



**AkzoNobel**

Tomorrow's Answers Today

# ICI India Limited

An AkzoNobel Company



Annual Report 2008-09

Dulux<sup>®</sup>

Do you agree Dulux **3in1** always delivers more?

Easy to wash walls  
Healthy and safe family  
So'l sheen and beautiful finish

Durable Micro-bond latex paint film  
Bacteria & fungus<sup>†</sup> resistant Health Guard Technology  
20%\* more coverage

I Do

I Do



**1. Stay Clean**  
Micro-bond latex film  
gives extra stain resistance  
and durability



**2. Stay Healthy**  
Bacteria & fungus<sup>†</sup>  
resistant



**3. Stay New**  
Smooth beautiful finish  
and soft sheen



\*Based on test results. 20% more coverage claim is based on test results. †Based on test results. Health Guard Technology is a registered trademark of Dulux. All other trademarks are the property of their respective owners. © 2011 Dulux. All rights reserved. Dulux is a registered trademark of the International Paint Company Ltd. All other trademarks are the property of their respective owners.

Dulux<sup>®</sup>

Jab ghar mein ho  
Dulux Velvet Touch, toh  
**Dikhta hai!**



*The only paint with the Pearl Glow Finish*



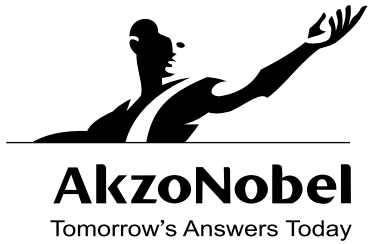
**AkzoNobel**

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# ICI India Limited

## Annual Report 2008-09

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## Our commitment

As an organization, we are committed to:

- helping our customers make their businesses a success
- providing the most competitive returns for our shareholders
- creating an attractive working environment for our people
- conducting all our activities in the most socially responsible manner

We strive to be:

- the first choice of customers, shareholders and employees
- a respected member of society



# AkzoNobel

Tomorrow's Answers Today

## BOARD OF DIRECTORS

### CHAIRMAN

Mr Aditya Narayan

### MANAGING DIRECTOR

Mr Rajiv Jain (upto 31 May 09)

Mr Amit Jain (w.e.f. 1 June 09)

### DIRECTORS

Mr Sandeep Batra - Wholetime Director  
(upto 12 January 09)

Mr A J Britt

Mr R Gopalakrishnan

Ms R S Karnad

Mr Nihal Kaviratne CBE (w.e.f. 30 March 09)

Mr M R Rajaram

Mr M V Subbiah

### COMPANY SECRETARY

Mr R Guha

### REGISTERED OFFICE

Geetanjali Apartment, 1<sup>st</sup> floor,  
8-B, Middleton Street, Kolkata 700 071  
Tel : 033-22267462 Fax: 033-22277925

### CORPORATE OFFICE

10th Floor, DLF Plaza Tower  
DLF Qutab Enclave, Phase-1  
Gurgaon 122 002  
Tel : 0124-2540400  
Fax : 0124-2540849

### WEBSITE

[www.iciindia.com](http://www.iciindia.com)

## KEY COMMITTEES OF THE BOARD

### Audit Committee

Ms R S Karnad (Chairperson)

Mr A J Britt

Mr R Gopalakrishnan

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

Mr M V Subbiah

### Remuneration and Nominations Committee

Mr M V Subbiah (Chairman)

Mr A J Britt

Mr R Gopalakrishnan

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

Ms R S Karnad

### Shareholders/Investors Grievance Committee

Mr A J Britt (Chairman)

Mr Rajiv Jain (upto 31 May 09)

Mr M R Rajaram

### AUDITORS

B S R & Associates

### BANKERS

Citibank NA

Deutsche Bank AG

HDFC Bank Limited

Hongkong & Shanghai Banking Corpn.

Standard Chartered Bank

State Bank of India

### REGISTRAR AND SHARE TRANSFER AGENT

C B Management Services (P) Ltd

P-22, Bondel Road

Kolkata 700 019

Tel : 033-22806692-94

Fax : 033-22870263

Email : [cbmsl1@cal2.vsnl.net.in](mailto:cbmsl1@cal2.vsnl.net.in)

## DIRECTORS' REPORT

Your Directors have pleasure in presenting their report for the year ended 31 March 2009.

### BUSINESS ENVIRONMENT

Following on the global financial meltdown, the business environment in India was depressed in 2008-09 resulting in the GDP growth for the year falling to about 7% against the average of 9% achieved during the past few years. The impact was significant during Oct 08-Mar 09 period, when the Index of Industrial Production grew by about 1% compared to 8% in Oct 07- Mar 08. The rupee depreciated by 24% during the fiscal year and foreign exchange reserves fell by 19% reflecting outflow of FII money from India and recession in the world economy.

The outlook for fiscal year 2009-10 is likely to be better, particularly in the latter half, as the stimulus packages rolled out by the government in 2008-09 take effect, inflation remains contained and interest rates fall.

### FINANCE AND ACCOUNTS

Total Income from continuing operations at Rs 996.3 cr was up by 18% while the operating profit (PBDIT) at Rs 196.7 cr from continuing operations grew by 68%. In addition to the significantly improved operating performance, PBT at Rs 378.7 cr was much higher compared to last year's Rs 90.4 cr, mainly on account of profit of Rs 205.3 cr from divestment of Adhesives Business (including the shareholding in the Company's subsidiary Polyinks Limited), partially offset by an Exceptional charge of Rs 5.8 cr on account of Pension Fund top up. Consequently, PAT for the year at Rs 294.6 cr was much higher than the previous year (Rs 60.2 cr).

Keeping in view the current year's performance including the exceptional items, the Board has recommended a dividend of Rs 16.00 per share for the year 2008-09 (previous year: Rs 8.00 per share) which will be paid after the approval of the members at the forthcoming Annual General Meeting.

The performance highlights for the year are:

	2008-09	(Rs cr) 2007-08
<b>Total income</b>		
From continuing operations	996.3	841.4
From discontinued operations	-	126.4
	<u>996.3</u>	<u>967.8</u>
<b>Operating Profit (PBDIT)</b>		
From continuing operations	196.7	117.3
From discontinued operations	-	13.8
	<u>196.7</u>	<u>131.1</u>
Depreciation	(21.3)	(22.5)
Interest income (net)	3.8	0.5
<b>Profit before tax from operations</b>	<u>179.2</u>	<u>109.1</u>
Exceptional items	199.5	(18.7)
<b>Profit before tax</b>	<u>378.7</u>	<u>90.4</u>
Tax	(84.1)	(30.2)
<b>Profit after tax</b>	<u>294.6</u>	<u>60.2</u>

The appropriations from the profit are as follows:

Balance in Profit & Loss Account	
brought forward from previous year	443.0
Profit after tax for the year	294.6
<b>Total available for appropriation</b>	<u>737.6</u>
<b>Appropriations</b>	
Transfer to General Reserve	(74.0)
Proposed Dividend	(60.9)
Tax on Dividend	(10.3)
<b>Balance carried to Balance Sheet</b>	<u>592.4</u>

No fresh public deposits were accepted by the Company during the year. Unclaimed deposits and unclaimed dividends amounting to Rs 0.2 cr were remitted into the Investor Education and Protection Fund of the Central Government as required under section 205C of the Companies Act, 1956.

### SHARE BUY BACK

The share buyback through market operations, approved by the members through postal ballot on 19 December 2008, was commenced in mid February 2009. Under this scheme, a total of 1.5 lac shares has been bought back upto 31 March 2009 at a cost of Rs 6.3 cr. The previous share buyback was closed on 12 July 2008 after buying back a total of 26.5 lac shares, constituting about 6.4% of the paid up capital of the Company, at a cost of Rs 140.5 cr.

The premium paid over the face value of the shares bought back and other costs of the buyback incurred during the year amounting to Rs 15.1 cr have been adjusted against General Reserve. In addition, as required under the provisions of the Companies Act 1956, a Capital Redemption Reserve has been created to the extent of Rs 0.3 cr by adjustment to the General Reserve.

### SIGNIFICANT DEVELOPMENTS

The divestment of Company's Adhesives business was completed after obtaining necessary statutory approvals; the agreed portion of Thane site and the Company's shareholding in its subsidiary Polyinks Limited has been handed over to the purchaser on 21 January 2009.

### MANAGEMENT DISCUSSION & ANALYSIS

#### Paints

While Paints sales were up by 12%, segment profit grew by 31% on account of improved mix, higher realizations and cost control. Your Company continued to build the Dulux brand through relevant advertising/promotions, new colour offers, a reinvigorated placement of in-store tinting machines and best-in-class painter/contractor programmes and projects business.

To enable the Company's channel partners to offer value

added service and enriched customer experience, an initiative for shop modernization was taken up. These stores have the ambience of a design studio wherein the consumer can experience a painted wall finish, colour panels and other collaterals. The stores have dedicated space for consumer interaction and colour & product advice from a colour consultant.

The Company's PU based Auto Refinish products (Eterna and Vektor Duco PU) found good acceptance with the dealers and users. In the commercial vehicles segment, the business rolled out an aggressive strategy to acquire new customers by offering customized painting solutions and services.

The government's thrust on infrastructure development, soft interest rates and reduced excise duty will have a favourable impact on the paints industry. However the industry could witness lower growth till the revival of housing sector. The business intends to continue its focus on building the Dulux and Duco brands, extending its distribution reach and further strengthening its IT systems. Movement in crude prices and exchange fluctuations may adversely affect costs and your Company has a focused value creation plan to mitigate such impact.

#### Others

This segment comprising the trading operations in Specialty Polymers and Starches registered a decline in sales as well as profitability, mainly due to economic downturn in the consuming industries and depreciating rupee. Efforts are on hand to strengthen these businesses.

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

Your Company continued to sustain its high standards of HSE&S performance, returning yet another year with no major injury or incidents. A new integrated HSE&S system was rolled out in the organization. Extensive efforts were put in to drive awareness of the basic requirements of HSE&S amongst employees across the organization and engaging them personally in the HSE&S process through reporting of at least one learning incident per person per month. All people driving on Company business were given training on defensive driving. More focus was given on training inputs to people using two-wheelers to reduce the risk. Mohali Plant was awarded the 'Punjab State Safety Award' for its outstanding HSE&S performance for the second year in succession. No occupational illness was reported during the year.

The Company encouraged a number of CSR initiatives in the neighbouring communities in partnership with NGOs for improving children's awareness on health, safety and environment.

#### CONSERVATION OF ENERGY, RESEARCH, DEVELOPMENT & INNOVATION

The Company's performance on energy and waste reduction continued to improve ahead of targets. 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

As part of the global initiatives to improve effectiveness and efficiency on a group-wide basis, AkzoNobel's proven SAP solution called 'SATURN' has been implemented at all the three manufacturing plants and at the Head Office in Gurgaon. With this implementation, all operations of Paints business are now fully on SAP - manufacturing plants and HO running SATURN and other sites running on the earlier SAP system. The two systems have been interfaced seamlessly. However with a view to bring all systems on to a single platform, work is now in progress to have SATURN operational at all sites by end 2009.

The data network is being revamped and upgraded to provide high-speed links to all sites by end 2009. Upgradation of the links at eight major sites viz. HO, four Regional Sales Offices and three manufacturing plants, has already been implemented.

#### HUMAN RESOURCES

Cordial relations with the employees prevailed at all the Company locations during the year. The total number of employees on the rolls of the Company as at 31 March 2009 was 892. A statement containing the particulars of employees as required under section 217(2A) of the Companies Act, 1956 is given in page 44.

#### INTERNAL CONTROL SYSTEMS

The Company has an effective Risk Management framework, which helps the Board to monitor the exposure and state of controls in the key business processes. It has well-established procedures for internal control across its various locations, commensurate with its size and operations. The organization is 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 the Bombay Stock Exchange.

#### DIRECTORS

After 35 years of distinguished service and leadership in various capacities, Mr Rajiv Jain will be stepping down as the Managing Director of the Company with effect from 1 June 2009. He will

be succeeded by Mr Amit Jain who has been appointed as the Managing Director of the Company for a period of five years with effect from 1 June 2009, subject to approval of the shareholders.

Mr Nihal Kaviratne CBE joined the Board as an Additional Director with effect from 30 March 2009 and will hold office till the date of the forthcoming Annual General Meeting.

Mr M V Subbiah, will be retiring by rotation at the forthcoming Annual General Meeting. In line with the Company's policy on retirement of non executive Directors, Mr Subbiah has expressed a desire not to seek re-appointment.

Ms R S Karnad, Director, will be retiring by rotation at the forthcoming Annual General Meeting and is eligible for re-appointment.

Mr S Batra resigned from the Board on 12 January 2009 to pursue other interests outside the Company.

The Board wishes to place on record its deep appreciation of the contribution of Mr Rajiv Jain, Mr M V Subbiah and Mr S Batra.

#### **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 2009; and
  - the profit for the year ended on that date;
- c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the

assets of the Company and for preventing and detecting fraud and other irregularities; and

- d) they have prepared the annual accounts on a going concern basis.

#### **Cautionary Statement**

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

#### **SUBSIDIARY COMPANY & CONSOLIDATED RESULTS**

Polyinks Limited ceased to be a subsidiary of the Company during the year. However, audited consolidated financial results are being provided in the Annual Report for the period when Polyinks Limited remained a subsidiary of the Company. A summary of the consolidated financial performance is given below:

	<b>(Rs cr)</b>	
	<u>2008-09</u>	<u>2007-08</u>
Total income	<b>996</b>	976
Profit before tax from operations	<b>179</b>	109
Profit before tax	<b>379</b>	90
Profit after tax	<b>295</b>	60
Total Shareholder Funds	<b>971</b>	763

#### **ACKNOWLEDGMENT**

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

On behalf of the Board

Gurgaon  
15 May 2009

A NARAYAN  
Chairman



ANNEXURE I

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

**A) CONSERVATION OF ENERGY**

**1. Power & fuel consumption\***

		<u>2008-09</u>	<u>2007-08</u>
<b>(a) Electricity</b>			
<b>(i) Purchased</b>			
Unit	Mwh	<b>10298</b>	11426
Total cost	Rs Lacs	<b>463</b>	510
Rate	Rs / Kwh	<b>4.50</b>	4.46
<b>(ii) Own Generation</b>			
Units	Mwh	<b>275</b>	1076
Units / KL of HSD	Kwh	<b>11275</b>	7271
Cost / unit	Rs / Kwh	<b>9.56</b>	11.42
<b>(b) Fuel Oil</b>			
Quantity	Kl	<b>1269</b>	1405
Total cost	Rs Lacs	<b>406</b>	391
Average rate	Rs / Kl	<b>32007</b>	27829

\* Including the figures relating to Catalyst business, for which actual costs are borne by Johnson Matthey Chemicals India Pvt. Ltd under a Toll Conversion Arrangement.

**2. Consumption per unit of production**

**Electricity (Kwh per Te/Kl)**

Paints	<b>99</b>	99
Adhesives	-	140
Catalysts	<b>1402</b>	1584

**Fuel Oil (Kwh per Te/Kl)**

Catalysts	<b>0.43</b>	0.53
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**B) ABSORPTION OF TECHNOLOGY**

**1. Research & Development (R&D)**

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

The company continues to use its research and development base to bring to the consumer new products with improved performance features and products for special applications.

**(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 (e.g. PU ancillaries, Alkyds); and
- Cost saving through substitution of raw materials.

**(c) Future plan of action**

R&D efforts of your Company will continue to focus on development of new products and applications, efficiency improvements and waste reduction, savings in energy consumption and introduction of environment friendly products.

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

	<u>2008-09</u>	<u>2007-08</u>
(i) Capital	<b>35</b>	30
(ii) Recurring	<b>374</b>	382
(iii) Total	<b>409</b>	412
(iv) Total R & D expenditure as a percentage of turnover	<b>0.4%</b>	0.4%

**2. Technology Absorption, Adaptation and Innovation**

**(a) Efforts & Benefits**

- New and innovative products in response to changing customer needs and customer feedback are continuously under development.
- As part of the Company's value creation initiatives, usage of raw materials in some product lines were optimized.

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

Adhesives Business for which Polymerisation Technology was imported in 2005, has been divested during the year.

**C) FOREIGN EXCHANGE EARNINGS AND OUTGO**

**(a) Total Foreign Exchange earned and used**

	<u>2008-09</u>	<u>2007-08</u>
Earned	<b>99</b>	6,86
Used	<b>98,21</b>	148,10

**(b) Future Plans**

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

## ANNEXURE II

### REPORT ON CORPORATE GOVERNANCE

#### 1. Company's Philosophy on Code of Corporate Governance

Your Company remains strongly committed to sound Corporate Governance practices in order to achieve the highest standards of management and business integrity and to give sustainable long term returns to all its stakeholders.

#### 2. Board of Directors

##### Composition

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

Name of Directors	Category of Directorship in ICI India	Directorships in other companies <sup>1</sup>		Membership in specified Committees <sup>2</sup>
		Public	Private / Foreign / limited by guarantee	
Mr A Narayan	Non Executive Chairman	1	–	2
Mr Rajiv Jain	Managing Director	1	2	1
Mr Sandeep Batra <sup>3</sup>	Wholetime Director	1	1	–
Mr A J Britt	Non Executive	–	3	2
Mr R Gopalakrishnan	Non Executive Independent	8	3	5
Ms R S Karnad	Non Executive Independent	13	7	5
Mr N Kaviratne CBE <sup>4</sup>	Non Executive Independent	5	5	6
Mr M R Rajaram	Non Executive	1	3	2
Mr M V Subbiah	Non Executive Independent	7	3	2

<sup>1</sup> Excludes Alternate Directorships

<sup>2</sup> Specified Committees - Audit, Shareholder/Investor Grievance

<sup>3</sup> Resigned w.e.f. 13 January 2009

<sup>4</sup> Appointed w.e.f. 30 March 2009

##### Meetings & Attendance

Given below is the consolidated list of meetings of the Board and specified Committees held during 2008-09 and attendance details of Directors:

#### Meeting details during April 2008 to March 2009

Name of the meeting	Dates on which meetings were held
Annual General Meeting (AGM)	17 July 2008
Board	20 May, 17 July, 23 October 2008 and 20 January 2009
Audit Committee	20 May, 17 July, 23 October 2008 and 20 January 2009
Shareholders/Investors Grievance Committee (SHIGC)	23 October 2008 and 24 March 2009
Remuneration & Nominations (R&N) Committee	20 May 2008

#### Attendance details at meetings during April 2008 to March 2009

	AGM	Board	Audit	SHIGC	R&N
<b>No. of meetings held</b>	<b>1</b>	<b>4</b>	<b>4</b>	<b>2</b>	<b>1</b>
Mr A Narayan	1	4	NA	NA	NA
Mr Rajiv Jain	1	4	NA	2	NA
Mr Sandeep Batra	1	3	NA	NA	NA
Mr A J Britt	-	2	2	1	–
Mr R Gopalakrishnan	1	3	3	NA	–
Ms R S Karnad	1	4	4	NA	1
Mr N Kaviratne CBE	NA	NA	NA	NA	NA
Mr M R Rajaram	1	4	NA	2	NA
Mr M V Subbiah	1	3	3	NA	1

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

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

#### Directors to be appointed/re-appointed

- Mr Amit Jain, who was appointed as the Managing Director of the Company for a period of five years with effect from 1 June 2009, subject to shareholder approval.
- Mr Nihal Kaviratne CBE, who was appointed as an Additional Director of the Company with effect from 30 March 2009 to hold office till the forthcoming Annual General Meeting.
- In terms of the Articles of the Association of the Company, Mr M V Subbiah and Ms R S Karnad will retire by rotation in the forthcoming Annual General Meeting. In line with the Company's policy regarding retirement of non executive Directors, Mr Subbiah has expressed a desire not to seek re-appointment at the forthcoming Annual General Meeting. Ms R S Karnad is eligible for re-appointment.

Brief resume of each of the above directors to be appointed/re-appointed are given below, as required under clause 49(VI) of the Listing Agreement:

##### i. Mr Amit Jain

Mr Amit Jain will be joining the Board of ICI India Limited as Managing Director on 1 June 2009. He has over 20 years of multi-function management experience and has held senior management positions across Asia, with two global leaders, Coca-Cola & Viacom.

Before joining ICI India, Mr Jain was Executive Vice President & Managing Director, MTV Networks India, China & South East Asia, based at Singapore. Prior to MTV, he worked with Coca-Cola for 11 years, in leadership roles across S.E. Asia & India, with his last assignment as Regional Vice President, Coca-Cola India. He commenced his career with ICI India, Paints business and managed diverse responsibilities in sales & marketing between 1987 and 1994.

Born in Sep 1964, he holds a management degree from Faculty of Management Studies, Delhi and an Advanced Management Program from Wharton Business School.

Mr. Amit Jain does not hold Directorship in any other company.

##### ii. Mr Nihal Kaviratne CBE

Mr Nihal Kaviratne CBE has joined the Board of the Company as a Non Executive Director with effect from 30 March 2009.

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 increasingly 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 ChildCare Centres and Vice Chairman of the Indian Cancer Society.

Apart from ICI India Limited, Mr Kaviratne is a Director in following companies:

Agro Tech Foods Ltd  
Fullerton India Credit Company Ltd  
Fullerton Securities and Wealth Advisors Ltd  
GlaxoSmithKline Pharmaceuticals India Ltd  
Titan Industries Ltd  
PT TVS Motor Company, Indonesia  
Foosti Pte Ltd, Singapore  
StarHub Ltd Singapore  
TVS Motor Company (Europe) BV, The Netherlands  
Wildlife Reserves, Singapore

### iii. Ms Renu S Karnad

Ms R S Karnad is a Non Executive Director of the company since August 2003. She is currently the Joint Managing Director of Housing Development Finance Corporation Ltd, which she joined in 1978. Having been responsible for strategy, budget, product development and distribution for the all-India lending operations of HDFC, she carries rich experience in the field.

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

Ms Karnad is a Member of the BTS Investment Advisory Committee advising the Swiss Tech Fund set up by the Government of Switzerland.

Apart from ICI India Limited, Ms Karnad is a Director in following companies:

Bosch Limited  
Credit Information Bureau (India) Ltd  
Feedback Ventures Pvt Ltd  
G4S Corporate Services (India) Pvt Ltd  
Gruh Finance Ltd  
Housing Development Finance Corporation Ltd  
HDFC Asset Management Company Ltd  
HDFC Bank Ltd  
HDFC Ergo General Insurance Co Ltd  
HDFC Property Ventures Ltd  
HDFC Realty Ltd  
HDFC Sales Pvt Ltd  
HDFC Standard Life Insurance Co Ltd  
Indraprastha Medical Corporation Ltd  
Mother Dairy Fruit & Vegetable Pvt Ltd

Sparsh BOP Services Ltd  
Ascendas Pte Ltd, Singapore  
Egyptian Housing Finance Company, SAE  
Transunion LLC, Chicago

### 3. Audit Committee

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

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

The R&N Committee comprises only NEDs and is chaired by Mr M V Subbiah. The Chairman of the Board is a permanent invitee to the meetings of the Committee.

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

#### Remuneration of Directors

While remuneration of Executive Directors is recommended by the R&N Committee, the remuneration to the NEDs is approved by the Board. The NEDs, other than Mr A J Britt, are paid sitting fees @ Rs 10,000 per meeting for attending Board/Committee meetings, where they have been nominated as members, and Commission as approved by the Board/Shareholders from time to time.

The details of remuneration paid to the Directors during the year 2008-09 are given below:

Figures in Rs lacs

	Fixed component	Performance linked payments	Total Remuneration
	a	b	c
<b>Managing / Wholtime Directors</b>	<b>Salary, Allowances &amp; Perquisites</b>	<b>Performance Pay</b>	<b>(c = a + b)</b>
Mr Rajiv Jain	137.83	72.88	210.71
Mr Sandeep Batra	57.58	-	57.58
Total	195.41	72.88	268.29
<b>Non-Executive Directors</b>	<b>Sitting Fees</b>	<b>Commission</b>	
Mr A Narayan	0.40	5.00	5.40
Mr R Gopalakrishnan	0.60	5.00	5.60
Ms R S Karnad	0.90	5.00	5.90
Mr M R Rajaram	0.50	5.00	5.50
Mr M V Subbiah	0.70	5.00	5.70
Total	3.10	25.00	28.10

**Notes:**

- a) The service contracts with the Managing/ Wholetime Directors are terminable by notice. Extracts of such contracts are communicated to the shareholders as required under law.
- b) Performance linked payments are made to the Managing/Wholetime Directors based on pre-agreed parameters and taking into account the recommendations of the R&N Committee.
- c) In case of NEDs, fixed component of remuneration represents sitting fees paid to them for attending Board/Committee meetings. The criteria for payment of Commission to the NEDs are outlined in para 10(vi) below.
- d) Presently, the Company does not have any stock option scheme.

**5. Shareholders/Investors Grievance Committee**

The SHIGC of the Company is headed by Mr A J Britt, NED. The other members are Mr Rajiv Jain and Mr M R Rajaram. The Company Secretary functions as the Secretary to this Committee and has been nominated as the Compliance Officer.

The Company received 17 complaints from the shareholders/statutory authorities during 2008-09, all of which have been resolved and there was none pending as on 31 March 2009. Routine queries/service requests received from the shareholders were addressed/resolved within 7 days of receipt of such communication. No share transfer request received during the year was pending beyond the normal service time.

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

**6. General Body Meetings**

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

Date of AGM	Time	Place
17 July 2008	2.00 pm	Bharatiyam Complex IB 201, Salt Lake Kolkata - 700106
19 July 2007	2.00 pm	- do -
26 July 2006	2.00 pm	- do -

- ii. Two special resolutions were passed in AGM during the past three years, for de-listing the Company's shares from Calcutta Stock Exchange at the AGM held on 19 July 2007 and for Payment of Commission to Non-executive Directors 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, which was approved by a majority of 99.9% of the votes polled. The postal ballot 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 was 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 regularly for its approval.
- ii. None of the NEDs had any materially significant pecuniary relationship or transaction vis-à-vis the Company, which may have a potential conflict with the interests of the Company at large. Mr A Narayan and Mr M R Rajaram receive pension and other benefits from the Company for the past services rendered as the Company's employees. Mr A J Britt was entitled to remuneration and other benefits for his role and responsibilities in Akzo Nobel Group.
- iii. All NEDs 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.
- iv. 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. 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 results, press releases and other relevant information are displayed on the Company's website www.iciindia.com. These information are also posted on corporate filing website.
iv. Presentations made to institutional investors or to the analysts	Normally no such presentations are made.

## 9. General Shareholder Information

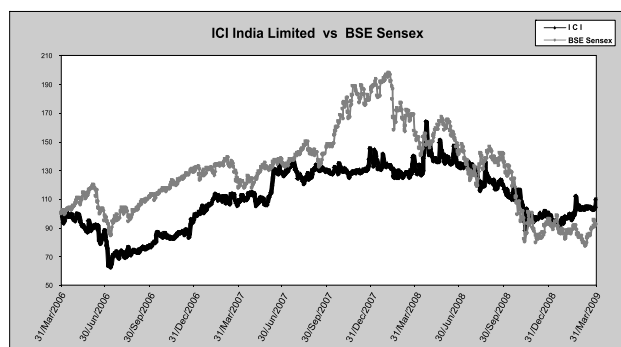
Subject	Details
i. AGM: date, time and venue	16 July 2009 at 1400 hours at Bharatiyam Complex, IB 201, Salt Lake, Kolkata - 700106
ii. Financial year	April to March
iii. Date of Book Closure	1 July 2009 to 16 July 2009 (both days inclusive)
iv. Dividend payment date(s)	On or around 20 July 2009 (after 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 2008 to 31 March 2009 have been paid to BSE and NSE.
vi. Stock Code	BSE : 500710 NSE : ICI EQ CSE : 10000015 ISIN : INE133A01011

### vii. Market Price data and stock performance during 2008-09

Month	High (Rs/share)	Low (Rs/share)	Volume (000 nos.) BSE + NSE
April-08	679	538	31
May-08	645	531	188
June-08	603	515	62
July-08	578	449	97
August-08	554	467	24
September-08	517	420	15
October-08	525	351	60
November-08	426	365	159
December-08	440	360	26
January-09	420	362	52
February-09	470	383	146
March-09	458	410	268
<b>Total</b>			<b>1128</b>

The above includes 3.11 lac shares bought back by the Company under the Buyback scheme.

### viii. Performance in comparison to BSE Sensex from March 2006 to March 2009



Note: Comparison is made assuming Base value of 100 as on 31 March 2006, both for the share price and the BSE Sensex.

- 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 twice a month for this purpose. Share transfers are registered and returned within 30 days from the date of lodgment of complete documents.

### xi. Distribution of Shareholding as on 31 March 2009

Range (No. of shares)	No. of shareholders	No. of share (000's)	% to total issued capital
1-50	25,221	485	1.3
51-500	13,311	1,915	5.0
501-5,000	1,112	1,139	3.0
5,001-50,000	36	525	1.4
50,001-10,00,000	18	5,097	13.4
10,00,001 and above	6	29,046	76.2
Less: Bought back, pending extinguishment	NA	(137)	(0.3)
<b>TOTAL</b>	<b>39,704</b>	<b>38,070</b>	<b>100.0</b>

- 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 2009, 91% of the Company's equity shares (other than shares held by ICI UK) have been dematerialized (No. of Demat accounts: 15541). The Company has entered into agreements with NSDL & CDSL for smooth operation of demat mode of shareholding.

## CORPORATE GOVERNANCE

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xiii	Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity	: None issued / outstanding	xv	Address for correspondence	Shareholders correspondence are to be addressed to: 1. C B Management Services (P) Ltd, P-22, Bondel Road, Kolkata 700 019 OR 2. The Company Secretary ICI India Ltd, DLF Plaza Tower, 10th floor, DLF Qutab Enclave, Phase-1, Gurgaon 122 002, Haryana.
xiv	Plant locations	: The Company's plants are located at Hyderabad (Andhra Pradesh), Thane (Maharashtra) and Mohali (Punjab)			

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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 as follows:

	Description	Status as on 31 March 2009
i	a) Non Executive Chairman's office and expenses  b) Tenure of Independent Directors	The non Executive Chairman has been provided an office at the Company's corporate office in Gurgaon. All expenses incurred by him in the performance of his official duties are borne by the Company.  None of the Independent Directors on the Company's Board have served more than 9 years each, after the date on which the corporate governance norms in terms of clause 49 of the listing agreement have become effective (1 January 2006). However, taking into account his tenure as a Director of the Company prior to the said date, Mr R Gopalakrishnan has completed 9 years as an Independent Director of the Company and continues to serve on the Board as an Independent Director.
ii	Remuneration Committee	Refer para 4 above.
iii	Sending of half yearly declaration of financial performance including summary of the significant events during the past six months to each household of shareholders	As the Company's quarterly results are published in newspapers and major developments are covered in the press releases (which are also posted on the Company's website), sending the half yearly financial results to the shareholders is not considered necessary.
iv	Audit qualifications	There is no audit qualification in the current year.
v	Training of Board members in the business model of the Company etc.	The Executive Directors are covered by the Company's training programmes for its employees. The NEDs are briefed about business operations from time to time and during discussions at Board meetings.
vi	Mechanism for evaluating NEDs	The NEDs' contribution to the Company is mainly in the areas of general management and good corporate governance. They also serve as a 'sounding board' for the operating strategies of the Company, besides bringing an external perspective to the Company's growth plans. The NEDs are therefore remunerated in the form of sitting fees for participating in the Board and Committee meetings and a Commission (subject to a maximum of Rs 10 lacs per Director per annum) as a token of recognition of their contribution, with the approval of the Board.
vii	Whistle Blower Policy	Refer para 7(vii) above.

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### 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.

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On behalf of the Board

Gurgaon  
15 May 2009

**A NARAYAN**  
Chairman

## Declaration by the Managing Director

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

This is to certify that:

1. In pursuance of the provisions of Clause 49(I)(D) of the listing agreement, a Code of Conduct has been adopted by the Board of Directors of the Company.
2. The said Code of Conduct has been posted on the website of the Company and has been circulated to all the Board members and the employees of the Company.
3. All Board members and senior management personnel have affirmed compliance with the said Code of Conduct, for the year ended 31st March 2009.

Gurgaon  
15 May 2009

Rajiv Jain  
Managing Director

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### AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

#### To the Members of ICI India Limited

We have examined the compliance of conditions of corporate governance by ICI India Limited ("the Company") for the year ended 31 March 2009, 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 Company's 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 **BSR & Associates**  
Chartered Accountants

**KAUSHAL KISHORE**  
Partner  
Membership No. 090075

Gurgaon  
15 May 2009

## Auditors' Report

TO THE MEMBERS OF ICI INDIA LIMITED

- 1 We have audited the attached Balance Sheet of ICI India Limited ('the Company') as at 31 March 2009 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 2009 and taken on record by the Board of directors, we report that none of the directors is disqualified as on 31 March 2009 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 2009;
  - (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 Cash Flow Statement, of the cash flows for the year ended on that date.

For B S R & Associates  
Chartered Accountants

Gurgaon  
15 May 2009

KAUSHAL KISHORE  
Partner  
Membership No.: 090075

### Annexure referred to in paragraph 3 of the Auditors' Report to the Members of ICI India Limited on the accounts for the year ended 31 March 2009

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets are physically verified by the management in accordance with a phased programme designed to cover all items of fixed assets over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and nature of its fixed assets. In accordance with this programme, certain categories of fixed assets at certain locations have been physically verified by the management during the year and no material discrepancies were noticed on such verification.
- (c) As explained in note 16 (4) to the notes to the accounts, during the year the Company has divested its Adhesive Business. In our opinion and according to information and explanations given to us, the aforesaid divestment does not effect the Company's ability to continue as a going concern. The Company did not dispose off any substantial part of its fixed assets other than the above.
- (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 2009 has been confirmed based on confirmations or statements of account received from such third parties. 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) The Company has granted a loan to Polyinks Limited, (subsidiary company) which is covered in the register maintained under

Section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was Rs 1,061 lacs and the year-end balance of such loan was Rs Nil. Polyinks Limited has ceased to be a subsidiary with effect from 21 January 2009.

- (b) In our opinion, the rate of interest and other terms and conditions on which the loan has been granted to the subsidiary listed in the register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
- (c) In the case of the loan granted to the subsidiary listed in the register maintained under Section 301 of the Companies Act, 1956, the borrower has been regular in repaying the principal amount as stipulated and in the payment of interest.
- (d) There are no overdue amounts of more than Rs.1 lac in respect of the loan granted to the subsidiary listed in the register maintained under Section 301 of the Companies Act, 1956.
- (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. Accordingly, paragraphs 4 (iii) (e) to 4 (iii) (g) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have been informed of any incidence of major weaknesses in the aforesaid internal control system.
- (v) (a) In our opinion and 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) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A, Section 58AA or other relevant provisions of the Companies Act, 1956 and the rules framed there-under/ the directives issued by the Reserve Bank of India (as applicable) with regard to deposits accepted from the public. Accordingly, there have been no proceedings before the Company Law Board or National Company Law Tribunal (as applicable) or Reserve Bank of India or any Court or any other Tribunal in this matter and no order has been passed by any of the aforesaid authorities.
- (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 2009 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty and Cess which have not been deposited with the appropriate authorities on account of any dispute, except as mentioned below:

(Amount in Rs lacs)

Name of the Statute	Nature of the dues	Amount of dispute *#	Amount paid under protest	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax	117,28	117,28	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	4,91	–	1991-92 to 2005-06	Customs, Excise and Appellate Tribunal
		66	–	2004-05 and 2005-06	
Central Sales Tax Act, 1956	Sales tax	8,73	1,38	1982-83 to 2004-05	Commissioner Appeals of Central Excise and Customs
West Bengal Sales Tax Act, 1994	Sales tax	14,24	–	1995-96, 1997-98, 1998-99, 1999-00, 2002-03, 2003-04	Sales Tax Officer/ Sales Tax Revision Board / Deputy Commissioner/ Deputy Commissioner Appeal/ Appellate Tribunal
Uttar Pradesh Trade Tax Act, 1948	Sales tax	5,47	–	1976-77, 1979-80, 1980-81, 1986-87, 1987-88, 1988-89, 1989-90, 1992-93, 2000-01, 2003-04, 2004-05	Sales Tax Officer/ Sales Tax Revision Board / Deputy Commissioner/ Deputy Commissioner Appeal/ Additional Commissioner/ Appellate Tribunal/ High Court
Delhi Sales Tax, Act 1975	Sales tax	79	–	1985-86, 1986-87, 1987-88, 2003-04, 2004-05	
The Kerala General Sales Tax Act, 1963	Sales tax	68	–	2000-01, 2001-02, 2002-03	
Rajasthan Sales Tax Act, 1994	Sales tax	71	–	1998-99, 2003-04	
Bihar Sales Tax Act, 1959	Sales tax	2,14	47	1992-93 to 1999-00	
The Madhya Pradesh General Sales Tax Act, 1958	Sales tax	2,15	70	1982-83 to 1999-00	
Orissa Sales Tax Act, 1947	Sales tax	1,70	1,65	1995-96 to 1999-00	
Andhra Pradesh General Sales Tax Act, 1957	Sales tax	46	–	2000-01, 2001-02, 2002-03	

\* Including disputed dues aggregating Rs 494 lacs which have been stayed by 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

Gurgaon  
15 May 2009

KAUSHAL KISHORE  
Partner  
Membership No.: 090075

## BALANCE SHEET

	Schedule	As at 31 March 2009		As at 31 March 2008	
			(Rs lacs)		(Rs lacs)
<b>I) SOURCES OF FUNDS</b>					
<b>1. Shareholders' funds</b>					
a) Share capital	1	<b>38,07</b>		38,38	
b) Reserves and surplus	2	<b>933,00</b>	<b>971,07</b>	<u>724,59</u>	762,97
<b>2. Deferred tax liability (net)</b>	16 (18)		<b>5,87</b>		9,48
<b>Total</b>			<b>976,94</b>		<u>772,45</u>
<b>II) APPLICATION OF FUNDS:</b>					
<b>1. Fixed assets</b>	3				
a) Gross block		<b>325,47</b>		311,57	
b) Less : Accumulated depreciation		<b>192,41</b>		<u>178,32</u>	
c) Net block		<b>133,06</b>		<u>133,25</u>	
d) Capital work-in-progress		<b>1,62</b>	<b>134,68</b>	<u>10,47</u>	143,72
<b>2. Investments</b>	4		<b>915,21</b>		692,60
<b>3. Current assets, loans and advances</b>					
a) Inventories	5	<b>100,83</b>		123,95	
b) Sundry debtors	6	<b>75,65</b>		104,54	
c) Cash and bank balances	7	<b>14,73</b>		16,70	
d) Loans and advances	8	<b>91,39</b>		<u>74,44</u>	
		<b>282,60</b>		<u>319,63</u>	
<i>Less: Current liabilities and provisions</i>					
a) Current liabilities	9	<b>201,88</b>		265,97	
b) Provisions	10	<b>153,67</b>		<u>117,53</u>	
		<b>355,55</b>		<u>383,50</u>	
<b>Net current assets / (liabilities)</b>			<b>(72,95)</b>		<b>(63,87)</b>
<b>Total</b>			<b>976,94</b>		<u>772,45</u>
<b>Significant accounting policies</b>	15				
<b>Notes to the accounts</b>	16				

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

As per our report attached.

For B S R & Associates  
Chartered Accountants

For ICI India Limited

KAUSHAL KISHORE  
Partner  
Membership No: 090075

ANARAYAN  
Chairman

RAJIV JAIN  
Managing Director

M R RAJARAM  
Director

R GUHA  
Company Secretary

Gurgaon  
15 May 2009

## PROFIT AND LOSS ACCOUNT

		For the year ended 31 March 2009	For the year ended 31 March 2008
	Schedule	(Rs lacs)	(Rs lacs)
<b>Income</b>			
Gross sales		1015,78	1062,36
Less : Excise duty		115,68	132,22
Net sales		900,10	930,14
Other income	11	96,21	37,64
Total income		996,31	967,78
<b>Expenditure</b>			
Materials consumed, etc.	12	509,85	551,68
Other expenditure	13	282,98	281,50
Depreciation (net)		21,33	22,51
Interest		2,93	2,95
		817,09	858,64
<b>Profit before taxation and exceptional items *</b>			
		179,22	109,14
Exceptional items [ gain / (loss) ] *	14	199,49	(18,73)
<b>Profit before taxation *</b>			
		378,71	90,41
Provision for taxation : *			
– Current tax		84,00	26,60
– Deferred tax charge/ (credit)		(3,61)	7
– Fringe benefit tax		3,73	3,53
<b>Profit after taxation</b>			
		294,59	60,21
Balance brought forward		442,98	472,69
<b>Balance available for appropriation</b>			
		737,57	532,90
<b>Appropriations</b>			
General reserve		74,00	54,00
Proposed dividend		60,89	30,70
Tax on proposed dividend		10,35	5,22
Provision for dividend no longer required written back	16 (12)(i)	(12)	–
		145,12	89,92
<b>Balance carried to the Balance Sheet</b>			
		592,45	442,98
<b>Basic and diluted earnings per equity share (in Rs.)</b>			
	16 (16)	77.02	15.16
<b>* Information on discontinued business</b>			
	16 (4, 22)		
<u>Adhesives business</u>			
Profit before taxation from operations		–	15,28
Income tax expense related to the above		–	5,78
Profit on disposal of discontinued business (pre tax)		193,82	–
Income tax expense related to the above disposal		44,50	–
<b>Significant accounting policies</b>			
	15		
<b>Notes to the accounts</b>			
	16		

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

As per our report attached to the Balance Sheet.

For B S R & Associates                      For ICI India Limited  
Chartered Accountants

KAUSHAL KISHORE  
Partner  
Membership No: 090075

ANARAYAN  
Chairman

RAJIV JAIN  
Managing Director

M R RAJARAM  
Director

R GUHA  
Company Secretary

Gurgaon  
15 May 2009

## CASH FLOW STATEMENT

	For the year ended 31 March 2009 (Rs lacs)	For the year ended 31 March 2008 (Rs lacs)
<b>A. Cash flow from operating activities</b>		
Profit before taxation and exceptional items	179,22	109,14
<u>Adjusted for :</u>		
Depreciation	21,33	22,51
Loss on write-off of fixed assets	–	16
Provisions/liabilities no longer required written back	(84)	(37)
Other provisions made during the year	74	–
Bad debts and advances written off	3,24	12
Provision for doubtful debts and advances (net)	(1,21)	1,12
Income from non trade investments	(10,27)	(10,80)
Profit on maturity/redemption of Fixed Maturity Plans	(69,12)	(10,30)
Interest income from banks and others	(6,71)	(3,45)
Interest expense	2,93	2,95
<b>Operating profit before working capital changes</b>	<b>119,31</b>	<b>111,08</b>
<u>Changes in :</u>		
Trade and other receivables	3,76	(5,19)
Inventories	5,09	8,20
Trade payables and other creditors	(30,00)	8,88
<b>Cash generated from operations</b>	<b>98,16</b>	<b>122,97</b>
Income tax paid	(85,79)	(37,27)
<u>Exceptional items</u>		
Voluntary retirement scheme payments	(3,69)	(5,17)
Additional contribution to employee retiral funds	(6,66)	–
<b>Net cash flow from operating activities (A)</b>	<b>2,02</b>	<b>80,53</b>
<b>B. Cash flow from investing activities</b>		
Purchase of fixed assets	(29,79)	(33,11)
Inter corporate deposits	(21,59)	(3,20)
Sale of businesses	236,46	63,23
Sale of investment in subsidiary	21,12	–
Sale of properties	–	2,10
Payments relating to divested businesses	(9,26)	(2,30)
Redemption/maturity of non-trade investment	62	50,00
Profit on maturity/ redemption of Fixed Maturity Plans	69,12	10,30
Interest received	6,71	3,45
Income from investments	9,52	13,32
<b>Net cash flow from investing activities (B)</b>	<b>282,91</b>	<b>103,79</b>
<b>C. Cash flow from financing activities</b>		
Borrowings during the year	–	50,00
Borrowings repaid during the year	–	(50,00)
Buyback of shares	(15,36)	(133,49)
Dividend paid	(30,39)	(109,45)
Tax on dividend	(5,22)	(18,75)
Interest paid	(2,93)	(2,95)
<b>Net cash flow from financing activities (C)</b>	<b>(53,90)</b>	<b>(264,64)</b>
<b>Net changes in cash and cash equivalents (A+B+C)</b>	<b>231,03</b>	<b>(80,32)</b>
Cash and cash equivalents - opening balance	698,70	779,02
Cash and cash equivalents - closing balance	929,73	698,70

	As at 31 March 2009 (Rs lacs)	As at 31 March 2008 (Rs lacs)
<b>Cash and cash equivalents comprise :</b>		
Cash in hand	1	2
Cheques in hand	-	2
Bank balances in current accounts	11,31	13,46
Fixed deposits held as margin money *	31	29
Bank balance in unclaimed dividend account *	3,10	2,91
Investments in fixed maturity debt mutual funds	855,00	682,00
Investments in liquid schemes of mutual funds	60,00	-
	929,73	698,70

**Notes :**

1. The above cash flow statement has been prepared under the indirect method set out in Accounting Standard 3 "Cash Flow Statement" specified in the Companies (Accounting Standards) Rules, 2006.

2. \* Fixed deposits held as margin money and bank balances in unclaimed dividend account are not available for use by the Company.

As per our report attached to the Balance Sheet.

For B S R & Associates  
Chartered Accountants

For ICI India Limited

KAUSHAL KISHORE  
Partner

ANARAYAN  
Chairman

RAJIV JAIN  
Managing Director

M R RAJARAM  
Director

R GUHA  
Company Secretary

Membership No: 090075

Gurgaon  
15 May 2009

**SCHEDULES TO THE ACCOUNTS**

	As at 31 March 2009 (Rs lacs)	As at 31 March 2008 (Rs lacs)
<b>SCHEDULE 1 : CAPITAL</b>		
<b>Authorised</b>		
4,16,90,000 equity shares of Rs. 10 each (2007-08 : 4,16,90,000 equity shares)	41,69	41,69
<b>Issued, Subscribed and Paid up</b>		
3,80,69,526 equity shares of Rs. 10 each fully paid up (2007-08 : 3,83,79,950 equity shares)	38,07	38,38
1. Of the above equity shares :-		
(a) 85,32,667 were allotted as fully paid up bonus shares by capitalisation of share premium and reserves (2007-08 : 85,32,667 shares)		
(b) 29,68,824 were issued on part conversion of debentures. (2007-08 : 29,68,824 shares )		
(c) 89,18,121 were issued as fully paid up otherwise than for cash, issued pursuant to a contract. (2007-08 : 89,18,121 shares)		
(d) 2,07,76,213 shares are held by the holding company Imperial Chemical Industries Limited, England. (2007-08 : 2,07,76,213 shares). Akzo Nobel N.V., Netherlands, who owns the entire equity share capital of Imperial Chemical Industries Limited, is the ultimate holding company.		
2. During the year, 310,424 shares were bought back (2007-08 : 24,90,662 shares). Out of the shares purchased, 173,472 shares have been extinguished till 31 March 2009 and remaining 136,952 shares have been extinguished on 8 April 2009. (2007-08: all shares purchased were extinguished till 31 March 2008) [refer to note 3, Schedule 16]		

	As at	Additions	Deductions	(Rs lacs)
	31 March 2008		Adjustments	31 March 2009
Capital reserve	23,92	-	-	23,92
Capital redemption reserve (a)	2,49	31	-	2,80
Revaluation reserve (b)	1,47	-	1	1,46
General reserve (a)	253,73	74,00	15,36	312,37
Profit and Loss Account *	442,98	294,59	145,12	592,45
Total	724,59	368,90	160,49	933,00
Previous year	828,78	119,23	223,42	724,59

(a) In respect of shares bought back during the year, Rs 1,536 lacs (including share buy-back expenses of Rs. 41 lacs) have been adjusted against General Reserve (2007-08: Rs.12,985 lacs were adjusted against General reserve and Rs. 115 lacs were adjusted against Share premium). Face value of shares bought back, of Rs 31 lacs has been adjusted to Capital Redemption Reserve (2007-08: Rs. 249 lacs) [refer to note 3 , Schedule 16].

(b) Adjustment against Revaluation reserve of Rs 1 lac is in respect of depreciation on revalued assets (2007-08 : Rs 1 lac)

\* Refer to note 12, schedule 16

SCHEDULES TO THE ACCOUNTS

SCHEDULE 3 : FIXED ASSETS

(Rs lacs)

Particulars	Gross block				Depreciation				Net block	
	Book value at cost or revalued amounts as at 31 March 2008	Additions at cost	Disposals/ adjustments	Book value at cost or revalued amounts as at 31 March 2009	Upto 31 March 2008	Depreciation for the Year	In respect of disposals/ adjustments	Upto 31 March 2009	As at 31 March 2009	As at 31 March 2008
<b>Tangible assets</b>										
Land (refer to note 1 below)										
– leasehold	93	–	–	93	43	1	–	44	49	50
– freehold	5,17	–	–	5,17	–	–	–	–	5,17	5,17
Buildings (refer to note 1 below)	56,48	4,36	(2,42)	58,42	16,70	1,36	(34)	17,72	40,70	39,78
Plant and machinery	137,59	16,48	(9,37)	144,70	96,10	7,05	(2,91)	100,24	44,46	41,49
Plant and machinery - under operating lease	73,24	11,24	–	84,48	37,87	10,39	–	48,26	36,22	35,37
Rolling stock, motor vehicles, etc.	34	–	–	34	31	–	–	31	3	3
Furniture, fittings and equipment	9,86	21	(1,57)	8,50	5,70	43	(33)	5,80	2,70	4,16
Data processing equipment	23,11	1,29	(1,47)	22,93	18,16	2,10	(62)	19,64	3,29	4,95
<b>Intangible assets</b>										
Patents, trademarks, knowhow, etc.	4,85	–	(4,85)	–	3,05	–	(3,05)	–	–	1,80
	311,57	33,58	(19,68)	325,47	178,32	21,34	(7,25)	192,41	133,06	
Previous year	285,69	26,17	(29)	311,57	155,93	22,52	(13)	178,32		133,25
<b>Capital work-in-progress</b>									1,62	10,47
									<b>134,68</b>	<b>143,72</b>

Notes :

- (1) Land and buildings at certain locations were revalued in 1983.
- (2) Gross depreciation for the year includes depreciation on revalued assets of Rs. 1 lac (2007-08 : Rs. 1 lac), charged against Revaluation reserve.
- (3) Disposals/adjustments in gross block includes assets transferred on divestment of Adhesives business. (refer to note 4, Schedule 16)
- (4) Disposals/adjustments in depreciation includes accumulated depreciation on assets transferred on divestment of Adhesives business (refer to note 4, Schedule 16)

SCHEDULE 4 : INVESTMENTS (At cost less write offs/provisions)	No. as at 31 March 2009	No. as at 31 March 2008	Face Value Rs. per unit	As at 31 March 2009 (Rs lacs)	As at 31 March 2008 (Rs lacs)
<b>(A) LONG TERM INVESTMENTS</b>					
<b>(i) Investment in subsidiary</b>					
<b>Equity shares - unquoted</b>					
– Polyinks Limited [sold during the year (Refer to note 4, Schedule 16)]	–	500,000	10	–	9,03
<b>(ii) Trade Investments</b>					
<b>Equity shares - unquoted</b>					
Nitrex Chemicals India Limited (provision made during the year- Rs.74 lacs)	750,000	750,000	10	–	74
Adyar Property Holding Company Limited (Book value Rs 6,825 (2007-08: Rs. 6,825); paid-up Rs.65 per share)	105	105	100		
<b>Debentures - unquoted</b>					
5% Woodlands Research Foundation - non-redeemable (Book value Rs 28,001)	1	1	86,000		
0.5% Woodlands Research Foundation (Book value Re 1)	110	110	100		
6.5% Bengal Chamber of Commerce and Industry (Book value Rs 19,000)	19	19	1,000		
PMC Rubber Chemicals India Private Limited (transferred during the year)	–	1	598,50,000	–	–
<b>(iii) Non-trade Investments</b>					
<b>Equity shares - quoted</b>					
ICICI Bank Limited	57,918	57,918	10	21	21
<b>Equity shares - unquoted</b>					
Kohinoor Mills Limited (Book value Rs 1,300)	5	5	100		
Maneck-Chowk & Ahmedabad Manufacturing Co. Limited (Book Value Re 1)	144	144	250		
<b>Debentures - unquoted</b>					
6% Sholapur Spinning & Weaving Co. Limited (in Liquidation) (Book Value Re 1)	523	523	100		
<b>Government of India Securities - unquoted</b>					
6.75% Government of India Tax free bonds (redeemed during the year)	–	62,247	100	–	62
<b>(B) CURRENT INVESTMENTS</b>					
<b>(i) Non-Trade Investments<sup>#</sup></b>					
<b>Investment in Liquid/Floater schemes of Mutual Funds - unquoted</b>					
JP Morgan Mutual Fund (JP Morgan India Treasury Fund - Super Instl Growth) (invested during the year)	87,63,090	–	10	10,00	–
Birla Sun Life Mutual Fund (Floating Rate Fund - Long Term -Instl. - Growth) (invested during the year)	200,00,000	–	10	20,00	–
Prudential ICICI Mutual Fund (Long Term Floating Rate Plan C - Growth) (invested during the year)	300,00,000	–	10	30,00	–
<b>Investment in Fixed Maturity Plans of Mutual Funds - unquoted</b>					
ABN AMRO Mutual Fund (FTP Series 8 - Yly Plan A Growth) (redeemed during the year)	–	250,00,000	10	–	25,00
Birla Sun Life Mutual Fund (Fixed Term Plan-Institutional-Series AV-Growth) (invested during the year)	250,00,000	–	10	25,00	–

contd..

**SCHEDULES TO THE ACCOUNTS**

**SCHEDULE 4 : INVESTMENTS (Contd.)**

	No. as at 31 March 2009	No. as at 31 March 2008	Face Value Rs. per unit	<b>As at 31 March 2009 (Rs lacs)</b>	As at 31 March 2008 (Rs lacs)
Birla Sun Life Mutual Fund (Fixed Term Plan–Institutional–Series X Yearly Plan–Growth) (redeemed during the year)	–	250,00,000	10	–	25,00
Birla Sun Life Mutual Fund (Fixed Term Plan–Institutional–Series AS–Growth) (invested during the year)	150,00,000	–	10	<b>15,00</b>	–
Birla Sun Life Mutual Fund (FTP–Series P–Growth) (redeemed during the year)	–	150,00,000	10	–	15,00
Birla Sun Life Mutual Fund (Fixed Term Plan–Institutional–Series AU–Growth) (invested during the year)	500,00,000	–	10	<b>50,00</b>	–
DWS Mutual Fund (Fixed Term Fund Series 51–Inst. Growth) (invested during the year)	700,00,000	–	10	<b>70,00</b>	–
DWS Mutual Fund (Fixed Term Fund Series 60–Inst. Growth) (invested during the year)	50,00,000	–	10	<b>5,00</b>	–
DWS Mutual Fund (Fixed Term Fund Series 62–Inst. Growth) (invested during the year)	100,00,000	–	10	<b>10,00</b>	–
DWS Mutual Fund (Fixed Term Fund Series 21–Inst. Plan) (redeemed during the year)	–	200,00,000	10	–	20,00
DWS Mutual Fund (Fixed Term Fund Series 24–Inst. Plan) (redeemed during the year)	–	50,00,000	10	–	5,00
DSP Merrill Lynch (FTP Series 3E–Growth Inst.) (redeemed during the year)	–	6,00,000	1,000	–	60,00
Franklin Templeton Mutual Fund (Fixed Horizon Fund Series VIII Plan E–Growth) (invested during the year)	200,00,000	–	10	<b>20,00</b>	–
Franklin Templeton Mutual Fund (Fixed Horizon Fund Series VIII Plan C–Growth) (invested during the year)	500,00,000	–	10	<b>50,00</b>	–
Franklin Templeton Mutual Fund (Fixed Horizon Fund Series 1 15 months Inst Growth) (redeemed during the year)	–	100,00,000	10	–	10,00
HDFC Mutual Fund (FMP 18M April 2008 (VII) (2)–Wholesale Plan Growth) (invested during the year)	350,00,000	–	10	<b>35,00</b>	–
HDFC Mutual Fund (FMP 18M October 2006–Wholesale–Growth) (redeemed during the year)	–	300,00,000	10	–	30,00
HDFC Mutual Fund (FMP 16M January 2007 (3) –Wholesale Growth) (redeemed during the year)	–	150,00,000	10	–	15,00

contd..



## SCHEDULE 4 : INVESTMENTS (Contd.)

	No. as at 31 March 2009	No. as at 31 March 2008	Face Value Rs. per unit	As at 31 March 2009 (Rs lacs)	As at 31 March 2008 (Rs lacs)
HDFC Mutual Fund (FMP 14M March 2007 (3) –Wholesale Growth) (redeemed during the year)	–	200,00,000	10	–	20,00
HDFC Mutual Fund (FMP 370 days March 2008 (VII)–2– Wholesale Growth)	50,00,000	50,00,000	10	5,00	5,00
HDFC Mutual Fund (FMP 370D May 08(VIII) (3)– Wholesale Plan Growth) (invested during the year)	250,00,000	–	10	25,00	–
HDFC Mutual Fund (FMP 370D May 2008 (VIII)– Wholesale Plan Growth) (invested during the year)	200,00,000	–	10	20,00	–
HSBC Mutual Fund (Fixed Term Series 59 Institutional Growth) (invested during the year)	250,00,000	–	10	25,00	–
HSBC Mutual Fund (Fixed Term Series 22 Institutional Growth) (redeemed during the year)	–	400,00,000	10	–	40,00
ING Mutual Fund (ING Long Term FMP–I Institutional Growth)	50,00,000	50,00,000	10	5,00	5,00
ING Mutual Fund (Fixed Maturity Fund 47–Institutional Growth) (invested during the year)	200,00,000	–	10	20,00	–
ING Mutual Fund (Fixed Maturity Fund 48–Institutional Growth) (invested during the year)	100,00,000	–	10	10,00	–
JM Mutual Fund (Fixed Maturity Fund Series XI Yearly Plan– Instl Growth) (invested during the year)	200,00,000	–	10	20,00	–
Kotak Mahindra Mutual Fund (FMP 13M Series 1 Inst – Growth) (redeemed during the year)	–	150,00,000	10	–	15,00
Kotak Mahindra Mutual Fund (FMP 12M Series 1 Inst – Growth) (redeemed during the year)	–	250,00,000	10	–	25,00
Kotak Mahindra Mutual Fund (FMP 12M Series 3 Inst–Growth) (invested during the year)	500,00,000	–	10	50,00	–
Kotak Mahindra Mutual Fund (FMP 12M Series 5 Inst–Growth) (invested during the year)	100,00,000	–	10	10,00	–
Kotak Mahindra Mutual Fund (FMP 12M Series 6 Inst–Growth) (invested during the year)	250,00,000	–	10	25,00	–
Lotus India Mutual Fund (FMP–14 months–Series I–Inst. Growth) (redeemed during the year)	–	100,00,000	10	–	10,00

contd..

**SCHEDULES TO THE ACCOUNTS**

**SCHEDULE 4 : INVESTMENTS (Contd.)**

	No. as at 31 March 2009	No. as at 31 March 2008	Face Value Rs. per unit	As at 31 March 2009 (Rs lacs)	As at 31 March 2008 (Rs lacs)
Lotus India Mutual Fund (FMP-375 Days-Series I-Inst. Growth) (redeemed during the year)	-	250,00,000	10	-	25,00
Principal Mutual Fund (PNB FMP-47 385 Days-Series VII-June08- Instl Growth) (invested during the year)	450,00,000	-	10	<b>45,00</b>	-
Principal Mutual Fund (PNB FMP-36 460 days-Series III March 07) (redeemed during the year)	-	400,00,000	10	-	40,00
Prudential ICICI Mutual Fund (FMP Series-42-Fifteen Months Plan Instl Growth) (invested during the year)	250,00,000	-	10	<b>25,00</b>	-
Prudential ICICI Mutual Fund (FMP Series-44-One year Plan A Instl Growth) (invested during the year)	250,00,000	-	10	<b>25,00</b>	-
Prudential ICICI Mutual Fund (FMP Series-44-One year Plan B Instl Growth) (invested during the year)	200,00,000	-	10	<b>20,00</b>	-
Prudential ICICI Mutual Fund (FMP Series-34-Sixteen Months Growth) (redeemed during the year)	-	150,00,000	10	-	15,00
Prudential ICICI Mutual Fund (FMP Series-34-Fifteen Months) (redeemed during the year)	-	500,00,000	10	-	50,00
Reliance Mutual Fund (Fixed Horizon Fund VIII Series II Institutional Growth) (invested during the year)	300,00,000	-	10	<b>30,00</b>	-
Reliance Mutual Fund (Fixed Horizon Fund IV Series 5 Growth)	350,00,000	350,00,000	10	<b>35,00</b>	35,00
Reliance Mutual Fund (Fixed Horizon Fund VII Series 4)	150,00,000	150,00,000	10	<b>15,00</b>	15,00
SBI Mutual Fund (Debt Fund Series-13 Months -March 07- Growth) (redeemed during the year)	-	520,00,000	10	-	52,00
SBI Mutual Fund (Debt Fund Series-18 Months-3-Institutional Growth) (invested during the year)	100,00,000	-	10	<b>10,00</b>	-
Sundaram BNP Paribas Mutual Fund (Fixed Term Plan 16 Instl Growth) (invested during the year)	100,00,000	-	10	<b>10,00</b>	-
Sundaram BNP Paribas Mutual Fund (Fixed Term Plan H Instl Growth) (invested during the year)	200,00,000	-	10	<b>20,00</b>	-
Sundaram BNP Paribas Mutual Fund (Fixed Term Plan L Super Instl Growth) (invested during the year)	100,00,000	-	10	<b>10,00</b>	-
Sundaram BNP Paribas Mutual Fund (Fixed Term Plan D Inst. Growth)	100,00,000	100,00,000	10	<b>10,00</b>	10,00
Sundaram BNP Paribas Mutual Fund (Fixed Term Plan E Inst. Growth)	100,00,000	100,00,000	10	<b>10,00</b>	10,00

contd..

**SCHEDULE 4 : INVESTMENTS (Contd.)**

	No. as at 31 March 2009	No. as at 31 March 2008	Face Value Rs. per unit	As at 31 March 2009 (Rs lacs)	As at 31 March 2008 (Rs lacs)
TATA Mutual Fund (Fixed Horizon Fund Series 7–Scheme A– Growth) (redeemed during the year)	–	250,00,000	10	–	25,00
TATA Mutual Fund (Fixed Horizon Fund Series 6–Scheme C–Growth) (redeemed during the year)	–	300,00,000	10	–	30,00
TATA Mutual Fund (Fixed Horizon Fund Series 13–Scheme A–IG–Growth) (redeemed during the year)	–	250,00,000	10	–	25,00
TATA Mutual Fund (Fixed Investment Plan 2–Scheme A– Instl Plan–Growth) (invested during the year)	250,00,000	–	10	<b>25,00</b>	–
UTI Mutual Fund (UTI Fixed Maturity Plan yearly Series YFMP/0507– Growth) (redeemed during the year)	–	250,00,000	10	–	25,00
UTI Mutual Fund (Fixed Maturity Plan–Yearly Series (YFMP 03/09) Instl Growth) (invested during the year)	400,00,000	–	10	<b>40,00</b>	–
UTI Mutual Fund (Fixed Term Income Fund–Series IV–Plan VII (May /08–12 Months) Institutional Growth) (invested during the year)	200,00,000	–	10	<b>20,00</b>	–
UTI Mutual Fund (Fixed Maturity Plan–YFMP 04/08–Institutional Growth) (invested during the year)	100,00,000	–	10	<b>10,00</b>	–
				<b>915,21</b>	<b>692,60</b>

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

# For investments purchased and sold during the year, refer to note 14, Schedule 16

	As at 31 March 2009		As at 31 March 2008	
	Aggregate Book Value (Rs lacs)	Market Value/ Net Asset Value ## (Rs lacs)	Aggregate Book Value (Rs lacs)	Market Value/ Net Asset Value ## (Rs lacs)
Quoted investments	<b>21</b>	<b>1,93</b>	21	4,46
Unquoted investments				
– Fixed Maturity Plans of Mutual Funds	<b>855,00</b>	<b>969,11</b>	682,00	747,22
– Liquid Mutual Funds	<b>60,00</b>	<b>60,13</b>	–	–
– Others	–	–	10,39	–
	<b>915,21</b>		<b>692,60</b>	

## net asset values in case of mutual funds

	As at 31 March 2009 (Rs lacs)	As at 31 March 2008 (Rs lacs)
--	----------------------------------	----------------------------------

**SCHEDULE 5 : INVENTORIES**

Stores and spare parts (at cost or under)	<b>1</b>	26
Stock in trade (at lower of cost and net realisable value)		
– Raw materials	<b>16,64</b>	25,96
– Packing materials	<b>1,23</b>	1,74
– Work–in–process	<b>2,62</b>	1,65
– Finished products	<b>80,33</b>	94,34
	<b>100,83</b>	<b>123,95</b>

## SCHEDULES TO THE ACCOUNTS

	As at 31 March 2009 (Rs lacs)	As at 31 March 2008 (Rs lacs)
<b>SCHEDULE 6 : SUNDRY DEBTORS*</b>		
Secured - considered good		
– Debts outstanding over six months	11	23
– Other debts	77	5
	<u>88</u>	<u>28</u>
Unsecured		
– Debts outstanding over six months		
Considered good	14	5,25
Considered doubtful	6,70	8,69
	<u>6,84</u>	<u>13,94</u>
– Other debts		
Considered good	69,66	98,25
Considered doubtful	1,06	–
	<u>70,72</u>	<u>98,25</u>
Total unsecured debts	77,56	112,19
Less : Provision for doubtful debts	7,76	8,69
	<u>69,80</u>	<u>103,50</u>
Dues relating to sale of businesses - unsecured, considered good ###		
– Debts outstanding over six months	4,97	76
	<u>75,65</u>	<u>104,54</u>
* Include amounts aggregating Rs 259 lacs (2007-08 : Rs 195 lacs) due from bodies corporate under the same management as defined in Section 370(1B) of the Companies Act, 1956. For details refer to note 24, Schedule 16		
### Refer to note 5, Schedule 16		
<b>SCHEDULE 7 : CASH AND BANK BALANCES</b>		
Cash in hand	1	2
Cheques in hand	–	2
Balances with scheduled banks :		
Current accounts	11,31	13,46
Fixed deposits held as margin money	31	29
Unclaimed dividend accounts	3,10	2,91
	<u>14,73</u>	<u>16,70</u>
<b>SCHEDULE 8 : LOANS AND ADVANCES</b>		
(Unsecured and considered good unless otherwise stated)		
Loans and advances recoverable in cash or in kind or for value to be received :		
Considered good *	22,10	30,86
Considered doubtful	–	28
	<u>22,10</u>	<u>31,14</u>
Less : Provision for doubtful advances	–	28
	<u>22,10</u>	<u>30,86</u>
Balances with customs, port commissioners, railways, excise authorities etc.	3,45	3,64
Capital advances	98	64
Other deposits	7,00	3,78
Inter corporate deposits #	28,00	6,41
Advance tax	29,03	29,03
Interest accrued on investments/Inter Corporate Deposits \$	83	8
	<u>91,39</u>	<u>74,44</u>

	As at 31 March 2009 (Rs lacs)	As at 31 March 2008 (Rs lacs)
* 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	4,83	4,81
(b) Due from Directors	47	1,10
Maximum amount due at any time during the year	1,10	1,11
(c) Due from Officer	13	14
Maximum amount due at any time during the year	14	15
# 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 2800 lacs (2007-08: Rs Nil))	28,00	–
– given to subsidiary Polyinks Limited (maximum amount due, including interest, at any time during the year Rs 1071 lacs (2007-08: Rs 647 lacs))	–	6,41
\$ includes due from Akzo Nobel Car Refinishes India Pvt. Ltd, a company under the same management (maximum amount due at any time during the year Rs 125 lacs (2007-08: Rs Nil))	74	–

**SCHEDULE 9 : CURRENT LIABILITIES**

Acceptances	12,53	31,42
Sundry creditors – micro, small and medium enterprises **	3,41	25
– others ***	170,09	221,13
Unclaimed dividends ***	3,10	2,91
Other liabilities	12,75	10,26
	<u>201,88</u>	<u>265,97</u>

\*\* Refer to note 6, Schedule 16

\*\*\* Refer to notes 7 and 8, Schedule 16

**SCHEDULE 10 : PROVISIONS**

Proposed dividend	60,89	30,70
Tax on proposed dividend	10,35	5,22
Taxation	22,00	20,26
Fringe benefit tax	20	–
Voluntary retirement scheme	3,93	7,62
Retirement benefits	11,04	10,77
Others ##	45,26	42,96
	<u>153,67</u>	<u>117,53</u>

## Refer to note 19, Schedule 16

**SCHEDULES TO THE ACCOUNTS**

	For the year ended 31 March 2009 (Rs lacs)	For the year ended 31 March 2008 (Rs lacs)
<b>SCHEDULE 11 : OTHER INCOME *</b>		
<b>From businesses</b>		
Commission	50	1,65
Lease rentals	7,15	7,04
Miscellaneous receipts	90	3,73
	<u>8,55</u>	<u>12,42</u>
<b>Other operating items</b>		
Income from non trade investments		
– current	10,21	9,47
– long term (dividend)	6	1,33
Interest income from banks and others	6,71	3,45
Profit on maturity/ redemption of Fixed Maturity Plans (current, non-trade)	69,12	10,30
Provisions / liabilities no longer required written back	84	37
Miscellaneous receipts	72	30
	<u>87,66</u>	<u>25,22</u>
	<u>96,21</u>	<u>37,64</u>

\* Refer to note 9, Schedule 16

**SCHEDULE 12 : MATERIALS CONSUMED AND MOVEMENT IN FINISHED GOODS AND WORK-IN-PROCESS.**

<b>Opening stock</b>		
Raw materials	25,96	34,65
Packing materials	1,74	1,99
Work-in-process	1,65	1,53
Finished products	94,34	92,21
	<u>123,69</u>	<u>130,38</u>
<b>Add: Purchases</b>		
Raw materials	375,78	382,95
Packing materials	63,14	59,44
Finished products	71,83	102,45
	<u>510,75</u>	<u>544,84</u>
<b>Less: Inventory adjustments in respect of divested business #</b>		
Raw materials	9,26	–
Packing materials	22	–
Finished products	8,55	–
	<u>18,03</u>	<u>–</u>
<b>Less: Closing stock</b>		
Raw materials	16,64	25,96
Packing materials	1,23	1,74
Work-in-process	2,62	1,65
Finished products	80,33	94,34
	<u>100,82</u>	<u>123,69</u>
<b>Excise duty adjustment for movement in finished goods inventory</b> (including duty on inventory of divested business)	(5,74)	15
	<u>509,85</u>	<u>551,68</u>

# Refer to note 4, Schedule 16

	For the year ended 31 March 2009 (Rs lacs)	For the year ended 31 March 2008 (Rs lacs)
<b>SCHEDULE 13 : OTHER EXPENDITURE</b>		
Stores and spare parts	3,87	4,49
Repairs to buildings	21	17
Repairs to plant and machinery	2,36	2,40
Power and fuel	4,49	5,83
Salaries, wages, and bonus	40,16	44,90
Contributions to provident and other funds	4,38	4,28
Workmen and staff welfare	1,94	2,13
Travelling	9,37	10,55
Rates and taxes	5,43	5,28
Rent	10,03	9,06
Communication	3,98	4,10
Insurance	1,42	1,50
Freight and transport	34,93	33,11
Selling commission	-	2,85
Publicity and sales promotion	65,99	61,51
Royalty and technical fees	7,83	6,51
Cash discount on sales	49,80	44,88
Bad debts / advances written off	3,24	12
Less : Provision for doubtful debts and advances (adjusted)	<u>3,24</u>	<u>12</u>
Provision for doubtful debts and advances	2,03	1,24
Loss on write-off of fixed assets	-	16
Research and development	3,74	3,82
Directors' sitting fees	3	4
Sundries (include consultancy, godown running cost, data processing costs, etc.)	30,99	32,69
	<u>282,98</u>	<u>281,50</u>
<b>SCHEDULE 14 : EXCEPTIONAL ITEMS [gain/(loss)]</b>		
Profit on sale of Adhesives business #	193,82	-
Profit on sale of investment in subsidiary Polyinks Limited #	11,51	-
Provision for additional charge for employee benefits ##	(5,84)	-
Profit on sale of properties	-	2,10
Compensation paid against sale of Paints Advance Refinish ('2K') business.	-	(20,83)
	<u>199,49</u>	<u>(18,73)</u>
# Refer to note 4(iii), Schedule 16		
## Refer to note 21(ii), Schedule 16		

## SCHEDULE 15 : SIGNIFICANT ACCOUNTING POLICIES

### Basis of preparation of financial statements

The financial statements are prepared on accrual basis under the historical cost convention, in accordance with applicable Accounting Standards ("AS") specified in 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 result of operations during the year. Differences between actual results and estimates are recognised in the year in which the results are known or materialised. Examples of such estimates are estimated useful life of assets, provision for doubtful debts, etc. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

### Fixed assets / Depreciation

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

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

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

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

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

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

### Revenue recognition

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

### Income from sale of properties

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

### Investments

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

### Current assets

#### (a) Inventories

- Stores and spare parts are valued at cost or under, computed on a weighted average basis.
- Raw materials, packing materials and work-in-process are carried at cost, computed on a weighted average basis, after providing for obsolescence. In case there is a decline in replacement cost of such materials and the net realisable value of finished products in which they will be used is expected to be below cost, the value of such materials and work in process is appropriately written down.
- Each item of finished products is valued at lower of cost (computed on weighted average basis) and net realisable value. Cost includes an appropriate portion of manufacturing and other overheads, where applicable. Excise duty on finished products is included in the value of finished products inventory.

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

### Foreign currency transactions

- Foreign currency transactions are accounted for at the exchange rate prevailing on the date of the transaction. All monetary foreign currency assets and liabilities are converted at the exchange rates prevailing at the date of the balance sheet. All exchange differences are dealt with in the profit and loss account.
- In case of forward exchange contracts, 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.

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

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

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

#### **Provisions and Contingent Liabilities**

The Company recognises a provision when there is a present obligation as a result of a past event and it is more likely than not that there will be a 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 obligation 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.

## NOTES TO THE ACCOUNTS

### SCHEDULES 16 : NOTES TO THE ACCOUNTS

	As at 31 March 2009 (Rs lacs)	As at 31 March 2008 (Rs lacs)
1. Capital commitment		
Estimated amount of contracts remaining to be executed on capital account (net of advances).	5,28	2,16
2. Contingent liabilities not provided for:		
(a) Claims not acknowledged as debt	5,92	1,18
(b) Sales tax matters under appeal	10,25	8,59
(c) Excise matters in dispute / under appeal	5,04	2,25
(d) Industrial relations and other matters under dispute	20	20
(e) Income tax matters in dispute / under appeal *		
*The Income tax assessments for the Company have been completed up to the financial year ended 31 March 2005. Arising from the completed assessments and appellate orders, the total demand / liability is Rs 13,186 lacs (2007-08 : Rs 12,933 lacs) and the total refund is Rs 10,719 lacs (2007-08 : Rs 7,706 lacs). The Company as well as the Income tax department have gone on further appeal on these matters. Pending decision in the appeals, neither the refunds nor the liability for the demands have been recognised in the accounts.		
3. Share buyback		
Share buyback transactions during the year were as below: -		
– In respect of share buyback scheme open between 12 July 2007 to 11 July 2008, 160,281 shares were bought back, at a consideration of Rs 870 lacs;		
– In respect of the share buyback scheme approved by the shareholders on 19 December 2008 and open as at year end, 150,143 shares were bought back at a consideration of Rs 625 lacs.		
In both the above schemes, the approved maximum buyback price was Rs 575 per share.		
Total amount of Rs. 1536 lacs, comprising of aggregate consideration of Rs.1495 lacs and related expenses of Rs. 41 lacs has been accounted as follows:		
– The nominal value of shares purchased i.e. Rs. 31 lacs has been adjusted against the share capital. An equal amount has been reduced from General Reserve and credited to Capital Redemption Reserve, as per the provisions of the Companies Act, 1956.		
– The difference between consideration paid (including related expenses) and nominal value of shares aggregating Rs. 1505 lacs has been adjusted against General Reserve.		
Out of the 310,424 shares bought back during the year, 173,472 shares were extinguished till 31 March 2009, and 136,952 shares were extinguished on 8 April 2009.		
[During 2007-08, 24.91 lacs shares were bought back, and extinguished during the year, at an aggregate consideration of Rs 13,182 lacs, and related expenses of Rs 167 lacs; nominal value of shares purchased Rs 249 lacs was adjusted from share capital; in respect of excess of consideration (and related expenses) paid over nominal value of shares purchased, Rs 115 lacs was adjusted against Share Premium and Rs 12,985 lacs was adjusted against General Reserve); Rs 249 lacs was adjusted from General Reserve and credited to Capital Redemption Reserve].		
Following the above share buyback, the holding of Imperial Chemical Industries Limited in the Company as on 31 March 2009 is 54.57% (as on 31 March 2008: 54.13%)		

#### 4. Divestment of Adhesives Business

- (i) The Adhesives business of the Company, along with the 67% shareholding in subsidiary company, Polyinks Limited ('Polyinks'), was transferred to Henkel CAC Private Ltd. ('Henkel') on 21 January 2009, for a consideration of:
- Rs 240.46 crores for Adhesives business, including Rs 10.46 crores for working capital adjustment as on date of transfer of risk and reward i.e. 4 April 2008 ('effective transfer date') of the business and share of profit for the period 1 April to 3 April 2008.
  - Rs 21.33 crores for 67% shareholding in Polyinks, after netting of Rs 8.67 crores for working capital adjustment and net debt as on effective transfer date and share of loss for the period 1 April to 3 April 2008.
  - Out of the total amount due from Henkel, Rs. 4.97 crores is receivable as at year end, included in sundry debtors in schedule 6.
- (ii) As per the business transfer agreement, the risks and rewards of the Adhesives business and Polyinks were assumed by Henkel from 4 April 2008 and for the period 4 April 2008 to 20 January 2009, the business was run by the Company on behalf of Henkel. Accordingly, operating results of the Adhesives business for the period 4 April 2008 to 20 January 2009 have not been included in the accounts of the current year, the details of which are as below:

	(Rs Crores)
Net sales	128.22
Other income	1.67
Materials consumed	(89.24)
Other expenditure	(24.86)
Profit before depreciation, interest and tax	15.79

The above amount was paid to Henkel after adjusting applicable tax thereon (which has been deposited with the Income Tax Authorities), and working capital movement funded by the Company during the above period.

(iii) Profit on sale of above (shown as an exceptional item in Profit and Loss Account) amounts to:

- Rs 193.82 crores on sale of Adhesives business, after adjustment of value of net assets as on effective transfer date (assets of Rs 69.93 crores and liabilities of Rs 32.49 crores), and related transaction costs, site separation costs and provisions of Rs 9.20 crores.
- Rs 11.51 crores on sale of 67% shareholding in Polyinks, after adjustment of investment cost of Rs 9.03 crores, and related transaction costs / provisions of Rs 0.80 crores.

	<b>As at 31 March 2009 (Rs lacs)</b>	As at 31 March 2008 (Rs lacs)
5. Dues relating to sale of businesses (Sundry Debtors - Schedule 6), consist of :		
- Due from Nitrex Chemicals India Limited, towards balance consideration	-	76
- Due from Henkel CAC Private Limited, towards balance consideration	<b>4,97</b>	-
	<b>4,97</b>	<b>76</b>

6. 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:

	<b>As at 31 March 2009 (Rs lacs)</b>	As at 31 March 2008 (Rs lacs)
(i) the principal amount remaining unpaid to any supplier as at the end of the year	<b>3,41</b>	22
(ii) the interest due on the principal remaining outstanding as at the end of the year	-	3
(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	<b>6</b>	3
(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	<b>3</b>	-

7. Sundry creditors - others (Schedule 9) include unclaimed matured fixed deposits from public amounting to Rs Nil (2007-08 : Rs 5 lacs).

8. As on 31 March 2009, there are no amounts due to be deposited with the Investor Education and Protection Fund, in respect of unclaimed matured fixed deposits and unclaimed dividends. (2007-08: Nil)

9. Income from investments, interest and others are stated at gross amounts. The amount of income tax deducted thereon is Rs 140 lacs. (2007-08 : Rs 29 lacs)

10. Loss on account of foreign exchange fluctuations for the year is Rs 109 lacs included in Sundries in Schedule 13. (2007-08 : Gain of Rs 223 lacs included in Miscellaneous receipts in schedule 11)

11. Sales exclude sale of equipment at cost amounting to Rs 64 lacs. (2007-08: Rs 52 lacs)

12. (i) The Board of Directors had proposed dividend of Rs 8.00 per share for the year 2007-08, at the Board Meeting held on 20 May 2008. Subsequent to the Board Meeting, the Company bought back 160,281 shares, as per the buyback scheme approved by shareholders. Therefore, these shares were not entitled to dividend at the date of book closure and the excess dividend provision of Rs 12 lacs has been written back during the year.

(ii) The Company has bought back 15,646 shares from 1 April 2009 to 15 May 2009. Provision for proposed dividend for the year of Rs 60,89 lacs and dividend tax thereon, of Rs 10,35 lacs, has been calculated on shares outstanding as on 15 May 2009.

## NOTES TO THE ACCOUNTS

<b>13. (A) Directors' remuneration * #</b>	<b>31 March 2009</b>	31 March 2008
	<b>(Rs lacs)</b>	<b>(Rs lacs)</b>
Salaries and allowances	<u>2,54</u>	3,05
Commission	<u>25</u>	25
Perquisites	<u>14</u>	16
	<u>2,93</u>	<u>3,46</u>
<b>(B) Computation of maximum remuneration payable to Directors during the year \$</b>		
Profit before depreciation, taxation and exceptional items	<b>200,55</b>	131,65
Add : Directors' remuneration	<b>2,93</b>	3,46
Directors' sitting fees	<u>3</u>	<u>4</u>
	<u>2,96</u>	3,50
	<u>203,51</u>	<u>135,15</u>
Less : Depreciation as per section 350	<b>21,33</b>	22,51
Provision for doubtful debts and advances (net)	<b>1,21</b>	(1,39)
Provision for additional charge for employee benefits	<b>5,84</b>	-
Profit on maturity/redemption of investments	<u>69,12</u>	<u>10,30</u>
Net profit under section 198 of the Companies Act, 1956	<u>106,01</u>	<u>103,73</u>
Maximum remuneration payable to Directors :		
- Managing / Wholetime directors @ 10% of net profit	<b>10,60</b>	10,37
- Directors not in wholetime employment @ 1% of net profit	<u>1,06</u>	<u>1,04</u>
	<u>11,66</u>	<u>11,41</u>

\* 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 3 lacs (2007-08 : Rs 4 lacs).

\$ Profit on sale of Adhesives business, to the extent it relates to fixed assets as per section 349(3), has not been considered in the above computation.

14. During the year the Company invested the temporary surplus funds in liquid / cash schemes and fixed maturity plans of mutual funds. These investments which were made and redeemed during the year are as under:

<b>Non Trade (Current Investments)</b>	Number of units	Purchase value (Rs lacs)
<b>Fixed Maturity Plans</b>		
ABN AMRO Interval Fund – Series 2 - Quarterly Plan M*	200,00,000	20,00
BSL Interval Income - Instl Monthly - Series 2	150,00,000	15,00
BSL Interval Income - Instl Monthly - Series 2	100,00,000	10,00
DWS Quarterly Interval Fund - Series 1	100,00,000	10,00
IDFC Fixed Maturity Plan - Quarterly Series 38	200,00,000	20,00
JM Interval Fund - Quarterly Plan 1	150,00,000	15,00
JM Interval Fund - Quarterly Plan 1	150,00,000	15,00
Lotus India Quarterly Interval Fund - Plan E**	149,92,654	15,00
SBI Debt Fund Series -30 days - 3	350,00,000	35,00
Sundaram BNP Paribas Fixed Income Interval Fund - Quarterly Series Plan D	150,00,000	15,00
Tata Fixed Horizon Fund Series 19 - Scheme D	150,00,000	15,00
UTI Fixed Income Interval Fund - Quarterly Interval Plan Series- I	400,00,000	40,00
UTI Fixed Income Interval Fund - Monthly Interval Plan Series- I	100,00,000	10,00
* ABN AMRO Mutual Fund is currently known as Fortis Mutual Fund		
** Lotus India Mutual Fund is currently known as Religare Mutual Fund		
<b>Liquid Mutual Fund Schemes</b>		
ABN AMRO Money Plus Fund - IP (Daily Dividend Reinvestment)***	251,10,585	25,11
AIG India Treasury Fund - Super IP (Daily Dividend Reinvestment)****	753,89,335	75,47
Birla Sun Life Savings Fund - IP (Daily Dividend Reinvestment)	830,84,997	83,22
DSP Merrill Lynch Liquid Plus - IP - (Daily Dividend Reinvestment)	2,90,685	29,09
DWS Ultra Short Term Fund - IP (Daily Dividend Reinvestment)	2003,39,360	206,67
Fidelity Ultra Short Term Debt Fund - Super IP (Daily Dividend Reinvestment)	347,87,638	34,80
HDFC Cash Management Fund - Treasury Advantage - Wholesale Plan (Daily Dividend Reinvestment)	1183,10,724	125,67
HSBC Ultra Short Term Bond Fund - IP Plus (Daily Dividend Reinvestment)	100,39,420	10,05
ICICI Prudential Institutional Liquid Fund - Super IP - (Daily Dividend Reinvestment)	315,72,208	31,57

<b>Non Trade (Current Investments)</b>	Number of units	Purchase value (Rs lacs)
IDFC Money Manager - Treasury Plan - Plan B - (Daily Dividend Reinvestment)	100,52,620	10,06
JP Morgaon India Treasury Fund - Super IP (Daily Dividend Reinvestment)	697,67,742	69,83
Principal Ultra Short Term Fund - (Daily Dividend Reinvestment)	443,62,849	44,44
Reliance Money Manager Fund - IP - (Daily Dividend Reinvestment)	4,43,111	44,36
SBI Premier Liquid Fund - IP - (Daily Dividend Reinvestment)	1346,02,550	135,04
Sundaram BNP Paribas Ultra Short Term Fund - Super IP (Daily Dividend Reinvestment)	609,22,940	61,17
Tata Treasury Manager Fund - SHIP (Daily Dividend Reinvestment)	9,50,627	95,35
Templeton India Ultra Short Bond Fund - Super IP - (Daily Dividend Reinvestment)	1038,54,106	153,55
UTI Treasury Advantage Fund - IP - (Daily Dividend Reinvestment)	10,78,118	109,42
*** Currently known as Fortis Money Plus Fund - IP (Daily Dividend Reinvestment)		
**** Currently known as DSP BlackRock Money Manager Fund - IP - (Daily Dividend Reinvestment)		

15. **Payment to Auditors**

	2008-09 (Rs lacs)	2007-08 (Rs lacs)
(i) Statutory audit fee	20	20
(ii) Tax audit fee	5	5
(iii) Limited review fee	12	12
(iv) Certification fee / other matters	3	3
(v) Reimbursement of expenses / service tax	11	9
	<b>51</b>	<b>49</b>

16. **Earnings per share**

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

	2008-09	2007-08
Number of equity shares at the beginning of the year	383,79,950	408,70,612
Less : equity shares bought back during the year *	3,10,424	24,90,662
Total number of equity shares outstanding at the end of the year	380,69,526	383,79,950
Weighted average number of shares	382,47,809	397,13,728
<b>(b) Net profit after tax available for equity shareholders (Rs lacs)</b>	<b>294,59</b>	<b>60,21</b>
<b>(c) Basic and diluted earnings per share (Rs)</b>	<b>77.02</b>	<b>15.16</b>

\* Refer to note 3

17. (a) **Particulars in respect of goods manufactured**

	Unit	Licensed Capacity		Installed Capacity		Actual Production meant for sale	
		2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Adhesives and Polymers (see foot note 6 below)	Tonnes	N.A.	N.A.	-	8,500	-	8,071
Catalysts (see footnote 7 below)	Tonnes	N.A.	N.A.	2,480	2,480	-	-
Paints-Liquid	KL	N.A.	N.A.	67,540	67,540	60,771	60,419
Paints-Stiff	Tonnes	N.A.	N.A.	6,000	6,000	2,782	3,994
Thinners	KL	N.A.	N.A.	4,460	4,460	3,105	3,336

Footnotes :

1. N A - Not Applicable.
2. Production meant for sale is after adjustment of shortages, handling losses, quantity internally consumed and excludes quantity manufactured by third parties on behalf of the Company.
3. Licensed and installed capacity in respect of intermediates, used entirely for captive consumption, have not been furnished.
4. All items are delicensed.
5. Installed capacities are as certified by the management.
6. Manufacturing capacity transferred along with divestment of Adhesives Business from 4 April 2008 (refer to Note 4)
7. 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.

**NOTES TO THE ACCOUNTS**
**17. (b) Particulars in respect of sales, opening and closing stocks of finished goods**

	Unit	Sales		Opening Stock		Closing Stock	
		Quantity	Value	Quantity	Value	Quantity	Value
			(Rs lacs)		(Rs lacs)		(Rs lacs)
		2008-09 2007-08	2008-09 2007-08	2008-09 2007-08	2008-09 2007-08	2008-09 2007-08	2008-09 2007-08
Adhesives and Polymers *	Tonnes	-	-	1,192	7,71	-	-
		12,284	153,71	809	6,75	1,192	7,71
Paints - Liquid	K Litres	69,880	1053,90	7,859	78,92	8,664	74,19
		65,289	954,36	7,903	77,92	7,859	78,92
Paints - Stiff	Tonnes	14,690		1,828		1,574	
		14,279		1,243		1,828	
Thinners	K Litres	3,113	40,16	425	3,00	417	2,35
		3,231	36,08	320	2,32	425	3,00
Others	Various		19,41		4,71		3,79
			14,06		5,21		4,71
Less : Rebates			97,69				
			95,85				
			1015,78		94,34		80,33
			1062,36		92,21		94,34

\* Stock transferred on divestment of Adhesives business [refer to note 4]

**17. (c) Particulars in respect of purchase of finished products**

	Unit	Quantity		Value (Rs lacs)	
		2008-09	2007-08	2008-09	2007-08
Adhesives and Polymers	Tonnes	-	2,798	-	31,84
Paints-Liquid	K.Litres	9,914	4,826	61,05	59,01
Paints-Stiff	Tonnes	11,654	10,870		
Others	Various			10,78	11,60
				71,83	102,45

**17. (d) Details of raw materials consumed**

	Unit	Quantity		Value (Rs lacs)	
		2008-09	2007-08	2008-09	2007-08
Pigments, Tinters, Extenders	Tonnes	21,782	21,529	57,39	46,91
Latex, Monomers	Tonnes	12,124	11,279	66,43	53,75
Resins	Tonnes	11,600	13,698	86,86	87,98
Solvents	Tonnes	8,440	8,649	47,60	40,44
Titanium Dioxide	Tonnes	5,936	6,393	62,02	58,89
Others	Various			55,54	103,67
				375,84	391,64

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

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

	Raw Materials				Stores & spare parts incl. packing materials			
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
	(Rs lacs)	(Rs lacs)	(%)	(%)	(Rs lacs)	(Rs lacs)	(%)	(%)
Imported	91,85	122,80	24	31	-	-	-	-
Indigenous	283,99	268,85	76	69	67,30	64,18	100	100
	375,84	391,64	100	100	67,30	64,18	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.

17. (f) <b>Earnings in foreign exchange</b>			<b>2008-09</b>	<b>2007-08</b>
			<b>(Rs lacs)</b>	<b>(Rs lacs)</b>
Export of goods (FOB basis)			<b>32</b>	5,66
Direct sales commission			–	86
Other			<b>67</b>	34
17. (g) <b>Value of imports (CIF basis)</b>				
Raw materials			<b>76,80</b>	88,83
Capital goods			<b>2,97</b>	94
Other items (including finished goods)			<b>12,18</b>	44,57
17. (h) <b>Expenditure in foreign currencies (on payment basis; net of tax where applicable)</b>				
Royalty and technical fees			<b>5,14</b>	6,13
Professional and consultation fees			<b>98</b>	7,24
Others			<b>14</b>	39
17. (i) <b>Remittance in foreign currencies on account of dividends on equity shares</b>				
<b>Dividend relating to the year</b>	<b>No. of Non-Resident Share holders</b>	<b>No. of Shares</b>	<b>2008-09 (Rs lacs)</b>	<b>2007-08 (Rs lacs)</b>
<b>2007-08</b>	<b>1</b>	<b>207,76,213</b>	<b>16,62</b>	–
2006-07	1	207,76,213	–	56,10

18. **Details of Deferred tax liability (net)**

	<b>Deferred Tax Assets</b>		<b>Deferred Tax Liability</b>	
	<b>31.03.2009</b>	<b>31.03.2008</b>	<b>31.03.2009</b>	<b>31.03.2008</b>
<b>Timing differences on account of:</b>				
Accelerated depreciation			<b>19,25</b>	22,36
Surplus payments to retiral trusts (refer to note 21)			<b>59</b>	1,13
Expenditure deferred under section 43B of Income Tax Act, 1961	<b>18</b>	18		
Provision for doubtful debts and advances	<b>2,64</b>	3,05		
Voluntary retirement scheme liability	<b>47</b>	90		
Liability for leave encashment and retirement benefit provision	<b>3,84</b>	3,66		
Other provisions relating to divested businesses, etc.	<b>6,84</b>	6,22		
Total	<b>13,97</b>	14,01	<b>19,84</b>	23,49
<b>Net deferred tax liability</b>			<b>5,87</b>	9,48

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

	<b>Indirect Taxes</b>	<b>Divested Businesses</b>	<b>Others</b>	<b>Total</b>
Balance as on 31 March 2008	12,37	27,93	2,66	42,96
Provision created during the year	–	10,00	2,36	12,36
Payments against provisions	(36)	(8,98)	–	(9,34)
Provisions written back	–	–	(80)	(80)
Adjustments	7	–	1	8
<b>Closing balance as on 31 March 2009 *</b>	<b>12,08</b>	<b>28,95</b>	<b>4,23</b>	<b>45,26</b>

**\* 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 1250 lacs (as on 31 March 2008 : Rs 1500 lacs) 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.

20. 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 :

Amount receivable	Total future minimum lease rentals receivable as on 31 March 2009 (Rs lacs)	Total future minimum lease rentals receivable as on 31 March 2008 (Rs lacs)
Within one year	6,67	6,09
Later than one year and not later than five years	6,33	5,86
Later than five years	7	6
Total	<u>13,07</u>	<u>12,01</u>

(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:

	2008-09 (Rs lacs)	2007-08 (Rs lacs)
- Lease rentals charged during the year	<u>1,10</u>	<u>97</u>
- <b>Lease obligations</b>	<b>Total future minimum lease rentals payable as on 31 March 2009 (Rs lacs)</b>	<b>Total future minimum lease rentals payable as on 31 March 2008 (Rs lacs)</b>
Within one year	1,14	79
Later than one year and not later than five years	86	39
Later than five years	-	-
Total	<u>2,00</u>	<u>1,18</u>

21. Employee Benefits

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

	(Rs lacs)							
	Pension (funded)				Gratuity (funded)		Post Retirement Medical Benefit (unfunded)	
	Management Staff	Non Management Staff	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
<b>(A) Employee benefit expense recognised in Profit and Loss Account</b>								
(a) Current service cost \$	37	37	16	18	54	45	4	6
(b) Interest cost \$	3,32	3,18	1,89	1,86	39	38	56	56
(c) Expected return on plan assets \$	(3,68)	(3,47)	(2,04)	(1,90)	(69)	(69)	-	-
(d) Actuarial (gains) / losses [see (ii) below]	2,81	1	2,06	(30)	11	43	48	29
Total expense / (gain)	<u>2,82</u>	<u>9</u>	<u>2,07</u>	<u>(16)</u>	<u>35</u>	<u>57</u>	<u>1,08</u>	<u>91</u>
<b>(B) Net Asset / (Liability) as at year end</b>								
(a) Present value of obligations as at year end	44,60	43,10	24,67	24,63	5,49	5,35	7,55	7,33
(b) Fair value of plan assets as at year end	47,75	46,83	27,58	25,19	9,36	8,69	-	-
(c) Fair value of plan assets, limited to present value of future contributions	45,35	44,03	26,56	25,19	7,90	7,35		
Net Asset / (Liability) (b)-(a)	3,15	3,73	2,91	56	3,87	3,34	(7,55)	(7,33)
Net Asset / (Liability) recognised in Balance Sheet (c)-(a)	75	93	1,89	56	2,41	2,00	(7,55)	(7,33)
<b>(C) Change in defined benefit obligations during the year</b>								
Present value of obligations at beginning of the year	43,10	41,52	24,63	24,59	5,35	5,35	7,33	7,54
(a) Current service cost	37	37	16	18	54	45	4	6
(b) Interest cost	3,32	3,18	1,89	1,86	39	38	56	56
(c) Benefits paid	(4,24)	(3,66)	(2,61)	(2,57)	(90)	(1,20)	(86)	(1,12)
(d) Actuarial (gains) / losses	2,05	1,69	60	57	11	37	48	29
Present value of obligations at end of the year	<u>44,60</u>	<u>43,10</u>	<u>24,67</u>	<u>24,63</u>	<u>5,49</u>	<u>5,35</u>	<u>7,55</u>	<u>7,33</u>



	(Rs lacs)							
	Pension (funded)				Gratuity (funded)		Post Retirement Medical Benefit (unfunded)	
	Management Staff		Non Management Staff					
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
<b>(D) Change in fair value of plan assets during the year</b>								
Fair value of plan assets as at beginning of the year	46,83	45,19	25,19	24,99	8,69	9,25	-	-
Less restriction for net assets in excess of future contributions	<u>(2,80)</u>	<u>(2,80)</u>	-	-	<u>(1,33)</u>	<u>(1,33)</u>	-	-
Fair value of plan assets as at beginning of the year (net)	44,03	42,39	25,19	24,99	7,36	7,92	-	-
(a) Expected return on plan assets #	3,68	3,47	2,04	1,90	69	69	-	-
(b) Actual company contributions	2,64	15	3,40	-	75	-	87	1,12
(c) Benefit payments	<u>(4,24)</u>	<u>(3,66)</u>	<u>(2,61)</u>	<u>(2,57)</u>	<u>(90)</u>	<u>(1,20)</u>	<u>(87)</u>	<u>(1,12)</u>
(d) Actuarial gains / (losses) #	<u>(76)</u>	<u>1,68</u>	<u>(1,46)</u>	<u>87</u>	-	<u>(6)</u>	-	-
Fair value of plan assets (after applying restrictions in excess of future contributions)	<u>45,35</u>	<u>44,03</u>	<u>26,56</u>	<u>25,19</u>	<u>7,90</u>	<u>7,35</u>	-	-
Restriction for net assets in excess of future contributions	2,40	2,80	1,02	-	1,46	1,33	-	-
Fair value of plan assets at end of the year	47,75	46,83	27,58	25,19	9,36	8,69	-	-
<b>(E) Category of assets</b>								
Debt securities	79%	69%	68%	62%	88%	91%	-	-
Gilt mutual funds	6%	15%	5%	5%	8%	5%	-	-
Insurer managed funds	10%	11%	15%	20%	-	-	-	-
Special deposit scheme	5%	5%	12%	13%	4%	4%	-	-
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	-	-
<b>(F) Actuarial assumptions</b>								
(a) Discount rate (annual) *	7.50%	8.10%	7.50%	8.10%	7.50%	8.10%	7.50%	8.10%
(b) Expected rate of return on assets (per annum)	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	-	-
(c) Estimates of future salary increases take account of inflation, seniority, promotion, and other relevant factors, such as supply and demand in the employment market								
(d) Medical cost trend rates have no impact on actuarial valuation of any of the above employee benefit plans								
\$ Shown as an expense under 'Contribution to provident and other funds' in Schedule 13.								
* Discount rate is based on the prevailing market yields on Government bonds as at 31 March 2009 for the estimated term of defined benefit obligations.								
# Together constitute actual return on plan assets								
(ii) The actuarial valuation of employee benefit 'defined benefit' plans was carried out as on 31 March 2009. The net actuarial losses on defined benefit obligations and value of plan assets, arising mainly due to drop in applicable interest rates during the year, amounting to Rs 584 lacs, has been shown as an exceptional item in Profit and Loss Account (see Schedule 14).								
(iii) The Company has separate pension schemes for management staff and non-management staff. The former scheme is in the nature of 'final salary' plan, and the latter scheme is in the nature of 'flat salary' plan. The Company also has separate gratuity schemes for management and non-management staff; the benefits paid are as per the scheme rules or as per Payment of Gratuity Act, 1972, whichever is higher.								
(iv) A part of the Company's pension scheme is a defined contribution plan. The Company's contribution of Rs 68 Lacs (2007-08: Rs 66 lacs) has been recognised as an expense and shown under 'Contribution to provident and other funds' in Schedule 13.								
(v) The guidance on implementing AS-15 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. Considering that presently there is no shortfall and also, as confirmed by the Actuary, there are no formal guidelines from Actuarial Society of India, the Company believes that actuarial valuation at present is not necessary. The amount of contribution during the year of Rs 180 lacs (2007-08: Rs 208 lacs) has been charged as 'Contributions to provident and other funds' in Schedule 13.								

## NOTES TO THE ACCOUNTS

### 22. Segment Information

#### (A) Information about primary business segments :

(1) Following the divestment of Adhesives business in 2008-09 (refer to note 4), the Company's business segments comprise of:

Paints : consisting of decorative and refinish paints.

Others : consisting of food starch and polymers

Segment information relating to Adhesives business, earlier considered under 'Chemicals' segment, has been classified under 'Discontinued Businesses'. (Refer to note 4) (2007-08 : disclosed as 'discontinuing business')

#### (2) Segment revenues, results and other information

	(Rs lacs)									
	Paints		Others		Discontinued Business		Eliminations		Total	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
<b>Revenue</b>										
1. <b>External sales (gross)</b>	<b>997,00</b>	898,83	<b>18,78</b>	23,43	-	140,10	-	-	<b>1015,78</b>	1062,36
Excise Duty	<b>(113,75)</b>	(114,13)	<b>(1,93)</b>	(1,87)	-	(16,22)	-	-	<b>(115,68)</b>	(132,22)
External sales (net)	<b>883,25</b>	784,70	<b>16,85</b>	21,56	-	123,88	-	-	<b>900,10</b>	930,14
Inter segment sales	-	-	-	-	-	-	-	-	-	-
Other business related income	<b>8,06</b>	9,63	<b>49</b>	31	-	2,48	-	-	<b>8,55</b>	12,42
<b>Total Revenue</b>	<b>891,31</b>	794,33	<b>17,34</b>	21,87	-	126,36	-	-	<b>908,65</b>	942,56
2. <b>Results</b>										
Segment results	<b>94,83</b>	72,56	<b>2,83</b>	4,92	-	15,28	-	-	<b>97,66</b>	92,76
Unallocated income (net of unallocated expense)									<b>77,78</b>	15,88
<b>Profit from operations before interest, taxation and exceptional items</b>									<b>175,44</b>	108,64
Interest income									<b>6,71</b>	3,45
Interest expense									<b>(2,93)</b>	(2,95)
<b>Profit before exceptional items</b>									<b>179,22</b>	109,14
Exceptional items									<b>199,49</b>	(18,73)
<b>Profit before taxation</b>									<b>378,71</b>	90,41
Income taxes										
- Current tax									<b>84,00</b>	26,60
- Deferred tax									<b>(3,61)</b>	7
- Fringe benefits tax									<b>3,73</b>	3,53
<b>Profit after taxation</b>									<b>294,59</b>	60,21
3. <b>Other Information</b>										
a. <b>Assets</b>										
Segment assets	<b>306,68</b>	301,38	<b>15,25</b>	9,21	-	73,90	-	(27)	<b>321,93</b>	384,22
Investments									<b>915,21</b>	692,60
Unallocated assets									<b>95,35</b>	79,13
<b>Total assets</b>									<b>1332,49</b>	1155,95
b. <b>Liabilities/ Shareholders' funds</b>										
Segment Liabilities	<b>199,59</b>	231,29	<b>4,07</b>	4,49	-	32,50	-	(27)	<b>203,66</b>	268,01
Unallocated liabilities									<b>157,76</b>	124,97
Share Capital									<b>38,07</b>	38,38
Reserves									<b>933,00</b>	724,59
<b>Total Liabilities/ Shareholders' funds</b>									<b>1332,49</b>	1155,95
c. <b>Others</b>										
Capital expenditure	<b>29,40</b>	23,56	<b>4</b>	14	-	7,79				
Depreciation	<b>20,66</b>	20,27	<b>2</b>	3	-	1,57				
d. <b>Information on Discontinued /Discontinuing business</b>										
Total Revenues									-	142,58
Total expenses (including excise duty)									-	127,30
Net cash flow from operating activities									-	6,83
Net cash flow from investing activities									-	(93)

#### B. Information on secondary segment (by geographical segment) (Rs lacs)

	India		Outside India		Total	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Revenue	<b>908,33</b>	936,90	<b>32</b>	5,66	<b>908,65</b>	942,56
Carrying amount of segment assets *	<b>321,93</b>	382,60	-	1,62	<b>321,93</b>	384,22
Capital expenditure *	<b>29,44</b>	31,49	-	-	<b>29,44</b>	31,49

\* Excludes inter-segment assets

#### Notes:-

- 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.
- Inter segment prices are normally negotiated amongst the segments with reference to the costs, market prices and business risks, within an overall optimisation objective for the Company.
- Segment revenue, results and assets and liabilities figures include the respective amounts identifiable to each of the segments. Other un-allocable items in segment results include income from investment of surplus funds of the Company and corporate expenses. Unallocable in assets includes un-allocable fixed assets, current assets, unallocated miscellaneous expenditure not written off. Unallocable liabilities includes un-allocable current liabilities and net deferred tax liability.

## 23. Related Party Disclosures

## 1. List of related parties

- a) Holding Company : Imperial Chemical Industries Limited, England.  
b) Ultimate Holding Company : Akzo Nobel N.V., Netherlands  
c) Subsidiaries of the Company : Polyinks Limited (up to 20 January 2009).  
d) Other related parties (fellow subsidiaries) where common control exists and with whom transactions during the year have taken place :

Akzo Nobel Car Refinishes BV	National Starch & Chemical - Trading Co Ltd. (Thailand)
Akzo Nobel Car Refinishes India Pvt Ltd.	National Starch & Chemical (Thailand) Ltd.
Akzo Nobel Coatings India Pvt Ltd.	National Starch & Chemical (Singapore) Pte Ltd.
Akzo Nobel Decorative Coatings BV	National Starch & Chemical Industrial Ltd
Akzo Nobel Non-Stick Coatings Ltd.	National Starch & Chemical Ltd., London
Akzo Nobel Paints (Asia Pacific) Pte Ltd.	National Starch & Chemicals (Shanghai) Limited
Akzo Nobel Surface Chemistry	National Starch and Chemical Co
Akzonobel (Shanghai) Co. Limited	National Starch Specialties (Shanghai) Ltd
Alcoa Chemical - USA	Pinturas INCA
Elotex AG, Switzerland	The Glidden Co.
ICI (Paints) Vietnam Ltd.	Casco Adhesive Sdn Bhd
ICI Paints Indonesia	
ICI Paints (Malaysia) Sdn Bhd	
ICI South Africa (Pty) Ltd.	
ICI Paints (Thailand) Ltd	
ICI Swire Paints (Shanghai) Ltd	

## f) Key managerial persons

Mr. A. Narayan	Chairman
Mr. Rajiv Jain	Managing Director
Mr. S. Batra	Wholetime Director (up to 12 January 2009)

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

	Ultimate Holding company	Holding Company	Subsidiaries of the Company	Fellow subsidiaries of the Company	(Rs lacs) Key Managerial Persons
	2008-09 2007-08	2008-09 2007-08	2008-09 2007-08	2008-09 2007-08	2008-09 2007-08
<b>a) Transactions during the year</b>					
Purchase of materials / finished goods	-	-	-	15,68	-
	-	-	-	47,14	-
Sale of finished goods	-	-	-	33	-
	-	-	1,82	1,99	-
Expenses incurred and recoverable from other Companies	-	28	-	4,12	-
	-	1,23	-	99	-
Expenses recoverable by other companies	-	64	-	1,75	-
	-	48	-	5,96	-
Royalty and technical services	3,75	-	-	3,94	-
	-	-	-	7,32	-
Dividend paid	-	16,62	-	-	-
	-	56,10	-	-	-
Indent commission received	-	-	-	13	-
	-	-	-	85	-
Services provided	-	-	-	2,76	-
	-	-	-	3,57	-
Toll conversion	-	-	-	-	-
	-	-	28	-	-
Managerial remuneration	-	-	-	-	2,73
	-	-	-	-	3,26
Inter corporate deposit given	-	-	4,20	28,00	-
	-	-	3,20	-	-
Inter corporate deposit refund	-	-	10,61	-	-
	-	-	-	-	-
Interest income on inter corporate deposit	-	-	1,04	1,98	-
	-	-	52	-	-
Guarantee received for inter corporate deposit	28,00	-	-	-	-
	-	-	-	-	-
<b>Balances as at the end of the year</b>					
Dues to related parties	2,97	1,37	-	4,09	-
	-	1,26	-	13,61	-
Dues from related parties	-	12	10	31,33	-
	-	23	6,75	1,95	-

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

**NOTES TO THE ACCOUNTS**

**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**

	2008-09 (Rs lacs)	2007-08 (Rs lacs)
<b>Purchase of raw materials</b>		
Acheson Industries (Europe) Ltd, Netherlands	-	4,84
Dongsung NSC Ltd, Korea	-	6,78
Elotex AG, Switzerland	2,14	7,14
National Starch & Chemical (Thailand) Ltd.	1,92	-
National Starch & Chemical (Guangdong) Ltd, China	-	8,62
National Starch & Chemical Co., USA (Bridgewater)	-	5,21
National Starch and Chemical Co.	2,76	-
The Glidden Co.	5,45	-
Others	3,41	14,55
	<u>15,68</u>	<u>47,14</u>
<b>Sales of finished products</b>		
ICI Pakistan Limited	-	1,32
National Adhesives Limited (Saudi Arabia)	-	52
National Starch & Chemical Trading Co Ltd (Thailand)	6	-
National Starch Specialties (Shanghai) Ltd	22	-
Polyinks Ltd	-	1,82
Others	5	15
	<u>33</u>	<u>3,81</u>
<b>Expenses incurred and recoverable from other companies</b>		
Akzo Nobel Decorative Coatings BV	2,92	-
Akzo Nobel Paints (Asia Pacific) Pte Ltd	-	62
Imperial Chemical Industries Limited, England	-	1,23
Others	1,48	37
	<u>4,40</u>	<u>2,22</u>
<b>Expenses recoverable by other companies</b>		
Akzo Nobel Paints (Asia Pacific) Pte Ltd	1,28	1,10
National Starch & Chemical (Singapore) Pte Ltd	-	3,95
Imperial Chemical Industries Limited, England	64	-
Akzo Nobel Coatings India Pvt Ltd	27	-
Others	20	1,39
	<u>2,39</u>	<u>6,44</u>
<b>Indent Commission received</b>		
Acheson Industries (Europe) Ltd, Netherlands	-	17
Elotex AG, Switzerland	13	15
National Starch & Chemical (Guangdong) Ltd, China	-	31
Others	-	22
	<u>13</u>	<u>85</u>
<b>Royalty and technical services</b>		
Akzo Nobel Paints (Asia Pacific) Pte Ltd	3,94	5,24
Akzo Nobel N.V.	3,75	-
National Starch & Chemical Co., USA (Bridgewater)	-	2,08
	<u>7,69</u>	<u>7,32</u>
<b>Dividend paid</b>		
Imperial Chemical Industries Limited, England	16,62	56,10
<b>Service provider</b>		
ICI India Research & Technology Centre	2,76	3,57
<b>Toll Conversion</b>		
Polyinks Limited	-	28
<b>Managerial Remuneration</b>		
Mr. A.Narayan	5	5
Mr. Rajiv Jain	2,11	2,39
Mr. S. Batra	57	82
	<u>2,73</u>	<u>3,26</u>
<b>Inter corporate deposits given</b>		
Akzo Nobel Car Refinishes India Pvt Ltd	28,00	-
Polyinks Limited	4,20	3,20
	<u>32,20</u>	<u>3,20</u>
<b>Inter corporate deposits refund received</b>		
Polyinks Limited	10,61	-
	<u>10,61</u>	<u>-</u>
<b>Interest income on Inter corporate deposits</b>		
Akzo Nobel Car Refinishes India Pvt Ltd	1,98	-
Polyinks Limited	1,04	52
	<u>3,02</u>	<u>52</u>

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

	As at 31 March 2009 (Rs lacs)	As at 31 March 2008 (Rs lacs)
Acheson Industries (Europe) Ltd., Netherlands	-	6
Akzo Nobel Car Refinishes India Pvt Ltd.	1	-
Akzo Nobel Coatings India Pvt Ltd.	1	-
Akzo Nobel Decorative Coatings BV	1,23	-
Akzo Nobel Paints (Asia Pacific) Pte Ltd	36	-
Elotex AG, Switzerland	67	54
ICI Paints Indonesia	4	-
ICI Paints (Malaysia) Sdn Bhd	-	16
ICI Paints (Thailand) Ltd	1	1
ICI Paints (Asia Pacific) Pte Ltd	-	7
ICI Pakistan Ltd.	-	11
ICI Swire Paints (Shanghai) Ltd	1	-
Inter-National Starch & Chemical Co. Inc., Philippines	-	9
National Starch & Chemical (Guangdong) Ltd, China	-	40
National Starch & Chemical (Singapore) Pte Ltd	2	21
National Starch & Chemical Co. Ltd, Taiwan	-	3
National Starch & Chemical Co., USA (Bridgewater)	-	19
National Starch and Chemical Co	20	-
National Starch China (Shanghai)	-	1
National Starch Specialties (Shanghai) Ltd	3	-
PT ICI Paints Indonesia	-	7
<b>Total</b>	<b>2,59</b>	<b>1,95</b>

25. (a) The Company uses forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions. The Company does not enter into any derivative instruments for trading or speculative purposes. The forward exchange contracts outstanding as at 31 March 2009 (all 'buy' contracts) are as under:

	USD	GBP	EUR	CHF	SGD
<b>As at 31 March 2009</b>	<b>1,786,717</b>	<b>16,806</b>	<b>25,185</b>	-	<b>40,253</b>
As at 31 March 2008	2,845,711	11,646	415,848	324,305	-

(b) As at 31 March 2009, the Company had net foreign currency exposure [receivable/(payable)] that are not hedged by a derivative instrument or otherwise, as under:

	USD	GBP	EUR	CHF	AUD	SGD
<b>As at 31 March 2009</b>	<b>7,741</b>	-	<b>16,900</b>	-	-	-
As at 31 March 2008	2,129,154	8,940	19,697	(285,431)	(14,400)	6,056

26. Figures of the current year are not comparable with those of the previous year in view of divestment of Adhesives business with effect from 4 April 2008 [Refer to note 4]

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

For ICI India Limited

A NARAYAN  
Chairman

RAJIV JAIN  
Managing Director

M R RAJARAM  
Director

R GUHA  
Company Secretary

Gurgaon  
15 May 2009

**STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISIONS OF SECTION 217(2A) OF THE COMPANIES ACT, 1956 (Annexure to the Directors' report for the year ended 31 Mar 2009)**

Name	Designation/Nature of Duties	Remuneration (Rs.)	Qualification	Experience in years	Joining Date	Age (years)	Previous Employment
<b>(A) EMPLOYED THROUGHOUT THE FINANCIAL YEAR</b>							
Agarwal H	Business Controller-Decorative India	36,14,691	AICWA, ACS, ACA	14	17-Oct-94	38	First Employment
Anand V	General Manager- Deco Marketing	41,59,392	MBA	17	1-Nov-07	39	Max Newyork Life Insurance Co. VP Marketing
Ahuja M	General Manager - Sales, Paints	56,78,596	MBA	17	8-Jun-04	41	Whirlpool of India Ltd, Director- Sales
Banerjee S	Head, Information Technology, Paints	45,53,758	MBA	35	5-Apr-90	56	Brooke Bond Lipton India Ltd, Manager-Management Services
Bhatia M	National Channel Manager, Paints	31,02,281	B Tech, MBA	12	16-Jun-97	38	First Employment
Choubey S	Works Manager, Hyderabad, Paints	37,12,095	B Tech	23	16-Oct-86	52	Simon Carves India Ltd, Engineer (Design)
Dixit N	Business Excellence Manager, Paints	25,71,532	B Tech	13	14-Dec-07	35	Jubilant Organosys Ltd, Line Coordinator
Ghoshal T	Works Manager, Panki	41,37,111	B Tech	34	8-Oct-92	56	Jenson & Nicholson (India) Ltd, Production Manager
Guha R	Company Secretary & General Manager, Corporate Affairs	49,59,081	ACA,ACS	26	15-Jun-95	50	Duncans Industries Ltd, DGM (Finance)
Jain Rajiv	Managing Director & Chief Executive Officer, Paints	1,43,26,192	B Tech,MBA	37	18-Apr-83	58	First Employment
Kapoor V	Regional Manager-North, Paints	26,14,805	B Tech,MBA	11	9-Jul-07	37	Bausch & Lomb, Sr. Manager
Mahajan J	General Manager - Institutional Business, Paints	52,77,813	MBA	18	3-Jun-91	43	First Employment
Mahato D C	General Manager- HR Paints	49,47,076	MBA	33	25-Mar-85	57	Bharat Wagon & Engineering Company Ltd, Asst Personnel Manager
Misra D D	Manufacturing Manager	31,54,553	B Tech	16	20-Sep-04	40	Hindustan Unilever Ltd, Business Manager
Mitra I	General Manager, Supply Chain, Paints	51,87,431	B Tech	25	9-Oct-84	50	Turnkey International Ltd, Project Engineer
Rao U	National Sales Manager, NPG	33,54,329	Dip Paper Tech	19	4-Feb-08	42	Avebe UA, Technical Sales Manager
Sachdev R	General Manager, Legal	35,96,571	B Sc, LLB, Dip in Labour Laws, Dip. In Corporate Laws	33	1-Aug-84	55	DCM Ltd, Senior Law officer
Samuel A	Senior Manager, Business Development SPG India	31,42,413	MBA	17	26-Jun-00	40	RPG Life Sciences Ltd, Manager-International Markeing
Shankar M R	Business Purchase Manager, Paints	26,26,414	B Sc / Dip Material Mgmt	17	4-Dec-06	37	Akzo Nobel Coatings Pvt Ltd, Materials Manager
Shirali G	Corporate Finance Manager	25,76,032	ACA	21	1-Feb-99	44	Nalco Chemicals India Limited Asst Manager-Finance
Selvakumar J	Commercial Controller, Paints	26,18,205	ACA	18	14-Sep-98	46	Hindustan Lever Ltd, Logistics Manager
Shukla P	Business HR Mgr, Sales, Paints	24,23,338	MBA	12	7-Oct-05	35	Asian Paints Ltd, Regional Manager (UP&UA)
Swaminathan N	Business Planning Manager	24,72,770	B SC	23	14-Nov-96	44	Mafatal Group, Sr Manager-Commercial
Venkatakrisnan R	Taxation Controller	46,26,023	ACA	34	1-Jan-76	58	J K Synthetics Ltd., Accounts Officer
<b>(B) EMPLOYED FOR PART OF THE FINANCIAL YEAR</b>							
Batra S	Wholetime Director & Chief Financial Officer	51,46,540	ACA	21	25-Jan-88	44	First Employment
Garyali S	All India Sales Manager, NSC	18,09,896	B Tech, MBA	21	1-Nov-93	47	HICO Products, Sr Sales Executive
Iyer S	Financial Controller, NSC	29,32,587	B.Com	29	27-Jun-02	49	Hindustan Lever Limited- Profit Centre Accountant
Kapoor S K (Dr)	Chief Executive, New Ventures	2,96,161	Ph D, M Sc	32	1-Apr-82	60	Alchemie Research Centre, Scientist
Krishna A P	Chief Executive & General Manager, NSC India	77,01,798	B Tech	30	12-Aug-99	54	Hindustan Lever Ltd, Business Manager

- Notes :**
1. Remuneration includes all allowances, perquisites , commission payable if any to the Directors, employer's contribution to provident fund and employer's contribution to pension fund (if covered under defined contribution scheme). It excludes employer's contribution to gratuity fund and leave encashment.
  2. All appointments are / were contractual and are subject to the rules of the Company.
  3. None of the employees is a relative of any Director of the Company.

On behalf of the Board  
**A NARAYAN**  
Chairman

Gurgaon  
15 May 2009

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## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I Registration details

Registration No. : U24292WB1953PLC021516 State Code : 21  
Balance Sheet date : 31 - 03 - 2009

### II Capital raised during the year (Amount in Rs lacs)

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

### III Position of mobilisation and deployment of funds (Amount in Rs lacs)

**Total Liabilities** : 976,94 **Total Assets** : 976,94

#### Sources of Funds

Paid-up capital : 38,07 Reserves and surplus : 933,00

Secured loans : NIL Unsecured loans : NIL

Deferred tax liability : 5,87

#### Application of Funds

Net Fixed Assets : 134,68 Investments : 915,21

Net Current Assets/(liability) : (72,95) Misc. Expenditure : NIL

### IV Performance of Company (Amount in Rs lacs)

Turnover : 996,31 Total expenditure : 817,09

Profit/(Loss) before tax : 378,71 Profit/(Loss) after tax : 294,59

Earnings per share in Rs. : 77.02 Dividend rate % : 160

### V Generic names of three Principal Products/Services of Company

Item Code No. (ITC Code) : 3408 Product Description : Synthetic Enamels

Item Code No. (ITC Code) : 3209 Product Description : Emulsion Paints

Item Code No. (ITC Code) : 3906 Product Description : Polymers

For and on behalf of the Board

A NARAYAN  
Chairman

RAJIV JAIN  
Managing Director

M R RAJARAM  
Director

R GUHA  
Company Secretary

Gurgaon  
15 May, 2009

## ICI INDIA LIMITED – TEN YEARS AT A GLANCE

Rs lacs

	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
<b>ASSETS EMPLOYED</b>										
Gross Fixed Assets	367,28	367,47	362,11	363,40	351,58	373,68	311,51	285,69	311,57	325,47
Accumulated Depreciation	(131,10)	(156,21)	(144,32)	(176,07)	(186,34)	(225,11)	(166,20)	(155,93)	(178,32)	(192,41)
Capital Work in Progress	5,24	2,52	5,20	11,72	3,81	2,67	4,88	3,53	10,47	1,62
<b>Net Fixed Assets</b>	<b>241,42</b>	<b>213,78</b>	<b>222,99</b>	<b>199,05</b>	<b>169,05</b>	<b>151,24</b>	<b>150,19</b>	<b>133,29</b>	<b>143,72</b>	<b>134,68</b>
Long Term Investments	13,03	12,97	159,95	199,96	243,87	293,86	253,03	60,60	10,60	21
Current Investments, } Cash & Bank, inter- corp deposits	99,47	182,77	95,04	170,04	248,44	141,80	198,45	782,23	705,11	95,77
Current Assets	294,82	261,53	234,22	227,51	263,72	293,98	280,44	338,05	296,52	239,87
Current Liabilities	(186,80)	(154,28)	(147,82)	(158,01)	(191,94)	(206,40)	(211,28)	(234,04)	(265,97)	(201,88)
<b>Net Current Assets</b>	<b>108,02</b>	<b>107,25</b>	<b>86,40</b>	<b>69,50</b>	<b>71,78</b>	<b>87,58</b>	<b>69,16</b>	<b>104,01</b>	<b>30,55</b>	<b>37,99</b>
Provision for VRS liability (net)	(67,47)	(61,85)	(47,75)	(39,35)	(33,40)	(25,17)	(18,58)	(12,79)	(7,62)	(3,93)
Other Provisions	(15,40)	(16,68)	(26,04)	(71,47)	(98,50)	(71,21)	(61,13)	(60,49)	(73,99)	(78,50)
Proposed Dividend, dividend tax	–	(24,77)	(40,87)	(46,11)	(57,64)	(25,63)	(27,96)	(129,10)	(35,92)	(71,24)
Deferred tax liability	(4,36)	(6,80)	(24,71)	(17,29)	(8,54)	(9,85)	(13,04)	(8,10)	(9,48)	(5,87)
Misc. Expenditure not written off	9,78	9,78	7,94	5,14	5,09	2,58	1,21	–	–	–
<b>Net Assets Employed</b>	<b>384,49</b>	<b>416,45</b>	<b>432,95</b>	<b>469,47</b>	<b>540,15</b>	<b>545,20</b>	<b>551,33</b>	<b>869,65</b>	<b>762,97</b>	<b>971,07</b>
<b>FINANCED BY</b>										
Share Capital	40,87	40,87	40,87	40,87	40,87	40,87	40,87	40,87	38,38	38,07
Capital Reserves	39,42	38,66	32,28	30,75	30,17	27,61	27,55	26,55	27,88	28,18
Revenue Reserves	256,90	301,24	336,27	397,85	449,11	460,72	482,91	802,23	696,71	904,82
<b>Shareholders funds</b>	<b>337,19</b>	<b>380,78</b>	<b>409,42</b>	<b>469,47</b>	<b>520,15</b>	<b>529,20</b>	<b>551,33</b>	<b>869,65</b>	<b>762,97</b>	<b>971,07</b>
Secured/Unsecured loans	47,30	35,67	23,53	–	20,00	16,00	–	–	–	–
<b>Total Funds Employed</b>	<b>384,49</b>	<b>416,45</b>	<b>432,95</b>	<b>469,47</b>	<b>540,15</b>	<b>545,20</b>	<b>551,33</b>	<b>869,65</b>	<b>762,97</b>	<b>971,07</b>
<b>SALES AND PROFIT</b>										
<b>Sales &amp; services</b>	<b>873,12</b>	<b>818,42</b>	<b>712,19</b>	<b>700,83</b>	<b>775,70</b>	<b>855,90</b>	<b>992,89</b>	<b>1,007,05</b>	<b>1,062,36</b>	<b>1,015,78</b>
<b>Profit before Depreciation &amp; Interest</b>	<b>86,50</b>	<b>67,07</b>	<b>74,23</b>	<b>87,04</b>	<b>83,13</b>	<b>93,00</b>	<b>121,94</b>	<b>164,87</b>	<b>134,60</b>	<b>203,48</b>
Depreciation	(23,29)	(23,11)	(22,96)	(23,37)	(24,28)	(20,14)	(21,79)	(22,47)	(22,51)	(21,33)
Interest	(16,09)	(3,45)	(1,70)	(3,34)	(4,58)	(3,50)	(3,63)	(2,29)	(2,95)	(2,93)
<b>Profit before Exceptional items/taxation</b>	<b>47,12</b>	<b>40,51</b>	<b>49,57</b>	<b>60,33</b>	<b>54,27</b>	<b>69,36</b>	<b>96,52</b>	<b>140,11</b>	<b>109,14</b>	<b>179,22</b>
Exceptional items	17,03	46,41	57,64	72,85	77,18	(13,68)	(11,01)	446,12	(18,73)	199,49
Taxation	–	(17,80)	(26,70)	(25,49)	(22,36)	(8,50)	(35,36)	(137,81)	(30,20)	(84,12)
<b>Profit After taxation</b>	<b>64,15</b>	<b>69,12</b>	<b>80,51</b>	<b>107,69</b>	<b>109,09</b>	<b>47,18</b>	<b>50,15</b>	<b>448,42</b>	<b>60,21</b>	<b>294,59</b>
<b>Earnings per share (Rupees)</b>	<b>15.70</b>	<b>16.91</b>	<b>19.70</b>	<b>26.35</b>	<b>26.69</b>	<b>11.54</b>	<b>12.27</b>	<b>109.72</b>	<b>15.16</b>	<b>77.02</b>
<b>Equity Dividend</b>										
– Rupees per share	5.50	5.50	10.00	10.00	12.50	5.50	6.00	27.00	8.00	16.00
– Total Payout	22,48	22,48	40,87	40,87	51,09	22,48	24,52	110,35	30,70	60,89
<b>NUMBER OF EQUITY SHAREHOLDERS</b>	<b>54,744</b>	<b>58,433</b>	<b>57,632</b>	<b>55,080</b>	<b>49,104</b>	<b>47,136</b>	<b>43,070</b>	<b>41,261</b>	<b>40,131</b>	<b>39,704</b>



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## Annual Report 2008-09 – ICI India Consolidated

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### AUDITORS' REPORT

#### **Auditors' report to the Board of Directors of ICI India Limited on the consolidated financial statements of ICI India Limited**

1. We have examined the attached consolidated Balance Sheet of ICI India Limited ("the Company") and its subsidiary (upto 3 April 2008) as at 31 March 2009 and also the consolidated Profit and Loss Account and the consolidated Cash Flow Statement 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 generally accepted auditing standards in India. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with the financial reporting framework generally accepted in India and are free of material misstatements. 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of Polyinks Limited, a subsidiary divested with effect from 4 April 2008 and whose un-audited management accounts reflect total assets of Rs 1227 lacs as at 3 April 2008 and total revenues of Rs Nil and cash flows of Rs Nil for the period ended 3 April 2008. According to the information and explanations given to us, no substantial transactions were entered into by Polyinks Limited during the period 1 April 2008 to 3 April 2008. Our opinion, in so far as it relates to the amounts included in respect of Polyinks Limited, is based solely on its management accounts for that period.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements, specified in the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate audited financial statements of the Company for the year ended 31 March 2009 and the separate management accounts of Polyinks Limited for the period ended 3 April 2008 included in the consolidated financial statements.
5. On the basis of the information and explanations given to us, and on consideration of the separate audit report on individual audited financial statements of the Company, we are of the opinion that:
  - (a) the consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of the Company as at 31 March 2009;
  - (b) the consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations for the year ended on 31 March 2009; and
  - (c) the consolidated Cash Flow Statement gives a true and fair view of the consolidated cash flows for the year ended on 31 March 2009.

For **BSR & Associates**  
Chartered Accountants

**KAUSHAL KISHORE**  
Partner  
Membership No: 090075

Gurgaon  
15 May 2009

## CONSOLIDATED BALANCE SHEET

	Schedule	As at 31 March 2009		As at 31 March 2008	
			(Rs lacs)		(Rs lacs)
<b>I) SOURCES OF FUNDS:</b>					
<b>1. Shareholders' funds</b>					
a) Share Capital	1	<b>38,07</b>		38,38	
b) Reserves and surplus	2 (a)	<b>933,00</b>	<b>971,07</b>	724,16	762,54
<b>2. Minority interest</b>	2 (b)		-		1,05
<b>3. Loan funds</b>					
Secured loans	3		-		1,16
<b>4. Deferred tax liability (net)</b>	17 (15)		<b>5,87</b>		9,50
<b>Total</b>			<b>976,94</b>		<b>774,25</b>
<b>II) APPLICATION OF FUNDS:</b>					
<b>1. Fixed assets</b>	4				
a) Gross block		<b>325,47</b>		321,03	
b) Less : Accumulated depreciation		<b>192,41</b>		179,41	
c) Net block		<b>133,06</b>		141,62	
d) Capital work-in-progress		<b>1,62</b>	<b>134,68</b>	17,94	159,56
<b>2. Investments</b>	5		<b>915,21</b>		683,57
<b>3. Current assets, loans and advances</b>					
a) Inventories	6	<b>100,83</b>		124,35	
b) Sundry debtors	7	<b>75,65</b>		105,50	
c) Cash and bank balances	8	<b>14,73</b>		16,90	
d) Loans and advances	9	<b>91,39</b>		69,04	
		<b>282,60</b>		315,79	
<b>Less : Current liabilities and provisions</b>					
a) Current liabilities	10	<b>201,88</b>		266,46	
b) Provisions	11	<b>153,67</b>		118,21	
		<b>355,55</b>		384,67	
<b>Net current assets / (liabilities)</b>			<b>(72,95)</b>		<b>(68,88)</b>
<b>Total</b>			<b>976,94</b>		<b>774,25</b>
<b>Significant accounting policies</b>	16				
<b>Notes to the accounts</b>	17				

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

As per our report attached.

For B S R & Associates  
Chartered Accountants

For ICI India Limited

KAUSHAL KISHORE  
Partner  
Membership No. 090075

ANARAYAN  
Chairman

RAJIV JAIN  
Managing Director

M R RAJARAM  
Director

R GUHA  
Company Secretary

Gurgaon  
15 May 2009

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

		For the year ended 31 March 2009	For the year ended 31 March 2008
	Schedule	(Rs lacs)	(Rs lacs)
<b>Income</b>			
Gross sales		1015,78	1072,32
Less: Excise duty		115,68	133,61
Net sales		<u>900,10</u>	<u>938,71</u>
Other income	12	96,21	37,19
Total income		<u>996,31</u>	<u>975,90</u>
<b>Expenditure</b>			
Materials consumed, etc.	13	509,85	557,73
Other expenditure	14	282,98	282,98
Depreciation / Amortisation (net)		21,33	23,00
Interest		2,93	2,98
		<u>817,09</u>	<u>866,69</u>
<b>Profit before taxation and exceptional items</b>		<u>179,22</u>	109,21
Exceptional items [ gain / (loss) ]	15	199,92	(18,73)
<b>Profit before taxation *</b>		<u>379,14</u>	90,48
Provision for taxation :*			
– Current tax		84,00	27,00
– Deferred tax		(3,61)	4
– Fringe benefit tax		3,73	3,54
<b>Profit after taxation</b>		<u>295,02</u>	59,90
Transfer to minority interest		–	23
Profit for the year attributable to the group		<u>295,02</u>	59,67
Balance brought forward		<u>439,62</u>	469,87
<b>Balance available for appropriation</b>		<u>734,64</u>	529,54
<b>Appropriations</b>			
General reserve		74,00	54,00
Proposed dividend		60,89	30,70
Tax on proposed dividend		10,35	5,22
Adjustment to dividend relating to previous year		(12)	–
		<u>145,12</u>	89,92
Balance carried to the balance sheet		<u>589,52</u>	439,62
Basic and diluted earnings per equity share (in Rs.)	17 (14)	77.13	15.02
<b>* Information on discontinued business</b>			
17 (4, 19)			
Adhesives business (including subsidiary Polyinks Limited)			
Profit before taxation from operations		–	16,36
Income tax expense related to the above		–	6,16
Profit on disposal of discontinued business (pre tax)		205,76	–
Income tax expense related to the above		46,86	–
<b>Significant accounting policies</b>	16		
<b>Notes to the accounts</b>	17		

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

As per our report attached to the Balance Sheet.

For B S R & Associates  
Chartered Accountants

For ICI India Limited

KAUSHAL KISHORE  
Partner  
Membership No. 090075

ANARAYAN  
Chairman

RAJIV JAIN  
Managing Director

M R RAJARAM  
Director

R GUHA  
Company Secretary

Gurgaon  
15 May 2009

## CONSOLIDATED CASH FLOW STATEMENT

	For the year ended 31 March 2009 (Rs lacs)	For the year ended 31 March 2008 (Rs lacs)
<b>A. Cash flow from operating activities</b>		
Profit before taxation and exceptional items	179,22	10921
<u>Adjusted for :</u>		
Depreciation/Amortisation	21,33	23,00
(Profit)/Loss on sale/write-off of fixed assets	–	18
Provisions/Liabilities no longer required written back	(84)	(37)
Other Provisions made during the year	74	3
Bad debts and advances written off	3,24	12
Provision for doubtful debts and advances (net)	(1,21)	1,14
Income on sale of investment	(10,27)	(10,80)
Profit on maturity/redemption of Fixed Maturity Plans	(69,12)	(10,30)
Interest income from banks and others	(6,71)	(2,90)
Interest expense	2,93	2,95
<b>Operating profit before working capital changes</b>	<b>119,31</b>	<b>112,26</b>
<u>Changes in :</u>		
Trade and other receivables	3,76	(3,70)
Inventories	5,09	8,75
Trade payables and other creditors	(30,00)	8,26
<b>Cash generated from operations</b>	<b>98,16</b>	<b>125,57</b>
Income tax paid	(85,79)	(37,79)
<u>Exceptional items</u>		
Voluntary retirement scheme payments	(3,69)	(5,17)
Additional contribution to employee retiral funds	(6,66)	–
<b>Net cash flow from operating activities (A)</b>	<b>2,02</b>	<b>82,61</b>
<b>B. Cash flow from investing activities</b>		
Purchase of fixed assets	(29,79)	(38,01)
Inter corporate deposits	(21,59)	–
Sale of businesses (see note 3 below)	236,26	63,23
Sale of investment in subsidiary	21,12	2,10
Payments relating to divested businesses	(9,26)	(2,30)
Redemption/maturity of non-trade investments	62	50,00
Profit on maturity/redemption of Fixed Maturity Plans	69,12	10,30
Interest received	6,71	3,46
Income from investments	9,52	13,32
<b>Net cash flow from / (used in) investing activities (B)</b>	<b>282,71</b>	<b>102,10</b>
<b>C. Cash flow from financing activities</b>		
Borrowings during the year	–	50,00
Borrowings repaid during the year	–	(50,03)
Buyback of shares	(15,36)	(133,49)
Dividend paid	(30,39)	(109,45)
Tax on dividend	(5,22)	(18,75)
Interest paid	(2,93)	(3,21)
<b>Net cash flow used in financing activities (C)</b>	<b>(53,90)</b>	<b>(264,93)</b>
<b>Net changes in cash &amp; cash equivalents (A+B+C)</b>	<b>230,83</b>	<b>(80,22)</b>
Cash and cash equivalents – opening balance	698,90	779,12
Cash and cash equivalents – closing balance	929,73	698,90

**CONSOLIDATED CASH FLOW STATEMENT**

	As at 31 March 2009 (Rs lacs)	As at 31 March 2008 (Rs lacs)
Cash and cash equivalents comprise :		
Cash in hand	1	2
Cheques in hand	-	2
Bank balance in current accounts	11,31	13,66
Fixed deposits held as margin money	31	29
Bank balance in unclaimed dividend account	3,10	2,91
Investments in fixed maturity debt mutual funds	855,00	682,00
Investments in Liquid schemes of mutual fund	60,00	-
	<u>929,73</u>	<u>698,90</u>

**Notes :**

- The above cash flow statement has been prepared under the indirect method set out in Accounting Standard "Cash Flow Statement" specified in Companies (Accounting Standards) Rules, 2006.
  - Fixed deposits held as margin money and bank balances in unclaimed dividend account are not available for use by the Company.
  - Bank balances amounting to Rs. 20 lacs of divested Polyinks business have been netted off from cash received from sale of business.
- As per our report attached to the Balance Sheet.

For B S R & Associates                      For ICI India Limited  
Chartered Accountants

KAUSHAL KISHORE  
Partner  
Membership No. 090075  
Gurgaon  
15 May 2009

A NARAYAN  
Chairman

RAJIV JAIN  
Managing Director

MR RAJARAM  
Director

R GUHA  
Company Secretary

**SCHEDULES TO THE CONSOLIDATED ACCOUNTS**

**SCHEDULE 1 : CAPITAL**

	As at 31 March 2009 (Rs lacs)	As at 31 March 2008 (Rs lacs)
<b>Authorised</b>		
416,90,000 equity shares of Rs. 10 each (2007-08 : 416,90,000 equity shares)	<u>41,69</u>	<u>41,69</u>
<b>Issued, Subscribed and Paid Up</b>		
380,69,526 equity shares of Rs. 10 each fully paid up (2007-08 : 383,79,950 equity shares)	<u>38,07</u>	<u>38,38</u>
(1) Of the above equity shares :-		
(a) 85,32,667 were allotted as fully paid up bonus shares by capitalisation of share premium and reserves. (2007-08 : 85,32,667 shares)		
(b) 29,68,824 were issued on part conversion of debentures. (2007-08 : 29,68,824 shares)		
(c) 89,18,121 were issued as fully paid up otherwise than for cash, issued pursuant to a contract. (2007-08 : 89,18,121 shares)		
(d) 2,07,76,213 shares are held by the holding company Imperial Chemical Industries Limited, UK. (2007-08 : 2,07,76,213 shares). Akzo Nobel N.V., Netherlands, who owns the entire equity share capital of Imperial Chemical Industries Limited, is the ultimate holding company.		
(2) During the year, 310,424 shares were bought back (2007-08 : 24,90,662 shares). Out of the shares purchased, 173,472 shares were extinguished till 31 March 2009 and remaining 136,952 shares have been extinguished on 8 April 2009. (2007-08: all shares bought back during the year were extinguished by 31 March 2008) [refer to note 3, Schedule 17]		

**SCHEDULE 2 : (a) RESERVES AND SURPLUS**

	As at 31 March 2008	Additions	Deductions/ Adjustments	(Rs lacs) As at 31 March 2009
Capital reserve	23,92	-	-	<u>23,92</u>
Capital redemption reserve (a)	2,49	31	-	<u>2,80</u>
Revaluation reserve (b)	1,47	-	1	<u>1,46</u>
General reserve (a)	253,73	74,00	15,36	<u>312,37</u>
Profit and Loss Account	442,55	295,02	145,12	<u>592,45</u>
<b>Total</b>	<u>724,16</u>	<u>369,33</u>	<u>160,49</u>	<u>933,00</u>
Previous year	828,89	118,69	223,42	<u>724,16</u>

- In respect of shares bought back during the year, Rs 1,536 lacs (including share buy-back expenses of Rs. 41 lacs) have been adjusted against General Reserve (2007-08: Rs.12,985 lacs were adjusted against General reserve and Rs. 115 lacs were adjusted against Share premium). Face value of shares bought back, of Rs 31 lacs has been adjusted to Capital Redemption Reserve (2007-08: Rs. 249 lacs) [refer to note 3 , Schedule 17].
- Adjustment against Revaluation reserve of Rs 1 lac is in respect of depreciation on revalued assets (2007-08 : Rs 1 lac)

**SCHEDULES TO THE CONSOLIDATED ACCOUNTS**

	As at 31 March 2009 (Rs lacs)	As at 31 March 2008 (Rs lacs)
<b>SCHEDULE 2 : (b) MINORITY INTEREST</b>		
Opening balance	1,05	82
Add : Profit for the year attributable to minority	-	23
Less : Adjustment in respect of divestment of Polyinks minority interest	1,05	-
Closing balance	-	1,05

**SCHEDULE 3 : SECURED LOANS**

Short term working capital loan from bank	-	1,16
(Secured by way of hypothecation of stocks and debtors of the subsidiary company Polyinks Limited)		

**SCHEDULE 4 : FIXED ASSETS**
**(Rs lacs)**

Particulars	Gross Block				Depreciation/Amortisation			Net Block		
	Book value at cost or revalued amounts as at 31 March 2008	Additions at cost	Disposals/ adjustments at book value	Book value at cost or revalued amounts as at 31 March 2009	Upto 31 March 2008	Depreciation / amortisation For the year	In respect of disposals/ adjustments	Upto 31 March 2009	As at 31 March 2009	As at 31 March 2008
<b>Tangible assets</b>										
Land (refer to note 1 below)										
- leasehold	93	-	-	93	43	1	-	44	49	50
- freehold	5,86	-	(69)	5,17	-	-	-	-	5,17	5,86
Buildings	56,81	4,36	(2,75)	58,42	16,83	1,23	(34)	17,72	40,70	39,98
Plant and machinery	138,23	16,48	(10,01)	144,70	96,50	6,65	(2,91)	100,24	44,46	41,75
Plant and machinery - under operating lease	73,24	11,24	-	84,48	37,87	10,39	-	48,26	36,22	35,37
Railway sidings and jetties	-	-	-	-	-	-	-	-	-	-
Rolling stock, motor vehicles etc.	34	-	-	34	31	-	-	31	3	3
Furniture, fittings and equipment	9,99	21	(1,70)	8,50	5,75	38	(33)	5,80	2,70	4,24
Data processing equipment	23,15	1,29	(1,51)	22,93	18,18	2,08	(62)	19,64	3,29	4,96
<b>Intangible assets</b>										
Goodwill	7,62	-	(7,62)	-	49	-	(49)	-	-	7,13
Patents, trademarks, knowhow etc	4,86	-	(4,86)	-	3,05	-	(3,05)	-	-	1,80
	321,03	33,58	(29,14)	325,47	179,41	20,74	(7,74)	192,41	133,06	
Previous Year	295,12	26,22	(31)	321,03	156,53	23,01	(13)	179,41		141,62
<b>Capital work-in-progress</b>									1,62	17,94
									<u>134,68</u>	<u>159,56</u>

**Notes :**

- (1) Land and buildings at certain locations were revalued in 1983.
- (2) Gross depreciation for the year includes depreciation on revalued assets of Rs. 1 lac (2007-08 : Rs. 1 lac), charged against Revaluation reserve.
- (3) Disposals/adjustments in gross block includes assets transferred on divestment of Adhesives business and subsidiary Polyinks Limited (refer to note 4, Schedule 17)
- (4) Disposals/adjustments in depreciation includes accumulated depreciation on assets transferred on divestment of Adhesives business and subsidiary Polyinks Limited (refer to note 4, Schedule 17)

<b>SCHEDULE 5 : INVESTMENTS</b> (At cost less write offs/provisions)		No. as at 31 March 2009	No. as at 31 March 2008	Face Value Rs. per unit	<b>As at 31 March 2009 (Rs lacs)</b>	As at 31 March 2008 (Rs lacs)
<b>(A) LONG TERM INVESTMENTS</b>						
<b>(i) Trade Investments</b>						
<b>Equity shares - unquoted</b>						
	Nitrex Chemicals India Limited- (provision made during the year- Rs.74 lacs)	750,000	750,000	10	–	74
	Adyar Property Holding Company Limited [Book value Rs 6,825 (2007-08: Rs.6,825) ; paid-up Rs.65 per share]	105	105	100		
<b>Debentures - unquoted</b>						
5%	Woodlands Research Foundation - non-redeemable (Book value Rs 28,001)	1	1	86,000		
0.5%	Woodlands Research Foundation (Book value Re 1)	110	110	100		
6.5%	Bengal Chamber of Commerce and Industry (Book value Rs.19,000)	19	19	1,000		
	PMC Rubber Chemicals India Private Limited (transferred during the year)	–	1	59,850,000	–	
<b>(ii) Non-Trade Investments</b>						
<b>Equity shares - quoted</b>						
	ICICI Bank Limited	57,918	57,918	10	<b>21</b>	21
<b>Equity shares - unquoted</b>						
	Kohinoor Mills Limited (Book value Rs 1,300)	5	5	100		
	Maneck-Chowk & Ahmedabad Manufacturing Co. Limited (Book Value Re 1)	144	144	250		
<b>Debentures - unquoted</b>						
6%	Sholapur Spinning & Weaving Co. Limited (in Liquidation) (Book Value Re 1)	523	523	100		
<b>Government of India Securities - unquoted</b>						
6.75%	Government of India Tax free bonds (redeemed during the year)	–	62,247	100	–	62
<b>(B) CURRENT INVESTMENTS</b>						
<b>(i) Non-Trade Investments #</b>						
<b>Investment in Liquid/Floater Schemes of Mutual Funds - unquoted</b>						
	JP Morgan Mutual Fund (JP Morgan India Treasury Fund - Super Instl Growth) (invested during the year)	87,63,090	–	10	<b>10,00</b>	–
	Birla Sun Life Mutual Fund (Floating Rate Fund - Long Term -Instl. - Growth) (invested during the year)	200,00,000	–	10	<b>20,00</b>	–
	Prudential ICICI Mutual Fund (Long Term Floating Rate Plan C - Growth) (invested during the year)	300,00,000	–	10	<b>30,00</b>	–

contd..

**SCHEDULES TO THE CONSOLIDATED ACCOUNTS**

**SCHEDULE 5 : INVESTMENTS (Contd.)**

	No. as at 31 March 2009	No. as at 31 March 2008	Face Value Rs. per unit	As at 31 March 2009 (Rs lacs)	As at 31 March 2008 (Rs lacs)
<b>Investment in Fixed Maturity Plans of Mutual Funds - unquoted</b>					
ABN AMRO Mutual Fund (FTP Series 8 - Yly Plan A - Growth) (redeemed during the year)	–	250,00,000	10	–	25,00
Birla Sun Life Mutual Fund (Fixed Term Plan-Institutional-Series AV- Growth) (invested during the year)	250,00,000	–	10	<b>25,00</b>	–
Birla Sun Life Mutual Fund (Fixed Term Plan-Institutional-Series X Yearly Plan-Growth) (redeemed during the year)	–	250,00,000	10	–	25,00
Birla Sun Life Mutual Fund (Fixed Term Plan-Institutional-Series AS- Growth) (invested during the year)	150,00,000	–	10	<b>15,00</b>	–
Birla Sun Life Mutual Fund (FTP - Series P - Growth) (redeemed during the year)	–	150,00,000	10	–	15,00
Birla Sun Life Mutual Fund (Fixed Term Plan-Institutional-Series AU- Growth) (invested during the year)	500,00,000	–	10	<b>50,00</b>	–
DWS Mutual Fund (Fixed Term Fund Series 51 - Inst. Growth) (invested during the year)	700,00,000	–	10	<b>70,00</b>	–
DWS Mutual Fund (Fixed Term Fund Series 60 - Inst. Growth) (invested during the year)	50,00,000	–	10	<b>5,00</b>	–
DWS Mutual Fund (Fixed Term Fund Series 62 - Inst. Growth) (invested during the year)	100,00,000	–	10	<b>10,00</b>	–
DWS Mutual Fund (Fixed Term Fund Series 21 - Inst. Plan) (redeemed during the year)	–	200,00,000	10	–	20,00
DWS Mutual Fund (Fixed Term Fund Series 24 - Inst. Plan) (redeemed during the year)	–	50,00,000	10	–	5,00
DSP Merrill Lynch (FTP Series 3E - Growth Inst.) (redeemed during the year)	–	6,00,000	1000	–	60,00
Franklin Templeton Mutual Fund (Fixed Horizon Fund Series VIII Plan E- Growth) (invested during the year)	200,00,000	–	10	<b>20,00</b>	–
Franklin Templeton Mutual Fund (Fixed Horizon Fund Series VIII Plan C- Growth) (invested during the year)	500,00,000	–	10	<b>50,00</b>	–
Franklin Templeton Mutual Fund (Fixed Horizon Fund Series 1 15 months Inst Growth) (redeemed during the year)	–	100,00,000	10	–	10,00
HDFC Mutual Fund (FMP 18M April 2008 (VII) (2) - Wholesale Plan Growth) (invested during the year)	350,00,000	–	10	<b>35,00</b>	–

contd..



## SCHEDULE 5 : INVESTMENTS (Contd.)

	No. as at 31 March 2009	No. as at 31 March 2008	Face Value Rs. per unit	As at 31 March 2009 (Rs lacs)	As at 31 March 2008 (Rs lacs)
HDFC Mutual Fund (FMP 18M October 2006 - Wholesale-Growth) (redeemed during the year)	-	300,00,000	10	-	30,00
HDFC Mutual Fund (FMP 16M January 2007 (3) -Wholesale Growth) (redeemed during the year)	-	150,00,000	10	-	15,00
HDFC Mutual Fund (FMP 14M March 2007 (3) -Wholesale Growth) (redeemed during the year)	-	200,00,000	10	-	20,00
HDFC Mutual Fund (FMP 370 days March 2008 (VII)- 2- Wholesale Growth)	50,00,000	50,00,000	10	5,00	5,00
HDFC Mutual Fund (FMP 370D May 08(VIII) (3) - Wholesale Plan Growth) (invested during the year)	250,00,000	-	10	25,00	-
HDFC Mutual Fund (FMP 370D May 2008 (VIII) - Wholesale Plan Growth) (invested during the year)	200,00,000	-	10	20,00	-
HSBC Mutual Fund (Fixed Term Series 59 Institutional Growth) (invested during the year)	250,00,000	-	10	25,00	-
HSBC Mutual Fund (Fixed Term Series 22 Institutional Growth) (redeemed during the year)	-	400,00,000	10	-	40,00
ING Mutual Fund (ING Long Term FMP - I Institutional Growth)	50,00,000	50,00,000	10	5,00	5,00
ING Mutual Fund (Fixed Maturity Fund 47 - Institutional Growth) (invested during the year)	200,00,000	-	10	20,00	-
ING Mutual Fund (Fixed Maturity Fund 48 - Institutional Growth) (invested during the year)	100,00,000	-	10	10,00	-
JM Mutual Fund (Fixed Maturity Fund Series XI Yearly Plan - Instl Growth) (invested during the year)	200,00,000	-	10	20,00	-
Kotak Mahindra Mutual Fund (FMP 13M Series 1 Inst - Growth) (redeemed during the year)	-	150,00,000	10	-	15,00
Kotak Mahindra Mutual Fund (FMP 12M Series 1 Inst - Growth) (redeemed during the year)	-	250,00,000	10	-	25,00
Kotak Mahindra Mutual Fund (FMP 12M Series 3 Inst - Growth) (invested during the year)	500,00,000	-	10	50,00	-
Kotak Mahindra Mutual Fund (FMP 12M Series 5 Inst - Growth) (invested during the year)	100,00,000	-	10	10,00	-
Kotak Mahindra Mutual Fund (FMP 12M Series 6 Inst - Growth) (invested during the year)	250,00,000	-	10	25,00	-

contd..

**SCHEDULES TO THE CONSOLIDATED ACCOUNTS**

**SCHEDULE 5 : INVESTMENTS (Contd.)**

	No. as at 31 March 2009	No. as at 31 March 2008	Face Value Rs. per unit	As at 31 March 2009 (Rs lacs)	As at 31 March 2008 (Rs lacs)
Lotus India Mutual Fund (FMP - 14 months - Series I - Inst. Growth) (redeemed during the year)	-	100,00,000	10	-	10,00
Lotus India Mutual Fund (FMP - 375 Days - Series I - Inst. Growth) (redeemed during the year)	-	250,00,000	10	-	25,00
Principal Mutual Fund (PNB FMP-47 385 Days-Series VII- June08- Instl Growth) (invested during the year)	450,00,000	-	10	<b>45,00</b>	-
Principal Mutual Fund (PNB FMP-36 460 days-Series III March 07) (redeemed during the year)	-	400,00,000	10	-	40,00
Prudential ICICI Mutual Fund (FMP Series-42 - Fifteen Months Plan Instl Growth) (invested during the year)	250,00,000	-	10	<b>25,00</b>	-
Prudential ICICI Mutual Fund (FMP Series-44 - One year Plan A Instl Growth) (invested during the year)	250,00,000	-	10	<b>25,00</b>	-
Prudential ICICI Mutual Fund (FMP Series-44 - One year Plan B Instl Growth) (invested during the year)	200,00,000	-	10	<b>20,00</b>	-
Prudential ICICI Mutual Fund (FMP Series-34 - Sixteen Months Growth) (redeemed during the year)	-	150,00,000	10	-	15,00
Prudential ICICI Mutual Fund (FMP Series-34 - Fifteen Months) (redeemed during the year)	-	500,00,000	10	-	50,00
Reliance Mutual Fund (Fixed Horizon Fund VIII Series II Institutional Growth) (invested during the year)	300,00,000	-	10	<b>30,00</b>	-
Reliance Mutual Fund (Fixed Horizon Fund IV Series 5 Growth)	350,00,000	350,00,000	10	<b>35,00</b>	35,00
Reliance Mutual Fund (Fixed Horizon Fund VII Series 4)	150,00,000	150,00,000	10	<b>15,00</b>	15,00
SBI Mutual Fund (Debt Fund Series - 13 Months -March 07- Growth) (redeemed during the year)	-	520,00,000	10	-	52,00
SBI Mutual Fund (Debt Fund Series-18 Months - 3 - Institutional Growth) (invested during the year)	100,00,000	-	10	<b>10,00</b>	-
Sundaram BNP Paribas Mutual Fund (Fixed Term Plan 16 Instl Growth) (invested during the year)	100,00,000	-	10	<b>10,00</b>	-
Sundaram BNP Paribas Mutual Fund (Fixed Term Plan H Instl Growth) (invested during the year)	200,00,000	-	10	<b>20,00</b>	-
Sundaram BNP Paribas Mutual Fund (Fixed Term Plan L Super Instl Growth) (invested during the year)	100,00,000	-	10	<b>10,00</b>	-

**SCHEDULE 5 : INVESTMENTS (Contd.)**

	No. as at 31 March 2009	No. as at 31 March 2008	Face Value Rs. per unit	As at 31 March 2009 (Rs lacs)	As at 31 March 2008 (Rs lacs)
Sundaram BNP Paribas Mutual Fund (Fixed Term Plan D Inst. Growth)	100,00,000	100,00,000	10	10,00	10,00
Sundaram BNP Paribas Mutual Fund (Fixed Term Plan E Inst. Growth)	100,00,000	100,00,000	10	10,00	10,00
TATA Mutual Fund (Fixed Horizon Fund Series 7 - Scheme A - Growth) (redeemed during the year)	-	250,00,000	10	-	25,00
TATA Mutual Fund (Fixed Horizon Fund Series 6 - Scheme C- Growth) (redeemed during the year)	-	300,00,000	10	-	30,00
TATA Mutual Fund (Fixed Horizon Fund Series 13 - Scheme A-IG- Growth) (redeemed during the year)	-	250,00,000	10	-	25,00
TATA Mutual Fund (Fixed Investment Plan 2 - Scheme A - Instl Plan - Growth) (invested during the year)	250,00,000	-	10	25,00	-
UTI Mutual Fund (UTI Fixed Maturity Plan yearly Series YFMP/0507-Growth) (redeemed during the year)	-	250,00,000	10	-	25,00
UTI Mutual Fund (Fixed Maturity Plan - Yearly Series (YFMP 03/09) Instl Growth) (invested during the year)	400,00,000	-	10	40,00	-
UTI Mutual Fund (Fixed Term Income Fund-Series IV-Plan VII (May /08-12 Months) Institutional Growth) (invested during the year)	200,00,000	-	10	20,00	-
UTI Mutual Fund (Fixed Maturity Plan - YFMP 04/08 - Institutional Growth) (invested during the year)	100,00,000	-	10	10,00	-
				<b>915,21</b>	<b>683,57</b>

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

# For investments purchased and sold during the year, refer to note 13, Schedule 17

	As at 31 March 2009		As at 31 March 2008	
	Book Value (Rs lacs)	Market Value/ Net Asset Value ## (Rs lacs)	Book Value (Rs lacs)	Market Value/ Net Asset Value ## (Rs lacs)
Quoted investments	21	1,93	21	4,46
Unquoted investments				
- Fixed Maturity Plans of Mutual Funds	855,00	969,11	682,00	776,53
- Liquid Mutual Funds	60,00	60,13	-	-
- Others	-	-	1,36	-
	<b>915,21</b>		<b>683,57</b>	

## net asset values in case of mutual funds

**SCHEDULES TO THE CONSOLIDATED ACCOUNTS**

	<b>As at 31 March 2009 (Rs lacs)</b>	<b>As at 31 March 2008 (Rs lacs)</b>
<b>SCHEDULE 6 : INVENTORIES</b>		
Stores and spare parts (at cost or under)	<b>1</b>	26
Stock in trade (at lower of cost and net realisable value)		
– Raw materials	<b>16,64</b>	26,19
– Packing materials	<b>1,23</b>	1,77
– Work-in-process	<b>2,62</b>	1,65
– Finished products	<b>80,33</b>	94,48
	<b><u>100,83</u></b>	<u>124,35</u>

**SCHEDULE 7 : SUNDRY DEBTORS**

Secured - considered good		
– Debts outstanding over six months	<b>11</b>	23
– Other debts	<b>77</b>	5
	<b><u>88</u></b>	<u>28</u>
Unsecured		
– Debts outstanding over six months		
Considered good	<b>14</b>	4,93
Considered doubtful	<b>6,70</b>	8,79
	<b><u>6,84</u></b>	<u>13,72</u>
Other debts		
Considered good	<b>69,66</b>	99,53
Considered doubtful	<b>1,06</b>	–
	<b><u>70,72</u></b>	<u>99,53</u>
Other debts - considered good <sup>#</sup>		
	<b>77,56</b>	113,25
Less : Provision for doubtful debts	<b>7,76</b>	8,79
	<b><u>69,80</u></b>	<u>104,46</u>
Dues relating to sale of businesses - unsecured, considered good <sup>###</sup>		
– Debts outstanding over six months	<b>4,97</b>	76
– Other debts	<b>–</b>	–
	<b><u>4,97</u></b>	<u>76</u>
	<b><u>75,65</u></b>	<u>105,50</u>

<sup>#</sup> Includes amount of Rs. 259 lacs (2007-08 : Rs 195 lacs) due from bodies corporate under the same management as defined in Section 370(1B) of the Companies Act, 1956. For details refer to note 21, Schedule 17

<sup>###</sup> Refer to note 5, Schedule 17

**SCHEDULE 8 : CASH AND BANK BALANCES**

Cash in hand	<b>1</b>	2
Cheques in hand	<b>–</b>	2
Balances with scheduled banks :		
Current accounts	<b>11,31</b>	13,66
Fixed deposits held as margin money	<b>31</b>	29
Unclaimed dividend accounts	<b>3,10</b>	2,91
	<b><u>14,73</u></b>	<u>16,90</u>

	As at 31 March 2009 (Rs lacs)	As at 31 March 2008 (Rs lacs)
<b>SCHEDULE 9 : LOANS AND ADVANCES</b>		
(Unsecured and considered good unless otherwise stated)		
Loans and advances recoverable in cash or in kind or for value to be received :		
Considered good *	22,10	31,00
Considered doubtful	—	28
	<u>22,10</u>	<u>31,28</u>
Less : Provision for doubtful advances	—	28
	<u>22,10</u>	<u>31,00</u>
Balances with customs, port commissioners, railways, excise authorities etc.	3,45	3,75
Others deposits	7,00	3,79
Capital advance	98	64
Inter corporate deposits #	28,00	—
Advance tax	29,03	29,78
Interest accrued on investments §	83	8
	<u>91,39</u>	<u>69,04</u>
* includes		
(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	4,83	4,81
(b) Due from Directors	47	1,10
Maximum amount due at any time during the year	1,10	1,11
(c) Due from Officer	13	14
Maximum amount due at any time during the year	14	15
# Inter corporate deposits include:		
— given to Akzo Nobel Car Refinishes India Pvt. Ltd, a company under the same management	28,00	—
§ includes due from Akzo Nobel Car Refinishes India Pvt. Ltd, a company under the same management (maximum amount due at any time during the year Rs 125 lacs (2007-08: Rs Nil))	74	—
<b>SCHEDULE 10 : CURRENT LIABILITIES</b>		
Acceptances	12,53	31,66
Sundry creditors - micro, small and medium enterprises	3,41	25
— others ***	170,09	220,79
Unclaimed dividends ***	3,10	2,91
Other liabilities	12,75	10,85
	<u>201,88</u>	<u>266,46</u>
*** Refer to note 6, Schedule 17		
<b>SCHEDULE 11 : PROVISIONS</b>		
Proposed dividend	60,89	30,70
Tax on proposed dividend	10,35	5,22
Taxation	22,00	20,91
Fringe benefit tax	20	2
Voluntary Retirement Scheme liability	3,93	7,62
Retirement benefits	11,04	10,78
Others #	45,26	42,96
	<u>153,67</u>	<u>118,21</u>
# Refer to note 16, Schedule 17		

**SCHEDULES TO THE CONSOLIDATED ACCOUNTS**

	<b>For the year ended 31 March 2009 (Rs lacs)</b>	<b>For the year ended 31 March 2008 (Rs lacs)</b>
<b>SCHEDULE 12 : OTHER INCOME *</b>		
<b>From businesses</b>		
Commission	50	1,70
Lease rentals	7,15	7,04
Miscellaneous receipts	90	3,75
	<u>8,55</u>	<u>12,49</u>
<b>Other operating items</b>		
Income on sale of non trade investments		
– current	10,21	9,47
– long term	6	1,33
Profit on maturity/redemption of Fixed Maturity Plans (current, non-trade)	69,12	10,30
Interest income from banks and others	6,71	2,93
Provisions / liabilities no longer required written back	84	37
Miscellaneous receipts	72	30
	<u>87,66</u>	<u>24,70</u>
	<u>96,21</u>	<u>37,19</u>

\* Refer to note 8, Schedule 17

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

<b>Opening stock</b>		
Raw materials	26,22	35,35
Packing materials	1,74	1,99
Finished products	94,48	92,48
Work-in-process	1,65	1,53
	<u>124,09</u>	<u>131,35</u>
<b>Add : Purchases</b>		
Raw materials	375,78	388,46
Packing materials	63,14	59,44
Finished products	71,83	102,44
	<u>510,75</u>	<u>550,34</u>
<b>Less : Inventory adjustments in respect of divested businesses #</b>		
Raw materials	9,52	–
Packing materials	22	–
Finished products	8,69	–
	<u>18,43</u>	<u>–</u>
<b>Less : Closing stock</b>		
Raw materials	16,64	26,22
Packing materials	1,23	1,74
Finished products	80,33	94,48
Work-in-process	2,62	1,65
	<u>100,82</u>	<u>124,09</u>
<b>Add : Excise duty adjustment for movement in finished goods inventory</b>		
(including duty on inventory of divested business)	(5,74)	13
Materials consumed, etc.	<u>509,85</u>	<u>557,73</u>

#Refer to note 4, Schedule 17

	For the year ended 31 March 2009 (Rs lacs)	For the year ended 31 March 2008 (Rs lacs)
<b>SCHEDULE 14 : OTHER EXPENDITURE</b>		
Stores and spare parts	3,87	4,50
Repairs to buildings	21	18
Repairs to plant and machinery	2,36	2,43
Power and fuel	4,49	6,13
Salaries, wages and bonus	40,16	45,48
Contributions to provident and other funds	4,38	4,31
Workmen and staff welfare	1,94	2,15
Travelling	9,37	10,67
Rates and taxes	5,43	5,29
Rent	10,03	9,08
Communication	3,98	4,13
Insurance	1,42	1,51
Freight and transport	34,93	33,27
Selling commission	-	2,88
Publicity and sales promotion	65,99	61,51
Royalty and technical fees	7,83	6,51
Cash discount on sales	49,80	44,88
Bad debts / advances	3,24	12
Less : Provision for doubtful debts and advances (adjusted)	<u>3,24</u>	<u>12</u>
Provision for doubtful debts and advances	2,03	1,26
Research and development	3,74	3,82
Directors' fees	3	4
Loss on write-off of fixed asset	-	18
Sundries (include consultancy, godown running cost, data processing costs, etc.)	30,99	32,77
	<u><u>282,98</u></u>	<u><u>282,98</u></u>
<b>SCHEDULE 15 : EXCEPTIONAL ITEMS [gain / (loss)]</b>		
Profit on sale of Adhesives business #	193,82	-
Profit on sale of investment in subsidiary - Polyinks Ltd #	11,94	-
Retirement benefit Pension charge ##	(5,84)	-
Profit on sale of properties	-	2,10
Compensation paid against sale of Paints Advance Refinish ('2K') business.	-	(20,83)
	<u><u>199,92</u></u>	<u><u>(18,73)</u></u>

# Refer to note 4, Schedule 17

## Refer to note 18(ii), Schedule 17

## SCHEDULE 16 : SIGNIFICANT ACCOUNTING POLICIES

### 1. Basis of Preparation of Financial Statements

The financial statements are prepared on the accrual basis under the historical cost convention, in accordance with applicable Accounting Standards ("AS") specified in Companies (Accounting Standards) Rules, 2006 and presentational requirements of the Companies Act, 1956.

### 2. Principles of Consolidation

The consolidated financial statements relate to "ICI India Limited" (the parent company), and its subsidiary, Polyinks Limited ('Polyinks'), incorporated in India.

On 21 January 2009, the Company divested its 67% shareholding in Polyinks. As per the Share Purchase Agreement, the effective date of transfer of the above shareholding was 4 April 2008. Accordingly the consolidated Profit and Loss Account, and consolidated Cash Flow Statement include results of Polyinks during the period 1 April to 3 April 2008.

As on 31 March 2009, the Company did not have any subsidiary.

The consolidated financial statements have been prepared on the following basis:

- (a) The financial statements of the parent company and its subsidiary have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses. The amounts shown in respect of reserves comprises the amount of the relevant reserve as per the balance sheet of the parent company and its share in the post-acquisition increase in the relevant reserves of the relevant subsidiary.
- (b) The value of net assets of Polyinks as on effective date of disposal i.e. 4 April 2008, the book value of goodwill on consolidation of Polyinks accounts as on that date and relevant minority interest as on that date, was adjusted against the sale consideration to determine the profit on sale of shareholding in Polyinks.
- (c) Consolidated financial statements are prepared by using uniform accounting policies for like significant transactions and other events in similar circumstances.
- (d) The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the parent company for its separate financial statements.
- (e) The excess/ shortfall of cost to the parent company of its investment in subsidiary over its portion of equity in the subsidiary is recognised in the financial statements as Goodwill / Capital Reserve respectively. The parent company's portion of equity in the subsidiary is determined on the basis of the book value of assets and liabilities as per the financial statements of the subsidiary.
- (f) Goodwill arising on consolidation is amortised over the expected useful life of twenty years.

### 3. Other Significant Accounting Policies

The significant accounting policies set out in the financial statements of ICI India Limited have also been followed by the subsidiary.



## SCHEDULE 17 : NOTES TO THE CONSOLIDATED ACCOUNTS

	As at 31 March 2009 (Rs lacs)	As at 31 March 2008 (Rs lacs)
<b>1. Capital commitments</b>		
Estimated amount of contracts remaining to be executed on capital account (net of advances)	5,28	2,90
<b>2. Contingent liabilities not provided for:</b>		
(a) Claims not acknowledged as debt	5,92	1,18
(b) Sales tax matters under appeal	10,25	8,60
(c) Excise matters in dispute / under appeal	5,04	2,25
(d) Industrial relations and other matters under dispute	20	20
(e) Income tax matters in dispute / under appeal *		

\* The Income tax assessments for the Company have been completed up to the financial year ended 31 March 2005. Arising from the completed assessments and appellate orders, the total demand / liability is Rs 13,186 lacs (2007-08 : Rs 12,933 lacs) and the total refund is Rs 10,719 lacs (2007-08 : Rs 7,706 lacs). The Company as well as the Income tax department have gone on further appeal on these matters. Pending decision in the appeals, neither the refunds nor the liability for the demands have been recognised in the accounts.

**3. Share buyback**

Share buyback transactions during the year were as below: -

- In respect of share buyback scheme open between 12 July 2007 to 11 July 2008, 160,281 shares were bought back, at a consideration of Rs 870 lacs;
- In respect of the share buyback scheme approved by the shareholders on 19 December 2008 and open as at year end, 150,143 shares were bought back at a consideration of Rs 625 lacs.

In both the above schemes, the approved maximum buyback price was Rs 575 per share.

Total amount of Rs. 1536 lacs, comprising of aggregate consideration of Rs.1495 lacs and related expenses of Rs. 41 lacs has been accounted as follows:

- The nominal value of shares purchased i.e. Rs. 31 lacs has been adjusted against the share capital. An equal amount has been reduced from General Reserve and credited to Capital Redemption Reserve, as per the provisions of the Companies Act, 1956.
- The difference between consideration paid (including related expenses) and nominal value of shares aggregating Rs. 1505 lacs has been adjusted against General Reserve.

Out of the 310,424 shares bought back during the year, 173,472 shares were extinguished till 31 March 2009, and 136,952 shares were extinguished on 8 April 2009.

[During 2007-08, 24.91 lacs shares were bought back, and extinguished during the year, at an aggregate consideration of Rs 13,182 lacs, and related expenses of Rs 167 lacs; nominal value of shares purchased Rs 249 lacs was adjusted from share capital; in respect of excess of consideration (and related expenses) paid over nominal value of shares purchased, Rs 115 lacs was adjusted against Share Premium and Rs 12,985 lacs was adjusted against General Reserves); Rs 249 lacs was adjusted from General Reserves and credited to Capital Redemption Reserve].

Following the above share buyback, the holding of Imperial Chemical Industries Limited in the Company as on 31 March 2009 is 54.57% (as on 31 March 2008: 54.13%)

**4. Divestment of Adhesives Business**

- (i) The Adhesives business of the Company, along with the 67% shareholding in subsidiary company, Polyinks Limited ('Polyinks'), was transferred to Henkel CAC Private Ltd. ('Henkel') on 21 January 2009, for a consideration of:
- Rs 240.46 crores for Adhesives business, including Rs 10.46 crores for working capital adjustment as on date of transfer of risk and reward i.e. 4 April 2008 ('effective transfer date') of the business and share of profit for the period 1 April to 3 April 2008.
  - Rs 21.33 crores for 67% shareholding in Polyinks, after netting of Rs 8.67 crores for working capital adjustment and net debt as on effective transfer date and share of loss for the period 1 April to 3 April 2008.
  - Out of the total amount due from Henkel, Rs. 4.97 crores is receivable as at year end, included in sundry debtors in schedule 6.
- (ii) As per the business transfer agreement, the risks and rewards of the Adhesives business and Polyinks were assumed by Henkel from 4 April 2008 and for the period 4 April 2008 to 20 January 2009, the business was run by the Company on behalf of Henkel. Accordingly, operating results of the Adhesives business for the period 4 April 2008 to 20 January 2009 have not been included in the accounts of the current year, the details of which are as below:

	(Rs Crores)
Net sales	128.22
Other income	1.67
Materials consumed	(89.24)
Other expenditure	(24.86)
Profit before depreciation, interest and tax	15.79

The above amount was paid to Henkel after adjusting applicable tax thereon (which has been deposited with the Income Tax Authorities), and working capital movement funded by the Company during the above period.

## NOTES TO THE CONSOLIDATED ACCOUNTS

(iii) Profit on sale of above (shown as an exceptional item in Profit and Loss Account) amounts to:

- Rs 193.82 crores on sale of Adhesives business, after adjustment of value of net assets as on effective transfer date (assets of Rs 69.93 crores, and liabilities of Rs 32.49 crores), and related transaction costs, site separation costs and provisions of Rs 9.20 crores.
- Rs 11.94 crores on sale of 67% shareholding in Polyinks, after adjustment of value of net assets as on effective transferred date (assets of Rs. 18.75 crores and liabilities of Rs. 9.11 crores), minority interest of Rs. 1.05 crores (write back and related transaction costs/provision of Rs. 0.80 crores).

	As at 31 March 2009 (Rs lacs)	As at 31 March 2008 (Rs lacs)
5. Dues relating to sale of businesses (Sundry Debtors - Schedule 7), consist of :		
- Due from Nitrex Chemicals India Limited, towards balance consideration	-	76
- Due from Henkel CAC Private Limited, towards balance consideration	4,97	-
	4,97	76
<hr/>		
6. Sundry creditors - others (Schedule 10) include unclaimed matured fixed deposits from public amounting to Rs Nil (2007-08 :Rs 5 lacs) .		
<hr/>		
7. As on 31 March 2009, there are no amounts due to be deposited with the Investor Education and Protection Fund, in respect of unclaimed matured fixed deposits and unclaimed dividends. (2007-08: Nil)		
<hr/>		
8. Income from investments, interest and others are stated at gross amounts. The amount of income tax deducted thereon is Rs 140 lacs (2007-08 : Rs 29 lac).		
<hr/>		
9. Loss on account of foreign exchange fluctuations for the year is Rs 109 lacs included in Sundries in schedule 14 (2007-08 : Gain of Rs 223 lacs included in Miscellaneous receipts in schedule 12)		
<hr/>		
10. Sales exclude sale of equipment at cost amounting to Rs 64 lacs (2007-08: Rs 52 lacs).		
<hr/>		
11. (i) The Board of Directors had proposed dividend of Rs 8.00 per share for the year 2007-08, at the Board Meeting held on 20 May 2008. Subsequent to the Board Meeting, the Company bought back 160,281 shares, as per the buyback scheme approved by shareholders. Therefore, these shares were not entitled to dividend at the date of book closure and the excess dividend provision of Rs 12 lacs has been written back during the year.		
(ii) The Company has bought back 15,646 shares from 1 April 2009 to 15 May 2009. Provision for proposed dividend for the year of Rs. 6,089 lacs and dividend tax thereon, of Rs. 1,035 lacs, have been calculated on shares outstanding as on 15 May 2009.		
<hr/>		
12. Directors' remuneration *#		
	2008-09 (Rs. lacs)	2007-08 (Rs. lacs)
Salaries and allowances	2,54	3,05
Commission	25	25
Perquisites	14	16
	2,93	3,46
* 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 3 lacs (2007-08 : Rs 4 lacs).		
<hr/>		
13. During the year the Company invested the temporary surplus funds in liquid / cash schemes and fixed maturity plans of mutual funds. These investments which were made and redeemed during the year are as under:		
<b>Non Trade (Current Investments)</b>		
<b>Fixed Maturity Plans</b>	Number of units	Purchase value (Rs lacs)
ABN AMRO Interval Fund – Series 2 - Quarterly Plan M*	200,00,000	20,00
BSL Interval Income - Instl Monthly - Series 2	150,00,000	15,00
BSL Interval Income - Instl Monthly - Series 2	100,00,000	10,00
DWS Quarterly Interval Fund - Series 1	100,00,000	10,00
IDFC Fixed Maturity Plan - Quarterly Series 38	200,00,000	20,00
JM Interval Fund - Quarterly Plan 1	150,00,000	15,00
JM Interval Fund - Quarterly Plan 1	150,00,000	15,00
Lotus India Quarterly Interval Fund - Plan E**	149,92,654	15,00
SBI Debt Fund Series -30 days - 3	350,00,000	35,00
Sundaram BNP Paribas Fixed Income Interval Fund - Quarterly Series Plan D	150,00,000	15,00
Tata Fixed Horizon Fund Series 19 - Scheme D	150,00,000	15,00
UTI Fixed Income Interval Fund - Quarterly Interval Plan Series- I	400,00,000	40,00
UTI Fixed Income Interval Fund - Monthly Interval Plan Series- I	100,00,000	10,00
* ABN AMRO Mutual Fund is currently known as Fortis Mutual Fund		
** Lotus India Mutual Fund is currently known as Religare Mutual Fund		

	Number of units	Purchase value (Rs lacs)
<b>Liquid Mutual Fund Schemes</b>		
ABN AMRO Money Plus Fund - IP (Daily Dividend Reinvestment)***	251,10,585	25,11
AIG India Treasury Fund - Super IP (Daily Dividend Reinvestment)****	753,89,335	75,47
Birla Sun Life Savings Fund - IP (Daily Dividend Reinvestment)	830,84,997	83,22
DSP Merrill Lynch Liquid Plus - IP - (Daily Dividend Reinvestment)	2,90,685	29,09
DWS Ultra Short Term Fund - IP (Daily Dividend Reinvestment)	2003,39,360	206,67
Fidelity Ultra Short Term Debt Fund - Super IP (Daily Dividend Reinvestment)	347,87,638	34,80
HDFC Cash Management Fund - Treasury Advantage - Wholesale Plan (Daily Dividend Reinvestment)	1183,10,724	125,67
HSBC Ultra Short Term Bond Fund - IP Plus (Daily Dividend Reinvestment)	100,39,420	10,05
ICICI Prudential Institutional Liquid Fund - Super IP - (Daily Dividend Reinvestment)	315,72,208	31,57
IDFC Money Manager - Treasury Plan - Plan B - (Daily Dividend Reinvestment)	100,52,620	10,06
JP Morgan India Treasury Fund - Super IP (Daily Dividend Reinvestment)	697,67,742	69,83
PRINCIPAL Ultra Short Term Fund - (Daily Dividend Reinvestment)	443,62,849	44,44
Reliance Money Manager Fund - IP - (Daily Dividend Reinvestment)	4,43,111	44,36
SBI Premier Liquid Fund - IP - (Daily Dividend Reinvestment)	1346,02,550	135,04
Sundaram BNP Paribas Ultra Short Term Fund - Super IP (Daily Dividend Reinvestment)	609,22,940	61,17
Tata Treasury Manager Fund - SHIP (Daily Dividend Reinvestment)	9,50,627	95,35
Templeton India Ultra Short Bond Fund - Super IP - (Daily Dividend Reinvestment)	1038,54,106	153,55
UTI Treasury Advantage Fund - IP - (Daily Dividend Reinvestment)	10,78,118	109,42
*** Currently known as Fortis Money Plus Fund - IP (Daily Dividend Reinvestment)		
**** Currently known as DSP BlackRock Money Manager Fund - IP - (Daily Dividend Reinvestment)		

	2008-09	2007-08
<b>14. Earnings per share</b>		
<b>(a) Calculation of weighted average number of equity shares of Rs 10 each</b>		
Number of equity shares at the beginning of the year	383,79,950	408,70,612
Less : equity shares bought back during the year *	3,10,424	24,90,662
Total number of equity shares outstanding at the end of the year	380,69,526	383,79,950
Weighted average number of shares	382,47,809	397,13,728
<b>(b) Net profit after tax available for equity shareholders (Rs lacs)</b>	295,02	59,67
<b>(c) Basic and diluted earnings per share (Rs)</b>	77.13	15.03

\* Refer to note 2

	(Rs lacs)			
	Deferred Tax Assets		Deferred Tax Liability	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008
<b>15. Details of Deferred tax liability (net)</b>				
<b>Timing differences on account of :</b>				
Accelerated depreciation	-	-	19,25	22,44
Surplus payments to retiral trusts (refer to note 18)	-	-	59	1,13
Expenditure deferred under section 43B of Income Tax Act, 1961	18	18		
Provision for doubtful debts and advances	2,64	3,11		
Voluntary retirement scheme liability	47	90		
Liability for leave encashment and retirement benefit provision	3,84	3,66		
Other provisions relating to divested businesses, etc.	6,84	6,22		
Total	13,97	14,07	19,84	23,57
Net deferred tax liability			5,87	9,50

	(Rs lacs)			
	Indirect Taxes	Divested businesses	Others	Total
<b>16. Details of Other Provisions (refer to Schedule 11)</b>				
Balance as on 31 March 2008	12,37	27,93	2,66	42,96
Provision created during the year	-	10,00	2,36	12,36
Payments against provisions	(36)	(8,98)	-	(9,34)
Provisions written back	-	-	(80)	(80)
Adjustments	7	-	1	8
<b>Closing balance as on 31 March 2009 *</b>	12,08	28,95	4,23	45,26

\* 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 Adhesives)

## NOTES TO THE CONSOLIDATED ACCOUNTS

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 1250 lacs (as on 31 March 2008 Rs 1500 lacs) carried forward from 2002-03 in respect of continuing obligation of the Company towards probable land cost liability on sale of Catalyst business.

- (c) Other provisions are relating to litigation matters in respect of sale of properties and demand for past arrears in respect of electricity.  
(d) 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.

### 17. 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 :

Amounts receivable	Total future minimum lease rentals receivable 31 March 2009 (Rs lacs)	Total future minimum lease rentals receivable 31 March 2008 (Rs lacs)
Within one year	6,67	6,09
Later than one year and not later than five years	6,33	5,86
Later than five years	7	6
Total	<u>13,07</u>	<u>12,01</u>

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

The Company has taken office space on operating leases. The lease rental charge 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:

	2008-09 (Rs lacs)	2007-08 (Rs lacs)
- Lease rentals charged during the year	<u>1,10</u>	<u>97</u>
- Lease obligations	Total future minimum lease rentals payable 31 March 2009 (Rs lacs)	Total future minimum lease rentals payable 31 March 2008 (Rs lacs)
Within one year	1,14	79
Later than one year and not later than five years	86	39
Total	<u>2,00</u>	<u>1,18</u>

### 18. Employee Benefits

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

	(Rs lacs)							
	Pension (funded)				Gratuity (funded)		Post Retirement Medical Benefit (unfunded)	
	Management Staff	Non Management Staff	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
<b>(A) Employee benefit expense recognised in Profit and Loss Account</b>								
(a) Current service cost \$	37	37	16	18	54	45	4	6
(b) Interest cost \$	3,32	3,18	1,89	1,86	39	38	56	56
(c) Expected return on plan assets \$	(3,68)	(3,47)	(2,04)	(1,90)	(69)	(69)	-	-
(d) Actuarial (gains) / losses [see (ii) below]	2,81	1	2,06	(30)	11	43	48	29
Total expense / (gain)	<u>2,82</u>	<u>9</u>	<u>2,07</u>	<u>(16)</u>	<u>35</u>	<u>57</u>	<u>1,08</u>	<u>91</u>
<b>(B) Net Asset / (Liability) as at year end</b>								
(a) Present value of obligations as at year end	44,60	43,10	24,67	24,63	5,49	5,35	7,55	7,33
(b) Fair value of plan assets as at year end	47,75	46,83	27,58	25,19	9,36	8,69	-	-
(c) Fair value of plan assets, limited to present value of future contributions	45,35	44,03	26,56	25,19	7,90	7,35		
Net Asset / (Liability) (b)-(a)	3,15	3,73	2,91	56	3,87	334	(7,55)	(7,33)
Net Asset / (Liability) recognised in Balance Sheet (c)-(a)	75	93	1,89	56	2,41	200	(7,55)	(7,33)

	(Rs lacs)							
	Pension (funded)				Gratuity (funded)		Post Retirement Medical Benefit (unfunded)	
	Management Staff		Non Management Staff		2008-09	2007-08	2008-09	2007-08
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
<b>(C) Change in defined benefit obligations during the year</b>								
Present value of obligations at beginning of the year	<b>43,10</b>	41,52	<b>24,63</b>	24,59	<b>5,35</b>	5,35	<b>7,33</b>	7,54
(a) Current service cost	<b>37</b>	37	<b>16</b>	18	<b>54</b>	45	<b>4</b>	6
(b) Interest cost	<b>3,32</b>	3,18	<b>1,89</b>	1,86	<b>39</b>	38	<b>56</b>	56
(c) Benefits paid	<b>(4,24)</b>	(3,66)	<b>(2,61)</b>	(2,57)	<b>(90)</b>	(1,20)	<b>(86)</b>	(1,12)
(d) Actuarial (gains) / losses	<b>2,05</b>	1,69	<b>60</b>	57	<b>11</b>	37	<b>48</b>	29
Present value of obligations at end of the year	<b>44,60</b>	<u>43,10</u>	<b>24,67</b>	<u>24,63</u>	<b>5,49</b>	<u>5,35</u>	<b>7,55</b>	<u>7,33</u>
<b>(D) Change in fair value of plan assets during the year</b>								
Fair value of plan assets as at beginning of the year	<b>46,83</b>	45,19	<b>25,19</b>	24,99	<b>8,69</b>	9,25	-	-
Less restriction for net assets in excess of future contributions	<b>(2,80)</b>	(2,80)	-	-	<b>(1,33)</b>	(1,33)	-	-
Fair value of plan assets as at beginning of the year (net)	<b>44,03</b>	42,39	<b>25,19</b>	24,99	<b>7,36</b>	7,92	-	-
(a) Expected return on plan assets #	<b>3,68</b>	3,47	<b>2,04</b>	1,90	<b>69</b>	69	-	-
(b) Actual company contributions	<b>2,64</b>	15	<b>3,40</b>	-	<b>75</b>	-	<b>87</b>	112
(c) Benefit payments	<b>(4,24)</b>	(3,66)	<b>(2,61)</b>	(2,57)	<b>(90)</b>	(1,20)	<b>(87)</b>	(1,12)
(d) Actuarial gains / (losses) #	<b>(76)</b>	1,68	<b>(1,46)</b>	87	-	(6)	-	-
Fair value of plan assets (after applying restrictions in excess of future contributions)	<b>45,35</b>	<u>44,03</u>	<b>26,56</b>	<u>25,19</u>	<b>790</b>	<u>735</u>	-	-
Restriction for net assets in excess of future contributions	<b>2,40</b>	2,80	<b>1,02</b>	-	<b>1,46</b>	1,33	-	-
Fair value of plan assets at end of the year	<b>47,75</b>	46,83	<b>27,58</b>	25,19	<b>9,36</b>	8,69	-	-
<b>(E) Category of assets</b>								
Debt securities	<b>79%</b>	69%	<b>68%</b>	62%	<b>88%</b>	91%		
Gilt mutual funds	<b>6%</b>	15%	<b>5%</b>	5%	<b>8%</b>	5%		
Insurer managed funds	<b>10%</b>	11%	<b>15%</b>	20%				
Special deposit scheme	<b>5%</b>	5%	<b>12%</b>	13%	<b>4%</b>	4%		
Total	<b>100%</b>	<u>100%</u>	<b>100%</b>	<u>100%</u>	<b>100%</b>	<u>100%</u>		
<b>(F) Actuarial assumptions</b>								
(a) Discount rate (annual)*	<b>7.50%</b>	8.10%	<b>7.50%</b>	8.10%	<b>7.50%</b>	8.10%	<b>7.50%</b>	8.10%
(b) Expected rate of return on assets (per annum)	<b>8.00%</b>	8.00%	<b>8.00%</b>	8.00%	<b>8.00%</b>	8.00%	-	-
(c) Estimates of future salary increases take account of inflation, seniority, promotion, and other relevant factors, such as supply and demand in the employment market								
(d) Medical cost trend rates have no impact on actuarial valuation of any of the above employee benefit plans								
\$ Shown as an expense under 'Contribution to provident and other funds' in Schedule 14.								
* Discount rate is based on the prevailing market yields on Government bonds as at 31 March 2009 for the estimated term of defined benefit obligations.								
# Together constitute actual return on plan assets								

- (ii) The actuarial valuation of employee benefit 'defined benefit' plans was carried out as on 31 March 2009. The net actuarial losses on defined benefit obligations and value of plan assets, arising mainly due to drop in applicable interest rates during the year, amounting to Rs 84 lacs, has been shown as an exceptional item in Profit and Loss Account (see Schedule 15).
- (iii) The Company has separate pension schemes for management staff and non-management staff. The former scheme is in the nature of 'final salary' plan, and the latter scheme is in the nature of 'flat salary' plan. The Company also has separate gratuity schemes for management and non-management staff; the benefits paid are as per the scheme rules or as per Payment of Gratuity Act, 1972, whichever is higher.
- (iv) A part of the Company's pension scheme is a defined contribution plan. The Company's contribution of Rs 68 Lacs (2007-08: Rs 66 lacs) has been recognised as an expense and shown under 'Contribution to provident and other funds' in Schedule 13.
- (v) The guidance on implementing AS-15 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. Considering that presently there is no shortfall and also, as confirmed by the Actuary, there are no formal guidelines from Actuarial Society of India, the Company believes that actuarial valuation at present is not necessary. The amount of contribution during the year of Rs 180 lacs (2007-08 : Rs 208 lacs) has been charged as 'Contributions to provident and other funds' in Schedule 13.

## NOTES TO THE CONSOLIDATED ACCOUNTS

### 19. Segment Information

#### (A) Information about primary business segments :

(1) Following the divestment of Adhesives business in 2008-09 (refer to note 4), the Company's business segments comprise of:

Paints : consisting of decorative and refinish paints.

Others : consisting of food starch and polymers

Segment information relating to Adhesives business, earlier considered under 'Chemicals' segment, has been classified under 'Discontinued Businesses'. (Refer to note 4)

#### (2) Segment revenues, results and other information

(Rs lacs)

	Paints		Others		Discontinued Business		Eliminations		Total	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
<b>Revenue</b>										
1. <b>External sales (gross)</b>	<b>997,00</b>	898,83	<b>18,78</b>	23,43	-	150,06	-	-	<b>1015,78</b>	1072,32
Excise Duty	<b>(113,75)</b>	(114,13)	<b>(1,93)</b>	(1,87)	-	(17,61)	-	-	<b>(115,68)</b>	(133,61)
<b>External sales</b>	<b>883,25</b>	784,70	<b>16,85</b>	21,56	-	132,45	-	-	<b>900,10</b>	938,71
Inter segment sales	-	-	-	-	-	-	-	-	-	-
Other business related income	<b>8,06</b>	9,63	<b>49</b>	31	-	2,55	-	-	<b>8,55</b>	12,49
<b>Total Revenue</b>	<b>891,31</b>	794,33	<b>17,34</b>	21,87	-	135,00	-	-	<b>908,65</b>	951,20
2. <b>Result</b>										
Segment results	<b>94,83</b>	72,56	<b>2,83</b>	4,92	-	16,36	-	-	<b>97,66</b>	93,84
Unallocated income (net of unallocated expense)									<b>77,78</b>	15,42
<b>Profit from operations before interest, taxation</b>									<b>175,44</b>	109,26
Interest income									<b>671</b>	293
Interest expense (net of interest income)									<b>(2,93)</b>	298
<b>Profit before exceptional items</b>									<b>179,22</b>	109,21
Exceptionals items									<b>199,92</b>	(18,73)
<b>Profit before Taxation</b>									<b>379,14</b>	90,48
<b>Income taxes</b>									<b>84,00</b>	27,00
- Current tax									<b>(3,61)</b>	4
- Deferred tax									<b>3,73</b>	3,54
- Fringe benefit tax										
<b>Profit after Taxation</b>									<b>295,02</b>	59,90
3. <b>Other Information</b>										
A. <b>Assets</b>										
Segment assets	<b>306,68</b>	301,38	<b>15,25</b>	9,21	-	86,16	-	(61)	<b>321,93</b>	396,14
Investments									<b>915,21</b>	683,57
Unallocated assets									<b>95,35</b>	58,95
<b>Total assets</b>									<b>1,332,49</b>	1,138,66
B. <b>Liabilities/Shareholders' funds</b>										
Segment Liabilities	<b>199,59</b>	231,29	<b>4,07</b>	4,49	-	34,00	-	(61)	<b>203,66</b>	269,17
Unallocated liabilities									<b>157,76</b>	104,74
Share Capital									<b>38,07</b>	38,38
Reserves									<b>933,00</b>	725,21
Loans									<b>-</b>	1,16
<b>Total Liabilities/ Shareholders' funds</b>									<b>1,332,49</b>	1,138,66
C. <b>Others</b>										
Capital expenditure	<b>29,40</b>	23,56	<b>4</b>	14	-	13,37				
Depreciation	<b>20,66</b>	20,27	<b>2</b>	3	-	1,67				
D. <b>Information on Discontinued/Discontinuing business</b>										
Total Revenues					-	152,61				
Total expenses (incl.excise duty)					-	136,25				
Net cash flow from operating activities					-	9,23				
Net cash flow from investing activities					-	(6,17)				
Net cash flow from financing activities					-	2,93				

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

	India		Outside India		Total	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Revenue	<b>908,33</b>	945,54	<b>32</b>	5,66	<b>908,65</b>	951,20
Carrying amount of segment assets *	<b>321,93</b>	394,52	-	1,62	<b>321,93</b>	396,14
Capital expenditure*	<b>29,44</b>	37,07		-	<b>29,44</b>	37,07

\* Excludes inter segment assets

#### Notes:-

- 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.
- Inter segment prices are normally negotiated amongst the segments with reference to the costs, market prices and business risks, within an overall optimisation objective for ICI India Group.
- Segment revenue, results and assets and liabilities figures include the respective amounts identifiable to each of the segments. Other un-allocable items in segment results include income from investment of surplus funds of the Group and corporate level expenses. Unallocable / Others in assets includes un-allocable fixed assets, current assets and unallocated miscellaneous expenditure not written off. Unallocable / Others liabilities includes un-allocable current liabilities and net deferred tax liability.

20 Related Party Disclosures

1. List of related parties :

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

Akzo Nobel Car Refinishes BV	ICI Swire Paints (Shanghai) Ltd
Akzo Nobel Car Refinishes India Pvt Ltd.	ICI South Africa (Pty) Ltd.
Akzo Nobel Coatings India Pvt Ltd.	National Starch & Chemical - Trading Co Ltd. (Thailand)
Akzo Nobel Decorative Coatings BV	National Starch & Chemical (Thailand) Ltd.
Akzo Nobel Non-Stick Coatings Ltd.	National Starch & Chemical (Singapore) Pte Ltd.
Akzo Nobel Paints (Asia Pacific) Pte Ltd	National Starch & Chemical Industrial Ltd
Akzo Noble Surface Chemistry	National Starch & Chemical Ltd., London
Akzo Nobel (Shanghai) Co. Limited	National Starch & Chemicals (Shanghai) Limited
Alcoa Chemical -USA	National Starch And Chemical Co
Elotex AG, Switzerland	National Starch Specialties (Shanghai) Ltd
ICI ( Paints) Vietnam Ltd.	Pinturas INCA
ICI Paints Indonesia	The Glidden Co.
ICI Paints (Malaysia) Sdn Bhd	Casco Adhesive Sdn Bhd
ICI Paints (Thailand) Ltd	

d) Key managerial persons

Mr. A. Narayan	Chairman
Mr. Rajiv Jain	Managing Director
Mr. S. Batra	Wholtime Director (up to 12 January 2009)

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

	Ultimate Holding Company	Holding Company	Fellow Subsidiaries of the Company	(Rs lacs) Key Managerial Persons
a) Transactions during the year	2008-09 2007-08	2008-09 2007-08	2008-09 2007-08	2008-09 2007-08
Purchase of materials / finished goods	-	-	15,68	-
	-	-	47,14	-
Sale of finished goods	-	-	33	-
	-	-	1,99	-
Expenses incurred and recoverable from other Companies	-	28	4,12	-
	-	1,23	99	-
Expenses recoverable by other companies	-	64	1,75	-
	-	48	5,96	-
Royalty and technical services	3,75	-	3,94	-
	-	-	7,32	-
Dividend paid	-	16,62	-	-
	-	56,10	-	-
Indent commission received	-	-	13	-
	-	-	85	-
Services provided	-	-	2,76	-
	-	-	3,57	-
Managerial remuneration	-	-	-	2,73
	-	-	-	3,26
Inter corporate deposit given	-	-	28,00	-
	-	-	-	-
Inter corporate deposit refund	-	-	-	-
	-	-	-	-
Interest income on Inter corporate deposit	-	-	1,98	-
	-	-	-	-
Guarantee received for Inter corporate deposit	28,00	-	-	-
	-	-	-	-
<b>Balances as at the end of the year</b>				
Dues to related parties	2,97	1,37	4,09	-
	-	1,26	13,61	-
Dues from related parties	-	12	31,33	-
	-	23	1,95	-

Outstanding loans receivable at the end of the year from key managerial persons: Refer Schedule 9

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

	2008-09 (Rs lacs)	2007-08 (Rs lacs)
<b>Purchase of raw material</b>		
Acheson Industries (Europe) Ltd. Netherlands	–	4,84
Dongsung NSC Ltd, Korea	–	6,78
Elotex AG, Switzerland	2,14	7,14
National Starch & Chemical (Thailand) Ltd.	1,92	–
National Starch & Chemical (Guangdong) Ltd. China	–	8,62
National Starch & Chemical Co. USA (Bridgewater)	–	5,21
National Starch and Chemical Co	2,76	–
The Glidden Co.	5,45	–
Others	3,41	14,55
	<u>15,68</u>	<u>47,14</u>
<b>Purchase of fixed assets</b>		
National Starch & Chemicals New Zealand Ltd	–	19
<b>Sales of finished products</b>		
ICI Pakistan Limited	–	1,32
National Adhesives Limited (Saudi Arabia)	–	52
National Starch & Chemical Trading Co Ltd. (Thailand)	6	–
National Starch Specialties (Shanghai) Ltd	22	–
Others	5	15
	<u>33</u>	<u>199</u>
<b>Expenses incurred and recoverable from other companies</b>		
Akzo Nobel Decorative Coatings BV	2,92	–
Akzo Nobel Paints (Asia Pacific) Pte Ltd.	–	62
Imperial Chemical Industries Limited, England	–	1,22
Others	1,48	37
	<u>4,40</u>	<u>2,21</u>
<b>Expenses recoverable by other companies</b>		
Akzo Nobel Paints (Asia Pacific) Pte Ltd.	1,28	1,10
National Starch & Chemical (Singapore) Pte Ltd.	–	3,95
Imperial Chemical Industries Limited, England	64	–
Akzo Nobel Coatings India Pvt Ltd.	27	–
Others	20	1,39
	<u>2,39</u>	<u>6,44</u>
<b>Indent Commission received</b>		
Acheson Industries (Europe) Ltd. Netherlands	–	17
Elotex AG, Switzerland	13	15
National Starch & Chemical (Guangdong) Ltd. China	–	31
Others	–	22
	<u>13</u>	<u>85</u>
<b>Royalty and technical services</b>		
Akzo Nobel Paints (Asia Pacific) Pte Ltd	3,94	5,24
Akzo Nobel N.V.	3,75	–
National Starch & Chemical Co.- USA (Bridgewater)	–	2,08
	<u>7,69</u>	<u>7,32</u>
<b>Dividend paid</b>		
Imperial Chemical Industries Limited, England	16,62	56,10
<b>Service provider</b>		
ICI India Research & Technology Centre	2,76	3,57
<b>Managerial Remuneration</b>		
Mr. A. Narayan	5	5
Mr. Rajiv Jain	2,11	2,39
Mr S. Batra	57	82
	<u>2,73</u>	<u>3,26</u>
<b>Inter Corporate deposits given</b>		
Akzo Nobel Car Refinishes India Pvt Ltd.	28,00	–
<b>Interest income on Inter Corporate deposits</b>		
Akzo Nobel Car Refinishes India Pvt Ltd.	1,98	–



21. 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 7, are given below:

	As at 31 March 2009 (Rs lacs)	As at 31 March 2008 (Rs lacs)
Acheson Industries (Europe) Ltd., Netherlands	–	6
Akzo Nobel Car Refinishes India Pvt Ltd.	1	–
Akzo Nobel Coatings India Pvt Ltd.	1	–
Akzo Nobel Decorative Coatings BV	1,23	–
Akzo Nobel Paints (Asia Pacific) Pte Ltd	36	–
Elotex AG, Switzerland	67	54
ICI Paints Indonesia	4	–
ICI Paints (Malaysia) Sdn Bhd	–	16
ICI Paints (Thailand) Ltd	1	1
ICI Paints (Asia Pacific) Pte Ltd	–	7
ICI Pakistan Ltd.	–	11
ICI Swire Paints (Shanghai) Ltd	1	–
Inter-National Starch & Chemical Co. Inc., Philippines	–	9
National Starch & Chemical (Guangdong) Ltd, China	–	40
National Starch & Chemical (Singapore) Pte Ltd	2	21
National Starch & Chemical Co. Ltd, Taiwan	–	3
National Starch & Chemical Co., USA (Bridgewater)	–	19
National Starch And Chemical Co	20	–
National Starch China (Shanghai)	–	1
National Starch Specialties (Shanghai) Ltd	3	–
PT ICI Paints Indonesia	–	7
<b>Total</b>	<b>2,59</b>	<b>1,95</b>

22. (a) The Company uses forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions. The Company does not enter into any derivative instruments for trading or speculative purposes. The forward exchange contracts outstanding as at 31 March 2009 (all 'buy' contracts) are as under:

	USD	GBP	EUR	CHF	SGD
<b>As at 31 March 2009</b>	<b>1,786,717</b>	<b>16,806</b>	<b>25,185</b>	–	<b>40,253</b>
As at 31 March 2008	2,845,711	11,646	415,848	324,305	–

(b) As at 31 March 2009, the Company had net foreign currency exposure that are not hedged by a derivative instrument or otherwise, as under:

	USD	GBP	EUR	CHF	AUD	SGD
<b>As at 31 March 2009</b>	<b>7,741</b>	–	<b>16,900</b>	–	–	–
As at 31 March 2008	2,129,154	8,940	19,697	(285,431)	(14,400)	6,056

23. Figures of the current year are not comparable with those of the previous year in view of divestment of Adhesives business with effect from 4 April 2008 [Refer to note 4]

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

For ICI India Limited

A NARAYAN  
Chairman

RAJIV JAIN  
Managing Director

M R RAJARAM  
Director

R GUHA  
Company Secretary

Gurgaon  
15 May 2009



**AkzoNobel**  
Tomorrow's Answers Today

## ICI 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 55<sup>th</sup> Annual General Meeting of the Members of ICI India Limited (the 'Meeting') will be held on Thursday, 16 July 2009 at 1400 hours at Bharatiyam Complex, IB 201, Salt Lake, Kolkata 700106 to transact the following business:

#### ORDINARY BUSINESS

1. To consider and adopt the audited Profit and Loss Account for the financial year ended 31 March 2009, 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 2009.
3. To appoint a Director in place of Ms R S Karnad who retires by rotation. Being eligible, she has offered herself for reappointment as a Director of the Company. A brief resume of Ms R S 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 S Karnad be and is hereby re-appointed a Director of the Company."

4. 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; provided that in the event of the provisions of Section 224A of the Companies Act 1956, becoming applicable to the Company on the date of the meeting, the same will be proposed as a special resolution: "Resolved that the Auditors, M/s BSR & 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 20 lacs
Tax Audit	Rs 5 lacs
Statutory certification	Rs 12 lacs

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

5. **To approve appointment of Mr Nihal Kaviratne CBE as a Director of the Company**

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 appointed a Director of the Company."

6. **To approve appointment of Mr Amit Jain as the Managing Director of the Company**

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

"Resolved that this Meeting hereby approves the appointment of Mr Amit Jain as the Managing Director of the Company, in terms of Sections 198, 269, 309 and other applicable provisions, read with Schedule XIII of the Companies Act, 1956, for a period of five years with effect from 1 June 2009 and the payment of such remuneration to Mr Amit Jain during the tenure of his appointment as set out in the agreement dated 15 May 2009 entered into between him and the Company, a copy of which was placed before the Meeting."

By order of the Board

Gurgaon  
15 May 2009

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 him. A proxy need not be a member of the Company but shall not have the right to speak at the Meeting. 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 - 700019, not later than 48 hours before the commencement of the Meeting.
- ii) The Register of Members and Share Transfer books of the Company will remain closed from 1 July 2009 to 16 July 2009, both days inclusive.
- iii) Dividend, if approved at the Meeting, will be paid on or around 20 July 2009 by means of direct bank credit (ECS) or dividend warrants or cheques,
  - a. in case of shares held in electronic form, to the beneficial owners of shares as on 30 June 2009 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 as on 16 July 2009.
- iv) As per current SEBI Regulations, dividend is required to be credited to shareholders through Electronic Clearing Service (ECS), wherever the facility is available and the requisite details/mandates have been provided by the Members. Members desirous of availing of this facility may send the details of their bank account with the address and the MICR/ IFSC Code of their bank to their Depository Participants (in case of shares held in dematerialized form)

- or to the RTA (in case of shares held in physical form) at the earliest.
- v) Members holding shares in physical form registered in the same name or in the same order of names but in several folios, may please write to the RTA so that the folios can be consolidated.
  - vi) Members holding shares in physical form, who are desirous of making nomination in respect of the shares held by them in the Company, may write to the RTA for the prescribed form.
  - vii) Members/Proxy holders must bring the Attendance Slip to the Meeting and hand it over at the entrance, duly signed. A blank format of the Attendance Slip is enclosed.
  - viii) Members who wish to obtain any information on the Company or the Accounts may visit Company's website <http://www.iciindia.com> 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 Plaza Tower, 10th Floor, DLF Qutab Enclave Phase I, Gurgaon - 122002.
  - 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 (the 'Fund') of the Central Government. Shareholders who have not encashed the dividend warrants so far, for the financial year ended 31 March 2002 or any subsequent financial years, are requested to send unencashed dividend warrant, to the RTA for necessary action. Separate intimation to those members whose dividend warrants remain unencashed as on 31 March 2009 as per the Company's records, have been sent. All unclaimed dividends in respect of financial year 2001-02 are due for transfer to the 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 in respect of the said dividends.

**Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956**

**Item 4: Re-appointment of Auditors**

The total shareholding of Public Financial Institutions ("PFI") in the company is around 12% as on the date this Notice. However, in the event of PFI holding in the Company increasing to not less than 25% of the subscribed capital of the Company between the date of this Notice and the date of the Annual General Meeting, the reappointment of Auditors will need to be approved by the shareholders by means of special resolution, in terms of Sec 224A of the Companies Act.

Accordingly, this resolution will be proposed as an ordinary/special resolution, as the case may be, at the Annual General Meeting.

None of the Directors has any interest or concern in the resolution.

**Item 5: Appointment of Mr Nihal Kaviratne CBE as a Director of the Company**

Mr Nihal Kaviratne CBE joined the Board as an Additional Director with effect from 30 March 2009 to hold office till the date of the forthcoming Annual General Meeting.

A notice under Section 257 of the Companies Act, 1956 has been received from a Member along with the requisite fees, proposing Mr Nihal Kaviratne CBE's name for being appointed as a Director of the Company. A brief resume of Mr Nihal Kaviratne CBE has been given in the Corporate Governance section of the Directors' Report.

The Board recommends the resolution. Except Mr Nihal Kaviratne CBE, no other Director has any interest or concern in the resolution.

**Item 6: Appointment of Mr Amit Jain as the Managing Director of the Company**

The Board, by its resolution dated 15 May 2009, has appointed Mr Amit Jain as the Managing Director of the Company for a period of five years with effect from 1 June 2009, subject to the approval of the members at the next general meeting of the Company.

A brief resume of Mr Amit Jain has been given in the Corporate Governance section of the Directors' Report.

The remuneration and other terms relating to Mr Amit Jain's appointment as the Managing Director of the Company are contained in the agreement dated 15 May 2009 between Mr Amit Jain and the Company (the 'Agreement'), which was approved by the Board at its meeting on 15 May 2009.

The key terms of Mr Amit Jain's appointment are set out below. This Notice and explanatory statement may be treated as the abstract of the terms of appointment and remuneration payable, if approved, to Mr Amit Jain required to be circulated to the members under section 302 of the Companies Act 1956 (the 'Act').

**Salient terms and conditions of the Agreement dated 15 May 2009 between Mr Amit Jain and the Company**

**1. Term**

Five years with effect from 1 June 2009, subject to the rules of the Company. In terms of Articles of Association of the Company, the Managing Director is not liable to retire by rotation from the Board of Directors during the tenure of his appointment.

**2. Remuneration**

Subject to the overall limits specified herein and as laid down in Sections 198 and 309 of the Act, Mr Amit Jain shall be paid the following:

**a) Fixed Salary**

Basic Salary: Rs 460,000 per month

Allowances including Leave Travel Allowance: Rs 641,700 per month

He 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.

The Board may review and determine from time to time and make necessary changes in the salary and/or allowances during the tenure of his appointment, subject to an overall ceiling on Fixed Salary of Rs 20,00,000 per month, which limit can be used interchangeably without any sub-limits under any of the aforesaid heads.

**SIGN-ON BONUS**

In addition to the above, Mr. Amit Jain will be eligible for a one time sign-on bonus of upto Rs 70 lacs with certain conditions for minimum period of service.

**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.

**c) Perquisites**

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

- i) **Accommodation:** Provision of 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 Amit Jain 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 Basic Salary).
  - b) Mr Amit Jain 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 Amit Jain 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 Amit Jain 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 aggregate monetary value of the Commission/ Annual Bonus and Deferred Performance Pay (Long Term Incentive Plan) and the Perquisites or the cash out value thereof, if availed by Mr Amit Jain, shall not exceed 200% of the Fixed Salary, which limit can be used interchangeably without any sub-limits under any of the aforesaid heads.

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 Retiral Benefit Funds to the extent not taxable under the Income Tax Act, shall not be taken into account.

3. The Board while approving any change in the remuneration of Mr Amit Jain may take into account the recommendations of the Remuneration & Nominations Committee.

**4. Minimum Remuneration**

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

**5. 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 Amit Jain.

**6. Duties and Obligations**

The Agreement also sets out the duties and various obligations of Mr Amit Jain.

The amounts and limits specified in the Agreement dated 15 May 2009 between the Company and Mr Amit Jain referred to above shall supersede the limits on remuneration specified in the resolution approved by the shareholders at the Annual General Meeting held on 17 July 2008 under the caption 'Revision in Remuneration Limits of Managing and Wholetime Directors'.

A notice under Section 257 of the Companies Act, 1956 has been received from a Member along with the requisite fees, proposing Mr Amit Jain's appointment to the Board of the Company.

The appointment of Mr Amit Jain as Managing Director and the remuneration payable to him as aforesaid are to be approved by the shareholders at this Annual General Meeting in terms of Section 269 of the Act. This resolution is intended for the purpose.

The terms of Mr Amit Jain's appointment are more fully set out in the said Agreement dated 15 May 2009, 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) prior to the date of the Annual General Meeting as well as at the Meeting.

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

By order of the Board

Gurgaon  
15 May 2009

R GUHA  
Company Secretary



# ICI 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 55<sup>th</sup> ANNUAL GENERAL MEETING of the Company at Bharatiyam Complex, IB 201, Salt Lake, Kolkata - 700 106 on Thursday 16 July 2009 at 2.00 P.M.

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

**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.



# ICI India Limited

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

<b>REGD. FOLIO NO :</b> <b>DPID NO :</b> <b>CLIENT ID NO :</b>	<b>PROXY FORM</b>	<b>NO. OF SHARES</b>
--	-------------------	----------------------

I/We .....  
of .....  
..... being a member of ICI 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 55<sup>th</sup> ANNUAL GENERAL MEETING of the Company to be held on Thursday 16 July 2009 at 2.00 P.M. and at any adjournment thereof.

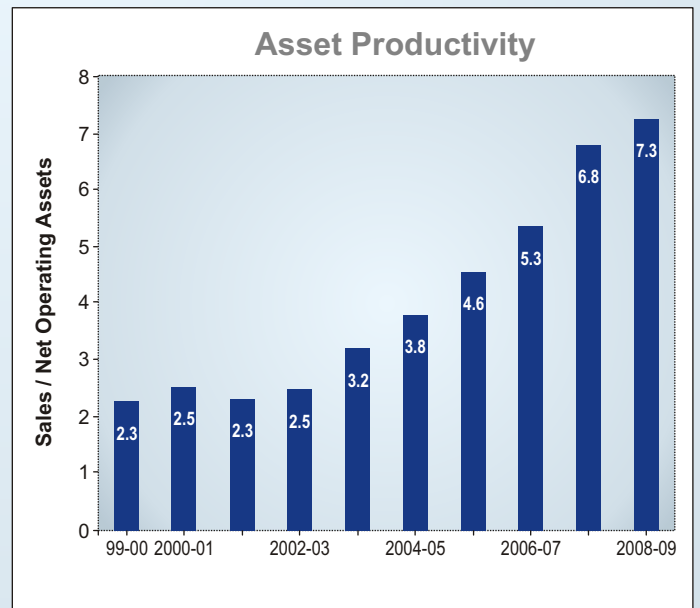
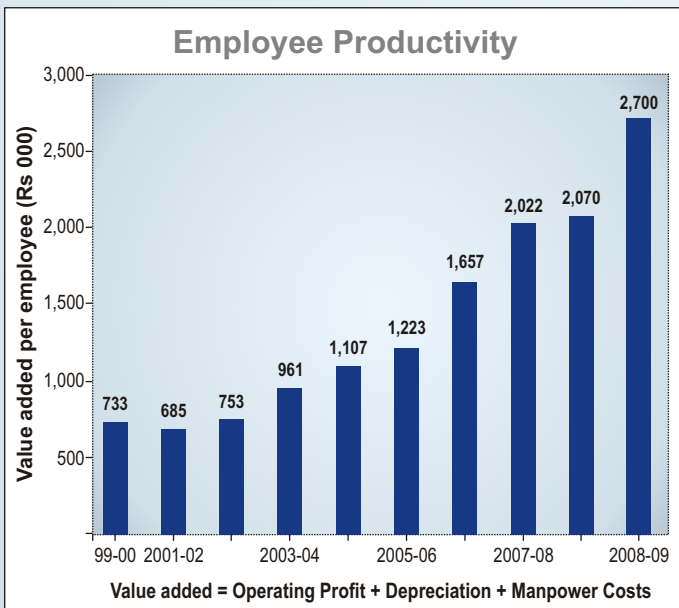
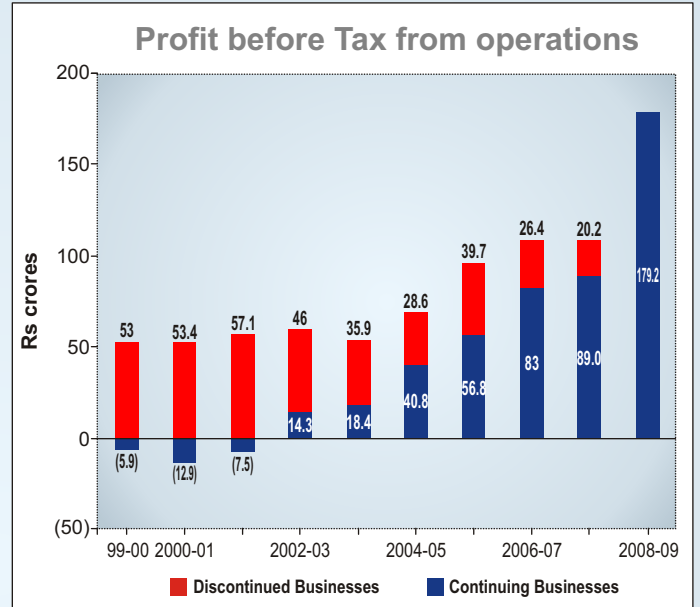
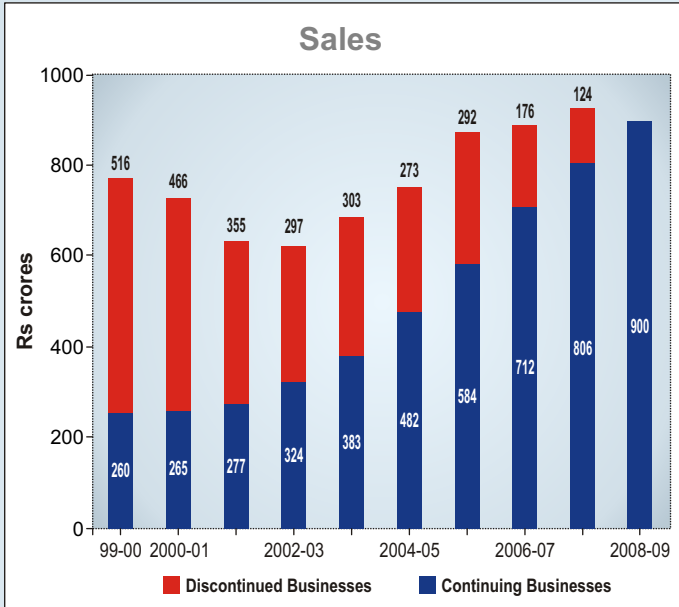
AS WITNESS whereof my/our hand is/are affixed this ..... day of .....2009

Signed by the said .....  
Revenue Stamp

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

# ICI India Limited

## Performance Trends: 1999-2009



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