₹ 28,002 (2013-14: ₹ 28,002)]	10,810	10,810	10		
Debentures - unquoted					
6% Sholapur Spinning & Weaving Co. Limited (in Liquidation) [Book Value ₹ 1 (2013-14: ₹ 1)]	523	523	100		
Non-convertible redeemable bonds (unsecured) -quoted					
Rural Electrification Corporation Limited (zero coupon) (Refer to foot note 2) Investment in Fixed Maturity Plans of Mutual Funds - quoted (Foot note-3)	29,450	29,450	30,000	400	400
TATA FMP Series 47 Scheme C - Direct - Growth	10,000,000	10,000,000	10	100	100
				500	500

Foot notes:

- Investment in shares are fully paid up, except where indicated otherwise.
- The non-convertible redeemable bonds carry a maturity face value of ₹ 30,000 per bond with a zero coupon. The related income based on implicit yield to maturity has been accrued and included in Long term loans and advances. These have been considered as quoted based on their readily available resale prices.
- Book and market value of investments :

	As at 31 March 2015		As at 31 March 2014	
	Aggregate book value	Market Value	Aggregate book value	Market Value
Quoted investments				
- Fixed Maturity Plans of Mutual Funds (Foot note 4)	100	109	100	100
- Others (Foot note 2)	400	562	400	477
	500	671	500	577

Book value of unquoted investments in absolute value: ₹ 55,129 (2013-14: ₹ 55,129)

- Fixed maturity plans of mutual funds wherever considered quoted are so considered based on readily available net asset values.

Notes

to Financial Statements for the year ended 31 March 2015

(Amounts in Rupees million, unless stated otherwise)

Note 3.10 Long-term loans and advances (Unsecured)

	As at 31 March 2015	As at 31 March 2014
Considered good		
Capital advances	169	173
Security deposits	123	122
Loans and advances to related parties (Refer note 5.16 of the financial statements)	-	3
MAT credit entitlement	-	54
Income Tax	192	192
Indirect tax (Excise, Service tax, VAT receivable)	70	67
Interest accrued on long-term investments (not due) (Non trade)	162	120
Retirement benefit trusts surplus	116	107
Advances to retirement benefit trusts	48	31
Advances to employees (Foot note 1 and 2)	29	34
Advances to customers	165	128
Miscellaneous advances	1	1
	1,075	1,032
Considered doubtful		
Indirect tax (Excise, Service tax, VAT receivable)	8	7
Less: Provision for doubtful advances	(8)	(7)
	1,075	1,032
Foot notes:		
1. Advances to employees include:		
(a) Dues from a director	-	-
(b) Dues from KMP	1	1

2. Advances to employees include housing advances given, against which the employees have submitted property title papers or other assets/documents as envisaged under the housing advance scheme.

Note 3.11 Other non-current assets (Unsecured, considered good)

	As at 31 March 2015	As at 31 March 2014
Fixed deposits with maturity period of more than 12 months from reporting date (Refer note 3.15 of the financial statements)	5	18
	5	18

Notes

to Financial Statements for the year ended 31 March 2015

(Amounts in Rupees million, unless stated otherwise)

Note 3.12 Current Investments

	Number as at 31 March 2015	Number as at 31 March 2014	Face Value ₹ per unit	As at 31 March 2015	As at 31 March 2014
(i) Long-term investments (at cost) (Quoted) (Foot note 1) (with current maturities fixed maturity plans of mutual funds)					
HDFC Annual Interval Fund Series 1 - Plan A- Direct - Growth	10,000,000	10,000,000	10	100	100
ICICI Prudential FMP Sr 73 - 368 days Plan M - (matured during the year)	-	5,000,000	10	-	50
ICICI Prudential FMP Sr 73 - 368 days Plan M (Regular) - (matured during the year)	-	5,000,000	10	-	50
UTI Fixed Term Income Fund Series XVIII-IV 366 Days- (matured during the year)	-	10,000,000	10	-	100
DWS FMP Series 62 - Growth - (matured and invested during the year)	833,005	10,000,000	10	8	100
Birla Sunlife Interval Income Fund - Quarterly Plan Sr. 1 - Growth - (matured during the year)	-	17,891,755	10	-	300
ICICI Prudential Interval Fund II Qty Plan B - Growth - (matured during the year)	-	18,142,893	10	-	200
ICICI Prudential Interval Fund II Qty Plan C - Growth - (matured during the year)	-	23,811,565	10	-	250
Birla Sun Life Fixed Term Plan - Series GB 541 Days-Growth - (matured during the year)	-	15,000,000	10	-	150
DWS Fixed Maturity Plan - Series 23 - Direct Plan - Growth - (matured during the year)	-	20,000,000	10	-	200
HDFC FMP 526 D December 2012 (1) -Growth - (matured during the year)	-	10,000,000	10	-	100
JP Morgan India Fixed Maturity Plan Series 12-Direct-Growth - (matured during the year)	-	30,000,000	10	-	300
JP Morgan India Fixed Maturity Plan Series 13 - Direct - Growth - (matured during the year)	-	25,000,000	10	-	250
Kotak FMP Series 98 - Growth - (matured during the year)	-	25,000,000	10	-	250
LIC Nomura MF FMP Series 56 - 18 Months - (matured during the year)	-	20,000,000	10	-	200
L&T FMP - VII (February 419D A) Direct Plan Growth - (matured during the year)	-	10,000,000	10	-	100
UTI Fixed Term Income Fund Series XIV - VIII (371 days) - Direct Growth Plan - (matured during the year)	-	75,000,000	10	-	750
				108	3,450
(ii) Other investments (at the lower of cost and fair value) Investment in Liquid/Floater Schemes of Mutual Funds - quoted (Foot note 1)					
DWS Ultra Short Term Fund - Regular Plan Bonus - (redeemed during the year)	-	3,632,053	10	-	35
Birla Sun Life Cash Plus - Regular - Growth -(redeemed during the year)	-	2,298,127	100	-	470
Birla Sun Life Cash Plus - Direct - Growth -(invested during the year)	2,060,943	-	100	450	-
Birla Sun Life Cash Plus - Direct - Growth -(invested during the year)	715,685	-	100	150	-
DSP Blackrock Liquidity Fund - direct -Growth -(redeemed and invested during the year)	101,148	109,152	1,000	200	200
ICICI Prudential Liquid - Regular - Growth -(redeemed during the year)	-	581,579	100	-	110
DWS Insta Cash Plus Fund - Direct - Growth -(redeemed during the year)	-	601,276	100	-	100
DWS Money Plus Fund - Direct - Growth -(redeemed during the year)	7,469,208	7,469,208	10	100	100
HDFC Liquid Fund - Direct Plan - Growth - (redeemed and invested during the year)	5,439,930	12,867,023	10	150	320
IDFC Cash Fund - Direct - Growth -(redeemed during the year)	-	96,742	1,000	-	150
IDFC Money Manager Fund - Treasury Plan - Growth -(invested during the year)	6,782,236	-	10	150	-
Reliance Liquid Fund - Cash Plan - Direct - Growth -(invested during the year)	112,091	-	1,000	250	-
Religare Invesco Ultra Short Term Fund - Direct - Growth -(invested during the year)	25,902	-	1,000	50	-
Religare Invesco Ultra Short Term Fund - Direct - Bonus -(invested during the year)	44,819	-	1,000	45	-
SBI Magnum Insta Cash Fund Liquid Floater - Direct - Growth -(invested during the year)	33,717	-	1,000	80	-

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to Financial Statements for the year ended 31 March 2015

(Amounts in Rupees million, unless stated otherwise)

Note 3.12 Current Investments (contd.)

	Number as at 31 March 2015	Number as at 31 March 2014	Face Value ₹ per unit	As at 31 March 2015	As at 31 March 2014
Reliance Liquid Fund - Treasury Plan - Direct - Growth -(redeemed and invested during the year)	41,292	32,031	1,000	140	100
Sundaram Money Fund - Direct - Growth -(redeemed during the year)	-	5,554,959	10	-	150
Sundaram Select Debt ST Asset -Direct - Bonus	4,793,726	4,793,726	10	50	50
Sundaram Flexi Fund ST Plan - Bonus	10,081,961	10,081,961	10	99	99
Taurus Short Term Income Fund - Direct - Growth -(invested during the year)	63,207	-	1,000	150	-
UTI Liquid Cash Plan - Inst. - Direct - Growth -(invested during the year)	96,291	-	1,000	220	-
UTI Floating Rate Fund - Direct - Growth -(invested during the year)	43,906	-	1,000	100	-
				2,384	1,884
Investment in Short Term Income Schemes of Mutual Funds - quoted (Foot note 1)					
DWS Premier Bond Fund - Growth -(invested during the year)	4,445,156	-	10	100	-
ICICI Prudential Short Term - Regular - Growth -(invested during the year)	7,035,095	-	10	200	-
IDFC Money Manager Fund - Investment Plan Growth - (Regular plan) (invested during the year)	9,277,471	-	10	200	-
JP Morgan India Active Bond Fund Inst. Growth	24,768,170	24,768,170	10	250	250
Religare Bank Debt Fund - Direct Plan Growth	199,945	199,945	1000	202	202
				952	452
				3,444	5,786

Foot notes:

1. Book and market value of investments:

	As at 31 March 2015		As at 31 March 2014	
	Aggregate book value	Market Value	Aggregate book value	Market Value
Quoted investments (Foot note 2)				
- Fixed Maturity Plans of Mutual Funds	108	129	3,450	3,704
- Liquid Schemes of Mutual Funds	2,384	2,459	1,884	1,907
- Short Term Income Schemes of Mutual Funds	952	1,061	452	497
	3,444	3,649	5,786	6,108

2. Various plans of mutual funds wherever considered quoted are so considered based on readily available net asset values.

Notes

to Financial Statements for the year ended 31 March 2015

(Amounts in Rupees million, unless stated otherwise)

Note 3.13 Inventories (at lower of cost and net realisable value)

	As at 31 March 2015	As at 31 March 2014
Raw materials (refer to foot note 1)	1,178	942
Work-in-progress	106	67
Stores and spares parts	2	2
Finished products (refer foot note 2)	1,963	1,834
Stock in trade (traded goods) (refer to foot note 1)	398	397
	3,647	3,242
Foot notes :		
1. Includes in-transit inventory:		
Raw materials	49	32
Stock in trade	71	91
2. Finished products are written down on account of net realisable value of ₹ 10 million (previous year ₹ 6 million).		
Additional disclosures regarding inventories		
Work-in-progress		
Titanium Dioxide	2	5
Pigments / Extenders / Tinters	21	9
Resins	33	10
Latex, Monomers	4	6
Others *	46	37
	106	67
Finished products		
Coatings	1,938	1,813
Others*	25	21
	1,963	1,834
Stock in trade (traded goods)		
Coatings	363	360
Others *	35	37
	398	397

* Others do not include any individual items accounting for 10% or more of total value.

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to Financial Statements for the year ended 31 March 2015

(Amounts in Rupees million, unless stated otherwise)

Note 3.14 Trade receivables

	As at 31 March 2015	As at 31 March 2014
Secured- considered good		
Receivables outstanding over 6 months from the date they became due for payment	1	1
Others	11	10
	12	11
Unsecured		
Receivables outstanding over 6 months from the date they became due for payment		
- considered good	7	76
- considered doubtful	114	122
Less: Provision for doubtful debts	(114)	(122)
	7	76
Other receivables		
- considered good	2,765	2,989
- considered doubtful	35	39
Less: Provision for doubtful debts	(35)	(39)
	2,765	2,989
	2,784	3,076

Note 3.15 Cash and bank balances

	Short term		Long term	
	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2014
Cash and cash equivalents				
Balances with banks:				
Current accounts	462	516	-	-
Fixed deposits with original maturity period upto 3 months	-	94	-	-
Other bank balances				
Fixed deposits with maturity period upto 12 months	-	8	-	18
Fixed deposits held as margin money (Refer to foot note 1)	1	2	5	-
Unpaid dividend accounts (Refer to foot note 3)	138	102	-	-
	601	722	5	18
Less: Amount disclosed under other non-current assets (Refer note 3.11 of the financial statements)	-	-	(5)	(18)
	601	722	-	-

Foot notes:

- Fixed deposits held as margin money is against various guarantees issued by banks on behalf of the Company in favour of Government authorities.
- The Company has credit facilities with certain banks against guarantee issued by the ultimate holding company.
- The Company can utilise these balances only towards settlement of unclaimed dividends.

Notes

to Financial Statements for the year ended 31 March 2015

(Amounts in Rupees million, unless stated otherwise)

Note 3.16 Short-term loans and advances (Unsecured)

	As at 31 March 2015	As at 31 March 2014
Considered good		
Security deposits	9	12
Amount recoverable from related parties (Refer note 5.16 of the financial statements)	36	4
Advances to suppliers	63	34
Indirect tax (Excise, Service tax, VAT receivable)	225	215
Advances to employees (Foot note 1)	29	37
Advances to customers	128	85
Prepaid expenses	16	21
Other advances	10	106
	516	514
Considered doubtful		
Other advances	12	12
Less: Provision for doubtful advances	(12)	(12)
	516	514

Foot notes:

- Advances to employees includes housing advances given, against which the employees have submitted property title papers or other assets/documents as envisaged under the housing advance scheme.

(a) Dues from a director	*	*
(b) Dues from KMP	**	**

* include ₹ nil (2013-14: ₹ 0.3 million)

** include ₹ 0.1 million (2013-14: ₹ 0.1 million)

- Refer to Foot note 1 of Note 3.10

Note 3.17 Other current assets (Unsecured, considered good)

	As at 31 March 2015	As at 31 March 2014
Unamortised premium on forward contracts	1	1
Receivable on account of forward contracts	115	144
Unbilled revenue	9	12
Others	11	11
	136	168

Notes

to Financial Statements for the year ended 31 March 2015

(Amounts in Rupees million, unless stated otherwise)

Note 4.1 Revenue from operations

	For the year ended 31 March 2015	For the year ended 31 March 2014
Sale of products:		
(after rebates and discounts)		
Finished products	24,048	23,260
Traded goods	3,368	3,118
Sale of products (gross)	27,416	26,378
Less: Excise duty	(2,718)	(2,661)
Sale of products (net)	24,698	23,717
Service income	337	279
Other operating income		
Duty drawback on exports, subsidy, etc.	11	8
Lease rentals	72	86
Commission on sales		
Scrap sales	47	27
Miscellaneous income	105	62
	235	183
	25,270	24,179
Additional disclosures in respect of sale of products and services:		
Sale of finished products		
Coatings	23,202	22,453
Others*	846	807
	24,048	23,260
Sale of traded goods		
Coatings	3,085	2,940
Others*	283	178
	3,368	3,118
Sale of services		
Research and development	331	258
Others*	6	21
	337	279

* Others do not include any individual items accounting for 10% or more of total value.

Notes

to Financial Statements for the year ended 31 March 2015

(Amounts in Rupees million, unless stated otherwise)

Note 4.2 Other income

	For the year ended 31 March 2015	For the year ended 31 March 2014
Accrued interest on long term investments (bonds)	43	39
Gains on redemption of long term investments (fixed maturity plan mutual fund schemes)	305	353
Gains on redemption of other investments (short term liquid mutual fund schemes)	226	151
Interest income on income tax refunds	12	-
Surplus in pension fund written back	7	5
Provision/liabilities no longer required written back	30	6
Profit on disposal of fixed assets (net)	25	-
Miscellaneous	2	13
	650	567

Note 4.3 Cost of materials consumed (raw materials)

	For the year ended 31 March 2015	For the year ended 31 March 2014
Opening stock		
Raw materials	942	1,019
Add: Purchases		
Raw materials	12,206	11,649
Less: Closing stock		
Raw materials	(1,178)	(942)
Materials consumed	11,970	11,726
Details of raw materials consumed		
Titanium Dioxide	1,521	1,620
Pigments / Extenders / Tinters	1,801	1,539
Resins	2,550	2,610
Latex, Monomers	1,530	1,473
Solvents	1,376	1,460
Packing materials	1,347	1,283
Others*	1,845	1,741
	11,970	11,726

* Others comprise several items and do not include any individual items accounting for 10% or more of total value.

Notes

to Financial Statements for the year ended 31 March 2015

(Amounts in Rupees million, unless stated otherwise)

Note 4.4 Purchase of stock-in-trade (traded goods)

	For the year ended 31 March 2015	For the year ended 31 March 2014
Coatings	2,003	2,087
Others**	216	117
	2,219	2,204

** Others comprise several items and do not include any individual item accounting for 10% or more of total value.

Note 4.5 Changes in inventories of finished products, work-in-progress and stock-in-trade

	For the year ended 31 March 2015	For the year ended 31 March 2014
Inventories at the beginning of the year		
Finished products	1,834	1,647
Stock in trade	397	383
Work-in-progress	67	97
	2,298	2,127
Less: Inventories at the end of the year		
Finished products	1,963	1,834
Stock in trade	398	397
Work-in-progress	106	67
	2,467	2,298
Movement in excise duty on finished products	43	25
	(126)	(146)

Note 4.6 Employee benefits expense

	For the year ended 31 March 2015	For the year ended 31 March 2014
Salaries and wages	1,737	1,659
Contributions to provident and other funds	170	124
Other retirement benefits	62	38
Staff welfare expenses	89	118
	2,058	1,939

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(Amounts in Rupees million, unless stated otherwise)

Note 4.7 Finance costs

	For the year ended 31 March 2015	For the year ended 31 March 2014
Interest expense / Bank charges	15	15
	15	15

Note 4.8 Other expenses

	For the year ended 31 March 2015	For the year ended 31 March 2014
Stores and spare parts consumed	29	20
Repairs and maintenance		
- Plant and machinery	212	180
- Buildings	19	13
- Others	14	26
Power and fuel	164	155
Travelling	349	337
Rates and taxes	237	204
Rent [Refer Note 5.10]	269	257
Insurance	57	41
Freight and transport	1,184	1,061
Advertisement and publicity	1,066	1,178
Royalty	561	467
Cash discount on sales	846	854
Consultancy charges	365	389
Loss on foreign exchange (net)	1	76
Payment to auditors		
- Statutory audit	5	5
- Tax audit	1	1
- Limited review for quarterly results	2	2
- Other services	4	4
- Reimbursement of expenses	3	3
Corporate social responsibility [Refer Note 5.13]	8	-
Miscellaneous expenses	1,139	1,264
	6,535	6,537

Note 4.9 Exceptional item (income)

	For the year ended 31 March 2015	For the year ended 31 March 2014
Divestment provision no longer required written back [Refer Note 3.5 (c.)]	27	-
	27	-

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(Amounts in Rupees million, unless stated otherwise)

Note 5.1 Contingent liabilities

	As at 31 March 2015	As at 31 March 2014
(a) Claims against the Company not acknowledged as debts	91	50
(b) Sales tax matters under appeal	227	188
(c) Excise matters in dispute / under appeal	88	88
(d) Industrial relations and other matters under dispute	2	2
(e) Income tax matters in dispute / under appeal *		

* The Income tax assessments for the Company have been completed up to the financial year ended 31 March 2010. Arising from such assessments and appellate orders, the demands aggregate ₹ 1,145 million (2013-14 : ₹ 1,309 million). The Company as well as the Income tax department have filed appeals on these matters. Pending decisions in the appeals, neither the refunds nor the liabilities for the demands have been recognised in the accounts. The Company, based on its assessment of such cases, is of the view that the final outcome is not likely to have significant adverse impact on the financial statements.

Note 5.2 Capital and other commitments

	As at 31 March 2015	As at 31 March 2014
(a) Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for.	62	78
(b) Title in certain immovable properties, taken over pursuant to the Scheme of Amalgamation is to be transferred in the name of the Company.		

Note 5.3 Earnings per share

		As at 31 March 2015	As at 31 March 2015
(a) Calculation of weighted average number of equity shares of ₹ 10 each			
Number of equity shares at the beginning of the year		46,660,314	46,660,314
Total number of equity shares outstanding at the end of the year	(A)	46,660,314	46,660,314
Add: Equity shares issued during the year			
Weighted average number of shares		46,660,314	46,660,314
(b) Net profit after tax available for equity shareholders (₹ million)	(B)	1,863	1,502
(c) Earnings per equity share - basic and diluted (in ₹) [Face value of ₹ 10 each]	(A)/(B)	39.93	32.18

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(Amounts in Rupees million, unless stated otherwise)

Note 5.4 Value of imported raw materials, stores and spare parts consumed

	Raw materials				Stores and Spare parts			
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
			%	%			%	%
Imported	3,288	2,976	27%	25%	4	-	14%	0%
Indigenous	8,682	8,750	73%	75%	25	20	86%	100%
	11,970	11,726	100%	100%	29	20	100%	100%

Raw materials, stores and spare parts consumed are after adjustments, including shortage/excess, provision for losses, if any.

Note 5.5 Value of imports (CIF basis)

	2014-15	2013-14
Raw materials	3,365	3,114
Components and spare parts	4	9
Capital goods	40	29

Note 5.6 Expenditure in foreign currencies (on accrual basis)

	2014-15	2013-14
Consultancy charges	6	6
Travel	40	29
Others (includes IT networking cost, communication expenses, container hire cost, training cost, project cost, etc.)	96	328

Note 5.7 Earnings in foreign exchange (on accrual basis)

	2014-15	2013-14
Export of goods (FOB basis)	838	734
Reimbursement of expenses	26	34
Service income	331	274
Others	18	26

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to Financial Statements for the year ended 31 March 2015

(Amounts in Rupees million, unless stated otherwise)

Note 5.8 Forward exchange contracts

- (a) The Company uses forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions. The Company has not entered into any derivative instruments for trading or speculative purposes or for highly probable forecast transactions. The forward exchange contracts outstanding (all 'buy' contracts) are as under:

	No. of Contracts	USD	EURO
As at 31 March 2015	18	1,771,262	54,460
As at 31 March 2014	51	1,617,800	571,401

- (b) The Company's Foreign currency exposures that are not hedged by derivative instruments as on 31 March 2015 amount to ₹ 852 million (31 March 2014: ₹ 753 million)

Particulars	Currency	As at 31 March 2015		As at 31 March 2014	
		Amount in foreign currency	Amount in ₹	Amount in foreign currency	Amount in ₹
Trade receivables	EUR	2,997,043	202,108,079	1,381,506	110,893,151
	LKR	8,734,535	4,100,721	16,946,999	7,993,868
	SGD	-	-	99,000	4,647,130
	USD	1,612,608	100,675,544	4,177,794	251,481,642
Trade payables	AED	38,553	657,036	5,617	91,255
	CHF	4,704	316,412	-	-
	EUR	2,422,855	163,613,820	3,147,337	256,333,379
	GBP	482,692	44,640,134	412,500	41,156,984
	HKD	122,437	988,136	122,437	945,642
	LKR	-	-	1,996,881	941,925
	SGD	189,429	8,619,908	867,455	40,462,428
	THB	-	-	150,000	277,127
	USD	5,209,482	325,936,357	6,304,130	381,704,004
	TKR	9,146	219,537	206,110	5,766,414
	ZAR	96,184	493,760	-	-

Note 5.9 Remittance in foreign currencies on account of dividend on equity shares

Dividend relating to the year	Number of Non-Resident Shareholders	Number of Shares	2014-15	2013-14
2013-14	3	34,044,039	2,553	-
2012-13	3	34,044,039	-	2,724

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to Financial Statements for the year ended 31 March 2015

(Amounts in Rupees million, unless stated otherwise)

Note 5.10 Operating lease

- (a) The Company has given colour solution machines under operating leases to various dealers and customers. These have been disclosed under 'Plant and machinery -given under operating lease' in note 3.8 (Fixed assets). The future lease rentals receivable in respect of these assets, based on the agreements in place, are as under :

Amount receivable	Total future minimum lease rentals receivable as on 31 March 2015	Total future minimum lease rentals receivable as on 31 March 2014
Within one year	81	74
Later than one year and not later than five years	70	60
Later than five years	-	1
Total	151	135

- (b) **Obligation on long term non-cancellable operating leases.**

The Company has taken office space on operating. The lease rentals charged during the year and maximum obligations on long term non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

	31 March 2015	31 March 2014
- Lease rentals charged during the year (on a straight line basis)	39	35
- Lease obligations		
	Total future minimum lease rentals payable as on 31 March 2015	Total future minimum lease rentals payable as on 31 March 2014
Within one year	10	16
Later than one year and not later than five years	6	5
Later than five years	-	-
Total	16	21

Note 5.11

Managerial remuneration paid by the erstwhile Akzo Nobel Coatings India Private Limited ("AN Coatings"), since amalgamated with the Company was in excess of limits prescribed under the Companies Act, 1956 by an amount of ₹ 8 million and ₹ 3 million for the years ended 31 March 1999 and 31 March 2000 respectively. AN Coatings had, therefore, made applications with the Central Government for approval of the excess remuneration paid, for which response is awaited.

Note 5.12

During the quarter ended 30 June 2014, the Company had paid Commission amounting to ₹ 3.6 million to its Non-Executive Directors for the year ended 31 March 2014, which has been approved by the shareholders at the Annual General Meeting held on 11 August 2014.

Note 5.13

As per Section 135 of the Companies Act, 2013, a corporate social responsibility (CSR) committee has been formed by the Company. The areas for CSR activities include promoting education including vocational training and skills development, ensuring environmental sustainability, promoting road safety, promoting preventive health care and sanitation, contribution to Prime Minister's national relief fund or any other fund set up by the Government for relief and welfare and any other area the Board may find appropriate. Gross amount required to be spent by the Company during the year was ₹ 32.3 million.

Amount spent during the year:

Purpose	Amount spent (₹ million)
Promotion of education and skills	5.5
Healthcare and sanitation	1.6
Environmental sustainability	0.5
Promotion of sports	0.1
Administrative expenses	0.3
Total	8.0

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to Financial Statements for the year ended 31 March 2015

(Amounts in Rupees million, unless stated otherwise)

Note 5.14 Employee benefits

	Pension (funded)				Gratuity (funded)		Post Retirement Medical Benefits (unfunded)		Provident Fund (funded)	
	Management Staff		Non-Management Staff		2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
	2014-15	2013-14	2014-15	2013-14						
(A) Employee benefit expense recognised in the Statement of profit and loss										
(a) Current service cost	1	1	2	2	40	40	3	3	-	-
(b) Interest cost	2	2	6	6	24	21	17	13	-	-
(c) Expected return on plan assets	(5)	(5)	(12)	(11)	(14)	(14)	-	-	-	-
(d) Actuarial (gains) / losses	(8)	(2)	(26)	(13)	30	(23)	41	21	-	-
(e) Liability extinguishment charge	-	-	-	-	-	-	-	-	-	-
(f) Writeback on account of assets recognition	-	-	22	15	-	-	-	-	-	-
Total expense / (gain) \$	(10)	(4)	(8)	(1)	80	24	61	37	-	-
(B) Net Asset / (Liability) as at year end										
(a) Present value of obligations as at year end	28	22	68	74	330	267	239	193	4	3
(b) Fair value of plan assets as at year end	83	69	187	162	211	174	-	-	6	7
(c) Fair value of plan assets, limited to present value of future contributions	83	69	107	103	211	174	-	-	6	7
Net Asset / (Liability) (b)-(a)	55	47	119	88	(119)	(93)	(239)	(193)	2	4
Net Asset / (Liability) recognised in Balance Sheet (c)-(a)	55	47	39	29	(119)	(93)	(239)	(193)	-	-
(C) Change in defined benefit obligations during the year										
Present value of obligations at beginning of the year	23	23	73	82	266	264	193	173	3	2
(a) Liabilities assumed in an amalgamation in the nature of purchase	-	-	-	-	-	-	-	-	-	-
(b) Current service cost	1	1	2	2	41	41	3	3	1	1
(c) Interest cost	1	1	7	7	23	20	18	14	0	-
(d) Benefits paid	(3)	(2)	(9)	(6)	(47)	(33)	(16)	(18)	-	-
(e) Actuarial (gains) / losses	6	(1)	(4)	(11)	47	(25)	41	21	1	-
(f) Liabilities extinguished on settlements	-	-	-	-	-	-	-	-	-	-
Present value of obligations at end of the year	28	22	69	74	330	267	239	193	5	3

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to Financial Statements for the year ended 31 March 2015

(Amounts in Rupees million, unless stated otherwise)

Note 5.14 Employee benefits (contd.)

	Pension (funded)				Gratuity (funded)		Post Retirement Medical Benefits (unfunded)		Provident Fund (funded)	
	Management Staff		Non-Management Staff		2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
	2014-15	2013-14	2014-15	2013-14						
(D) Change in fair value of plan assets during the year										
Fair value of plan assets as at beginning of the year	69	69	163	156	174	183	-	-	7	3
Less restriction for net assets in excess of future contributions	-	-	(59)	(43)	-	-	-	-	-	-
Fair value of plan assets as at beginning of the year (net)	69	69	104	113	174	183	-	-	7	3
(a) Assets acquired in an amalgamation in the nature of purchase										
(b) Expected return on plan assets	5	5	12	11	14	14	-	-	-	-
(c) Actual company contributions	-	-	-	-	53	12	16	18	-	-
(d) Benefit payments	(3)	(2)	(9)	(6)	(47)	(32)	(16)	(18)	-	-
(e) Adjustment of defined contribution	(3)	(4)	-	-	-	-	-	-	-	-
(f) Actuarial gains / (losses)	15	1	22	1	17	(3)	-	-	(1)	4
(g) Unrecognised asset taken into account	-	-	(22)	(16)	-	-	-	-	-	-
(h) Benefit payments-settlements	-	-	-	-	-	-	-	-	-	-
Fair value of plan assets (after applying restrictions in excess of future contributions)	83	69	107	103	211	174	-	-	6	7
Restriction for net assets in excess of future contributions	-	-	81	59	-	-	-	-	-	-
Fair value of plan assets at end of the year	83	69	187	162	211	174	-	-	6	7
(E) Category of assets										
Debt securities	99%	95%	100%	99%	61%	56%	-	-	85%	85%
Gilt	0%	0%	0%	0%	4%	0%	-	-	9%	7%
Insurer Managed Funds	1%	5%	0%	0%	33%	44%	-	-	0%	0%
Special deposit	0%	0%	0%	1%	2%	0%	-	-	6%	8%
Total	100%	100%	100%	100%	100%	100%	-	-	100%	100%
(F) Actuarial assumptions										
(a) Discount rate (annual) *	7.80%	9.25%	7.80%	9.25%	7.80%	9.25%	7.80%	9.25%	7.80%	9.25%
(b) Expected rate of return on assets (per annum)	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	-	-	8.50%	-
(c) Estimates of future salary increases take account of inflation, seniority, promotion, and other relevant factors, such as supply and demand in the employment market.										
(d) *In case of actuarial valuation of post retirement medical benefit, the following medical inflation rates have been considered: Nil for 2015-16 and 8% thereafter. A one percentage point change in assumed healthcare cost trend rates would have the following effects on the aggregate of service cost and interest cost and defined benefit obligation:										
							One percentage point increase		One percentage point decrease	
Effect on the aggregate of the service cost and interest cost							22		19	
Effect on defined benefit obligation as on 31 March 2015							257		223	

\$ Shown as an expense/gain netted under 'Contribution to provident and other funds' in Note 4.6

* Discount rate is based on market yields available on Government bonds as at 31 March 2015 with a term that matches that of the liabilities

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to Financial Statements for the year ended 31 March 2015

(Amounts in Rupees million, unless stated otherwise)

Note 5.14 Employee benefits (contd.)

Disclosures made in accordance with Accounting Standard (AS 15) pertaining to 'defined benefit' plans:

- (i) The actuarial valuation of Defined Benefit plans was carried out as on 31 March 2015. The net actuarial gain on account of post retirement benefits scheme amounting to ₹ 41 million (2013-14: actuarial gain of ₹ 21 million) relating to medical insurance costs have been provided for and included in 'Other retirement benefit charges' (Note 4.6: Employee benefits expense). Actuarial gains/losses (net) relating to other schemes have been included in Contribution to provident and other funds.
- (ii) During the year, the Company has purchased annuities for management staff pensioners for an amount of ₹ 3 million. (2013-14: ₹ 1 million for Management Staff pensioners)
- (iii) The Company has separate pension schemes for management staff and non-management staff. The former scheme is in the nature of 'final salary' plan and the latter scheme is in the nature of 'flat salary' plan. The Company also has separate gratuity schemes for management and non-management staff. The benefits paid are as per the scheme rules or as per Payment of Gratuity Act, 1972, whichever are more beneficial.
- (vi) The guidance on implementing AS-15 (Revised) issued by Accounting Standards Board of the Institute of Chartered Accountants of India states that benefits involving employer established provident funds, which requires interest shortfall to be recompensated, are to be considered as defined benefit plans. On the basis of actuarial valuations carried out by the actuary no shortfall has been identified in the trusts managed by the Company. The amount of contribution during the year of ₹ 35 million (2013-14: ₹ 35 million) has been included in 'Contributions to provident and other funds' in Note 4.6.

(v) Experience Adjustments

Management Staff Pension Fund

	31-Mar-11	31-Mar-12	31-Mar-13	31-Mar-14	31-Mar-15
1 Defined Benefit Obligation at end of the period	(29)	(27)	(23)	(22)	(28)
2 Plan Assets at end of the period	78	71	69	69	83
3 Funded Status	49	44	46	47	55
4 Experience Gain/(Loss) adjustments on plan liabilities	(2)	0	1	(3)	(2)
5 Experience Gain/(Loss) adjustments on plan assets	(14)	0	1	0	14
6 Actuarial Gain/(Loss) due to change on assumptions	1	(1)	(2)	4	(4)

Non-Management Staff Pension Fund

	31-Mar-11	31-Mar-12	31-Mar-13	31-Mar-14	31-Mar-15
1 Defined Benefit Obligation at end of the period	(87)	(78)	(83)	(74)	(68)
2 Plan Assets at end of the period	140	148	155	162	187
3 Funded Status	53	70	72	89	119
4 Experience Gain/(Loss) adjustments on plan liabilities	-	6	2	6	10
5 Experience Gain/(Loss) adjustments on plan assets	-	9	1	1	22
6 Actuarial Gain/(Loss) due to change on assumptions	5	0	(3)	5	(5)

Gratuity Fund

	31-Mar-11	31-Mar-12	31-Mar-13	31-Mar-14	31-Mar-15
1 Defined Benefit Obligation at end of the period	(70)	(186)	(265)	(237)	(330)
2 Plan Assets at end of the period	91	152	183	174	211
3 Funded Status	21	(34)	(82)	(63)	(119)
4 Experience Gain/(Loss) adjustments on plan liabilities	(5)	13	(12)	9	(0)
5 Experience Gain/(Loss) adjustments on plan assets	-	(2)	7	(3)	17
6 Actuarial Gain/(Loss) due to change on assumptions	(1)	2	(4)	12	(18)

Provident Fund

	31-Mar-11	31-Mar-12	31-Mar-13	31-Mar-14	31-Mar-15
1 Defined Benefit Obligation at end of the period	-	2	2	(3)	(5)
2 Plan Assets at end of the period	-	1	3	7	6
3 Funded Status	-	-	1	5	1
4 Experience Gain/(Loss) adjustments on plan liabilities	-	(2)	-	(2)	(1)
5 Experience Gain/(Loss) adjustments on plan assets	-	1	1	4	(1)
6 Actuarial Gain/(Loss) due to change on assumptions	-	-	-	(1)	-

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Note 5.15 Segment Information

(A) Information about primary business segments :

- (1) The Company's business segments comprise of:
 Coatings : consisting of decorative, automotive and industrial paints and related activities
 Others : consisting of chemicals and polymers.

(2) Segment revenues, results and other information

Revenue	Coatings		Others		Total	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
1. External sales (gross)	26,287	25,392	1,129	985	27,416	26,377
Excise Duty	(2,608)	(2,560)	(110)	(101)	(2,718)	(2,661)
External sales (net)	23,679	22,832	1,019	884	24,698	23,716
Services and other operating income	474	410	98	52	572	462
Total Revenue	24,153	23,242	1,117	936	25,270	24,178
2. Results						
Segment results	2,111	1,473	129	103	2,240	1,576
Unallocated income (net of unallocated expense)					498	473
Profit from operations before interest, taxation and exceptional items					2,738	2,049
Interest and bank charges					(15)	(15)
Profit before exceptional items					2,723	2,034
Exceptional item					27	-
Profit before tax					2,750	2,034
Income taxes						
- Current tax (net)					(857)	(435)
- Provision for earlier years					(31)	(23)
- Deferred tax					1	(74)
Profit after tax					1,863	1,502
3. Other Information						
a. Assets						
Segment assets	12,585	12,684	713	811	13,298	13,495
Investments					3,944	6,286
Unallocated assets					749	608
Total assets					17,991	20,389
b. Liabilities/ Shareholders' funds						
Segment Liabilities	5,772	6,019	187	166	5,959	6,185
Unallocated liabilities					2,832	5,726
Share Capital including Share capital pending allotment					467	467
Reserves and surplus					8,733	8,011
Total liabilities/ shareholders' funds					17,991	20,389
c. Others						
Capital expenditure	480	2,025	32	52	512	2077
Depreciation	475	397	21	20	496	417

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Note 5.15 Segment Information (contd.)

(B) Information about secondary segment (by geographical segment)

	India		Outside India		Total	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Revenue	24,411	23,586	859	593	25,270	24,179
Carrying amount of segment assets *	13,298	13,495	-	-	13,298	13,495
Capital expenditure	512	2,077	-	-	512	2,077

* Excludes inter segment assets

Foot notes:

- The business segments have been identified in line with the Accounting Standard 17, taking into account the nature of products, risks and returns, organisation structure and internal reporting system.
- Inter segment prices are normally negotiated amongst the segments with reference to the costs, market prices and business risks, within the overall optimisation objectives of the Company.
- Segment revenue, results and assets and liabilities include the respective amounts identifiable to each of the segments. Other un-allocable items in segment results include income from investment of surplus funds of the Company and corporate expenses. Unallocable assets include un-allocable fixed assets and other assets. Unallocable liabilities include un-allocable current liabilities and net deferred tax liability.

Note 5.16 Related Party Disclosures

1. (a) List of related parties where control exists:

- Imperial Chemical Industries Limited, England (holding company upto 3 June 2012 and related party having significant influence thereafter)
- Ultimate Holding Company : Akzo Nobel N.V., Netherlands

(b) Other related parties with whom transactions have taken place during the year:

- Fellow subsidiaries:

Akzo Nobel Amides Co., Limited	Akzo Nobel Paints Lanka (Pvt) Ltd
Akzo Nobel Automotive & Aerospace Coatings Mexico S A De C V	Akzo Nobel Paints Taiwan Limited
Akzo Nobel Car Refinishes Indonesia	Akzo Nobel Paints Vietnam Ltd
Akzo Nobel Chang Cheng Ltd	Akzo Nobel Polymer Chemicals (Ningbo) Co., Ltd.
Akzo Nobel China Investment Co. Ltd.	Akzo Nobel Polymer Chemicals B.V.
Akzo Nobel Decorative Coatings B.V.	Akzo Nobel Polymer Chemicals LLC
Akzo Nobel Functional Chemicals bv	Akzo Nobel Powder Coatings (Ningbo) Co., Ltd.
Akzo Nobel Ltda- Divisao Titas EM PO	Akzo Nobel Powder Coatings B.V.
Akzo Nobel Powder Coatings SAS	Akzo Nobel Powder Coatings Korea Co., Limited
Akzo Nobel Pulp and Performance Chemicals AB	Akzo Nobel Powder Coatings S.A.E.
Akzo Nobel REP Off BV	Akzo Nobel Powder Coatings South Africa (Proprietary) Limited
Akzo Nobel (China) Investment Co., Ltd.	Akzo Nobel Projects & Engineering B.V.
Akzo Nobel (Shanghai) Co. Ltd.	Akzo Nobel Pty. Limited
Akzo Nobel Amides Co. Ltd.	Akzo Nobel Surface Chemistry AB
Akzo Nobel Argentina S.A.	Akzo Nobel Surface Chemistry LLC
Akzo Nobel Asia Pte. Ltd.	Akzo Nobel UAE Paints L.L.C.
Akzo Nobel Boya Sanayi ve Ticaret A.S.	AkzoNobel Paints Singapore Pte Ltd
Akzo Nobel Car Refinishes (Singapore) Pte Ltd	EKA Chemicals AB
Akzo Nobel Car Refinishes (Suzhou) Company Limited	ICI (Malaysia) Holdings Sdn Bhd

Notes

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Note 5.16 Related Party Disclosures (contd.)

Akzo Nobel Car Refinishes Australia Pty Ltd	ICI Dulux (Pty) Limited
Akzo Nobel Car Refinishes B.V.	ICI India Research & Technology Centre
Akzo Nobel Car Refinishes SL	International Paint - Finland
Akzo Nobel Chang Cheng Coatings (Guangdong) Co., Ltd.	International Paint - Vietnam
Akzo Nobel Chemicals AG	International Paint Japan K.K.
Akzo Nobel Chemicals International B.V.	International Paint Limited
Akzo Nobel Coatings (Dongguan) Co. Ltd.	International Paint Ltda
Akzo Nobel Coatings (Jiaxing) Co. Ltd.	International Paint -Ukraine
Akzo Nobel Coatings (Tianjin) Co., Ltd.	International Farbenwerke GmbH
Akzo Nobel Coatings CZ, a.s.	International Färg AB
Akzo Nobel Coatings GmbH	International Maling A/S
Akzo Nobel Coatings Inc.	International Paint (Akzo Nobel Chile) Ltda
Akzo Nobel Coatings International B.V.	International Paint (Hong Kong) Limited
Akzo Nobel Coatings Ltd	International Paint (Korea) Ltd
Akzo Nobel Coatings S.P.A.	International Paint (Nederland) B.V.
Akzo Nobel Coatings Sdn Bhd	International Paint (Panama) Inc.
Akzo Nobel Cross-Linking Peroxides (Ningbo) Co. Ltd	International Paint (Taiwan) Ltd
Akzo Nobel Decorative Coatings B.V.	International Paint Limited
Akzo Nobel Decorative Paints France S.A.	International Paint LLC
Akzo Nobel Functional Chemicals AB	International Paint of Shanghai Co Ltd
Akzo Nobel Functional Chemicals B.V.	International Paint Pazarlama Limited Sirketi
Akzo Nobel Industrial Finishes (Hong Kong) Limited	International Paint Sdn Bhd
Akzo Nobel Industrial Paints, S.L.	International Paint Singapore Pte Ltd
Akzo Nobel International Paint (Suzhou) Co. Ltd.	International Peinture S.A.
Akzo Nobel Ltda	IP Singapore Pte -Vietnam
Akzo Nobel N.V.	Keum Jung Akzo Nobel Peroxides Ltd.
Akzo Nobel Packaging Coatings GmbH	Pinturas Inca S.A.
Akzo Nobel Packaging Coatings Limited	PT Akzo Nobel Car Refinishes Indonesia
Akzo Nobel Packaging Coatings S.A.	PT International Paint Indonesia
Akzo Nobel Packaging Coatings S.A.S	PT ICI Paints Indonesia
Akzo Nobel Paints (Asia Pacific) Pte Ltd	Shanghai ICI Research & Development & Management Co. Ltd
Akzo Nobel Paints (Malaysia) Sdn. Bhd.	Tianjin Akzo Nobel Peroxides Co. Ltd
Akzo Nobel Paints (Thailand) Ltd.	

Key managerial persons

Mr. Nihal Kaviratne CBE	Chairman
Mr. Jayakumar Krishnaswamy	Managing Director
Mr. Himanshu Agarwal	Wholetime Director and CFO
Mr. Amit Jain	Managing Director (upto 31 December 2013)
Mr. Partha Sarathi Basu	Wholetime Director (upto 31 August 2013)

Notes

to Financial Statements for the year ended 31 March 2015

(Amounts in Rupees million, unless stated otherwise)

Note 5.16 Related Party Disclosures (contd.)

2. The following transactions were carried out with related parties in the ordinary course of business:

a)	Transactions during the year	Akzo Nobel N.V., Netherlands	Imperial Chemical Industries Limited, England	Fellow Subsidiaries of the Company	Key Managerial Persons
		2014-15 2013-14	2014-15 2013-14	2014-15 2013-14	2014-15 2013-14
	Purchase of materials / finished goods	-	-	1,538	-
		-	-	1,330	-
	Sale of finished goods	-	-	166	-
		-	-	166	-
	Purchase of fixed assets	-	-	23	-
		-	-	3	-
	Expenses incurred and recoverable from other Companies (Income)	28	10	147	-
		68	8	133	-
	Expenses payable to other companies	57	1	29	-
		54	3	69	-
	Royalty	-	-	534	-
		-	-	467	-
	Dividend paid	-	1,723	830	-
		-	1,838	886	-
	Services provided (Income)	-	-	415	-
		-	-	311	-
	Services received (expenses)	-	-	270	-
		-	-	408	-
	Managerial remuneration *	-	-	-	34
		-	-	-	73
	Guarantee issued on behalf of the Company for credit facilities from banks	500	-	-	-
		500	-	-	-
	Balances as at the end of the year				
	Dues to related parties	11	33	467	-
		29	34	1,127	-
	Dues from related parties	10	9	304	-
		51	2	259	-

Outstanding loans receivable at the end of the year from key managerial persons: Refer to note 3.10

* Excludes expenditure towards retirement benefits and compensated absences since the same is based on actuarial valuation for the Company as a whole.

Notes

to Financial Statements for the year ended 31 March 2015

(Amounts in Rupees million, unless stated otherwise)

Note 5.16 Related Party Disclosures (contd.)

- b) Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the respective year:

	2014-15	2013-14
Purchase of raw materials		
PT Akzo Nobel Car Refinishes Indonesia	344	396
Others	1,194	934
	1,538	1,330
Sale of finished products		
Akzo Nobel Functional Chemicals B.V.	-	34
Akzo Nobel UAE Paints L.L.C.	8	88
Akzo Nobel Polymer Chemicals B.V.	27	-
PT ICI Paints Indonesia	51	2
Akzo Nobel Paints (Malaysia) Sdn. Bhd.	17	-
Others	63	42
	166	166
Purchase of Fixed Assets		
Akzo Nobel Coatings S.P.A.	3	-
Akzo Nobel Automotive and Aerospace Coatings Mexico S.S.de.C.V	20	-
Akzo Nobel PTY Ltd.	-	2
Akzo Nobel Projects & Engineering B.V.	-	1
	23	3
Expenses incurred and recoverable from other companies		
Akzo Nobel Lanka (Pvt.) Limited	27	28
Akzo Nobel Surface Chemistry AB	26	34
Akzo Nobel N.V. Netherlands	28	68
Akzo Nobel Decorative Coatings B.V.	41	7
International Paint Ltd	23	8
Others	40	64
	185	209
Expenses payable to other companies		
Akzo Nobel N.V. Netherlands	57	54
Akzonobel Powder Coatings B.V.	9	-
International Paint Limited	6	24
International Paint Singapore Pte Ltd	1	23
Others	14	25
	87	126
Royalty		
Akzo Nobel Coatings International B.V.	509	444
Others	25	23
	534	467

Notes

to Financial Statements for the year ended 31 March 2015

(Amounts in Rupees million, unless stated otherwise)

Note 5.16 Related Party Disclosures (contd.)

- b) Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the respective year:

	2014-15	2013-14
Dividend paid		
Imperial Chemical Industries Limited, England	1,723	1,838
Akzo Nobel Coatings International B.V.	647	690
Others	183	196
	2,553	2,724
Rendering of service (income)		
Akzo Nobel Car Refinishes B.V.	331	258
Akzo Nobel Functional Chemicals B.V.	44	35
Others	40	18
	415	311
Receiving of service (expenses)		
Akzo Nobel Car Refinishes (Singapore) Pte Ltd	20	55
Akzo Nobel Car Refinishes B.V.	21	85
Akzo Nobel Decorative Coating BV	153	179
ICI India Research & Technology Centre	69	72
Others	7	17
	270	408
Managerial remuneration		
Mr. Nihal Kaviratne CBE	1	1
Mr. Jayakumar Krishnaswamy	19	6
Mr. Himanshu Agarwal	14	9
Mr. Amit Jain	-	46
Mr. Partha Sarathi Basu	-	11
	34	73
Dues to related parties		
Akzo Nobel Coatings International B.V.	78	499
Akzo Nobel Decorative Coatings B.V.	32	234
Akzo Nobel Chemicals AG	62	-
PT. Akzo Nobel Car Refinishes Indonesia	53	65
Others	286	392
	511	1,190
Dues from related parties		
Akzo Nobel Car Refinishes B.V.	167	143
Akzo Nobel Decorative Coatings B.V.	17	32
Akzo Nobel N.V. Netherlands	10	51
PT ICI Paints Indonesia	41	-
Others	88	86
	323	312

Notes

to Financial Statements for the year ended 31 March 2015

(Amounts in Rupees million, unless stated otherwise)

Note 5.17

The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under section 92-92F of the Income Tax Act, 1961. Since the law requires such information and documentation contemporaneous in nature, the Company is in process of updating the documentation of international transactions with the associated enterprises during the financial year and expects such records to be in existence latest by the due date of filing the return of income. The management is of the opinion that its international transactions are at arms length so that aforesaid legislation will not have any material impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

As per our report of even date attached.

For **B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration No. 116231W / W-100024

Rakesh Dewan

Partner

Membership No. 092212

28 May 2015

Gurgaon

For and on behalf of the **Board of Directors** of **Akzo Nobel India Limited**

Nihal Kaviratne CBE

Chairman

DIN 00032473

28 May 2015

Gurgaon

Jayakumar Krishnaswamy

Managing Director

DIN 02099219

Himanshu Agarwal

Wholetime Director and CFO

DIN 06672915

R Guha

Company Secretary

Notice of Annual General Meeting

Notice is hereby given that the 61st Annual General Meeting of the Members of Akzo Nobel India Limited will be held on Friday, 14 August 2015 at 1430 hours at Crystal Hall, Taj Bengal, 34-B, Belvedere Road, Alipore, Kolkata - 700027 to transact the following business:

Ordinary business

1. To consider and adopt the audited financial statements for the year ended 31 March 2015 and the Reports of the Directors and Auditors thereon.
2. To declare a Dividend on equity shares for the year ended 31 March 2015.
3. To appoint a Director in place of Mr Amit Jain who retires by rotation. Being eligible, he has offered himself for re-appointment as a Director of the Company. Accordingly, to consider and, if thought fit, pass the following resolution as an ordinary resolution:

“Resolved that Mr Amit Jain (DIN 01770475) be and is hereby re-appointed a Director of the Company.”

4. To appoint Auditors for the year 2015-16 and to fix their remuneration and for this purpose to consider and, if thought fit, pass the following resolution as an ordinary resolution:

“Resolved that the Auditors, M/s B S R & Associates LLP, Chartered Accountants (ICAI Registration No. 116231W/W100024), who retire at the conclusion of this Meeting, be and are hereby re-appointed Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at the remuneration as given below:

Statutory audit	₹ 5.0 million
Tax audit	₹ 1.5 million
Statutory certification	₹ 1.5 million

In addition, reasonable out-of-pocket expenses and

service taxes as applicable may also be reimbursed to the Auditors. Any other fees for certification and other permissible services may be billed by the Auditors at such rates as may be agreed between the Auditors and the Company.”

Special Business

5. To approve the appointment of Mr R Gopalakrishnan as an Independent Director of the Company:

The members may consider and, if thought fit, pass the following resolution as an ordinary resolution:

“Resolved that the appointment of Mr R Gopalakrishnan (DIN 00027858) as an Independent Director of the Company, within the meaning of section 149 of the Companies Act, 2013 for a term of five years commencing from 12 August 2014 be and is hereby approved.”

6. To approve the appointment of Mr Arvind Uppal as an Independent Director of the Company:

The members may consider and, if thought fit, pass the following resolution as an ordinary resolution:

“Resolved that the appointment of Mr Arvind Uppal (DIN 0104992) as an Independent Director of the Company, within the meaning of section 149 of the Companies Act, 2013 for a term of five years commencing from 12 August 2014 be and is hereby approved.”

7. To approve the appointment of Ms Renu S Karnad as an Independent Director of the Company:

The members may consider and, if thought fit, pass the following resolution as an ordinary resolution:

“Resolved that the appointment of Ms Renu S Karnad (DIN 00008064) as an Independent Director of the Company, within the meaning of section 149 of the Companies Act, 2013 for a term commencing from 12 August 2014 upto 8 September 2014 be and is hereby approved.”

8. To approve the appointment of Ms Kimsuka Narasimhan as an Independent Director of the Company:

The members may consider and, if thought fit, pass the following resolution as an ordinary resolution:

“Resolved that the appointment of Ms Kimsuka Narasimhan (DIN 02102783) as an Independent Director of the Company, within the meaning of section 149 of the Companies Act, 2013 for a term of five years commencing from 30 January 2015 be and is hereby approved.”

9. To ratify payment of Remuneration to Cost Auditors:

To consider and if thought fit, pass the following resolution as an ordinary resolution:

“Resolved that the remuneration of ₹ 0.75 million, in addition to reimbursement of travel and out-of-pocket expenses, to M/s Chandra Wadhwa & Co., practicing cost accountants, holding registration number 00239 allotted by The Institute of Cost Accountants of India, appointed as the Cost Auditors of the Company for the year 2015-16 by the Board of Directors, be and is hereby ratified.”

28 May 2015
Gurgaon

By order of the Board
R Guha
Company Secretary

Notes

- i) **A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of him but the Proxy shall not have any right to speak at the meeting. A Proxy need not be a member of the Company.**

The Proxy form, in order to be effective, should be received at the registered office of the Company or at the office of its Registrar and Share Transfer Agent M/s C B Management Services (P) Ltd, (the 'RTA'), P-22, Bondel Road, Kolkata 700 019 not later than 48 hours before the commencement of the Meeting.

- ii) The Register of Members and Share Transfer books of the Company will remain closed from 10 August 2015 to 14 August 2015 both days inclusive.
- iii) Dividend, if approved at the Meeting, will be paid on or around 28 August 2015 by means of direct bank credit (ECS) or dividend warrants;
- a. In respect of shares held in electronic form, to the beneficial owners of shares as on 8 August 2015 as per the downloads furnished to the Company by the depositories for this purpose;
- b. In respect of shares held in physical form, to those members whose names appear on the Company's Register of Members after giving effect to all valid stock transfers lodged with the Company before closing hours on 8 August 2015.
- iv) As per current SEBI Regulations, dividend is required to be credited to shareholders through Electronic Clearing Service (ECS) wherever the facility is available and the requisite details/mandates have been provided by the Members. Members who are yet to provide their bank details are requested to send the details of their bank

account details (account number, bank name, bank address, MICR Code and IFS Code) to their Depository Participants (in case of shares held in dematerialised form) or to the RTA (in case of shares held in physical form) at the earliest.

- v) Members having shares registered in the same name or in the same order of names but in several folios, may please write to the RTA for consolidation of the folios.
- vi) Members holding shares in physical form and are desirous of making a nomination in terms of Section 72 of the Companies Act, 2013, may write to the RTA for the prescribed form.
- vii) Members/Proxy holders must bring the Attendance Slip to the Meeting and hand it over at the entrance, duly signed.
- viii) Members who wish to obtain any information on the Company or the Accounts may visit the Company's website: www.akzonobel.co.in or may send their queries at least 10 days before the date of the Meeting to the Company Secretary at the Company's Corporate Office at DLF Epitome, Tower A, 20th Floor, Cyber City, DLF Phase III, Gurgaon 122 002.
- ix) Pursuant to the provisions of the Companies Act, dividends which remain unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund (the 'Fund') of the Central Government. Shareholders who have not en-cashed the dividend warrants so far, for the financial year ended 31 March 2008 or any subsequent financial years, are requested to send unencashed dividend warrants, to the RTA for necessary action. Separate intimations have been sent to those Members whose dividend warrants remain outstanding as on 31 March 2015. All unclaimed dividends in respect of financial year 2007-08 onwards are due for transfer to the Fund on expiry of seven years from the date they fell due. Any claim in respect

of unclaimed dividend after the said transfer, shall be made to the relevant authority nominated by the Central Government for administration of the Fund.

- x) In compliance with the provisions of Section 108 of the Companies Act, 2013 and the Rules issued thereunder and Clause 35B of the Listing Agreement, the members are provided with the facility to cast their vote electronically on all resolutions set forth in this Notice. The Company has engaged the services of National Securities Depository Limited (NSDL) to provide the e voting facility. Complete details of e-voting are annexed to this Notice.

Brief profile of Directors to be appointed/re-appointed and explanatory statement pursuant to Section 102 of the Companies Act, 2013

Item No. 3 Mr Amit Jain

Mr. Amit Jain is a non executive Director since January 2014. He had earlier served as the Managing Director of the Company during 2009-2013. In terms of section 152 of the Act, Mr Jain will retire by rotation at this AGM and is eligible for re-appointment.

Apart from Akzo Nobel India Limited, Mr Jain serves on the boards of the following companies:

1. ICI India Research & Technology Centre
2. Navya Advisors Pvt Ltd

Mr Jain is a member of the of the Audit, Risk Management and Nomination & Remuneration Committees of the Board. He does not hold any shares in the Company.

Born in 1964, Mr Jain holds a management degree from the Faculty of Management Studies, Delhi, and has completed an Advanced Management Program from the Wharton Business School. Mr Jain started his

career in the Company, where he managed a diverse set of responsibilities within sales & marketing (1987 – 1994). He has since served in leadership roles in Coca-Cola and MTV. Currently, he is the Managing Director for AkzoNobel's Decorative Paints business in North and West Europe and operates out of Amsterdam.

The Board recommends the resolution. Except Mr Amit Jain, no other Director has any interest or concern in this resolution.

Item No. 5
Mr R Gopalakrishnan

Mr R Gopalakrishnan has joined the Board of Akzo Nobel India Limited on 19 May 1999 and was last re-appointed at the AGM held on 9 August 2012.

The Board had at its meeting held on 11 August 2014, appointed Mr Gopalakrishnan as an 'Independent Director' of the Company subject to shareholder approval.

Born in 1945, Mr Gopalakrishnan is a Bachelor of Science in Physics from the University of Calcutta and has a B.Tech from IIT, Kharagpur. He has also attended the Advanced Management Programme of the Harvard Business School. Before joining the Tata Group, he was with the Unilever Group for over 30 years in senior positions, including that of the Vice Chairman of Hindustan Lever Limited.

Apart from Akzo Nobel India Limited, Mr Gopalakrishnan serves on the boards of the following companies:

1. Rallis India Ltd
2. Tata AutoComp Systems Ltd
3. Tata Chemicals Ltd
4. Tata Sons Ltd
5. Tata Power Co. Ltd
6. Tata Technologies Ltd

7. Castrol India Limited
8. Advinus Therapeutics Ltd
9. Metahelix Life Sciences Pvt Ltd
10. ABP Pvt Ltd
11. Hemas Holdings PLC
12. Trust Energy Resources Pte Ltd

Mr Gopalakrishnan is the Chairman of the Nomination & Remuneration and Risk Management Committees and a member of the Audit Committee of the Board. He does not hold any shares in the Company.

In the opinion of the Board, Mr Gopalakrishnan meets the criteria prescribed in section 149 of the Companies Act, 2013 to be appointed as an Independent Director of the Company.

The Board recommends the resolution. Except Mr R Gopalakrishnan, no other Director has any interest or concern in this resolution.

Item No. 6
Mr Arvind Uppal

Mr Arvind Uppal has joined the Board of Akzo Nobel India Limited on 1 April 2011 and was re-appointed at the AGM held on 8 August 2013.

The Board had, at its meeting held on 11 August 2014, appointed Mr Arvind Uppal as an 'Independent Director' of the Company subject to shareholder approval.

Born in 1962, Mr Uppal is a Chemical Engineer from IIT, Delhi and holds a Masters in Business Administration from the Faculty of Management Studies, New Delhi. He has also attended a programme for Executive Development at IMD, Lausanne, Switzerland. He is currently President, Whirlpool Asia Pacific and Chairman & Managing Director, Whirlpool India. He has worked with Nestle for over 18 years, having joined that company as a management trainee in 1987.

Apart from Akzo Nobel India Limited, Mr Uppal serves on the boards of the following companies:

1. Whirlpool of India Limited
2. Tuscan Ventures Private Limited
3. Whirlpool (Australia) Pty Limited

Mr Uppal is the Chairman of the Stakeholder Relationship Committee and a member of the Audit, Risk Management and Nomination & Remuneration Committees of the Board. He does not hold any shares in the Company.

In the opinion of the Board, Mr Uppal meets the criteria prescribed in section 149 of the Companies Act, 2013 to be appointed as an Independent Director of the Company.

The Board recommends the resolution. Except Mr Arvind Uppal, no other Director has any interest or concern in this resolution.

Item No. 7
Ms Renu S Karnad

Ms Renu S Karnad has joined the Board of Akzo Nobel India Limited on 1 August 2003 and was re-appointed at the AGM held on 8 August 2013.

The Board had at its meeting held on 11 August 2014, appointed Ms Renu S Karnad as an 'Independent Director' of the Company subject to shareholder approval.

Born in 1952, Ms Karnad is a Law Graduate from the University of Bombay and a Post Graduate in Economics from the Delhi School of Economics. She is a Director on the Board of various companies and also holds the Pravin Fellowship from Woodrow Wilson School of International Affairs, Princeton, USA. She is currently the Managing Director of Housing Development Finance Corporation Ltd, which she joined in 1978.

Ms Karnad had subsequently resigned from the Board with effect from 9 September 2014 in order to comply with certain regulatory restrictions. During her tenure on the Board, she was the Chairperson of the Audit Committee and a member of the Nomination & Remuneration Committee.

Apart from Akzo Nobel India Limited, Ms Karnad serves on the boards of the following companies as per disclosures given to the Company upto 8 September 2014:

1. Bosch Limited
2. Credit Information Bureau (India) Limited
3. GRUH Finance Limited
4. HDFC Limited
5. HDFC Bank Limited
6. HDFC Asset Management Company Ltd
7. HDFC ERGO General Insurance Co Ltd
8. HDFC Property Ventures Limited
9. HDFC Standard Life Insurance Co. Ltd
10. Credila Financial Services Pvt Ltd
11. Indraprastha Medical Corporation Limited
12. EIH Limited
13. ABB Limited
14. HDFC PLC, Maldives
15. Feedback Infrastructure Services Pvt Ltd
16. G4S Corporate Services (India) Pvt Ltd
17. HIREF International LLC

In the opinion of the Board, Ms Karnad meets the criteria prescribed in section 149 of the Companies Act, 2013 to be appointed as an Independent Director of the Company. She did not hold any shares in the Company (as on 8 September 2014).

The Board recommends the resolution. Except Ms Karnad, no other Director has any interest or concern in this resolution.

Item No. 8 Ms Kimsuka Narasimhan

Ms Kimsuka Narasimhan joined the Board with effect from 30 January 2015 in the casual vacancy caused by the resignation of Ms Renu S Karnad.

The Board had at its meeting held on 29 January 2015, appointed Ms Kimsuka Narasimhan as an 'Independent Director' of the Company for a term of 5 years commencing from 30 January 2015, subject to shareholder approval.

Born in 1964, Ms Narasimhan is a chartered accountant and a cost accountant. She is currently the Senior Vice President - Finance & CFO of PepsiCo, India. Earlier, she was the CFO of the foods business of PepsiCo, India, followed by the role of Head of Planning in divisional headquarters at Dubai.

Prior to PepsiCo, Ms Narasimhan worked with the Unilever Group for 18 years. She actively participates in women's professional and leadership initiatives, including co-leading the Diversity and Inclusion Council in PepsiCo.

Apart from Akzo Nobel India Limited, Ms Narasimhan serves on the board of NourishCo Beverages Ltd.

Ms. Narasimhan is a member of Audit and Risk Management Committees. She does not hold any shares in the Company.

A notice under Section 160 of the Companies Act, 2013 has been received from a Member along with the requisite fees, proposing Ms Kimsuka Narasimhan's name for being appointed as a Director of the Company.

In the opinion of the Board, Ms Narasimhan meets the criteria prescribed in section 149 of the Companies Act, 2013 to be appointed as an Independent Director of the Company.

The Board recommends the resolution. Except Ms Narasimhan, no other Director has any interest or concern in this resolution.

Item No. 9 Payment of Remuneration to Cost Auditors

The Board, at its meeting held on 28 May 2015, appointed M/s Chandra Wadhwa & Co., practicing cost accountants, holding registration number 00239 allotted by The Institute of Cost Accountants of India, as cost auditors of the Company, in terms of section 148 of the Companies Act 2013 and fixed a sum of ₹ 0.75 million as remuneration payable, for the financial year 2015-16.

The remuneration, as recommended above is required to be ratified by the shareholders of the Company, as per the requirements of the Companies (Audit and Auditors) Rules 2014, read with Section 148(3) of the Companies Act, 2013.

The Board recommends the ordinary resolution for ratification by the shareholders of the Company. None of the Director has any concern or interest in the resolution.

Creative Consultants

AICL Communication Ltd
(info@aicl.in)

Printing

United Advertising & Marketing Services
(www.unitedadvertising.in)

Corporate Office

DLF Epitome
Building No. 5, Tower A, 20th Floor
Cyber City, DLF Phase III
Gurgaon 122002, India



www.akzonobel.co.in

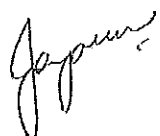



Present in India for over 60 years, the Company is a significant player in the paints industry. Over the years, it has witnessed sustained expansion, growth and transformation. In 2008, the Company became a member of the AkzoNobel Group.

AkzoNobel India manufactures and markets a wide range of coatings covering Decorative paints, Performance coatings and Specialty chemicals. It provides solutions to many industries and sectors including automotive, consumer electronics, power, aviation, shipping and leisure craft, construction, oil and gas, water and waste water, food and beverages, etc.

It supplies industries and consumers with innovative products and is passionate about developing sustainable answers for its customers. Its portfolio includes well-known brands such as Dulux, Sikkens, International and Interpon. With employee strength of close to 1800, AkzoNobel India has manufacturing sites, offices and distribution network spread across the country. All manufacturing facilities have state-of-the-art environmental management system. Its commitment to Health, Safety, Environment & Security (HSE&S) is amongst the best in class, with due care being taken to protect the people and the environment.

Form A

Information on 'Unqualified Opinion' in the Independent Auditor's Report
for the year ended 31 March 2015, pursuant to Clause 31 (a) of the Listing Agreement

1	Name of the Company	Akzo Nobel India Limited
2	Annual financial statements for the year ended	31 March 2015
3	Type of Audit observation	Un-qualified An unqualified audit opinion has been issued by the statutory auditors on the financial statements for the year ended 31 March 2015.
4	Frequency of observation	Not applicable
5	For and on behalf of the Board of Directors of Akzo Nobel India Limited	Signatures
	Jayakumar Krishnaswamy (Managing Director) DJ	
	Himanshu Agarwal (Wholetime Director & CFO)	
	Dr S Misra (Audit Committee Chairperson)	
	 Rakesh Dewan Partner, Membership No: 092212 (Auditor) For BSR & Associates LLP Chartered Accounts Firm registration no: 116231W	