

Akzo Nobel India Limited

Annual Report 2009-10



AkzoNobel

Tomorrow's Answers Today



KEEPS YOUR HOME UPTO
5°C COOLER.*



WITH SUNREFLECT TECHNOLOGY



*Up to 5°C cooler surface. Application on select climates only. For more details, please refer to the WeatherShield data card or WeatherShield online colour guide.

Dulux[®]

Dulux[®]
super
Smooth

So smooth. So beautiful.



Rich Matt Premium Emulsion

Our Values



AkzoNobel
Tomorrow's Answers Today

The beliefs that underpin our business

Our values define what we are and what we aim to be. They reflect the way we should operate both internally and externally. And they're summed up in the line 'Tomorrow's Answers Today'.

We believe in:

- **Focusing on our customers' future first**
- **Embracing entrepreneurial thinking**
- **Developing the talents of our people**
- **The courage and curiosity to question**
- **Integrity and responsibility in our actions**

These values give us standards to measure ourselves by, particularly in our dealings with customers, suppliers, our own people and the wider world. The values have real meaning for us and the way we behave.

Tomorrow's Answers Today



AkzoNobel
Tomorrow's Answers Today

AkzoNobel, the largest paint company in the world, is all set to re-invent the paints industry with its foray in the Indian market. ICI India, the maker of Dulux and Duco range of paints, is now AkzoNobel India and this change was brought in with a new sense of energy and purpose by the Company.

True to its philosophy, 'Tomorrow's Answers Today', AkzoNobel is committed to providing the best possible solutions to its consumers and pre-empt the need of the industry. The change in identity is just the beginning of a wave of strategic investments that AkzoNobel plans to make in people, practices and new ways of marketing.

To formally announce the transition, the Company launched a campaign to reach out to all its stakeholders across India. This transition does not just mean a change in the visual identity of the Company, but also marks a strategic transformation in the Company's culture, people, processes and business practices, thereby aligning itself with the global best practices of AkzoNobel.

The transition will entail a host of changes for the Company, with an emphasis on innovation and technology. This thrust is reflected in the three recent product launches : Dulux WeatherShield SunReflect which brings global technology for the first time in the Indian market, Dulux Velvet Touch Colours of the World collection and Dulux Super Smooth, all of which bring forth a unique proposition to the consumer.

Improving the Company's visibility by providing an innovative retail experience to the consumer is a priority for AkzoNobel. Dulux has a sizeable number of branded outlets across India and the in-shop visual merchandising in these stores ensures the retail journey of the consumer in



the shop is informative and engaging along with building value to the dealer. The superior retail experience is manifest in the trademark Dulux Decorator Centres. Dulux, which pioneered the concept of these modern retail initiatives, provides a complete painting solutions experience to the consumer through its Decorator Centres. These outlets offer a world-class ambience to the consumers, where they can experience the brand offering and get a one stop offering for painting with the help of trained colour consultants.



Working through strengthening relationships and enhancing partner profitability is one of the core agendas of AkzoNobel. Currently, the Company has a Contractor partner programme that focuses on building contractor capability. In this programme, the Company partners with contractors to help them enhance their productivity through various products and tools. The Company also encourages active dialog with the paint dealers and retailers to enhance their profitability.

As with the rest of the world, AkzoNobel plans to align its strategy and execution with its global agenda of sustainability. Globally, AkzoNobel is committed to the cause of the environment, something that is reflective in its agenda of offering eco-friendly paints. The practice has been replicated in AkzoNobel India. Dulux is the first paint brand in India that complies with stringent European norms on lead content, apart from not containing any added benzene and chromium. In fact, AkzoNobel has constantly occupied top slots in the Dow Jones Sustainability Index. Globally, AkzoNobel has undertaken Carbon Value Assessment, analyzing and developing products with much lower ecological footprint than the markets in which they operate. Many of AkzoNobel's products have much lower ecological impact compared to other players in the paints market. It is also working towards reducing CO₂ emission by 15% by 2015.



AkzoNobel India is committed to spearhead the evolution in the paint industry and contribute as much as possible to the community, its consumers and all its partners. As part of its campaign, the Company will engage in painting community spaces and transforming them. A start has been made and AkzoNobel India hopes to carry on with your support and add colour to people's lives.

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Tomorrow's Answers Today

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AkzoNobel

Tomorrow's Answers Today

BOARD OF DIRECTORS

CHAIRMAN

Mr Aditya Narayan

MANAGING DIRECTOR

Mr Amit Jain (w.e.f. 1 June 2009)

Mr Rajiv Jain (upto 31 May 2009)

DIRECTORS

Mr A J Britt (upto 30 June 2009)

Ms Kerris Bright (upto 29 April 2010)

Mr R Gopalakrishnan

Ms Renu S Karnad

Mr Nihal Kaviratne CBE

Dr Sanjiv Misra (w.e.f. 14 May 2010)

Mr M R Rajaram (upto 31 October 2009)

Mr M V Subbiah (upto 19 June 2009)

COMPANY SECRETARY

Mr R Guha

REGISTERED OFFICE

Geetanjali Apartment, 1st Floor,
8-B, Middleton Street, Kolkata 700071
Tel : 033-22267462 Fax: 033-22277925

CORPORATE OFFICE

10th Floor, DLF Plaza Tower
DLF Qutab Enclave, Phase-1
Gurgaon 122002
Tel : 0124-2540400
Fax : 0124-2540849

WEBSITE

www.akzonobel.co.in

KEY COMMITTEES OF THE BOARD

Audit Committee

Ms Renu S Karnad (Chairperson)

Mr R Gopalakrishnan

Mr Nihal Kaviratne CBE (w.e.f. 15 May 2009)

Dr Sanjiv Misra (w.e.f. 14 May 2010)

Remuneration and Nominations Committee

Mr Nihal Kaviratne CBE (Chairman)
(w.e.f. 15 May 09)

Mr R Gopalakrishnan

Ms Renu S Karnad

Dr Sanjiv Misra

Shareholders/Investors Grievance Committee

Mr Aditya Narayan (Chairman)

Mr Amit Jain (w.e.f. 17 July 2009)

Mr Rajiv Jain (upto 31 May 2009)

Mr M R Rajaram (upto 31 October 2009)

AUDITORS

B S R & Associates

BANKERS

Citibank NA

Deutsche Bank AG

HDFC Bank Limited

Hongkong & Shanghai Banking Corpn.

Standard Chartered Bank

State Bank of India

REGISTRAR AND SHARE TRANSFER AGENT

C B Management Services (P) Ltd

P-22, Bondel Road

Kolkata 700019

Tel : 033-22806692-94 / 40116700

Fax : 033-22870263

Email : rta@cbmsl.com

DIRECTORS' REPORT

Your Directors have pleasure in presenting their report for the year ended 31 March 2010.

BUSINESS ENVIRONMENT

After a sluggish start, the Indian economy picked up momentum in the second half of the year under review. The estimated GDP growth in 2009-10 was over 7% (previous year 6.7%); the Index of Industrial Production also indicates a growth of around 10% in 2009-10, against previous year's 2.8%. The Union Budget for 2010-11 has, as widely anticipated, partially withdrawn some of the 'stimulus measures' introduced in 2008-09 in the wake of improvement in economic environment, besides re-adjusting corporate tax rates. A road map for implementing the new Direct Taxes Code and the Goods and Services Tax with effect from 1 April 2011 has also been laid out. RBI's macro economic forecast for the fiscal year 2010-11 is a GDP growth at 8% with an upward bias, assuming normal monsoon and moderate inflation. The credit policy announced by the RBI in April 2010 factors in the above outlook and has initiated measures to adjust interest rates to contain inflationary pressures.

FINANCE AND ACCOUNTS

Total income for the year at Rs 10,433m was up by 5% while the PBT at Rs 2,000m grew by 12% over the previous year. PAT for the year at Rs 1,593m is however not comparable with the previous year's Rs 2,946m because of exceptional items. Keeping in view the current year's performance and other relevant factors, the Board has recommended a dividend of Rs 16.00 per share for the year 2009-10 (same as in the previous year) which will be paid after the approval of the members at the forthcoming Annual General Meeting.

The performance highlights for the year are: (Rs million)

	<u>2009-10</u>	<u>2008-09</u>
Total Income	10,433	9,963
Operating Profit (PBDIT)	2,198	1,967
Depreciation	(212)	(213)
Interest income (net)	14	38
Profit before tax from operations	2,000	1,792
Exceptional items	–	1,995
Profit before tax	2,000	3,787
Tax	(407)	(841)
Profit after tax	1,593	2,946

The appropriations from the profit are as follows:

Balance in Profit & Loss Account brought forward from previous year	5,924
Profit after tax for the year	1,593
Total available for appropriation	7,517

Appropriations

Transfer to General Reserve	(760)
Proposed Dividend (net)	(588)
Tax on Dividend	(98)
Balance carried to Balance Sheet	6,071

No public deposits were accepted by the Company during the year. Unclaimed dividends amounting to Rs 3m were remitted into the Investor Education and Protection Fund of the Central Government as required under section 205C of the Companies Act, 1956.

SIGNIFICANT DEVELOPMENTS

After obtaining all necessary approvals, the name of the Company has been changed to Akzo Nobel India Limited. This change reflects the alignment of your Company with the AkzoNobel Group which had acquired Imperial Chemical Industries PLC (ICI) worldwide.

SHARE BUYBACK

The share buyback through market operations, approved by the members on 19 December 2008 was closed on 18 December 2009, after buying back a total of 1.38m shares, constituting 3.6% of the pre-buyback paid up capital of the Company, spread over two financial years 2008-09 and 2009-10. The premium paid over the face value of the shares bought back during the year and other costs of the buyback amounting to Rs 684m have been adjusted against General Reserve. In addition, as required under the Companies Act 1956, a Capital Redemption Reserve of Rs 12m has been created by adjustment to the General Reserve.

MANAGEMENT DISCUSSION & ANALYSIS

Paints

Your Company's Paints business segment consists of Decorative and Refinish businesses. In the early part of the financial year, the business took a cautious approach to protect its profitability. Segment sales for the year grew 4% while segment profit grew by 26%, on the back of savings in raw materials costs, improved mix and innovation.

In Decorative Paints business, your Company continued to invest in Retail Modernization which was started last year under the brand Dulux Decorator Centre. A new initiative for improving your Company's visibility in the retail segment called Visual Merchandising was launched during the year, providing world class visibility elements to its dealers to differentiate their outlets.

In Refinish Paints business, your Company initiated focus on new emerging segment 'Mid Tier PU' and revamped the Brand Strategy for 'Eterna' with clear

market segmentation. The business continued its focus on demand generation through programmes like 'The Great Finishers Club', colour workshops and training in colour matching skills for painters.

Having created a strong growth platform in the previous year, the outlook for the business segment in the new financial year is positive in the backdrop of revived economic conditions. The government's thrust on infrastructure development and the extension of the interest subsidy scheme on small individual housing loans is likely to improve the sentiments in the real estate sector, which in turn could help the paints industry.

The business segment has positioned itself to target growth ahead of market in the next few years and has been building capability for taking advantage of new opportunities. The key aspects of the growth strategy are to place customers' interests first and empower its people, besides operating in a sustainable manner. However, volatility in crude oil prices and exchange fluctuations may adversely impact input costs, which will be addressed through innovation and value creation plans.

Others

This segment consisting of the trading operations in Surface Chemistry and National Starch products registered a sales growth of 6% and profit growth of 18% over the previous year.

RESPONSIBLE CARE - HEALTH, SAFETY, ENVIRONMENT & SECURITY ('HSE&S') AND CORPORATE SOCIAL RESPONSIBILITY ('CSR')

HSE&S

Your Company continued to sustain its high standards of HSE&S performance, returning yet another year with no major injury or incidents. The integrated HSE&S system has stabilized and is being used uniformly across the organization. Your Company continued to drive its sustainability objectives by taking up challenging targets for energy, water and waste reduction in all its plants. Your Company has also become a member of the TERI-BCSD (Business Council for Sustainable Development) to participate in issues related to sustainable development and to promote leadership in environmental management and social responsibility. No occupational illness was reported during the year.

CSR

During the year under review, your Company encouraged a number of CSR initiatives in the neighbouring communities in partnership with NGOs for improving children's awareness on health, safety and

environment. Your Company's efforts won recognition from AkzoNobel Group with a second prize in the Global Community Programs 2009 Best Practices Competition for the project 'A self-sustaining home for street children'.

CONSERVATION OF ENERGY, RESEARCH, DEVELOPMENT & INNOVATION

Your Company's performance on energy and waste reduction continued to improve ahead of targets. Your Company continues to use its research and development base to bring to the consumers 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 217(1)(e) of the Companies Act, 1956, are given in **Annexure I** to this report.

INFORMATION TECHNOLOGY

Your Company continued to invest in upgrading its Information Technology systems to enhance competitive advantage.

With a view to improve operational effectiveness and efficiency, AkzoNobel's proven global SAP solution called 'SATURN' has been implemented at all sites across Paints business. The new system provides a single end-to-end platform to facilitate management decision making and enable deployment of advanced integrated functionalities in future.

The data network has been completely revamped and upgraded to provide high-speed links at all sites to ensure the connectivity and quality of service required to run all the relevant applications.

HUMAN RESOURCES

Cordial relations with employees prevailed at all the Company locations during the year. The total number of employees on the rolls of the Company as at 31 March 2010 was 873.

Information as per Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, forms part of this report. However, as per the provisions of Section 219(1)(b)(iv) of the Act, the report and Accounts are being sent to the members excluding the aforesaid information. Any member interested in obtaining such particulars may write to the Company Secretary.

INTERNAL CONTROL SYSTEMS

The Company has an effective Risk Management framework, which helps the Board to monitor the exposure and state of controls in the key business processes. Your Company has well-established procedures for internal control commensurate with its size and operations. The

DIRECTORS' REPORT

organization is appropriately staffed with qualified and experienced personnel for implementing and monitoring the internal control environment. The internal audit function is adequately resourced and reports to the Audit Committee.

CORPORATE GOVERNANCE

Annexure II to this report summarizes the details of compliance with the Corporate Governance norms outlined in clause 49 of the Listing Agreements with National Stock Exchange and Bombay Stock Exchange.

DIRECTORS

Mr M V Subbiah resigned from the Board with effect from 20 June 2009. Mr. A J Britt resigned from the Board with effect from 1 July 2009. In the casual vacancy caused by Mr. Britt's resignation, Ms Kerris Bright was appointed as a Director with effect from 1 July 2009; she has since resigned from the Board with effect from 30 April 2010. Dr Sanjiv Misra joined the Board with effect from 14 May 2010 in the casual vacancy caused by the resignation of Ms Kerris Bright. Mr M R Rajaram stepped down from the Board with effect from 1 November 2009.

Mr R Gopalakrishnan and Dr Sanjiv Misra, Directors, will be retiring by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment.

The Board wishes to place on record its deep appreciation of the contribution of Mr. M V Subbiah, Mr A J Britt, Mr M R Rajaram and Ms Kerris Bright during their respective tenures as members of the Board.

AUDITORS

M/s B S R & Associates retire as the Auditors of the Company at the conclusion of the forthcoming Annual General Meeting and being eligible have offered themselves for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm that:

- a) in the preparation of the Annual Accounts, the applicable accounting standards have been followed;

- b) they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of
 - the state of affairs of the Company as on 31 March 2010; and
 - the profit for the year ended on that date;
- c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) they have prepared the annual accounts on a going concern basis.

Cautionary Statement

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

ACKNOWLEDGMENT

The 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 to the Company's customers, shareholders, investors, bankers, agents, suppliers, distributors and other business associates for their cooperation and support.

On behalf of the Board

Gurgaon
14 May 2010

A NARAYAN
Chairman

ANNEXURE I

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO PURSUANT TO SECTION 217(1)(e) OF THE COMPANIES ACT, 1956

A) CONSERVATION OF ENERGY

1. Power & fuel consumption

		<u>2009-10</u>	<u>2008-09</u>
(a) Electricity			
(i) Purchased			
Unit	Mwh	9,913	10,298
Total cost	Rs m	49	46
Rate	Rs / Kwh	4.95	4.50
(ii) Own Generation			
Units	Mwh	389	275
Units / Kl of HSD	Kwh	3,263	3,811
Cost / unit	Rs / Kwh	11.37	9.56
(b) Fuel Oil			
Quantity	Kl	1,490	1,269
Total cost	Rs m	45	41
Average rate	Rs / Kl	30,280	32,007
2. Consumption per unit of production			
Electricity			
Paints (Kwh/Kl)		99	99
Catalysts (Kwh/Te)		1,186	1,402
Fuel Oil			
Catalysts (Kl/Te)		0.46	0.43

B) ABSORPTION OF TECHNOLOGY

1. Research & Development (R&D)

(a) Specific areas in which R&D is carried out by the Company

The Company continues to use its research and development capabilities to focus on applied research specially in the areas of coatings and surface chemistry to drive innovation for delivery of new and improved products to the consumers.

(b) Benefits derived as a result of the above R&D

Major benefits derived from the R&D initiatives are:

- Launch of new and innovative products developed in response to varied marketing briefs to meet consumer needs.
- Improvement in manufacturing process to minimize environmental impact.

- Margin improvement through substitution and rationalization of raw materials.

(c) Future plan of action

R&D efforts of the Company will continue to focus on development of new products and applications, process development for energy saving and waste reduction, introduction of environment friendly products and optimising the usage of sustainable raw materials.

(d) Expenditure on R&D

	(Rs million)	
	<u>2009-10</u>	<u>2008-09</u>
(i) Capital	7	4
(ii) Recurring	40	37
(iii) Total	<u>47</u>	<u>41</u>
(iv) Total R & D expenditure as a percentage of turnover	0.5%	0.4%

2. Technology Absorption, Adaptation and Innovation

(a) Efforts & Benefits

- New and innovative products in response to changing customer needs and customer feedback are continuously under development.
- Your Company has the advantage of access to AkzoNobel's global expertise. Your Company's scientists closely work with their counterparts in other countries and have leveraged their expertise to adapt products from the global portfolio for the Indian market.

(b) Particulars of technology imported in the last 5 years from the beginning of the financial year

None.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

(a) Total Foreign Exchange earned and used*

	(Rs million)	
	<u>2009-10</u>	<u>2008-09</u>
Earned	5	10
Used	882	982

* excludes outgo on account of Dividend

(b) Future Plans

Use innovation and R&D strengths to reduce costs through process improvements and import substitution.

ANNEXURE II

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Code of Corporate Governance

Your Company believes in transparent and sound management practices and compliance with applicable laws, coupled with total adherence to the highest standards of business ethics. It places emphasis on its corporate values such as focusing on customer's future first and empowerment and development of its people, to give sustainable long-term returns to all its stakeholders.

2. Board of Directors

Composition

The Board composition is in conformity with the provisions of the Companies Act, 1956 and the Listing Agreement. The composition of the Board and details of directorship in companies are as follows:

Name of Directors	Category of Directorship in Akzo Nobel India Limited	Directorship ¹		Membership in specified Committees ²
		Public	Private / Foreign / limited by guarantee	
Mr A Narayan	Non Executive Chairman	4	–	4
Mr R L Jain ³	Managing Director	2	2	1
Mr A Jain ⁴	Managing Director	1	1	1
Mr A J Britt ⁵	Non Executive	1	3	2
Ms K Bright ⁶	Non Executive	1	–	1
Mr R Gopalakrishnan	Non Executive Independent	9	3	5
Ms R S Karnad	Non Executive Independent	13	6	5
Dr S Misra ⁷	Non Executive Independent	2	–	1
Mr N Kaviratne CBE	Non Executive Independent	6	7	7
Mr M R Rajaram ⁸	Non Executive	2	3	2
Mr M V Subbiah ⁹	Non Executive Independent	8	3	2

¹ Excludes Alternate Directorships. In case of Directors who have resigned during the year, the above data has been compiled as on the date of resignation.

² Specified Committees - Audit, Shareholders / Investors Grievance

³ Resigned w.e.f. 1 June 2009

⁴ Appointed w.e.f. 1 June 2009

⁵ Resigned w.e.f. 1 July 2009

⁶ Appointed w.e.f. 1 July 2009, Resigned w.e.f. 30 April 2010

⁷ Appointed w.e.f. 14 May 2010

⁸ Resigned w.e.f. 1 November 2009

⁹ Resigned w.e.f. 20 June 2009

Meetings & Attendance

Given below is the consolidated list of meetings of the Board and key Committees held during 2009-10 and attendance details of Directors:

Meeting details during April 2009 to March 2010

Name of the meeting	Dates on which meetings were held
Annual General Meeting (AGM)	16 July 2009
Board	15 May, 16 July, 22 October 2009 and 22 January 2010
Audit Committee	15 May, 16 July, 22 October 2009 and 22 January 2010
Shareholders/ Investors Grievance Committee (SHIGC)	22 October 2009 and 31 March 2010
Remuneration & Nominations (R&N) Committee	15 May 2009, 22 October 2009

Attendance details at meetings during April 2009 to March 2010

	AGM	Board	Audit	SHIGC	R&N
No. of meetings held	1	4	4	2	2
Mr A Narayan	1	4	NA	2	NA
Mr R L Jain	NA	1	NA	NA	NA
Mr A Jain	1	3	NA	2	NA
Mr A J Britt	NA	–	–	–	–
Ms K Bright	1	3	2	NA	NA
Mr R Gopalakrishnan	1	4	4	NA	2
Ms R S Karnad	1	3	3	NA	2
Mr N Kaviratne CBE ¹	1	4	3	NA	1
Mr M R Rajaram	1	3	NA	1	NA
Mr M V Subbiah	NA	–	1	NA	1

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

¹Mr N Kaviratne CBE was appointed to the Audit and R&N Committees with effect from 15 May 2009

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

Directors to be appointed/re-appointed

In terms of the Articles of the Association of the Company,

- Mr R Gopalakrishnan will retire by rotation in the forthcoming Annual General Meeting and is eligible for re-appointment.
- Ms Kerris Bright, had she continued on the Board, would have retired by rotation at the forthcoming Annual General Meeting. Accordingly, Dr Sanjiv Misra, who was appointed as a Director in the casual vacancy caused by the resignation of Ms Kerris Bright, will be

retiring by rotation at the forthcoming Annual General meeting and is eligible to be re-appointed. A notice has been received from a shareholder in terms of Sec 257 of the Companies Act, 1956 proposing Dr Sanjiv Misra's appointment as a Director of the Company at the forthcoming AGM.

A brief resume of the above directors, as required under clause 49(VI) of the Listing Agreement, is given below:

i. Mr R Gopalakrishnan

Mr R Gopalakrishnan is a Non-Executive Director of the Company since May 1999. He is currently on the Board of several companies of the Tata Group, which he joined in 1998. Prior to this, he had worked with the Unilever Group for over 20 years in senior positions, including that of the Vice Chairman of Hindustan Lever Limited.

Born in December 1945, Mr Gopalakrishnan is an Engineer. He possesses rich and diverse experience in the fields of marketing and corporate management.

Apart from Akzo Nobel India Limited, Mr Gopalakrishnan is a Director in following companies:

Rallis India Ltd
Tata AutoComp Systems Ltd
Tata Chemicals Ltd
Tata Sons Ltd
Tata Motors Ltd
Tata Power Co. Ltd
Tata Technologies Ltd
Castrol India Limited
ABP Pvt Ltd
IMACID S.A.
Advinus Therapeutics Pvt Ltd

ii. Dr Sanjiv Misra

Dr Sanjiv Misra, 62, has a strong academic background with degrees in Economics from St. Stephens, Delhi and the Delhi School of Economics, an MPA from the Kennedy School of Harvard University and a PhD from the Jawaharlal Nehru University.

He joined the Indian Administrative Service in 1972 and has held important positions in various ministries of the central government, including Finance, Petroleum, Health, Textiles and the Cabinet Secretariat. He was Secretary, Department of Disinvestment and Secretary, Department of Expenditure, both under the Ministry of Finance, before being appointed a Member of the 13th Finance Commission with the rank and status of a Minister of State in the Union Government.

He has served as Vice Chairman & Managing Director of the Gujarat State Industrial Development Corporation, MD of the Gujarat State Textile Corporation, and an NED of ONGC, Oil India, the National Highways Authority of India (NHAI) and the Insurance Regulation and Development Authority of India (IRDA).

Apart from Akzo Nobel India Limited, Dr Misra is a Director of Bombay Stock Exchange Limited.

3. Audit Committee

The Audit Committee comprises only NEDs and is chaired by Ms R S Karnad. The Managing Director, Director/ official in charge of Finance, the Internal Auditors and Statutory Auditors are permanent invitees to the meetings of the Committee, with the Company Secretary acting as its Secretary. The members of the Committee are eminent professionals with necessary knowledge in financial, accounting and business matters. Any other person/executive, when required, also attend the meetings of the Committee. Minutes of the Audit Committee meetings are circulated to the Board members.

The terms of reference of the Committee are in line with the norms specified in Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. For details of meetings of the Committee held during the year and attendance therein, please refer para 2 above.

4. R&N Committee

The purpose of this Committee is to assist the Board in the nomination of members to the Board and in evaluating the performance of the Executive Directors and make appropriate recommendations as to their remuneration, within the limits approved by the shareholders.

The R&N Committee comprises only NEDs and is chaired by Mr N Kaviratne CBE. The Chairman of the Board is a permanent invitee to the meetings of the Committee. For details of meetings of the Committee held during the year and attendance therein, please refer para 2 above.

Remuneration of Directors

While remuneration of Executive Directors is recommended by the R&N Committee, the remuneration of NEDs is approved by the Board. The NEDs, other than Mr A J Britt and Ms Kerris Bright, are paid sitting fees of Rs 10,000 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 to the Directors during the year 2009-10 are given below:

Figures in Rs million

	Total Remuneration	Fixed component	Performance linked payments
	a	b	c
	(a = b + c)	Salary, Allowances & Perquisites	Performance Pay
Managing Director			
Mr R L Jain	6.60	6.60	–
Mr A Jain	24.80	18.60	6.20
Total	31.40	25.20	6.20
Non-Executive Directors		Sitting Fees	Commission
Mr A Narayan	0.56	0.06	0.50
Mr R Gopalakrishnan	0.60	0.10	0.50
Ms R S Karnad	0.58	0.08	0.50
Mr N Kaviratne CBE	0.58	0.08	0.50
Mr M R Rajaram	0.33	0.04	0.29
Mr M V Subbiah	0.10	0.02	0.08
Total	2.75	0.38	2.37

Notes:

- The service contract with the Managing Director is terminable by notice. Extracts of such contract has been communicated to the shareholders as required under law.
- Performance linked payments are made to the Managing Director based on pre-agreed parameters and taking into account the recommendations of the R&N Committee.
- The criteria for payment of Commission to the NEDs are outlined in para 10(vi) below.
- Presently, the Company does not have any stock option scheme.

5. Shareholders/Investors Grievance Committee

The SHIGC of the Company is headed by Mr A Narayan, NED. The Company Secretary functions as the Secretary to this Committee and has been nominated as the Compliance Officer of the Company.

The Company received 21 complaints from the shareholders/statutory authorities during 2009-10, all of which have been resolved. There were no complaints pending as on 31 March 2010. Routine queries/service requests received from the shareholders are addressed within 7 days of receipt. All share transfer requests received during the year were serviced within the normal service time.

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

6. General Body Meetings

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

Date of AGM	Time	Place
16 July 2009	2.00 pm	Bharatiyam Complex IB 201, Salt Lake Kolkata - 700106
17 July 2008	2.00 pm	- do -
19 July 2007	2.00 pm	- do -

- Two special resolutions were passed in AGM during the past three years - for de-listing the Company's shares from Calcutta Stock Exchange at the AGM held on 19 July 2007 and for payment of Commission to NED's at the AGM held on 17 July 2008.
- One special resolution was passed during 2008-09 through postal ballot for buyback of its own shares by the Company.
- One special resolution was passed during 2009-10 through postal ballot for change of name of the Company.

The postal ballot in respect of (iii) and (iv) above was conducted in accordance with the procedure prescribed under the Companies Act 1956, with Mr A R Das, Chartered Accountant, Kolkata, acting as the scrutinizer.

There is no proposal pending as on date for approval as a special resolution through postal ballot.

7. Disclosures

- 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.
- 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 Narayan and Mr M R Rajaram receive pension and other benefits from the Company for the past services rendered as the Company's employees. Mr A J Britt and Ms Kerris Bright were entitled

- | | |
|---|--|
| <p>to remuneration and other benefits for their respective role and responsibilities in the AkzoNobel Group.</p> <p>iii. All Directors have confirmed that they do not hold any shares in the Company.</p> <p>iv. Disclosures, as required under the relevant Accounting Standards, have been incorporated in the Accounts.</p> <p>v. A declaration by the Managing Director on the adoption, dissemination and compliance of the</p> | <p>Company's code of Conduct is attached to this report.</p> <p>vi. There were no strictures or penalties imposed on the Company by Stock Exchanges or Securities Exchange Board of India or any statutory authority for non-compliance of any matter related to capital markets, during the last three years.</p> <p>vii. The Company has adopted a Whistle Blower policy by the name 'Speak Up'. It is affirmed that no personnel has been denied access to the Audit Committee.</p> |
|---|--|

8. 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 displayed. Whether it also displays official news releases	Yes; the results, press releases and other relevant information are displayed on the Company's website www.akzonobel.co.in
iv. Presentations made to institutional investors or to the analysts	Normally no such presentations are made.

9. General Shareholder Information

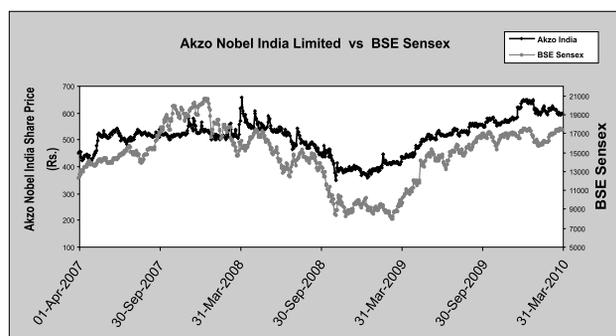
Subject	Details												
i. AGM: date, time and venue	22 July 2010 at 1430 hours at Bharatiyam Complex, IB 201, Salt Lake, Kolkata - 700106												
ii. Financial year	April to March												
iii. Date of Book Closure	7 July 2010 to 22 July 2010 (both days inclusive)												
iv. Dividend payment date(s)	On or around 27 July 2010 (after approval at the AGM)												
v. Listing on Stock Exchange	The Company's shares are listed in Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) and can be traded under the 'Permitted Category' in Calcutta Stock Exchange (CSE). Listing fees for the period 1 April 2009 to 31 March 2010 have been paid to BSE and NSE.												
vi. Stock Code	<table border="0" style="width: 100%;"> <tr> <td>BSE</td> <td>:</td> <td>500710</td> </tr> <tr> <td>NSE</td> <td>:</td> <td>ICI EQ / AKZOINDIA EQ</td> </tr> <tr> <td>CSE</td> <td>:</td> <td>10000015</td> </tr> <tr> <td>ISIN</td> <td>:</td> <td>INE133A01011</td> </tr> </table>	BSE	:	500710	NSE	:	ICI EQ / AKZOINDIA EQ	CSE	:	10000015	ISIN	:	INE133A01011
BSE	:	500710											
NSE	:	ICI EQ / AKZOINDIA EQ											
CSE	:	10000015											
ISIN	:	INE133A01011											

vii. Market Price data and stock performance during 2009-10

Month	High (Rs/share)	Low (Rs/share)	Volume (000 nos.) BSE + NSE
April-09	516	421	30
May-09	534	420	103
June-09	598	491	67
July-09	550	502	141
August-09	574	450	331
September-09	600	536	1,882
October-09	639	550	85
November-09	590	523	63
December-09	670	568	254
January-10	680	574	219
February-10	651	576	609
March-10	632	591	56
Total			3,840

The above includes the shares bought back by the Company under the buyback scheme.

viii. Performance in comparison to BSE Sensex from April 2007 to March 2010



- ix. **Registrar and Share Transfer Agent :** M/s C B Management Services (P) Ltd, Kolkata
- x. **Share Transfer System :** All requests for share transfers are processed and approved by the Seal and Share Transfer Committee, which normally meets every fortnight. Share transfers are registered and returned within 30 days from the date of lodgement of complete documents.

xi. Distribution of shareholding as on 31 March 2010

Range (No. of shares)	No. of shareholders	No. of shares (000's)	% to total paid-up capital
1-50	25,429	493	1.3
51-500	13,181	1,891	5.1
501-5,000	1,083	1,123	3.1
5,001-50,000	39	548	1.5
50,001-1,000,000	19	5,569	15.1
1,000,001 and above	6	27,210	73.9
TOTAL	39,757	36,834	100.0

xii. **Dematerialization of shares and liquidity:** The Company's equity shares have been notified for trading only in demat form w.e.f. 17 January 2000. As of 31 March 2010, 91% of the Company's equity shares (other than shares held by ICI UK) have been dematerialized (No. of Demat accounts: 15,579). The Company has entered into agreements with NSDL & CDSL for smooth operation of demat mode of shareholding.

xiii. **Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity** : None issued / outstanding

xiv. **Plant locations :** The Company's plants are located at Hyderabad (Andhra Pradesh), Thane (Maharashtra) and Mohali (Punjab)

xv. **Address for correspondence** : Shareholders correspondence may be addressed to:

1. C B Management Services (P) Ltd, P-22, Bondel Road, Kolkata 700019
OR
2. The Company Secretary Akzo Nobel India Ltd, DLF Plaza Tower, 10th floor, DLF Qutab Enclave, Phase-1, Gurgaon 122002, Haryana.

10. All the mandatory requirements of the clause 49 of the Listing Agreement have been complied with by the Company. The status vis-à-vis the non mandatory requirements is given below:

Description	Status as on 31 March 2010
i. a) Non Executive Chairman's office and expenses	The non Executive Chairman has been provided an office at the Company's corporate office in Gurgaon. All expenses incurred by him in the performance of his official duties are borne by the Company.
b) Tenure of Independent Directors	None of the Independent Directors on the Company's Board have served more than 9 years reckoned from 1 January 2006, when the non-mandatory provision regarding tenure of Independent Directors was introduced in clause 49. However, taking into account his tenure as a Director of the Company prior to the above date, Mr R Gopalakrishnan has completed 9 years as an Independent Director of the Company and continues to serve on the Board as an Independent Director.
ii. Remuneration Committee	Refer para 4 above.
iii. 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.
iv. Audit qualifications	There is no audit qualification in the current year.
v. Training of Board members in the business model of the Company etc.	The Executive Directors are covered by the Company's training programmes for its employees. The NEDs are briefed about business operations from time to time and during discussions at Board meetings.
vi. Mechanism for evaluating NEDs	The NEDs' contribution to the Company is mainly in the areas of general management and good corporate governance. They also serve as a sounding board for the operating strategies of the Company, besides bringing in an external perspective to the Company's growth plans. The NEDs are therefore remunerated in the form of sitting fees for participating in the Board and Committee meetings and a Commission (subject to a maximum of Rs 1m per Director per annum) as a token of recognition of their contribution, with the approval of the Board.
vii Whistle Blower Policy	Refer para 7(vii) above.

Certification by the Auditors

As required under Clause 49 of the Listing Agreement, the auditors of the Company have examined the compliance of the Corporate Governance norms by the Company. Their report is appended.

On behalf of the Board

Gurgaon
14 May 2010

A NARAYAN
Chairman

Declaration by the CEO

Sub: Code of Conduct - Declaration under Clause 49(I)(D)

This is to certify that:

1. In pursuance of the provisions of Clause 49(I)(D) of the Listing Agreement, a Code of Conduct for the Company has been approved by the Board.
2. The said Code of Conduct has been posted on the website of the Company and has also been circulated to the Board members and all the employees of the Company.
3. All Board members and senior management personnel have affirmed compliance with the said Code of Conduct, for the year ended 31st March 2010.

Gurgaon
14 May 2010

Amit Jain
Managing Director

AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CLAUSE 49 OF THE LISTING AGREEMENT

To the Members of Akzo Nobel India Limited (formerly ICI India Limited)

We have examined the compliance of conditions of corporate governance by Akzo Nobel India Limited (formerly ICI India Limited) ('the Company') for the year ended 31 March 2010, as stipulated in clause 49 of the Listing Agreement of the Company with the 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 abovementioned Listing Agreement.

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

For **B S R & Associates**
Chartered Accountants
Firm Registration No. 116231W

KAUSHAL KISHORE
Partner
Membership No. 090075

Gurgaon
14 May 2010

Auditors' Report

AKZO NOBEL INDIA LIMITED (formerly ICI India Limited)

1. We have audited the attached Balance Sheet of Akzo Nobel India Limited (formerly ICI India Limited) ('the Company') as at 31 March 2010 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 ('the Order'), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (a) we have 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 appears from our examination of those books;

- (c) the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) in our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, to the extent applicable;
- (e) on the basis of written representations received from the directors of the Company as on 31 March 2010 and taken on record by the Board of directors, we report that none of the directors is disqualified as on 31 March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and
- (f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2010;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **B S R & Associates**
Chartered Accountants
Firm Registration No: 116231W

KAUSHAL KISHORE
Partner
Membership No.: 090075

Gurgaon
14 May 2010

Annexure referred to in paragraph 3 of the Auditors' Report to the Members of Akzo Nobel India Limited (Formerly ICI India Limited) on the accounts for the year ended 31 March 2010

- (i) (a) 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 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 this programme, certain categories of fixed assets at certain locations have been physically verified by the management during the year and no material discrepancies were noticed on such verification.

- (c) The Company did not dispose off any substantial part of its fixed assets during the current year.
- (ii) (a) According to the information and explanations given to us, physical verification has been conducted by management at reasonable intervals during the year in respect of inventory of raw materials, stores and spare parts, work-in-process and finished goods in the Company's possession. The existence of stocks lying with third parties as at 31 March 2010 has been evidenced based on confirmations or statements of account received in most cases. 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) 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. The discrepancies noticed on physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of account.
- (iii) According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii)(b) to (g) of the Order are 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 with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have been informed of any incidence of major weaknesses in the aforesaid internal control system.
- (v) (a) According to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956, and exceeding Rs 5 lacs in respect of any party during the year, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year within the meaning of Sections 58A and 58AA or other relevant provisions of the Companies Act, 1956 and the rules framed there under.
- (vii) In our opinion and according to the information and explanations given to us, the Company has an internal audit system commensurate with its size and the nature of its business.
- (viii) 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 209(1)(d) of the Companies Act, 1956 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.
- (ix) (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, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues were in arrears as at 31 March 2010 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of Income tax,

Sales tax, Wealth tax, Service tax, Customs duty, Excise duty and Cess which have not been deposited with the appropriate authorities on

account of any dispute, except as mentioned below:

(Amount in Rs million)

Name of the Statute	Nature of the dues	Amount of dispute *#	Amount paid under protest	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	1,250	1,248	1989-90, 1994-95 to 2007-08 (Assessment year)	High Court/ Income Tax Appellate Tribunal/ Commissioner of Income Tax Appeal
Central Excise Act, 1944	Excise duty	49	–	1991-92 to 2005-06	Customs, Excise and Appellate Tribunal
		7	–	2004-05 and 2005-06	Commissioner Appeals of Central Excise and Customs
Central Sales Tax Act, 1956	Sales tax	86	14	1982-83 to 2007-08	Sales Tax Officer/ Sales Tax Revision Board / Deputy Commissioner/ Deputy Commissioner (Appeals)/ Appellate Tribunal
Uttar Pradesh Trade Tax Act, 1948	Sales tax	61	–	1976-77, 1979-80, 1980-81, 1986-87 to 1989-90, 1992-93, 2000-01, 2003-04, 2004-05	Sales Tax Officer/ Sales Tax Revision Board / Deputy Commissioner/ Deputy Commissioner (Appeals)/ Additional Commissioner/ Appellate Tribunal/ High Court
West Bengal Sales Tax Act, 1994	Sales tax	142	–	1995-96, 1997-98, 1998-99, 1999-00, 2002-03, 2003-04	
Delhi Sales Tax, Act 1975	Sales tax	8	–	1983-84, 1985-86, to 1987-88, 1989-90, 2002-03 to 2004-05	
The Madhya Pradesh VAT Act, 2003	Sales tax	2	–	2006-07	
The Kerala General Sales Tax Act, 1963	Sales tax	2	–	2000-01 to 2003-04, 2005-06, 2006-07	
Rajasthan Sales Tax Act, 1994	Sales tax	2	–	1998-99, 2006-07	
Bihar Sales Tax Act, 1959	Sales tax	40	5	1992-93 to 1999-00, 2004-05, 2006-07	
The Madhya Pradesh General Sales Tax Act, 1958	Sales tax	31	7	1982-83 to 1999-00, 2003-04, 2005-06	
Orissa Sales Tax Act, 1947	Sales tax	17	17	1995-96 to 1999-00	
Andhra Pradesh General Sales Tax Act, 1957	Sales tax	5	–	2000-01 to 2002-03	

* Including disputed dues aggregating Rs. 36 million which have been stayed by the respective authorities.

Excluding the demands the proceedings of which have been set aside or remanded for reassessment by the appropriate authorities.

- (x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the financial year and in the immediately preceding financial year.
- (xi) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers. The Company did not have any outstanding dues to any financial institutions or debenture-holders during the year.
- (xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) According to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions during the year.
- (xvi) According to the information and explanations given to us, the Company did not have any term loans

outstanding during the year.

- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investments.
- (xviii) The Company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) Based on the audit procedures performed and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For B S R & Associates
Chartered Accountants
Firm Registration No: 116231W

KAUSHAL KISHORE
Partner
Membership No.: 090075

Gurgaon
14 May 2010

BALANCE SHEET

		As at 31 March 2010		As at 31 March 2009	
	Schedule	(Rs million)		(Rs million)	
I) SOURCES OF FUNDS					
1. Shareholders' funds					
a) Share capital	1	368		381	
b) Reserves and surplus	2	9,553	9,921	9,330	9,711
2. Deferred tax liability (net)					
	16 (16)		21		58
Total			9,942		9,769
II) APPLICATION OF FUNDS:					
1. Fixed assets					
a) Gross block	3	3,495		3,255	
b) Less : Accumulated depreciation		2,114		1,924	
c) Net block		1,381		1,331	
d) Capital work-in-progress		23	1,404	16	1,347
2. Investments					
	4		9,602		9,152
3. Current assets, loans and advances					
a) Inventories	5	972		1,008	
b) Sundry debtors	6	808		757	
c) Cash and bank balances	7	143		147	
d) Loans and advances	8	801		914	
		2,724		2,826	
Less: Current liabilities and provisions					
a) Current liabilities	9	2,236		2,019	
b) Provisions	10	1,552		1,537	
		3,788		3,556	
Net current assets / (liabilities)			(1,064)		(730)
Total			9,942		9,769
Significant accounting policies	15				
Notes to the accounts	16				

The accompanying schedules form an integral part of the financial statements.

As per our report attached.

For **B S R & Associates**
Chartered Accountants
Firm Registration No. 116231W

For **Akzo Nobel India Limited**
(formerly ICI India Limited)

KAUSHAL KISHORE
Partner
Membership No: 090075

A NARAYAN
Chairman

AMIT JAIN
Managing Director

R GUHA
Company Secretary

Gurgaon
14 May 2010

PROFIT AND LOSS ACCOUNT

		For the year ended 31 March 2010	For the year ended 31 March 2009
	Schedule	(Rs million)	(Rs million)
Income			
Gross sales		10,109	10,158
Less : Excise duty		723	1,157
Net sales		9,386	9,001
Other income	11	1,047	962
Total income		10,433	9,963
Expenditure			
Materials consumed, etc.	12	4,826	5,099
Other expenditure	13	3,384	2,830
Depreciation (net)		212	213
Interest		11	29
		8,433	8,171
Profit before taxation and exceptional items *		2,000	1,792
Exceptional items [gain / (loss)] *	14	-	1,995
Profit before taxation *		2,000	3,787
Provision for taxation :*			
- Current tax		444	840
- Deferred tax charge/ (credit)		(37)	(36)
- Fringe benefit tax		-	37
Profit after taxation		1,593	2,946
Balance brought forward		5,924	4,430
Balance available for appropriation		7,517	7,376
Appropriations			
General reserve		760	740
Proposed dividend		589	609
Tax on proposed dividend		98	104
Provision for dividend no longer required written back	16 (10)	(1)	(1)
		1,446	1,452
Balance carried to the Balance Sheet		6,071	5,924
Basic and diluted earnings per equity share (in Rs.)	16 (14)	42.59	77.02
* Information on discontinued business			
<u>Adhesives business</u>			
Profit on disposal of discontinued business (pre tax)		-	1,938
Income tax expense related to the above disposal		-	445

Significant accounting policies 15

Notes to the accounts 16

The accompanying schedules form an integral part of the financial statements.

As per our report attached.

For **B S R & Associates**

Chartered Accountants

Firm Registration No. 116231W

For **Akzo Nobel India Limited**

(formerly ICI India Limited)

KAUSHAL KISHORE

Partner

Membership No: 090075

A NARAYAN

Chairman

AMIT JAIN

Managing Director

R GUHA

Company Secretary

Gurgaon

14 May 2010

CASH FLOW STATEMENT

	For the year ended 31 March 2010 (Rs million)	For the year ended 31 March 2009 (Rs million)
A. Cash flow from operating activities		
Profit before taxation and exceptional items	2,000	1,792
<u>Adjusted for :</u>		
Depreciation	212	213
Loss on write-off of fixed assets	2	-
Provisions/liabilities no longer required written back	(14)	(8)
Other provisions made during the year	101	7
Bad debts and advances written off	13	32
Provision for doubtful debts and advances (net)	40	(12)
Income from non trade investments	(87)	(103)
Profit on maturity/redemption of non-trade investment	(823)	(691)
Interest income from banks and others	(25)	(67)
Interest on acceptances	11	29
	<u>(570)</u>	<u>29</u>
Operating profit before working capital changes	1,430	1,192
<u>Changes in :</u>		
Trade and other receivables	(89)	39
Inventories	36	51
Trade payables and other creditors	213	(300)
	<u>160</u>	<u>(210)</u>
Cash generated from operations	1,590	982
Income tax paid	(456)	(858)
<u>Exceptional items</u>		
Voluntary retirement scheme payments	(26)	(37)
Additional contribution to employee retiral funds	-	(67)
	<u>-</u>	<u>(67)</u>
Net cash flow from operating activities (A)	1,108	20
	<u><u>1,108</u></u>	<u><u>20</u></u>
(B) Cash flow from investing activities		
Purchase of fixed assets	(271)	(297)
Inter corporate deposit	90	(216)
Sale of businesses	-	2,365
Sale of investment in subsidiary company	-	211
Payments relating to divested businesses	(7)	(93)
Redemption/maturity of non-trade investments	-	6
Profit on maturity/ redemption of non-trade investments	823	691
Interest received	25	67
Income from investments	95	95
	<u>95</u>	<u>95</u>
Net cash flow from investing activities (B)	755	2,829
	<u><u>755</u></u>	<u><u>2,829</u></u>

CASH FLOW STATEMENT

	For the year ended	For the year ended
	31 March 2010	31 March 2009
	(Rs million)	(Rs million)
(C) Cash flow from financing activities		
Buyback of shares	(696)	(154)
Dividend paid	(606)	(304)
Tax on dividend	(104)	(52)
Interest paid	(11)	(29)
Net cash flow from financing activities (C)	(1,417)	(539)
Net changes in cash and cash equivalents (A+B+C)	446	2,310
Cash and cash equivalents - opening balance	9,297	6,987
Cash and cash equivalents - closing balance	9,743	9,297
	As at 31 March 2010	As at 31 March 2009
	(Rs million)	(Rs million)
Cash and cash equivalents comprise :		
Cheques in hand	2	-
Bank balances in current accounts	103	113
Fixed deposits held as margin money *	4	3
Bank balance in unclaimed dividend accounts *	34	31
Investments in fixed maturity debt mutual funds	3,250	8,550
Investments in liquid schemes of mutual funds	3,800	600
Investments in short term schemes of mutual funds	2,550	-
	9,743	9,297

Notes :

1. The above cash flow statement has been prepared under the indirect method set out in Accounting Standard 3 'Cash Flow Statement' specified in the Companies (Accounting Standards) Rules, 2006.
2. * Fixed deposits held as margin money and bank balances in unclaimed dividend accounts are not available for use by the Company.
3. Investments in mutual funds have been considered as 'Cash and cash equivalents' as they can be redeemed/sold at any point of time.

As per our report attached.

For B S R & Associates
Chartered Accountants
Firm Registration No. 116231W

For Akzo Nobel India Limited
(formerly ICI India Limited)

KAUSHAL KISHORE
Partner
Membership No: 090075

A NARAYAN
Chairman

AMIT JAIN
Managing Director

R GUHA
Company Secretary

Gurgaon
14 May 2010

SCHEDULES TO THE ACCOUNTS

	As at 31 March 2010 (Rs million)	As at 31 March 2009 (Rs million)
SCHEDULE 1 : SHARE CAPITAL		
Authorised		
41,690,000 equity shares of Rs. 10 each (2008-09 : 41,690,000 equity shares)	<u>417</u>	<u>417</u>
Issued, Subscribed and Paid up		
36,834,331 equity shares of Rs. 10 each fully paid up (2008-09 : 38,069,526 equity shares)	<u>368</u>	<u>381</u>
1. Of the above equity shares :-		
(a) 8,532,667 were allotted as fully paid up bonus shares by capitalisation of share premium and reserves (2008-09 : 8,532,667 shares)		
(b) 2,968,824 were issued on part conversion of debentures. (2008-09 : 2,968,824 shares)		
(c) 8,918,121 were issued as fully paid up otherwise than for cash, issued pursuant to a contract. (2008-09 : 8,918,121 shares)		
(d) 20,776,213 shares are held by the holding company Imperial Chemical Industries Limited, England. (2008-09 : 20,776,213 shares). Akzo Nobel N.V., The Netherlands is the ultimate holding company.		
2. During the year, 1,235,195 shares were bought back. All the shares purchased have been extinguished by 31 March 2010. (2008-09 : 310,424 shares were bought back during the year, of which 173,472 were extinguished by 31 March 2009 and remaining 136,952 shares were extinguished on 8 April 2009) [Refer to note 4, Schedule 16]		

SCHEDULE 2 : RESERVES AND SURPLUS

	As at 31 March 2009	Additions	Deductions/ Adjustments	(Rs million) As at 31 March 2010
Capital reserve	239	-	-	239
Capital redemption reserve (a)	28	12	-	40
Revaluation reserve (b)	15	-	-	15
General reserve (a)	3,124	760	696	3,188
Profit and Loss Account *	5,924	1,593	1,446	6,071
Total	<u>9,330</u>	<u>2,365</u>	<u>2,142</u>	<u>9,553</u>
Previous year	7,246	3,689	1,605	9,330

(a) In respect of shares bought back during the year, Rs 696 million have been adjusted against General reserve (2008-09: Rs.154 million). Face value of shares bought back, of Rs 12 million has been transferred to Capital redemption reserve (2008-09: Rs. 3 million) [refer to note 4 , Schedule 16].

(b) Adjustment against Revaluation reserve of Rs 0.1 million in respect of depreciation on revalued assets (2008-09 : Rs 0.1 million)

* Refer to note 10, schedule 16

(Rs million)

SCHEDULE 3 : FIXED ASSETS

Particulars	Gross block		Book value at cost or revalued amounts as at 31 March 2010	Depreciation		Net block			
	Book value at cost or revalued amounts as at 31 March 2009	Additions at cost		Disposals/ adjustments	Upto 31 March 2009	Depreciation for the Year	In respect of disposals/ adjustments	Upto 31 March 2010	As at 31 March 2010
Tangible assets									
Land (refer to note 1 below)									
– leasehold	9	–	9	4	–	–	4	5	5
– freehold	52	10	62	–	–	–	–	62	52
Buildings (refer to note 1 below)	584	85	669	177	14	–	191	478	407
Plant and machinery	1,379	69	1,439	937	76	(9)	1,004	435	442
Plant and machinery - under operating lease *	845	76	921	483	105	–	588	333	362
Rolling stock, motor vehicles, etc.	3	5	8	3	–	–	3	5	–
Furniture, fittings and equipment	85	8	87	58	4	(4)	58	29	27
Data processing equipment	298	11	300	262	13	(9)	266	34	36
Previous year	3,255	264	3,495	1,924	212	(22)	2,114	1,381	1,331
Capital work-in-progress	3,116	336	3,255	1,783	213	(72)	1,924	23	16
								1,404	1,347

Notes :

- (1) Land and buildings at certain locations were revalued in 1983.
- (2) Gross depreciation for the year includes depreciation on revalued assets of Rs. 0.1 million (2008-09 : Rs. 0.1 million), charged against Revaluation reserve.
- (3) Previous year disposals/adjustments in gross block includes assets transferred on divestment of Adhesives business.
- (4) Previous year disposals/adjustments in depreciation includes accumulated depreciation on assets transferred on divestment of Adhesives business.

* Refer to note 18, Schedule 16

SCHEDULES TO THE ACCOUNTS

SCHEDULE 4 : INVESTMENTS

	No. as at 31 March 2010	No. as at 31 March 2009	Face Value Rs. per unit	As at 31 March 2010 (Rs million)	As at 31 March 2009 (Rs million)
(A) LONG TERM INVESTMENTS					
(at cost or under)					
(i) Trade Investments					
Equity shares – unquoted					
Nitrex Chemicals India Limited (sold during the year)	–	750,000	10	–	–
Adyar Property Holding Company Limited (Book value Rs 6,825 (2008–09: Rs. 6,825) ; paid-up Rs.65 per share)	105	105	100		
Debentures – unquoted					
5% Woodlands Research Foundation – non–redeemable (Book value Rs 28,001) (2008–09: Rs. 28,001)	1	1	86,000		
0.5% Woodlands Research Foundation (Book value Re 1) (2008–09: Re 1)	110	110	100		
6.5% Bengal Chamber of Commerce and Industry (Book value Rs 19,000) (2008–09: Rs. 19,000)	19	19	1,000		
(ii) Non–Trade Investments					
Equity shares – quoted					
ICICI Bank Limited	57,918	57,918	10	2	2
Equity shares – unquoted					
Kohinoor Mills Limited (Book value Rs 1,300) (2008–09:Rs.1,300)	5	5	100		
Maneck–Chowk & Ahmedabad Manufacturing Co. Limited (Book Value Re 1) (2008–09: Re 1)	144	144	250		
Debentures – unquoted					
6% Sholapur Spinning & Weaving Co. Limited (in Liquidation) (Book Value Re 1) (2008–09: Re 1)	523	523	100		
(B) CURRENT INVESTMENTS					
(i) Non–Trade Investments #					
(at the lower of cost and fair value)					
Investment in Liquid/Floater schemes of mutual funds – unquoted					
Birla Sun Life Mutual Fund (Savings Fund Inst. – Growth) (invested during the year)	14,876,259	–	10	250	–
Birla Sun Life Mutual Fund (Floating Rate Fund – Long Term – Inst.–Growth)	20,000,000	20,000,000	10	200	200
Fidelity Mutual Fund (Ultra Short Term Debt Fund Super Inst. – Growth) (invested during the year)	39,434,361	–	10	450	–
HDFC Mutual Fund (Cash Management Fund – Treasury Advantage Plan – Wholesale – Growth) (invested during the year)	12,879,760	–	10	250	–
ICICI Prudential Mutual Fund (Long Term Floating Rate Plan C – Growth)	30,000,000	30,000,000	10	300	300
ICICI Prudential Mutual Fund (Flexible Income Plan Premium – Growth) (invested during the year)	15,181,787	–	10	250	–

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SCHEDULES TO THE ACCOUNTS

SCHEDULE 4 : INVESTMENTS (Contd.)

	No. as at 31 March 2010	No. as at 31 March 2009	Face Value Rs. per unit	As at 31 March 2010 (Rs million)	As at 31 March 2009 (Rs million)
JP Morgan Mutual Fund (India Treasury Fund – Super Inst. Growth) (additional amount invested during the year)	43,582,941	8,763,090	10	500	100
JM Financial Mutual Fund (Money Manager Fund Super Plus Plan – Growth) (invested during the year)	20,108,263	–	10	250	–
Kotak Mahindra Mutual Fund (Floater Long Term – Growth) (invested during the year)	25,038,452	–	10	350	–
TATA Mutual Fund (Floater Fund – Growth) (invested during the year)	57,031,400	–	10	750	–
UTI Mutual Fund (Treasury Advantage Fund – Inst. Plan – Growth) (invested during the year)	209,858	–	1,000	250	–
Investment in Short Term Income schemes of mutual funds – unquoted					
Axis Mutual Fund (Short Term Fund – Inst. Growth) (invested during the year)	9,933,841	–	10	100	–
Birla Sun Life Mutual Fund (Dynamic Bond Fund – Retail – Growth) (invested during the year)	32,968,190	–	10	500	–
DWS Mutual Fund (Short Maturity Fund – Inst. Growth) (invested during the year)	13,613,592	–	10	150	–
Franklin Templeton Mutual Fund (India Short Term Income Plan Inst. – Growth) (invested during the year)	279,243	–	1,000	400	–
Franklin Templeton Mutual Fund (India Income Opportunities Fund – Growth) (invested during the year)	4,862,678	–	10	50	–
HDFC Mutual Fund (High Interest Fund – Short Term Plan – Growth) (invested during the year)	25,074,371	–	10	450	–
ICICI Prudential Mutual Fund (Inst. Short Term Plan – Growth) (invested during the year)	10,345,648	–	10	200	–
JP Morgan Mutual Fund (India Short Term Income Fund – Growth) (invested during the year)	10,000,000	–	10	100	–
Kotak Mahindra Mutual Fund (Bond (Short Term) – Growth) (invested during the year)	5,639,108	–	10	100	–
Reliance Mutual Fund (Short Term Fund – Retail Plan – Growth) (invested during the year)	14,870,331	–	10	250	–
UTI Mutual Fund (Short Term Income Fund Inst. – Growth) (invested during the year)	23,672,001	–	10	250	–
Investment in Fixed Maturity Plans of mutual funds – unquoted					
Birla Sun Life Mutual Fund (Fixed Term Plan–Inst.– Series AV–Growth) (redeemed during the year)	–	25,000,000	10	–	250
Birla Sun Life Mutual Fund (Fixed Term Plan–Inst.– Series AS–Growth) (redeemed during the year)	–	15,000,000	10	–	150
Birla Sun Life Mutual Fund (Fixed Term Plan–Inst.– Series AU–Growth) (redeemed during the year)	–	50,000,000	10	–	500
DWS Mutual Fund (Fixed Term Fund Series 51 – Inst. Growth) (redeemed during the year)	–	70,000,000	10	–	700

contd..

SCHEDULES TO THE ACCOUNTS

SCHEDULE 4 : INVESTMENTS (Contd.)

	No. as at 31 March 2010	No. as at 31 March 2009	Face Value Rs. per unit	As at 31 March 2010 (Rs million)	As at 31 March 2009 (Rs million)
DWS Mutual Fund (Fixed Term Fund Series 60 – Inst. Growth)	5,000,000	5,000,000	10	50	50
DWS Mutual Fund (Fixed Term Fund Series 62 – Inst. Growth)	10,000,000	10,000,000	10	100	100
Franklin Templeton Mutual Fund (Fixed Horizon Fund Series VIII Plan E–Growth) (redeemed during the year)	–	20,000,000	10	–	200
Franklin Templeton Mutual Fund (Fixed Horizon Fund Series VIII Plan C–Growth) (redeemed during the year)	–	50,000,000	10	–	500
HDFC Mutual Fund (FMP 18M April 2008 (VII) (2) – Wholesale Plan Growth) (redeemed during the year)	–	35,000,000	10	–	350
HDFC Mutual Fund (FMP 370 days March 2008 (VII)–2– Wholesale Growth) (redeemed during the year)	–	5,000,000	10	–	50
HDFC Mutual Fund (FMP 370D May 08(VIII) (3) – Wholesale Plan Growth) (redeemed during the year)	–	25,000,000	10	–	250
HDFC Mutual Fund (FMP 370D May 2008 (VIII) – Wholesale Plan Growth) (redeemed during the year)	–	20,000,000	10	–	200
HDFC Mutual Fund (FMP 20M Sept 2009 – Growth – Series XI) (invested during the year)	50,000,000	–	10	500	–
HSBC Mutual Fund (Fixed Term Series 59 Inst. Growth) (redeemed during the year)	–	25,000,000	10	–	250
ICICI Prudential Mutual Fund (FMP Series–42 – Fifteen Months Plan Inst. Growth) (redeemed during the year)	–	25,000,000	10	–	250
ICICI Prudential Mutual Fund (FMP Series–44 – One year Plan A Inst. Growth) (redeemed during the year)	–	25,000,000	10	–	250
ICICI Prudential Mutual Fund (FMP Series–44 – One year Plan B Inst. Growth) (redeemed during the year)	–	20,000,000	10	–	200
ICICI Prudential Mutual Fund (FMP Series 49 – 1 year Plan A – Inst Growth) (invested during the year)	20,000,000	–	10	200	–
ING Mutual Fund (Long Term FMP – I Inst. Growth) (redeemed during the year)	–	5,000,000	10	–	50
ING Mutual Fund (Fixed Maturity Fund 47 – Inst. Growth) (redeemed during the year)	–	20,000,000	10	–	200
ING Mutual Fund (Fixed Maturity Fund 48 – Inst. Growth Dividend) (redeemed during the year) (invested during the year)	–	10,000,000	10	–	100
JM Mutual Fund (Fixed Maturity Fund Series XI yearly plan – Inst. Growth) (redeemed during the year)	–	20,000,000	10	–	200
Kotak Mahindra Mutual Fund (FMP 19M Series 2 – Growth) (invested during the year)	50,000,000	–	10	500	–
Kotak Mahindra Mutual Fund (FMP 18M Series 4 – Growth) (invested during the year)	25,000,000	–	10	250	–

contd..

SCHEDULES TO THE ACCOUNTS

SCHEDULE 4 : INVESTMENTS (Contd.)

	No. as at 31 March 2010	No. as at 31 March 2009	Face Value Rs. per unit	As at 31 March 2010 (Rs million)	As at 31 March 2009 (Rs million)
Kotak Mahindra Mutual Fund (FMP 12M Series 3 Inst. – Growth) (redeemed during the year)	–	50,000,000	10	–	500
Kotak Mahindra Mutual Fund (FMP 12M Series 5 Inst – Growth) (redeemed during the year)	–	10,000,000	10	–	100
Kotak Mahindra Mutual Fund (FMP 12M Series 6 Inst – Growth) (redeemed during the year)	–	25,000,000	10	–	250
Principal Mutual Fund (FMP–47 385 Days–Series VII–June08– Inst. Growth) (redeemed during the year)	–	45,000,000	10	–	450
Reliance Mutual Fund (Fixed Horizon Fund – XIII – Series 4 – Growth) (invested during the year)	50,000,000	–	10	500	–
Reliance Mutual Fund (Fixed Horizon Fund – XIV – Series 1 – Growth) (invested during the year)	20,000,000	–	10	200	–
Reliance Mutual Fund (Fixed Horizon Fund VIII Series II Inst. Growth) (redeemed during the year)	–	30,000,000	10	–	300
Reliance Mutual Fund (Fixed Horizon Fund IV Series 5 Growth) (redeemed during the year)	–	35,000,000	10	–	350
Reliance Mutual Fund (Fixed Horizon Fund VII Series 4) (redeemed during the year)	–	15,000,000	10	–	150
SBI Mutual Fund (Debt Fund Series–18 Months – 3 – Inst. Growth) (redeemed during the year)	–	10,000,000	10	–	100
Sundaram BNP Paribas Mutual Fund (Fixed Term Plan 16 Inst. Growth) (redeemed during the year)	–	10,000,000	10	–	100
Sundaram BNP Paribas Mutual Fund (Fixed Term Plan H Inst. Growth) (redeemed during the year)	–	20,000,000	10	–	200
Sundaram BNP Paribas Mutual Fund (Fixed Term Plan L Super Inst. Growth)	10,000,000	10,000,000	10	100	100
Sundaram BNP Paribas Mutual Fund (Fixed Term Plan D Inst. Growth) (redeemed during the year)	–	10,000,000	10	–	100
Sundaram BNP Paribas Mutual Fund (Fixed Term Plan E Inst. Growth) (redeemed during the year)	–	10,000,000	10	–	100
TATA Mutual Fund (Fixed Investment Plan 2 – Scheme A – Inst. Plan – Growth) (redeemed during the year)	–	25,000,000	10	–	250
TATA Mutual Fund (Fixed Maturity Plan Series 25 Scheme A – Super High Invest Plan – Growth) (invested during the year)	45,000,000	–	10	450	–
UTI Mutual Fund (Fixed Maturity Plan – Yearly Series (YFMP 03/09) Inst. Growth)	40,000,000	40,000,000	10	400	400
UTI Mutual Fund (Fixed Term Income Fund–Series IV–Plan VII (May/08–12 Months) Inst. Growth) (redeemed during the year)	–	20,000,000	10	–	200
UTI Mutual Fund (Fixed Maturity Plan – YFMP 04/08 - Inst. Growth) (redeemed during the year)	–	10,000,000	10	–	100
				9,602	9,152

Note : Investment in shares are fully paid up, except where indicated otherwise

For investments purchased and sold during the year, refer to note 12, Schedule 16

SCHEDULES TO THE ACCOUNTS

	As at 31 March 2010		As at 31 March 2009	
	Aggregate Book Value	Market Value/ Net Asset Value ##	Aggregate Book Value	Market Value/ Net Asset Value ##
	(Rs million)	(Rs million)	(Rs million)	(Rs million)
Quoted investments	2	55	2	19
Unquoted investments				
– Fixed Maturity Plans of mutual funds	3,250	3,417	8,550	9,691
– Liquid Schemes of mutual funds	3,800	3,986	600	601
– Short term income schemes of mutual funds	2,550	2,598	–	–
	<u>9,602</u>		<u>9,152</u>	

Net Asset Values in case of investments in mutual fund schemes

	As at 31 March 2010 (Rs million)	As at 31 March 2009 (Rs million)
--	-------------------------------------	-------------------------------------

SCHEDULE 5 : INVENTORIES

Stock in trade (at lower of cost and net realisable value)

– Raw materials	145	167
– Packing materials	12	12
– Work-in-process	24	26
– Finished products	791	803
	<u>972</u>	<u>1,008</u>

SCHEDULE 6 : SUNDRY DEBTORS*

Secured - considered good

– Debts outstanding over six months	1	1
– Other debts	8	8
	<u>9</u>	<u>9</u>

Unsecured

– Debts outstanding over six months		
Considered good	–	51
Considered doubtful	110	67
	<u>110</u>	<u>118</u>
– Other debts		
Considered good	799	697
Considered doubtful	8	11
	<u>807</u>	<u>708</u>

Total unsecured debts	917	826
Less : Provision for doubtful debts	118	78
	<u>799</u>	<u>748</u>
	<u>808</u>	<u>757</u>

* Include amounts aggregating Rs 28 million (2008-09 : Rs 26 million) due from bodies corporate under the same management as defined in Section 370(1B) of the Companies Act, 1956. For details refer to note 22, Schedule 16

SCHEDULES TO THE ACCOUNTS

	As at 31 March 2010 (Rs million)	As at 31 March 2009 (Rs million)
SCHEDULE 7 : CASH AND BANK BALANCES		
Cheques in hand	2	–
Balances with scheduled banks :		
Current accounts	103	113
Fixed deposits held as margin money	4	3
Unclaimed dividend accounts	34	31
	<u>143</u>	<u>147</u>

SCHEDULE 8 : LOANS AND ADVANCES

(Unsecured and considered good unless otherwise stated)

Loans and advances recoverable in cash or in kind or for value to be received :

Considered good *	247	221
Balances with customs, port commissioners, railways, excise authorities etc.	19	35
Capital advances	–	10
Other deposits	55	70
Inter corporate deposits #	190	280
Interest accrued on investments/inter corporate deposits \$	–	8
Advance tax	290	290
	<u>801</u>	<u>914</u>

* Include :

(a) Housing loans given to employees, against which the employees have submitted property title papers or other assets/documents as envisaged under the housing loan scheme	35	48
(b) Due from Directors	–	5
Maximum amount due at any time during the year	5	11
(c) Due from Officer	1	1
Maximum amount due at any time during the year	1	1
# Inter corporate deposits include:		
– given to Akzo Nobel Car Refinishes India Pvt. Ltd, a company under the same management (maximum amount due at any time during the year Rs 280 million (2008-09: Rs 280 million))	190	280
– given to subsidiary Polyinks Limited (maximum amount due at any time during the year, including interest, Rs 1 million (2008-09: Rs 107 million))	–	–
\$ includes due from Akzo Nobel Car Refinishes India Pvt. Ltd, a company under the same management (maximum amount due at any time during the year Rs 15 million (2008-09: Rs 13 million))	–	7

SCHEDULES TO THE ACCOUNTS

	As at 31 March 2010 (Rs million)	As at 31 March 2009 (Rs million)
SCHEDULE 9 : CURRENT LIABILITIES		
Acceptances	68	125
Sundry creditors – micro, small and medium enterprises **	19	34
– others ***	2,004	1,701
Unclaimed dividends ***	34	31
Other liabilities	111	128
	<u>2,236</u>	<u>2,019</u>

** Refer to note 5, Schedule 16

*** Refer to note 6, Schedule 16

SCHEDULE 10 : PROVISIONS

Proposed dividend	589	609
Tax on proposed dividend	98	104
Taxation	210	220
Fringe benefit tax	–	2
Voluntary retirement scheme	13	39
Retirement benefits	205	110
Others ##	437	453
	<u>1,552</u>	<u>1,537</u>

Refer to note 17, Schedule 16

	For the year ended 31 March 2010 (Rs million)	For the year ended 31 March 2009 (Rs million)
--	---	---

SCHEDULE 11 : OTHER INCOME *

From businesses

Commission	–	5
Lease rentals	72	72
Miscellaneous receipts #	13	9
	<u>85</u>	<u>86</u>

Other operating items

Income from non trade investments		
– current	86	102
– long term (dividend)	1	1
Interest income from banks and others	25	67
Profit on maturity/ redemption of Fixed Maturity Plans (current, non-trade)	823	691
Provisions / liabilities no longer required written back	14	8
Miscellaneous receipts	13	7
	<u>962</u>	<u>876</u>
	<u>1,047</u>	<u>962</u>

* Refer to note 7, Schedule 16

Refer to note 8, Schedule 16

SCHEDULES TO THE ACCOUNTS

	For the year ended 31 March 2010 (Rs million)	For the year ended 31 March 2009 (Rs million)
SCHEDULE 12 : MATERIALS CONSUMED AND MOVEMENT IN FINISHED GOODS AND WORK-IN-PROCESS		
Opening stock		
Raw materials	167	260
Packing materials	12	17
Work-in-process	26	17
Finished products	803	943
	1,008	1,237
Add: Purchases		
Raw materials	3,405	3,758
Packing materials	640	631
Finished products	736	718
	4,781	5,107
Less: Inventory adjustments in respect of divested business		
Raw materials	-	93
Packing materials	-	2
Finished products	-	85
	-	180
Less: Closing stock		
Raw materials	145	167
Packing materials	12	12
Work-in-process	24	26
Finished products	791	803
	972	1,008
Excise duty adjustment for movement in finished goods inventory (including duty on inventory of divested business)	9	(57)
Materials consumed, etc	4,826	5,099

SCHEDULES TO THE ACCOUNTS

	For the year ended 31 March 2010 (Rs million)	For the year ended 31 March 2009 (Rs million)
SCHEDULE 13 : OTHER EXPENDITURE		
Stores and spare parts	19	39
Repairs to buildings	–	3
Repairs to plant and machinery	27	24
Power and fuel	50	45
Salaries, wages, and bonus	477	418
Contributions to provident and other funds	25	22
Other retirement benefit charges	106	6
Workmen and staff welfare	19	19
Travelling	102	94
Rates and taxes	51	54
Rent	108	100
Communication	35	40
Insurance	14	14
Freight and transport	394	349
Publicity and sales promotion	865	660
Royalty and technical fees	143	78
Cash discount on sales	491	498
Bad debts / advances written off	13	32
Less : Provision for doubtful debts and advances adjusted	13	32
Provision for doubtful debts and advances	53	20
Loss on sale/write-off of fixed assets	2	–
Research and development	40	37
Consultancy charges	100	56
Sundries (include godown running cost, data processing costs, etc.)	263	254
	<u>3,384</u>	<u>2,830</u>
SCHEDULE 14 : EXCEPTIONAL ITEMS [gain/(loss)]		
Profit on sale of Adhesives business*	–	1,938
Profit on sale of investment in subsidiary Polyinks Limited*	–	115
Provision for additional charge for employee benefits	–	(58)
	<u>–</u>	<u>1,995</u>

* Refer to note 24, Schedule 16

SCHEDULE 15 : SIGNIFICANT ACCOUNTING POLICIES**Basis of preparation of financial statements**

The financial statements are prepared on accrual basis under the historical cost convention, modified to include revaluation of certain assets, in accordance with applicable Accounting Standards (“AS”) specified in the Companies (Accounting Standards) Rules, 2006 and presentational requirements of the Companies Act, 1956.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India (GAAP) requires 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. Examples of such estimates are estimated useful life of assets, provision for doubtful debts, etc. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

Fixed assets / depreciation

Fixed Assets are stated at cost or at revalued amounts less accumulated depreciation. Cost of fixed assets includes all incidental expenses and interest costs on borrowings, attributable to the acquisition of the qualifying assets, upto the date of commissioning of the assets.

Depreciation for the year is computed on the straight line method, as per the rates derived from useful lives of fixed assets as estimated by the management, or as prescribed in Schedule XIV to the Companies Act, 1956, whichever is higher. Accordingly, plant and machinery under operating lease are being depreciated over six years. Additional charge of depreciation on amount added on revaluation is adjusted against revaluation reserve.

Intangible assets comprising Patents, Trademarks and Knowhow, arising from acquisition of businesses are amortised on a straight line method in line with AS 26 “Intangible assets”.

Leasehold land is amortised over the period of the lease. Leasehold improvements are amortised over the remaining period of lease, or the derived useful lives of assets as prescribed in Schedule XIV to the Companies Act, 1956, whichever is shorter.

Fixed assets individually costing upto Rs 5,000 are fully depreciated in the year of purchase.

Fixed assets are reviewed for impairment on each Balance Sheet date, in accordance with AS 28 “Impairment of Assets”.

Revenue recognition

- Revenue from sale of products is recognised when the products are despatched against orders from customers in accordance with the contract terms, which coincides with the transfer of risks and rewards.
- Sales are stated inclusive of excise duty and net of rebates, trade discounts and sales tax/VAT.
- Dividend or other income from mutual fund investments is recognised on declaration of dividend or on redemption, as the case may be.

Income from sale of properties

Income from the sale of properties is accounted on transfer of the risk and benefits in the property to the purchaser.

Investments

- Long term investments are stated at cost less amount written off, where there is a diminution in value, other than temporary.
- Current investments are stated at lower of cost and fair value.

SCHEDULES TO THE ACCOUNTS

Current assets

(a) Inventories

- Stores and spare parts are valued at cost or under, 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.
- Each item of finished products is valued at 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.

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 are dealt with in the profit and loss account.
- In case of forward exchange contracts, covered by Accounting Standard 11, the premium is amortised over the period of the contract. Any profit or loss arising on the cancellation or renewal of a forward exchange contract is recognised as income or expense for the year.
- Exchange difference 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 are recognised in the profit and loss account in the reporting period in which the exchange rates change.

Lease Transactions

• 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. The net lease income is recognised in the profit and loss account on a straight line basis over the period during which the benefit is derived from the leased assets.

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 profit and loss account 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 and part of the pension fund scheme for eligible employees. The Company's contribution to defined contribution plans are recognised in the profit and loss account in the financial year to which they relate.

The Company makes specified monthly contribution towards employee provident fund and pension fund to the respective trusts administered by the Company. The minimum interest payable by the provident fund trust 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 trust and the notified interest rate.

Defined benefit plans

Liability for funded post retirement gratuity and pension and unfunded post retirement medical benefit is accrued on the basis of actuarial valuation as at the date of the balance sheet. The obligation is measured as the present value of the estimated future cash flows. Actuarial gains and losses are recognised immediately in the profit and loss account. In case of funded schemes, differential between fair value of plan assets of the trusts and the present value of obligation as per actuarial 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 are recognised when they accrue to employees. All leave entitlements can only be encashed 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 such accumulated leave entitlements 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 profit and loss account. Capital expenditure on tangible assets for research and development is shown as additions to fixed assets.

Taxation

Income tax expense comprises current tax, fringe benefit tax and deferred tax charge or credit. Current tax provision is made based on the tax liability computed after considering tax allowances and exemptions under the Income Tax Act, 1961.

The deferred tax charge or credit and the corresponding deferred tax liability and assets are recognised using the tax rates that have been enacted or substantially enacted on the balance sheet date.

Deferred tax assets arising from unabsorbed depreciation or carry forward losses are recognised only if there is virtual certainty of realisation of such amounts. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. Deferred tax assets are reviewed at each balance sheet date to reassess their realisability.

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 obligations and the amount of such obligation can be reliably estimated. Provisions are not discounted to their present value 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.

SCHEDULES 16 : NOTES TO THE ACCOUNTS

1. Change of name of the Company

The name of the Company has been changed from ICI India Limited to Akzo Nobel India Limited, vide fresh certificate of incorporation dated 15 February 2010 issued by the Deputy Registrar of Companies, West Bengal.

	As at 31 March 2010 (Rs million)	As at 31 March 2009 (Rs million)
2. Capital commitment		
Estimated amount of contracts remaining to be executed on capital account (net of advances)	15	53
3. Contingent liabilities not provided for:		
(a) Claims not acknowledged as debt	50	59
(b) Sales tax matters under appeal	109	102
(c) Excise matters in dispute / under appeal	50	50
(d) Industrial relations and other matters under dispute	2	2
(e) Income tax matters in dispute / under appeal *		
(f) Any other matter	128	–
<p>* The Income tax assessments for the Company have been completed up to the financial year ended 31 March 2006. Arising from the completed assessments and appellate orders, the total demand / liability is Rs 1378 million (2008-09 : Rs 1319 million), and the total refund is Rs 1105 million (2008-09 : Rs 1072 million). The Company as well as the Income tax department have gone on further appeal on these matters. Pending decision in the appeals, neither the refunds nor the liability for the demands have been recognised in the accounts.</p>		

4. Share buyback

During the year 1,235,195 shares (2008-09 : 310,424 shares) were bought back at a consideration of Rs 696 million, (including related expense of Rs. 3 million) [2008-09: Rs.154 million (including related expense of Rs. 4 million)], in terms of the share buy back scheme open between 19 December 2008 and 18 December 2009.

This has been accounted as below:

- The nominal value of shares purchased i.e. Rs. 12 million has been adjusted against the share capital (2008-09: Rs. 3 million). An equal amount has been reduced from General Reserve and credited to Capital Redemption Reserve, as per the provisions of the Companies Act, 1956.
- The difference between consideration paid and nominal value of shares aggregating Rs. 684 million has been adjusted against General Reserve.(2008-09: Rs. 151 million)

All shares bought back were extinguished during the year. (2008-09: Out of the 310,424 shares bought back, 173,472 shares were extinguished till 31 March 2009 and 136,952 shares were extinguished on 8 April 2009.)

Following the above share buyback, the holding of Imperial Chemical Industries Limited in the Company as on 31 March 2010 is 56.40% (as on 31 March 2009: 54.57%).

5. 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:

	As at 31 March 2010 (Rs million)	As at 31 March 2009 (Rs million)
(i) the principal amount remaining unpaid to any supplier as at the end of the year	19	34
(ii) the interest due on the principal remaining outstanding as at the end of the year	–	–
(iii) the amount of interest paid under the Act, along with the amounts of the payment made beyond the appointed day during the year	–	–
(iv) the amount of interest due and payable for the period of delay in making	–	–

NOTES TO THE ACCOUNTS

	As at 31 March 2010 (Rs million)	As at 31 March 2009 (Rs million)
payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act		
(v) the amount of interest accrued and remaining unpaid at the end of the year	–	1
(vi) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under the Act	–	–
<hr/>		
6. As on 31 March 2010, there are no amounts due to be deposited with the Investor Education and Protection Fund, in respect of deposits and unclaimed dividends. (2008-09: Nil)		
<hr/>		
7. Income from investments, interest and others are stated at gross amounts. The amount of income tax deducted thereon is Rs 4 million (2008-09 : Rs 14 million)		
<hr/>		
8. Gain on account of foreign exchange fluctuations for the year of Rs 8 million is included in Miscellaneous receipts in schedule 11 (2008-09 : Loss of Rs 11 million included in Sundries in schedule 13)		
<hr/>		
9. Sales exclude sale of equipment at cost amounting to Rs. 6 million (2008-09: Rs 6 million).		
<hr/>		
10. The Board of Directors had proposed dividend of Rs 16.00 per share for the year 2008-09, at the Board Meeting held on 15 May 2009. Subsequent to the Board Meeting, the Company bought back 37,549 shares, as per the buyback scheme approved by the shareholders. Therefore, these shares were not entitled to dividend at the date of book closure and the excess dividend provision of Rs 0.6 million and excess dividend tax of Rs. 0.1 million have been written back during the year.		
<hr/>		
11. (A) Directors' remuneration * #	31 March 2010 (Rs million)	31 March 2009 (Rs million)
Salaries and allowances	29	25
Commission	2	3
Perquisites	2	1
	33	29
<hr/>		
(B) Computation of maximum remuneration payable to Directors during the year		
Profit before depreciation, taxation and exceptional items	2,212	2,005
Add : Directors' remuneration	33	29
Provision for doubtful debts and advances (net)	40	(12)
	2,285	2,022
<hr/>		
Less : Depreciation as per section 350	212	213
Provision for additional charge for employee benefits	–	58
Profit on maturity/redemption of investments	823	691
Net profit under section 198 of the Companies Act, 1956	1,250	1,060
<hr/>		
Maximum remuneration payable to Directors :		
– Managing / Wholetime director @ 5% of net profit (2008-09 : 10% of net profit)	62	106
– Directors not in wholetime employment @ 1% of net profit	13	11
	75	117

* The above amounts do not include provisions for / contribution to employee retirement / post retirement and other employee benefits which are based on actuarial valuations carried out on an overall Company basis rather than separately for Directors.

Does not include sitting fees paid to Directors Rs 0.4 million (2008-09 : Rs 0.3 million).

NOTES TO THE ACCOUNTS

12. During the year the Company invested the temporary surplus funds in liquid / cash schemes of mutual funds. The investments which were made and redeemed during the year, are as under:

Non Trade (Current Investments)	Number of units	Purchase value (Rs million)
Liquid mutual fund schemes		
(Daily Dividend Reinvestment unless specified)		
AIG India Liquid Fund Super Institutional	174,847	175
AIG India Treasury Fund Super Institutional	14,588,591	146
Axis Liquid Fund	320,130	320
Axis Treasury Advantage Fund	200,331	200
Birla Sun Life Cash Plus - Institutional Premium	68,860,431	690
Birla Sun Life Savings Fund - Institutional	122,173,744	1,223
Canara Robeco Liquid Super Institutional	5,478,010	55
Canara Robeco Treasury Advantage Super Institutional	4,439,853	55
DBS Chola Freedom Income STP Institutional *	7,941,802	81
DBS Chola Liquid Institutional **	7,912,334	80
DWS Cash Opportunities Fund - Institutional	16,123,467	162
DWS Insta Cash Plus Fund - Super Institutional	118,106,361	1,187
DWS Ultra Short Term Fund - Institutional	147,817,879	1,481
Fidelity Cash Fund (Super Institutional)	40,977,561	410
Fidelity Ultra Short Term Debt Fund Super Institutional	19,083,483	191
Fortis Money Plus Institutional Plan	62,935,916	630
Fortis Overnight Fund Institutional	15,006,529	150
Fortis Overnight Institutional Plus	76,988,764	770
HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale	86,572,988	868
HDFC Floating Rate Income Fund - Short Term Plan - Wholesale	9,000,119	91
HDFC Liquid Fund - Premium Plan - Dividend Reinvestment	43,237,728	530
HDFC Liquid Fund - Premium Plus Plan - Dividend Reinvestment	18,519,413	230
HSBC Floating Rate - Long Term Plan - Institutional (Weekly Dividend Reinvestment)	22,352,817	251
ICICI Prudential Flexible Income Plan Premium	98,005,620	1,343
ICICI Prudential Institutional Liquid Plan - Super Institutional	62,631,332	951
IDFC Cash Fund - Super Institutional Plan C	36,523,798	365
IDFC Money Manager Fund - TP - Super Institutional Plan C	36,833,017	368
ING Liquid Fund Super Institutional	12,013,543	120
ING Treasury Advantage Fund - Institutional	5,048,335	51
JM High Liquidity Fund - Super Institutional	18,471,034	185
JM Money Manager Fund Super Plus	40,508,588	405
JP Morgan India Liquid Fund - Super Institutional	56,964,997	570
JP Morgan India Treasury Fund - Super Institutional	47,064,375	471
Kotak Floater Long Term	71,845,871	724
Kotak Liquid - Institutional Premium	76,065,810	930
LICMF Income Plus Fund	22,173,811	222
LICMF Liquid Fund	20,038,096	220

Non Trade (Current Investments)

	Number of units	Purchase value (Rs million)
Principal Cash Management Fund Liquid Option Institutional Premium	67,002,798	670
Principal Floating Rate Fund FMP-Institutional	55,178,038	552
Principal Ultra Short Term Fund	5,035,728	50
Reliance Liquidity Fund	171,358,637	1,714
Reliance Medium Term Fund	109,433,032	1,871
Religare Liquid Fund - Institutional	22,987,640	230
Religare Liquid Fund - Super Institutional	12,173,753	122
Religare Ultra Short Term Fund - Institutional	20,147,770	202
SBI Premier Liquid Fund - Super Institutional	13,955,969	140
SBI SHF Ultra Short Term Fund - Institutional	14,087,391	141
TATA Floater Fund	45,962,443	461
TATA Liquid Super High Investment Fund	799,219	891
Templeton India Treasury Management Account Super Institutional	1,249,475	1,250
Templeton India Ultra Short Bond Fund Super Institutional	73,179,273	733
UTI Liquid Cash Plan Institutional	147,156	150
UTI Money Market Mutual Fund - Institutional	780,353	783
UTI Treasury Advantage Plan Institutional	747,914	748

* currently known as L&T Freedom Income STP Institutional

** currently known as L&T Liquid Institutional

13. Payment to Auditors

	2009-10 (Rs million)	2008-09 (Rs million)
(i) Statutory audit fee	2	2
(ii) Tax audit fee	1	1
(iii) Limited review fee	1	1
(iv) Reimbursement of expenses / service tax	1	1
	<u>5</u>	<u>5</u>

14. Earnings per share

(a) Calculation of weighted average number of equity shares of Rs 10 each

	2009-10	2008-09
Number of equity shares at the beginning of the year	38,069,526	38,379,950
Less : equity shares bought back during the year *	1,235,195	310,424
Total number of equity shares outstanding at the end of the year	36,834,331	38,069,526
Weighted average number of shares	37,405,688	38,247,809

(b) Net profit after tax available for equity shareholders (Rs million) 1,593 2,946

(c) Basic and diluted earnings per share (Rs) 42.59 77.02

* Refer to note 4

NOTES TO THE ACCOUNTS

15. (a) Particulars in respect of goods manufactured

	Unit	Licensed Capacity		Installed Capacity		Actual Production meant for sale	
		2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Catalysts (see foot note 6 below)	Tonnes	N.A.	N.A.	2,480	2,480	-	-
Paints-Liquid	K Litres	N.A.	N.A.	80,040	67,540	61,246	60,771
Paints-Stiff	Tonnes	N.A.	N.A.	3,500	6,000	3,309	2,782
Thinners	K Litres	N.A.	N.A.	4,460	4,460	3,071	3,005

Footnotes :

1. N.A. - Not applicable.
2. Production meant for sale is after adjustment of shortages, handling losses, quantity internally consumed and excludes quantity manufactured by third parties on behalf of the Company.
3. Licensed and installed capacity in respect of intermediates, used entirely for captive consumption, have not been furnished.
4. All items are delicensed.
5. Installed capacities are as certified by the management.
6. Installed capacity of Catalysts is utilised for toll conversion operations undertaken on behalf of Johnson Matthey Chemicals India Private Limited and, therefore, quantity processed has not been included in actual production.

15. (b) Particulars in respect of sales, opening and closing stocks of finished goods

	Unit	Sales		Opening Stock		Closing Stock	
		Quantity	Value	Quantity	Value	Quantity	Value
		(Rs million)		(Rs million)		(Rs million)	
		2009-10	2009-10	2009-10	2009-10	2009-10	2009-10
		2008-09	2008-09	2008-09	2008-09	2008-09	2008-09
Adhesives	Tonnes	-	-	-	-	-	-
		-	-	1,192	77	-	-
Paints - Liquid	K Litres	70,321	10,523	8,664	742	8,866	735
		69,880	10,539	7,859	789	8,664	742
Paints - Stiff	Tonnes	15,601		1,574		1,617	
		14,690		1,828		1,574	
Thinners	K Litres	3,079	410	417	24	409	29
		3,113	402	425	30	417	24
Others	Various		207		37		27
			194		47		37
Sub total			11,140				
			11,135				
Less : Rebates			1,031				
			977				
Gross sales			10,109		803		791
			10,158		943		803

15. (c) Particulars in respect of purchase of finished products

	Unit	Quantity		Value (Rs million)	
		2009-10	2008-09	2009-10	2008-09
Paints-Liquid	K.Litres	9277	9914	620	610
Paints-Stiff	Tonnes	12335	11654		
Others	Various			116	108
				736	718

15. (d) Details of raw materials consumed

	Unit	Quantity		Value (Rs million)	
		2009-10	2008-09	2009-10	2008-09
Pigments, Tinters, Extenders	Tonnes	22,740	21,782	558	574
Latex, Monomers	Tonnes	11,849	12,124	599	664
Resins	Tonnes	8,369	11,600	535	869
Solvents	Tonnes	10,805	8,440	538	476
Titanium Dioxide	Tonnes	5,587	5,936	652	620
Others	Various			545	555
				<u>3,427</u>	<u>3,758</u>

Raw materials consumed are after adjustments including shortage / excess, provision for losses and adjustment on account of divestment of businesses.

15. (e) Value of raw materials, stores and spare parts consumed

	Raw Materials				Stores & spare parts incl. packing materials			
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
	(Rs million)	(Rs million)	(%)	(%)	(Rs million)	(Rs million)	(%)	(%)
Imported	902	918	26	24	-	-	-	-
Indigenous	2,525	2,840	74	76	659	673	100	100
	<u>3,427</u>	<u>3,758</u>	<u>100</u>	<u>100</u>	<u>659</u>	<u>673</u>	<u>100</u>	<u>100</u>

Raw materials, stores and spare parts consumed are after adjustments including shortage/excess, provision for losses and adjustment on account of divestment of businesses.

15. (f) Earnings in foreign exchange

	2009-10 (Rs million)	2008-09 (Rs million)
Export of goods (FOB basis)	-	3
Other items	5	7

15. (g) Value of imports (CIF basis)

	2009-10	2008-09
Raw materials	671	768
Capital goods	8	30
Other items (including finished goods)	120	122

15. (h) Expenditure in foreign currencies (on payment basis; net of tax where applicable)

	2009-10	2008-09
Royalty and technical fees	22	51
Professional and consultancy fees	58	10
Others	3	1

15. (i) Remittance in foreign currencies on account of dividend on equity shares

Dividend relating to the year	No. of Non-Resident Share holders	No. of Shares	2009-10 (Rs million)	2008-09 (Rs million)
2008-09	1	20,776,213	332	-
2007-08	1	20,776,213	-	166

NOTES TO THE ACCOUNTS

16. Details of Deferred tax liability (net)

(Rs million)

Timing differences on account of:	Deferred Tax Assets		Deferred Tax Liability	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009
Accelerated depreciation			179	192
Surplus payments to retiral trusts			6	6
Expenditure covered under section 43B of Income Tax Act, 1961	2	2		
Provision for doubtful debts and advances	34	26		
Voluntary retirement scheme liability	1	5		
Liability for leave encashment and retirement benefit provision	68	38		
Other provisions relating to divested businesses, etc.	59	69		
Total	164	140	185	198
Net deferred tax liability			21	58

17. Details of Other Provisions (refer to Schedule 10)*

(Rs million)

	Indirect Taxes	Divested Businesses	Others	Total
Balance as at 31 March 2009	121	290	42	453
Provision created during the year	-	-	5	5
Payments against provisions	-	(7)	-	(7)
Provisions written back	-	(14)	-	(14)
Closing balance as at 31 March 2010	121	269	47	437

* Notes

- 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 discontinued businesses. Outflows in all these cases, including their timing and certainty, would depend on the developments/outcome in these cases.
- 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 Adhesive businesses) and subsidiaries (Quest International India Limited and Polyinks Limited). Outflows in these cases will depend upon settlement of demands/claims. This includes a provision of Rs 125 million (as on 31 March 2009: Rs 125 million) carried forward from 2002-03 in respect of continuing obligation of the Company towards probable land cost liability on sale of Catalyst business.
- Other provisions are relating to litigation matters in respect of sale of properties and demand for past arrears in respect of electricity.
- The utilisation of the provisions under (b) and (c) would depend on the resolution of the related issues which are expected in the next two to three years.

18. Operating lease

- The Company has given colour solution machines under operating leases to various dealers and customers. These have been disclosed under 'Plant and machinery - under operating lease' in Schedule 3 (Fixed Assets). The future lease rentals receivable in respect of these assets are as under :

Amount receivable	Total future minimum lease rentals receivable as on 31 March 2010 (Rs million)	Total future minimum lease rentals receivable as on 31 March 2009 (Rs million)
Within one year	72	67
Later than one year and not later than five years	66	63
Later than five years	1	1
Total	139	131

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

The Company has taken office space on operating leases. 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:

	2009-10 (Rs million)	2008-09 (Rs million)
– Lease rentals charged during the year	<u>11</u>	<u>11</u>
– Lease obligations	Total future minimum lease rentals payable as on 31 March 2010 (Rs million)	Total future minimum lease rentals payable as on 31 March 2009 (Rs million)
Within one year	<u>8</u>	<u>11</u>
Later than one year and not later than five years	<u>1</u>	<u>9</u>
Total	<u>9</u>	<u>20</u>

19. Employee Benefits

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

	Pension (funded)		Gratuity		Post Retirement Medical Benefit (unfunded)		(Rs million)	
	Management Staff	Non Management Staff	(funded)	(funded)	(unfunded)	(unfunded)	(unfunded)	(unfunded)
	<u>2009-10</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2008-09</u>
(A) Employee benefit expense recognised in Profit and Loss Account								
(a) Current service cost	2	4	2	2	5	5	1	–
(b) Interest cost	32	33	17	19	4	4	10	6
(c) Expected return on plan assets	(36)	(37)	(21)	(20)	(7)	(7)	–	–
(d) Actuarial (gains) / losses	5	28	3	20	(2)	2	95	6
Total expense / (gain) \$	<u>3</u>	<u>28</u>	<u>1</u>	<u>21</u>	<u>–</u>	<u>4</u>	<u>106</u>	<u>12</u>
(B) Net Asset / (Liability) as at year end								
(a) Present value of obligations as at year end	417	446	239	247	60	55	164	76
(b) Fair value of plan assets as at year end	494	478	287	276	91	94	–	–
(c) Fair value of plan assets, limited to present value of future contributions	423	454	258	266	84	79	–	–
Net Asset / (Liability) (b)-(a)	77	32	48	29	31	39	(164)	(76)
Net Asset / (Liability) recognised in Balance Sheet (c)-(a)	6	8	19	19	24	24	(164)	(76)
(C) Change in defined benefit obligations during the year								
Present value of obligations at beginning of the year	446	431	247	246	55	54	76	73
(a) Current service cost	2	4	2	2	5	5	1	–
(b) Interest cost	32	33	17	19	4	4	10	6
(c) Benefits paid	(50)	(42)	(26)	(26)	(11)	(9)	(18)	(9)
(d) Actuarial (gains) / losses	(13)	20	(1)	6	7	1	95	6
Present value of obligations at end of the year	<u>417</u>	<u>446</u>	<u>239</u>	<u>247</u>	<u>60</u>	<u>55</u>	<u>164</u>	<u>76</u>

NOTES TO THE ACCOUNTS

	(Rs million)							
	Pension (funded)				Gratuity		Post Retirement	
	Management Staff		Non Management Staff		(funded)		Medical Benefit (unfunded)	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
(D) Change in fair value of plan assets during the year								
Fair value of plan assets as at beginning of the year	478	468	276	252	94	87	-	-
Less: restriction for net assets in excess of future contributions	(24)	(28)	(10)	-	(15)	(13)	-	-
Fair value of plan assets as at beginning of the year (net)	454	440	266	252	79	74	-	-
(a) Expected return on plan assets	36	37	21	20	7	7	-	-
(b) Actual company contributions	1	26	-	34	-	8	18	87
(c) Benefit payments	(50)	(41)	(26)	(26)	(11)	(9)	(18)	(87)
(d) Actuarial gains / (losses)	(18)	(8)	(3)	(14)	9	(1)	-	-
Fair value of plan assets (after applying restrictions in excess of future contributions)	423	454	258	266	84	79	-	-
Restriction for net assets in excess of future contributions	71	24	292	10	7	15		
Fair value of plan assets at end of the year	494	478	287	276	91	94		
(E) Category of assets								
Debt securities	76%	79%	66%	68%	87%	88%		
Gilt	7%	6%	5%	5%	9%	8%		
Insurer Managed Funds	12%	10%	19%	15%				
Special deposit	5%	5%	10%	12%	4%	4%		
Total	100%	100%	100%	100%	100%	100%		
(F) Actuarial assumptions								
(a) Discount rate (annual) *	7.70%	7.50%	7.70%	7.50%	7.70%	7.50%	7.70%	7.50%
(b) Expected rate of return on assets (per annum)	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	-	-
(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: 10% for 2010-11, 8% for 2012~14 and 6% 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			1.5		(0.7)			
Effect on defined benefit obligation as on 31 March 2010			19		(6)			
\$ Included as an expense in 'Contribution to provident and other funds' in Schedule 13.								
* Discount rate is based on market yields available on Government bonds as at 31 March 2010 with a term that matches that of the obligation.								

- (ii) The actuarial valuation of Defined Benefit plans was carried out as on 31 March 2010. The net actuarial loss on account of post retirement benefits scheme amounting to Rs. 95 million relating to medical insurance costs have been provided for and included in 'Other retirement benefit charges' (Schedule 13: Other Expenditure). Actuarial gains/losses (net) relating to other schemes have been included in 'Contribution to provident and other funds'. (2008-09: net actuarial losses on DB plans amounting to Rs 58 million, arising mainly due to drop in applicable interest rate during the year, were shown as an exceptional item in Profit and Loss account schedule 14)
- (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.
- (iv) A part of the Company's pension scheme is a defined contribution plan. The Company's contribution of Rs 7 million (2008-09: Rs 7 million) has been recognised as an expense and included in 'Contribution to provident and other funds' in Schedule 13.
- (v) The guidance on implementing AS-15 (Revised) issued by Accounting Standards Board of the Institute of Chartered Accountants of India states that benefit involving employer established provident funds, which requires interest shortfall to be recompensated, are to be considered as defined benefit plans. As confirmed by the Actuary, there is no formal guidance from Actuarial Society of India, and the Company believes that actuarial valuation at present is not necessary. The amount of contribution during the year of Rs 18 million (2008-09: Rs 18 million) has been included in 'Contributions to provident and other funds' in Schedule 13.

20. Segment Information

(A) Information about primary business segments

- (1) The Company's business segments comprise of:
 Paints : consisting of decorative and refinish paints
 Others : consisting of food starch and polymers
- (2) **Segment revenues, results and other information**

Revenue	Paints		Others		(Rs million) Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
1. External sales (gross)	9,909	9,970	200	188	10,109	10,158
Excise Duty	(706)	(1,138)	(17)	(20)	(723)	(1,158)
External sales (net)	9,203	8,832	183	168	9,386	9,000
Inter segment sales	-	-	-	-	-	-
Other business related income	85	81	-	5	85	86
Total Revenue	9,288	8,913	183	173	9,471	9,086
2. Results						
Segment results	1,193	948	33	28	1,226	976
Unallocated income (net of unallocated expense)					760	778
Profit from operations before interest, taxation and exceptional items					1,986	1,754
Interest income					25	67
Interest expense					(11)	(29)
Profit before exceptional items					2,000	1,792
Exceptional items					-	1,995
Profit before taxation					2,000	3,787
Income taxes						
- Current tax					444	840
- Deferred tax					(37)	(36)
- Fringe benefits tax					-	37
Profit after taxation					1,593	2,946

NOTES TO THE ACCOUNTS

	(Rs million)					
	Paints		Others		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
3. Other Information						
a. Assets						
Segment assets	3,098	3,067	114	153	3,212	3,220
Investments					9,602	9,152
Unallocated assets					916	954
Total assets					<u>13,730</u>	<u>13,326</u>
b. Liabilities/ Shareholders' funds						
Segment Liabilities	2,220	1,996	48	41	2,268	2,037
Unallocated liabilities					1,541	1,578
Share Capital					368	381
Reserves					9,553	9,330
Total Liabilities/ Shareholders' funds					<u>13,730</u>	<u>13,326</u>
c. Others						
Capital expenditure	196	297	2	–		
Depreciation	205	206	–	–		

B. Information on secondary segment (by geographical segment)

(Rs million)

	India		Outside India		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
	Revenue	9,450	9,071	21	15	9,471
Carrying amount of segment assets *	3,212	3,219	–	–	3,212	3,219
Capital expenditure *	271	297	–	–	271	297

* Excludes inter-segment assets

Notes:-

- i) The business segments have been identified in line with the Accounting Standard 17, taking into account the nature of products, risks and return, organisation structure and internal reporting system.
- ii) Inter segment prices are normally negotiated amongst the segments with reference to the costs, market prices and business risks, within an overall optimisation objective for the Company.
- iii) Segment revenue, results and assets and liabilities figures 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 current assets. Unallocable liabilities include un-allocable current liabilities and net deferred tax liability.

21. Related Party Disclosures

1. List of related parties :

- a) Holding Company : Imperial Chemical Industries Limited, England.
 b) Ultimate Holding Company : Akzo Nobel N.V., Netherlands
 c) Other related parties (fellow subsidiaries) where common control exists and with whom transactions during the year have taken place :

Akzo Nobel Car Refinishes BV	ICI Paints (Malaysia) Sdn Bhd
Akzo Nobel Car Refinishes India Pvt Ltd	ICI Paints (Thailand) Ltd
Akzo Nobel Coatings India Pvt Ltd	ICI Swire Paints (Shanghai) Ltd
Akzo Nobel Decorative Coatings BV	Inter - National Starch, Inc
Akzo Nobel Ltda - Brazil	National Starch and Chemical (Singapore) Pte Ltd
Akzo Nobel Paints (Asia Pacific) Pte Ltd	National Starch and Chemical Ltd, London
Akzo Nobel Surface Chemistry LLC USA	National Starch and Chemical - Trading Co Ltd (Thailand)
Akzo Nobel Surface Chemistry Personal Care.	National Starch and Chemical - USA (Bridgewater)
Elotex AG	National Starch and Chemical (Singapore) Pte Ltd
Akzo Nobel Surface Chemistry Pte Ltd	National Starch and Chemical (Shanghai) Ltd
Akzo Nobel Chemicals (India) Ltd	National Starch Specialties (Shanghai) Ltd
Akzo Nobel Lanka (Pvt.) Ltd	Pinturas INCA
Eka Chemicals (Thailand) Ltd	The Glidden Co.
ICI (Paints) Vietnam Ltd	Vietnam Holdings
ICI Paints Indonesia	

d) Key managerial personnel

Mr. A. Narayan	Chairman
Mr. R. L. Jain	Managing Director (up to 31 May 2009)
Mr. A. Jain	Managing Director (with effect from 1 June 2009)

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

	(Rs million)				
	Ultimate Holding company	Holding Company	Subsidiaries of the Company	Fellow subsidiaries of the Company	Key Managerial Personnel
	<u>2009-10</u> <u>2008-09</u>	<u>2009-10</u> <u>2008-09</u>	<u>2009-10</u> <u>2008-09</u>	<u>2009-10</u> <u>2008-09</u>	<u>2009-10</u> <u>2008-09</u>
a) Transactions during the year					
Purchase of materials / finished goods	-	-	-	125	-
	-	-	-	157	-
Sale of finished goods	-	-	-	5	-
	-	-	-	3	-
Expenses incurred and recoverable from other companies	-	-	-	52	-
	-	3	-	41	-
Expenses recoverable by other companies	-	-	-	146	-
	-	6	-	18	-
Royalty and technical services	-	-	-	34	-
	38	-	-	39	-
Dividend paid	-	332	-	-	-
	-	166	-	-	-
Indent commission received	-	-	-	-	-
	-	-	-	1	-

NOTES TO THE ACCOUNTS

	(Rs million)				
	Ultimate Holding company	Holding Company	Subsidiaries of the Company	Fellow subsidiaries of the Company	Key Managerial Personnel
	<u>2009-10</u> <u>2008-09</u>	<u>2009-10</u> <u>2008-09</u>	<u>2009-10</u> <u>2008-09</u>	<u>2009-10</u> <u>2008-09</u>	<u>2009-10</u> <u>2008-09</u>
Services provided	-	-	-	21	-
	-	-	-	28	-
Managerial remuneration	-	-	-	-	32
	-	-	-	-	27
Inter corporate deposit given	-	-	-	-	-
	-	-	42	280	-
Inter corporate deposit refund	-	-	-	90	-
	-	-	106	-	-
Interest income on Inter corporate deposit	-	-	-	22	-
	-	-	10	20	-
Guarantee received for Inter corporate deposit	400	-	-	-	-
	400	-	-	-	-
Guarantee issued on behalf of the Company for credit facilities from banks	500	-	-	-	-
	-	-	-	-	-
Balances as at the end of the year					
Dues to related parties	-	13	-	72	-
	30	14	-	41	-
Dues from related parties	-	1	-	218	-
	-	1	1	314	-

Outstanding loans receivable at the end of the year from key managerial personnel: **Refer Schedule 8**

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

	<u>2009-10</u> <u>(Rs million)</u>	<u>2008-09</u> <u>(Rs million)</u>
Purchase of raw materials		
Akzo Nobel Surface Chemistry LLC-USA	29	-
Elotex AG, Switzerland	-	21
National Starch and Chemical (Thailand) Ltd.	13	19
National Starch and Chemical Co.- USA (Bridgewater)	54	-
National Starch and Chemical Co	-	28
The Glidden Co.	-	55
Others	29	34
	<u>125</u>	<u>157</u>
Sales of finished products		
National Starch and Chemical - Trading Co Ltd. (Thailand)	-	1
National Starch Specialties (Shanghai) Ltd	-	2
Akzo Nobel Lanka (Pvt.) Ltd	5	-
	<u>5</u>	<u>3</u>

	2009-10 (Rs million)	2008-09 (Rs million)
Expenses incurred and recoverable from other companies		
Akzo Nobel Decorative Coatings BV	39	29
Others	13	15
	<u>52</u>	<u>44</u>
Expenses payable to other companies		
Akzo Nobel Decorative Coatings BV	118	–
Akzo Nobel Paints (Asia Pacific) Pte Ltd	18	13
Imperial Chemical Industries Ltd, England	–	6
Akzo Nobel Coatings India Pvt Ltd.	–	3
Others	10	2
	<u>146</u>	<u>24</u>
Indenting Commission received		
Elotex AG, Switzerland	–	1
	<u>–</u>	<u>1</u>
Royalty and technical services		
Akzo Nobel Paints (Asia Pacific) Pte Ltd	34	39
Akzo Nobel N.V.	–	38
	<u>34</u>	<u>77</u>
Dividend paid		
Imperial Chemical Industries Ltd, England	332	166
Service provider		
ICI India Research & Technology Centre	21	28
Managerial Remuneration		
Mr A Narayan	1	1
Mr A Jain	25	–
Mr R L Jain	6	21
Mr S Batra	–	5
	<u>32</u>	<u>27</u>
Inter corporate deposits given		
Akzo Nobel Car Refinishes India Pvt Ltd	–	280
Polyinks Ltd	–	42
	<u>–</u>	<u>322</u>
Inter corporate deposits received back		
Akzo Nobel Car Refinishes India Pvt Ltd	90	–
Polyinks Ltd	–	106
	<u>90</u>	<u>106</u>
Interest income on Inter corporate deposits		
Akzo Nobel Car Refinishes India Pvt Ltd	22	20
Polyinks Ltd	–	10
	<u>22</u>	<u>30</u>

NOTES TO THE ACCOUNTS

22. Details of amounts due from bodies corporate under the same management as defined in Section 370(1B) of the Companies Act, 1956 as referred to in Schedule 6, are given below :

	As at 31 March 2010 (Rs million)	As at 31 March 2009 (Rs million)
Akzo Nobel Decorative Coatings BV	15	12
Akzo Nobel Paints (Asia Pacific) Pte Ltd	4	4
Akzo Nobel Chemicals (India) Ltd	1	–
Akzo Nobel Lanka (Pvt.) Ltd	5	–
Elotex AG, Switzerland	–	7
ICI Paints Indonesia	1	1
ICI Paints (Malaysia) Sdn Bhd	1	–
National Starch and Chemical Co. Ltd -Thailand	1	–
National Starch and Chemical Co.	–	2
Total	28	26

23. (a) The Company uses forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions. The Company does not enter 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:

	USD	GBP	EUR	SGD
As at 31 March 2010	2,777,230	–	48,837	–
As at 31 March 2009	1,786,717	16,806	25,185	40,253

(b) The Company's net foreign currency exposure [receivable/(payable)] that are not hedged by a derivative instrument or otherwise, is as under:

	USD	EUR
As at 31 March 2010	–	–
As at 31 March 2009	7,741	16,900

24. During the previous financial year, the Adhesives business of the Company, along with the 67% shareholding in subsidiary company, Polyinks Ltd, was transferred to Henkel CAC Private Ltd on 21 January 2009, for a consideration of Rs 2405 million and Rs 213 million respectively.

The profit on sale of above (shown as an exceptional item in Profit and Loss Account in the previous year) amounted to Rs 1938 million and Rs 115 million respectively.

25. The figures relating to previous year have been regrouped wherever necessary to conform with the current year's classification.

For **Akzo Nobel India Limited**
(formerly ICI India Limited)

A NARAYAN
Chairman

AMIT JAIN
Managing Director

R GUHA
Company Secretary

Gurgaon
14 May 2010

Balance Sheet Abstract and Company's General Business Profile



AkzoNobel

Tomorrow's Answers Today

I Registration details

Registration No. : L24292WB1954PLC021516 State Code : 21
Balance Sheet date : 31 - 03 - 2010

II Capital raised during the year (Amount in Rs '000)

Public Issue : NIL Rights Issue : NIL Bonus Issue : NIL Private Placement : NIL

III Position of mobilisation and deployment of funds (Amount in Rs '000)

Total Liabilities : 9,942,042 **Total Assets** : 9,942,042

Sources of Funds

Paid-up capital : 368,343 Reserves and surplus : 9,552,812
Secured loans : NIL Unsecured loans : NIL
Deferred tax liability : 20,887

Application of Funds

Net Fixed Assets : 1,403,909 Investments : 9,602,209
Net Current Assets/(liability): (1,064,076) Misc. Expenditure : NIL

IV Performance of Company (Amount in Rs '000)

Turnover : 10,433,468 Total expenditure : 8,433,779
Profit/(Loss) before tax : 1,999,689 Profit/(Loss) after tax : 1,592,598
Earnings per share in Rs. : 42.59 Dividend rate % : 160

V Generic names of three Principal Products/Services of Company

Item Code No. (ITC Code) : 3408 Product Description : Synthetic Enamels
Item Code No. (ITC Code) : 3209 Product Description : Emulsion Paints
Item Code No. (ITC Code) : 3906 Product Description : Polymers

For **Akzo Nobel India Limited**
(formerly ICI India Limited)

A NARAYAN
Chairman

AMIT JAIN
Managing Director

R GUHA
Company Secretary

Gurgaon
14 May 2010

Ten Years At A Glance

(Rs million)

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
ASSETS EMPLOYED										
Gross Fixed Assets	3,675	3,621	3,634	3,516	3,737	3,115	2,857	3,116	3,255	3,495
Accumulated Depreciation	(1,562)	(1,443)	(1,761)	(1,863)	(2,251)	(1,662)	(1,559)	(1,783)	(1,924)	(2,114)
Capital Work in Progress	25	52	117	38	26	49	35	105	16	23
Net Fixed Assets	2,138	2,230	1,990	1,691	1,512	1,502	1,333	1,438	1,347	1,404
Long Term Investments	130	1,600	2,000	2,439	2,939	2,530	606	106	2	2
Current Investments, Cash & Bank, inter- corporate deposits	1,828	950	1,700	2,484	1,418	1,985	7,822	7,051	9,577	9,933
Current Assets	2,615	2,342	2,275	2,637	2,940	2,804	3,381	2,965	2,399	2,391
Current Liabilities	(1,543)	(1,477)	(1,580)	(1,920)	(2,064)	(2,113)	(2,340)	(2,660)	(2,019)	(2,236)
Net Current Assets	1,072	865	695	717	876	691	1,041	305	380	155
Provision for VRS liability (net)	(619)	(477)	(393)	(334)	(252)	(186)	(128)	(76)	(39)	(13)
Other Provisions	(166)	(261)	(715)	(985)	(712)	(611)	(605)	(740)	(786)	(853)
Proposed Dividend, dividend tax	(248)	(409)	(461)	(576)	(256)	(280)	(1,291)	(359)	(712)	(686)
Deferred tax liability	(68)	(247)	(173)	(85)	(99)	(130)	(81)	(95)	(58)	(21)
Miscellaneous Expenditure not written off	98	79	52	51	26	12	–	–	–	–
Net Assets Employed	4,165	4,330	4,695	5,402	5,452	5,513	8,697	7,630	9,711	9,921
FINANCED BY										
Share Capital	409	409	409	409	409	409	409	384	381	368
Capital Reserves	387	323	307	302	276	275	266	279	282	294
Revenue Reserves	3,012	3,363	3,979	4,491	4,607	4,829	8,022	6,967	9,048	9,259
Shareholders funds	3,808	4,095	4,695	5,202	5,292	5,513	8,697	7,630	9,711	9,921
Secured/Unsecured loans	357	235	–	200	160	–	–	–	–	–
Total Funds Employed	4,165	4,330	4,695	5,402	5,452	5,513	8,697	7,630	9,711	9,921
SALES AND PROFIT										
Sales & services	8,184	7,122	7,008	7,757	8,559	9,929	10,071	10,624	10,158	10,109
Profit before Depreciation & Interest	671	742	870	831	930	1,219	1,338	1,346	2,034	2,223
Depreciation	(231)	(229)	(234)	(242)	(201)	(218)	(225)	(225)	(213)	(212)
Interest	(35)	(17)	(33)	(46)	(35)	(36)	(23)	(30)	(29)	(11)
Profit before exceptional items/taxation	405	496	603	543	694	965	1,090	1,091	1,792	2,000
Exceptional items	464	576	729	772	(137)	(110)	4,772	(187)	1,995	–
Taxation	(178)	(267)	(255)	(224)	(85)	(354)	(1,378)	(302)	(841)	(407)
Profit after taxation	691	805	1,077	1,091	472	501	4,484	602	2,946	1,593
Earnings per share (Rupees)	16.91	19.70	26.35	26.69	11.54	12.27	109.72	15.16	77.02	42.59
Equity Dividend										
– Rupees per share	5.50	10.00	10.00	12.50	5.50	6.00	27.00	8.00	16.00	16.00
– Total Payout	225	409	409	511	225	245	1,103	307	609	589
NUMBER OF EQUITY SHAREHOLDERS	58,433	57,632	55,080	49,104	47,136	43,070	41,261	40,131	39,704	39,757

Akzo Nobel India Limited

Registered office: Geetanjali Apartment,
1st Floor, 8-B, Middleton Street, Kolkata 700071



AkzoNobel
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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 56th Annual General Meeting of the Members of Akzo Nobel India Limited will be held on Thursday, 22 July 2010 at 1430 hours at Bharatiyam Complex, IB 201, Salt Lake, Kolkata 700106 to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the audited Profit and Loss Account for the financial year ended 31 March 2010, the audited Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare a Dividend on equity shares for the year ended 31 March 2010.
3. To appoint a Director in place of Mr R Gopalakrishnan who retires by rotation. Being eligible, he has offered himself for reappointment as a Director of the Company. A brief resume of Mr Gopalakrishnan has been given in the Corporate Governance Report.

Accordingly, to consider and, if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:

"Resolved that Mr R Gopalakrishnan be and is hereby re-appointed a Director of the Company."

4. To appoint a Director in place of Dr Sanjiv Misra who retires by rotation. Dr Misra was appointed as a Director with effect from 14 May 2010 in the casual vacancy caused by the resignation of Ms Kerris Bright. Being eligible, he has offered himself for reappointment as a Director of the Company. A brief resume of Dr Sanjiv Misra has been given in the Corporate Governance Report.

Accordingly, to consider and, if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:

"Resolved that Dr Sanjiv Misra be and is hereby re-appointed a Director of the Company."

5. To appoint Auditors and fix their remuneration and for this purpose to consider and, if thought fit, pass with or without modification, the following resolution as an ordinary resolution; provided that in the event of the provisions of Section 224A of the Companies Act 1956 becoming applicable to the Company on the date of the Meeting, the same will be proposed as a special resolution:

"Resolved that the Auditors, M/s B S R & Associates, Chartered Accountants, 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	Rs 2.2 million
Tax Audit	Rs 0.6 million
Statutory certification	Rs 1.2 million

In addition, reasonable out-of-pocket expenses and service tax as applicable may also be reimbursed to the Auditors. Any other fees for certification and other services may be billed by the Auditors at such rates agreed between the Auditors and the Company."

By order of the Board

Gurgaon
14 May 2010

R GUHA
Company Secretary

NOTICE OF ANNUAL GENERAL MEETING

NOTES

- i) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on a poll 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 ('RTA'), M/s C B Management Services (P) Ltd, P-22, Bondel Road, Kolkata - 700019, 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 7 July 2010 to 22 July 2010, both days inclusive.
- iii) Dividend, if approved at the Meeting, will be paid on or around 27 July 2010 by means of direct bank credit or dividend warrants or cheques,
 - a. in case of shares held in electronic form, to the beneficial owners of shares as on 6 July 2010 as per the downloads furnished to the Company by the depositories for this purpose; and,
 - b. in case of shares held in physical form, to the shareholders, whose names appear in the Register of Members, after giving effect to all the valid stock transfers lodged with the Company before the closing hours of 6 July 2010.
- iv) As per current SEBI Regulations, dividend is required to be credited through electronic means, wherever the facility is available and the requisite details/mandates have been provided by the members. Members desirous of availing of this facility may send the details of their bank account with the address and the MICR/ IFSC code of their bank to their Depository Participants (in case of shares held in dematerialized form) or to the RTA (in case of shares held in physical form) at the earliest.
- v) Members holding shares in physical form registered in the same name or in the same order of names but in several folios, may please write to the RTA so that the folios can be consolidated.
- vi) Members holding shares in physical form, who are desirous of making nomination in respect of the shares held by them in the Company, 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. A blank format of the Attendance Slip is enclosed.
- viii) Members who wish to obtain any information on the Company or the Accounts may visit Company's website <http://www.akzonobel.co.in> or 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 Plaza Tower, 10th Floor, DLF Qutab Enclave Phase I, Gurgaon - 122002.
- ix) Pursuant to the provisions of Section 205A of the Companies Act, 1956, 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. Members who have not encashed the dividend warrants so far, for the financial year ended 31st March 2003 or any subsequent financial years, are requested to send the same to the RTA for necessary action. Pursuant to the provisions of Section 205C of the Companies Act, 1956, no claim shall lie against the Company or the Fund after the transfer of the said unclaimed dividends to the Fund.

By order of the Board

Gurgaon
14 May 2010

R GUHA
Company Secretary



AkzoNobel
Tomorrow's Answers Today

Akzo Nobel India Limited

Registered Office : Geetanjali Apartment, 1st Floor, 8-B, Middleton Street, Kolkata 700071

ATTENDANCE SLIP

I/We hereby record my/our presence at the 56th ANNUAL GENERAL MEETING of the Company at Bharatiyam Complex, IB 201, Salt Lake, Kolkata - 700106 on Thursday 22 July 2010 at 2.30 P.M.

REGD. FOLIO NO. DPID Client ID	NO. OF SHARES
Name of the Member :	
Name of the Proxy :	
SIGNATURE(S) OF THE MEMBER(S)	SIGNATURE OF THE PROXY

Note : Please remember to bring this attendance slip with you duly filled in and hand it over at the entrance of the Meeting Hall.
Please also bring your copy of the Annual Report.



AkzoNobel
Tomorrow's Answers Today

Akzo Nobel India Limited

Registered Office : Geetanjali Apartment, 1st Floor, 8-B, Middleton Street, Kolkata 700 071

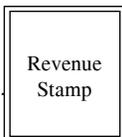
REGD. FOLIO NO : DPID NO : CLIENT ID NO :	PROXY FORM	NO. OF SHARES
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I/We
of
..... being a member of Akzo Nobel India Limited
hereby appoint of
or failing him/her of
or failing him/her of

as my/our proxy to attend and vote for me/us on my/our behalf at the 56th ANNUAL GENERAL MEETING of the Company to be held on Thursday 22 July 2010 at 2.30 P.M. and at any adjournment thereof.

AS WITNESS whereof my/our hand is/are affixed this day of2010

Signed by the said



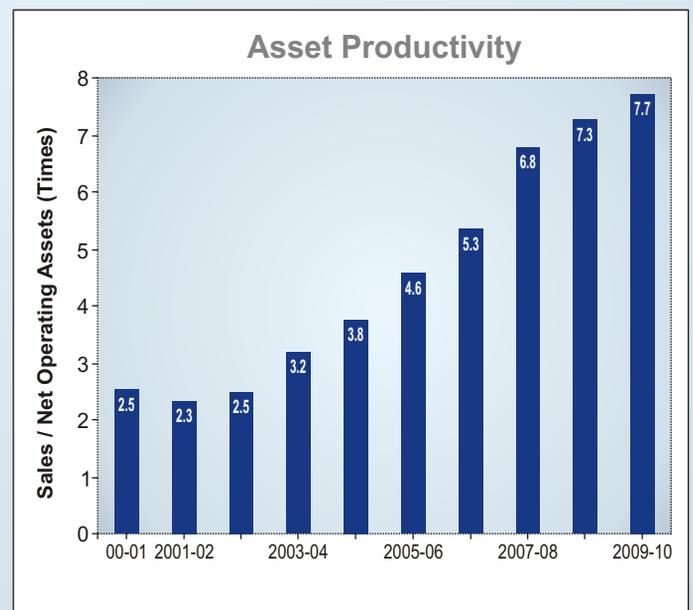
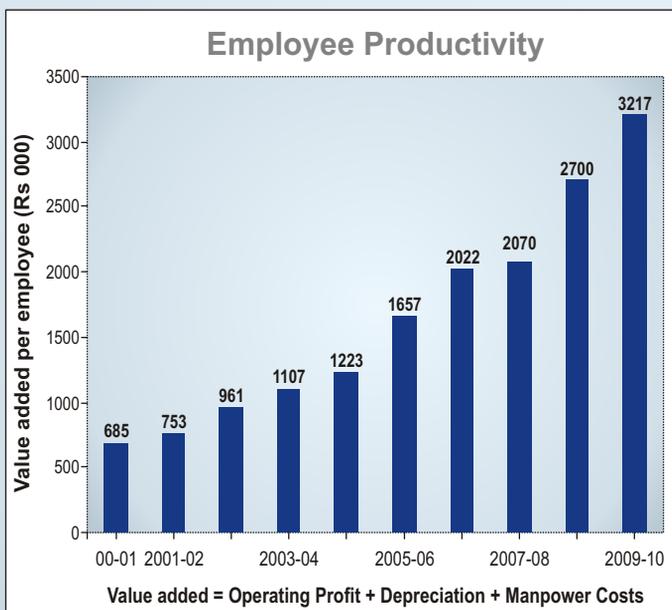
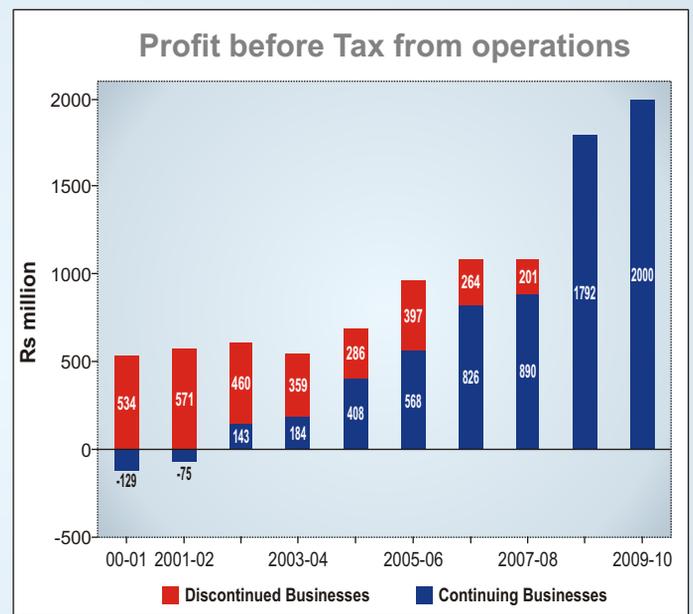
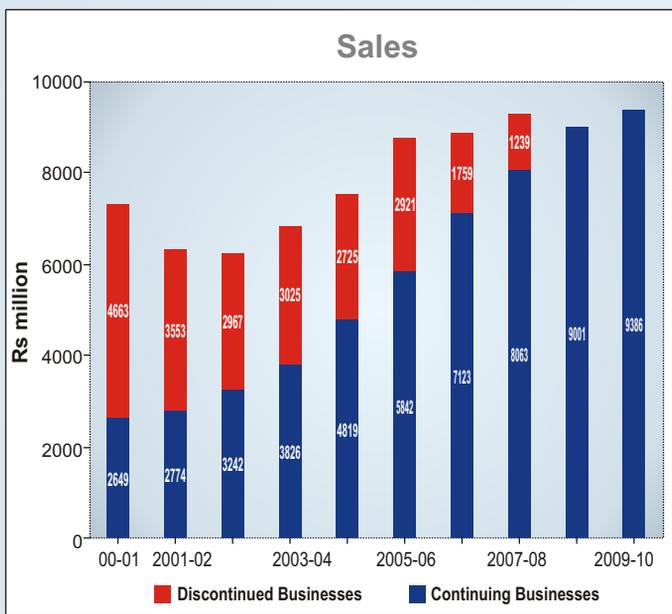
Note : Proxy Form duly completed must reach the Company's Registered Office/Company's Registrar M/s CB Management Services (P) Ltd, P-22, Bondel Road, Kolkata - 700019 not less than 48 hours before the time for holding the Meeting.

Akzo Nobel India Limited

Performance Trends: 2000-2010



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