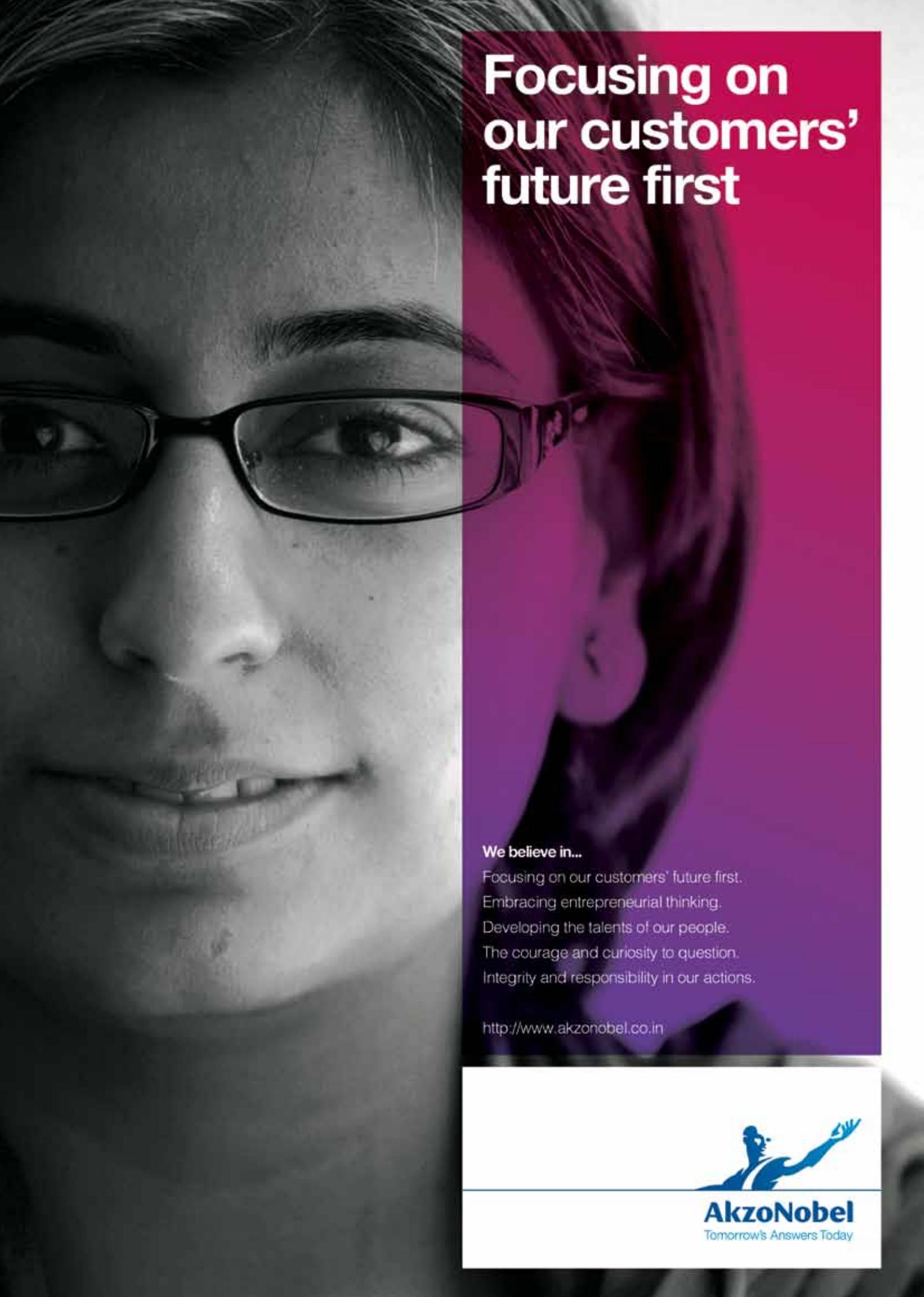


Adding Colour to People's Lives



AkzoNobel

Tomorrow's Answers Today



Focusing on our customers' future first

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.

<http://www.akzonobel.co.in>



AkzoNobel
Tomorrow's Answers Today

Akzo Nobel India Limited

Annual Report 2010-11



AkzoNobel
Tomorrow's Answers Today

Adding Colour to People's Lives

At home, at the workplace or in the public space, we, at Akzo Nobel India Limited, recognise the remarkable contribution that colour makes. Colour has the power to transform, to invigorate and to energise. Colour is the very essence of our visual surroundings.

At Akzo Nobel India Limited, it is this power of colour that drives us. Through our brands and innovative products, we add colour to people's lives in as easy, enjoyable and sustainable way as possible. For us, adding colour to people's lives is a commitment that stands on three pillars:

Leadership

Being the clear industry leader in terms of anticipating, understanding and shaping colour trends and building awareness among people, especially professionals, of the effects and benefits of using colour

Sustainability

Delivering inspiring and smart product and service innovations and solutions

Engagement

Engaging consumers in new and compelling ways and inspiring them to paint and add colour, both to their lives and to the lives of others, through community programmes and other activities

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**Save
Trees!**

To receive communication from the Company in electronic form, please send an e-mail to investor.india@akzonobel.com with 'Green Initiative' as the subject.

Message from the Managing Director

Dear Stakeholders,

As we close another financial year, the mood here at Akzo Nobel India is optimistic. The previous two years have been those of consolidation and realignment of strategy. As a consequence, in 2010-11, your company saw a definite upward trajectory for the business since we decisively invested for growth.

Thanks to the Indian industry's construction and automobile related growth, the paints market in India is undoubtedly growing rapidly, both, in the decorative as well as the automotive segments. However, on a note of concern, the paints industry in India is also in the throes of unprecedented raw material inflation. Furthermore, with many international players entering the Indian market, there is intense competition. As a company, such competitive intensity in the marketplace not only drives us to do better but also puts us in the forefront to lead market development.

We are seeing customers move from the mid-tier to luxury/premium segment and from the low to the mid-tier segment. Your company has well-accepted products in the luxury/premium and mid-tier segments and is now ready for the next level of growth where we will be fortifying the mid-market portfolio. The increasing competition and expansion of our own distribution network means that

we need to constantly strive to be top-of-mind for our consumers. You would have noticed our efforts in brand promotion for new product launches under the Dulux umbrella. Higher preference for our brands is a result of targeted promotions as well as product innovations; based on evolving consumer preferences. This is exemplified by the Economic Times-ACETECH Award given to our innovative heat-reflecting exterior paint – WeatherShield SunReflect.

To support growth, we need to expand our range and build our distribution reach. We have innovated on our product portfolio to deliver more sustainable solutions for our consumers and have expanded the number of colour solution dealers so that the consumer has a ready range of colours to make informed choices of painting homes with ease and with a focus on quality. The increasing network of our Dulux Decorator Centres is an initiative for our business partners, namely, dealers, contractors and specifiers; demonstrating to them how they can achieve superior profitability by dealing in our products.

At Akzo Nobel India, sustainability is not just a buzzword, but at the very core of our operations. Our sustainability philosophy revolves around 'Responsible Care' towards the products we manufacture, towards employees and communities and towards the planet. We work diligently to minimise the impact we have on the environment. All

our manufacturing facilities endeavour to minimise the consumption of energy and water and also reduce waste. In fact, all our factories have zero discharge of effluents.

Aside from the environmental impact, we are also extremely aware of our responsibility as corporate citizens. Whether it is the people who work for us or the communities around where we are located, we take direct onus of their development. We engage with these communities to empower them to be healthier, safer and more self-reliant. Our company's organisational development initiative, 'Ignite the Spirit' started out by touching the lives of many employees and focused on creating a collaborative culture, through experiential learning; to make our employees understand how each of them can work more productively and achieve the collective goals of Akzo Nobel India.

If 2010-11 was a year of building on our foundation, the coming years will be those of sustainable growth. Given the support and commitment we have from our employees, I have no doubt we will achieve this and much more.

Wishing you the best.

Amit Jain



Responsible care today for a better tomorrow

TOMORROW'S ANSWERS TODAY

At Akzo Nobel India Limited, our commitment towards sustainability is unequivocal and unwavering. For us, sustainability is an agenda that comes both from the heart and the mind. We have a strong sustainability platform that runs across all businesses within Akzo Nobel India. With this platform, we are focused on creating value for each of our stakeholders, including customers, employees, shareholders, and the community at large.

Let's understand some of the key areas of focus:

PRODUCTS

Clearly defined business and sustainability needs dictate the focus of our product innovation. This definitely gives us a competitive edge even as it furthers our commitment to a sustainable future. Tomorrow's Answers Today.

Our innovative products are aimed towards:

- Serving the needs of the consumers
- Bringing environment-friendly paints
- Saving consumers time and effort

Here are some of our products that demonstrate our commitment to a sustainable future:

Dulux WeatherShield SunReflect is a revolutionary product in the exterior paints category. It reflects up to two times the heat-causing (Infrared) IR rays of the sun, thereby keeping homes cooler by up to five degrees. Hence, this paint provides substantial savings in energy consumption.

Dulux Promise is an exterior paint that epitomises the Dulux quality and sustainability guarantee for the mid-tier consumer. Besides a superb finish, this paint has non-fading properties. It is the lowest VOC product in the mid-tier category.

Dulux All is a tough paint which resists interior scratches as well as covers hairline cracks. The product has near-zero VOC and very low odour, making it an ideal healthy paint for the family. This paint has a durability of 5-10 years and is endowed with anti-fungal and anti-bacterial properties.

PLANET

Green is not just a checklist on our agenda. We work towards ensuring that the activities we engage in have a minimal impact on the well-being of our planet. Tomorrow's Answers Today.

At Akzo Nobel India, our sustainability efforts are centred around conservation of water, greening of areas in and around our factory sites, controlling waste and reducing the consumption of energy.

Water conservation and reuse

Reducing consumption: Water is a precious resource and as a manufacturing company, we continuously strive to reduce our consumption of fresh water. We have strong initiatives at each of our factory sites for reducing the use of fresh water by controlling waste on one hand and recycling and reusing water on the other. While at the manufacturing sites, we have been able to bring down water consumption by 15-20%, at our Thane R&D site we have been able to bring it down by almost 40%. As per our HSES initiatives, we measure water consumption against global as well as locally set targets.

Rainwater harvesting

Factory sites: Even as we reduce water consumption, our effort towards becoming water positive compels us to take on water-saving initiatives like rainwater harvesting. At our factory sites, we have systems in place for collecting rainwater, treating it and then subsequently reusing it in greening efforts.

Community initiatives: It is just as important for us spread awareness on water conservation in the community as it is for us to do it for ourselves. In Badlapur, 60 km from Thane, our employees have engaged with the community to create rainwater harvesting facilities that will provide water for crop farming.

Greening efforts

We realise that adding to the green cover not only increases our green footprint, it also makes for pleasant surroundings. With this in mind, we plant trees and other vegetation, not just in our premises but also in the communities where we operate. And if greening efforts lead to better livelihood in the community, it just makes for a winning initiative. Our employees are encouraged to get out into the community and plant fruit-bearing trees as well as vegetables.



Waste management

Following our stringent processes, we have ensured that there is no effluent discharge from any of our manufacturing sites. Even as effluent waste from the factories is taken care of, there is also wastage of food (from canteens) and dry leaves (from gardens) that need to be cleared. To dispose of such waste, we have come up with a novel idea! Three years ago, in our Thane R&D facility, we started Vermiculture. The compost created by the Vermiculture process not just used by us in our greening efforts but we also distribute the rest out to the community, at no cost. Although we have pioneered this process at the Thane factory, we will also aim at replicating this at other factory sites.

PEOPLE

As conscientious corporate citizens, we are aware of our responsibility towards the communities where we are present. That is why we give back to the society through not just financial contributions but also participative engagement, to help build self-reliant, self-supporting communities.

Tomorrow's Answers Today.

At Akzo Nobel India, We use our expertise and strengths to help neighbouring communities develop and improve their standards of living and working.

Safety awareness and training

Safety is a deeply ingrained philosophy for us. As a company dealing in chemicals, our safety systems are extremely stringent and adherence to these is imbibed in our work ethos. Endeavouring to share this expertise, we train students in technical institutions on appropriate safety measures and safe practices of working in chemical labs. We conduct these safety trainings very regularly and have reached out to many technical institutions.

Community engagement

We strive to make a lasting positive impact on the communities where we are present, and for this, we are actively involved in supporting the community via various initiatives, such as taking up the cause of teaching less-privileged children, conducting painting workshops to provide employment to people and arranging medical check-ups and educational tours for kids.

Here are some of our community initiatives that have helped us to 'Add Colour to People's Lives':

Mahatma Gandhi Vidyalaya at Uran: We have engaged with underprivileged children and undertaken various activities. We have painted classrooms and corridors, doors and windows, helped install drinking water and sanitation facilities and lay the foundation for the new wing of the school. We have also conducted an HSES awareness session, held a free medical camp for students and teachers, donated furniture and conducted poster competitions.



Mohali: The initiative at Mohali is close to our heart. Here we have tried to help add colour to the lives of differently-abled children by making their school more colourful and creating an overall vibrant environment conducive for their hygiene, growth and overall well-being.

THE NEXT STEPS

A continuous cycle of - Engage, Measure, Improve - will go a long way in helping us take forward our sustainability initiatives. As long as we keep ourselves focused on 'responsible care', we will continue to take great strides in the direction of sustainable and healthy living.

We are fully geared to provide Tomorrow's Answers Today.



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The courage and curiosity to question.

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AkzoNobel

Tomorrow's Answers Today

Company Information

BOARD OF DIRECTORS

CHAIRMAN

Mr Nihal Kaviratne CBE (w.e.f. 1 October 2010)
Mr Aditya Narayan (upto 30 September 2010)

MANAGING DIRECTOR

Mr Amit Jain

DIRECTORS

Mr Partha Sarathi Basu – Wholetime Director
(w.e.f. 1 November 2010)
Mr Graeme Armstrong (w.e.f. 1 April 2011)
Ms Sucheta Govil (w.e.f. 1 April 2011)
(Alternate Director to Mr G Armstrong)
Mr R Gopalakrishnan
Ms Renu Sud Karnad
Dr Sanjiv Misra
Mr Arvind Uppal (w.e.f. 1 April 2011)

COMPANY SECRETARY

Mr R Guha

REGISTERED OFFICE

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

CORPORATE OFFICE

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

WEBSITE

www.akzonobel.co.in

KEY BOARD COMMITTEES

Audit Committee

Ms R S Karnad (Chairperson)
Mr R Gopalakrishnan
Dr S Misra
Mr G Armstrong/Ms S Govil
Mr A Uppal

Remuneration and Nominations Committee

Mr R Gopalakrishnan (Chairman)
Mr N Kaviratne CBE
Ms R S Karnad
Dr S Misra
Mr G Armstrong/Ms S Govil
Mr A Uppal

Shareholder/Investor Grievance Committee

Dr S Misra (Chairman)
Mr A Jain
Mr P S Basu

AUDITORS

B S R & Associates

BANKERS

Citibank NA
Deutsche Bank AG
Hongkong & Shanghai Banking Corpn.
Standard Chartered Bank
State Bank of India

REGISTRAR AND TRANSFER AGENT

C B Management Services (P) Ltd
P-22, Bondel Road
Kolkata 700 019
Tel : 033-22806692-94 / 40116700
Fax : 033-22870263
Email : rta@cbmsl.com

Directors' Report

Your Directors present with pleasure their report for the year ended 31 March 2011.

BUSINESS ENVIRONMENT

Year on year, India's GDP growth remained strong, spreading positive energy across the business environment. Estimates for the fiscal year 2010-11 suggest a GDP growth of about 8.5% (previous year 8%). There is every reason to believe that the growth in FY 2011-12 will be sustained at around 8%, assuming a normal monsoon and effective control on inflation. The credit policy announcements by the RBI indicate that inflation continues to be a cause of worry.

Inclusive growth and infrastructure development were clearly the priorities of the Union Budget for 2011-12, with significant increase in allocation and a string of incentives for fresh investment in these sectors. On the taxation front, your Company stands to gain from the drop in corporate surcharge. Operating costs could, however, increase with the new levies in indirect taxes, restrictions on availing CENVAT set off and other similar measures.

The new IFRS converged accounting standards have been notified by the Government. While your Company is gearing itself to adopt these standards, more details about the timetable for their adoption are awaited.

FINANCE AND ACCOUNTS

Total income for the year at Rs 11,955 m grew 15% while profit before tax at Rs 2,199 m, grew by 10% over the previous year. Profit for the year is not comparable with the previous year because of exceptional item in the current year. Keeping in view your Company's performance and other relevant factors, the Board has recommended a dividend of Rs 18.00 per share for the year 2010-11 (previous year Rs 16.00), which will be paid after the approval of the members at the forthcoming Annual General Meeting.

Performance highlights

	(Rs million)	
	2010-11	2009-10
Total Income	11,955	10,433
Operating Profit	2,077	2,198
Depreciation	(217)	(212)
Interest income (net)	226	14
Profit before tax from operations	2,086	2,000
Exceptional item	113	–
Profit before tax	2,199	2,000
Tax	(433)	(407)
Profit after tax for the year	1,766	1,593
Balance in Profit & Loss Account brought forward from previous year	6,071	5,924
Total available for appropriation	7,837	7,517
Appropriations		
Transfer to General Reserve	(790)	(760)
Proposed Dividend (net)	(663)	(588)
Tax on Dividend	(108)	(98)
Balance carried to Balance Sheet	6,276	6,071

No public deposits were accepted by your Company during the year. Unclaimed dividends amounting to Rs 4 m pertaining to financial year 2002-03 were remitted into the Investor Education and Protection Fund of the Central Government as required under section 205C of the Companies Act, 1956.

MANAGEMENT DISCUSSION & ANALYSIS

Paints

Your Company's Paints segment consists of the Decorative and Automotive businesses. Continued innovations in product development and strong marketing efforts contributed to a revenue growth of 16%. Segment profit for the year grew by 1.3%, as your Company invested in building and strengthening the brand as well as in enhancing the capability of human resources, after absorbing input cost inflation.

Dulux Promise, a new product for the Exterior mid-tier category, was launched in December 2010. With its 'Colour Guard' technology, the product offers a wide range of colours and longevity. The business also re-launched two of its products during the year after renovating them for quality and ease of application. In addition, an international product 'Dulux All' was also introduced to the Indian market.

Colour Solution machines continue to play a vital role in driving revenue growth. To ensure high utilisation of these machines, your Company has pledged to improve service levels and deliver quicker complaint resolution in the market place.

In order to stay close to the customer and enhance service levels, judicious investments in strengthening warehousing facilities and adding new depots have been implemented. Special care is being taken to transport the Company's products in a safe and cost-efficient manner.

Further, your Company has invested in enhancing its production capacity at the Hyderabad Plant for waterborne paints. The Tinter manufacturing facilities have been debottlenecked at the Mohali and Thane Plants.

The Automotive business introduced an international brand 'Dynacoat' from the AkzoNobel stable in the Indian market during the year. This launch showcases the technical expertise and international lineage of AkzoNobel, even as it demonstrates your Company's commitment to quality.

Taken together, all the above developments reinforced the image of your Company as the leaders in innovation.

The growth momentum of industrial activity is likely to continue in FY 2011-12 supported by the increased thrust of the Government on infrastructure. Rising input prices, however, continue to raise concerns on profitability. Your Company has been monitoring the global trends in the availability and price movements of all key inputs and has been striving to safeguard its supply lines for critical materials at the lowest possible cost. Cost reduction and value enhancement projects were also pursued to counter inflation/supply security.

Notwithstanding the constraints, your Company stays focused on growing ahead of the market, with particular emphasis on surprising and delighting its consumers and empowering its people.

Others

National Starch (Specialty Starches) business was divested during the year; the profit from this divestment has been reported as an exceptional item in the Accounts for the year 2010-11.

Surface Chemistry business registered a marginal drop in sales over the previous year mainly due to intense competition.

SUSTAINABILITY/ RESPONSIBLE CARE

Health, Safety, Environment & Security

Your Company continued to drive its sustainability objectives by taking on challenging targets for managing energy, water and waste. The Hyderabad and Thane facilities reduced their energy consumption per ton of paint produced by 5%. Water consumption in the plants has also decreased by 15% from 2010 levels. A task force has been set up to find ways and means of containing SLOB generation and ensure their appropriate disposal at depots. Together, the factories registered 18% reduction in waste generation.

Corporate Social Responsibility ('CSR')

Leaving a positive impact on the neighbouring communities is high on the priorities of your Company. During the year under review, your Company encouraged a number of CSR initiatives in such communities in partnership with NGOs for improving awareness levels among children towards health, safety and environment. Continuing its drive to add colour to people's lives, your Company implemented a hygiene improvement programme for a local school of under-privileged children in Navi Mumbai and created colourful environment in their classrooms. Your Company also worked with an NGO, that focuses on people below poverty line, to set up rain-water harvesting facilities and colourful community centres in villages.

Visits were taken up to critical vendors to support them with suitable inputs on safety and sustainability.

CONSERVATION OF ENERGY, RESEARCH, DEVELOPMENT & INNOVATION

Your Company continues to use its research and development base to bring new products with improved performance features to the consumers 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

SAP has stabilised at all sites. Implementation of the advanced modules of SAP, e.g. the Advanced Planning Optimisation for demand and distribution planning, Project Systems to manage projects end-to-end and the automation of Accounts Payable are in progress.

A robust Distributor Automation System that manages the transfer and supply of all items in the distribution chain from the manufacturer to the retailer, is being rolled out to Re-distribution Stockists. This application, once fully rolled out, will be interfaced with back-end SAP for automatic replenishment of stocks to Distributors and will provide data to track and monitor secondary sales.

HUMAN RESOURCES

Your Company ensured cordial relations with employees across all locations during the year. The total number of employees on the rolls of the Company as at 31 March 2011 was 1027.

Information as per Section 217(2A) of the Companies Act, 1956, to be 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

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

DIRECTORS

Mr N Kaviratne CBE took over as Chairman of the Company with effect from 1 October 2010, on the retirement of Mr Aditya Narayan from the Board.

Mr N Kaviratne CBE and Ms R S Karnad, Directors, will be retiring by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment.

Mr P S Basu joined the Board as a Wholetime Director and CFO with effect from 1 November 2010. His appointment and remuneration are subject to approval by the members at the forthcoming Annual General Meeting.

Mr G Armstrong and Mr A Uppal were appointed as Additional Directors with effect from 1 April 2011 and will hold office up to the date of the forthcoming Annual General Meeting. Their continued appointment to the Board is being placed for your approval. Your Board has also appointed Ms Sucheta Govil as the Alternate Director to Mr G Armstrong.

The Board wishes to place on record its deep appreciation of the contribution of Mr. Aditya Narayan during his tenure as Chairman 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 judgments 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 2011; 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 your Company's objectives and expectations expressed in good faith, may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ materially from those, in the event of changes in the assumptions/market conditions.

ACKNOWLEDGEMENT

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

On behalf of the Board

Gurgaon
11 May 2011

N Kaviratne CBE
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

		2010-11	2009-10
1. Power & fuel consumption			
(a) Electricity			
(i) Purchased			
Unit	Mwh	11,315	9,913
Total cost	Rs m	60	49
Rate	Rs / Kwh	5.31	4.95
(ii) Own Generation*			
Units	Mwh	215	389
Units / Kl of HSD	Kwh	2,489	3,263
Cost / unit Rs /	Kwh	15.90	11.37
(b) Fuel Oil			
Quantity	Kl	1,239	1,490
Total cost	Rs m	43	45
Average rate	Rs / Kl	34,520	30,280
2. Consumption per unit of production			
Electricity**			
Paints	(Kwh/Kl)	89	99
Catalysts	(Kwh/Te)	1,694	1,186
Fuel Oil			
Catalysts	(Kl/Te)	0.45	0.46

* Due to low rates of generation through the DG set, efficiency was low.

** Paints: Significant improvement in electricity consumption has been achieved mainly due to higher throughput and operational efficiencies.
Catalysts: There was a shutdown for about 3 months in one of the units due to which production volumes were affected resulting in the fixed loads for the common drives being shared by a smaller production volume. Besides, use of electrical energy by the in-house projects has also contributed to higher electricity consumption.

B) ABSORPTION OF TECHNOLOGY

1. Research & Development (R&D)

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

Your 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 which are safe to the consumers and environment.
- to actively participate in bringing 'greener product technology' and introducing coating application technology to reduce the hassles of painting.

(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 and better material usage efficiency.

(c) **Future plan of action**

R&D efforts of your 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 driving down the carbon footprint of our products through smart design.

(d) **Expenditure on R&D**

	(Rs million)	
	2010-11	2009-10
(i) Capital	5	7
(ii) Recurring	44	40
(iii) Total	49	47
(iv) Total R&D expenditure as a percentage of turnover	0.5%	0.5%

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.**

Nil.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Total Foreign Exchange earned and used*

	(Rs million)	
	2010-11	2009-10
Earned	35	5
Used	1,198	882

* excludes outgo on account of Dividend

Use of foreign exchange by your Company is much higher than its earnings in foreign exchange mainly on account of import of raw materials and services which are not available in the local market in required volumes and / or at competitive prices. Hence, it is expected that your Company will continue to be a net Foreign Exchange user in the near term.

2. Future Plans

Use innovation and R&D strengths to reduce costs through process improvements, import substitution and improving material usage efficiency.

Annexure II

Report on Corporate Governance

1. Company's Philosophy on 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 applicable provisions of the Companies Act, 1956 and the Listing Agreement. The composition of the Board and details of directorship/committee membership 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 ³	Non Executive Chairman	4	–	4
Mr N Kaviratne CBE ⁴	Non Executive Chairman	3	5	2
Mr A Jain	Managing Director	2	2	1
Mr P S Basu ⁵	Wholetime Director	1	2	1
Mr G Armstrong ⁶	Non Executive	1	1	1
Ms S Govil ⁶	Alternate Director to Mr G Armstrong	1	-	1
Mr R Gopalakrishnan	Non Executive, Independent	8	6	4
Ms R S Karnad	Non Executive, Independent	13	7	5
Dr S Misra	Non Executive, Independent	2	–	2
Mr A Uppal ⁶	Non Executive, Independent	2	3	1

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

² Specified Committees - Audit, Shareholder/Investor Grievance

³ Retired w.e.f. 1 October 2010

⁴ Tookover as Chairman w.e.f. 1 October 2010

⁵ Appointed w.e.f. 1 November 2010

⁶ Appointed w.e.f. 1 April 2011

Meetings & Attendance

Given below is the consolidated list of meetings of the Board and key Committees held during April 2010 to March 2011 and attendance details of Directors:

Name of the meeting	Dates on which meetings were held
Annual General Meeting (AGM)	22 July 2010
Board	14 May, 22 July, 21 October, 2010 and 21 January 2011
Audit Committee	14 May, 22 July, 21 October, 2010 and 21 January 2011
Shareholder/Investor Grievance Committee (SHIGC)	11 January 2011
Remuneration & Nominations (R&N) Committee	14 May 2010, 21 January 2011

Attendance details at meetings during April 2010 to March 2011

	AGM	Board	Audit	SHIGC	R&N
No. of meetings held	1	4	4	1	2
Mr N Kaviratne CBE ¹	1	3	3	NA	1
Mr A Narayan	1	2	NA	NA	NA
Mr A Jain	1	4	NA	1	NA
Mr P S Basu	NA	1	NA	1	NA
Mr R Gopalakrishnan	1	4	4	NA	2
Ms R S Karnad	1	3	4	NA	2
Dr S Misra	1	4	3	1	2

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

¹ Mr N Kaviratne CBE ceased to be a member of Audit Committee w.e.f. 1 November 2010

All relevant 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 Articles of the Association of the Company and Section 260 of the Companies Act 1956, as applicable:

- Mr N Kaviratne CBE and Ms R S Karnad** will retire by rotation in the forthcoming Annual General Meeting and are eligible for re-appointment.
- Mr P S Basu's** appointment as a Wholetime Director with effect from 1 Nov 2010 and his remuneration are subject to the approval of the members at the forthcoming Annual General Meeting.
- Mr G Armstrong** who was appointed as Additional Director with effect from 1 April 2011 will hold office up to the forthcoming Annual General Meeting. A notice has been received from a shareholder in terms of Section 257 of the Companies Act, 1956 proposing Mr Armstrong's appointment as a Director of the Company at the forthcoming Annual General Meeting.
- Mr A Uppal** who was appointed as Additional Director with effect from 1 April 2011 will hold office up to forthcoming Annual General Meeting. A notice has been received from a shareholder in terms of Section 257 of the Companies Act, 1956 proposing Mr Uppal's appointment as a Director of the Company at the forthcoming Annual General Meeting.

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

i. Mr N Kaviratne CBE

Mr Nihal Kaviratne CBE joined the Board of the Company on 30 March 2009 and took over as the Chairman with effect from 1 October 2010.

Born in 1944, Mr Kaviratne holds an Honours degree in Economics from Mumbai University. His global career with Unilever spanned 40 years. He joined them in India as a Management Trainee in 1966 and held a series of senior roles including Head of Marketing Research and Economics, and General Manager of Export Division. In 1984 he moved as Managing Director of the Detergents Division in Indonesia, and later became Regional Leader for Latin America and South Asia at Corporate Headquarters in London, Managing Director in Argentina and Chairman in Indonesia. He was appointed Senior Vice President – Development and Environmental Affairs, Unilever Asia, based in Singapore and Chairman of Unilever’s Home and Oral Care businesses in Asia.

He was awarded the CBE for services to UK business interests and for sustainable development in Indonesia.

Mr Kaviratne is a Founding Member of the Executive of APABIS (Asia Pacific Academy of Business in Society), Founder of St. Jude India Child Care Centres and Vice Chairman of the Indian Cancer Society.

Apart from Akzo Nobel India Limited, Mr Kaviratne CBE is on the boards of the following companies/institutions:

- GlaxoSmithKline Pharmaceuticals Limited
- DBS Group Holdings Limited
- DBS Bank Limited
- PT TVS Motor Company, Indonesia
- StarHub Limited, Singapore
- Singapore Airport Terminal Services Limited
- TVS Motor Company (Europe) BV, The Netherlands
- Wildlife Reserves, Singapore

ii. Ms R S Karnad

Ms R S Karnad is a Non Executive Director of the Company since August 2003.

Born in September 1952, Ms Karnad is a Law Graduate from the University of Mumbai and a Post Graduate in Economics from the Delhi School of Economics, University of Delhi. She is a Director on the Board of various companies and also holds the Pravin Fellowship from Woodrow Wilson School of International Affairs, Princeton, USA.

Ms Karnad is currently the Managing Director of Housing Development Finance Corporation Ltd, which she joined in 1978. She is also a Member of the BTS Investment Advisory Committee advising the Swiss Tech Fund, set up by the Government of Switzerland.

Apart from Akzo Nobel India Limited, Ms Karnad is on the boards of the following companies:

- Bosch Limited
- Credit Information Bureau (India) Limited
- GRUH Finance Limited
- Housing Development Finance Corporation Limited
- HDFC Asset Management Company Limited
- HDFC Bank Limited
- HDFC ERGO General Insurance Company Limited
- HDFC Property Ventures Limited
- HDFC Venture Capital Limited
- HDFC Life Insurance Company Limited
- Indraprastha Medical Corporation Limited
- Sparsh BPO Services Limited

- HDFC Sales Private Limited
- HDFC PLC, Maldives
- Feedback Ventures Private Limited
- G4S Corporate Services (India) Private Limited
- Transunion LLC – Chicago
- Value and Budget Housing Corpn (I) Private Limited
- Credila Financial Services Private Limited

iii. **Mr P S Basu**

Mr P S Basu joined the Board of the Company as a Wholetime Director with effect from 1 November 2010.

Born in 1966, Mr Basu has completed ICWA, DBF and the Business Leaders Program from IIM Calcutta, after graduating from St Xavier's College, Kolkata. During the last 21 years, Mr Basu has worked in leading corporate houses in India. Apart from Finance Mr Basu had also held leadership positions in Supply Chain, Marketing & Sales.

Apart from Akzo Nobel India Limited, Mr Basu is on the boards of the following companies:

- Akzo Nobel Paints Lanka Pvt Ltd
- Akzo Nobel Car Refinishes India Pvt Ltd

iv. **Mr G Armstrong**

Mr G Armstrong has joined the Board of the Company as a Non-Executive Director with effect from 01 April 2011. Mr Armstrong is currently the Head of Research, Development & Innovation, AkzoNobel Group and is a member of the Executive Committee. He joined AkzoNobel in 2008 through the acquisition of ICI where he lead the Company's Research, Development & Innovation function. Prior to joining ICI, Mr Armstrong spent 19 years in the detergents industry with Unilever and JohnsonDiversey in technology and marketing roles in Europe, Asia and the United States. He also served as Regional President for JohnsonDiversey in EMEA.

He is a graduate from the University of Newcastle where he received his BSc in Chemistry and PhD in Inorganic Chemistry. He is a Chartered Chemist and a Fellow of the Royal Society of Chemistry and a member of their Science Policy Board. He is Chairman of Chemistry Innovation PLC, and former non-executive director of the UK Government Technology Strategy Board.

Apart from Akzo Nobel India Limited, Mr. Armstrong is the Chairman of ICI India Research & Technology Centre.

v. **Mr A Uppal**

Mr A Uppal has joined the Board of the Company as a Non-Executive Director with effect from 01 April 2011.

Born in June 1962, Mr. Uppal is a Chemical Engineer from the Indian Institute of Technology, New Delhi and a Masters in Business Administration from the Faculty of Management Studies, New Delhi. He has also attended a Program for Executive Development at I.M.D., Lausanne, Switzerland.

Mr Uppal is currently President, Whirlpool Asia Pacific and CMD Whirlpool India, which he joined in 2005 as the Managing Director when the company was incurring heavy losses. He is credited with the dramatic turnaround of the Whirlpool India business. Prior to joining Whirlpool, Mr. Uppal has worked with Nestle for over 18 years having joined that company as a management trainee in 1987 in India. After having spent the first 10 years in Sales and Marketing in India, Mr. Uppal moved to the Nestle Head Quarters in Switzerland. He has had extensive international experience in countries like China and Vietnam and held positions of increasing responsibilities in Operations and General Management before returning to India to join Whirlpool of India as Managing Director.

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

- Whirlpool of India Limited
- Tuscan Ventures Private Limited
- Maytag (Australia) Pty Limited
- Whirlpool (Australia) Pty Limited

3. Audit Committee

The Audit Committee comprises of only Non Executive Directors (NEDs) and is chaired by Ms R S Karnad. The Managing Director, Wholetime Director and CFO, 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 Executive Directors and make appropriate recommendations as to their remuneration, within the limits approved by the shareholders.

The R&N Committee comprises of only NEDs and is chaired by Mr R Gopalakrishnan. 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 G Armstrong, are paid sitting fees 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 Directors' remuneration during the year 2010-11 are given below:

(Rs million)

	Total Remuneration	Fixed component	Performance linked payments
	a	b	c
	(a = b + c)	Salary, Allowances & Perquisites	Performance Pay
Managing/Wholetime Director			
Mr A Jain	38.09	24.38	13.71
Mr P S Basu	7.32	3.67	3.65
Total	45.41	28.05	17.36
Non-Executive Directors			
		Sitting Fees	Commission
Mr N Kaviratne CBE	0.59	0.09	0.50
Mr A Narayan	0.27	0.02	0.25
Mr R Gopalakrishnan	0.65	0.15	0.50
Ms R S Karnad	0.63	0.13	0.50
Dr S Misra	0.61	0.15	0.46
Total	2.75	0.54	2.21

Notes:

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

5. Shareholders/Investors Grievance Committee

The SHIGC of the Company is headed by Dr S Misra, 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 1 complaint from its investors during 2010-11, which has been resolved. There was no complaint pending as on 31 March 2011. Routine queries/service requests received from the shareholders are addressed within seven days of receipt. All share transfer requests received during the year were serviced within the normal service time.

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

6. General Body Meetings

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

Date of AGM	Time	Place
22 July 2010	2.30 pm	Bharatiyam Complex, IB 201, Salt Lake, Kolkata - 700106
16 July 2009	2.00 pm	- do -
17 July 2008	2.00 pm	- do -

- ii. One special resolution was passed in AGM during the past three years - for payment of Commission to NEDs at the AGM held on 17 July 2008.
- iii. One special resolution was passed during 2008-09 through postal ballot for buyback of its own shares by the Company.
- iv. 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

- i. There were no materially significant related party transactions entered into by the Company with its Promoters, Directors or the Management, their subsidiaries or relatives etc that may have potential conflict with the interests of the Company at large. The Directors periodically disclose their interest in different companies, which are noted by the Board. The Register of Contracts containing the transactions with companies in which Directors are interested is placed before the Board periodically.
- ii. None of the NEDs had any materially significant pecuniary relationship or transaction vis-à-vis the Company, which may have a potential conflict with the interests of the Company at large. M/s G Armstrong/S Govil are entitled to remuneration and other benefits for their role and responsibilities in the AkzoNobel Group.
- iii. All Directors have confirmed that they do not hold any shares in the Company.

- iv. Disclosures, as required under the relevant Accounting Standards, have been incorporated in the Accounts.
- v. A declaration by the Managing Director on the adoption, dissemination and compliance of the Company's Code of Conduct is attached to this report.
- 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.
- 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.

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 Annual Report, 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 analysts	Normally no such presentations are made.

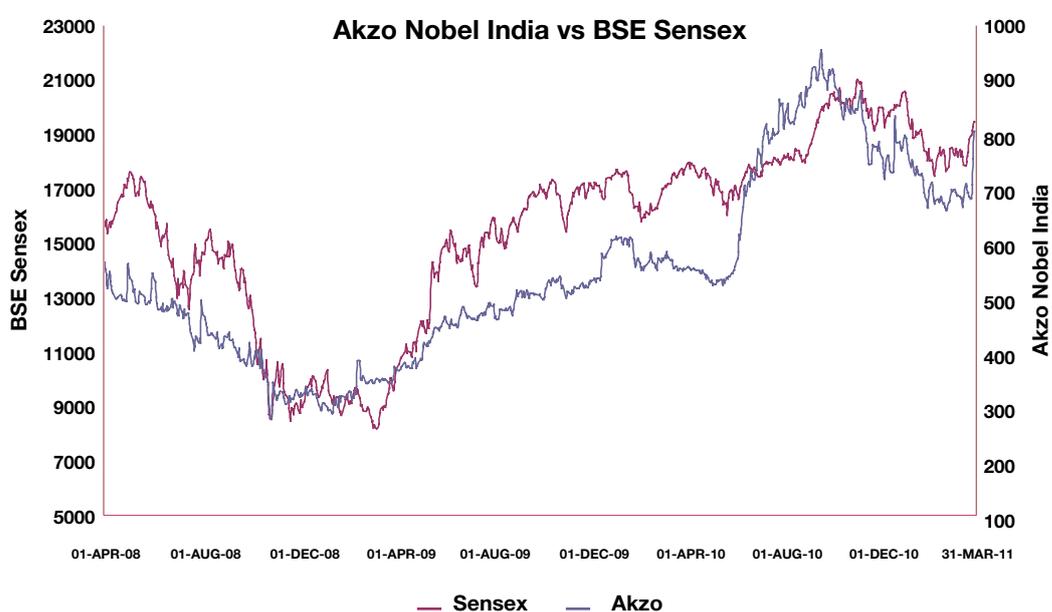
9. General Shareholder Information

Subject	Details
i. AGM date, time and venue	22 July 2011 at 1430 hours at Kala Mandir, 48, Shakespeare Sarani, Kolkata 700 017
ii. Financial year	April to March
iii. Date of Book Closure	12 July 2011 to 22 July 2011 (both days inclusive)
iv. Dividend payment date(s)	On or around 27 July 2011 (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 2010 to 31 March 2011 have been paid to BSE and NSE.
vi. Stock Code	BSE : 500710 NSE : AKZOINDIA EQ CSE : 10000015 ISIN : INE133A01011

vii. Market price data and stock performance during 2010-11

Month	High (Rs/share)	Low (Rs/share)	Volume (000's) BSE + NSE
Apr - 2010	645	580	124
May - 2010	679	565	715
Jun - 2010	772	591	1,165
Jul - 2010	958	751	920
Aug - 2010	937	727	835
Sep - 2010	970	833	1,611
Oct - 2010	946	840	493
Nov - 2010	915	755	593
Dec - 2010	874	730	259
Jan - 2011	837	706	191
Feb - 2011	770	680	325
Mar - 2011	848	690	469
Total			7,700

viii. Stock performance in comparison to BSE Sensex from April 2008 to March 2011



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 2011

Range (No. of shares)	No. of shareholders	No. of shares (000's)	% to total issued capital
1-50	26,825	524	1.4
51-500	13,973	2,007	5.5
501-5,000	1,239	1,343	3.6
5,001-50,000	56	851	2.3
50,001-1,000,000	21	6283	17.1
1,000,001 & above	5	25826	70.1
TOTAL	42,118	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 2011, 91% of the Company's equity shares (other than shares held by ICI UK) have been dematerialized (No. of Demat accounts: 19,326). 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 700 019
- OR
2. The Company Secretary
Akzo Nobel India Ltd,
DLF Cyber Terraces
Building No 5, Tower A, 20th Floor
Cyber City, DLF Phase - III
Gurgaon 122 002

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 2011
i. a) Non Executive Chairman's office and expenses	The non Executive Chairman is reimbursed the cost of maintaining his office at Mumbai. In addition, 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 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 been an Independent Director of the Company for over 9 years and continues to serve in that capacity.

- | | | |
|------|--|---|
| 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 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 as a token of recognition of their contribution, with the approval of the Board. |
| vii. | Whistle Blower Policy | Refer para 7(vii) above |

11. 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
11 May 2011

N Kaviratne CBE
Chairman

DECLARATION BY THE CEO

This is to certify that:

1. In pursuance of the provisions of Clause 49(l)(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 31 March 2011.

Gurgaon
11 May 2011

A 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 2011, 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 above mentioned 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

Place: Gurgaon
Date: 11 May 2011

Kaushal Kishore
Partner
Membership No. 090075



Integrity and responsibility in our actions

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.

<http://www.akzonobel.co.in>



AkzoNobel

Tomorrow's Answers Today

Auditors' Report to the Members of 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 2011 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 2011 and taken on record by the Board of directors, we report that none of the directors is disqualified as on 31 March 2011 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 2011;
 - (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

Place: Gurgaon
Date: 11 May 2011

Kaushal Kishore
Partner
Membership No: 090075

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 2011

- (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, which have been properly dealt with in the books of account.
- (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 2011 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) (a) According to the information and explanations given to us, the Company has granted loan to a company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was Rs.190 million and the year-end balance of such loan was Rs. 110 million.
- (b) In our opinion, the rate of interest and other terms and conditions on which loan has been granted to the company listed in the register maintained under section 301 of the Companies Act, 1956 is not, prima facie, prejudicial to the interest of the Company.
- (c) In the case of loan granted to the company listed in the register maintained under section 301, the borrower has been regular in repaying the principal amounts as stipulated and in the payment of interest.
- (d) There is no overdue amount of more than Rupees one lakh in respect of loan granted to the company listed in the register maintained under section 301.
- (e) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (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. 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 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 2011 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:

(Rs million)

Name of the Statute	Nature of the dues	Amount involved **	Amount paid under protest	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	1,437	1,435	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	84	-	1991-92 to 2005-06	Customs, Excise and Appellate Tribunal
		7	-	2004-05 and 2005-06	Commissioner Appeals Central Excise and Customs
Central Sales Tax Act, 1956	Sales tax	198	14	1982-83 to 1999-00, 2002-03 to 2005-06, 2007-08	Sales Tax Officer/ Sales Tax Revision Board / Deputy Commissioner/ Deputy Commissioner Appeal/ Appellate Tribunal
Uttar Pradesh Trade Tax Act, 1948	Sales tax	37	-	1976-77, 1979-80, 1980-81, 1986-87 to 1989-90, 1992-93, 2000-01, 2003-04 to 2005-06, 2007-08	Sales Tax Officer/ Sales Tax Revision Board / Deputy Commissioner/ Deputy Commissioner Appeal/ Additional Commissioner/ Appellate Tribunal/ High Court
West Bengal Sales Tax Act, 1994	Sales tax	17	-	1995-96, 2004-05	
Delhi Sales Tax Act, 1975	Sales tax	8	-	1983-84, 1985-86 to 1987-88, 1989-90, 2002-03 to 2004-05	
The Kerala General Sales Tax Act, 1963	Sales tax	2	-	2005-06, 2006-07, 2008-09	
Rajasthan Sales Tax Act, 1994	Sales tax	2	-	1998-99	
Bihar Sales Tax Act, 1959	Sales tax	34	5	1992-93 to 1999-00, 2004-05, 2006-07	
The Madhya Pradesh General Sales Tax Act, 1958	Sales tax	38	7	2003-04 to 2007-08	
Orissa Sales Tax Act, 1947	Sales tax	17	17	1995-96 to 1999-00	
Bombay Sales Tax Act, 1959	Sales tax	35	-	2004-05	

* Including disputed dues aggregating Rs. 36 million in respect of sales tax disputes, 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

Place: Gurgaon
Date: 11 May 2011

Kaushal Kishore
Partner
Membership No: 090075

Balance Sheet

		As at 31 March 2011		As at 31 March 2010	
	Schedule	(Rs million)		(Rs million)	
I) SOURCES OF FUNDS:					
1 Shareholders' funds					
a) Share capital	1	368		368	
b) Reserves and surplus	2	10,548	10,916	9,553	9,921
2 Deferred tax liability (net)	18 (13)		41		21
Total			10,957		9,942
II) APPLICATION OF FUNDS:					
1 Fixed assets					
a) Gross block	3	3,749		3,495	
b) Less : Accumulated depreciation		2,330		2,114	
c) Net block		1,419		1,381	
d) Capital work-in-progress		145	1,564	23	1,404
2 Investments	4		9,850		9,602
3 Current assets, loans and advances					
a) Inventories	5	1,532		972	
b) Sundry debtors	6	701		808	
c) Cash and bank balances	7	303		143	
d) Loans and advances	8	1,449		801	
		3,985		2,724	
4 Less: Current liabilities and provisions					
a) Current liabilities	9	2,745		2,236	
b) Provisions	10	1,697		1,552	
		4,442		3,788	
Net current assets / (liabilities)			(457)		(1,064)
Total			10,957		9,942

Significant accounting policies 17

Notes to the accounts 18

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

N Kaviratne CBE
Chairman

A Jain
Managing Director

Gurgaon
11 May 2011

P S Basu
Wholetime Director

R Guha
Company Secretary

Profit & Loss Account

		For the year ended 31 March 2011	For the year ended 31 March 2010
	Schedule	(Rs million)	(Rs million)
Income			
Gross sales	11	11,921	10,109
Less: Excise duty		1,045	723
Net sales		10,876	9,386
Other income	12	1,079	1,047
Total income		11,955	10,433
Expenditure			
Materials consumed, etc.	13	5,775	4,826
Other expenditure	14	3,862	3,384
Depreciation (net)		217	212
Interest	15	15	11
		9,869	8,433
Profit before taxation and exceptional items			
		2,086	2,000
Exceptional item	16	113	-
Profit before taxation			
		2,199	2,000
Provision for taxation :			
- Current tax		471	444
- Excess provision written back		(58)	-
- Deferred tax charge/ (credit)		20	(37)
Profit after taxation			
		1,766	1,593
Balance brought forward		6,071	5,924
Balance available for appropriation			
		7,837	7,517
Appropriations			
General reserve		790	760
Proposed dividend		663	589
Tax on proposed dividend		108	98
Provision for dividend no longer required written back		-	(1)
		1,561	1,446
Balance carried to the Balance Sheet			
		6,276	6,071
Basic and diluted earnings per equity share (in Rs)	18 (11)	47.94	42.59

Significant accounting policies 17

Notes to the accounts 18

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

N Kaviratne CBE

Chairman

A Jain

Managing Director

Gurgaon

11 May 2011

P S Basu

Wholetime Director

R Guha

Company Secretary

Cash Flow Statement

	For the year ended 31 March 2011	For the year ended 31 March 2010	
	(Rs million)	(Rs million)	
(A) Cash flow from operating activities			
Profit before taxation and exceptional items	2,086		2,000
Adjusted for :			
Depreciation	217		212
Loss on write-off of fixed assets	-		2
Provisions/liabilities no longer required written back	(5)		(14)
Other provisions made during the year	98		101
Bad debts and advances written off	16		13
Provision for doubtful debts and advances (net)	(60)		40
Income from non trade investments (current)	(22)		(86)
Income from non trade investments (long term)	(10)		(1)
Profit on sale of equity shares (long term, current)	(56)		-
Profit on maturity/redemption of non-trade investments	(539)		(823)
Other receipts	(6)		-
Interest income on Income tax refunds	(222)		-
Interest income from banks and others	(19)		(25)
Interest expense	15	(593)	11 (570)
Operating profit before working capital changes	1,493		1,430
Changes in :			
Trade and other receivables	(368)		(89)
Inventories	(571)		36
Trade payables and other creditors	502	(437)	213 160
Cash generated from operations	1,056		1,590
Income tax paid	(458)		(456)
Exceptional item :			
Voluntary retirement scheme payments	(13)		(26)
Net cash flow from operating activities (A)	585		1,108
(B) Cash flow from investing activities			
Purchase of fixed assets	(379)		(271)
Inter corporate deposit	80		90
Sale of businesses [#]	189		-
Payments relating to divested businesses	(5)		(7)
Investments in current non trade investments (mutual fund schemes)*	(7,000)		-
Investment in long term non-trade investments (bonds) *	(400)		-
Investment in Liquid Mutual Fund schemes *	(8,545)		-
Redemption of investments in Liquid Mutual Fund schemes *	8,567		-
Redemption of current non trade investments (mutual fund schemes)*	7,689		-
Sale of equity shares (long term, non-trade)	58		-
Profit on maturity/ redemption of non-trade investment	-		823
Interest received	18		25
Income from investments	1		95
Net cash flow from investing activities (B)	273		755

	For the year ended 31 March 2011 (Rs million)	For the year ended 31 March 2010 (Rs million)
(C) Cash flow from financing activities		
Buyback of shares	-	(696)
Dividend paid	(585)	(606)
Tax on dividend	(98)	(104)
Interest paid	(15)	(11)
Net cash flow from financing activities (C)	(698)	(1,417)
Net changes in cash and cash equivalents (A+B+C)	160	446
Cash and cash equivalents - opening balance	9,743	9,297
Adjustments due to change in policy (Foot Note 3)	(9,600)	-
Cash and cash equivalents - closing balance	303	9,743
Cash and cash equivalents comprise :		
Cheques in hand	-	2
Bank balances in current accounts	261	103
Fixed deposits held as margin money **	4	4
Bank balance in unclaimed dividend account **	38	34
Investments in fixed maturity debt mutual funds*	-	3,250
Investments in liquid schemes of mutual funds*	-	3,800
Investments in short term schemes of mutual funds*	-	2,550
	303	9,743

Foot Notes :

- 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.
- *Sale of businesses includes Rs 133 million (including excess consideration received Rs. 38 million), towards sale of National Starch (Specialty Starches) business (refer Note 3, Schedule 18) and Rs 56 million towards sale of Adhesives business in 2008-09.
- *Hitherto, upto the previous year, investments in mutual funds were considered as a part of 'cash and cash equivalents' based on the Company's cash management process and past trend. During the year, the Company has re-assessed its position, considering the general trend of holding period of such investments and also a substantial shift towards fixed maturity plans. Accordingly, the Company has realigned its policy in this regard and mutual funds investments amounting to Rs. 9,850 million have been considered as a part of investments, not included as cash and cash equivalents. The movements in such investments during the year have been included as a part of "cash flows from investing activities".
- **Fixed deposits held as margin money and bank balances in unclaimed dividend account are not available for use by the Company.

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

N Kaviratne CBE
Chairman

A Jain
Managing Director

Gurgaon
11 May 2011

P S Basu
Wholetime Director

R Guha
Company Secretary

Schedules to the Accounts

SCHEDULE 1 : SHARE CAPITAL

	As at 31 March 2011 (Rs million)	As at 31 March 2010 (Rs million)
Authorised		
41,690,000 equity shares of Rs. 10 each (2009-10 : 41,690,000 equity shares)	417	417
Issued, Subscribed and Paid Up		
36,834,331 equity shares of Rs. 10 each fully paid up (2009-10 : 36,834,331 equity shares)	368	368
(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 (2009-10 : 8,532,667 shares)		
(b) 2,968,824 were issued on part conversion of debentures. (2009-10 : 2,968,824 shares)		
(c) 8,918,121 were issued as fully paid up otherwise than for cash, issued pursuant to a contract (2009-10 : 8,918,121 shares)		
(d) 20,776,213 shares are held by the holding company Imperial Chemical Industries Limited, England. (2009-10 : 20,776,213 shares). Akzo Nobel N.V., Netherlands is the ultimate holding company		
(2) There has been no share buy-back during the year. (2009-10 : 1,235,195 shares were bought back).		

SCHEDULE 2 : RESERVES AND SURPLUS

	(Rs million)			
	As at 31 March 2010	Additions	Deductions/ Adjustments	As at 31 March 2011
Capital reserve	239	-	-	239
Capital redemption reserve [#]	40	-	-	40
Revaluation reserve	15	-	-*	15
General reserve [#]	3,188	790	-	3,978
Profit and Loss Account	6,071	1,766	1,561	6,276
Total	9,553	2,556	1,561	10,548
Previous year	9,330	2,365	2,142	9,553

[#] There has been no share buyback during the year (2009-10: in respect of shares bought back during the year, Rs.696 million were adjusted against General Reserve and Rs. 12 million, being face value of shares, were transferred to Capital redemption reserve).

* Adjustment against Revaluation reserve of Rs 0.1 million in respect of depreciation on revalued assets (2009-10 : Rs 0.1 million)

SCHEDULE 3 : FIXED ASSETS

(Rs million)

Particulars	Gross block			Depreciation			Net block	
	Book value at cost or revalued amounts as at 31 March 2010	Additions at cost	Disposals/ adjustments	Upto 31 March 2010	Depreciation for the year	In respect of disposals/ adjustments	As at 31 March 2011	As at 31 March 2010
Tangible assets								
Land (refer to note 1 below)								
- leasehold	9	-	-	4	-	-	5	5
- freehold	62	-	-	-	-	-	62	62
Buildings (refer to note 1 below)	669	23	(1)	191	16	-	484	478
Plant and machinery	1,439	57	-	1,004	72	-	420	435
Plant and machinery - under operating lease*	921	122	-	588	109	-	346	333
Rolling stock, motor vehicles, etc.	8	1	-	3	1	-	5	5
Furniture, fittings and equipment	87	19	(1)	58	5	-	42	29
Data processing equipment	300	35	(1)	266	14	(1)	55	34
	3,495	257	(3)	2,114	217	(1)	1,419	1,381
Previous year	3,255	264	(24)	1,924	212	(22)	145	23
Capital work-in-progress							1,564	1,404

Notes :

- (1) Land and buildings at certain locations were revalued on 1 October 1982.
- (2) Gross depreciation for the year includes depreciation on revalued assets of Rs. 0.1 million (2009-10 : Rs. 0.1 million), charged against Revaluation reserve.
- (3) Disposals/adjustments in gross block include assets transferred on sale of National Starch business.
- (4) Disposals/adjustments in depreciation include accumulated depreciation on assets transferred on sale of National Starch business

* Refer to note 15, Schedule 18

SCHEDULE 4 : INVESTMENTS

	Number as at 31 March 2011	Number as at 31 March 2010	Face Value (Rs per unit)	As at 31 March 2011 (Rs million)	As at 31 March 2010 (Rs million)
(A) LONG TERM INVESTMENTS (at cost or under)					
Trade Investments					
Equity shares - unquoted					
Adyar Property Holding Company Limited (Book value Rs 6,825) (2009-10: 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) (2009-10: Rs. 28,001)	1	1	86,000		
0.5% Woodlands Research Foundation (Book value Re 1) (2009-10: Re 1)	110	110	100		
6.5% Bengal Chamber of Commerce and Industry (Book value Rs 19,000) (2009-10: Rs. 19,000)	19	19	1,000		
Non-Trade Investments					
Equity shares - quoted					
ICICI Bank Limited (sold during the year)	-	57,918	10	-	2
Equity shares - unquoted					
Kohinoor Mills Limited (Book value Rs 1,300) (2009-10: Rs.1,300)	5	5	100		
Maneck-Chowk & Ahmedabad Manufacturing Co. Limited (Book Value Re 1) (2009-10: Re 1)	144	144	250		
Debentures - unquoted					
6% Sholapur Spinning & Weaving Co. Limited (in Liquidation) (Book Value Re 1) (2009-10: Re 1)	523	523	100		
Non-convertible redeemable bonds (unsecured) - quoted					
Rural Electrification Corporation Limited (zero coupon) ^s (invested during the year)	29,450	-	30,000	400	-
Investment in Fixed Maturity Plans of Mutual Funds - quoted					
Axis Mutual Fund (Fixed Term Plan - Series 13 (370 days) -Growth) (invested during the year)	10,000,000	-	10	100	-
Birla Sun Life Mutual Fund (Fixed Term Plan - Series CF -Growth) (invested during the year)	40,000,000	-	10	400	-
Birla Sun Life Mutual Fund (Fixed Term Plan - Series CO Growth) (invested during the year)	30,000,000	-	10	300	-
DWS Mutual Fund (Fixed Term Fund Series 72 - Growth) (invested during the year)	15,000,000	-	10	150	-
DWS Mutual Fund (Fixed Term Fund Series 75 - Growth) (invested during the year)	20,000,000	-	10	200	-

	Number as at 31 March 2011	Number as at 31 March 2010	Face Value (Rs per unit)	As at 31 March 2011 (Rs million)	As at 31 March 2010 (Rs million)
Fidelity Mutual Fund (Fixed Maturity Fund Series 2 Plan D - Growth) (invested during the year)	10,000,000	-	10	100	-
Fidelity Mutual Fund (Fixed Maturity Fund Series 3 Plan F - Growth) (invested during the year)	25,000,000	-	10	250	-
HDFC Mutual Fund (FMP 370 days June 2010(1) Series XV - Growth) (invested during the year)	20,000,000	-	10	200	-
HDFC Mutual Fund (FMP 370 days Sep 2010(2) Series XV - Growth) (invested during the year)	25,000,000	-	10	250	-
ICICI Prudential Mutual Fund (FMP Series-55 - One year Plan A -Cumulative) (invested during the year)	55,000,000	-	10	550	-
ICICI Prudential Mutual Fund (FMP Series-56 - One year Plan D -Cumulative) (invested during the year)	20,000,000	-	10	200	-
JP Morgan Mutual Fund (Fixed Maturity Plan 400 days Series 1 - Growth) (invested during the year)	20,000,000	-	10	200	-
Kotak Mahindra Mutual Fund (FMP 370 days Series 7 - Growth) (invested during the year)	35,000,000	-	10	350	-
Reliance Mutual Fund (Fixed Horizon Fund - XVI - Series 1 - Growth) (invested during the year)	25,000,000	-	10	250	-
Reliance Mutual Fund (Fixed Horizon Fund - XIX - Series 11 -Growth) (invested during the year)	20,000,000	-	10	200	-
Religare Mutual Fund (FMP Series III - Plan A (12 months) -Growth) (invested during the year)	25,000,000	-	10	250	-
Religare Mutual Fund (FMP Series VI - Plan D (370 days) - Growth) (invested during the year)	25,000,000	-	10	250	-
TATA Mutual Fund (Fixed Maturity Plan Series 26 Scheme C - -Growth) (invested during the year)	25,000,000	-	10	250	-
TATA Mutual Fund (Fixed Maturity Plan Series 27 Scheme A - Growth) (invested during the year)	50,000,000	-	10	500	-
UTI Mutual Fund (Fixed Term Income Fund-Series IX - 1 -Growth) (invested during the year)	130,000,000	-	10	1,300	-
Investment in Fixed Maturity Plans of Mutual Funds - unquoted					
ICICI Prudential Mutual Fund (Interval Annual Plan - I - Growth) (invested during the year)	49,965,024	-	10	500	
ICICI Prudential Mutual Fund (Interval Annual Plan - III - Growth) (invested during the year)	24,995,501	-	10	250	

	Number as at 31 March 2011	Number as at 31 March 2010	Face Value (Rs per unit)	As at 31 March 2011 (Rs million)	As at 31 March 2010 (Rs million)
(B) CURRENT INVESTMENTS					
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 Institutional ('Inst') - Growth) (redeemed during the year)	-	14,876,259	10	-	250
Birla Sun Life Mutual Fund (Floating Rate Fund - Long Term - Inst.-Growth) (redeemed during the year)	-	20,000,000	10	-	200
Fidelity Mutual Fund (Ultra Short Term Debt Fund Super Inst. - Growth) (redeemed during the year)	-	39,434,361	10	-	450
HDFC Mutual Fund (Cash Management Fund - Treasury Advantage Plan - Wholesale - Growth) (redeemed during the year)	-	12,879,760	10	-	250
ICICI Prudential Mutual Fund (Long Term Floating Rate Plan C - Growth) (redeemed during the year)	-	30,000,000	10	-	300
ICICI Prudential Mutual Fund (Flexible Income Plan Premium - Growth) (redeemed during the year)	-	15,181,787	10	-	250
JP Morgan Mutual Fund (India Treasury Fund - Super Inst. Growth) (redeemed during the year)	-	43,582,941	10	-	500
JM Financial Mutual Fund (Money Manager Fund Super Plus - Plan - Growth) (redeemed during the year)	-	20,108,263	10	-	250
Kotak Mahindra Mutual Fund (Floater Long Term - Growth) (redeemed during the year)	-	25,038,452	10	-	350
TATA Mutual Fund (Floater Fund - Growth) (redeemed during the year)	-	57,031,400	10	-	750
UTI Mutual Fund (Treasury Advantage Fund - Inst. Plan - Growth) (redeemed during the year)	-	209,858	1,000	-	250
Investment in Short Term Income Schemes of Mutual Fund - unquoted					
Axis Mutual Fund (Short Term Fund - Inst. Growth) (redeemed during the year)	-	9,933,841	10	-	100
Birla Sun Life Mutual Fund (Dynamic Bond Fund - Retail - Growth) (redeemed during the year)	-	32,968,190	10	-	500
DWS Mutual Fund (Short Maturity Fund - Inst. Growth) (redeemed during the year)	-	13,613,592	10	-	150
Franklin Templeton Mutual Fund (India Short Term Income Plan Inst. - Growth) (redeemed during the year)	-	279,243	1,000	-	400
Franklin Templeton Mutual Fund (India Income Opportunities Fund - Growth)	4,862,678	4,862,678	10	50	50

	Number as at 31 March 2011	Number as at 31 March 2010	Face Value (Rs per unit)	As at 31 March 2011 (Rs million)	As at 31 March 2010 (Rs million)
HDFC Mutual Fund (High Interest Fund - Short Term Plan - Growth) (redeemed during the year)	-	25,074,371	10	-	450
ICICI Prudential Mutual Fund (Inst. Short Term Plan - Growth) (redeemed during the year)	-	10,345,648	10	-	200
JP Morgan Mutual Fund (India Short Term Income Fund - Growth) (redeemed during the year)	-	10,000,000	10	-	100
Kotak Mahindra Mutual Fund (Bond (Short Term) - Growth) (redeemed during the year)	-	5,639,108	10	-	100
Reliance Mutual Fund (Short Term Fund - Retail Plan - Growth) (redeemed during the year)	-	14,870,331	10	-	250
UTI Mutual Fund (Short Term Income Fund Inst. - Growth) (redeemed during the year)	-	23,672,001	10	-	250
Investment in Fixed Maturity Plans of Mutual Funds - quoted					
DWS Mutual Fund (Fixed Term Fund Series 62 - Growth) (redeemed during the year)	-	10,000,000	10	-	100
HDFC Mutual Fund (FMP 20M Sept 2009 - -Growth - Series XI)	50,000,000	50,000,000	10	500	500
Kotak Mahindra Mutual Fund (FMP 19M Series 2-Growth)	50,000,000	50,000,000	10	500	500
Kotak Mahindra Mutual Fund (FMP 18M Series 4-Growth)	25,000,000	25,000,000	10	250	250
Reliance Mutual Fund (Fixed Horizon Fund - XIII - Series 4 - Growth)	50,000,000	50,000,000	10	500	500
Reliance Mutual Fund (Fixed Horizon Fund - XIV - Series 1 - Growth)	20,000,000	20,000,000	10	200	200
TATA Mutual Fund (Fixed Maturity Plan Series 25 Scheme A - Super High Invest Plan - Growth)	45,000,000	45,000,000	10	450	450
UTI Mutual Fund (Fixed Maturity Plan - Yearly Series (YFMP 03/09) Inst. Growth) (redeemed during the year)	-	40,000,000	10	-	400
Investment in Fixed Maturity Plans of Mutual Funds - unquoted					
DWS Mutual Fund (Fixed Term Fund Series 60 - Growth) (redeemed during the year)	-	5,000,000	10	-	50
ICICI Prudential Mutual Fund (FMP Series 49 - 1 year Plan A - Inst Growth) (redeemed during the year)	-	20,000,000	10	-	200
Sundaram BNP Paribas Mutual Fund (Fixed Term Plan L Super - Growth) (redeemed during the year)	-	10,000,000	10	-	100
				9,850	9,602

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

	As at 31 March 2011		As at 31 March 2010	
	Aggregate Book Value (Rs million)	Market Value/Net Asset Value## (Rs million)	Aggregate Book Value (Rs million)	Market Value/Net Asset Value## (Rs million)
Quoted investments				
- Fixed Maturity Plans of Mutual Funds	8,650	9,052	2900	3031
- Others	400	378	2	55
Unquoted investments				
- Fixed Maturity Plans of Mutual Funds	750	779	350	386
- Liquid Schemes of Mutual Funds	-	-	3,800	3,986
- Short Term Income Schemes of Mutual Funds	50	53	2,550	2,598
	9,850		9,602	

For investments purchased and sold during the year, refer to note 9, Schedule 18

Net Asset Values in case of mutual funds

\$ The non-convertible redeemable bonds carry a maturity face value of Rs. 30,000 per bond with a zero coupon. The related income based on implicit yield to maturity has been accrued and included in 'Loans and Advances', Schedule 8.

SCHEDULE 5 : INVENTORIES

(at lower of cost and net realisable value)

	As at 31 March 2011 (Rs million)	As at 31 March 2010 (Rs million)
Stores and spare parts	2	-
Raw materials	383	145
Packing materials	16	12
Work-in-process	14	24
Finished products	1,117	791
	1,532	972

SCHEDULE 6 : SUNDRY DEBTORS*

	As at 31 March 2011 (Rs million)	As at 31 March 2010 (Rs million)
Secured - considered good		
- Debts outstanding over six months	1	1
- Other debts	7	8
	<u>8</u>	<u>9</u>
Unsecured		
- Debts outstanding over six months		
Considered good	-	-
Considered doubtful	50	110
	<u>50</u>	<u>110</u>
- Other debts		
Considered good	693	799
Considered doubtful	8	8
	<u>701</u>	<u>807</u>
Total unsecured debts	751	917
Less : Provision for doubtful debts	58	118
	<u>693</u>	<u>799</u>
	<u>701</u>	<u>808</u>

* Includes amounts aggregating Rs. 22 million (2009-10: Rs. 28 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 7 Schedule 18

SCHEDULE 7 : CASH AND BANK BALANCES

Cheques in hand	-	2
Balances with scheduled banks :		
Current accounts	261	103
Fixed deposits held as margin money	4	4
Unclaimed dividend accounts	38	34
	<u>303</u>	<u>143</u>

SCHEDULE 8 : LOANS AND ADVANCES

	As at 31 March 2011 (Rs million)	As at 31 March 2010 (Rs million)
Loans and advances recoverable in cash or in kind or for value to be received : Considered good *	440	247
Balances with customs, port commissioners, railways, excise authorities, etc.	29	19
Capital advances	213	-
Other deposits	89	55
Inter corporate deposits #	110	190
Advance tax	559	290
Interest accrued on non-trade investments/inter corporate deposits [§]	9	-
	1,449	801

* 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	29	35
(b) Due from Directors	-	-
Maximum amount due at any time during the year	1	5
(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 190 million (2009-10: Rs 280 million)	110	190
- given to Polyinks Limited (a subsidiary company upto 20 January 2009) (maximum amount due at any time during the year, including interest, Rs nil (2009-10: Rs 1 million)	-	-

§ Interest accrued in investments/inter corporate deposits include:

- 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 7 million (2009-10: Rs 15 million)	-	-
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SCHEDULE 9 : CURRENT LIABILITIES

Acceptances	1	68
Sundry creditors - micro, small and medium enterprises **	3	19
- others	2,458	2,004
Unclaimed dividends	38	34
Other liabilities	245	111
	2,745	2,236

** Refer to note 4, Schedule 18

SCHEDULE 10 : PROVISIONS

	As at 31 March 2011 (Rs million)	As at 31 March 2010 (Rs million)
Proposed dividend	663	589
Tax on proposed dividend	108	98
Taxation	211	210
Voluntary retirement scheme	-	13
Retirement benefits	249	205
Others ##	466	437
	1,697	1,552

Refer to note 14 , Schedule 18

SCHEDULE 11 : GROSS SALES

	For the year ended 31 March 2011 (Rs million)	For the year ended 31 March 2010 (Rs million)
Sales (gross of rebates)	13,215	11,140
Less: Rebates	1,294	1,031
Gross Sales	11,921	10,109

SCHEDULE 12 : OTHER INCOME *

From businesses

Lease rentals	77	72
Miscellaneous receipts	15	13
	92	85

Others

Dividend income from non trade investments		
- current	22	86
- long term	1	1
Accrued interest on bonds (long term, non-trade)	9	-
Profit on maturity/ redemption of investments in mutual funds schemes (current, non-trade)	539	823
Profit on sale of equity shares (long term, non-trade)	56	-
Interest income from banks and others	19	25
Interest income on Income tax refunds	222	-
Surplus in pension fund **	53	-
Provision for doubtful debts written back	50	-
Provisions / liabilities no longer required written back	5	14
Miscellaneous receipts	11	13
	987	962
	1,079	1,047

* Refer to note 5, Schedule 18

** Refer to note 16 (iv), Schedule 18

SCHEDULE 13 : MATERIALS CONSUMED AND MOVEMENT IN FINISHED GOODS AND WORK-IN-PROCESS

	For the year ended 31 March 2011 (Rs million)	For the year ended 31 March 2010 (Rs million)
Opening stock		
Raw materials	145	167
Packing materials	12	12
Work-in-process	24	26
Finished products	791	803
	<u>972</u>	<u>1,008</u>
Add: Purchases		
Raw materials	4,717	3,405
Packing materials	786	640
Finished products	782	736
	<u>6,285</u>	<u>4,781</u>
Less: Transfer on divestment of business		
Finished products	11	-
	<u>11</u>	<u>-</u>
Less: Closing stock		
Raw materials	383	145
Packing materials	16	12
Work-in-process	14	24
Finished products	1,117	791
	<u>1,530</u>	<u>972</u>
Excise duty adjustment for movement in finished goods inventory	59	9
Materials consumed, etc	<u>5,775</u>	<u>4,826</u>

SCHEDULE 14 : OTHER EXPENDITURE

	For the year ended 31 March 2011 (Rs million)	For the year ended 31 March 2010 (Rs million)
Stores and spare parts	14	19
Repairs - Plant and machinery	29	23
- Others	5	4
Power and fuel	58	50
Salaries, wages and bonus	609	477
Contributions to provident and other funds	31	25
Other retirement benefits	44	106
Workmen and staff welfare	13	19
Travelling	144	102
Rates and taxes	72	51
Rent	145	108
Communication	47	35
Insurance	14	14
Freight and transport	497	394
Publicity and sales promotion	913	865
Royalty and technical fees	101	143
Cash discount on sales	571	491
Bad debts / advances written off	16	13
Less : Provision held	16	13
Provision for doubtful debts and advances	6	53
Loss on write-off of fixed assets (net)	-	2
Research and development	44	40
Directors' sitting fees	1	-
Consultancy charges	118	100
Sundries (includes godown running cost, data processing costs, etc.) #	386	263
	3,862	3,384

Refer to note 6, Schedule 18

SCHEDULE 15 : INTEREST

Interest expense on acceptances, etc.	7	11
Interest paid on income tax demands	8	-
	15	11

SCHEDULE 16 : EXCEPTIONAL ITEM*

Profit on sale of National Starch business	113	-
	113	-

*Refer to note 3 , Schedule 18

SCHEDULE 17 : 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 qualifying assets, upto the date of commissioning of such 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.

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 to customers, 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.

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.

Current assets

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

- Raw materials, packing materials and work-in-process are carried at cost, computed on a weighted average basis, after providing for obsolescence. In case there is a decline in replacement cost of such materials and the net realisable value of finished products in which they will be used is expected to be below cost, the value of such materials and work in process is appropriately written down.
 - 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 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 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 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 substantively 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.

SCHEDULE 18 : NOTES TO THE ACCOUNTS

	As at 31 March 2011 (Rs million)	As at 31 March 2010 (Rs million)
1 Capital commitments		
Estimated amount of contracts remaining to be executed on capital account (net of advances)	293	15
2 Contingent liabilities not provided for:		
(a) Claims not acknowledged as debt	50	50
(b) Sales tax matters under appeal	129	109
(c) Excise matters in dispute / under appeal	85	50
(d) Industrial relations and other matters under dispute	2	2
(e) Income tax matters in dispute / under appeal	*	
(f) Any other matter	-	128

* The Income tax assessments for the Company have been completed up to the financial year ended 31 March 2007. Arising from the completed assessments and appellate orders, the demands aggregate Rs 1545 million (2009-10 : Rs 1378 million), and the total refunds aggregate Rs 1356 million (2009-10 : Rs 1105 million). The Company as well as the Income tax department have filed appeals on these matters. Pending decision in the appeals, neither the refunds nor the liability for the demands have been recognised in the accounts.

3 Sale of National Starch business

- (i) The Company sold its National Starch (Specialty Starches) business on a slump sale basis, on 30 December 2010, to C P Ingredients India Private Limited for a consideration of Rs 133 million, inclusive of working capital transferred and other adjustments as per the Business Transfer agreement concluded between the two parties.
- (ii) Profit on sale of the business of Rs.113 million, after adjusting the assets transferred of Rs. 17 million and related transaction cost of Rs. 3 million, has been shown as 'Exceptional item' in Profit and Loss Account.
- (iii) The National Starch business was not treated as a separate reportable segment, being classified as 'Others' in Segment Information (Note 17 of Schedule 18). Since the business did not represent a major line of business, the disposal has not been treated as a discontinuing operation under Accounting Standard AS 24 for the purpose of disclosure requirements under the Standard.
- (iv) The Company received Rs. 171 million as advance in respect of the sale of the above business from the buyer. Excess consideration received amounting to Rs. 38 million has been included under 'Current Liabilities' as creditors.

4 Disclosures as required under the Micro, Small and Medium Enterprises Development Act, 2006 in respect of micro and small suppliers based on the information available with the Company:

(i) the principal amount remaining unpaid to any supplier as at the end of the year	3	19
(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 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	-	-
(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	-	-

- 5 Income from investments, interest and others are stated at gross amounts. The amount of income tax deducted aggregates Rs 2 million (2009-10 : Rs 4 million).
- 6 Loss on account of foreign exchange fluctuations for the year is Rs 11 million, included in Sundries in schedule 14 (2009-10 : Gain of Rs 8 million included in Miscellaneous receipts in schedule 12)
- 7 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 and 8, are given below :

	As at 31 March 2011 (Rs million)	As at 31 March 2010 (Rs million)
Akzo Nobel Decorative Coatings BV	-	15
Akzo Nobel Paints (Asia Pacific) Pte Ltd	5	4
Akzo Nobel Chemical India Pvt Ltd.	-	1
Akzo Nobel Car Refinishes India Pvt Ltd.	111	190
Akzo Nobel Coatings India Pvt Ltd.	2	-
Akzo Nobel Lanka (Pvt.) Limited	6	5
Akzo Nobel Surface Chemistry AB	2	-
ICI Paints Indonesia	-	1
ICI Paints (Malaysia) Sdn Bhd	-	1
ICI (Paints) Vietnam Ltd.	5	-
National Starch & Chemical Co. Ltd -Thailand	-	1
National Starch & Chemical Co. (Singapore) Pte Ltd.	1	-
Total	132	218
8 (A) Directors' remuneration* #	2010-11 (Rs million)	2009-10 (Rs million)
Salaries	25	20
Allowances	19	9
Commission	2	2
Perquisites	2	2
	48	33
(B) Computation of maximum remuneration payable to Directors during the year		
Profit before depreciation, taxation and exceptional items	2,303	2,212
Add : Directors' remuneration	48	33
Provision for doubtful debts and advances (net)	(10)	40
	2,341	2,285
Less : Depreciation as per section 350	217	212
Profit on maturity/redemption of investments	595	823
	812	1,035
Net profit under section 198 of the Companies Act, 1956	1,529	1,250
Maximum remuneration payable to Directors :		
- Managing / Wholetime directors @ 10% of net profit (2009-10: @5% of net profit)	153	62
- Directors not in wholetime employment @ 1% of net profit	15	13
	168	75

* 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 1 million (2009-10 : Rs 0.4 million).

- 9 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) unquoted	Number of units	Purchase value (Rs million)
Liquid Mutual Fund Schemes (Daily Dividend Reinvestment unless specified)		
Baroda Pioneer Liquid Fund Institutional	10,494,730	105
Baroda Pioneer Treasury Advantage Fund - Institutional	8,510,633	85
Birla Sun Life Cash Manager IP	4,999,748	50
Birla Sunlife Cash Plus Institutional Premium	12,517,610	125
Birla Sunlife Saving Fund - Institutional	29,139,507	292
Birla Sunlife Ultra Short Term Fund - Institutional	9,016,073	90
Birla Sunlife Ultra Short Term Fund-Institutional (Growth)	16,311,896	180
BNP Paribas Money Plus Institutional Plan	8,009,306	80
BNP Paribas Overnight Fund Institutional	11,022,453	110
Canara Robeco Treasury Advantage Super Institutional	808,520	10
DWS Insta Cash Plus Fund Institutional Plan	5,969,857	60
DWS Insta Cash Plus Fund Super Institutional Plan	50,362,614	505
DWS Treasury Fund Cash Institutional Plan	3,981,605	40
DWS Ultra Short Term Fund - Institutional	46,567,149	467
Fidelity Ultra Short Term Debt Fund Super Institutional	1,002,463	10
ICICI Prudential Flexible Income Plan Premium	1,093,926	116
ICICI Prudential Liquid Super Institutional Plan	599,927	60
ICICI Prudential Ultra Short Term Plan Super Premium	75,513,338	757
IDBI Liquid Fund	5,000,750	50
IDBI Ultra Short Term Fund	5,009,554	50
IDFC Money Manager TP Super Institutional Plan C	4,005,481	40
JM High Liquidity Fund Super Institutional Plan	21,977,140	220
JP Morgan India Liquid Fund -Super Institutional	43,483,340	435
JP Morgan India Treasury Fund Super Institutional	22,570,670	226
Kotak Floater Short Term	25,238,256	255
LIC Mutual Fund Income Plus Fund	27,711,820	277
LIC Mutual Fund liquid Fund	21,404,323	235
Pramerica Liquid Fund	60,034	60
Pramerica Ultra Short Term Bond Fund	40,286	40
Reliance Liquid Fund - Cash Plan	54,855,279	611
Reliance Liquidity Fund	35,000,949	350
Reliance Medium Term Fund	1,174,457	20
Religare Liquid Fund - Super Institutional	24,983,667	250
Religare Ultra Short Term Fund - Institutional	1,000,555	10
SBI - Magnum Insta Cash Fund	2,985,454	50
SBI-SHF-Ultra Short Term Fund Institutional Plan	11,526,561	115
Sundaram Money Fund Super Institutional	21,813,383	220
Sundaram Ultra Short Term Fund Super Inst	9,474,295	95
Templeton India Treasury Management Account Super-IP	745,300	746
Templeton India Ultra Short Bond Fund Super Institutional Plan	49,029,924	491
UTI Money Market Mutual Fund - Institutional	59,806	60
UTI Treasury Advantage Fund Institutional Plan	497,417	498

10 Payment to Auditors (excluding service tax)	2010-11 (Rs million)	2009-10 (Rs million)
(i) Statutory audit fee	2	2
(ii) Tax audit fee	1	1
(iii) Limited review fee	1	1
(iv) Reimbursement of expenses	1	1
	5	5

11 Earnings per share		
(a) Calculation of weighted average number of equity shares of Rs 10 each		
Number of equity shares at the beginning of the year	36,834,331	38,069,526
Less : equity shares bought back during the year	-	1,235,195
Total number of equity shares outstanding at the end of the year	36,834,331	36,834,331
Weighted average number of shares	36,834,331	37,405,688
(b) Net profit after tax available for equity shareholders (Rs million)	1,766	1,593
(c) Basic and diluted earnings per share (Rs)	47.94	42.59

12(a) **Particulars in respect of goods manufactured**

	Unit	Licensed Capacity		Installed Capacity		Actual Production meant for sale	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Catalysts (see footnote 6 below)	Tonnes	N.A.	N.A.	2,480	2,480	-	-
Paints-Liquid	KL	N.A.	N.A.	88,540	80,040	73,031	61,246
Paints-Stiff	Tonnes	N.A.	N.A.	3,500	3,500	3,892	3,309
Thinners	KL	N.A.	N.A.	4,460	4,460	3,435	3,071

Footnotes :

1. N. A. - Not Applicable.
2. Production meant for sale is after adjustment of shortages, handling losses, quantity internally consumed.
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.

12(b) **Particulars in respect of sales, opening and closing stocks of finished goods**

	Unit	Sales		Opening Stocks		Closing Stocks	
		Quantity	Value (Rs million)	Quantity	Value (Rs million)	Quantity	Value (Rs million)
		2010-11	2010-11	2010-11	2010-11	2010-11	2010-11
		2009-10	2009-10	2009-10	2009-10	2009-10	2009-10
Paints - Liquid	K Litres	79,229 }	12,565	8,866 }	735	10,863 }	1,078
		70,321 }	10,523	8,664 }	742	8,866 }	735
Paints - Stiff	Tonnes	17,440 }		1,617 }		1,677 }	
		15,601 }		1,574 }		1,617 }	
Thinners	K Litres	3,578	457	409	29	266	22
		3,079	410	417	24	409	29
Others *	Various		193		27		17
			207		37		27
Less : Rebates			1,294				
			1,031				
			11,921		791		1,117
			10,109		803		791

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

12(c) **Particulars in respect of purchase of finished products**

	Unit	Quantity		Value (Rs million)	
		2010-11	2009-10	2010-11	2009-10
Paints-Liquid	K.Litres	8,195	9,277 }	673	620
Paints-Stiff	Tonnes	13,608	12,335 }		
Others*	Various			109	116
				782	736

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

12(d) **Details of raw materials consumed**

	Unit	Quantity		Value (Rs million)	
		2010-11	2009-10	2010-11	2009-10
Pigments, Tinters, Extenders	Tonnes	25,933	22,740	714	558
Latex, Monomers	Tonnes	13,534	11,849	986	599
Resins	Tonnes	9,368	8,369	635	535
Solvents	Tonnes	11,647	10,805	659	538
Titanium Dioxide	Tonnes	6,347	5,587	829	652
Others*	Various			656	545
				4,479	3,427

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

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

12(e) **Value of raw materials, stores and spare parts consumed**

	Raw materials				Stores and spare parts including packing materials			
	2010-11 (Rs million)	2009-10 (Rs million)	2010-11 %	2009-10 %	2010-11 (Rs million)	2009-10 (Rs million)	2010-11 %	2009-10 %
Imported	1,164	902	26%	26%	-	-	-	-
Indigenous	3,315	2,525	74%	74%	796	659	100	100
	4,479	3,427	100%	100%	796	659	100	100

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

12(f) **Earnings in foreign exchange**

	2010-11 (Rs million)	2009-10 (Rs million)
Export of goods (FOB basis)	20	-
Reimbursement of expenses	15	5

12(g) **Value of imports (CIF basis)**

	2010-11 (Rs million)	2009-10 (Rs million)
Raw materials	1,042	671
Capital goods	21	8
Finished goods	121	120

12(h) **Expenditure in foreign currencies**

(on payment basis; net of tax where applicable)

	2010-11 (Rs million)	2009-10 (Rs million)
Royalty and technical fees	4	22
Professional and consultation fees	5	58
Others (includes foreign travel, etc)	5	3

12(i) **Remittance in foreign currencies on account of dividends on equity shares**

Dividend relating to the year	Number of Non-Resident Shareholders	Number of Shares	2010-11 (Rs million)	2009-10 (Rs million)
2009-10	1	20,776,213	332	
2008-09	1	20,776,213		332

13 Details of deferred tax liability (net)

(Rs million)

	Deferred Tax Assets		Deferred Tax Liability	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
Timing differences on account of:				
Accelerated depreciation	-	-	170	179
Surplus payments to retiral trusts	-	-	32	6
Expenditure deferred under section 43B of Income Tax Act, 1961	2	2	-	-
Provision for doubtful debts and advances	19	34	-	-
Voluntary retirement scheme liability	-	1	-	-
Liability for leave encashment and retirement benefit provision	83	68	-	-
Other provisions relating to divested businesses, etc.	57	59	-	-
Total	161	164	202	185
Net deferred tax liability			41	21

14 Details of Other Provisions (refer to Schedule 10)

(Rs million)

	Indirect Taxes	Divested Businesses	Others	Total
Balance as at 31 March 2011	121	269	47	437
Provision created during the year	30	5	4	39
Payments against provisions	-	(5)	-	(5)
Provisions written back	(1)	(4)	-	(5)
Adjustment		(3)	3	-
Closing balance as at 31 March 2011 *	150	262	54	466

*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 business) 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 2010: 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.

15 Operating lease

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

	Total future minimum lease rentals receivable as on 31 March 2011 (Rs million)	Total future minimum lease rentals receivable as on 31 March 2010 (Rs million)
Amount receivable		
Within one year	77	72
Later than one year and not later than five years	69	66
Later than five years	1	1
Total	147	139

(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:

	2010-11 (Rs million)	2009-10 (Rs million)
Lease rentals charged during the year	15	11

	Total future minimum lease rentals receivable as on 31 March 2011 (Rs million)	Total future minimum lease rentals receivable as on 31 March 2010 (Rs million)
Lease obligations		
Within one year	26	8
Later than one year and not later than five years	113	1
Later than five years	128	-
Total	267	9

16 Employee Benefits

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

Pension (funded)				Gratuity (funded)		Post Retirement Medical Benefits (unfunded)	
Management Staff		Non-Management Staff		2010-11	2009-10	2010-11	2009-10
2010-11	2009-10	2010-11	2009-10				

(A) Employee benefit expense recognised in Profit and Loss Account

(a) Current service cost	2	2	2	2	7	5	2	1
(b) Interest cost	31	32	17	17	4	4	12	10
(c) Expected return on plan assets	(38)	(36)	(22)	(21)	(7)	(7)	-	-
(d) Actuarial (gains) / losses	15	5	(6)	3	6	(2)	30	95
(e) Liability extinguishment charge	8	-	5	-	-	-	-	-
(f) Write back on account of assets recognition	(71)	-	-	-	(7)	-	-	-
Total expense / (gain) [§]	(53)	3	(4)	1	3	-	44	106

(B) Net Asset / (Liability) as at year end

(a) Present value of obligations as at year end	29	417	87	239	69	60	198	164
(b) Fair value of plan assets as at year end	78	494	140	287	91	91	-	-
(c) Fair value of plan assets, limited to present value of future contributions	78	423	111	258	91	84	-	-
Net Asset / (Liability) (b)-(a)	49	77	53	48	22	31	(198)	(164)
Net Asset / (Liability) recognised in Balance Sheet (c)-(a)	49	6	24	19	22	24	(198)	(164)

(C) Change in defined benefit obligations during the year

Present value of obligations at beginning of the year	417	446	239	247	60	55	164	76
(a) Current service cost	2	2	2	2	7	5	2	1
(b) Interest cost	30	32	17	17	4	4	12	10
(c) Benefits paid	(41)	(50)	(25)	(26)	(7)	(11)	(10)	(18)
(d) Actuarial (gains) / losses	2	(13)	(6)	(1)	5	7	30	95
(e) Liabilities extinguished on settlements	(381)	-	(140)	-	-	-	-	-
Present value of obligations at end of the year	29	417	87	239	69	60	198	164

(Rs million)

Pension (funded)				Gratuity (funded)		Post Retirement Medical Benefits (unfunded)	
Management Staff		Non-Management Staff		2010-11	2009-10	2010-11	2009-10
2010-11	2009-10	2010-11	2009-10				

(D) Change in fair value of plan assets during the year

Fair value of plan assets as at beginning of the year	494	478	287	276	91	94	-	-
Less: Restriction on excess contributions	(71)	(24)	(29)	(10)	(7)	(15)	-	-
Fair value of plan assets as at beginning of the year (net)	423	454	258	266	84	79	-	-
(a) Expected return on plan assets	38	36	22	21	7	7	-	-
(b) Actual company contributions	-	1	-	-	-	-	10	18
(c) Benefit payments	(41)	(50)	(25)	(26)	(7)	(11)	(10)	(18)
(d) Adjustment with a defined contribution scheme	(10)	-	-	-	-	-	-	-
(e) Actuarial gains / (losses) #	(14)	(18)	-	(3)	-	9	-	-
(f) Unrecognised asset taken into account	71	-	-	-	7	-	-	-
(g) Benefit payments-settlements	(389)	-	(144)	-	-	-	-	-
Fair value of plan assets (after applying restrictions on excess future contributions)	78	423	111	258	91	84	-	-
Restricted excess contributions	-	71	29	29	-	7	-	-
Fair value of plan assets at the end of the year	78	494	140	287	91	91	-	-

(E) Category of assets

Debt securities	81%	76%	53%	66%	92%	87%		
Gilt mutual funds	-	7%	-	5%	4%	9%		
Insurer Managed Funds	1%	12%	37%	19%	-	-		
Special deposits	18%	5%	1%	1%	4%	4%		
Total	100%	100%	100%	100%	100%	100%		

(F) Actuarial assumptions

(a) Discount rate (annual)*	8%	7.7%	8%	7.7%	8%	7.7%	8%	7.7%
(b) Expected rate of return on assets (per annum)	8%	8%	8%	8%	8%	8%	-	-
(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: actual rate for 2011-12, 8% for 2012-13 and 6% for 2013-14 onwards. 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:								

	(Rs million)	
	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost	0.9	(0.7)
Effect on defined benefit obligation as on 31 March 2011	13	(10)

§ Included as an expense in 'Contribution to provident and other funds' in Schedule 14.

* Discount rate is based on market yields available on Government bonds as at 31 March 2011 with a term that matches that of the obligation.

- (ii) The actuarial valuation of Defined Benefit plans was carried out as on 31 March 2011. The net actuarial loss on account of post retirement benefits scheme amounting to Rs. 30 million (2009-10: Rs. 95 million) relating to medical insurance costs have been provided for and included in 'Other retirement benefit charges' (Schedule 14: Other Expenditure). Actuarial gains/losses (net) relating to other schemes have been included in 'Contribution to provident and other funds'.
- (iii) During the year, the Company has purchased annuities for all management staff pensioners and some of the non-management staff pensioners for an amount of Rs. 389 million and Rs. 143 million respectively.
- (iv) The management staff pension trust (defined benefit trust) has an unrecognized surplus (fair value of plan assets over obligations) of Rs 71 million as this amount is in excess of contributions towards future service cost of defined benefit members. The Company also has a defined contribution scheme for employees in the same trust and has adjusted this surplus against future contributions in respect of such employees. Accordingly the above surplus, after adjusting employer cost for the year, amounting to Rs 53 million has been recognised in the Profit and Loss Account in Schedule 12 and considered as an advance under 'Loans and Advances', Schedule 8.
- (v) The Company has separate pension schemes for management staff and non-management staff. The former scheme is in the nature of 'final salary' plan and the latter scheme is in the nature of 'flat salary' plan. The Company also has separate gratuity schemes for management and non-management staff. The benefits paid are as per the scheme rules or as per Payment of Gratuity Act, 1972, whichever are more beneficial.
- (vi) The guidance on implementing AS-15 (Revised) issued by Accounting Standards Board of the Institute of Chartered Accountants of India states that 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 in this regard, 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 14.

(vii) Experience Adjustments

	(Rs million)			
	31-Mar-08	31-Mar-09	31-Mar-10	31-Mar-11
Management Staff Pension Fund				
1 Defined period Benefit Obligation at end of the period	(431)	(446)	(417)	(29)
2 Plan Assets at end of the period	468	478	494	78
3 Funded Status	37	32	77	49
4 Experience plan liabilities Gain/(Loss) adjustments on plan liabilities	(24)	1	7	(2)
5 Experience plan assets Gain/(Loss) adjustments on plan assets	17	(12)	30	(14)
6 Actuarial assumptions Gain/(Loss) due to change on assumptions	7	(21)	5	1

	31-Mar-08	31-Mar-09	31-Mar-10	(Rs million) 31-Mar-11
Non-Management Staff Pension Fund				
1 Defined period Benefit Obligation at end of the period	(246)	(247)	(239)	(87)
2 Plan Assets at end of the period	252	276	287	140
3 Funded Status	6	29	48	53
4 Experience plan liabilities Gain/(Loss) adjustments on plan liabilities	6	9	(6)	-
5 Experience plan assets Gain/(Loss) adjustments on plan assets	9	(4)	16	-
6 Actuarial assumptions Gain/(Loss) due to change on assumptions	2	(12)	3	5
Gratuity Fund				
1 Defined period Benefit Obligation at end of the period	(53)	(55)	(60)	(70)
2 Plan Assets at end of the period	87	94	91	91
3 Funded Status	33	39	31	21
4 Experience plan liabilities Gain/(Loss) adjustments on plan liabilities	(4)	3	(6)	(5)
5 Experience plan assets Gain/(Loss) adjustments on plan assets	(1)	1	2	-
6 Actuarial assumptions Gain/(Loss) due to change on assumptions	-	(2)	(1)	(1)

17 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 specialty starch and polymers (Specialty Starch business sold during the year refer note 3, schedule 18).
- (2) Segment revenue, results and other information

(Rs million)

Revenue	Paints		Others		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
1. External sales (gross)	11,733	9,909	188	200	11,921	10,109
Excise Duty	(1,032)	(706)	(13)	(17)	(1,045)	(723)
External sales (net)	10,701	9,203	175	183	10,876	9,386
Inter segment sales	-	-	-	-	-	-
Other business related income	92	85	-	-	92	85
Total Revenue	10,793	9,288	175	183	10,968	9,471
2. Results						
Segment results	1,209	1,193	37	33	1,246	1,226
Unallocated income (net of unallocated expense)					614	760
Profit from operations before interest, taxation and exceptional items					1,860	1,986
Interest income					241	25
Interest expense					(15)	(11)
Profit before exceptional items					2,086	2,000
Exceptional items					113	-
Profit before taxation					2,199	2,000
Income taxes						
-Current tax					471	444
-Excess provision written back					(58)	-
-Deferred tax					20	(37)
Profit after taxation					1,766	1,593
3. Other Information						
a. Assets						
Segment assets	4,163	3,098	53	114	4,216	3,212
Investments					9,850	9,602
Unallocated assets					1,333	916
Total assets					15,399	13,730
b. Liabilities/ Shareholders' funds						
Segment Liabilities	2,651	2,220	18	48	2,669	2,268
Unallocated liabilities					1,814	1,541
Share Capital					368	368
Reserves					10,548	9,553
Total Liabilities/ Shareholders' funds					15,399	13,730
c. Others						
Capital expenditure	355	196	9	2		
Depreciation	207	205	-	-		

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

(Rs million)

	India		Outside India		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Revenue	10,954	9,450	14	21	10,968	9,471
Carrying amount of segment assets *	4,216	3,212	-	-	4,216	3,212
Capital expenditure	387	271	-	-	387	271

* 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) Segment revenue, results and assets and liabilities include the respective amounts identifiable to each of the segments. Other un-allocable items in segment results include income from investment of surplus funds of the Company and corporate expenses. Unallocable assets include un-allocable fixed assets and current assets. Unallocable liabilities include un-allocable current liabilities and net deferred tax liability.

18 Related Party Disclosures**1. (a) List of related parties where control exists:**

- Holding Company : Imperial Chemical Industries Limited, England.
- Ultimate Holding Company : Akzo Nobel N.V., Netherlands

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

- Fellow subsidiaries:

Akzo Nobel Car Refinishes India Pvt Ltd.	ICI Swire Paints (Shanghai) Ltd
Akzo Nobel Car Refinishes Singapore	National Starch - Singapore
Akzo Noble Chemicals (India) Ltd.	National Starch & Chemical Ltd.London
Akzo Nobel Coatings India Pvt Ltd.	National Starch & Chemical Ltd. Thailand
Akzo Nobel Decorative Coatings BV (IM)	National Starch & Chemical - USA (Bridgewater)
Akzo Nobel Lanka (Pvt.) Limited	National Starch & Chemical (Singapore) Pte Ltd.
Akzo Nobel Ltd - Brazil	Pinturas INCA
Akzo Nobel Paints (Asia Pacific) Pte Ltd	Quest International Egypt SAE
Akzo Nobel Paints Taiwan Ltd.	Shanghai ICI R&D
Akzo Nobel Surface Chemistry AB	The Glidden Co.
Akzo Nobel Surface Chemistry LLC USA	Vietnam Holdings
Akzo Nobel Surface Chemistry Pte Ltd.	
Akzo Nobel (Shanghai) Co. Ltd.	
Akzo Nobel Paints Singapore Pte Ltd	
Eka Chemicals (Thailand) Ltd	
ICI (Paints) Vietnam Ltd.	
ICI Paints Indonesia	
ICI Paints (Malaysia) Sdn Bhd	
ICI Paints (Thailand) Ltd	
ICI India Research & Technology Centre	

- Key managerial persons

Mr. A Narayan	Chairman (up to 30 Sep 2010)
Mr. N Kaviratne CBE	Chairman (from 01 Oct 2010)
Mr. R L Jain	Managing Director (upto 31 May 2009)
Mr. A Jain	Managing Director (from 1 Jun 2009)
Mr. P S Basu	Wholetime Director (from 01 Nov 2010)

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

	(Rs million)			
a) Transactions during the year:	Ultimate Holding Company	Holding Company	Fellow Subsidiaries of the Company	Key Managerial Persons
	2010-11	2010-11	2010-11	2010-11
	2009-10	2009-10	2009-10	2009-10
Purchase of materials / finished goods	-	-	170	-
	-	-	125	-
Sale of finished goods	-	-	5	-
	-	-	5	-
Expenses incurred and recoverable from other companies	9	4	23	-
	-	-	52	-
Expenses recoverable by other companies	203	-	58	-
	-	-	146	-
Royalty and technical services	-	-	4	-
	-	-	34	-
Dividend paid	-	332	-	-
	-	332	-	-
Services provided	-	-	36	-
	-	-	21	-
Managerial remuneration	-	-	-	46
	-	-	-	32
Inter corporate deposit given	-	-	30	-
	-	-	-	-
Inter corporate deposit refund	-	-	110	-
	-	-	90	-
Interest income on Inter corporate deposit	-	-	15	-
	-	-	22	-
Guarantees				
Guarantee received for Inter corporate deposit	400	-	-	-
	400	-	-	-
Guarantee issued on behalf of the Company for credit facilities from banks	500	-	-	-
	500	-	-	-
Balances as at the end of the year:				
Dues to related parties	228	16	104	-
	-	13	72	-
Dues from related parties	23	4	132	-
	-	1	218	-

Outstanding loans receivable at the end of the year from key managerial persons: 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

	2010-11 (Rs million)	2009-10 (Rs million)
Purchase of raw materials		
Akzo Nobel Surface Chemistry LLC-USA	23	29
Akzo Nobel Ltda-(Brazil)	26	-
Akzo Nobel Paints Singapore Pte Ltd	19	-
National Starch & Chemical (Thailand) Ltd.	-	13
National Starch & Chemical Co.- USA (Bridgewater)	22	54
The Glidden Co.	33	-
Others	47	29
	170	125
Sales of finished products		
Akzo Nobel Lanka (Pvt.) Limited	2	5
Akzo Nobel Coatings India Pvt Ltd.	2	-
Akzo Nobel Car Refinishes India Pvt Ltd.	1	-
	5	5
Expenses incurred and recoverable from other companies		
Akzo Nobel Decorative Coatings BV	-	39
Akzo Nobel Lanka (Pvt.) Limited	6	-
Akzo Nobel Surface Chemistry AB	10	-
Akzo Nobel N.V., Netherlands	9	-
Imperial Chemical Industries Limited, England	4	-
Others	7	13
	36	52
Expenses payable to other companies		
Akzo Nobel Decorative Coatings BV (IM)	30	118
Akzo Nobel Paints (Asia Pacific) Pte Ltd	-	18
Akzo Nobel N.V., Netherlands	203	-
Others	28	10
	261	146
Royalty and technical services		
Akzo Nobel Paints (Asia Pacific) Pte Ltd	-	34
Akzo Nobel Car Refinishes, Singapore	4	-
	4	34
Dividend paid		
Imperial Chemical Industries Limited, England	332	332
Service provider		
ICI India Research & Technology Centre	36	21

	2010-11 (Rs million)	2009-10 (Rs million)
Managerial Remuneration		
Mr. A Narayan	-	1
Mr. N Kaviratne CBE	1	-
Mr. A Jain	38	25
Mr. R L Jain	-	6
Mr. P S Basu	7	-
	46	32
Inter corporate deposits given		
Akzo Nobel Car Refinishes India Pvt Ltd.	30	-
Inter corporate deposits received back		
Akzo Nobel Car Refinishes India Pvt Ltd.	110	90
Interest income on inter corporate deposits		
Akzo Nobel Car Refinishes India Pvt Ltd.	15	22

- 19 (a) The Company uses forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions

The Company has not entered into any derivative instruments for trading or speculative purposes or for highly probable forecast transaction.

The forward exchange contracts outstanding (all 'buy' contracts) are as under:

	USD	EUR
As at 31 March 2011	2,380,737	247,223
As at 31 March 2010	2,777,230	48,837

- (b) The Company's net foreign currency exposure [receivable/(payable)] that are not hedged by a derivative instrument or otherwise as on 2010-11: nil (2009-10: nil)

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

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

N Kaviratne CBE
Chairman

A Jain
Managing Director

Gurgaon
11 May 2011

P S Basu
Wholetime Director

R Guha
Company Secretary



Developing the talents of our people

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.

<http://www.akzonobel.co.in>



AkzoNobel
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Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	L24292WB1954PLC021516	State Code	21
Balance Sheet Date	31-03-2011		

II. Capital Raised during the year (Amount in Rs. thousands)

Public issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

III. Position of Mobilisation and deployment of Funds (Amount in Rs. thousands)

Total Liabilities	10,957,454	Total Assets	10,957,454
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Sources of Funds

Paid-up Capital	368,343	Reserves & Surplus	10,547,657
Secured Loans	Nil	Unsecured Loans	Nil
Deferred Tax Liability	41,454		

Application of Funds

Net Fixed Assets	1,563,589	Investments	9,849,927
Net Current Assets / (Liabilities)	(456,062)	Misc. Expenditure not written off	Nil

IV. Performance of Company (Amount in Rs. thousands)

Turnover	11,955,324	Total Expenditure	9,868,991
Profit/(Loss) before Tax	2,086,333	Profit/(Loss) after Tax	1,766,524
Earnings per share (in Rs.)	47.94	Dividend rate (%)	180

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)

N Kaviratne CBE

Chairman

A Jain

Managing Director

P S Basu

Wholetime Director

R Guha

Company Secretary

Gurgaon
11 May, 2011

Akzo Nobel India Limited

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 57th Annual General Meeting of the Members of Akzo Nobel India Limited will be held on Friday, 22 July 2011 at 1430 hours at Kala Mandir, 48, Shakespeare Sarani, Kolkata 700 017 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 2011, 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 2011.
3. To appoint a Director in place of Mr Nihal Kaviratne CBE who retires by rotation. Being eligible, he has offered himself for reappointment as a Director of the Company. A brief resume of Mr Kaviratne CBE has been given in the Corporate Governance section of the Directors' Report.

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

"Resolved that Mr Nihal Kaviratne CBE be and is hereby re-appointed a Director of the Company."

4. To appoint a Director in place of Ms Renu Sud Karnad who retires by rotation. Being eligible, she has offered herself for reappointment as a Director of the Company. A brief resume of Ms Karnad has been given in the Corporate Governance section of the Directors' Report.

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

"Resolved that Ms Renu Sud Karnad be and is hereby re-appointed a Director of the Company."

5. To appoint Auditors and to 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:

"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 as may be agreed between the Auditors and the Company."

SPECIAL BUSINESS

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

"Resolved that Mr Graeme Armstrong be and is hereby appointed a Director of the Company."

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

“Resolved that Mr Arvind Uppal be and is hereby appointed a Director of the Company.”

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

“Resolved that subject to the limits laid down in Sections 198 and 309 of the Companies Act, 1956, or any amendment or re-enactment thereof, the Managing Director and the Wholetime Directors (present and future) be paid such remuneration from time to time as may be determined by the Board of Directors of the Company within the maximum limits as set out in the Explanatory Statement attached to the Notice convening this Meeting.”

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

“Resolved that as required by Schedule XIII to the Companies Act, 1956, this Meeting hereby approves the appointment of Mr Partha Sarathi Basu as the Wholetime Director of the Company for a period of five years with effect from 1 November 2010 and the payment of such remuneration to Mr Partha Sarathi Basu during the tenure of his appointment as set out in the agreement dated 1 November 2010 between him and the Company (a copy of which was placed before the Meeting).”

By order of the Board

Gurgaon
11 May 2011

R Guha
Company Secretary

NOTES

- i) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF BUT A PROXY SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

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

- ii) The Register of Members and Share Transfer books of the Company will remain closed from 12 July 2011 to 22 July 2011 both days inclusive.
- iii) Dividend, if approved at the Meeting, will be paid on or around 27 July 2011 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 11 July 2011 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 11 July 2011.
- iv) As per current SEBI Regulations, dividend is required to be credited to shareholders through National Electronic Clearing Service (NECS) wherever the facility is available and the requisite details/mandates have been provided by the Members. Members desirous of availing this facility may send the details of their bank account with the address and the MICR 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 having shares 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 and are desirous of making nomination as permitted under Section 109A of the Companies Act, 1956 in respect of their shareholding, 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 is appended to the Annual Report.
- viii) Members who wish to obtain any information on the Company or the Accounts may visit Company's website **www.akzonobel.co.in** or may send their queries at least 10 days before the date of the Meeting to the Company Secretary at the Company's Corporate Office at DLF Cyber Terraces, Block A, 20th Floor, Cyber City, DLF Phase III, Gurgaon - 122 002.

- ix) Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, dividends which remain unpaid or unclaimed for a period of 7 years will be transferred to the "Investor Education and Protection Fund" of the Central Government. Shareholders who have not encashed the dividend warrants so far, for the financial year ended 31st March 2004 or any subsequent financial years, are requested to send unencashed dividend warrants, to the RTA for necessary action. Separate intimation to those Members whose dividend cheques remain unencashed as on 31 March 2011, as per the Company's records, have been sent in this regard. All unclaimed dividends in respect of Financial Year 2003-04 are due for transfer to the said Fund on expiry of seven years from the date they fell due. 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 dividends to the Fund.

EXPLANATORY STATEMENT

(pursuant to Section 173 for the Companies Act, 1956)

Items 6 and 7

As the Members are aware, Mr Graeme Armstrong and Mr Arvind Uppal, were appointed as Additional Directors of the Company with effect from 1 April 2011. As per Section 260 of the Companies Act, 1956, they will hold office upto the date of the Annual General Meeting following their appointment.

Both Mr Armstrong and Mr Uppal, being eligible, have offered themselves for appointment as Directors of the Company. Notices from shareholders under Section 257 of the Companies Act, 1956 proposing the appointment of Mr Graeme Armstrong and Mr Arvind Uppal have been received by the Company.

Brief resume of Mr Armstrong and Mr Uppal have been given in the Corporate Governance section of the Directors' Report. In view of the vast experience and knowledge that M/s Armstrong and Uppal can bring to the Company, the Board recommends their appointment to the Board as Directors liable to retire by rotation.

The Board recommends the Resolution.

Except Mr Graeme Armstrong and Mr Arvind Uppal, no other Director has any interest or concern in the resolutions.

Item 8

At the Annual General Meeting held on 17 July 2008, Members had delegated authority to the Board to fix the remuneration of the Managing Director and Wholetime Directors from time to time within the maximum limits sanctioned at the said Meeting. The Board and the Remuneration & Nomination (R&N) Committee of the Board, at their meeting held on 11 May 2011, reviewed these limits and have recommended their upward revision with effect from 1 April 2011, considering the managerial remuneration structures in other similar companies and also the need to retain and reward talent, subject to the statutory limits laid down in Sec 198 and 309 of the Act, as follows:

1. Base Salary

The amounts payable under this head shall include Basic Salary, supplementary allowance, leave travel allowance, passage benefits for Managing and Wholetime Directors, but shall not include allowances in lieu of perquisites like housing accommodation, car etc. and shall be subject to the following limits:

- Managing Director Rs 2.50 million per month (the limit is Rs 2.00 million per month for the present Managing Director)
- Wholetime Directors Rs 1.20 million per month (present limit Rs 0.60 million per month)

2. Commission/ Variable Pay including Deferred Performance Award (Long Term Incentive Plan)

This head shall include such amount as may be determined by the Board for each financial year within the limits provided under the Companies Act, 1956 and based on the net profit for that year and taking into account the relevant circumstances.

3. Perquisites

This head shall include furnished accommodation, gas, electricity, water, club fees, reimbursement of medical expenses, personal accident/ medical insurance, passage benefits for expatriate Wholetime Directors, and/ or any other perquisite as may be approved by the board or shareholders as the case may be, and shall include allowances in lieu of perquisites like housing accommodation, car etc. as per the rules of the Company.

Provided that limit in aggregate of such Commission/ Variable Pay including Deferred Performance Award (Long Term Incentive Plan) and the Perquisites be fixed at 250% of the Base Salary, which can be used interchangeably without any sub-limits under any of the aforesaid heads. (The earlier limit was 150% in respect of Commission/ Variable Pay including Deferred Performance Award and 100% of Base Salary in respect of Perquisites.)

For the purpose of calculating the ceiling as above, encashment of leave at the end of tenure, expenses on account of car and telephone for official duties, Company's contribution to Provident and other retiral funds to the extent not taxable under the Income Tax Act for Indian Directors and passage benefits for expatriate directors will not be taken into account.

The resolution is intended to give the necessary flexibility to the Board in the emerging competitive environment to fix the remuneration of Managing Director and Wholetime Directors from time to time within the maximum limits as aforesaid and also to rationalize the perquisites where appropriate.

The Board recommends the Resolution.

Except the Managing Director and Wholetime Director of the Company, no other Director has any interest or concern in the Resolution.

Item 9

The Board had at its meeting held on 21 October 2010 has appointed Mr Partha Sarathi Basu (hereinafter referred to as Mr Basu) as the Wholetime Director of the Company for a period of five years with effect from 1 November 2010, subject to the approval of the members at the next general meeting of the Company.

Brief resume of Mr Basu has been given in the Corporate Governance section of the Directors' Report.

The remuneration and other terms relating to Mr Basu's appointment as the Wholetime Director of the Company are contained in the agreement dated 1 November 2010 between Mr Basu and the Company whose salient terms are as follows:

1. **Term**

5 years with effect from 01 November 2010, subject to the rules of the Company.

2. **Emoluments**

Subject to the overall limits specified herein and as laid down in Sections 198 and 309 of the Act:

a) Fixed Salary

Basic Salary and allowances including Leave Travel Allowance: Rs 5,72,500 per month

Mr Basu shall be entitled to such other allowances as may be approved by the Board from time to time as per the rules of the Company.

b) Commission/ Annual Bonus and Deferred Performance Pay (Long Term Incentive Plan)

As may be approved by the Board for each financial year based on the performance against agreed criteria subject to the overall ceiling as laid down in Section 309(5) of the Act and after taking into account all relevant circumstances.

Mr Basu will be paid once off signing Bonus and reimbursement of expenses to facilitate his joining the Company within the desired timeframe, subject to his fulfilling certain conditions, upto a maximum of Rs 2.0m.

c) Perquisites

The following perquisites would be provided by the Company, subject to tax as applicable:

- i) Accommodation: Residential accommodation subject to the Rules of the Company.
- ii) Car and Telephone: Provision of car for use on Company's business and telephone at residence. These will not be considered as perquisites. However, personal long distance calls on telephone shall be billed by the Company.

- iii) Contribution to Retiral Benefit Funds
 - a) Mr Basu will become a member of ICI's Associated Companies in India Staff Provident Fund with the Company's contribution not exceeding the limit permissible under law (currently 12% of the salary).
 - b) Mr Basu will be entitled to pension benefits in accordance with the Pension Fund Rules applicable to the Company's Management Staff under the Defined Contribution Scheme. The Company's contribution will be 15% of his Basic Salary.
Provided however that the contributions to the Pension Fund shall not, together with the Company's contribution to the Provident Fund, exceed the maximum limit permissible under law.
 - c) Mr Basu will be entitled to Gratuity in accordance with the Gratuity Fund Rules applicable to the Company's Management Staff not exceeding half a month's salary for each completed year of service.
- iv) Club Fees: Fees of a maximum of two clubs.
- v) Leave: Leave on full pay and allowances, as per rules of the Company, but not exceeding 30 days leave for every 12 months of service.
- vi) Encashment of Leave: At the end of tenure of office, in accordance with the Company's rules.
- vii) Medical Benefits: Reimbursement of expenses actually incurred for self and family.
- viii) Personal Accident/Medical Insurance: As per Company policy.

For calculating the monetary value of the perquisites, they shall be valued as per Income Tax Rules wherever applicable and in the absence thereof, at cost.

Mr Basu shall have the option to forego any of the perquisites as above and opt for an allowance in lieu thereof, as per rules of the Company and as approved by the Board. The Board may review and determine from time to time any revision and/or modification in the above perquisites during the tenure of his appointment.

The aforesaid remuneration shall be subject to the limits on remuneration specified in the resolution approved by the shareholders at the Annual General Meeting from time to time. The Board while approving any change in the remuneration of Mr Basu in his Base Salary, Commission/ Annual Bonus and Deferred Performance Pay (Long Term Incentive Plan) and Perquisites, may take into account the recommendations of the Remuneration & Nominations Committee.

3. **Minimum Remuneration**

In the event of absence or inadequacy of profit of the Company in any financial year, Mr Basu will be entitled to receive such minimum remuneration as is permissible under the provisions of the Act.

4. **Termination**

The Agreement provides that either party may terminate the appointment by giving to the other six months' previous notice in writing or such other shorter period as may be mutually agreed between the Board and Mr Basu.

5. The appointment of Mr Basu as Wholetime Director and the remuneration payable to him as aforesaid are to be approved by the shareholders at the next General Meeting.

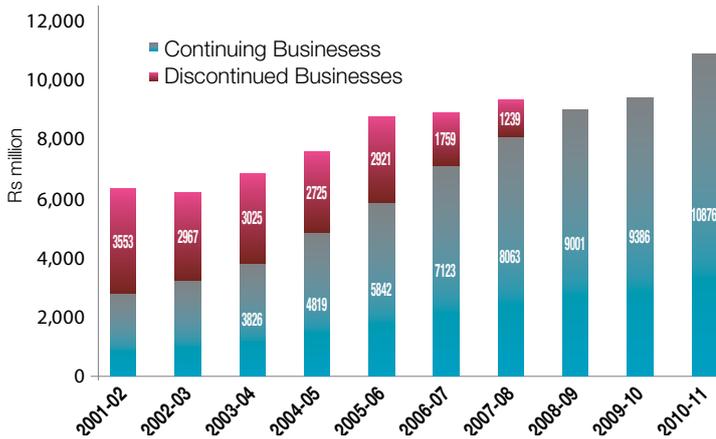
6. The terms of Mr Basu's appointment, his duties and various obligations are more fully set out in the said Agreement dated 1 November 2011, which will be available for inspection by any member at the registered office of the Company between 10 am to 12 noon on any working day (excluding Saturdays).

None of the Directors of your Company are interested in the above appointment and payment of remuneration except Mr Basu as it relates to his own appointment and fixation of his remuneration.

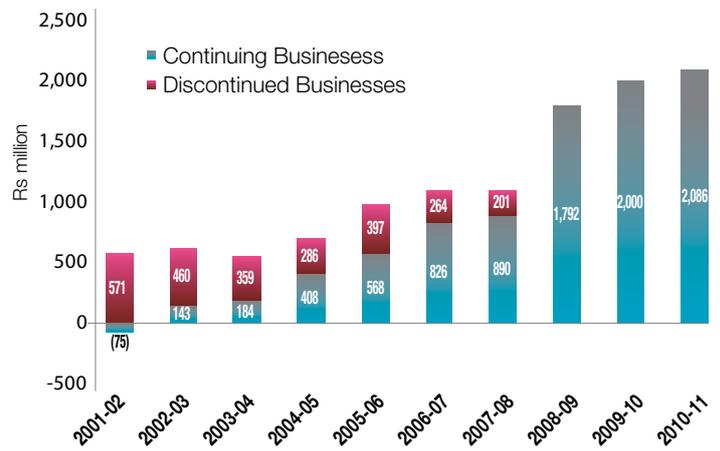
Akzo Nobel India Limited

Performance Trends: 2001-2011

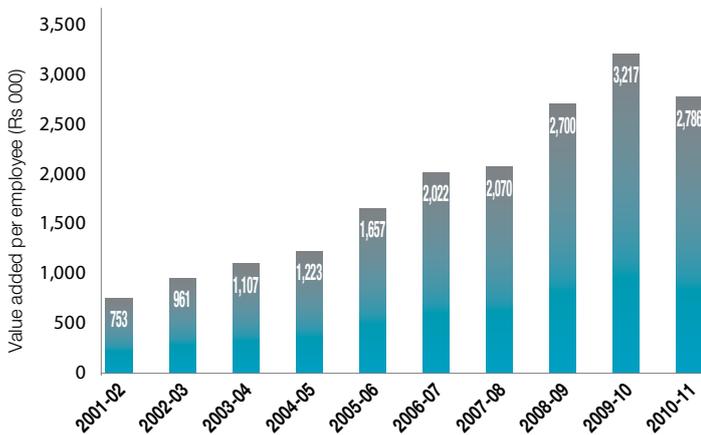
Sales



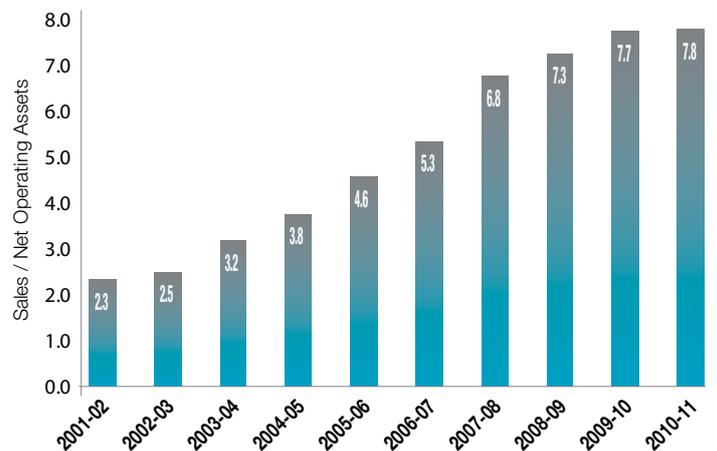
Profit before Tax from Operation



Employee Productivity



Asset Productivity



Ten Years at a Glance

(Rs million)

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
ASSETS EMPLOYED										
Gross Fixed Assets	3,621	3,634	3,516	3,737	3,115	2,857	3,116	3,255	3,495	3,749
Accumulated Depreciation	(1,443)	(1,761)	(1,863)	(2,251)	(1,662)	(1,559)	(1,783)	(1,924)	(2,114)	(2,330)
Capital Work in Progress	52	117	38	26	49	35	105	16	23	145
Net Fixed Assets	2,230	1,990	1,691	1,512	1,502	1,333	1,438	1,347	1,404	1,564
Trade Investments	1,597	1,597	1,530	1,530	1,528	97	97	-	-	-
Non-trade Investments, Cash & Bank, inter-corp deposits	952	2,103	3,393	2,827	2,987	8,331	7,060	9,579	9,935	10,263
Current Assets (excl Cash & Bank and inter-corp deposits)	2,343	2,275	2,637	2,940	2,804	3,365	2,675	2,109	2,101	3,013
Current Liabilities	(1,607)	(1,353)	(1,549)	(1,857)	(1,997)	(2,340)	(2,660)	(2,019)	(2,236)	(2,745)
Net Current Assets	736	922	1,088	1,083	807	1,025	15	90	(135)	268
Taxation (net including Def. Tax liability)	(117)	(400)	(456)	(306)	(246)	(65)	(8)	12	59	307
Provision for VRS liability (net)	(477)	(393)	(334)	(252)	(186)	(128)	(76)	(39)	(13)	-
Other Provisions	(261)	(715)	(985)	(712)	(611)	(605)	(537)	(566)	(643)	(715)
Provision for Proposed Dividend, dividend tax	(409)	(461)	(576)	(256)	(280)	(1,291)	(359)	(712)	(686)	(771)
Misc. Expenditure not written off	79	52	51	26	12	-	-	-	-	-
Net Assets Employed	4,330	4,695	5,402	5,452	5,513	8,697	7,630	9,711	9,921	10,916
FINANCED BY										
Share Capital	409	409	409	409	409	409	384	381	368	368
Capital Reserves	323	307	302	276	275	266	279	282	294	294
Revenue Reserves	3,363	3,979	4,491	4,607	4,829	8,022	6,967	9,048	9,259	10,254
Shareholders Funds	4,095	4,695	5,202	5,292	5,513	8,697	7,630	9,711	9,921	10,916
Secured/Unsecured Loans	235	-	200	160	-	-	-	-	-	-
Total Funds Employed	4,330	4,695	5,402	5,452	5,513	8,697	7,630	9,711	9,921	10,916
SALES AND PROFIT										
Net Sales	6,327	6,209	6,851	7,543	8,762	8,882	9,301	9,001	9,386	10,876
Profit before Depreciation & Interest	742	870	831	930	1,219	1,649	1,346	2,034	2,223	2,318
Depreciation	(229)	(234)	(242)	(201)	(218)	(225)	(225)	(213)	(212)	(217)
Interest	(17)	(33)	(46)	(35)	(36)	(23)	(30)	(29)	(11)	(15)
Profit before Exceptional items/Taxation	496	603	543	694	965	1,401	1,091	1,792	2,000	2,086
Exceptional items	576	729	772	(137)	(110)	4,461	(187)	1,995	-	113
Taxation	(267)	(255)	(224)	(85)	(354)	(1,378)	(302)	(841)	(407)	(433)
Profit After Taxation	805	1,077	1,091	472	501	4,484	602	2,946	1,593	1,766
Earnings per share (Rupees)	19.70	26.35	26.69	11.54	12.27	109.72	15.16	77.02	42.59	47.94
Equity Dividend - Rupees per share	10.00	10.00	12.50	5.50	6.00	27.00	8.00	16.00	16.00	18.00
- Payout (including dividend tax)	409	461	576	256	280	1,291	359	712	686	771
NUMBER OF EQUITY SHAREHOLDERS	57,632	55,080	49,104	47,136	43,070	41,261	40,131	39,704	39,757	42,118



AkzoNobel
Tomorrow's Answers Today

Akzo Nobel India Limited

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

ATTENDANCE SLIP

I/We hereby record my/our presence at the 57th ANNUAL GENERAL MEETING of the Company at Kala Mandir, 48, Shakespeare Sarani, Kolkata 700 017 on Friday 22 July 2011 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.



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Akzo Nobel India Limited

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REGD. FOLIO NO : DPID NO : CLIENT ID NO :	PROXY FORM	NO. OF SHARES
--	-------------------	----------------------

I/We
of
..... being a member of Akzo Nobel India Limited
hereby appoint of
or failing him/her of
or failing him/her of

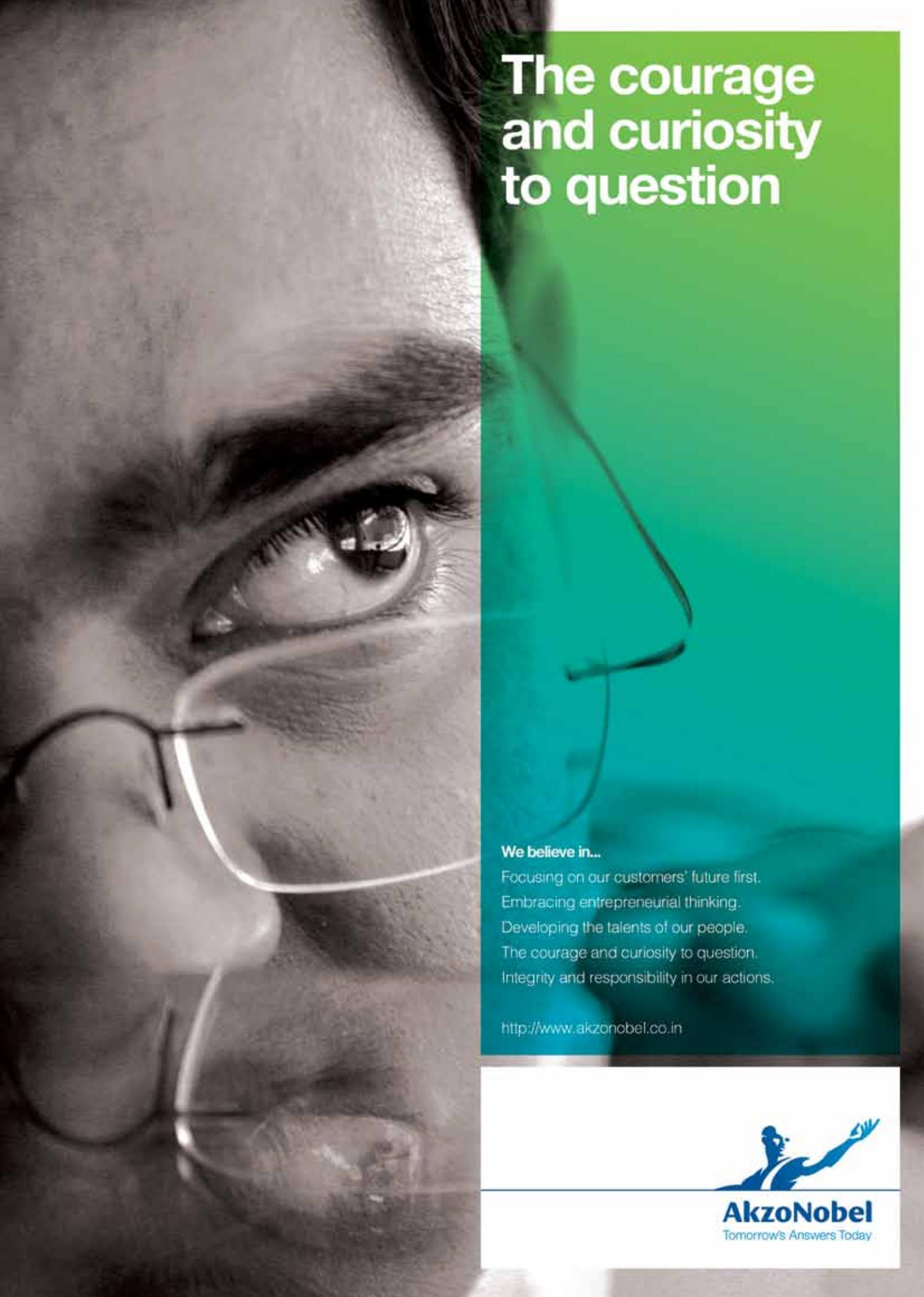
as my/our proxy to attend and vote for me/us on my/our behalf at the 57th ANNUAL GENERAL MEETING of the Company to be held on Friday 22 July 2011 at 2.30 P.M. and at any adjournment thereof.

AS WITNESS whereof my/our hand is/are affixed this day of2011

Signed by the said

Revenue Stamp

Note : Proxy Form duly completed must reach the Company's Registered Office/Company's Registrar M/s C B Management Services (P) Ltd,P-22, Bondel Road, Kolkata - 700 019 not less than 48 hours before the time for holding the meeting.



The courage and curiosity to question

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.

<http://www.akzonobel.co.in>



AkzoNobel

Tomorrow's Answers Today

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