

Speech of Mr Nihal Kaviratne CBE, Chairman,  
at the 62nd Annual General Meeting held on 26 July 2016

Distinguished Shareholders,

Welcome to the 62nd Annual General Meeting of your Company. It gives me great pleasure to be with this distinguished gathering today. Before I begin talking about our present achievements, our plans and priorities, may I request you to look back to the time when we unleashed the Power of One.

The modern history of your Company began 5 years ago, when you voted to merge three wholly owned AkzoNobel companies in India with your Company in 2011-2012. With this, we unleashed the Power of One, which is the theme we have chosen for this year's meeting. 'One AkzoNobel' has delivered fully against its promise, leveraging the tremendous opportunities it presented, to fulfil our mission to bring high quality, everyday essentials, to all our customers.

Performance has once again set our Company apart as an integrated solutions provider with unique advantages. In the face of continuing global uncertainties and turbulence of various fronts, with our unmatched portfolio of brands, and our culture of continuous improvement, innovation and operational excellence, your Company has grown and delivered sustained value to shareholders. What we do next, will take us from where we are now to where we deserve to be.

In the period following the merger five years ago, we rolled multiple synergies into various company operations. The results are reflected in a healthy top line growth in these past five years, with profit from our businesses growing in tandem.

With growing confidence, last year we raised the normal dividend from 15 rupees to 20 rupees a share. Already, in two of the last five years, we have given shareholders special dividends, and this year, based on our consistently improving performance which has enabled us to build a good cash surplus, we are recommending another special dividend of 50 rupees in addition to a regular dividend of 20 rupees a share.

Consider this. Having completed 51 years of listing, your Company is one of the earliest multinationals in India to have sought listing on an Indian Stock Exchange. With this year's dividends, your Company would deliver a total shareholder return of 97 percent since the merger, well ahead of the value created by the benchmark Sensex index which delivered a growth of 27 percent in the same period. When we met in August last year, our share price was Rs 1390. Today it is hovering around Rs 1540 a growth of 11 percent, after factoring in the special dividend. And at Rs 290 crores last year, the profit of our business is the highest ever. We are equally confident of being able to generate sufficient resources in the coming year to support our growth plans.

But, as you know well, the global economy is by no means out of the woods. Uncertainties continue in currency and commodity markets. Violence, fuelled by racial

and religious tensions are widespread. Over capacities in China continue to loom large. Both the UK and US will have new governments this year.

So we expect 2016-17 to bring its own set of challenges, requiring us to be alert and agile. Yet, India, with its growth rate of over seven per cent, is the fastest growing major economy in the world. This reveals a resilience that augurs well for our industry. The Prime Minister's initiatives should work to our advantage, especially schemes such as Smart Cities and Skill India. The country's investment in new infrastructure projects will certainly provide a boost to the coatings industry. The eventual implementation of GST, long overdue, will enable us to build supply chain efficiencies. As an integrated coating company, these positive steps will help the company reach even higher goals.

History has taught us that the winner is never alone; it is the achievements of many that add up to a singular success story. Helping others grow is a part of what we do. At AkzoNobel, issues such as health, education, livelihood and environment have always been of great significance.

This year saw the launch of our flagship CSR project, The AkzoNobel Paint Academy. This takes our skill-building initiative to the next level, keeping with the Government of India's Skill India programme. We have four state-of-the-art training centres in Delhi, Kolkata, Bengaluru and Mohali, where young participants and professional painters are taught modern methods of applying decorative paint and vehicle refinish. These are skills that are much in demand in a growing India. Those who have taken

this vocational course not only gain a marketable skill, they also get a sense of self-esteem which takes them closer to their individual goals.

Education, we believe, forms the foundation of every growing nation. A lack of quality education is a massive hurdle that can, literally, block the forward movement of a country such as India. With this fundamental in mind, AkzoNobel has reached out to those in need. Our Parivartan project in the Badshahpur village of Gurgaon, Haryana, currently in its first phase, is designed to benefit 600 underprivileged children between the ages of two and twelve. Parivartan is also active in Gwalior, Madhya Pradesh and Mahad, Maharashtra. The idea here is to provide early childhood, remedial and non-formal education. Early childhood education was at the forefront of our projects in Hyderabad and Bengaluru as well, where we worked towards making government-run pre-schools more child-friendly. We have also launched Disha Pari Udaan in 12 government schools in Bengaluru to ensure that adolescent girls complete 10 years of schooling and that urban slum communities realise the significance of girls' education.

And in the field of Health, our partnership with St. Jude India ChildCare Centers continues to prosper. Following the opening of the Centre at Premashraya in Kolkata last year, an AkzoNobel Centre at the new Cotton Green Campus of the Mumbai Port Trust is slated for inauguration later this year.

Your Company's operational landscape in India is impressive, comprising six state of the art manufacturing plants, two innovation centres, four regional offices, 88

warehouses and a dealer/partner network of over 9000. We have a motivated team of 1800 employees who are, in turn, backed by the brands, technical knowhow, and world class systems and processes of AkzoNobel.

Our greenfield investment in the Narmada factory in Gwalior; the brown-field expansion in the factory in Bengaluru; specialised labs for Agrochemicals and Asphalt at Thane all underline the commitment we have made, and continue to make, towards the Indian customer.

We know we cannot make it alone. It is this partnership that we cherish and nurture. So, not only are we a stronger, well-knit unit, we make every endeavour to extend a hand in partnership to all. Every employee knows this, and works towards this. I thank each member of our team for making this journey so fulfilling. I also extend my gratitude to our valued shareholders, loyal customers, banks, supply chain partners and all other stakeholders. You are all an intrinsic part of our success story.

Please continue to inspire us. It is your energy and motivation that will propel One AkzoNobel to greater heights.

Thank you for being here. God bless you all.