

**Akzo Nobel India Limited**

Annual Report 2012-13

**AkzoNobel**



Investing for  
**growth**



It was the beginning of 2012 and Akzo Nobel India had decided that change was necessary if it had to leverage the potential for its businesses in India. Determined to position itself so, and in order to contribute effectively to India's growth story, it merged the three AkzoNobel Group companies in India with itself. What emerged was the power of 'One AkzoNobel'.

The year that followed was a hectic one as the company had a lot of promises to deliver on. We began by investing in talent, in innovative processes, in infrastructure, in a pan-India presence and most importantly, investing in a transformation.

It is now mid-2013 and our investments are paying off. Today, Akzo Nobel India is a major player in the coatings and chemicals sector. As an integrated coatings powerhouse, we have access to adequate resources, skills and talented people; all of which are helping us to meet the challenges of the economy. We are moving ahead by adhering to the highest standards of good governance.

As a responsible corporate, our deep commitment to sustainability in all our activities is another dimension of our investment that helps us achieve operational eco-efficiency. Our work in educating and empowering sections of the community is allowing us to repay our debt of gratitude to society.

This Annual Report 2012-13 presents the many hues of Akzo Nobel India.

# Save trees!

To receive communication from the company in electronic form, please send an e-mail to **[investor.india@akzonobel.com](mailto:investor.india@akzonobel.com)** with 'Green Initiative' as the subject.



# Contents

Performance at a glance	04
Our Board of Directors	05
Chairman's statement	06
Managing Director's statement	08
Caring for life	10
Our businesses and key brands	16
Our manufacturing facilities	18
Transportation	20
Buildings and Infrastructure	21
Company information	24
Directors' report	25
Report on Corporate Governance	34
Independent auditors' report	46
Balance Sheet	52
Statement of Profit & Loss	53
Cash Flow Statement	54
Notes to the accounts	58
Notice of Annual General Meeting	95
Ten years at a glance	97
Attendance slip and Proxy form	99

# Performance at a glance

## Statement of Income

### Revenue

in Rs million

2011-12	19,878	
<b>2012-13</b>	<b>22,320</b>	<b>12%</b>

### Operating Profit

in Rs million

2011-12	2,737	
<b>2012-13</b>	<b>2,942</b>	<b>7%</b>

### PBT

in Rs million

2011-12	2,464	
<b>2012-13</b>	<b>2,791</b>	<b>13%</b>

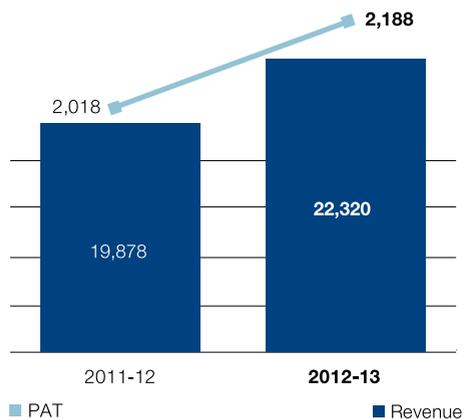
### PAT

in Rs million

2011-12	2,018	
<b>2012-13</b>	<b>2,188</b>	<b>8%</b>

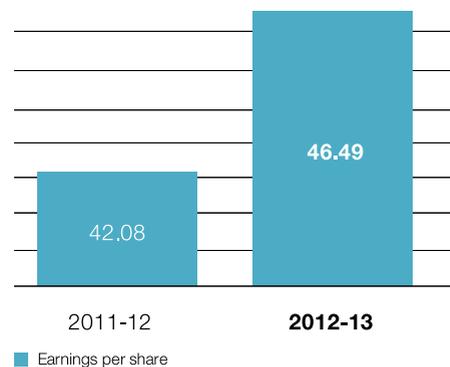
## Revenue & PAT

in Rs million



## Earnings per share

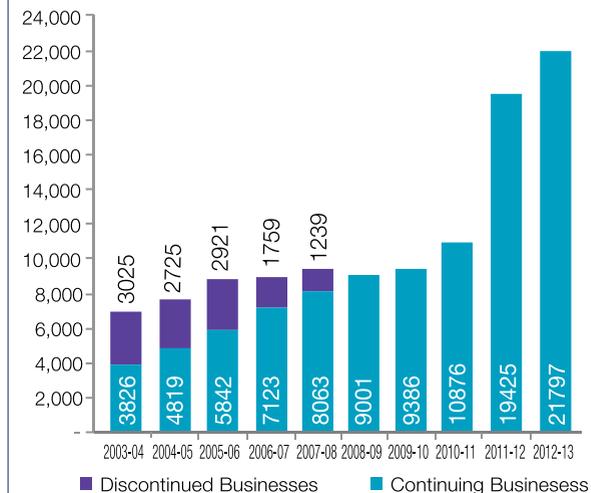
in Rs



## 10 Year Performance Trend

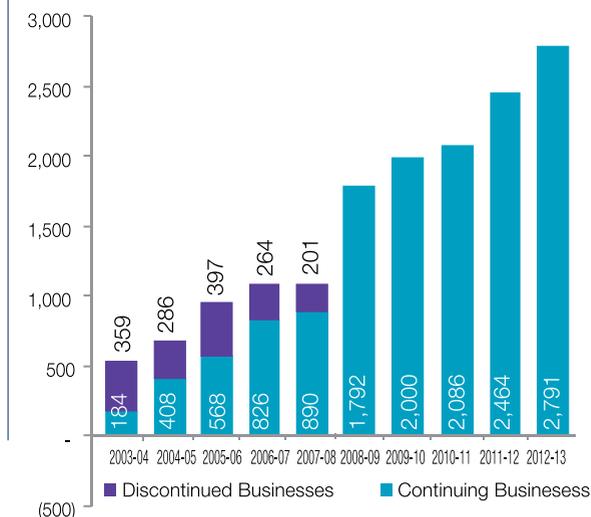
### Sales

in Rs million



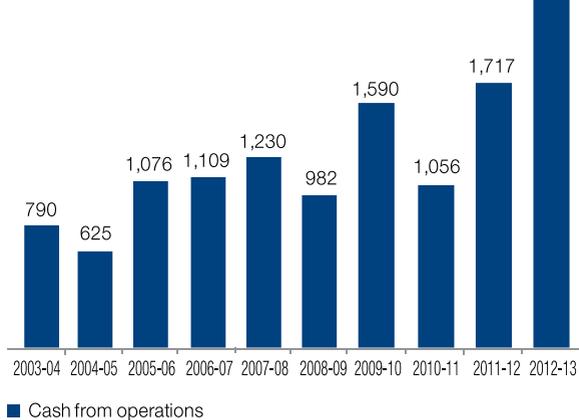
## Profit before Tax from operations

in Rs million



## Cash flow from operations

in Rs million



# Our Board of Directors



Left to Right: Mr Partha Sarathi Basu, Wholtime Director, Mr Robert Molenaar, Non Executive Director, Mr R Gopalakrishnan, Independent Director, Mr Amit Jain, Managing Director, Mr Nihal Kaviratne CBE, Non Executive Chairman, Ms Renu Sud Karnad, Independent Director, Dr Sanjiv Misra, Independent Director and Mr Arvind Uppal, Independent Director.

# Chairman's statement

In the life of an organisation, there are always moments which test its strength and determination to grow. Such occasions call for two attributes. One is the fortitude and long sightedness of those leading the organisation; the other equally important element is the faith of those who have invested in the organisation and in the vision set out by its management. Without the support of its employees and shareholders, an organisation cannot achieve success.

I extend my gratitude to all of you for believing in the 'Power of 1' and supporting us through the year gone by. I am pleased to report that despite a challenging environment, your company has managed to deliver strong growth and is well positioned to meet the changing trends in the Indian market.

Even though India's economic growth has slowed down, there is no cause for gloom. The GDP growth rate is higher than most countries around the world and the long term potential of the country is intact. Having said that, the slowdown in overall economic growth, in general, and industrial production in particular, coupled with high inflation has had a negative impact on the paints industry.

Until the economy turns around, we have to navigate tumultuous times, while at the same time, using this period as an opportunity to invest in growth. This has been the guiding principle of Akzo Nobel India's operations in the year gone by and also in the current one.

Over the last four years and with the integration which was completed last year, Akzo Nobel India today offers a solution for every coating need, be it for decorative purposes or for industrial needs. Last year was all about synergy; benefits from which are visible across our businesses, and the coming year will be about execution excellence and operational efficiency. The merger has enabled us to invest in growth initiatives across manufacturing capacity, brand building, sales and distribution. Your Board has been able to recommend a special dividend of Rs 60 per share this year

over and above the normal dividend of Rs 20 per share. Let me reiterate that your company continues to adhere to the highest standards of corporate governance and that it has well-established procedures for internal controls.

The future is exciting and we are gearing ourselves to leverage the opportunities it presents.

**Nihal Kaviratne CBE**



# Managing Director's statement

A year ago, we unleashed the 'Power of One'. United in vision and focused in its endeavors, Akzo Nobel India is now a force to reckon with. I am pleased to report that despite challenges, your company has delivered a strong performance in 2012-13. Akzo Nobel India's market capitalisation has gone up significantly and is a reflection of the shareholder confidence in the company. To a great degree, this performance can be attributed to the synergy benefits reaped by the company post-merger in 2012 and the subsequent adoption of the 'One AkzoNobel' blueprint.

The synergy benefits are visible in the form of decline in capital requirements in the near term and operational efficiency reflected by improvements in working capital. The success is also a result of your company augmenting its position in the market with the introduction of new and innovative products and scaling-up its distribution network. However, it wasn't easy. The economy slowed down and there was considerable pressure on the demand side of our business. This was addressed to a great degree, by aligning our strategy to five strategic focus areas. The performance delivered underscores the effectiveness of the strategy adopted by your company to continue on the growth trajectory, despite the volatile macro-economic environment.

Your company follows a customer-centric approach and has started establishing itself as an integrated solutions provider with end-to-end coatings solutions for every need. Through its customer-focused services, it has managed to deepen relationships with its customers, who are prominent names in the industry, across sectors. This best-in-class model and has helped your company's business gain momentum. The customer demand in the infrastructure space, under which one can place everything from real-estate to highways and power plants, is healthy in the medium to long term.

Your company takes pride in informing you that we have deep ties with our vendors, who are, our partners-in-progress. We are facilitating platforms for their growth by strengthening our existing relationships and continuously working with our vendors to develop specialised products so as to address the diverse and evolving needs of our customers.

Over the course of the past year, we have given immense focus on cash. This has allowed us to achieve profitable growth and generate a cash flow of Rs 2441 million from operations (previous year Rs 1717 million) and a ROCE of 30% in the financial year 2012-13, an improvement over last year's 28%. Your company also invested in a state-of-the-art greenfield factory at Gwalior, which was fully funded from internal accruals. I am glad to report this is one of our largest investments in capacity, since the 1980s. This factory, with its eco-friendly technology including low water and

energy consumption norms, will be commissioned in the current year.

Akzo Nobel India has also benefited tremendously from its relationship with its parent company, Akzo Nobel NV, through seamless access to superior technology, global brands and modern processes. We will continue to bring in latest technology to our operations in India so as to enhance the overall performance of the company.

Tomorrow's success depends on our ability to do much more with much less. Your company follows a sustainable model of growth which focuses on effective use of natural resources and getting more value from fewer resources. Thus, in this process, generating more cost savings and value for your company and its business partners. We continue to undertake social change initiatives within the communities we operate in. Our 'Small Dreams' project in Thane, which aims at giving deprived children a bright future, received a commendation and prize in the Akzo Nobel Community Program Best Practices Competition 2012. I am also pleased to report that in HSE&S, we are on track to achieve near zero injury rates.

Employees are the backbone of our organisation. Results from recent surveys indicate that our employee engagement levels have been improving consistently over the past few years, thereby reflecting the fact that our company's employees are deeply engaged with the organisation and its vision.

The year ahead looks challenging and there can be unexpected twists. But we must look at the larger long term picture which is vibrant and offers tremendous opportunities for growth. Akzo Nobel India believes in the country, the potential and opportunities that this market offers. In certain ways, we have just begun our journey as 'One AkzoNobel' and there is a lot more to be done. We will continue to invest in growth, in brands and in building a strong distribution network, to serve our customers. And we look forward to your continued support.

**Amit Jain**



# Caring for life

With these three simple words we at Akzo Nobel India have encapsulated our commitment to sustainability and looking after the environment. Caring for life is not only our maxim; it is the conviction that takes us to better days.

Being a coatings and chemicals powerhouse gives us a huge sense of responsibility. As corporate citizens, we have to ensure that our products and practices reflect the value system of Akzo Nobel India, a company that is part of a multinational which adheres to the highest global standards. While we realise that our world is limited by resources, we know that our ambitions are infinite. And while we cannot ignore these resource constraints, we are not ready to give up our ambitions. Tomorrow's success depends on our ability to do much more with much less. Our path is clearly defined—more growth, less waste; more value, less pollution; more durability, less cost.

## Investing in people

We are aware of the fact that a leading performance, resulting in securing a strong market position, is meaningless if it is not achieved in a sustainable manner. We want to become, and remain, a company that offers world-class customer service, continuously improving in all areas of its operations without ever losing its focus on sustainability. We recognise that global trends such as population growth, climate change and resource scarcity are driving major transformations in our customer sectors. However, we can play a key role in addressing these challenges by getting the greatest positive impact out of all the products and services from the fewest



resources, across the value chain. That, in a nutshell, is our strategy—one that leads by example. Here is a company that truly believes that adopting a sustainable approach in all that we do will make a difference not only to our balance sheet, but also to the lives of all that we touch in our journey of growth.

Sustainability, as we see it, is like an umbrella that covers three aspects—social, economic and environmental—or the ‘triple bottom line’. We have initiated activities that help reduce our carbon footprint such as providing energy efficient lights and pumps, generating solar energy and reducing waste. We monitor and track our progress across the value chain—from our suppliers to our customers—because we acknowledge that real change requires all of us to work together. Together, we will find more value from fewer resources; more sustainable solutions for our customers; more optimal supply chains and, it follows, more efficiency in our own operations. We will also find more ways to engage our employees and the communities we operate in. As Akzo Nobel India moves ahead, investing for growth along the way, we are guided by our focus on energy, transport, waste, products and community. These focal areas form the core of our sustainability agenda.

A key example of working together is AkzoNobel’s flagship programme, **Suppliers’ Support Visit**, where, as the name suggests, we visit our vendors and share our expertise in the areas of health, safety and environment and also assist them in improving their sustainability parameters. The programme verifies that the business principles and practices of the suppliers comply with AkzoNobel’s policies, thus building a strong, sustainable supply chain.

Sustainability is intrinsic to our manufacturing processes. The ‘Krishna’ factory in Hyderabad—a zero discharge factory—built with a water recycling facility. Waste management practices such as using jumbo bags of raw material to reduce packaging costs, carton trays for the transportation of packing material and reusing plastic liners are being effectively practiced. The site also reduced power consumption by about 30% over the



The Grace Child Development Centre at Hoskote reaches out to the families of seven backward colonies of the area. Around 235 children are enrolled in this programme that works towards their holistic development.

previous year by commissioning process technology changes, solar lights and timers on energy-intensive equipment.

At the Mohali factory, improved asset utilisation and the installation of an energy-efficient compressor have resulted in an improved energy consumption of around 20% over the last year. And, at Thane, the use of solar panels, transparent roof sheets, turbo ventilators and rainwater harvesting have improved energy and water efficiency. Network optimisation and reducing transportation distances by servicing markets from the factory nearest to the point of sale, are other noteworthy initiatives. The use of ply sheets by the logistics teams has led to an overall reduction in transit leakage and damages by 50%.

#### Investing in the community

The community comprises a very significant part of our sustainability agenda; wherever we operate, we exist as a part of the neighbourhood. Simply put, our attempt at investing for growth would remain incomplete if we did not invest in the community. Take the example of the Begur Health Care

Centre in Bangalore and the Women's Welfare Programme for pre-natal, post-natal and infant care. In the latter, we have covered around 167 cases in five villages; this programme is now spreading to two more villages.

**St. Judes Child Care Centre** has a vision of being an institution with 100 child care centres by 2021. Our contribution here of sponsoring sick children is just another small way of showing that we care. Our **Small Dreams** project in Thane, which aims at giving deprived children a brighter future, received the third prize (Euro 10,000) in the AkzoNobel Community Program Best Practices Competition 2012. With a focus on health and education, the project includes school renovation, supporting a mobile school, and organising health camps at a community centre that we have just built.

**The Grace Child Development Centre** at Hoskote reaches out to the families of seven backward colonies of the area. Around 235 children are enrolled in this programme that works towards their holistic development. Our team is assisting the Hoskote Mission and Medical Centre in setting up a kitchen complex, a library and a computer-cum-tailoring hall. We have also provided the centre a solar water heated stove, to be used with a bio-gas plant, thus teaching them about saving energy and its huge significance in our lives. This endeavour again highlights the company's commitment towards the community, in taking small steps to make the world a better place for all of us.

**Dance4life** aims to inspire, mobilise and unite young people in an effort to push back the spread of HIV and AIDS. It has reached out to youth in 27 countries, including 254 schools in India. We are happy to participate in this noble cause. And, as always, **tree plantation** remains high on our list of priorities. We worked with Below Poverty Line farmers at Badlapur, Maharashtra, to develop a model farm, thus ensuring a steady income for them.

#### Investing in innovation

Akzo Nobel India's research, development and innovation teams are constantly working to develop products that have





a better sustainability performance than current products in the market without compromising on the quality and performance that our customers have come to expect from us. With our expertise in formulation, we are developing products with a mix of raw materials that take less energy or water to manufacture or generate less waste throughout the whole supply chain. Such eco-premium solutions help to create value for our businesses and our customers. They provide topline growth opportunities because of their improved performance in areas such as raw material use, manufacturing processes and product innovation. These solutions demonstrate improvements in our own operations and across the entire value chains in which we operate. We seek to offer solutions that allow our customers, their customers, or the end-users, to minimise their environmental or

safety impacts. We also achieve improvements by working with our suppliers to reduce their eco-footprints. Our innovations are focussed on identifying new and lower footprint product formulations, processes and applications with the aim of serving our customers.

It gives us all immense satisfaction when our products, which have better environmental credentials than the mainstream in the market today, are appreciated by the users. Take the example of our water-based **Woodcare** range, which has very low VOC, with practically no side effects or odour; it is easy to use, requiring less drying time between coats. We are now developing many new products for the wood coating market, including a wood colourant, sealer and top coat.

Our 'Small Dreams' project in Thane, which aims at giving deprived children a brighter future, received the third prize (Euro 10,000) in the AkzoNobel Community Program Best Practices Competition 2012.

**The percentage change for sustainability initiatives undertaken from FY 2011-12 to FY 2012-13**

Parameter	Unit	Coatings Businesses		Chemicals Businesses
		Percentage change for FY 2011-12 compared to FY 2012-13		Percentage change for FY 2011-12 compared to FY 2012-13
		Thane, Mohali, Hyderabad	Bangalore	Mahad
Total waste	kg/t	28% ↓	9% ↓	44% ↓
VOC emission to air	kg/t	6% ↓	12% ↓	197% ↑
Total CO <sub>2</sub> emission	kg/te	10% ↓	6% ↑	14% ↓
Total fresh water intake/PQ	m <sup>3</sup> /t	10% ↓	3% ↑	2% ↑
Total energy consumption	TJ/1000t	11% ↓	8% ↑	3% ↓



Our **EvCote® Barrier** coatings platform offers high performance solutions that enhance the characteristics of both paper and board. Its sustainability features include a renewable content of up to 95% and repulpability rate of 99.5%. Better still, it is compost-friendly, with no fluoro chemicals, acrylics or polyethylene. **Enviroline®** is a revolutionary product with high impact and abrasion resistant properties. **Interchar® 1190**, for cellulosic fire protection, forms part of our eco-premium portfolio. Its thin film water-borne, zero VOC intumescent coating provides excellent fire resistance periods of up to 120 minutes on structural steelwork. Further, **Eurocure™** and **Diaflex™** protect the environment from hazardous material and chemical waste. From the range of high performance finishes, **Interfine® 878** is a next generation, low VOC

polysiloxane technology-based eco-friendly product that provides superior abrasion resistance and gloss retention in comparison to traditional polyurethane finishes. **Intercure® 200HS** and **Interseal® 670HS** from the range of epoxy coatings not only offer superior performance but are also eco-friendly in composition as compared to traditional epoxies.

Resource efficiency is not only about increasing yield and reducing waste. It is about encouraging the move to more sustainable, less harmful resources. It is also about using more renewable energy and fewer raw materials where possible.

#### Investing in safety

Rainwater harvesting and state-of-the-art fire-fighting techniques—these are just a few examples that emphasise Akzo Nobel India's dedication to the highest standards of HSE&S. A safety video, an occupational health centre, preventive and predictive maintenance all underscore the fact that, at Akzo Nobel India, the health and safety of employees is of primary concern. Awareness training is provided to all, as well as induction training to the new employees. SAFE (Safety Awareness for Everyone) meetings and mock drills are also held. We also have a simple set of rules, called 'Life Saving Rules,' for the safety of the workplace and the employees. The focus here is on personal accountability and ensuring a continued decrease in incidents and injuries. As part of AkzoNobel's Product Stewardship Policy, we are moving towards safer chemistries, which, in turn, benefit the entire supply chain, from vendors to customers.

So be it products, people or the planet, three simple words dominate our every move—caring for life. For, we believe that these words will lead us to further profitability and growth, to new beginnings and more successes, to a colourful tomorrow. We know that our bottom line will only look good if it helps preserve the world's natural resources. The key is to strike a fine balance between business profits and sustainability; protecting people and the environment. Business is sustainability and sustainability is business.

Tree plantation remains high on our list of priorities. We worked with Below Poverty Line farmers at Badlapur, Maharashtra, to develop a model farm, thus ensuring a steady income for them.

# Our businesses

Automotive and Aerospace Coatings

Decorative Paints

Functional Chemicals

Industrial Coil Coatings

Marine and Protective Coatings

Packaging Coatings

Powder Coatings

Pulp and Performance Chemicals

Surface Chemistry

Wood finishes and Adhesives

# Our key brands



# Our manufacturing facilities

Our product hubs are spread across India—Mohali in the north, Thane and Mahad in the west, Bangalore and Hyderabad in the south. This is where strategic planning and precise execution merge to make our wide range of coatings and speciality chemicals.



## Hyderabad Paint Works

### Year of commencement

1971, expanded in 2011

### Products manufactured

Waterborne and solvent-based paints for the decorative and automotive refinish business

## Mahad Functional Chemicals

### 1991

Organic peroxides. This facility also serves as a re-filling station for metal alkyls



**Bangalore Coatings**

**1996, expanded in 2011**

Marine and protective coatings, powder coatings, coil coatings, extrusion coatings, speciality finishes and automotive plastic coatings

**Thane Paint Works**

**1996**

Waterborne decorative paints including emulsions and primers

**Mohali Paint Works**

**1998**

Decorative enamels and primers, dramatone colourants, woodcare products and automotive refinishes

# Transportation

We offer durable solutions for every aspect of transport, be it cars, buses, trucks, ships, planes, trains, two wheelers, off-road vehicles, construction equipment or even urban transport such as metro-rail. Our range of vehicle refinishes (repair coatings), high performance liquid, powder and plastic coatings ensures that these vehicles are not just protected in every way but also look aesthetically superior.

**Silencers and seat recliners**  
Powder and liquid coatings that enhance the life of these components

**Steering wheel**  
Durable solutions for steering wheels as well as air bags, instrument panels, glove box covers, bezels and consoles

**Car and hood areas**  
Repair coatings that keep the vehicle shining and new

**Dashboard**  
The indoor décor is more appealing with a variety of textures and finishes from our plastic coatings stable

**Doors**  
Repair coatings that augment the aesthetics

**Wiper blades and coil springs**  
Can withstand harsh conditions through our powder coatings solutions

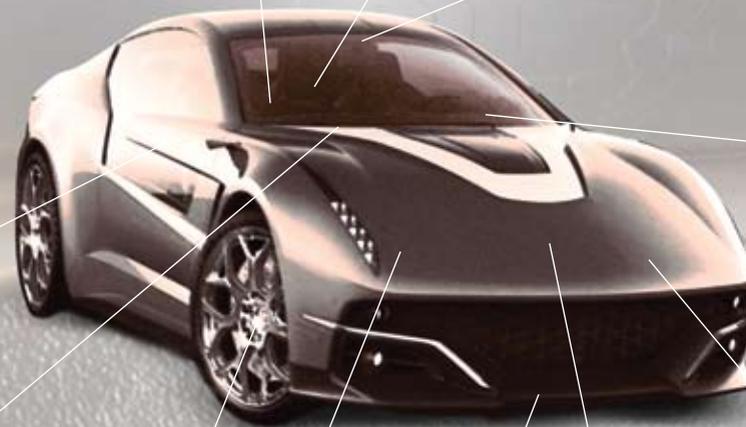
**Brakes, gear box and valve covers**  
Powder coatings that offer protection

**Alloy wheels**  
Kept sparkling and contemporary through our range of liquid and powder coatings

**Bumper**  
Enhanced design and style through the use of our exterior durable plastic coatings

**Engine blocks**  
Powder coatings designed to protect and preserve

**Body**  
Green and innovative powder coating technology for body top coat



# Buildings and Infrastructure

Our journey in the construction space has led us to deliver the work plan in three broad areas—Build, Bridge and Beyond. We have built the framework around customers, which has helped us to win new business. We have bridged our connect with existing customers so as to enhance our market share and have also gone beyond to include passive customers.

## Cladding

A complete offer of coatings which are factory applied on continuous coil for cladding or powder coatings for pre-formed panels

## Structural steel

High performance finishes, anti-corrosive and passive fire protection for steel structures in commercial buildings and high-rises

## Cable fire protection

Coatings designed to prevent propagation of fire in electrical/data cables

## Building components

A full range of coatings for every type of component from ceiling tiles, switchgear, furniture, flooring and HVAC inside the building, through to pipes and valves underground and street furniture

## Windows and curtain wall

High performance liquid PVDF and powder coatings for all types of aluminium and steel fenestration and panels

## Masonry and wood

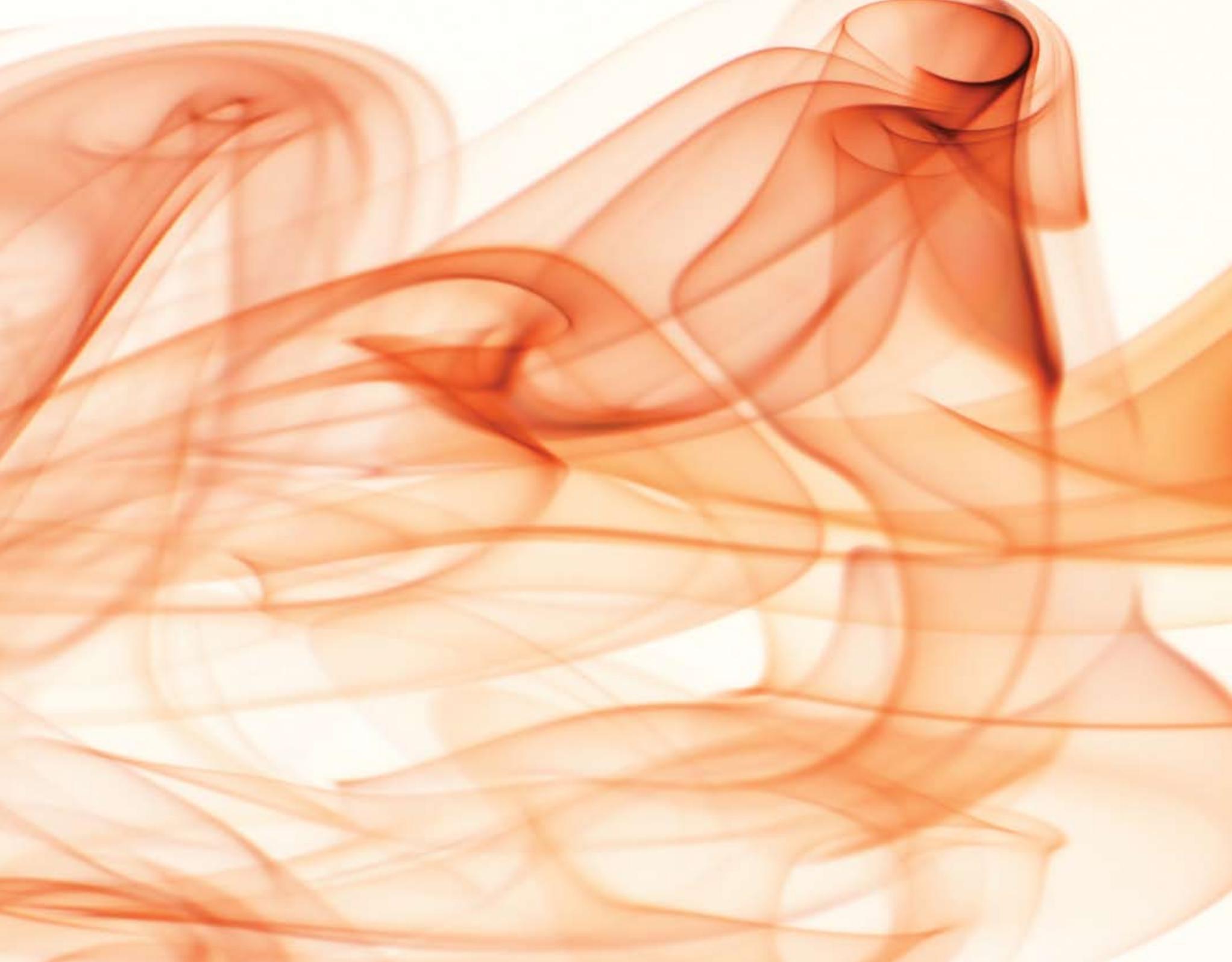
Architectural paints to brighten, protect and preserve both internally and externally

## Signage

Durable and colourful solutions to maintain brand image for directional and company signage

## Concrete and floors

Systems to offer protection and to reduce maintenance for floors and industrial environments





# Company information

## Board of Directors

### Chairman

Mr N Kaviratne CBE

### Managing Director

Mr A Jain

### Directors

Mr P S Basu—Wholetime Director

Mr R Molenaar (w.e.f. 14 May 2013)

Ms S Govil (Alternate Director to Mr R Molenaar)

Mr R Gopalakrishnan

Ms R S Karnad

Dr S Misra

Mr A Uppal

## Company Secretary

Mr R Guha

## Registered Office

Geetanjali Apartment, 1st Floor

8-B, Middleton Street, Kolkata 700 071

Tel: 033-22267462 Fax: 033-22277925

## Corporate Office

DLF Cyber Terraces

Building No 5, Tower A, 20th Floor

Cyber City, DLF Phase III

Gurgaon 122 002

Tel: 0124-2540400

Fax: 0124-2540849

## Website

[www.akzonobel.co.in](http://www.akzonobel.co.in)

## Key Committees of the Board

### Audit Committee

Ms R S Karnad (Chairperson)

Mr R Gopalakrishnan

Mr R Molenaar

Dr S Misra

Mr A Uppal

### Remuneration and Nominations Committee

Mr R Gopalakrishnan (Chairman)

Ms R S Karnad

Mr N Kaviratne CBE

Dr S Misra

Mr A Uppal

## Shareholders/Investors

### Grievance Committee

Dr S Misra (Chairman)

Mr A Jain

Mr P S Basu

## Auditors

B S R & Associates

## Bankers

Citibank

Deutsche Bank

HDFC Bank

Hongkong & Shanghai Banking Corpn.

Royal Bank of Scotland

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: 033-40116700

Fax: 033-22870263

Email: [rta@cbmsl.com](mailto:rta@cbmsl.com)

# Directors' report

Dear Members,

Your Directors are pleased to present their report for the year ended 31 March 2013.

## Business environment

GDP growth in fiscal year 2012-13 is estimated at around 5% (previous year 6.2%). The overall slowdown in the economy was visible and reflected in the low growth of just around 1% in the Index of Industrial Production (IIP) for the year 2012-13.

During the financial year 2012-13, most of the markets your Company operates in were impacted by the volatility in the macroeconomic environment. Overall revenue growth in line with market could still be achieved, thanks to the Company's customer-centric approach, its ability to innovate and strong internal processes.

## Finance and Accounts

Revenue for the year at Rs 22,320 million is 12% ahead of previous year, with contribution from all segments. Profit after tax for the year at Rs 2,188 million is higher than previous year by 8%.

Keeping in view the current year's performance, the Board is pleased to recommend a dividend of Rs 20 per share for the financial year 2012-13 (previous year Rs 20 per share).

The highlights of the performance during the year are:

	(Rs million)	
	2012-13	2011-12
<b>Revenue from operations</b>	<b>22,320</b>	<b>19,878</b>
<b>Operating profit</b>	<b>2,942</b>	<b>2,737</b>
Depreciation	(386)	(366)
Interest income (net)	235	93
<b>Profit before tax</b>	<b>2,791</b>	<b>2,464</b>
Tax	(603)	(446)
<b>Profit after tax</b>	<b>2,188</b>	<b>2,018</b>
The appropriations from the profit are as follows:		
Balance in Profit & Loss Account brought forward from previous year	8,214	8,351
Profit after tax for the year	2,188	2,018
<b>Total available for appropriation</b>	<b>10,402</b>	<b>10,369</b>
<b>Appropriations</b>		
Transfer to general reserve	(1,050)	(1,040)
Proposed dividend	(933)	(959)
Proposed special dividend	(2,800)	
Tax on proposed dividend	(634)	(156)
Write-back of previous year dividend (excess provision)	30	-
<b>Balance carried to Balance Sheet</b>	<b>5,015</b>	<b>8,214</b>

In addition, the Board has, after taking into account the fund requirements of the Company to support growth and other relevant factors, also recommended a Special Dividend of Rs 60 per share for approval of the members at the forthcoming Annual General Meeting.

A sum of Rs 1.9 million was remitted to the Investor Education and Protection Fund of the Central Government towards Dividend remaining unclaimed in respect of the financial year ended 31 March 2005, in terms of section 205C of the Companies Act, 1956.

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

## Significant development

### Share buyback

As briefly reported last year, the share buyback programme initiated on 21 May 2012, was completed on 24 July 2012, after obtaining necessary regulatory approvals. The Board notes with satisfaction that the programme saw overwhelming participation from the shareholders. In all, 1.3 million shares were bought back by the Company at a price of Rs 920 per share at a total cost of Rs 1,209 million including expenses.

## Management discussion and analysis

### Coatings

Coatings segment recorded a turnover of Rs 23,269 million, compared to the previous year's Rs 20,297 million, a growth of 15%. Segment profit grew 17% to reach Rs 1,644 million vs previous year's Rs 1,403 million. General slow-down in demand resulted in lower growth; INR depreciation and cost pressures were countered with effective cost management. Nevertheless, investment in strengthening the brands, developing new markets, capability building and capacity expansion were continued to support growth plans.

#### Decorative Paints

The topline growth in the business was in line with the industry. Some of the initiatives which supported the growth were:

- New brand campaigns
- Expansion of Dulux decorative centres (Modern Retail stores) to provide one stop painting solutions in state-of-the-art ambience.
- Launch of new water-based wood care range.

Work on the Greenfield site at Gwalior, Madhya Pradesh is in progress for commissioning during the fiscal year 2013-14.

#### Performance Coatings

**Automotive and Aerospace Coatings (A&AC)** business was impacted by subdued growth in the passenger car segment, partially offset by modest growth in the commercial vehicles segment. Focus on end user service and margin management helped the business to overcome adverse economic conditions. Business is also actively pursuing its

efforts to expand its footprint through certification/referrals from the automotive OEs.

**Marine Coatings** business segment focusses on coatings solutions for ships, trawlers, supply vessels and coastal fishing boats. The business provides comprehensive coatings solutions to new ship construction as well as maintenance and repair.

The business is battling a general slowdown in the shipping industry with pressures on both volumes and prices. A series of initiatives have been planned to expand into new segments to support growth as well as de-risking.

**Protective Coatings** business provides coatings and solutions to segments like oil and gas, public infrastructure projects such as airports and stadia, power generation (thermal and wind energy), mining and minerals and original equipment manufacturers, etc.

Overall market for protective coatings declined mainly because of delays affecting new project launches. The business has identified new areas for generating demand in an otherwise depressed market, with a complete customer focussed solutions offer.

**Coil Coatings** business had a good growth momentum and the business was able to implement several new initiatives to improve its market position. The year saw new product launches and better price realisation in select product lines.

**Powder Coating** business topline growth was in line with the industry. Business is addressing supply constraints and is evaluating options for capacity additions.

A new range of products under the **Wood Finish and Adhesives** banner were launched during the year.

### Chemicals

This segment consisting of Functional Chemicals and Surface Chemistry businesses recorded a turnover of Rs 940 million compared to the previous year's Rs 873 million, a growth of 8%. Segment profit was Rs 144 million vs previous year's Rs 122 million, a growth of 18% due to improved product mix. Though Functional Chemicals Business saw some slowdown, Surface Chemistry Business recorded robust growth during the year, on the back of strong demand in Personal Care and Agrochemical segments.

**Going forward**, your Company will continue to closely monitor the global trends in the availability and price movements of all key inputs and shall strive to safeguard their supply lines. Cost reduction and value enhancement projects are also being pursued to counter inflation/ensure supply security. However, volatility in currency exchange rates could negate the effects of some of the above actions and put pressure on margins. The Company follows a Risk Management policy under which all material foreign currency exposures are hedged through forward covers, to protect against unexpected swings in exchange rates.

Notwithstanding the constraints, your Company will continue to stay focussed on growing ahead of the market, with emphasis on serving its consumers through superior technical inputs and solutions and continuous efforts to expand its footprint in areas of its strength.

### Responsible care

Health, Safety, Environment & Security ('HSE&S') is always the top priority of your Company in the conduct of its business. Your Company continued to focus on people safety and process safety at all its sites. Special attention was given during the year to the safety of personnel while they commute to work. Some of the initiatives taken by the Company during the year like Take-care programme, Behavior Based Safety programme and Life Saving Rules have helped the Company to conduct its activities in a safe and secure manner. The Company is committed to provide a safe workplace to its employees and contractors; and safety to the communities where it operates.

In line with global norms and regulatory requirements, the Company continues to upgrade its standards of compliance of all applicable ('HSE&S') norms.

### Conservation of energy, research, development and innovation

Your Company continues to use its research and development base to bring consumers new products with improved performance features and products for special applications. Particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, pursuant to Section 217(1)(e) of the Companies Act, 1956, are given in **Annexure I** to this report.

### Corporate Social Responsibility

Social welfare and community development continue to be a priority of the Company. During the year, your Company implemented several CSR initiatives in partnership with NGOs mainly in the areas of health, education and development of the poor and underprivileged as well as caring the environment.

Company's employees actively participated in the welfare programmes in and around the places where they operate.

### Information technology

Your Company maintains a globally linked IT and communication network and applications to support its business operations. During the year, it has completed roll out of SAP SRM (Supplier Relationship Management) to most of its factories to manage indirect spend and further working towards its expansion to other locations. The Company continued to focus on leveraging SAP functionality to improve business operations.

### Human resources

Your Company had cordial relations with employees across all locations during the year.

The Company saw improvement in its engagement score (which indicates the level of engagement and hence commitment to the Company's goals) of its employees through sustained communication and development programmes. The total number of employees on the rolls of the Company as at 31 March 2013 was 1795 (previous year 1716).

Information as per Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended from time to time, forms part of this report. However, as per the provisions of Section 219(1) (b)(iv) of the Act, the report and accounts are being sent to the members excluding the aforesaid information. Any member interested in obtaining such particulars may inspect the same at the Registered Office of the Company or write to the Company Secretary for a copy.

### Internal control systems

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

### Corporate governance

**Annexure II** to this report summarises the details of compliance with the corporate governance norms outlined in Clause 49 of the Listing Agreements with BSE and National Stock Exchange.

### Directors

Mr G Armstrong resigned as a Director of the Company w.e.f. 29 March 2013. Mr R Molenaar joined the Board as a Director in the casual vacancy caused by the resignation of Mr G Armstrong, w.e.f. 14 May 2013. The Board wishes to place on record its deep appreciation for the contribution of Mr G Armstrong during his tenure as a Director of the Company. Ms Sucheta Govil, Global Head of Marketing, Decorative Paints, Akzo Nobel, has been appointed as the Alternate Director to Mr R Molenaar.

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

### 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.

### Cost Auditors

The Board has appointed M/s Chandra Wadhwa & Associates as the Cost Auditors for conducting Cost Audit for the financial year 2012-13. Their report for the previous year ended 31 March 2012 was filed with MCA within the stipulated time.

### Directors' responsibility statement

The 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 2013 and the profit for the year ended on that date;
- c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) they have prepared the annual accounts on a going concern basis.

### Cautionary statement

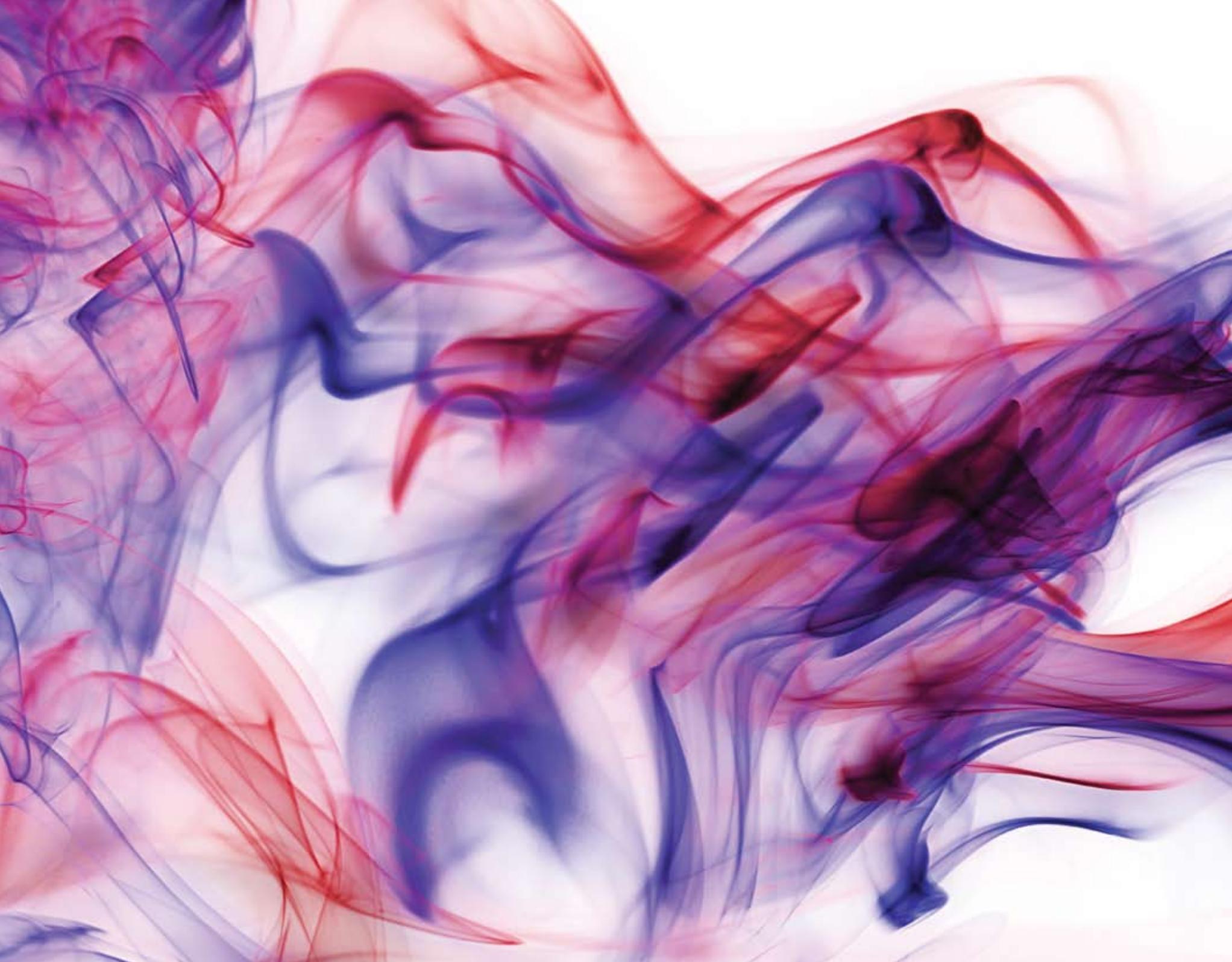
Some of the statements in this report, describing your Company's objectives and expectations expressed in good faith, may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ materially from those, in the event of changes in the assumptions/market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

### Acknowledgment

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

Gurgaon  
20 May 2013

On behalf of the Board  
**N Kaviratne CBE**  
Chairman





# Annexure I

## Disclosure of particulars with respect to conservation of energy, technology absorption, foreign exchange earnings and outgo pursuant to Section 217(1)(e) of the Companies Act, 1956

### A) Conservation of energy

		2012-13	2011-12
<b>1. Power &amp; fuel consumption</b>			
<b>(a) Electricity</b>			
<b>(i) Purchased</b>			
Unit	Mwh	20,797	20,201
Total cost	Rs m	140	113
Rate	Rs/Kwh	6.75	5.57
<b>(ii) Own generation*</b>			
Units	Mwh	856	724
Units/Kl of HSD	Kwh	2,340	2,583
Cost/unit	Rs/Kwh	21.69	16.97
<b>(b) Fuel oil</b>			
Quantity	Kl	2,744	1,613
Total cost	Rs m	117	61
Average rate	Rs/Kl	42,475	37,955
<b>2. Consumption per unit of production</b>			
<b>(a) Electricity</b>			
Coatings	Kwh/Kl	68	71
Catalysts**	Kwh/Te	2,032	1,666
Chemicals	Kwh/Kl	1,929	1,993
<b>(b) Fuel Oil</b>			
Catalysts**	Kwh/Te	0.73	0.4
Coatings	Kwh/Kl	27	14

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

\*\*The Company had exited from the Catalysts business in 2002. However, this product continued to be manufactured on behalf of a third party under a Toll conversion arrangement.

### 3. Energy conservation measures

During the year, various energy conservation measures were implemented in the Company's factories and offices.

#### a) Conservation measures taken

Energy improvement plan is in place based on energy audits conducted in all plants. Solar lights, ILD at Hyderabad plant, energy efficient tubes and optimisation of dispersion motor running timings led to specific energy reduction. Continuous productivity improvement also contributed in reduction of utilities consumption.

#### b) Proposals under implementation

Projects for energy reduction by improving power factor (APFC), basket mill replacement by DCP at Mohali for dramatone, cooling tower replacement by efficient motors and light pipes are under implementation.

#### c) Impact of the measures consequent to (a) and (b) above

The measures have reduced total energy consumption of the manufacturing significantly in the financial year 2012-13 resulting in cost savings and reduction of carbon footprint.

### B) Absorption of technology

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

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

Your Company continues to use its research and development capabilities to focus on applied research especially in the areas of:

- Product innovation for offering better value to customers
- Optimisation of products and processes
- Improved Product Quality Management & customer service.

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

Major benefits derived from R&D initiatives are:

- Launch of new and innovative products
- Improvement in manufacturing processes to minimise environmental impact
- Margin improvement through substitution, rationalisation and indigenisation of raw materials and better material usage efficiency

##### (c) Future plan of action

R&D efforts of the Company will continue to focus on development of new products and applications, process development for energy saving and waste reduction, introduction of environment friendly products and driving down the carbon footprint of our products.

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

	(Rs million)	
	2012-13	2011-12
(i) Capital	36	52
(ii) Recurring*	114	92
(iii) Total	150	144
(iv) Total R&D expenditure as a percentage of turnover	0.7%	0.7%

**2. Technology absorption, adaptation and innovation****(a) Efforts and benefits**

New manufacturing process was adopted for production of water borne paint. This has not only reduced the batch cycle time by 25% but reduced energy consumption per unit of paint produced.

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

None.

**C) Foreign exchange earnings and outgo****(a) Total foreign exchange used and earned\***

	(Rs million)	
	2012-13	2011-12
Used	3,519	3,517
Earned	907	722

\*excludes outgo on account of dividend.

Use of foreign exchange by the Company is much higher than its earnings in foreign exchange mainly on account of import of raw materials and services at competitive prices. It is expected that the Company will continue to be a net foreign exchange user in the foreseeable future.

**(b) Future plans**

- Use of innovation and R&D strengths to reduce costs through process improvements, import substitution, and improving material usage efficiency for sustainability. Also to actively participate in bringing 'greener product technology' and introducing coatings application technology to improve the ease of painting.
- Focussed R&D efforts in response to changing customer needs and feedback.
- To leverage access to AkzoNobel's global expertise to develop/adapt products for the Indian market.

# Annexure II

## Report on Corporate Governance

### 1. Company's philosophy on Corporate Governance

The Board firmly believes that effective corporate governance practices are essential for building a sustainable commercial enterprise and maximising shareholder value. The Company is fully committed to upholding the highest standards of corporate governance and has the necessary systems in place to ensure timely disclosures, transparent and ethical business practices, supported by strong internal control and management.

### 2. Board of Directors

#### Composition

The Board composition is in conformity with the applicable provisions of the Companies Act, 1956 and the Listing Agreement. The names and categories of the Directors on the Board and the number of Directorships and Committee Memberships held by them are given alongside:

Name of the Director	Category of Directorship in Akzo Nobel India Limited	Directorships (excludes Alternate Directorships)		Membership in specified committees
		Public	Private/Foreign/Limited by Guarantee	Audit, Shareholder/ Investor Grievance
Mr N Kaviratne CBE	Non Executive Chairman	2	7	1
Mr A Jain	Managing Director	1	2	1
Mr P S Basu	Wholetime Director	1	2	1
Mr G Armstrong*	Non Executive	1	2	1
Mr R Molenaar**	Non Executive	1	-	1
Ms S Govil***	Alternate Director	-	-	1
Mr R Gopalakrishnan	Independent	12	4	4
Ms R S Karnad	Independent	12	9	6
Dr S Misra	Independent	3	-	3
Mr A Uppal	Independent	2	3	2

\* Resigned w.e.f. 29 March 2013.

\*\* Appointed w.e.f. 14 May 2013.

\*\*\* Alternate Director to Mr G Armstrong upto 29 March 2013. Appointed as an Alternate Director to Mr R Molenaar w.e.f. 20 May 2013.

### Meetings and attendance

Given below is the consolidated list of meetings of the Shareholders, Board and specified committees held during 2012-13 and attendance details of Directors:

Name of the meeting	Dates on which meetings were held
Annual General Meeting (AGM)	9-Aug-12
Board	21 May 2012, 09 August 2012, 25 October 2012 and 14 February 2013
Audit Committee	21 May 2012, 09 August 2012, 25 October 2012 and 14 February 2013
Shareholder/Investor Grievance Committee (SHIGC)	21-Dec-12

**Attendance details at meetings during  
April 2012 to March 2013**

	AGM	Board	Audit	SHIGC
No. of meetings held	1	4	4	1
Mr N Kaviratne CBE	1	4	NA	NA
Mr A Jain	1	3	NA	1
Mr P S Basu	1	4	NA	1
Mr G Armstrong	-	1	1	NA
Ms S Govil*	-	2	2	NA
Mr R Gopalakrishnan	1	4	4	NA
Ms R S Karnad	1	3	3	NA
Dr Sanjiv Misra	1	2	2	1
Mr A Uppal	1	4	4	NA

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

NOTE: All Business of R&N Committee were conducted through resolutions by circular and no formal meeting of the committee was held.

\*Alternate Director to Mr G Armstrong.

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

**Directors to be re-appointed**

In terms of the Articles of the Association of the Company and Section 256 of the Companies Act 1956, Ms R S Karnad and Mr A Uppal will retire by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment. A brief resume of the above directors, as required under clause 49(VI) (G) of the Listing Agreement, is given in the Notice convening the Annual General Meeting.

The resume of Mr R Molenaar, who joined the Board w.e.f. 14 May 2013 is given below:

**Mr R Molenaar**

Mr R Molenaar has joined the Board of Akzo Nobel India Limited w.e.f. 14 May, 2013 in the casual vacancy caused by the resignation of Mr G Armstrong from the Board and would hold office until such time Mr Armstrong would have held office, had he not resigned.

Mr Molenaar did his graduation in Polymer Chemistry from University Enschede in 1982 and post graduation from Harvard Business School, Boston in 2003. He joined AkzoNobel NV as a Technical Manager at Los Angeles in 1984. Growing with AkzoNobel, he assumed responsibilities at various levels and across geographies like Canada, USA, Singapore, Netherlands and UK as Product Manager, Regional and National Sales Manager, General Manager, Vice-President and Managing Director. He is currently the Managing Director of the Marine & Protective Coating Business of the AkzoNobel Group based in London.

**3. Audit Committee**

The Audit Committee comprises only Non-Executive Directors ('NEDs') with majority being 'independent' and is chaired by Ms R S Karnad. The Chairman, Managing Director, Wholetime Director, 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 attends the meetings of the Committee. Minutes of the Audit Committee meetings are circulated to all the Board members.

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

#### 4. R&N Committee

The purpose of this Committee is to assist the Board in the nomination of members to the Board, evaluating the performance of the Wholetime 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 R Gopalakrishnan. During the year the business of the Committee was transacted through resolutions by circulation which were then tabled before the subsequent board meetings.

##### Remuneration of Directors

While the remuneration of Wholetime Directors is recommended by the R&N Committee, the remuneration of NEDs is approved by the Board. The NEDs, other than Mr G Armstrong, are paid sitting fees of Rs 20,000 per meeting for attending Board/Committee meetings, where they have been nominated as members, and Commission as approved by the Board/shareholders from time to time.

The details of remuneration paid to the Directors for the year 2012-13 are given alongside:

(Rs million)

	Total remuneration	Fixed component	Performance linked payments
	a	b	c
	(a = b + c)	Salary, allowances and perquisites	Performance Pay
<b>Managing/Wholetime Directors</b>			
Mr A Jain	50.47	32.74	17.73
Mr P S Basu	16.04	11.06	4.98
<b>Total</b>	<b>66.51</b>	<b>43.80</b>	<b>22.71</b>
<b>Non-Executive Directors</b>			
		<b>Sitting fees</b>	<b>Commission</b>
Mr N Kaviratne CBE	0.78	0.08	0.70
Mr R Gopalakrishnan	0.86	0.16	0.70
Ms R S Karnad	0.82	0.12	0.70
Dr S Misra	0.80	0.10	0.70
Mr A Uppal	0.86	0.16	0.70
<b>Total</b>	<b>4.12</b>	<b>0.62</b>	<b>3.50</b>

##### Notes

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

## 5. Shareholder/Investor Grievance Committee

The SHIGC of the Company is headed by Dr S Misra, NED. The Company Secretary functions as the Secretary to this Committee and has been nominated as the Compliance Officer of the Company.

The Company received 18 complaints from its investors during 2012-13, all of which have been resolved and no complaint was pending as on 31 March 2013. Routine queries/service requests received from the shareholders are addressed within 7 days of receipt. All share transfer requests received during the year were serviced within the normal service time.

For details of meeting of the Committee held during the year and attendance therein, please refer to 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
9-Aug-12	2.30 pm	Mini Auditorium, Science City, Kolkata 700 046
22-Jul-11	2.30 pm	Kala Mandir, 48, Shakespeare Sarani, Kolkata 700 017
22-Jul-10	2.00 pm	Bharatiyam Complex, IB 201, Salt Lake, Kolkata 700 106

- (ii) No Extraordinary General Meeting of the Members was held during the year 2012-13.
- (iii) No Postal Ballot was conducted during the year 2012-13, nor is there any proposal pending as on date for approval as a special resolution through postal ballot.
- (iv) One special resolution was passed during 2009-10 through postal ballot for changing the name of the Company. The said 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 scrutiniser.

## 7. Disclosures

- i. There were no materially significant related party transactions entered into by the Company with its Promoters, Directors or the Management, their subsidiaries or relatives, etc, that may have potential conflict with the interests of the Company at large. The Directors periodically disclose their interest in different companies, which are noted by the Board. The Register of Contracts containing the transactions with companies in which Directors are interested is placed before the Board periodically.
- ii. None of the NEDs had any materially significant pecuniary relationship or transaction vis-à-vis the Company, which may have a potential conflict with the interests of the Company at large. Mr R Molenaar, Mr G Armstrong and Ms S Govil are entitled to remuneration and other benefits for their role and responsibilities in the AkzoNobel Group.
- iii. All Directors have confirmed that they do not hold any shares in the Company.
- iv. Disclosures, as required under the relevant Accounting Standards, have been incorporated in the Accounts.
- v. A declaration by the Managing Director on the adoption, dissemination and compliance of the Company's Code of Conduct is attached to this report (see page 42).
- vi. There were no strictures or penalties imposed on the Company by Stock Exchanges or SEBI or any statutory authority for non-compliance of any matter related to capital markets, during the last three years.
- vii. The Company has adopted a Whistle Blower policy by the name 'Speak Up'. It is affirmed that no personnel has been denied access to the Audit Committee.

## 8. Means of Communication

Description	Status/remarks
i. Quarterly results	The quarterly results of the Company are published and advised to the Stock Exchanges where the Company's shares are listed.
ii. Newspapers wherein results are normally published	Business Standard (English), Aajkal (Bangla)
iii. Any website, where displayed Whether it also displays official news releases	The results, press releases and other relevant information are displayed on the Company's website <a href="http://www.akzonobel.co.in">www.akzonobel.co.in</a>
iv. Presentations made to institutional investors or to the analysts	Yes, presentation is available on the Company's website

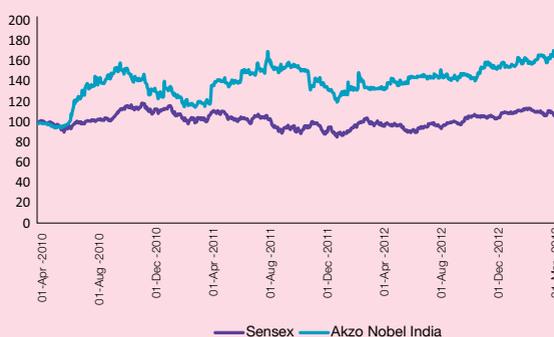
## 9. General Shareholder Information

Subject	Details
i. AGM: date, time and venue	08 August 2013 at 1430 hours at Kala Kurji, 48, Shakespeare Sarani, Kolkata 700 017
ii. Financial year	April to March
iii. Date of book closure	01 August 2013 to 08 August 2013 (both days inclusive)
iv. Dividend payment date(s)	On or around 14 August 2013 (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 2012 to 31 March 2013 have been paid to BSE and NSE.
vi. Stock code	BSE : 500710 NSE : AKZOINDIA-EQ CSE : 10000015 ISIN : INE133A01011

**vii. Market price data and stock performance during the year 2012-13**

Month	High (Rs/share)	Low (Rs/share)	Volume (000's) BSE + NSE
April-12	886	805	233
May-12	920	829	439
June-12	893	860	111
July-12	925	861	1,360
August-12	905	846	112
September-12	967	855	142
October-12	984	809	263
November-12	977	917	227
December-12	979	922	348
January-13	1,018	941	713
February-13	1,040	943	292
March-13	1,053	947	284
<b>TOTAL</b>			<b>4,523</b>

**viii. Stock performance in comparison to BSE Sensex from April 2010 to March 2013**



Note: Comparison is made by anchoring the share price and sensex at a base value of 100 as on 01 April 2010. The movements in the BSE Sensex and the Company's share price have been displayed in the graph with reference to that base.

**ix. Unpaid/Unclaimed Dividend**

In terms of Sections 205A and 205C of the Companies Act, 1956, the Company is required to transfer the amount of dividend remaining unclaimed for a period of seven years from the date of transfer to the unpaid dividend account to the Investor Education and Protection Fund (IEPF). Amounts of unclaimed dividend as on 31 March 2013 and the due dates for transfer to IEPF are:

Financial year	Amount (Rs million)	Due date for transfer to IEPF
2005-06	2.3	<b>25-Jul-2013</b>
2006-07	9.8	<b>18-Jul-2014</b>
2007-08	3.2	<b>16-Jul-2015</b>
2008-09	6.8	<b>15-Jul-2016</b>
2009-10	7.9	<b>21-Jul-2017</b>
2010-11	9.6	<b>21-Jul-2018</b>
2011-12	13.9	<b>8-Aug-2019</b>

**x. Registrar and Share Transfer Agent**

M/s C B Management Services (P) Ltd  
P-22, Bondel Road, Kolkata 700 019

**xi. Share transfer system**

All requests for share transfers are processed and approved by the Seal and Share Transfer Committee, which normally meets once in every 10 days. Share transfers are registered and returned within 15 days from the date of lodgement of complete documents.

## xii. Distribution of shareholding as on 31 March 2013

Range (No. of shares)	No. of shareholders	No. of shares (000's)	% to total issued capital
1-50	24,534	466	1.0
51-500	13,517	1,889	4.0
501-5,000	1,145	1,238	2.6
5,001-50,000	56	915	2.0
50,001-1,000,000	24	7,272	15.6
1,000,001 & above	5	34,882	74.8
<b>Total</b>	<b>39,281</b>	<b>46,660</b>	<b>100.0</b>

## Shareholding Pattern as on 31 March 2013

Category of shareholders	No. of shares ('000)	%
<b>(A) Promoter and Promoter Group</b>	<b>34,044</b>	<b>73.0</b>
<b>(B) Public shareholding</b>		
(a) Mutual funds	2,192	4.7
(b) Insurance companies	2,484	5.3
(c) Foreign institutional investors	1,161	2.5
(d) Bodies corporate	3,131	6.7
(e) Individuals/others	3,648	7.8
<b>Total public shareholding</b>	<b>12,616</b>	<b>27.0</b>
<b>Total (A) + (B)</b>	<b>46,660</b>	<b>100.0</b>

## xiii. Dematerialisation of shares and liquidity

The Company's equity shares have been notified for trading only in demat form with effect from 17 January, 2000. As of 31 March 2013, 73.59% of the Company's equity shares involving 34.34 million shares have been dematerialised (No. of Demat accounts: 18,517). The Company entered into necessary agreements with NSDL & CDSL to enable smooth operation of demat mode of shareholding.

None issued/outstanding

## xiv. Outstanding GDRs/ADRs/warrants or any convertible instruments, conversion date and likely impact on equity

### xv. Plant locations

The Company's plants are located at:

<b>Coatings</b>	1. Plot No 62 P, Hoskote Industrial Area, Pilgumpa, Village Hoskote Taluk, Bangalore, Karnataka 562 114	2. Plot No. A-42, Phase-VIII B, Focal Point, SAS Nagar, Mohali, Punjab 160 059
	3. Hyderabad Works, Balanagar, Hyderabad, Andhra Pradesh 500 037	4. Plot No.1/1, TTC. Indl. Area, Thane Belapur Road, Koparkhairne, Navi Mumbai, Maharashtra 400 709
<b>Chemicals</b>	5. Plot No. GAE-1 (Part), & GAF-1 & GAF-2, Industrial Area, Ghirongi (Malanpur), Bhind, Madhya Pradesh 477 117 (Construction in progress)	
	Plot No. E-19/20, MIDC Area, Mahad, Raigad, Maharashtra 402 301	

### xvi. Address for correspondence

Shareholders' correspondence may be addressed to:

1. C B Management Services (P) Ltd,  
P-22, Bondel Road, Kolkata 700 019  
Email: rta@cbmsl.com
2. The Company Secretary  
Akzo Nobel India Ltd  
DLF Cyber Terraces  
Building No 5, Tower A, 20th Floor  
Cyber City, DLF Phase III  
Gurgaon 122 002, Haryana  
Email: investor.india@akzonobel.com

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

<b>Description</b>	<b>Status as on 31 March 2013</b>
i. a) Non Executive Chairman's office and expenses	The Non Executive Chairman is reimbursed the cost of maintaining his office at Mumbai. In addition, expenses incurred by him in the performance of his official duties are borne by the Company.
b) Tenure of Independent Directors	None of the Independent Directors on the Company's Board have served for more than 9 years reckoned from 1 January 2006, when the non-mandatory provision regarding tenure of Independent Directors was introduced in Clause 49. However, taking into account the tenure as a Director of the Company prior to the above date, Mr R Gopalakrishnan and Ms R S Karnad have been Independent Directors of the Company for over 9 years and continue to serve on the Board in that capacity.
ii. Remuneration Committee	Refer para 4 above.
iii. Sending of half-yearly declaration of financial performance including summary of the significant events during the past six months to each household of shareholders	As the Company's quarterly results are published in leading newspapers and major developments are covered in the press releases (which are also posted on the Company's website), sending the half-yearly financial results to the shareholders is not considered necessary.
iv. Audit qualifications	There is no audit qualification in the current year.
v. Training of Board members in the business model of the Company etc.	The Wholetime Directors are covered by the Company's training programmes for its employees. The NEDs are briefed about business operations from time to time and during discussions at Board meetings.
vi. Mechanism for evaluating NEDs	The NEDs' contribution to the Company is mainly in the areas of general management and corporate governance. They also serve as a sounding board for the operating strategies of the Company, besides bringing in an external perspective to the Company's growth plans. The NEDs are therefore remunerated in the form of sitting fees for participating in the Board and Committee meetings and a Commission as a token of recognition of their contribution, with the approval of the Board.
vii. Whistle Blower Policy	Refer para 7(vii) above.

### 11. Certification by the auditors

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

Gurgaon  
20 May 2013

On behalf of the Board  
**N Kaviratne CBE**  
Chairman

# Declaration by the CEO

## **Code of Conduct:**

### **Declaration under Clause 49 (I) (D)**

This is to certify that:

1. In pursuance of the provisions of Clause 49(I) (D) of the Listing Agreement, a Code of Conduct for the Company has been approved by the Board.
2. The said Code of Conduct has been published on the website of the Company and has also been circulated to the Board members and all the employees of the Company.
3. All Board members and senior management personnel have affirmed compliance with the said Code of Conduct, for the year ended 31 March 2013.

Gurgaon  
20 May 2013

**A Jain**  
Managing Director

# Auditors' certificate

On compliance with the conditions of corporate governance under Clause 49 of the Listing Agreement

## **To the members of Akzo Nobel India Limited**

We have examined the compliance of conditions of Corporate Governance by Akzo Nobel India Limited ('the Company') for the year ended 31 March 2013, as stipulated in Clause 49 of the Listing Agreement of the Company with the stock exchanges.

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

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

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

**For B S R & Associates**

*Chartered Accountants*

Firm Registration No: 116231W

**Kaushal Kishore**

*Partner*

Membership No: 90075

Gurgaon  
20 May 2013





# Independent Auditors' Report

To the Members of  
Akzo Nobel India Limited

## **1. Report on the Financial Statements**

We have audited the accompanying financial statements of Akzo Nobel India Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2013 and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

## **2. Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## **3. Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### 4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### 5. Report on Other Legal and Regulatory Requirements

i. 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 Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

ii. As required by section 227(3) of the Act, 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 purpose 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956; and

e. on the basis of written representations received from the directors as on 31 March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For B S R & Associates**

*Chartered Accountants*

Firm registration number: 116231W

**Kaushal Kishore**

*Partner*

Membership No.: 090075

Gurgaon  
20 May 2013

Annexure referred to in para 5 of the Independent Auditors' Report to the Members of Akzo Nobel India Limited on the financial statement for the year ended 31 March 2013.

- (i) (a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets are physically verified by the management in accordance with a phased programme designed to cover all items of fixed assets over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and nature of its fixed assets. In accordance with this programme, certain categories of fixed assets at certain locations have been physically verified by the management during the year and no material discrepancies were noticed on such verification, which have been properly dealt with in the books of account.
- (c) The Company did not dispose off any substantial part of its fixed assets during the current year. Accordingly, paragraph 4(i)(c) of the order is not applicable.
- (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 inventories 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 2013 has been evidenced based on confirmations or statements of account received in most cases. In our opinion, the frequency of physical verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of inventories, we are of the opinion that the Company is maintaining proper records of inventories. The discrepancies noticed on physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of account.
- (iii) According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii)(b) to (g) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and rendering of 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 major weaknesses in the aforesaid internal control system.

- (v) (a) According to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) According to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956, and exceeding Rs 5 lacs in respect of any party during the year, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year within the meaning of Sections 58A and 58AA or other relevant provisions of the Companies Act, 1956 and the rules framed thereunder.
- (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 to the extent applicable 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 to the extent applicable, were in arrears as at 31 March 2013 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:

(Amounts in Rs million)

Name of the Statute	Nature of the dues	Amounts involved*#	Amounts paid under protest	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax	1,048	957	1994-95 to 1997-98, 1999-00 to 2008-09 (Assessment years)	Income Tax Appellate Tribunal/Commissioner of Income Tax (Appeals)/Calcutta High Court/Bombay High Court
Finance Act, 1994	Service tax	2	-	2004-05, 2005-06, 2007-08 and 2009-10	Commissioner of Central Excise (Appeals) Large Tax Payers Unit/ Central Excise and Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise duty	94	-	1991-92 to 1996-97, 1998-99, 2000-01 to 2002-03, 2004-05 to 2009-10	Customs, Excise and Service Tax Appellate Tribunal/Joint Commissioner Large Tax Payers Unit/Commissioner of Central Excise (Appeals)
Central Sales Tax, 1956	Sales tax	204	14	1982-83 to 1994-95, 1996-97 to 1999-00, 2002-03 to 2007-08	Sales Tax Officer/Sales Tax Revision Board/Deputy Commissioner/ Deputy Commissioner (Appeals)/Appellate Tribunal
Uttar Pradesh Trade Tax Act, 1948	Sales tax/VAT	38	4	1976-77, 1979-80, 1980-81, 1986-87 to 1989-90, 1992-93, 2000-01, 2003-04, 2005-06 to 2009-10.	Sales Tax Officer/Sales Tax Revision Board/Deputy Commissioner/ Deputy Commissioner (Appeals)/ Additional Commissioner/ Additional Commissioner (Appeals)/Appellate Tribunal/High Courts/Senior Joint Commissioner Sales Tax, Corporate Division/ Commercial Tax Officer
Rajasthan Sales Tax Act, 1994	Sales tax/VAT	2	-	1998-99	
Delhi Sales Tax, Act 1975	Sales tax/VAT	8	-	1983-84, 1985-86 to 1987-88, 1989-1990, 2002-03 to 2004-05	
The Madhya Pradesh General Sales Tax Act, 1958	Sales tax/VAT	32	7	2003-04 to 2005-06	
Maharashtra Value Added Tax Act 2005	Sales tax/VAT	71	-	2004-05, 2008-09	
West Bengal Sales Tax Act, 1994	Sales tax/VAT	9	-	2004-05	
West Bengal Value Added Tax Act, 2003	Sales tax/VAT	67	-	2008-09	
Bihar Sales Tax Act, 1959	Sales tax/VAT	31	5	1992-93 to 1999-00, 2004-05	
The Kerala General Sales Tax Act, 1963	Sales tax/VAT	3	-	2002-03, 2005-06, 2006-07, 2008-09	
Kerala Value Added Tax Rules, 2005	Sales tax/VAT	4	-	2006-07 to 2010-11	
Andhra Pradesh Value Added Tax Act, 2005	Sales tax/VAT	8	-	2008-09	
Orissa Sales Tax Act, 1947	Sales tax/VAT	17	17	1995-96 to 1999-00	
Tamil Nadu Value Added Tax Act, 2006	Sales Tax/VAT	1	1	2012-13	
Karnataka Value Added Tax Act, 2003	Sales tax/VAT	1	-	2012-13	

\*Including disputed dues aggregating Rs 36 million in respect of sales tax disputes, which have been stayed by the respective authorities.

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

- (x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the financial year and in the immediately preceding financial year.
- (xi) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers. The Company did not have any outstanding dues to any financial institutions or debenture-holders during the year.
- (xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) According to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions during the year.
- (xvi) According to the information and explanations given to us, the Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investments.
- (xviii) The Company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) According to the information and explanations given to us, the Company noticed certain forged documents allegedly authorising a third party to transfer title in an immovable property of the Company. The above property is owned by the Company and carried in the books at an insignificant value. The Company has taken remedial steps by informing the related land registration authorities and is further investigating into

the matter. The Company does not expect any adverse effect on the financial statements in this regard. Based on the audit procedures performed and according to the information and explanations given to us, no other fraud on or by the Company has been noticed or reported during the year.

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

Gurgaon  
20 May 2013

**Kaushal Kishore**  
Partner  
Membership No: 090075

# Balance Sheet

(Amounts in Rupees million, unless stated otherwise)

	Note No.	As at 31 March 2013		As at 31 March 2012	
<b>Equity And Liabilities</b>					
<b>Shareholders' funds</b>					
(a) Share capital	3.1	467		368	
(b) Share capital pending allotment (Refer to Note 2)		-		111	
(c) Reserves and surplus	3.2	10,586	11,053	13,931	14,410
<b>Non-current liabilities</b>					
(a) Deferred tax liabilities (net)	3.3	47		26	
(b) Other long-term liabilities	3.4	190		191	
(c) Long term provisions	3.5	618	855	629	846
<b>Current liabilities</b>					
(a) Trade payables	3.6	4,785		4,161	
(b) Other current liabilities	3.7	1,171		906	
(c) Short-term provisions	3.5	5,188	11,144	1,757	6,824
			23,052		22,080
<b>Assets</b>					
<b>Non-current assets</b>					
(a) Fixed assets	3.8				
(i) Tangible assets		3,548		3,563	
(ii) Capital work-in-progress		1,057	4,605	148	3,711
(b) Non-current investments	3.9		2,700		850
(c) Long term loans and advances	3.10		901		1,188
(d) Other non-current assets	3.11		16		4
<b>Current assets</b>					
(a) Current investments	3.12	6,772		9,185	
(b) Inventories	3.13	3,149		3,334	
(c) Trade receivables	3.14	2,516		2,260	
(d) Cash and bank balances	3.15	857		739	
(e) Short-term loans and advances	3.16	1,291		543	
(f) Other current assets	3.17	245	14,830	266	16,327
			23,052		22,080

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

As per our report attached.

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

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

**Kaushal Kishore**  
Partner  
Membership No. 090075

**N Kaviratne CBE**  
Chairman  
DIN No. 00032473

**A Jain**  
Managing Director  
DIN No. 01770475

**P S Basu**  
Wholetime Director  
DIN No. 01855577

**R Guha**  
Company Secretary

20 May 2013  
Gurgaon

# Statement of Profit & Loss

(Amounts in Rupees million, unless stated otherwise)

	Note No.	As at 31 March 2013	As at 31 March 2012
<b>Revenue from operations</b>	4.1		
Sale of products (gross)		24,209	21,170
Less: Excise duty		(2,412)	(1,745)
<b>Net sales</b>		<b>21,797</b>	19,425
Service Income		332	260
Other operating income		191	193
		<b>22,320</b>	19,878
Other income	4.2	1,381	1,123
<b>Total revenue</b>		<b>23,701</b>	21,001
<b>Expenses</b>			
Cost of materials consumed	4.3	10,845	10,126
Purchase of stock-in-trade	4.4	1,990	1,868
Changes in inventories of finished products, work-in-progress and stock-in-trade	4.5	120	(604)
Employee benefits expense	4.6	1,753	1,473
Finance costs	4.7	89	39
Depreciation and amortisation expense (Net of transfer from revaluation reserve)	3.8	386	366
Other expenses	4.8	5,727	5,269
<b>Total expenses</b>		<b>20,910</b>	18,537
<b>Profit before tax</b>		<b>2,791</b>	2,464
Tax expense:			
Current tax		572	498
Less: MAT credit entitlement		-	(65)
Net current tax		572	433
Deferred tax charge/(credit)		21	13
Provision for earlier years		10	-
		<b>603</b>	446
<b>Profit for the year</b>		<b>2,188</b>	2,018
<b>Earnings per equity share—basic and diluted (in Rs) [Face value of Rs. 10 each]</b>	5.4	<b>46.49</b>	42.08

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

As per our report attached.

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

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

**Kaushal Kishore**  
Partner  
Membership No. 090075

**N Kaviratne CBE**  
Chairman  
DIN No. 00032473

**A Jain**  
Managing Director  
DIN No. 01770475

**P S Basu**  
Wholtime Director  
DIN No. 01855577

**R Guha**  
Company Secretary

20 May 2013  
Gurgaon

# Cash Flow Statement

(Amounts in Rupees million, unless stated otherwise)

	For the year ended 31 March 2013	For the year ended 31 March 2012
<b>(A) Cash flow from operating activities</b>		
Profit before exceptional items and tax	2,791	2,464
Adjusted for:		
Depreciation and amortisation	386	366
Loss on write-off of fixed assets	-	4
Provisions/liabilities no longer required written back	(12)	(27)
Profit on disposal of fixed assets (net)	-	(1)
Provision for doubtful debts and advances	23	45
Accrued interest on long term investments (bonds)	(36)	(34)
Gains on redemption of long term investments	(881)	(874)
Gains on redemption of other investments	(151)	(35)
Dividend income from other investments	(3)	(24)
Interest income on income tax refunds	(279)	(89)
Interest expense	89	39
	<b>(864)</b>	<b>(630)</b>
<b>Operating profit before working capital changes</b>	<b>1,927</b>	<b>1,834</b>
Changes in:		
(Decrease)/increase in current and non current liabilities and provisions	733	926
Decrease/(increase) in inventories	185	(856)
Decrease/(increase) in trade receivables	(269)	(274)
(Increase)/decrease in loans and advances and other current and non current assets	(135)	87
	<b>514</b>	<b>(117)</b>
<b>Cash generated from operations</b>	<b>2,441</b>	<b>1,717</b>
Income tax paid (net)	(361)	(346)
<b>Net cash flow from operating activities (A)</b>	<b>2,080</b>	<b>1,371</b>
<b>(B) Cash flow from investing activities</b>		
Purchase of fixed assets	(1,261)	(1,328)
Sale of businesses	-	(38)
Payments relating to divested businesses	(1)	(3)
Investments in long term investments	(5,200)	(8,400)
Investment in other investments	(3,422)	(685)
Redemption of long term investments	9,331	9,823
Income from other investments	889	24
Fixed deposits held as margin money	(5)	(11)
<b>Net cash flow from investing activities (B)</b>	<b>331</b>	<b>(618)</b>

Cash Flow (contd.)

(Amounts in Rupees million, unless stated otherwise)

	For the year ended 31 March 2013	For the year ended 31 March 2012
<b>(C) Cash flow from financing activities</b>		
Buyback of shares	(1,209)	-
Short term borrowings taken	-	250
Short term borrowings repaid	-	(250)
Interest on income tax refund	-	89
Dividend paid	(933)	(663)
Tax on dividend	(152)	(108)
Interest paid	(15)	(40)
<b>Net cash flow from financing activities (C)</b>	<b>(2,309)</b>	<b>(722)</b>
<b>Net changes in cash and cash equivalents (A+B+C)</b>	<b>102</b>	<b>31</b>
Cash and cash equivalents—opening balance	685	303
Cash and cash equivalents taken over on amalgamation (Refer to Note 2)	-	351
Cash and cash equivalents—closing balance	787	685
<b>Cash and cash equivalents comprise:</b>		
Bank balances in current accounts	659	505
Cheques in hand	8	-
Fixed deposits (Refer to Footnote 2)	120	180
	<b>787</b>	<b>685</b>

Footnotes:

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

2 Fixed Deposits held as margin money and bank balances in unclaimed dividend accounts have not been considered as cash and cash equivalents and previous year figures have been regrouped to that extent.

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

As per our report attached.

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

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

**Kaushal Kishore**  
Partner  
Membership No. 090075

**N Kaviratne CBE**  
Chairman  
DIN No. 00032473

**A Jain**  
Managing Director  
DIN No. 01770475

**P S Basu**  
Wholetime Director  
DIN No. 01855577

**R Guha**  
Company Secretary

20 May 2013  
Gurgaon





# Notes to the accounts

(Amounts in Rs million, unless stated otherwise)

## Note 1: Significant accounting policies

### Basis of preparation of financial statements

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

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule VI to the Companies Act, 1956. Based on the nature of activities and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle within a period of twelve months for the purpose of current/non-current classification of its assets and liabilities.

### Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India (GAAP) requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements and the results of operations during the year. Differences between actual results and estimates are recognised in the year in which the results are known or materialised. Examples of such estimates are estimated useful life of assets, provision for doubtful debts, classification of assets/liabilities as current or non-current, etc. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

### Fixed assets/depreciation

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

Depreciation is provided on the straight-line method over the useful life of fixed assets as estimated by the Management. The rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956 are considered as the minimum rates. If the Management's estimate of the useful life of the asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review, is shorter than that envisaged in the aforesaid schedule, depreciation is provided at a higher rate based on Management's estimate of the useful life/remaining useful life. Pursuant to this policy, depreciation on assets at certain locations/types of assets has been provided at the rates based on the following estimated useful lives of fixed assets:

Asset Category	Estimated useful life (in years)
Buildings	25 to 33*
Plant and Machinery	7 to 13*
Plant and Machinery under operating lease	6
Laboratory equipment	10 to 13*
Office equipment	10
Furniture and Fixture (at stores)	3
Furniture and Fixture (others)	10
Computers	3 to 6*
Vehicles	4
Trucks	7

\*For different locations/type of 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.

Additional charge of depreciation on amount added on revaluation is adjusted against revaluation reserve.

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

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated as higher of its net selling price and value in use. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Profit and Loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, had no impairment loss been recognised.

### Revenue recognition

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

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

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

Dividend or other income from mutual fund investments is recognised on declaration of dividend or on redemption, as the case may be.

#### Investments

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

Current investments are stated at lower of cost and fair value.

#### Current assets

##### (a) Inventories

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

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

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

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

#### 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.

The Company enters into forward contracts to hedge the foreign currency risk associated with monetary foreign currency liabilities. The premium on the forward contracts is amortised over the period of the contract. Any profit or loss arising on the cancellation or renewal of such forward exchange contract is recognised as income or expense for the period. Exchange differences on such forward contracts are recognised in the Statement of profit and loss in the reporting period in which the exchange rates change.

#### 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 Statement of profit and loss 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 Statement of profit and loss in the period in which the employee renders the related service.

##### b) Post-employment benefits

###### *Defined contribution plans*

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

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

*Defined benefit plans*

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

**c) Other long term employee benefits**

Entitlements to annual leave and sick leave and long term service awards are recognised when they accrue to employees. All leave entitlements can be encashed only at the time of retirement/termination of employment or may be availed during the term of employment, subject to a restriction on the maximum number of accumulation of leave entitlement days. The Company determines the liability for long term employee benefits on the basis of actuarial valuation as at the year end.

**Research and development**

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

**Earnings per share**

The Company reports basic and diluted earnings per equity share in accordance with Accounting Standard 20, Earnings per share, notified by the Companies (Accounting Standards) Rules, 2006. The basic and dilutive earnings per share are computed by dividing the net profit attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the period/year. Dilutive earnings per share is computed and disclosed after adjusting the effects of all dilutive potential equity shares, if any, except when the results will be anti-dilutive.

**Borrowing costs**

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

**Taxation**

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

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

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

The credits arising from Minimum Alternate Tax (MAT) paid are recognised as receivable only if there is convincing evidence that the Company will have sufficient taxable income in future years in order to utilise such credits.

**Provisions and contingent liabilities**

The Company recognises a provision when there is a present obligation as a result of a past event and it is more likely than not that there will be an outflow of resources embodying economic benefits to settle such obligations and the amount of such obligation can be reliably estimated. Provisions are not discounted to their present values and are determined based on the management's estimation of the outflow required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect current management estimates.

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

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

**Note 2: Scheme of Amalgamation**

- (a) A Scheme of Amalgamation of Akzo Nobel Car Refinishes India Private Limited (AN Car); Akzo Nobel Chemicals (India) Limited (AN Chemicals); Akzo Nobel Coatings India Private Limited (AN Coatings) (collectively referred to as "Transferor companies"); and Akzo Nobel India Limited (the Company) and their respective shareholders, under sections 391 to 394 of the Companies Act, 1956 ("the Scheme") was approved by the shareholders of the respective companies and sanctioned by the Honourable High Court of Karnataka (vide its Orders dated 18 April 2012), Calcutta (vide its Order dated 24 April 2012) and Bombay (vide its Order dated 11 May 2012).
- (b) The Scheme became effective on 18 May 2012 ("Effective Date") on filing of the last of the certified copies of the Orders with the Registrar of Companies. The Appointed Date from which the Scheme became operative was 1 April 2011 (the "Appointed Date").
- (c) AN Car was engaged in the business of marketing in automotive paints and related research and development. AN Chemicals was engaged in the business of manufacturing of chemicals. AN Coatings was engaged in the business of manufacturing and marketing industrial paints.
- (d) Consequent to the Scheme becoming effective from the Appointed Date, the entire business and undertakings of the Transferor companies, including all assets, debts, liabilities, duties and obligations have, without further act, instrument or deed, but subject to the charges affecting the same as on the Effective Date, been transferred and vested in the Company. On the Scheme becoming effective, all staff, workmen and employees of the Transferor companies in service on the Effective Date, were deemed to have become staff, workmen and employees of the Company.
- (e) During the period from the Appointed Date to the Effective Date, the Transferor Companies were deemed to have carried on their respective business and activities for and on account of and in trust for the Company. Accordingly, the revenue from operations and profit before tax of the Transferor Companies for the year ended 31 March 2012 and included in the financial statements of that year, amounted to Rs 6,250 million and Rs 241 million respectively.
- (f) Upon the Scheme becoming effective and in consideration for the amalgamation of the Transferor Companies, the Company has issued and allotted equity shares, credited as fully paid-up, to the extent indicated below, to the members of the Transferor Companies in the following proportion:
- 403 fully paid-up equity shares of Rs 10 each of the Company for every 100 fully paid-up equity shares of Rs 1,000 each held in AN Car;
  - 51 fully paid-up equity shares of Rs 10 each of the Company for every 100 fully paid-up equity shares of Rs 10 each held in AN Chemicals; and
  - 970 fully paid-up equity shares of Rs 10 each of the Company for every 100 fully paid-up equity shares of Rs 10 each held in AN Coatings.
- (g) In terms of the Scheme, the authorised share capital of the Company increased to Rs 1,266.90 million divided into 126,690,000 equity shares of Rs 10 each, without any further act, instrument or deed on the part of the Company, including payment of stamp duty and fees payable to Registrar of Companies.
- The new equity shares issued rank *pari passu* with the existing equity shares of the Company. In accordance with the above, 11,125,983 equity shares of Rs 10 each have been issued during the year, which in the previous year were shown as "Share capital pending allotment" in the Balance Sheet. The record date for issue of shares as above to the shareholders of the Transferor Companies was determined as 18 May 2012.

(h) In terms of the Scheme, the Company, during the previous year, accounted for the amalgamation based on the 'Pooling of Interest' method as under:

- All the assets and liabilities recorded in the books of the Transferor Companies were recorded by the Company at their respective book values; the amount of inter-company balances were cancelled.
- The identity of the reserves of the Transferor Companies as on the Appointed Date, if any, were preserved and they appeared in the financial statements of the Company in the same form and manner, in which they appeared in the Financial Statements of the Transferor Companies; and
- The surplus arising between the aggregate values of assets of the Transferor Companies acquired, net off the aggregate of the liabilities of the Transferor Companies acquired together with the share capital issued, and reserves of the Transferor Companies recorded by the Company ( i.e. the difference between the amount recorded as share capital issued and the amount of share capital of the Transferor Companies), were adjusted to the Capital Reserve Account of the Company during the previous year as under:

Particulars	AN Car	AN Chemicals	AN Coatings	Total
Fixed assets (net, including work-in-progress)	159	74	954	1,187
Deferred tax assets	-	5	23	28
Investments	-	-	14	14
Inter corporate advance*	-	1,010	-	1,010
Other assets	667	464	2,035	3,166
Less:				
Inter corporate loan*	460	-	660	1,120
Other liabilities	283	153	1,258	1,694
<b>Net assets taken over (A)</b>	<b>83</b>	<b>1,400</b>	<b>1,108</b>	<b>2,591</b>
Reserves and surplus recorded				
General reserve	-	158	-	158
Capital reserve	-	3	-	3
Balance in the Statement of Profit and Loss	(215)	1,190	1,100	2,075
<b>Total reserves and surplus (B)</b>	<b>(215)</b>	<b>1,351</b>	<b>1,100</b>	<b>2,236</b>
<b>Equity shares issued/to be issued</b>				
Number of shares (numbers)	1,200,091	2,499,038	7,426,854	11,125,983
Share capital (Rs million) (C)	<b>12</b>	<b>25</b>	<b>74</b>	<b>111</b>
<b>Transferred/adjusted in capital reserve (A-B-C)</b>	<b>286</b>	<b>24</b>	<b>(66)</b>	<b>244</b>

\*set off against each other on amalgamation.

**Note 3.1: Share capital**

	As at 31 March 2013	As at 31 March 2012
<b>Authorised</b>		
126,690,000 equity shares of Rs 10 each (2011-12: 126,690,000 equity shares of Rs 10 each) (Refer to Note 2)	<b>1,267</b>	1,267
Issued, subscribed and fully paid up		
46,660,314 equity shares of Rs 10 each fully paid up (2011-12: 36,834,331 equity shares)	<b>467</b>	368

Footnotes:

- (i) In 2011-12, 21,967,544 shares were held by Imperial Chemical Industries Limited England, the holding company. Imperial Chemical Industries Limited England ceased to be the holding company with effect from 4 June 2012 on allotment of new shares as per the scheme of merger (Refer to Note 2). The ultimate holding Company is Akzo Nobel N.V., Netherlands which does not hold any shares directly in the Company.
- (ii) Reconciliation of equity shares outstanding at the beginning and at the end of the year:

	31 March 2013		31 March 2012	
	Numbers	Amount (Rupees)	Numbers	Amount (Rupees)
Opening balance	36,834,331	368,343,310	36,834,331	368,343,310
Add: Shares allotted on amalgamation	11,125,983	111,259,830	-	-
Less: Buy back of shares	(1,300,000)	(13,000,000)	-	-
	<b>46,660,314</b>	<b>466,603,140</b>	36,834,331	368,343,310

In the previous year, 11,125,983 shares of Rs 10 each were to be allotted in accordance with the scheme of amalgamation (Refer to Note 2), and pending such allotment were disclosed as 'Share capital pending allotment' in the balance sheet.

- (iii) During the year, 1,300,000 equity shares (2011-12: nil) were bought back at a consideration of Rs 1,209 million (including related expenses of Rs 13 million), in terms of the shares buy back scheme open between 2 July to 13 July 2012. This has been accounted as below:
- The nominal value of shares bought back, i.e., Rs 13 million, 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 provision of the Companies Act, 1956.
  - The difference aggregating to Rs 1,196 million between the consideration paid and the nominal value of shares has been adjusted against the General Reserve.

All shares bought back were extinguished during the year. The Promoter Group has further acquired 1.01 million shares in the Company on 31 July 2012. As a result of the above share buyback and their extinguishment and also of further acquisition of shares by the Promoter Group, its share holding in the company has gone up from 68.88% to 72.96%.

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

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

Shareholders	As at 31 March 2013		As at 31 March 2012	
	No. of shares	% of shares held	No. of shares	% of shares held
Imperial Chemical Industries Limited, England	22,977,544	49.24%	21,967,544	59.64%
Akzo Nobel Coatings International B.V., The Netherlands	8,626,648	18.49%	-	-
Akzo Nobel Chemicals International B.V., The Netherlands	2,439,847	5.23%	-	-
Asian Paints Limited	-	-	2,010,626	5.46%

(vi) Number of equity shares of Rs 10 each bought back in the five years immediately preceding the Balance Sheet date, aggregates to 5,336,281 (2011-12: 4,036,281)

**Note 3.2: Reserves and surplus**

	As at 31 March 2013	As at 31 March 2012
<b>Capital reserve</b>		
Opening balance	486	239
Add: Acquired on amalgamation (Refer to Note 2)	-	247
<b>Closing balance</b>	486	486
<b>Capital redemption reserve</b>		
Opening balance	40	40
Add: Due to buy back of shares (Refer to Footnote (iii) to Note 3.1)	13	-
<b>Closing balance</b>	53	40
<b>Revaluation reserve</b>		
Opening balance	15	15
Less: Adjustment on account of depreciation on revalued assets (Refer to Footnote 1)	-	-
<b>Closing balance</b>	15	15
<b>General reserve</b>		
Opening balance	5,176	3,978
Add: Acquired on amalgamation (Refer to Note 2)	-	158
Add: Amount transferred from surplus balance	1,050	1,040
Less: Buy back of shares (Refer to Footnote (iii) to Note 3.1)	(1,209)	-
<b>Closing balance</b>	5,017	5,176
<b>Surplus</b>		
Opening balance	8,214	6,276
Add: Acquired on amalgamation (Refer to Note 2)	-	2,075
Profit for the year	2,188	2,018
Less: Appropriations:		
Transferred to general reserve	(1,050)	(1,040)
Proposed dividend (Refer to Footnote 2)	(3,733)	(959)
Tax on dividend	(634)	(156)
Provision for dividend no longer required written back	26	-
Provision for dividend tax no longer required written back	4	-
<b>Closing balance</b>	5,015	8,214
<b>Total Reserves and Surplus</b>	10,586	13,931

Footnotes:

1. Adjustment against revaluation reserve of Rs 0.1 million (2011-12: Rs 0.1 million) in respect of depreciation on revalued assets.
2. Dividend proposed Rs 80 per share (2011-12: Rs 20 per share).

**Note 3.3: Deferred tax liability (net)**

	As at 31 March 2013	As at 31 March 2012
<b>Deferred tax liability on account of</b>		
Accelerated depreciation, etc.	305	272
Surplus payments to retirement trusts	36	32
	<b>341</b>	<b>304</b>
<b>Less: Deferred tax assets on account of</b>		
Provision for doubtful debts and advances	60	46
Leave encashment and retirement benefit provisions	159	151
Other provisions relating to divested businesses	54	55
Lease equalisation charge	4	2
Other expenditure deferred under the Income tax Act, 1961	17	24
	<b>294</b>	<b>278</b>
<b>Net deferred tax liability</b>	<b>47</b>	<b>26</b>

Footnote:

Previous year includes net deferred tax assets acquired on amalgamation Rs 28 million (Refer to Note 2).

**Note 3.4: Other long-term liabilities**

	As at 31 March 2013	As at 31 March 2012
Security deposits	179	184
Lease equalisation charge	11	6
Miscellaneous payables	-	1
	<b>190</b>	<b>191</b>

**Note 3.5: Provisions**

	Long term		Short term	
	As at 31 March 2013	As at 31 March 2012	As at 31 March 2013	As at 31 March 2012
Employee benefits	428	361	56	122
Income tax	-	-	498	327
Proposed dividend	-	-	3,733	959
Tax on proposed dividend	-	-	634	156
Indirect taxes*	-	-	155	155
Divested businesses*	179	235	67	18
Others*	11	33	45	20
	<b>618</b>	629	<b>5,188</b>	1,757

\*Footnotes:

(a) Details of provisions	Indirect taxes (Footnote b)	Divested businesses (Footnote c)	Others (Footnote d)
Balance as at 31 March 2012	155	253	53
Provision created during the year	-	-	3
Payments against provisions	-	(1)	-
Provision written back	-	(6)	-
Closing balance as on 31 March 2013	155	246	56

- (b) Provisions relating to indirect taxes are in respect of proceedings of various sales tax, excise duty, customs duty and other indirect tax cases, including those relating to divested businesses. Outflows in all these cases, including their timing and certainty, would depend on the developments/outcome in these cases, though, presently classified as short term due to uncertainty involved.
- (c) Provisions relating to divested businesses (other than any indirect tax cases relating to such businesses) are in respect of existing/anticipated costs arising from divestment of businesses (Catalyst, Explosives, Rubber Chemicals, Uniqema, Paints Advanced Refinish and Adhesive business) and subsidiaries (Quest International India Limited and Polyinks Limited). Outflows in these cases will depend upon settlement of demands/claims. These includes a provision of Rs 125 million (as on 31 March 2012: Rs 125 million) carried forward from 2002-03 in respect of continuing obligation of the Company towards probable land related liability on sale of Catalyst business.
- (d) Others relate to litigation matters in respect of sale of properties; demand for past arrears in respect of electricity; and provision for margin on expected sales returns.
- (e) The utilisation of the above provisions would depend on the resolution of the related issues, though classified as long term or short term, based on the management's best estimates and information presently available.

**Note 3.6: Trade payables**

	As at 31 March 2013	As at 31 March 2012
Acceptances	142	139
Payables to:		
• Micro, small and medium enterprises*	27	48
• Others	4,616	3,974
	<b>4,785</b>	4,161

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

(i) the principal amount due thereon remaining unpaid to any supplier as at the end of the accounting year	27	48
(ii) the interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) the amount of interest paid by the buyer under MSMED Act 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(iv) the amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act 2006 not paid)	-	-
(v) the amount of interest accrued and remaining unpaid at the end of the accounting year; and	-	-
(vi) the amount of further interest due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	-	-

**Note 3.7: Other current liabilities**

	As at 31 March 2013	As at 31 March 2012
Unpaid dividends#	54	43
Advance from Akzo Nobel International Chemicals B.V., Netherlands*	17	17
Statutory liabilities, including withholding taxes, provident fund and sales taxes	458	373
Payable on account of employees	177	125
Advances from customers	17	11
Security deposits from customers	23	28
Payables for purchase of fixed assets	156	7
Payable on account of forward contracts	220	255
Miscellaneous payables	49	47
	<b>1,171</b>	906

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

\*In a prior year, the erstwhile Akzo Nobel Car Refinishes India Private Limited (AN Car) (since amalgamated w.e.f. 1 April 2011) had received an interest free advance of Rs 17 million in the nature of share application money from a fellow subsidiary, under an assignment of dues by Akzo Nobel Coatings International B.V. (the non-resident holding company of AN Car). AN Car had not allotted the shares or refunded the amount till 31 March 2011. In the current year, an application has been made to the Foreign Investment Promotion Board (FIPB) for regularising the above transaction. The response of FIPB is awaited.

**Note 3.8: Fixed assets**

For the year ended 31 March 2013

Particulars	Gross block			Book value at cost or revalued amounts as at 31 March 2013	Depreciation			Net block	
	Book value at cost or revalued amounts as at 31 March 2012	Other additions at cost	Disposals/ adjustments		Up to 31 March 2012	Depreciation for the year	In respect of disposals/ adjustments	Up to 31 March 2013	As at 31 March 2013
Tangible assets									
Land (Refer to Footnote 1 below)									
- leasehold	126	-	(13)	<b>113</b>	5	1	-	<b>6</b>	<b>107</b>
- freehold	303	-	-	<b>303</b>	-	-	-	-	<b>303</b>
Buildings (Refer to Footnotes 1 and 2 below)	1,683	13	-	<b>1,696</b>	384	50	-	<b>434</b>	<b>1,262</b>
Plant and machinery -	2,855	160	30	<b>3,045</b>	1,695	150	1	<b>1,846</b>	<b>1,199</b>
Plant and machinery - given under operating lease (Refer to Note 5.11)	1,151	113	(9)	<b>1,255</b>	800	118	(9)	<b>909</b>	<b>346</b>
Motor vehicles, etc.	39	6	(2)	<b>43</b>	22	4	(2)	<b>24</b>	<b>19</b>
Furniture and fixtures	235	72	(35)	<b>272</b>	114	20	(5)	<b>129</b>	<b>143</b>
Office equipments	147	3	(12)	<b>138</b>	122	6	(11)	<b>117</b>	<b>21</b>
Leasehold improvement	95	1	-	<b>96</b>	14	10	-	<b>24</b>	<b>72</b>
Data processing equipment	340	17	(8)	<b>349</b>	255	27	(9)	<b>273</b>	<b>76</b>
	6,974	385	(49)	<b>7,310</b>	3,411	386	(35)	<b>3,762</b>	<b>3,548</b>
Capital work-in-progress	148	1,294	(385)	<b>1,057</b>					<b>1,057</b>

**Note 3.8: Fixed assets** (contd.)

For the year ended 31 March 2012

Particulars	Gross block				Book value at cost or revalued amounts as at 31 March 2012	Depreciation				Net block	
	Book value at cost or revalued amounts as at 31 March 2011	Additions on amalgamation (Refer to note 2)	Other additions at cost	Disposals/ adjustments		Up to 31 March 2012	Additions on amalgamation (Refer to Note 2)	Depreciation for the year	In respect of disposals/ adjustments	Up to 31 March 2012	As at 31 March 2012
Tangible assets											
Land (Refer to Footnote 1 below)											
- leasehold	9	10	107	-	126	4	1	-	-	5	121
- freehold	62	19	222	-	303	-	-	-	-	-	303
Buildings (Refer to Footnotes 1 and 2 below)	691	392	600	-	1,683	207	133	44	-	384	1,299
Plant and machinery -	1,496	778	586	(5)	2,855	1,076	483	141	(5)	1,695	1,160
Plant and machinery - given under operating lease (Refer to Note 5.11)	1,043	-	122	(14)	1,151	697	-	117	(14)	800	351
Motor vehicles, etc.	9	21	10	(1)	39	4	16	3	(1)	22	17
Furniture and fixtures	105	61	102	(33)	235	63	51	21	(21)	114	121
Office equipments	-	43	10	94	147	-	35	5	82	122	25
Leasehold improvement		7	88	-	95	-	3	11	-	14	81
Data processing equipment	334	50	47	(91)	340	279	38	24	(86)	255	85
	3,749	1,381	1,894	(50)	6,974	2,330	760	366	(45)	3,411	3,563
Capital work-in-progress (Refer to Footnote 3)	145	-	1,897	(1,894)	148						148

Footnotes:

- (1) Land and buildings at certain locations were revalued on 1 October 1982 based on a valuation carried out by an independent valuer.  
(2) Gross depreciation for the year includes depreciation of Rs 0.1 million (2010-11: Rs 0.1 million) on revalued assets charged against revaluation reserve.  
(3) The Company acquired capital work-in-progress amounting to Rs 568 million as at 1 April 2011 under the Scheme of Amalgamation (Refer to Note 2).  
(4) Title in immovable properties, taken over pursuant to the Scheme of Amalgamation (Refer to Note 2) is to be transferred in the name of the Company.

**Note 3.9: Non-current investments**

	Number as at 31 March 2013	Number as at 31 March 2012	Face Value Rs per unit	As at 31 March 2013	As at 31 March 2012
<b>Long-term investments (at cost)</b>					
<b>(i) Trade Investments</b>					
<b>Equity shares - unquoted</b>					
Adyar Property Holding Company Limited	105	105	100		
[Book value Rs 6,825 (2011-12: Rs 6,825); paid-up Rs 65 per share]					
<b>Debentures - unquoted</b>					
6.5% Bengal Chamber of Commerce and Industry	19	19	1,000		
[Book value Rs 19,000 (2011-12: Rs 19,000)]					
<b>(ii) Other investments Equity shares - unquoted</b>					
Kohinoor Mills Limited [Book value Rs 1,300 (2011-12: Rs 1,300)]	5	5	100		
Maneck-Chowk & Ahmedabad Manufacturing Co. Limited	144	144	250		
[Book Value Re 1 (2011-12: Re 1)]					
Woodlands Multispeciality Hospital Limited	10,810	10,810	10		
[Book value: Rs 28,002 (2011-12: Rs 28,002)]					
<b>Debentures - unquoted</b>					
6% Sholapur Spinning & Weaving Co. Limited (in Liquidation)	523	523	100		
[Book Value Re 1 (2011-12: Re 1)]					
<b>Non-convertible redeemable bonds (unsecured) - quoted</b>					
Rural Electrification Corporation Limited (zero coupon) (Refer to Footnote 2)	29,450	29,450	30,000	400	400

**Note 3.9: Non-current investments** (contd.)

	Number as at 31 March 2013	Number as at 31 March 2012	Face Value Rs per unit	As at 31 March 2013	As at 31 March 2012
<b>Investment in Fixed Maturity Plans of Mutual Funds - quoted (Footnote 3)</b>					
ICICI Prudential FMP Series 63 - 1 year Plan E Cumulative	-	45,000,000	10	-	450
<b>Invested during the year</b>					
Birla Sun Life Fixed Term Plan - Series GB 541 Days - Growth	15,000,000	-	10	150	-
DWS Fixed Maturity Plan - Series 23 - Direct Plan - Growth	20,000,000	-	10	200	-
HDFC FMP 526 D December 2012 (1) - Growth	10,000,000	-	10	100	-
JP Morgan India Fixed Maturity Plan Series 12- Direct - Growth	30,000,000	-	10	300	-
JP Morgan India Fixed Maturity Plan Series 13 - Direct - Growth	25,000,000	-	10	250	-
Kotak FMP Series 98 - Growth	25,000,000	-	10	250	-
LIC Nomura MF FMP Series 56 - 18 Months	20,000,000	-	10	200	-
L&T FMP - VII (February 419D A) Direct Plan Growth	10,000,000	-	10	100	-
UTI Fixed Term Income Fund Series XIV - VIII (371 days) - Direct Growth Plan	75,000,000	-	10	750	-
				<b>2,700</b>	850

## Footnotes:

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

	As at 31 March 2013		As at 31 March 2012	
	Aggregate book value	Market Value/Net Asset value	Aggregate book value	Market Value/Net Asset value
Quoted investments				
- Fixed Maturity Plans of Mutual Funds (Footnote 4)	2,300	2,329	450	450
- Others (Footnote 2)	400	467	400	418
	2,700	2,796	850	868

Book value of unquoted investments: Rs 55,129 (2011-12: Rs 55,129).

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

**Note 3.10: Long-term loans and advances** (Unsecured, considered good)

	As at 31 March 2013	As at 31 March 2012
Capital advances	212	83
Security deposits	126	106
MAT credit entitlement (Footnote1)	61	65
Income Tax (Footnote1)	114	583
Indirect taxes	27	-
Interest accrued on long-term investments (not due) (Non trade)	80	44
Retirement benefit trusts surplus	96	100
Advances to retirement benefit trusts	31	30
Advances to employees (Footnotes 2 and 3)	34	39
Advances to customers	119	134
Miscellaneous advances	1	4
	<b>901</b>	1,188

Footnotes:

1. Based on the Company's assessment and clarity as to the timings of set off, Income tax and MAT credit have been regrouped as long term loans and advances, as opposed to their classification as short term in the previous year. Only an amount of income tax aggregating Rs 628 million (previous year Rs nil) has been disclosed as short term since it was received in April 2013. Previous year figures have been regrouped to that extent.

2. Advances to employees include:

(a) Dues from a Director	*	1
(b) Dues from an officer	1	1

\*include Rs 0.2 million

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

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

	As at 31 March 2013	As at 31 March 2012
Other debts	-	-
Fixed deposits with maturity period of more than 12 months (Refer to Note 3.15)	16	4
	<b>16</b>	4

**Note 3.12: Current Investments**

	Number as at 31 March 2013	Number as at 31 March 2012	Face Value Rs per unit	As at 31 March 2013	As at 31 March 2012
<b>(i) Long-term investments (at cost) (Quoted) (Footnote 1)</b>					
<b>(with current maturities—fixed maturity plans of mutual funds)</b>					
<b>Matured during the year</b>					
Axis Fixed Term Plan - Series 14 (368 days) - Growth	-	5,000,000	10	-	50
Axis Fixed Term Plan - Series 16 (370 days) - Growth	-	20,000,000	10	-	200
Birla Sun Life Fixed Term Plan Series EI - Growth	-	30,000,000	10	-	300
Birla Sun Life Fixed Term Plan Series DY - Growth	-	10,000,000	10	-	100
Birla Sun Life Fixed Term Plan Series DD - Growth	-	25,000,000	10	-	250
DWS Fixed Term Fund - Series 80 - Growth	-	25,000,000	10	-	250
DWS Fixed Term Fund - Series 90 - Growth	-	25,000,000	10	-	250
DWS Fixed Term Fund - Series 92 - Growth	-	30,000,000	10	-	300
Fidelity FMP Series 6 - Plan C - Growth	-	15,000,000	10	-	150
HDFC FMP 370D May 2011 (1) Series XVIII - Growth	-	50,000,000	10	-	500
ICICI Prudential FMP Series-61 - 1 Year Plan A - Cumulative	-	30,000,000	10	-	300
ICICI Prudential Interval Fund Annual Interval Plan III - Cumulative	-	23,056,350	10	-	250
ICICI Prudential Interval Fund Annual Interval Plan I - Cumulative	-	49,965,024	10	-	500
IDBI FMP - 369 Days Series II (February 2012) - C - Growth	-	20,000,000	10	-	200
IDFC FMP - Yearly Series 52 - Growth	-	30,000,000	10	-	300
IDFC FMP - Yearly Series 54 - Growth	-	25,000,000	10	-	250
Kotak FMP Series 57 - Growth	-	25,000,000	10	-	250
Kotak FMP Series 52 - Growth	-	30,000,000	10	-	300
Reliance Fixed Horizon Fund - XIX - Series 4 - Growth	-	25,000,000	10	-	250
Religare FMP Series X Plan B (370 days) - Growth	-	15,000,000	10	-	150
Religare FMP Series X Plan F (371 days) - Growth	-	20,000,000	10	-	200
Religare Fixed Maturity Series VIII Plan A (368 days) - Growth	-	25,000,000	10	-	250
SBI Debt Fund Series -367 Days-19 - Growth	-	20,000,000	10	-	200
Sundaram Fixed Term Plan BN 366 days - Growth	-	10,000,000	10	-	100
TATA Fixed Maturity Plan Series 34 Scheme C - Growth	-	50,000,000	10	-	500
TATA Fixed Maturity Plan Series 36 Scheme C - Growth	-	25,000,000	10	-	250
TATA Fixed Maturity Plan Series 37 Scheme A - Growth	-	25,000,000	10	-	250
Taurus Fixed Maturity Plan 370 Days Series - G - Growth	-	10,000,000	10	-	100
UTI Fixed Term Income Fund Series XI - VII (366 days) - Growth	-	150,000,000	10	-	1,500

**Note 3.12: Current Investments (contd.)**

	Number as at 31 March 2013	Number as at 31 March 2012	Face Value Rs per unit	As at 31 March 2013	As at 31 March 2012
<b>Invested during the year</b>					
Birla Sun Life Interval Income Fund - Annual Plan 2 - Growth	30,000,000	-	10	300	-
DSP BlackRock FMP - Series 90 -12 M - Dir - Growth	20,000,000	-	10	200	-
DWS Fixed Maturity Plan - Series 27 Direct Plan - Growth	20,000,000	-	10	200	-
HDFC Annual Interval Fund Series 1 - Plan A- Direct - Growth	10,000,000	-	10	100	-
HDFC FMP 371 D August 2012 (1) - Growth	10,000,000	-	10	100	-
ICICI Prudential FMP Series-67 - 366 Days Plan B Direct Plan Cumulative	15,000,000	-	10	150	-
ICICI Prudential FMP Series-66 - 366 Days Plan H Direct Plan Cumulative	30,000,000	-	10	300	-
ICICI Prudential Interval Fund Annual Interval Plan I - Regular Plan - Growth	16,930,644	-	10	200	-
ICICI Prudential FMP Series 63 - 1 year Plan E Cumulative	45,000,000	-	10	450	-
IDBI FMP - 367 Days Series - III (February 2013) - A - Growth	25,000,000	-	10	250	-
IDFC Fixed Term Plan Series 12 Direct Plan - Growth	15,000,000	-	10	150	-
Kotak FMP Series 103 Direct - Growth	10,000,000	-	10	100	-
L&T FMP - VII (December 369D A) - Growth	15,000,000	-	10	150	-
Religare Fixed Maturity Plan - Series XVII - Plan E (369 Days) - Direct Plan	20,000,000	-	10	200	-
Religare Fixed Maturity Plan - Series XVI - Plan C (367 Days) - Growth	15,000,000	-	10	150	-
SBI Debt Fund Series -366 Days-1 - Growth	20,000,000	-	10	200	-
Sundaram Fixed Term Plan DG 366 Days Direct - Growth	15,000,000	-	10	150	-
				<b>3,350</b>	8,450
<b>(ii) Other investments (at the lower of cost and fair value)</b>					
<b>Liquid/Floater Schemes of Mutual Funds - quoted (Footnote 1)</b>					
<b>Invested during the year</b>					
DWS Ultra Short Term Fund - Regular Plan Bonus	3,632,053	3,632,053	10	35	35
<b>Redeemed during the year</b>					
Axis Liquid Fund - Institutional Growth	-	84,154	1000	-	100
Kotak Liquid (Institutional Premium) - Growth	-	4,597,997	10	-	100
SBI Premier Liquid Fund - Super Institutional - Growth	-	118,655	1,000	-	200

**Note 3.12: Current Investments (contd.)**

	Number as at 31 March 2013	Number as at 31 March 2012	Face Value Rs per unit	As at 31 March 2013	As at 31 March 2012
<b>Invested during the year</b>					
Axis Liquid Fund - Direct Plan - Growth (CFDG)	38,555	-	1,000	50	-
DWS Money Plus Fund - Regular Plan (Principal Units) - Bonus	8,314,073	-	10	81	-
DWS Insta Cash Plus Fund - Super Institutional Plan - Bonus	349,392	-	100	36	-
Kotak Floater Short Term - Direct Plan - Growth	157,482	-	1,000	301	-
SBI Premier Liquid Fund - Direct Plan - Growth	141,060	-	1,000	260	-
TATA Income Fund Plan A - Appreciation Option - Bonus	18,964,856	-	10	200	-
Templeton India Ultra Short Bond Fund Super Institutional Growth Plan	29,883,904	-	10	440	-
UTI-Liquid Cash Plan-Institutional - Direct Plan - Growth	338,231	-	1,000	650	-
				<b>2,053</b>	435
<b>Investment in Short Term Income Schemes of Mutual Funds - quoted (Footnote 1)</b>					
IDFC Money Manager Fund - Investment Plan Growth - (Regular plan)	15,033,434	15,033,434	10	250	250
<b>Redeemed during the year</b>					
Templeton India Income Opportunities Fund - Growth	-	4,862,678	10	-	50
<b>Invested during the year</b>					
Birla SunLife Short Term Fund - Growth	4,715,747	-	10	200	-
IDFC Super Saver Income Fund - Short Term Plan Growth	15,776,108	-	10	367	-
JP Morgan India Active Bond Fund Inst. Growth	24,768,170	-	10	250	-
Religare Bank Debt Fund - Direct Plan Growth	199,945	-	1,000	202	-
TATA Income Fund Plan A - Appreciation Option - Growth	2,945,534	-	10	100	-
				<b>1,369</b>	300
				<b>6,772</b>	9,185

## Footnotes:

1. Book and market value of investments:

	As at 31 March 2013		As at 31 March 2012	
	Aggregate Book Value	Market Value/ Net Asset Value	Aggregate Book Value	Market Value/ Net Asset Value
Quoted investments (Footnote 2)				
- Fixed Maturity Plans of Mutual Funds	3,350	3,449	8,450	9,282
- Liquid Schemes of Mutual Funds	2,053	2,090	435	438
- Short Term Income Schemes of Mutual Funds	1,369	1,428	300	308
	<b>6,772</b>	<b>6,967</b>	<b>9,185</b>	<b>10,028</b>

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

### Note 3.13: Inventories

(at the lower of cost and net realisable value)	As at 31 March 2013	As at 31 March 2012
Raw materials (Refer to Footnote 1)	1,019	1,091
Work-in-progress	97	65
Stores and spares parts	3	3
Finished products	1,647	1,800
Stock in trade (traded goods) (Refer to Footnote 1)	383	375
	<b>3,149</b>	<b>3,334</b>
Footnotes:		
1. Includes in-transit inventory:		
Raw materials	91	36
Stock in trade	94	92
2. Finished products are written down on account of net realisable value by Rs 6 million (previous year Rs 15 million).		
<b>Additional disclosures regarding inventories</b>		
<b>Work-in-progress</b>		
Titanium Dioxide	5	8
Pigments/Extenders/Tinters	21	11
Resins	33	18
Latex, Monomers	3	8
Others*	35	20
	<b>97</b>	<b>65</b>
<b>Finished products</b>		
Coatings	1,593	1,758
Others*	54	42
	<b>1,647</b>	<b>1,800</b>
<b>Stock in trade (traded goods)</b>		
Coatings	354	355
Others*	29	20
	<b>383</b>	<b>375</b>

\*Others do not include any individual items accounting for 10% or more in total value. Previous year figures for finished products have been reclassified to make them comparable to the current year classification.

### Note 3.14: Trade receivables

	As at 31 March 2013	As at 31 March 2012
<b>Secured - considered good</b>		
Others	9	9
	<b>9</b>	<b>9</b>
<b>Unsecured</b>		
Debts outstanding over 6 months		
- considered good	37	-
- considered doubtful	118	112
Less: Provision for doubtful debts	(118)	(112)
	<b>37</b>	<b>-</b>
Other debts:		
- considered good	2,470	2,251
- considered doubtful	37	30
Less: Provision for doubtful debts	(37)	(30)
	<b>2,470</b>	<b>2,251</b>
	<b>2,516</b>	<b>2,260</b>

**Note 3.15: Cash and bank balances**

	Short term		Long term	
	As at 31 March 2013	As at 31 March 2012	As at 31 March 2013	As at 31 March 2012
<b>Cash and cash equivalents</b>				
Balances with banks:				
Current accounts	659	505	-	-
Fixed deposits with original maturity period up to 3 months	118	161	-	-
Cheques in hand	8	-	-	-
<b>Other bank balances</b>				
Fixed deposits with maturity period of more than 3 months	2	19	16	4
Fixed deposits held as margin money (Refer to Footnote 1)	16	11	-	-
Unpaid dividend accounts	54	43	-	-
	857	739	16	4
Less: Amount disclosed under other non-current assets (Refer Note 3.11)			(16)	(4)
	857	739	-	-

## Footnotes:

- Fixed deposits held as margin money is against various guarantees issued by banks on behalf of the Company in favour of Government authorities.
- The company has credit facilities with certain banks against guarantee issued by the ultimate holding company.

**Note 3.16: Short-term loans and advances (Unsecured)**

	As at 31 March 2013	As at 31 March 2012
<b>Considered good</b>		
Security deposits	2	14
Advances to suppliers	112	106
Income taxes (Footnote 2)	628	-
Indirect taxes	325	250
Advances to retirement benefit trusts	-	2
Loans to employees (Footnote 1)	31	26
Advances to customers	90	90
Prepaid expenses	41	45
Other advances	62	10
	1,291	543
<b>Considered doubtful</b>		
Other advances	22	16
Less: Provision for doubtful advances	(22)	(16)
	-	-
	1,291	543

## Footnotes:

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

(a) Dues from a director \* \*

(b) Dues from an officer \*\* \*\*

\*include Rs 0.1 million (2011-12: Rs 0.1 m)

\*\*include Rs 0.1 million (2011-12: Rs 0.1 m)

- Refer to Footnote 1 of Note 3.10.

**Note 3.17: Other current assets (Unsecured, considered good)**

	As at 31 March 2013	As at 31 March 2012
Unamortised premium on forward contracts	2	3
Receivable on account of forward contracts	218	259
Unbilled revenue	21	-
Others	4	4
	245	266

**Note 4.1: Revenue from operations**

	For the year ended 31 March 2013	For the year ended 31 March 2012
<b>Sale of products</b>		
Finished products	21,082	18,507
Traded goods	3,127	2,663
Sales (after rebates and discounts)	24,209	21,170
Less: Excise duty	(2,412)	(1,745)
Net sales	21,797	19,425
Service income	332	260
<b>Other operating income</b>		
Duty drawback on exports, subsidy, etc.	8	21
Lease rentals	90	87
Scrap sales	28	21
Miscellaneous	65	64
	191	193
	22,320	19,878

**Additional disclosures in respect of sale of products and services****Sale of finished products**

Coatings	20,301	17,751
Others*	781	756
	21,082	18,507

**Sale of traded goods**

Coatings	2,968	2,546
Others*	159	117
	3,127	2,663

**Sale of services**

Research and development	260	214
Others	72	46
	332	260

\*Others do not include any individual items accounting for 10% or more in total value. Previous year figures have been reclassified to make them comparable to the current year classification.

**Note 4.2: Other income**

	For the year ended 31 March 2013	For the year ended 31 March 2012
Accrued interest on long term investments (bonds)	36	34
Gains on redemption of long term investments (fixed maturity plan mutual fund schemes)	881	874
Gains on redemption of other investments (short term liquid mutual fund schemes)	151	35
Dividend income from other investments	3	24
Interest income on income tax refund	279	89
Surplus in pension fund written back	6	2
Provision/liabilities no longer required written back	6	17
Profit on disposal of fixed assets (net)	-	1
Miscellaneous	19	47
	1,381	1,123

**Note 4.3: Cost of materials consumed (Raw materials)**

	For the year ended 31 March 2013	For the year ended 31 March 2012
Opening stock	1,091	399
Add: Purchases	10,773	10,358
Add: Acquired pursuant to scheme of amalgamation (Refer to Note 2)	-	460
Less: Closing stock	(1,019)	(1,091)
<b>Materials consumed, etc.</b>	<b>10,845</b>	<b>10,126</b>

**Details of raw materials consumed**

	For the year ended 31 March 2013	For the year ended 31 March 2012
Titanium Dioxide	1,651	1,276
Pigments/Extenders/Tinters	1,306	1,559
Resins	2,625	2,119
Latex, Monomers	1,043	1,195
Solvents	1,348	1,368
Packing material	1,108	1,066
Others*	1,764	1,543
	<b>10,845</b>	<b>10,126</b>

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

**Note 4.4: Purchase of Stock-in-Trade (traded goods)**

	For the year ended 31 March 2013	For the year ended 31 March 2012
Coatings	1,886	1,795
Others**	104	73
	1,990	1,868

\*\*Others comprise several items and do not include any individual items accounting for 10% or more in total value. Previous year figures have been reclassified to make them comparable to the current year classification.

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

	For the year ended 31 March 2013	For the year ended 31 March 2012
Inventories at the beginning of the year		
Finished products	1,800	1,016
Stock in trade	375	101
Work-in-process	65	14
	<b>2,240</b>	<b>1,131</b>

Add: Acquired pursuant to scheme of amalgamation (Refer to Note 2)

Finished products	-	212
Stock in trade	-	181
Work-in-process	-	15
	-	408

Less: Inventories at the end of the year

Finished products	1,647	1,800
Stock in trade	383	375
Work-in-process	97	65
	<b>2,127</b>	<b>2,240</b>

Movement in excise duty on finished products	7	97
	<b>120</b>	<b>(604)</b>

**Note 4.6: Employee benefits expense**

	For the year ended 31 March 2013	For the year ended 31 March 2012
Salaries and wages	1,470	1,267
Contributions to provident and other funds	165	125
Other retirement benefits	7	3
Staff welfare expenses	111	78
	<b>1,753</b>	<b>1,473</b>

**Note 4.7: Finance costs**

	For the year ended 31 March 2013	For the year ended 31 March 2012
Interest expense	80	30
Bank charges	9	9
	<b>89</b>	<b>39</b>

**Note 4.8: Other Expenses**

	For the year ended 31 March 2013	For the year ended 31 March 2012
Stores and spare parts	43	54
Repairs and maintenance		
- Plant and machinery*	155	148
- Buildings	5	7
- Others	48	34
Power and fuel	146	134
Travelling	295	287
Rates and taxes	147	129
Rent	245	229
Communication	73	76
Insurance	30	24
Freight and transport	946	815
Advertisement and publicity*	1,121	1,133
Royalty and technical fees	516	360
Cash discount on sales	799	710
Loss on write off of fixed assets	-	4
Research and development	114	92
Directors' sitting fees**	-	1
Consultancy charges	335	265
Loss on foreign exchange (net)	17	56
Audit fees		
- as auditors	5	5
- for taxation matters	1	1
- for other services	4	1
- for reimbursement of expenses	3	1
Bad debts/advances written off	14	7
Less: provision held	(14)	(7)
Provision for doubtful debts and advances	23	45
Miscellaneous expenses	656	658
	<b>5,727</b>	<b>5,269</b>

\*Sales promotion expenses in the previous year has been reclassified as:

- Rs 82 million to Repairs and Maintenance - Plant and Machinery.

- Rs 41 million to Advertisement and Publicity.

\*\*Includes Rs 0.4 million for the current year.

**Note 5.1: Contingent liabilities**

	As at 31 March 2013	As at 31 March 2012
(a) Claims against the Company not acknowledged as debts	50	50
(b) Sales tax matters under appeal	215	123
(c) Excise matters in dispute/under appeal	88	88
(d) Industrial relations and other matters under dispute	2	2
(e) Bank guarantees ( third parties, etc.)	-	91
(f) Income tax matters in dispute/under appeal*		

\*The Income tax assessments for the Company have been completed up to the financial year ended 31 March 2010. Arising from such assessments and appellate orders, the demands aggregate Rs 1,166 million (2011-12: Rs 1,675 million), and the refunds aggregate Rs 1,186 million (2011-12: Rs 1,296 million). The Company as well as the Income tax department have filed appeals on these matters. Pending decisions in the appeals, neither the refunds nor the liabilities for the demands have been recognised in the accounts. The Company, based on its assessment of such cases, is of the view that the final outcome is not likely to have significant adverse impact on the financial statements.

**Note 5.2: Capital and other commitments**

	As at 31 March 2013	As at 31 March 2012
(a) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	470	150
(b) Post amalgamation in the previous year (refer to Note 2), the Company is in the process of transferring the land, building and assets of the transferor companies (refer note 2) to its name. The stamp duty thereon is not presently ascertained by the relevant authority and therefore not provided for/adjusted with the relevant assets.		

**Note 5.3: Change in accounting estimates for depreciation of fixed assets**

In the previous year, post amalgamation of the transferor companies (Refer to Note 2), management reviewed the expected period of utilisation of assets across the entities and revised the estimated useful life of certain categories of assets, viz., furniture and fixtures and office equipment. Accordingly, as per Accounting Standard (AS) 6 'Depreciation Accounting', depreciation charge was computed by amortising the balance depreciable amount of such fixed assets as at 1 April 2011 over their revised remaining useful life. However, the impact of the above was not significant.

**Note 5.4: Earnings per share**

	As at 31 March 2013	As at 31 March 2012
<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	47,960,314	36,834,331
Add: Share capital pending allotment (Refer to Note 2)	-	11,125,983
Less: Equity shares bought back during the year	(1,300,000)	-
Total number of equity shares outstanding at the end of the year	46,660,314	47,960,314
Weighted average number of shares	47,073,486	47,960,314
<b>(b) Net profit after tax available for equity shareholders (Rs million)</b>	<b>2,188</b>	2,018
<b>(c) Earnings per equity share - basic and diluted (in Rs) [Face value of Rs 10 each]</b>	<b>46.49</b>	42.08

**Note 5.5: Value of imported raw materials, stores and spare parts consumed**

	Raw materials				Stores and Spare parts			
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
			%	%			%	%
Imported	<b>3,018</b>	2,991	<b>28%</b>	30%	<b>10</b>	17	<b>23%</b>	31%
Indigenous	<b>7,827</b>	7,135	<b>72%</b>	70%	<b>33</b>	37	<b>77%</b>	69%
	<b>10,845</b>	10,126	<b>100%</b>	100%	<b>43</b>	54	<b>100</b>	100

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

**Note 5.6: Value of imports (CIF basis)**

	2012-13	2011-12
Raw materials	<b>2,722</b>	2,933
Capital goods	<b>12</b>	58
Finished goods	<b>78</b>	50

**Note 5.7: Expenditure in foreign currencies (on accrual basis)**

	2012-13	2011-12
Royalty and technical fees	<b>516</b>	360
Professional and consultation fees	<b>67</b>	79
Travel and conveyance	<b>17</b>	11
Others (includes IT networking cost, communication expenses, container hire cost, training cost, project cost, etc.)	<b>107</b>	26

**Note 5.8: Earnings in foreign exchange (on accrual basis)**

	2012-13	2011-12
Export of goods (FOB basis)	<b>593</b>	444
Reimbursement of expenses	<b>43</b>	50
Service income	<b>260</b>	215
Others	<b>11</b>	13

**Note 5.9: Forward exchange contracts**

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

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

	No. of Contracts	USD	EURO	SGD
<b>As at 31 March 2013</b>	<b>19</b>	<b>3,092,951</b>	<b>695,549</b>	<b>-</b>
As at 31 March 2012	43	4,346,832	350,467	235,227

(b) The Company's Foreign currency exposures that are not hedged by derivative instruments as on 31 March, 2013 amount to Rs 908 million (PY Rs 649 million).

Particulars	Currency	As at 31 March 2013		As at 31 March 2012	
		Amount in foreign currency	Amount in Rs	Amount in foreign currency	Amount in Rs
Trade receivables	EUR	1,122,573	78,066,692	327,935	22,379,076
	LKR	15,008,278	6,413,794	-	-
	SGD	139,260	6,099,982	-	-
	USD	2,820,617	153,129,322	4,602,578	240,724,033
Trade payables	AED	43,179	638,165	14,048	194,560
	AUD	74,050	4,185,805	73,335	3,860,942
	CHF	18,877	1,079,411	-	-
	EUR	5,904,768	411,120,167	1,558,388	106,347,983
	GBP	324,228	26,732,112	276,318	22,602,839
	HKD	122,437	856,225	122,436	805,779
	LKR	1,291,282	551,830	22,484,646	8,928,653
	SGD	794,737	34,811,206	1,054,799	42,876,078
	THB	150,000	278,099	-	-
	USD	3,386,048	184,022,226	3,916,270	200,077,329
ZAR	41,255	242,294	-	-	

**Note 5.10: Remittance in foreign currencies on account of dividends on equity shares**

Dividend relating to the year	Number of Non-Resident Shareholders	Number of Shares	2012-13	2011-12
2011-12	5	34,044,435	681	
2010-11	1	20,776,213		374

**Note 5.11: Operating lease**

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

Amount receivable	Total future minimum lease rentals receivable as on 2012-13	Total future minimum lease rentals receivable as on 2011-12
Within one year	76	53
Later than one year and not later than five years	63	38
Later than five years	1	1
<b>Total</b>	<b>140</b>	<b>92</b>

**(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:

	2012-13	2011-12
- Lease rentals charged during the year on a straight line basis	34	38
- Lease obligations	<b>Total future minimum lease rentals payable as on 2012-13</b>	<b>Total future minimum lease rentals payable as on 2011-12</b>
Within one year	31	37
Later than one year and not later than five years	10	52
Later than five years	-	-
<b>Total</b>	<b>41</b>	<b>89</b>

**Note 5.12**

Managerial remuneration paid by the erstwhile Akzo Nobel Coatings India Private Limited ("AN Coatings"), since amalgamated with the Company (Refer to Note 2), was in excess of limits prescribed under the Companies Act, 1956 by an amount of Rs 8 million and Rs 3 million for the years ended 31 March 1999 and 31 March 2000 respectively. AN Coatings had, therefore, made applications with the Central Government for approval of the excess remuneration paid, for which response is awaited.

**Note 5.13: Employee benefits**

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

	Pension (funded)				Gratuity (funded)		Post Retirement Medical Benefits (unfunded)		Provident Fund (funded)	
	Management Staff		Non-Management Staff		2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
	2012-13	2011-12	2012-13	2011-12						
<b>(A) Employee benefit expense recognised in the statement of Profit and Loss</b>										
(a) Current service cost	1	1	2	2	36	32	2	1	-	-
(b) Interest cost	2	2	7	7	18	14	15	15	-	-
(c) Expected return on plan assets	(5)	(6)	(11)	(11)	(12)	(12)	-	-	-	-
(d) Actuarial (gains)/losses	(3)	1	-	(15)	22	7	(10)	(14)	-	-
(e) Liability extinguishment charge	-	1	-	-	-	-	-	-	-	-
(f) Writeback on account of assets recognition	-	-	-	14	-	-	-	-	-	-
Total expense/ (gain) \$	(5)	-	(2)	(3)	64	41	7	2	-	-
<b>(B) Net Asset/(Liability) as at year end</b>										
(a) Present value of obligations as at year end	23	27	83	78	265	209	173	184	2	2
(b) Fair value of plan assets as at year end	69	71	155	148	183	153	-	-	3	2
(c) Fair value of plan assets, limited to present value of future contributions	69	71	112	105	183	153	-	-	3	2
- Net Asset/(Liability) (b)-(a)	46	44	72	70	(82)	(56)	(173)	(184)	1	-
- Net Asset/(Liability) recognised in Balance Sheet(c)-(a)	46	44	29	27	(82)	(56)	(173)	(184)	-	-
<b>(C) Change in defined benefit obligations during the year</b>										
Present value of obligations at beginning of the year	27	29	78	87	209	69	185	198	-	-
(a) Liabilities assumed in an amalgamation in the nature of purchase	-	-	-	-	-	103	-	-	-	-
(b) Current service cost	1	1	2	2	37	32	2	1	-	-
(c) Interest cost	2	2	7	7	18	14	15	15	-	-
(d) Benefits paid	(10)	(7)	(5)	(12)	(30)	(14)	(19)	(16)	-	-
(e) Actuarial (gains)/losses	3	1	1	(6)	31	5	(10)	(14)	2	2
(f) Liabilities extinguished on settlements	-	1	-	-	-	-	-	-	-	-
Present value of obligations at end of the year	23	27	83	78	265	209	173	184	2	2
<b>(D) Change in fair value of plan assets during the year</b>										
Fair value of plan assets as at beginning of the year	71	78	148	140	153	91	-	-	-	-
Less restriction for net assets in excess of future contributions	-	-	(43)	(29)	-	-	-	-	-	-
Fair value of plan assets as at beginning of the year (net)	71	78	105	111	153	91	-	-	-	-
(a) Assets acquired in an amalgamation in the nature of purchase	-	-	-	-	-	47	-	-	-	-
(b) Expected return on plan assets	5	6	11	11	12	11	-	-	-	-
(c) Actual company contributions	-	-	-	-	39	20	19	16	-	-
(d) Benefit payments	(3)	(2)	(5)	(12)	(30)	(14)	(19)	(16)	-	-
(e) Adjustment of defined contribution	(4)	(5)	-	-	-	-	-	-	-	-
(f) Actuarial gains/(losses)	6	-	1	9	9	(2)	-	-	3	2
(g) Unrecognised asset taken into account	-	-	-	(14)	-	-	-	-	-	-
(h) Benefit payments-settlements	(6)	(6)	-	-	-	-	-	-	-	-
Fair value of plan assets (after applying restrictions in excess of future contributions)	69	71	112	105	183	153	-	-	3	2
Restriction for net assets in excess of future contributions	-	-	43	43	-	-	-	-	-	-
Fair value of plan assets at end of the year	69	71	155	148	183	153	-	-	3	2
<b>(E) Category of assets</b>										
Debt securities	95%	99%	99%	100%	56%	61%	-	-	82%	77%
Gilt	-	-	-	-	-	4%	-	-	6%	-
Insurer Managed Funds	5%	1%	-	-	44%	33%	-	-	-	9%
Special deposit	-	-	1%	-	-	2%	-	-	12%	14%
Total	100%	100%	100%	100%	100%	100%	-	-	100%	100%
<b>(F) Actuarial assumptions</b>										
(a) Discount rate (annual).*	8.00%	8.60%	8.00%	8.60%	8.00%	8.60%	8.00%	8.60%	8.00%	8.60%
(b) Expected rate of return on assets (per annum).	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	-	-	-	-
(c) Estimates of future salary increases take account of inflation, seniority, promotion, and other relevant factors, such as supply and demand in the employment market.										
(d) In case of actuarial valuation of post retirement medical benefit, the following medical inflation rates have been considered: 20% for 2013-14 and 8% for 2013-14 onwards. A one percentage point change in assumed healthcare cost trend rates would have the following effects on the aggregate of service cost and interest cost and defined benefit obligation:										
			<b>One percentage point increase</b>				<b>One percentage point decrease</b>			
Effect on the aggregate of the service cost and interest cost			18				(16)			
Effect on defined benefit obligation as on 31 March 2013			188				(161)			

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

\* Discount rate is based on market yields available on Government bonds as at 31 March 2013 with a term that matches that of the liabilities.

**Note 5.13: Employee benefits** (contd.)

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

- (i) The actuarial valuation of Defined Benefit plans was carried out as on 31 March 2013. The net actuarial gain on account of post retirement benefits scheme amounting to Rs 10 million (2011-12: actuarial gain of Rs 14 million) relating to medical insurance costs have been provided for and included in 'Other retirement benefit charges' (Note 4.6: Employee benefits expense). Actuarial gains/losses (net) relating to other schemes have been included in 'Contribution to provident and other funds'.
- (ii) During the year, the Company has purchased annuities for management staff pensioners for an amount of Rs 6 million (2011-12: Rs. 9 million for Management Staff pensioners).
- (iii) The Company has separate pension schemes for management staff and non-management staff. The former scheme is in the nature of 'final salary' plan and the latter scheme is in the nature of 'flat salary' plan. The Company also has separate gratuity schemes for management and non-management staff. The benefits paid are as per the scheme rules or as per Payment of Gratuity Act, 1972, whichever are more beneficial.
- (iv) The guidance on implementing AS-15 (Revised) issued by Accounting Standards Board of the Institute of Chartered Accountants of India states that benefits involving employer established provident funds, which requires interest shortfall to be recompensated, are to be considered as defined benefit plans. On the basis of actuarial valuations/assessments carried out by the actuary no shortfall has been identified in the trusts managed by the Company. The amount of contribution during the year of Rs 32 million (2011-12: Rs 23 million) has been included in 'Contributions to provident and other funds' in Note 4.6.

**(v) Experience Adjustments****Management Staff Pension Fund**

	31-Mar-09	31-Mar-10	31-Mar-11	31-Mar-12	31-Mar-13
1 Defined Benefit Obligation at end of the period	(446)	(417)	(29)	(27)	<b>(23)</b>
2 Plan Assets at end of the period	478	494	78	71	<b>69</b>
3 Funded Status	32	77	49	44	<b>46</b>
4 Experience Gain/(Loss) adjustments on plan liabilities	1	7	(2)	-	<b>1</b>
5 Experience Gain/(Loss) adjustments on plan assets	(12)	30	(14)	-	<b>1</b>
6 Actuarial Gain/(Loss) due to change on assumptions	(21)	5	1	(1)	<b>(2)</b>

**Non-Management Staff Pension Fund**

	31-Mar-09	31-Mar-10	31-Mar-11	31-Mar-12	31-Mar-13
1 Defined Benefit Obligation at end of the period	(247)	(239)	(87)	(78)	<b>(83)</b>
2 Plan Assets at end of the period	276	287	140	148	<b>155</b>
3 Funded Status	29	48	53	70	<b>72</b>
4 Experience Gain/(Loss) adjustments on plan liabilities	9	(6)	-	6	<b>2</b>
5 Experience Gain/(Loss) adjustments on plan assets	(4)	16	-	9	<b>1</b>
6 Actuarial Gain/(Loss) due to change on assumptions	(12)	3	5	-	<b>(3)</b>

**Gratuity Fund**

	31-Mar-09	31-Mar-10	31-Mar-11	31-Mar-12	31-Mar-13
Defined Benefit Obligation at end of the period	(55)	(60)	(70)	(186)	<b>(265)</b>
Plan Assets at end of the period	94	91	91	152	<b>183</b>
Funded Status	39	31	21	(34)	<b>(82)</b>
Experience Gain/(Loss) adjustments on plan liabilities	3	(6)	(5)	13	<b>(12)</b>
Experience Gain/(Loss) adjustments on plan assets	1	2	-	(2)	<b>7</b>
Actuarial Gain/(Loss) due to change on assumptions	(2)	(1)	(1)	2	<b>(4)</b>

**Provident Fund**

	31-Mar-09	31-Mar-10	31-Mar-11	31-Mar-12	31-Mar-13
1 Defined Benefit Obligation at end of the period	-	-	-	2	<b>2</b>
2 Plan Assets at end of the period	-	-	-	1	<b>3</b>
3 Funded Status	-	-	-	-	<b>1</b>
4 Experience Gain/(Loss) adjustments on plan liabilities	-	-	-	(2)	<b>-</b>
5 Experience Gain/(Loss) adjustments on plan assets	-	-	-	1	<b>1</b>
6 Actuarial Gain/(Loss) due to change on assumptions	-	-	-	-	<b>-</b>

**Note 5.14: Segment Information****(A) Information about primary business segments****(1) The Company's business segments comprise of:**

Coatings: consisting of decorative, automotive, industrial paints and related activities.

Others: consisting of chemical and polymers.

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

Revenue	Coatings		Others		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
<b>1. External sales (gross)</b>	<b>23,269</b>	20,297	<b>940</b>	873	<b>24,209</b>	21,170
Excise Duty	(2,322)	(1,678)	(90)	(67)	(2,412)	(1,745)
<b>External sales (net)</b>	<b>20,947</b>	18,619	<b>850</b>	806	<b>21,797</b>	19,425
Services and other operating income	479	428	44	25	523	453
<b>Total Revenue</b>	<b>21,425</b>	19,047	<b>894</b>	831	<b>22,320</b>	19,878
<b>2. Results</b>						
Segment results	1,644	1,403	144	122	1,788	1,525
Unallocated income (net of unallocated expense)					1,092	978
<b>Profit from operations before interest, taxation and exceptional items</b>					<b>2,880</b>	2,503
Interest and bank charges					(89)	(39)
<b>Profit before taxation</b>					<b>2,791</b>	2,464
Income taxes						
- Current tax (net)					(572)	(433)
- Provision for earlier years					(10)	-
- Deferred tax					(21)	(13)
<b>Profit after taxation</b>					<b>2,188</b>	2,018
<b>3. Other Information</b>						
<b>a. Assets</b>						
Segment assets	11,195	10,085	776	726	11,971	10,811
Investments					9,472	10,035
Unallocated assets					1,609	1,234
<b>Total assets</b>					<b>23,052</b>	22,080
<b>b. Liabilities/Shareholders' funds</b>						
Segment liabilities	5,886	5,196	169	227	6,055	5,423
Unallocated liabilities					5,944	2,247
Share capital including share capital pending allotment					467	479
Reserves and surplus					10,586	13,931
<b>Total liabilities/shareholders' funds</b>					<b>23,052</b>	22,080
<b>c. Others</b>						
Capital expenditure	1,237	1,175	56	50		
Depreciation	351	334	16	12		

**(B) Information about secondary segment (by geographical business segment) (Rs million)**

	India		Outside India		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Revenue	21,408	19,188	911	690	22,320	19,878
Carrying amount of segment assets*	11,971	10,811	-	-	11,971	10,811
Capital expenditure	1,293	1,328	-	-	1,293	1,328

\*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 returns, organisation structure and internal reporting system.
- Inter segment prices are normally negotiated amongst the segments with reference to the costs, market prices and business risks, within an overall optimisation objective for the Company.
- Segment revenue, results and assets and liabilities include the respective amounts identifiable to each of the segments. Other unallocable items in segment results include income from investment of surplus funds of the Company and corporate expenses. Unallocable assets include unallocable fixed assets and other assets. Unallocable liabilities include unallocable current liabilities and net deferred tax liability.

**Note 5.15: Related Party Disclosures****1. (a) List of related parties where control exists**

- Imperial Chemical Industries Limited, England (holding company up to 3 June 2012 and related party having significant influence thereafter)

- Ultimate Holding Company: Akzo Nobel N.V., The Netherlands

**(b) Other related parties with whom transactions have taken place during the year****- Fellow subsidiaries**

Akzo Nobel Amides Co., Limited	Akzo Nobel Paints Lanka (Pvt) Ltd
Akzo Nobel Car Refinishes Indonesia	Akzo Nobel Paints Taiwan Limited
Akzo Nobel Chang Cheng Ltd	Akzo Nobel Paints Vietnam Ltd
Akzo Nobel China Investment Co., Ltd	Akzo Nobel Polymer Chemicals (Ningbo) Co., Ltd
Akzo Nobel Decorative Coatings B.V.	Akzo Nobel Polymer Chemicals B.V.
Akzo Nobel Functional Chemicals bv	Akzo Nobel Polymer Chemicals LLC
Akzo Nobel Ltda-Divisao Titas EM PO	Akzo Nobel Powder Coatings (Ningbo) Co., Ltd
Akzo Nobel Powder Coatings SAS	Akzo Nobel Powder Coatings B.V.
Akzo Nobel Pulp and Performance Chemicals AB	Akzo Nobel Powder Coatings Korea Co., Limited
Akzo Nobel REP Off BV	Akzo Nobel Powder Coatings S.A.E.
Akzo Nobel (China) Investment Co., Ltd	Akzo Nobel Powder Coatings South Africa (Pty) Limited
Akzo Nobel (Shanghai) Co. Ltd	Akzo Nobel Pty. Limited
Akzo Nobel Amides Co. Ltd	Akzo Nobel Surface Chemistry AB
Akzo Nobel Argentina S.A.	Akzo Nobel Surface Chemistry L.L.C.
Akzo Nobel Asia Pte. Ltd	Akzo Nobel UAE Paints L.L.C.
Akzo Nobel Boya Sanayi ve Ticaret A.S.	AkzoNobel Paints Singapore Pte ltd
Akzo Nobel Car Refinishes (Singapore) Pte Ltd	EKA Chemicals AB
Akzo Nobel Car Refinishes (Suzhou) Company Limited	ICI (Malaysia) Holdings Sdn Bhd
Akzo Nobel Car Refinishes Australia Pty Ltd	ICI Dulux (Pty) Limited
Akzo Nobel Car Refinishes B.V.	ICI India Research & Technology Centre
Akzo Nobel Car Refinishes SL	International Paint - Finland
Akzo Nobel Chang Cheng Coatings (Guangdong) Co., Ltd	International Paint - Vietnam
Akzo Nobel Chemicals AG	International Paint Japan K.K.
Akzo Nobel Chemicals International B.V.	International Paint Limited
Akzo Nobel Coatings (Dongguan) Co. Ltd	International Paint Ltda
Akzo Nobel Coatings (Jiaxing) Co. Ltd	International Paint - Ukraine
Akzo Nobel Coatings (Tianjin) Co., Ltd	International Farbenwerke GmbH
Akzo Nobel Coatings CZ, a.s.	International Färg AB

**Note 5.15: Related Party Disclosures** (contd.)

Akzo Nobel Coatings GmbH	International Maling A/S
Akzo Nobel Coatings Inc.	International Paint (Akzo Nobel Chile) Ltda
Akzo Nobel Coatings International B.V.	International Paint (Hong Kong) Limited
Akzo Nobel Coatings Ltd	International Paint (Korea) Ltd
Akzo Nobel Coatings S.P.A.	International Paint (Nederland) B.V.
Akzo Nobel Coatings Sdn Bhd	International Paint (Panama) Inc.
Akzo Nobel Cross-Linking Peroxides (Ningbo) Co. Ltd	International Paint (Taiwan) Ltd
Akzo Nobel Decorative Coatings B.V.	International Paint Limited
Akzo Nobel Decorative Paints France S.A.	International Paint LLC
Akzo Nobel Functional Chemicals AB	International Paint of Shanghai Co. Ltd
Akzo Nobel Industrial Finishes (Hong Kong) Limited	International Paint Pazarlama Limited Sirketi
Akzo Nobel Industrial Paints, S.L.	International Paint Sdn Bhd
Akzo Nobel International Paint (Suzhou) Co. Ltd	International Paint Singapore Pte Ltd
Akzo Nobel Ltda	International Peinture S.A.
Akzo Nobel N.V.	IP Singapore Pte - Vietnam
Akzo Nobel Packaging Coatings GmbH	Keum Jung Akzo Nobel Peroxides Ltd
Akzo Nobel Packaging Coatings Limited	Pinturas Inca S.A.
Akzo Nobel Packaging Coatings S.A.	PT Akzo Nobel Car Refinishes Indonesia
Akzo Nobel Packaging Coatings S.A.S	PT International Paint Indonesia
Akzo Nobel Paints (Asia Pacific) Pte Ltd	Shanghai ICI Research & Development & Management Co. Ltd
Akzo Nobel Paints (Malaysia) Sdn. Bhd.	Tianjin Akzo Nobel Peroxides Co. Ltd
Akzo Nobel Paints (Thailand) Ltd	

**- Key managerial persons**

Mr Nihal Kaviratne CBE	Chairman
Mr Amit Jain	Managing Director
Mr Partha Sarathi Basu	Wholetime Director

**Note 5.15: Related Party Disclosures** (contd.)

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

	Akzo Nobel N.V., The Netherlands	Imperial Chemical Industries Limited, England	Fellow Subsidiaries of the Company	Key Managerial Persons
<b>a) Transactions during the year</b>				
	<b>2012-13</b>	<b>2012-13</b>	<b>2012-13</b>	<b>2012-13</b>
	2011-12	2011-12	2011-12	2011-12
Purchase of materials/finished goods	-	-	<b>1,236</b>	-
	-	-	1,840	-
Sale of finished goods	-	-	<b>113</b>	-
	-	-	221	-
Purchase of fixed assets	-	-	<b>17</b>	-
	-	-	-	-
Expenses incurred and recoverable from other Companies (Income)	<b>9</b>	<b>5</b>	<b>52</b>	-
	4	7	75	-
Expenses payable to other companies	-	<b>13</b>	<b>74</b>	-
	-	1	217	-
Royalty and technical services	-	-	<b>516</b>	-
	-	-	239	-
Dividend paid	-	<b>460</b>	<b>221</b>	-
	-	374	-	-
Indent commission received	-	-	-	-
	-	-	9	-
Services provided (Income)	-	-	<b>318</b>	-
	-	-	246	-
Services received (expenses)	-	-	<b>137</b>	-
	-	-	57	-
Managerial remuneration*	-	-	-	<b>67</b>
	-	-	-	76
Inter corporate deposit given	-	-	-	-
	-	-	-	-
Inter corporate deposit refund	-	-	-	-
	-	-	-	-
Interest income on Inter corporate deposit	-	-	-	-
	-	-	-	-
Allotment of equity shares (face value)	-	-	<b>111</b>	-
	-	-	-	-
<b>Guarantees</b>				
Guarantee received for Inter corporate deposit	-	-	-	-
	400	-	-	-
Guarantee issued on behalf of the Company for credit facilities from banks	<b>500</b>	-	-	-
	500	-	-	-
<b>Balances as at the end of the year</b>				
Dues to related parties	<b>8</b>	<b>25</b>	<b>616</b>	-
	14	19	385	-
Dues from related parties	<b>9</b>	-	<b>181</b>	-
	10	10	202	-

Outstanding Loans receivable at the end of the year from key managerial persons: Refer to Note 3.10.

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

**Note 5.15: Related Party Disclosures** (contd.)**b) Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the respective year**

	2012-13	2011-12		2012-13	2011-12
<b>Purchase of raw material</b>			<b>Expenses payable to other companies</b>		
Akzo Nobel Surface Chemistry LLC-USA	56	50	AkzoNobel Decorative Coatings B.V.	-	40
Akzo Nobel Ltda (Brazil)	3	17	Akzo Nobel N.V., The Netherlands	36	142
Akzo Nobel Paints Singapore Pte Ltd	-	2	International Paint Limited	10	-
International Paint of Shanghai Co Ltd	20	218	Imperial Chemical Industries Limited	13	-
International Paint Singapore Pte Ltd	33	188	International Paint Singapore	14	20
PT Akzo Nobel Car Refinishes Indonesia	366	321	Others	14	16
Others	758	1,044		87	218
	1,236	1,840	<b>Royalty and technical services</b>		
<b>Sales of finished products</b>			Akzo Nobel B.V., The Netherlands	-	203
Akzo Nobel UAE Paints L.L.C.	30	117	Akzo Nobel Decorative Coatings B.V.	256	-
Akzo Nobel Polymer Chemicals B.V.	50	80	Akzo Nobel Coatings International B.V.	225	-
Others	33	24	Others	35	36
	113	221		516	239
<b>Purchase of Fixed Assets</b>			<b>Indent Commission received</b>		
Akzo Nobel Polymer Chemicals B.V.	15	-	Akzo Nobel Cross Linking Peroxides (Ningbo) Co. Ltd	-	1
Others	2	-	Akzo Nobel Polymer Chemicals B.V.	-	7
	17	-	Others	-	1
				-	9
<b>Expenses incurred and recoverable from other companies</b>			<b>Dividend paid</b>		
Akzo Nobel Decorative Coatings B.V.	-	9	Imperial Chemical Industries Limited, England	460	374
Akzo Nobel Lanka (Pvt.) Limited	8	13	Akzo Nobel Coatings International B.V.	173	-
Akzo Nobel Surface Chemistry AB	22	16	Others	48	-
Akzo Nobel N.V., The Netherlands	12	4		681	374
Imperial Chemical Industries Limited, England	5	7	<b>Rendering of service (income)</b>		
Akzo Nobel Functional Chemicals B.V.	-	15	Akzo Nobel Car Refinishes B.V.	260	215
Others	19	22	Akzo Nobel Lanka Pvt. Ltd	11	31
	66	86	Others	47	-
				318	246

**Note 5.15: Related Party Disclosures** (contd.)

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

	2012-13	2011-12
<b>Receiving of service (expenses)</b>		
Akzo Nobel Car Refinishes (Singapore) Pte Ltd	36	-
Akzo Nobel Car Refinishes B.V.	37	5
ICI India Research & Technology Centre	51	48
Others	13	4
	<b>137</b>	<b>57</b>
<b>Managerial remuneration</b>		
Mr Nihal Kaviratne CBE	1	1
Mr Amit Jain	50	61
Mr Partha Sarathi Basu	16	14
	<b>67</b>	<b>76</b>
<b>Dues to related parties</b>		
Akzo Nobel Decorative Coatings B.V.	280	-
PT Akzo Nobel Car Refinishes Indonesia	66	61
Others	303	357
	<b>649</b>	<b>418</b>
<b>Dues from related parties</b>		
Akzo Nobel Car Refinishes B.V.	66	58
Akzo Nobel Decorative Coatings B.V.	29	-
Akzo Nobel UAE Paints L.L.C.	1	59
Others	94	105
	<b>190</b>	<b>222</b>

**Note 5.16:** Previous year figures have been regrouped/reclassified to make them comparable to the current year figures.

**As per our report attached to the balance sheet.**

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

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

**Kaushal Kishore**  
*Partner*  
Membership No. 090075

**N Kaviratne CBE**  
*Chairman*  
DIN No. 00032473

**A Jain**  
*Managing Director*  
DIN No. 01770475

**P S Basu**  
*Wholtime Director*  
DIN No. 01855577

**R Guha**  
*Company Secretary*

20 May 2013  
Gurgaon

# Notice of Annual General Meeting

Notice is hereby given that the 59th Annual General Meeting of the Members of Akzo Nobel India Limited will be held on Thursday, 8 August 2013 at 1430 hours at Kala Kunj, 48, Shakespeare Sarani, Kolkata 700 017 to transact the following business:

## Ordinary business

1. To consider and adopt the audited Statement of Profit and Loss for the financial year ended 31 March 2013, 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 2013.
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 Karnad has been given in this Notice, after the Notes.

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

“Resolved that Ms R S Karnad be and is hereby re-appointed a Director of the Company.”

4. To appoint a Director in place of Mr A Uppal who retires by rotation. Being eligible, he has offered himself for reappointment as a Director of the Company. A brief resume of Mr Uppal has been given in this Notice, after the Notes.

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

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

5. To appoint Auditors and to fix their remuneration and for this purpose to consider and, if thought fit, pass with or without modification, the following resolution as an ordinary resolution:

“Resolved that the Auditors, M/s B S R & Associates, Chartered Accountants, who retire at the conclusion of this Meeting, be and are hereby re-appointed Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at the remuneration as given below:

Statutory audit	Rs 4.5 million
Tax audit	Rs 1.2 million
Statutory certification	Rs 1.5 million

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

Gurgaon  
20 May 2013

By order of the Board  
**R Guha**  
Company Secretary

## Notes

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

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

- ii) The Register of Members and Share Transfer books of the Company will remain closed from 1 August 2013 to 8 August 2013 both days inclusive.
- iii) Dividend, if approved at the Meeting, will be paid on or around 14 August 2013 by means of direct bank credit (ECS) or dividend warrants to those Members whose names appear on the Company’s Register of Members.
  - a. In case of shares held in electronic form, to the beneficial owners of shares as on 31 July 2013 as per the downloads furnished to the Company by the depositories for this purpose;
  - b. In case of shares held in physical form, to those members whose names appear on the Company’s Register of Members after giving effect to all valid stock transfers lodged with the Company before closing hours on 31 July 2013.
- iv) As per current SEBI Regulations, dividend is required to be credited to shareholders through Electronic Clearing Service (ECS) wherever the facility is available and the requisite details/mandates have been provided by the Members. Members who are yet to provide their bank details are requested to send the details of their bank

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

- v) Members having shares registered in the same name or in the same order of names but in several folios, may please write to the RTA for consolidation of the folios.
- vi) Members holding shares in physical form and are desirous of making nomination in terms of Section 109A of the Companies Act, 1956, may write to the RTA for the prescribed form.
- vii) Members/Proxy holders must bring the Attendance Slip to the Meeting and hand it over at the entrance, duly signed. A blank format is appended to the Annual Report.
- viii) Members who wish to obtain any information on the Company or the Accounts may visit the Company's website: [www.akzonobel.co.in](http://www.akzonobel.co.in) or may send their queries at least 10 days before the date of the Meeting to the Company Secretary at the Company's corporate office at DLF Cyber Terraces, Block A, 20th Floor, Cyber City, DLF Phase III, Gurgaon 122 002.
- ix) Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, dividends which remain unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund (the 'Fund') of the Central Government. Shareholders who have not encashed their dividend warrants so far, for the financial year ended 31st March 2006 or any subsequent financial years, are requested to send unencashed dividend warrants to the RTA for necessary action. Separate intimations have been sent to those Members whose dividend warrants remain outstanding as on 31 March 2013. All unclaimed dividends in respect of financial year 2005-06 onwards 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 said transfer.

#### **Brief resume of Directors to be reappointed**

##### **i. Ms R S Karnad**

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

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

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

- Bosch Ltd
- GRUH Finance Ltd
- HDFC Asset Management Company Ltd
- HDFC ERGO General Insurance Co Ltd
- HDFC Standard Life Insurance Co. Ltd
- EIH Ltd
- HDFC Education & Dev. Services Pvt Ltd
- Feedback Infrastructure Services Pvt Ltd
- Value and Budget Housing Corpn (I) P Ltd
- Lafarge India Pvt Ltd
- Credit Information Bureau (India) Ltd
- Housing Development Finance Corporation Ltd
- HDFC Bank Ltd
- HDFC Property Ventures Ltd
- Indraprastha Medical Corporation Ltd
- Credila Financial Services Pvt Ltd
- HDFC PLC, Maldives
- G4S Corporate Services (India) Pvt Ltd
- HT Parekh Foundation
- WMS Global Services (P) Ltd

##### **ii. Mr A Uppal**

Mr A Uppal is a Non Executive Director of the Company since April 2011.

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

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

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

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

# Ten years at a glance

## Ten years at a glance

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
	<b>Rs Million</b>									
<b>ASSETS EMPLOYED</b>										
Gross Fixed Assets	3,516	3,737	3,115	2,857	3,116	3,255	3,495	3,749	6,974	7,310
Accumulated Depreciation	(1,863)	(2,251)	(1,662)	(1,559)	(1,783)	(1,924)	(2,114)	(2,330)	(3,411)	(3,762)
Capital Work-in-Progress	38	26	49	35	105	16	23	145	148	1,057
<b>Net Fixed Assets</b>	<b>1,691</b>	<b>1,512</b>	<b>1,502</b>	<b>1,333</b>	<b>1,438</b>	<b>1,347</b>	<b>1,404</b>	<b>1,564</b>	<b>3,711</b>	<b>4,605</b>
Trade Investments	1,530	1,530	1,528	97	97	-	-	-	-	-
Non-trade Investments, Cash & Bank, inter-corp deposits	3,393	2,827	2,987	8,331	7,060	9,579	9,935	10,263	10,774	10,329
Other Current/Non Current Assets*	2,637	2,940	2,804	3,365	2,675	2,109	2,101	3,013	7,012	7,376
Other Current/Non-current Liabilities	(1,549)	(1,857)	(1,997)	(2,340)	(2,660)	(2,019)	(2,236)	(2,745)	(5,258)	(6,146)
<b>Net Current/Non Current Assets</b>	<b>1,088</b>	<b>1,083</b>	<b>807</b>	<b>1,025</b>	<b>15</b>	<b>90</b>	<b>-135</b>	<b>268</b>	<b>1,754</b>	<b>1,230</b>
Taxation (net)	(456)	(306)	(246)	(65)	(8)	12	59	307	230	197
Provision for VRS liability (net)	(334)	(252)	(186)	(128)	(76)	(39)	(13)	-	-	-
Other Provisions	(985)	(712)	(611)	(605)	(537)	(566)	(643)	(715)	(944)	(941)
Provision for Proposed Dividend, dividend tax	(576)	(256)	(280)	(1,291)	(359)	(712)	(686)	(771)	(1,115)	(4,367)
Misc. Expenditure not written off	51	26	12	-	-	-	-	-	-	-
<b>Net Assets Employed</b>	<b>5,402</b>	<b>5,452</b>	<b>5,513</b>	<b>8,697</b>	<b>7,630</b>	<b>9,711</b>	<b>9,921</b>	<b>10,916</b>	<b>14,410</b>	<b>11,053</b>
*excl Cash & Bank and inter-corp deposits.										
<b>FINANCED BY</b>										
Share Capital	409	409	409	409	384	381	368	368	368	467
Share Capital pending allotment	-	-	-	-	-	-	-	-	111	-
Capital Reserves	302	276	275	266	279	282	294	294	541	554
Revenue Reserves	4,491	4,607	4,829	8,022	6,967	9,048	9,259	10,254	13,390	10,032
Shareholders Funds	5,202	5,292	5,513	8,697	7,630	9,711	9,921	10,916	14,410	11,053
Secured/Unsecured Loans	200	160	-	-	-	-	-	-	-	-
<b>Total Funds Employed</b>	<b>5,402</b>	<b>5,452</b>	<b>5,513</b>	<b>8,697</b>	<b>7,630</b>	<b>9,711</b>	<b>9,921</b>	<b>10,916</b>	<b>14,410</b>	<b>11,053</b>
<b>SALES AND PROFIT</b>										
<b>Sales</b>	<b>6,851</b>	<b>7,543</b>	<b>8,762</b>	<b>8,882</b>	<b>9,301</b>	<b>9,001</b>	<b>9,386</b>	<b>10,876</b>	<b>19,425</b>	<b>21,797</b>
Profit before Depreciation & Interest	831	930	1,219	1,649	1,346	2,034	2,223	2,318	2,869	3,266
Depreciation	(242)	(201)	(218)	(225)	(225)	(213)	(212)	(217)	(366)	(386)
Interest	(46)	(35)	(36)	(23)	(30)	(29)	(11)	(15)	(39)	(89)
<b>Profit before Exceptional items/Taxation</b>	<b>543</b>	<b>694</b>	<b>965</b>	<b>1,401</b>	<b>1,091</b>	<b>1,792</b>	<b>2,000</b>	<b>2,086</b>	<b>2,464</b>	<b>2,791</b>
Exceptional items	772	(137)	(110)	4,461	(187)	1,995	-	113	-	-
Taxation	(224)	(85)	(354)	(1,378)	(302)	(841)	(407)	(433)	(446)	(603)
<b>Profit After Taxation</b>	<b>1,091</b>	<b>472</b>	<b>501</b>	<b>4,484</b>	<b>602</b>	<b>2,946</b>	<b>1,593</b>	<b>1,766</b>	<b>2,018</b>	<b>2,188</b>
<b>Earnings per share (Rupees)</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>42.59</b>	<b>47.94</b>	<b>42.08</b>	<b>46.49</b>
<b>Equity Dividend—Rupees per share</b>	<b>12.50</b>	<b>5.50</b>	<b>6.00</b>	<b>27.00</b>	<b>8.00</b>	<b>16.00</b>	<b>16.00</b>	<b>18.00</b>	<b>20.00</b>	<b>80.00</b>
<b>Number of Equity Shareholders</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>	<b>39,757</b>	<b>42,118</b>	<b>42,751</b>	<b>39,281</b>





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

### ATTENDANCE SLIP

I/We hereby record my/our presence at the 59th Annual General Meeting of the Company at Kala Kunj, 48, Shakespeare Sarani, Kolkata 700 017 on Thursday 08 August 2013 at 2.30 P.M.

**REGD. FOLIO NO :** ..... **NO. OF SHARES** .....

**DPID** : .....

**Client ID** : .....

Name of the Member: .....

Name of the Proxy : .....

\_\_\_\_\_  
**SIGNATURE(S) OF THE MEMBER(S)**

\_\_\_\_\_  
**SIGNATURE OF THE PROXY**

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



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

### PROXY FORM

**REGD. FOLIO NO :** ..... **NO. OF SHARES** .....

**DPID** : .....

**Client ID** : .....

I/We.....

of.....

being a member of Akzo Nobel India Limited hereby appoint.....

of .....or failing him/her.....

of.....or failing him/her.....

of.....as my/our proxy to attend and vote for me/us on

my/our behalf at the 59th Annual General Meeting of the Company to be held on Thursday,

08 August 2013 at 2.30 P.M. and at any adjournment thereof.

As WITNESS whereof my/our hand is/are affixed this.....

day of.....2013

Signed by the said.....



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



## About Akzo Nobel India

Present in India for over 100 years and a significant player in the paints industry. Over the years, it witnessed sustained expansion, growth and transformation. In 2008, Akzo Nobel N.V. became owner of the entire equity share capital of Imperial Chemical Industries Ltd., by virtue of which the Company became a member of the AkzoNobel Group. Akzo Nobel India manufactures and markets paints, coatings and specialty chemicals. In 2012, three AkzoNobel Group companies in India, namely, Akzo Nobel Car Refinishes India Private Limited, Akzo Nobel Chemicals (India) Limited and Akzo Nobel Coatings India Private Limited were merged with Akzo Nobel India Limited, thereby expanding the Company's presence in a wide range of coatings covering Decorative, Powder, Marine & Protective, Automotive & Aerospace, Coil & Specialty Plastics.

Dulux is its most popular brand of its decorative coatings business while the performance coatings business provides solutions to many industries and sectors including automotive, consumer electronics, power, aviation, shipping and leisure craft, construction, oil and gas, water and waste water, food and beverages, etc. Its chemicals business in India sells more than 30 products grouped under organic peroxides, metal alkyls and polymer additives to pharmaceutical companies, polymer producers, composite and rubber industry. Every year we try and introduce new products in India to further strengthen our position as an innovative specialty chemicals company.

With an employee strength of close to 1,800, Akzo Nobel India has manufacturing sites, offices and distribution network spread across the country. All its five manufacturing facilities have an ISO 14001 certification for environmental management system. Its commitment to Health, Safety, Environment & Security (HSE&S) has been amongst the best-in-class globally, with due care being taken to protect the people and the environment.

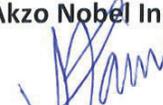
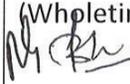
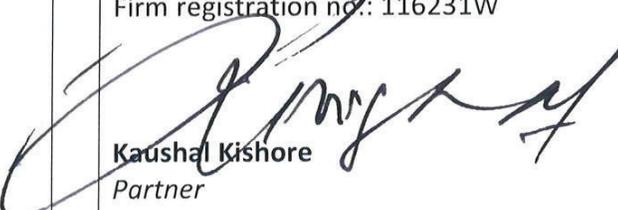
**Corporate office**

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

**[www.akzonobel.co.in](http://www.akzonobel.co.in)**




**Form A**
**Information on 'Unqualified Opinion' in the Independent Auditor's Report for the year ended  
31 March 2013, pursuant to Clause 31 (a) of the Listing Agreement**

1	Name of the Company	Akzo Nobel India Limited
2	Annual financial statements for the year ended	31 March 2013
3	Type of Audit observation	<b>Un-qualified</b> An unqualified audit opinion has been issued by the statutory auditors on the financial statements for the year ended 31 March 2013.
4	Frequency of observation	Not applicable.
5	For and on behalf of the <b>Board of Directors of Akzo Nobel India Limited</b>   <b>Amit Jain</b> (Managing Director)   <b>P S Basu</b> (Whopletime Director)   <b>R S Karnad</b> (Audit Committee Chairperson)  For <b>B S R &amp; Associates</b> Chartered Accountants Firm registration no.: 116231W   <b>Kaushal Kishore</b> Partner Membership No.: 090075 (Auditor)	

SK