



AkzoNobel

Tomorrow's Answers Today

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AKZO NOBEL CHEMICALS (INDIA) LIMITED
18th ANNUAL REPORT
2007 - 2008


AkzoNobel

Tomorrow's Answers Today

Eighteenth Annual Report 2007-2008

AKZO NOBEL CHEMICALS (INDIA) LIMITED

BOARD OF DIRECTORS

Mr. P. Radlinski

Mr. B Stuut

Mr. H Aldenhoven

Mr. A S Dalal

MANAGING DIRECTOR

Mr. S K Kulkarni

Company Secretary

Mr. Anil S. Karve

AUDITORS

M/s. BSR & Co

BANKERS

ABN Amro Bank N.V.

State Bank of India

HDFC Bank Limited

Registered Office

501-502, 5th Floor, San Mahu Complex,
5, Bund Garden Road, Opp. Poona Club,
Pune – 411001
Tel.: 020-26125822

Share Transfer Agent

Intime Spectrum Registry Limited,
Block No.202, Akshay Complex, 2nd Floor,
Off Dhole Patil Road, Near Ganesh Mandir,
Pune – 411 001
Tel.: 020-26051629/65203395

Factory

C-61(Part), E 19/20, MIDC, Industrial Area, Mahad, Dist- Raigad – 402301. Tel : 02145-232153

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NOTICE

TO THE MEMBERS

NOTICE is hereby given that the 18th Annual General Meeting of the Members of **Akzo Nobel Chemicals India Limited** will be held at the Registered Office of the Company at 501-502, San Mahu Complex, 5 Bund Garden Road, Pune 411001, on 23rd September, 2008 at 11.00 AM. (IST) to transact the following business :

1. To consider and adopt the reports of the Auditors and Directors and the Audited Statement of Accounts for the year ended March 31, 2008.
2. To appoint a Director in place of Mr. Ben Stuu, who retires by rotation but being eligible offers himself for re-appointment.
3. To appoint auditors and to fix their remuneration;
4. To consider and, if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Shrikant Krishna Kulkarni who was appointed a Director of the Company by the Board of Directors of the Company to fill up the casual vacancy caused by sad demise of Mr. D Y Gaitonde and whose term of office expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing along with a deposit of Rs.500/- from a member proposing his candidature for the Office of a Director as required by section 257 of the Company's Act, 1956, be and is hereby appointed a Director of the Company who will not be liable to retire by rotation of Directors.

5. To consider and, if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 314 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956, this meeting hereby approves appointment of Mr. Shrikant Krishna Kulkarni as the Managing Director of the Company for a period of 5 (five) years from 24th April, 2008.

FURTHER RESOLVED THAT subject to the limits contained in Schedule XIII to the Companies Act, 1956 the Managing Director of the Company be and is hereby authorized to receive the remuneration and perquisites as under:

- i. Basic Salary : Rs. 1,67,699
Special Allowance : Rs. 34,937
- ii. Perquisites: Perquisites shall be restricted to an amount equal to annual salary
 - a. Furnished residential accommodation.
 - b. Reimbursement of the expenditure incurred on electricity and gas at the residence, which shall be valued as per the Income Tax Rules, 1962 subject to ceiling of the salary.
 - c. Medical reimbursement: reimbursement of the expenditure incurred for self and family including dependent parents and children subject to ceiling of Rs. 15000 (Rs. Fifteen Thousand only).
 - d. Leave Travel Allowance: Leave travel allowance for self and family once in a year equivalent to one month basic salary.
 - e. Club Fees: Fees of the club subject to a maximum of two clubs. This will not include admission fees and life membership fees.
 - f. Personal Accident Insurance: Personal accident insurance of an amount, the annual premium of which shall not exceed one month Basic Salary per annum.
 - g. Company's Contribution to Provident Fund as per Company's rules.
 - h. Gratuity at the rate of 15 days salary for every completed year of service.
 - i. Company's contribution towards superannuation fund as per rules of the Company.

Note: Aforesaid perquisites stated at G, H, I shall not be included in the computation of maximum remuneration to the extent these either singly or put together are not taxable under Income Tax Act, 1961.

AKZO NOBEL CHEMICALS (INDIA) LIMITED

j. Earned leave on full pay and allowance and perquisites as per rules of the Company. Encashment of accumulated leave at the end of the tenure shall not be included in the computation of the minimum remuneration .

k. Chauffeur driven car to be provided by the Company for use of Company's business and personal use.

l. Telephone / Fax/ Internet facility at residence at actuals.

Revision in the salary, if any, shall be payable subject to the approval of the members of the Company

iii. Minimum Remuneration: In any financial year during the currency of his tenure as the Managing Director, the Company has no profits or its profits are inadequate, the Company will pay the remuneration by way of salary and perquisites as per provisions of Section II of part II of Schedule XIII to the Act then in force.

RESOLVED FURTHER THAT Mr. Heinrich Aldenhoven, Director of the Company jointly with Mr. Anil S Karve, Company Secretary be and are hereby authorized to execute the agreement embodying the terms and conditions of the appointment, a draft of which is initialled by the Chairman of this meeting for the purpose of identification and placed before this meeting under the Common Seal of the Company.

FURTHER RESOLVED THAT the Company Secretary of the Company be and is hereby authorized to file necessary returns, documents with Registrar of the Companies Pune.

For and on behalf of the Board of Directors

Place : Mumbai

Anil S Karve

Date: August 18, 2008

Company Secretary

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF, AND A PROXY NEED NOT BE A MEMBER.**
2. Pursuant to section 154 of the Companies Act, 1956 The Register of Members and the Transfer Books of the Company will remain closed from Monday, 15th the September, 2008 to, Monday, 22nd the September, 2008 (both days inclusive).
3. Members desirous of getting any information about accounts and operations of the Company are requested to address their query to the Secretary at Registered Office well in advance so that the same may reach seven days in advance of the Meeting to enable the management to keep the required information readily available at the Meeting.
4. Members who hold shares under more than one folio in name(s) in the same order, are requested to send the relative share certificate(s) to the Company for consolidating of the holdings into one account. The share certificate(s) will be returned by the Company after consolidation.
5. Members are requested to advise, the change of their address, if any, to the Company at its Registered Office quoting their folio numbers.

ANNEXURE TO NOTICE**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****ITEM NO. 4**

Mr. Shrikant Krishna Kulkarni was appointed by Board of Directors with effect from 24th April 2008 to the office of a Director in terms of article 37 of the Articles of Association of the Company read with Section 262 of the Companies Act, 1956 in the casual vacancy caused by sad demise of Mr. D Y Gaitonde, whose term of Office expires at this meeting.



Now the Company has received a notice under section 257 of the Companies Act, 1956 along with deposit of Rs. 500 proposing candidature of Mr. Shrikant Krishna Kulkarni for election to the office of a Director of the Company.

There is a proposal in this notice at item no. 5 to approve appointment of Mr. Shrikant Krishna Kulkarni as the Managing Director in terms of Article 58 of the Articles of the Association of the Company Mr. Shrikant Krishna Kulkarni being the Managing Director shall not be liable to retire by rotation of directors, but his tenure shall be subject to the provisions of contract between the Company and him.

Mr. Shrikant Krishna Kulkarni has done his Science graduation in chemical technology from UDCT and Diploma in Business Management. He is having vast experience in chemical industry. Prior to his appointment to the office of the Director, he has been associated with Company as the President & Manager of the Company since 2002. He has successfully managed activities of the Company and his continued association will be beneficial to the Company.

The Board of Directors recommends the resolution for your approval as an Ordinary Resolution.

None of the directors is concerned or interested in the resolution except to the extent of their shareholding. Mr. Shrikant Krishna Kulkarni is interested in the resolution as it relates to his appointment to the office of a Director.

ITEM NO. 5

Under the provisions of section 269 & other applicable provisions of the Companies Act, 1956 & schedule XIII to the Act and being empowered by the article 57 of Articles of Association of the Company, the Board of Directors appointed Mr. Shrikant Krishna Kulkarni as the Managing Director for a period of 5 (five) years with effect from 24th April 2008 & the decision of the Board of Directors being subject to your approval, this item has been included in the notice for the reason mentioned in this explanatory statement at item 4 above. The Board of Directors are of the opinion that the Company will make more progress under the competent leadership of Mr. Shrikant Krishna Kulkarni & therefore recommends resolution for your approval as an Ordinary Resolution.

None of the Directors is concerned or interested in the resolution except to the extent of their shareholding. Mr. Shrikant Krishna Kulkarni is interested in the resolution as it relates to his appointment to the office of the Director.

For and on behalf of the Board of Directors

Place : Mumbai

Anil S Karve

Date: August 18, 2008

Company Secretary

AKZO NOBEL CHEMICALS (INDIA) LIMITED**DIRECTORS' REPORT****FOR THE YEAR ENDED 31st MARCH, 2008**

Dear Shareholders,

We have pleasure in presenting the 18th Annual Report and the Audited Statements of Accounts of your Company for the year ended 31st March 2008.

FINANCIAL RESULTS

	This Year	Previous Year
	(Rupees in	(Rupees in
	Thousand)	Thousand)
Turnover	571,676	544,486
Other Income	57,356	59,560
Gross Profit	209,292	227,034
Less : Depreciation	14,092	10,866
Less : Provision for Taxation	69,621	74,380
Less : Deferred Tax Credit	(2,168)	(2,533)
Less : Fringe Benefit Tax	800	722
Net Profit	126,947	143,599
Add : Balance brought forward from previous year	751,277	607,678
Balance carried forward to next year	878,224	751,277

DIVIDEND

In order to conserve the reserve position of the Company, dividend has not been recommended for the year ended 31st March 2008.

COURSE OF BUSINESS

The performance of your Company for the year 2007-08 was satisfactory. Net Sales up by 5% compared to previous year.

Profit before Tax is lower by 12% compared to the previous year mainly due to increase in raw material prices. Net Profit after Tax is Rs. 126.95 Millions.

Plant operations were safe and there was no lost time incident. Also, production efficiency was better and expenses of the Company were under control.

We acknowledge the valuable contribution of Akzo Nobel Chemicals International B. V. through continued technological assistance.

ORGANISATION AND HUMAN RESOURCES

Employees are fully involved in accomplishing the vision of the Company, which states 'Significantly Grow the Business by being Low Cost Producer, Market Leader and Global Player'. Our employees conduct business activities with a spirited enthusiasm to achieve global standards. Our employees are motivated and perform with excellent team-work.

SAFETY, HEALTH AND ENVIRONMENT

Safety, Health and Environment remain our top priority. Awareness training is regularly imparted to employees on Fire Fighting, First Aid and On-Site Emergency Plan. Statutory Rules and Regulations for Safety, Health and Environment are strictly observed.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information regarding Energy conservation measures, technology absorption and foreign exchange earnings and outgo as required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are set out in a separate statement attached hereto and forming a part of the Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Directors to their best of knowledge and belief confirm that:

- in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- appropriate accounting policies have been selected and applied consistently and judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the financial year ended on that date;
- proper and sufficient care has been taken 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;



- iv. the Annual Accounts have been prepared on a going concern basis.

DIRECTORS

In accordance with the Articles of Association of the Company, Mr. Ben Stuit retire by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment.

AUDITORS

M/s. BSR & Co., Chartered Accountants, Pune, the Statutory Auditors of the Company will retire from the office of the Auditors and being eligible offer themselves for reappointment. Their remuneration for the current year is to be fixed by you.

GENERAL

Information regarding employees in accordance with Section 217(2A) of the Companies Act, 1956 is given in the Annexure to this Report.

APPRECIATION

Your Directors wish to acknowledge and thank the Central and State Governments, Bankers and Shareholders for continual support extended to the Company for better performance.

For and on behalf of Board of Directors

Shrikant Kulkarni
Managing Director

Mumbai
18th August 2008

H. Aldenhoven
A.S. Dalal
Directors



ANNEXURE TO THE DIRECTORS' REPORT

(Additional information given in terms of Notification 1029 of 31.12.1988 issued by the Department of Company Affairs)

A. CONSERVATION OF ENERGY

- (a) Energy Conservation measures taken:

Various energy saving measures have been taken in plant and office building to save energy. Also more emphasis was given to increase the awareness throughout the organisation towards best energy saving practices.

- (b) Additional investment and proposals, if any, being implemented for saving of energy: Nil
- (c) As an effect of the above measures taken, there shall be a saving in power cost of the Company.

B. TECHNOLOGY ABSORPTION

- (a) Research & Development

- | | | |
|---|---|-----|
| (1) Specific areas in which R & D is carried out by the Company | : | NIL |
| (2) Benefits derived as a result of the above R & D | : | NIL |
| (3) Future plan of action | : | NIL |
| (4) Expenditure on R & D | : | NIL |

- (b) Technology Absorption, Adaptation, Innovation

- (1) Efforts towards technology absorption, adaptation and innovation:

Process optimisation trials were taken which have shown promising results. These optimisations need to be finalised and approved by Technology Department in Deventer. This will result into reduction of process effluent, improving cycle times and saving in raw materials.

- (2) Benefits derived as a result of above efforts:

Above efforts have resulted in increase in yield, reaction efficiency, reduction of batch times and cost reduction.

INFORMATION ON IMPORTED TECHNOLOGY

(Imported during the last 5 years from the beginning of the financial year)

(a) Technology Imported	(b) Year of import	(c) Technology absorption
NIL	—	---

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on foreign exchange earnings and outgo is contained in Notes on Accounts.

For and on behalf of Board of Directors

Shrikant Kulkarni
Managing Director

H. Aldenhoven
A.S. Dalal
Directors

Mumbai
18th August 2008



ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

FORM -A

(See Rule 2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. POWER AND FUEL CONSUMPTION		2007-2008	2006-2007
ELECTRICITY			
a) Purchased			
Units (KWH)		1933152	1680342
Total Amount (Rs.)		8526031	6714480
Rate per Unit (Rs.)		4.41	4.00
b) Own Generation			
Through Diesel generators			
Units (KWH)		22590	8288
Units per ltr. of diesel oils		3.16	3.16
Cost per unit (Rs.)		13.88	11.64
B. CONSUMPTION PER UNIT OF PRODUCTION	Standard	Current Year	Previous Year
PRODUCTS (with details) UNIT			
ELECTRICITY (KWH/Ton of Product)			
Polymerisation Initiators		1962.24	1635.0

For and on behalf of Board of Directors

Shrikant Kulkarni
Managing Director

Mumbai
18th August 2008

H. Aldenhoven
A.S. Dalal
Directors

ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

Information under Section 217(2A) read with Companies (Particulars of Employees) Rules, 1975 and forming part of Directors' Report for the year ended 31st March 2008:

Name and (Age)	Qualifications	Designation/ Nature of Duties	Date of Commencement of the employment & (Experience)	Gross Remuneration Rs.	Last employment held
Shrikant K. Kulkarni (48 years)	B. Sc. (Tech.) D.B.M.	President & Manager	30 th November 1990 (24 years)	46,16,000	Asst. Production Officer in Sandoz (I) Ltd

Notes:

1. Remuneration includes salaries, house rent and the monetary value of perquisites calculated in accordance with the provisions of the Income-Tax Act, 1961 and the Rules made thereunder.
2. Designation denotes the nature of duties also.
3. Other terms and conditions are as per the service rules and conditions of the Company.
4. The nature of the employment of the employee is contractual.
5. The above employee is not a relative of any of the Directors of the Company.

For and on behalf of Board of Directors

Mumbai
18th August 2008



Shrikant Kulkarni
Managing Director

H. Aldenhoven
A.S. Dalal
Directors