

Annual Report 2003-04
Golden Jubilee Year

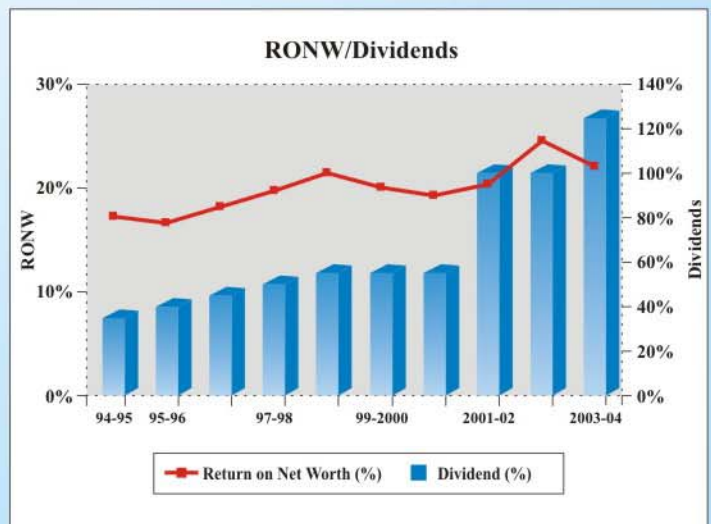
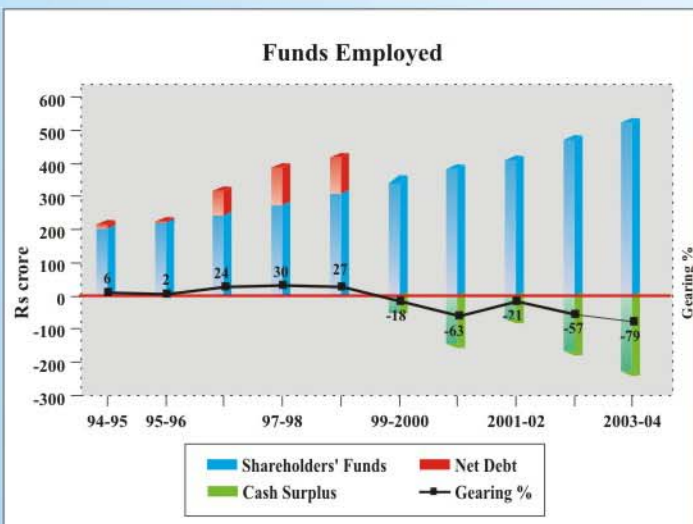
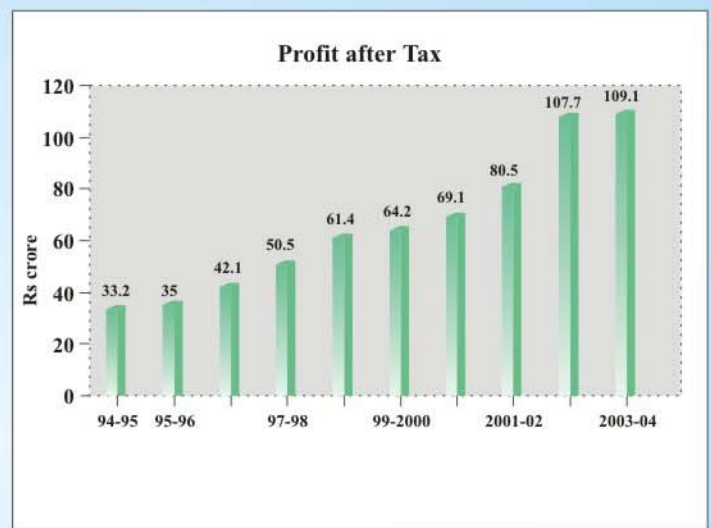


ICI India Limited



ICI India Limited

Ten Year Trends





ICI India Limited

Annual Report 2003-04

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ICI India

Vision

- Our ambition is to be the industry leader in creating value for the customers and shareholders.
- We will be the most admired specialty products Company in India.

Mission

- We will be the leader in India in chosen specialty products to delight our customers while creating superlative value for the shareholders.
- We will have an inspiring high performance culture underpinned by responsible care for all people and the environment.
- Innovation will be the key driver for our winning in the market place.

Values

We shall

- Show unrivalled understanding of customers and their markets.
- Seize opportunities rapidly, taking intelligent risks when required to bring measurably better products to the market.
- Meet demanding year on year growth targets above industry norms and constantly improve our operational performance.
- Hire, inspire and develop outstanding people by encouraging initiative, supporting new ideas and rewarding delivery.
- Never compromise our commitment to Safety, Health and Environment.



ICI INDIA LIMITED
ANNUAL REPORT 2003-04

BOARD OF DIRECTORS

CHAIRMAN

Aditya Narayan

MANAGING DIRECTOR

Rajiv Jain

DIRECTORS

M R Rajaram (Wholetime Director)

R Gopalakrishnan

Stephen Hamlett

Ms Renu S Karnad (w.e.f. 1 August 2003)

M V Subbiah

SECRETARY

R Guha

REGISTERED OFFICE

34, Chowringhee Road

Kolkata - 700071

Tel : 033-22267462

Fax: 033-22880804

CORPORATE OFFICE

DLF Plaza Tower, 10th Floor

DLF Outab Enclave, Phase-1

Gurgaon - 122002, Haryana

Tel : 0124-2540400

Fax : 0124-2540849

WEBSITE

www.iciindia.com

BOARD COMMITTEES

Audit Committee

Ms Renu S Karnad (Chairperson)

R Gopalakrishnan

Stephen Hamlett

M V Subbiah

Remuneration and

Nominations Committee

M V Subbiah (Chairman)

R Gopalakrishnan

Stephen Hamlett

Ms Renu S Karnad

Shareholders/Investors

Grievance Committee

Stephen Hamlett (Chairman)

Rajiv Jain

M R Rajaram

AUDITORS

BSR & Co.

BANKERS

Central Bank of India

Citibank NA

Deutsche Bank AG

Standard Chartered Bank

REGISTRAR AND SHARE

TRANSFER AGENT

C B Management Services (P) Limited

P-22, Bondel Road

Kolkata -700019

Tel. : 033-22806692-94

Fax : 033-22470263

e mail : cbmsl1@cal2.vsnl.net.in



DIRECTORS' REPORT 2003-04

Your Directors have pleasure in presenting their report for the year ended 31 March 2004.

BUSINESS ENVIRONMENT

During 2003-04, India's business environment was marked by a strong 8% GDP growth. This was led by a significant growth in agriculture aided by a good monsoon. The manufacturing sector grew 7%, while the services grew 13%.

Global rating agencies have forecast that on a sustainable basis, India's GDP growth in future could be around 6.5%, subject to areas like infrastructure development and correction of fiscal imbalances getting adequately addressed. This is in line with RBI's estimate of GDP growth for the year 2004-05.

Inflation, which was around 5% for most of 2003-04, showed a downward trend during March. While in 2004-05, it is expected to be around 4%, the recent run-away increase in oil prices remains a concern. The Rupee is expected to strengthen though it is presently showing some signs of weakening.

With the new government in place after the elections, the business environment in 2004-05 is likely to become a function of the new 'Common Minimum Programme'. Political stability with continuing reforms and normal monsoon appear necessary to sustain the overall growth momentum in 2004-05.

FINANCE AND ACCOUNTS

ICI India achieved sales of Rs 776 cr for the year reflecting a growth of 11% over the previous year. Sales from continuing businesses grew 19% with significant contribution from Paints and Industrial Specialties.

All the continuing businesses except for Rubber Chemicals recorded a strong growth. However, the overall profit from operations is lower by 10% compared to the previous year. This is primarily due to the fact that the 2002-03 results included profit from erstwhile Syntex business till October 2002 and income from investment in 2003-04 is lower as part of it will accrue in the next fiscal year.

The current year's exceptional income of Rs 77 cr consists mainly of profit on sale of 51% shareholding in Indian Explosives Limited, divestment of Nitrocellulose/Trading businesses and sale of property, partly offset by business reorganization costs and additional contribution to retiral funds necessitated by change in actuarial assumptions and decline in interest rates.

Overall, the Company achieved a record profit after tax of Rs 109 cr, marginally higher than that in the previous year. While your Board will follow a prudent dividend distribution policy in the coming years, in view of the very special occasion of Golden

Jubilee year of the Company and high level of non-recurring profit from divestments, it has recommended, as a once off special case, a dividend of Rs 12.50 per share (previous year Rs 10 per share). The dividend for the year will be paid after the approval of the shareholders at the forthcoming Annual General Meeting.

The performance highlights of the Company for the year are summarized below:

	2003-04	(Rs Cr) 2002-03
Sales	775.7	700.8
Operating Profit from businesses	83.2	87.0
Depreciation	24.3	23.4
Interest	4.6	3.3
Exceptional items	77.2	72.9
Profit before Tax	131.5	133.2
Tax	22.4	25.5
Profit after Tax	109.1	107.7

The appropriations of profit in 2003-04 are as follows:

	(Rs Cr)
Transfer to General Reserve	33.0
Proposed Dividend	51.1
Tax on Proposed Dividend	6.5

The balance, together with the amount brought forward from the previous year, amounting to Rs 232.8 cr, shall be carried to the Balance Sheet.

No public deposits were accepted or renewed during the year.

Unclaimed public deposits of Rs 1.64 lacs and unclaimed Dividends of Rs 14.39 lacs were transferred to the Investor Education & Protection Fund, in terms of section 205C of the Companies Act, 1956.

MANAGEMENT DISCUSSION & ANALYSIS

Paints

The Paints business performed well by gaining market share in chosen segments. The business launched a number of new products in the Decoratives category. Dulux Supergloss 5-in-1, a new enamel paint with improved glossy finish, clean colours, superior anti-yellowing properties, longer life and increased coverage was launched nationally and won endorsements from painters and consumers. Duette, a premium interior emulsion paint with a two-tone finish, was launched in select markets and has made a strong impact with consumers. The "Previews" colour visualization service remains a unique offering from the Company.



Marketing efforts were stepped up in the premium portfolio of Dulux products with significant investments in brand building. Thrust on placement of in-store tinting machines was continued to efficiently service customers and improve channel partnerships. New depots were opened to improve service level.

The housing sector is expected to grow rapidly on account of low interest rates and incentives given by the government. This will have a positive impact on the paints industry with the exterior segment likely to maintain its fast growth.

Polyurethane (PU) based automotive refinishes strengthened its leadership position in the market supported by introduction of new products. The Company focused its activities on upgrading the dealerships of the motor manufacturers with training and technical inputs. The new range of PU finishes, Belco has gained wide acceptance with dealers and users. The in-store tinting pioneered by the company has now been extended to all top-coats, which has helped to provide improved service and access to the entire colour offer.

The automobile sector has been growing rapidly due to reduction in excise duties and easy financing options, which have opened up growth opportunities for the business. Your Company is well positioned to improve its share in this growing market in view of its extensive R&D capability, innovation and market reach.

Industrial Specialties

Uniqema

The Uniqema business recorded good growth in 2003-04 posting a 14% increase in the topline. The Cleaning and the Fibre Finish segments reported strong performance with large orders from established customers. The Personal Care segment grew its sales aided by strong product/market development efforts and pricing strategies, tailored to the market environment. However, the business under-performed in the Crop Protection and Healthcare segments due to severe competitive pressures. Introduction of new products in the Lubricants segment has opened up new markets. As part of the simplification process, product and customer rationalization has been taken up as a key initiative to optimize resource utilization and maximize margins.

National Starch & Chemical

The Adhesives, Starch and Polymer segments performed well with an overall topline growth of 46%. The business consolidated its market position in the Glass fibre polymer segment during the year. In-house polymer production capacity is planned for commissioning by second half of 2004 and the business is poised to grow ahead of competition.

Industrial Chemicals

Rubber Chemicals

Through aggressive marketing, the business recorded a 10% volume growth in 2003-04 despite stiff global competition. However, the margins suffered due to low selling prices and high input costs. Your Company is making all efforts to improve business performance by focused cost reduction and export of key specialties. However, the recent reduction in import duty and the strengthening of Rupee have adversely affected the business' margins. Turnaround of the business is largely dependent on strengthening of the international selling prices, which is now overdue. Accordingly, investments necessary for improving internal efficiencies and augmenting throughput of specialty products are underway.

Nitrocellulose & Trading

Nitrocellulose and Trading businesses were divested to Nitrex Chemicals India Private Limited with effect from 16 March 2004. Accordingly, the operational results of the Company reflect the performance of the businesses up to 15 March 2004. The Company has invested Rs 94 lacs in the equity capital of Nitrex Chemicals India Private Limited, with an exit option over a 3-year period.

RESPONSIBLE CARE - SECURITY, SAFETY, HEALTH, ENVIRONMENT AND CORPORATE SOCIAL RESPONSIBILITY

During the year, the Company's factories at Valsad and Rishra have received ISO 14001 certification from BVQI. With this, all the main factories of your Company are now ISO 14001 accredited. Paints, Hyderabad site was selected as the Winner of the ICI India SSHE Excellence Trophy in July 2003 for achieving all-round improvement in terms of SSHE performance, RCMS compliance, Challenge 2005 initiatives etc.

Initiatives were taken during the year to improve the safety of operations and promote occupational health/clean environment at various sites.

No occupational illnesses were reported during the year. There were however one 'Reportable' and one 'Classified - not Reportable' injury incidents involving Contractors during the year. After an investigation, necessary corrective actions have been taken to prevent recurrence of such events.

CONSERVATION OF ENERGY

Continuous efforts to improve energy efficiency by close monitoring of operational parameters and selective investment in equipment resulted in a general improvement in energy consumption across businesses.



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.

RESEARCH, DEVELOPMENT & INNOVATION

The innovation intensity in the key businesses improved during the year.

Paints

As mentioned earlier, a premium solvent based product Supergloss 5-in-1 has been launched nationally and is performing well. New premium exterior products, Weathershield Max and Tilesshield, have been developed and are set for all India launch by mid 2004. A large number of projects are in progress to develop new products and further enhance quality of existing range of products. Significant progress has been made in the use of materials that are environment friendly.

Industrial Specialties

During the year Uniqema concentrated on development of new products and applications in the fields of Textile Auxiliaries, Spin Finish, Lubricants, Personal Care, Polymers and Crop Protection. New emulsifiers, surfactants and detergents have been introduced in a range for applications such as non-reductive cleaning agents for polyester dyeing, metal working fluid packages, environment friendly detergents and new fairness actives for skin care applications.

National Starch introduced a number of new products and applications including retail products in woodcare segment. Closely working alongwith its key customers, the business has provided innovative solutions for improving productivity through new products and applications.

INFORMATION TECHNOLOGY

After successful implementation of an ERP system dealing with the customer interface in Paints in the early part of the fiscal year, the business is now leveraging the on-line data availability to better service its customers and further strengthen the control systems.

In order to leverage the benefits of IT for improved customer servicing, the National Starch Business is implementing an ERP package, which is expected to be operational in the second half of 2004.

HUMAN RESOURCES

Cordial relations with the employees prevailed at all the Company locations during the year. The total number of employees as at

31 March 2004 was 1077 in ICI India. A statement containing the particulars of employees as required under Section 217(2A) of the Companies Act, 1956 is attached (Page 38).

INTERNAL CONTROL SYSTEMS

Your Company has well established procedures for internal control across its various locations, commensurate with its size and operations. The organization is adequately staffed with qualified and experienced personnel for implementing and monitoring the internal control environment. The internal audit function is adequately resourced commensurate with the operations of the Company and reports to the Audit Committee of the Board.

CORPORATE GOVERNANCE

The Company has been in full compliance of the norms of Corporate Governance as outlined in clause 49 of the Listing Agreement with the CSE, Kolkata and BSE and NSE, Mumbai. Annexure II to this report summarizes the status of compliance by the Company of the mandatory as well as non-mandatory norms of Corporate Governance contained in the said clause.

CORPORATE RESTURCTURING

With the divestment of majority shareholding in Indian Explosives Limited and Nitrocellulose and Trading businesses during the year, your Company has substantially completed the divestment part of its strategy. It grew its core businesses by about 20% during the year and would continue its focus to grow them aggressively in the coming years.

The cost of business re-organization triggered by productivity improvement plans has been included under exceptional items.

DIRECTORS

In the Board meeting held on 30 July 2003, Mr D S Parekh conveyed his desire to step down from the Board with effect from 1 August 2003. While reluctantly accepting his request, the Board recorded its deep gratitude and appreciation of his valued contribution and wise counsel as a Director of the Company from May 1997 through a period of intense change in the Company.

In the same meeting on 30 July 2003, the Board decided to appoint Ms Renu S Karnad as a Director with effect from 1 August 2003, in the casual vacancy caused by the resignation of Mr D S Parekh.

Mr S Krishna, nominee Director of the Government of India, stepped down from the Board on 21 January 2004 consequent to the divestment of the GOI shareholding in the Company. The Board recorded its appreciation of the valued contribution of Mr Krishna as a Director of the Company from September 2002.



Mr S Hamlett and Ms R S Karnad, Directors, are due to retire by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment. Their brief resume and other relevant details are given in Annexure II to this report.

AUDITORS

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

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm that:

- a) in the preparation of the Annual Accounts, the applicable accounting standards have been followed;
- b) they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of
 - the state of affairs of the Company as on 31 March 2004, 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

Certain statements in this report, particularly those which relate to Management Discussion and Analysis describing the Company objectives, projections, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results might differ materially from those that are expressed or implied in the event of changes in the assumptions/market conditions.

SUBSIDIARY COMPANIES

The statement of particulars relating to the Company's subsidiary Quest International India Limited ("QIIL"), pursuant to Section 212 of the Companies Act, 1956, is attached to this report (Page 36).

Consequent to the divestment of the Company's 51% shareholding in Indian Explosives Ltd., M/s Indian Explosives

Ltd. and Initiating Explosives Systems India Ltd. ceased to be the Company's subsidiaries with effect from 6 November 2003.

The Company has been granted approval by the Central Government for not publishing the full accounts of its subsidiary QIIL, as part of its Annual Report in terms of section 212(8) of the Companies Act, 1956. A summary of the Balance sheet as on 31 March 2004 of QIIL and its performance for the year ended on that date is given on Page 37.

CONSOLIDATED ACCOUNTS

As per requirements under the Listing Agreement, audited consolidated financial statements conforming to the applicable accounting standards are attached to the Annual Report. A summary of the consolidated financial performance of the Company and its subsidiaries, after eliminating inter Company transactions, is as follows:

	2003-04	(Rs Cr) 2002-03
Sales	1001	1011
PBT from Operations	70	79
Profit before Tax	142	151
Profit after Tax	113	113
Total Assets Employed	587	615
Total Shareholder Funds	511	498

Note:

The Income and Profit figures include those relating to ICI India Ltd. and Quest International India Limited for the full year and Indian Explosives Ltd. and Initiating Explosive Systems India Ltd. upto the date of divestment.

The figures of Assets and Shareholders Funds include those relating to ICI India Ltd. and Quest International India Limited.

ACKNOWLEDGEMENT

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

On behalf of the Board

Gurgaon
22 May 2004

A NARAYAN
Chairman



ANNEXURE I TO THE DIRECTORS' REPORT

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. Power & Fuel Consumption

		2003-04	2002-03
1. Electricity			
(a) Purchased			
Unit	Lac Kwh	293.88	249.27
Total Amount	Rs Lacs	1448	1207
Rate	Rs/Kwh	4.93	4.84
(b) Own Generation			
Unit	Lac Kwh	0.74	0.93
Units/Kl of diesel oil	Kwh	3825	3760
Cost/Unit	Rs/Kwh	10.85	11.34
2. Coal			
Quantity	Te	9802	6019
Total Cost	Rs Lacs	210	123
Average Rate	Rs/Te	2140	2041
3. Fuel Oil			
Quantity	Kl	7250	7054
Total Amount	Rs Lacs	853	830
Average Rate	Rs/Kl	11767	11769

Consumption per unit of production

	Electricity (Kwh/Te)		Fuel Oil (Kl/Te)		Coal (Te)	
	2003-04	2002-03	2003-04	2002-03	2003-04	2002-03
Paints	127	138	0.01	0.01	NA	NA
Uniqema	176	202	0.05	0.06	NA	NA
National Starch	157	139	0.02	0.01	NA	NA
Rubber Chemicals	3224	2674	0.40	0.41	3.02	2.05
Nitrocellulose	1945	1940	0.99	1.11	NA	NA
Synetix	2762	2199	0.90	0.65	NA	NA

NA = Not Applicable

B. DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION OF TECHNOLOGY

1. Research & Development (R&D)

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

During the year, R&D activities concentrated on development of new products and applications in Paints, Uniqema and National Starch businesses.

Process modifications were carried out for improving product yield and quality across all businesses.

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

As a result of these initiatives, the relevant businesses achieved sales growth well ahead of the market.

(c) Future plan of action

It is proposed to concentrate both on new product and application innovation in selected areas to meet market demand. Efforts to reduce waste generation and energy consumption would be continued to achieve overall reduction in environmental burden.

Expenditure on R&D

	2003-04	2002-03
(i) Capital	19	-
(ii) Recurring	277	206
(iii) Total	296	206
(iv) Total R & D expenditure as a percentage of turnover	0.4%	0.3%

2. Technology Absorption, Adaptation and Innovation

(a) Efforts

More than 50 new products were developed and commercialized during the year for Textiles, Health and Personal Care, Crop Protection and Specialty Industrials segments. Process modifications were implemented to achieve cost savings and reduction in environmental burden.

(b) Benefits

34% of the year's turnover of Uniqema business came from new products/applications.

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

Technology imported	Year of import	Has the technology been fully absorbed?	If not fully absorbed, reasons and future plans of action
Detergent for new trend fabrics	2003	Yes	NA
Tinters Manufacture	2002	Yes	NA
Hot Melt Adhesives	1999	Yes	NA

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Total Foreign Exchange earned and used:

	2003-04	2002-03
Earned	53,27	54,63
Used	155,03	114,93

The overall foreign exchange earned has come down on account of divestment of Synetix business w.e.f. November 2002. During the year 2003-04, export sales in Rubber Chemicals Business increased significantly with entry into new markets.

The foreign exchange use has gone up during the year mainly on account of increased import requirement due to higher volumes and to avail commercial advantage.

Future Plans

Use innovation and R&T strengths to improve forex earnings.

On behalf of the Board

Gurgaon
22 May 2004

A NARAYAN
Chairman

ANNEXURE II TO THE DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

As required under clause 49 of the Listing agreement with the Stock Exchanges, a report on Corporate Governance in the Company is given below:

A) MANDATORY REQUIREMENTS

1. Company's philosophy on code of Governance

Your Company has been persistently pursuing good Corporate Governance through full regulatory compliance, transparency, efficient operational practices, strong internal control systems and operating with fairness and integrity to enhance the interests of all its stakeholders. All the employees are bound by ICI's Code of Business Conduct apart from explicit guidelines and policies on all important issues. As a good corporate governance practice, these policies have also been posted on the Company's website.

2. Board of Directors

Composition

The Board composition is in conformity with the provisions of the Companies Act, 1956 and the Listing Agreements. The present strength of the Board is 7 Directors comprising 2 Wholtime Directors (WTD) and 5 Non-Executive Directors (NED), including the Chairman.

The current composition of the Board (as on 22 May 2004) is as follows:

Name of Directors	Category of Directorship
Mr A Narayan	Non-Executive Chairman
Mr Rajiv Jain	Managing Director and Chief Executive Officer, Paints
Mr M R Rajaram	Chief Financial Officer and WTD
Mr S Hamlett	NED
Mr R Gopalakrishnan	NED – Independent
Ms R S Karnad	NED – Independent
Mr M V Subbiah	NED - Independent

Directorship on Board and Membership in Committees of Companies including ICI India Limited (as on 22 May 2004)

Name of Directors	Directorship in Companies#		Membership in specified Committees*
	Public	Private/Ltd. by Guarantee	
Mr A Narayan	3	–	3
Mr Rajiv Jain	1	1	1
Mr M R Rajaram	3	1	4
Mr S Hamlett	4	–	3
Mr R Gopalakrishnan	14	1	10
Ms R S Karnad	11	–	5
Mr M V Subbiah	8	1	5

Excludes Alternate Directorships

*Specified Committees – Audit, Remuneration, Shareholders/Investors Grievance.

Number and dates of Board Meetings held

5 Board Meetings were held during the year 2003-04 (On 30 May, 30 July, 30 October, 23 December 2003 and 23 January 2004).

Attendance details of each Director at the Board Meetings and the last AGM

Name of Directors	No. of Board Meetings attended	Attendance at the last AGM
Mr A Narayan	5	Yes
Mr Rajiv Jain	5	Yes
Mr M R Rajaram	5	Yes
Mr S Hamlett	4	Yes
Mr R Gopalakrishnan	2	Yes
Ms R S Karnad*	2	NA
Mr S Krishna (Govt.of India Nominee)**	–	No
Mr D S Parekh***	2	Yes
Mr M V Subbiah	4	Yes

* Joined the Board w.e.f. 1 August 2003

** Resigned from the Board w.e.f. 21 January 2004

*** Resigned from the Board w.e.f. 1 August 2003

Directors to be appointed/re-appointed

In the forthcoming Annual General Meeting, Mr S Hamlett and Ms R S Karnad are due to retire by rotation and being eligible offer themselves for re-appointment. A brief resume of each of the above Directors, as required under Clause 49 (VI) of the Listing Agreement, is given below. Summary of membership of the Board Committees in different companies held by the above Directors is provided elsewhere in this report.

Mr S Hamlett

Mr Stephen Hamlett is a Non-Executive Director of ICI India Limited since January 2000.

Born in June 1952, Mr Hamlett is a professional manager presently working as Vice President of Regional Businesses of Imperial Chemical Industries PLC. He has earlier served in a range of different positions in the UK, Malaysia and Belgium and as Chief Finance Officer of ICI Acrylics from 1994 to 1996 followed by a tenure as Vice President, Procurement and Logistics.

Apart from ICI India Limited, he is a Director in the following companies:

1. ICI PTA Limited
2. ICI Pakistan Limited
3. Chemical Industries (Colombo) Limited, Sri Lanka

Mr Hamlett holds diverse range of experience in senior positions in mergers & acquisitions, procurement & logistics and finance.

Ms R S Karnad

Ms Renu S Karnad was appointed as a Director of ICI India Limited with effect from 1 August 2003.

Ms Karnad is an Executive Director of Housing Development Finance Corporation Ltd. She is a Law Graduate from the University



of Bombay and a Post Graduate in Economics from Delhi School of Economics.

Apart from ICI India Limited, she is a Director in the following companies:

1. Housing Development Finance Corporation Limited
2. HDFC Bank Limited
3. HDFC Asset Management Company Limited
4. HDFC Chubb General Insurance Company Limited
5. HDFC Realty Limited
6. GRUH Finance Limited
7. Credit Information Bureau (India) Limited
8. Feedback Ventures Limited
9. Mother Dairy Fruit and Vegetables Limited
10. Ascendas Limited

Ms Karnad also holds Pravin Fellowship from Woodrow Wilson School of International Affairs, Princeton, NJ. Apart from this, she is a Member of the BTS Investment Advisory Committee advising the Swiss Tech Fund set up by the Government of Switzerland.

Disclosure of transactions where Non-Executive Directors have pecuniary interest

None of the five NEDs have any pecuniary relationship or transactions vis-à-vis the Company, except Mr A Narayan to the extent of Pension and other benefits due to him from the Company and Mr S Hamlett to the extent of his role as Vice President, Regional Businesses of Imperial Chemical Industries PLC, the holding company.

The Directors periodically disclose their interest in different companies and transactions/contracts of the company with such companies are noted by the Board at its meetings.

3. Audit Committee

The Audit Committee comprises 4 NEDs and is chaired by Ms R S Karnad. The Managing Director, Director incharge of Finance, the Internal Auditors and Statutory Auditors are permanent invitees to the meetings. The Company Secretary acts as the Secretary to this Committee. Any other person/Executive, where necessary, is also required to attend the meetings.

The terms of reference of this committee are in line with the norms specified under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

Meetings and attendance during the year

There were 4 Meetings of Audit Committee during the year 2003-04 (30 May, 30 July, 30 October 2003 and 23 January 2004). The attendance details of the members of the Committee are given above:

Name of Directors	No. of Meetings Attended
Mr D S Parekh*	2
Ms R S Karnad*	2
Mr M V Subbiah	4
Mr R Gopalakrishnan	2
Mr S Hamlett	4

*Mr D S Parekh resigned from the Board and its committees w.e.f. 1 August 2003 and Ms R S Karnad, who joined the Board w.e.f. 1 August 2003, was nominated as a Member of the Audit Committee from that date and assumed the responsibilities as the Chairperson of the Audit Committee.

Mr D S Parekh, the then Chairman of the Audit Committee, was present at the Annual General Meeting of the Company on 30 July 2003.

4. Remuneration & Nominations Committee

The Remuneration & Nominations Committee (R&N Committee) has four members all of whom are NEDs. The Committee is chaired by Mr M V Subbiah. The Chairman of the Board is a permanent invitee to the R&N Committee meetings. Director incharge of Human Resources acts as the Secretary to this Committee.

The Committee had 1 meeting on 30 July 2003, which was attended by all the members. The other business of the Committee was conducted through circulation.

Mr D S Parekh resigned from the Board and its Committees w.e.f. 1 August 2003 and Ms R S Karnad, who joined the Board on 1 August 2003, was nominated as a Member to the R&N Committee with effect from that date.

Remuneration of Directors

The R&N Committee recommends the remuneration and changes therein of Managing/Wholtime Directors within the limits approved by the shareholders.

The remuneration of the NEDs is approved by the Board. The Independent Directors and the Non-Executive Chairman are paid sitting fees at the applicable rates (Rs 5000 per meeting up to January 2004 and increased to Rs 10,000 per meeting w.e.f. 1 February 2004) for attending Board/Committee meetings where they have been nominated as Members and commission, at such rates as approved by the Board/Shareholders from time to time.

The details of remuneration paid to the Directors during the year 2003-04 are given below:

Figures in Rs lacs

	Total Remuneration	Fixed component	Performance linked payments
	a	b	c
	(b + c)	Salary, Allowances & Perquisites	Performance Pay/ Commission
Executive Directors			
Mr Rajiv Jain	112.79	107.13	5.66
Mr M R Rajaram	87.57	83.33	4.24
Total	200.36	190.46	9.90
Non Executive Directors			
Mr A Narayan w.e.f. 3.4.03	5.25	0.25 **	5.00
Mr R Gopalakrishnan	5.25	0.25 **	5.00
Ms R S Karnad# w.e.f. 1.8.03	3.53	0.20 **	3.33
Mr D S Parekh* upto 31.7.03	1.92	0.25 **	1.67
Mr M V Subbiah	5.45	0.45 **	5.00
Total	21.40	1.40 **	20.00

Joined the Board w.e.f. 1 August 2003

* Resigned from the Board w.e.f. 1 August 2003

** Sitting fees for attending Board & Committee meetings

**Notes:**

- The Service Contracts with the Managing/Wholetime Directors are normally for a period of five years terminable at six months notice on either side. Extracts of such contracts are communicated to the shareholders as required under law.
- Performance based payments are made to the Managing/Wholetime Directors on pre-agreed parameters and taking into account the recommendations of the R&N Committee.
- Presently, the Company does not have any Stock Option Scheme.

5. Shareholders/Investors Grievance Committee

The Shareholders/Investors Grievance Committee of the Company functions under the Chairmanship of Mr S Hamlett, a Non-Executive Director. The other members are Mr Rajiv Jain and Mr M R Rajaram, Managing/Wholetime Directors. The Company Secretary functions as the Secretary to this Committee.

The Committee had two meetings (30 October 2003 and 23 January 2004). The attendance of each member is given below:

Name of Directors	No. of Meetings Attended
Mr S Hamlett	2
Mr Rajiv Jain	2
Mr M R Rajaram	2

The Company received a total of 42 complaints regarding non-receipt of share certificates and dividends, from its shareholders during the period 1.4.2003 to 31.3.2004, all of which were resolved within the prescribed time limit. No share transfers arising out of the financial year in question were pending beyond the normal service time.

6. General Body Meetings

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

Date of AGM	Time	Place
30 July 2003	2.30 pm	Science City Auditorium, J B S Halden Avenue, G K Road Post Office, Kolkata - 700046
30 July 2002	11.00 am	-do-
26 July 2001	10.30 am	-do-

All the resolutions set out in the respective notices were passed by the shareholders.

7. Postal Ballot

In accordance with Section 293(1)(a) read with Section 192A of the Companies Act, 1956 and the applicable rules, the Company successfully conducted the postal ballot process for passing the resolution for sale of the Nitrocellulose and Trading businesses of the Company.

Hon'ble Justice G N Ray (former Judge of Supreme Court of India) was appointed as Scrutinizer for conducting the postal ballot process in a fair and transparent manner. The shareholders approved the resolution with an overwhelming majority of 99.9% with 211.1 lac votes in favour of the resolution and 0.1 lac votes against it. The result of the postal ballot was announced on 6 February 2004.

8. Disclosures

There was no materially significant transaction with related parties 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 Register of Contracts containing the transactions in which Directors are interested is placed at the Board meetings. Disclosures on transactions with related parties as required under Accounting Standard 18 have been incorporated in the notes to the Accounts.

There were no strictures or penalties imposed on the Company by Stock Exchanges or Stock Exchange Board of India or any statutory authority for non-compliance of any matter related to capital markets, during the last three years.

9. Means of Communication

Half yearly results to each household of shareholders No, as the quarterly results of the Company are generally published in a leading English Newspaper & in a local language Newspaper.

Quarterly Results -do-

Newspapers in which results are normally published Business Standard (English) Aaj Kal/Pratidin (Bengali)

Any website, where displayed Yes, the results, press release, news and other relevant information are displayed on the Company's website www.iciindia.com

Whether, it also displays official news Releases Yes

Presentations made to institutional investors or to the analysts No

Whether Management discussion and Analysis is a part of Annual Report or not? Yes, incorporated in the Directors' Report

10. General Shareholder Information

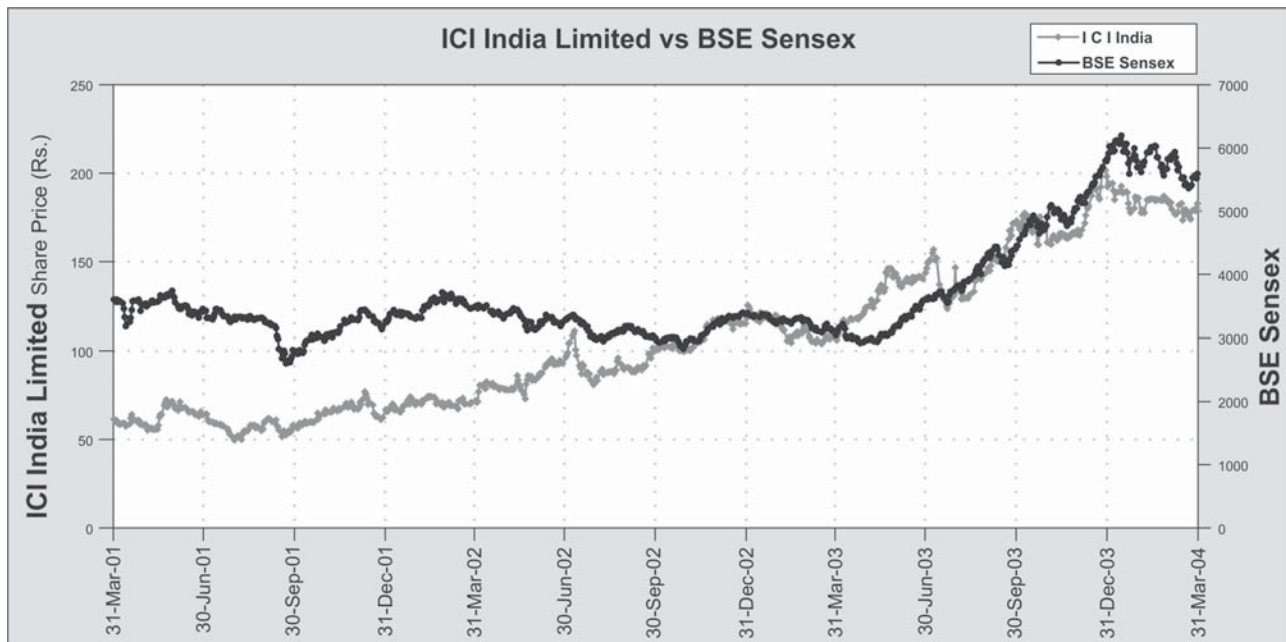
- AGM: Date, Time and Venue 30 July 2004 at 1430 hours at Bharatiyam Complex, IB 201, Salt Lake, Kolkata - 700016
- Financial Calendar
 - Financial Year - April to March
 - First Quarter Results - Normally, last week of July
 - Half yearly Results - Normally, last week of October
 - Third Quarter results - Normally, last week of January



- e. Results for the year ending 31 March - Normally May/June
 - Date of Book Closure 13 July 2004 to 30 July 2004 (both days inclusive)
 - Dividend payment date Around 5 August 2004 (if declared at the AGM)
 - Listing on Stock Exchange CSE, BSE, NSE
The Company has paid the listing fee for the period 1 April 2003 to 31 March 2004
 - Stock Code - Physical The Stock Exchange, Mumbai : 710
National Stock Exchange, Mumbai : EQ ICI
- ISIN Number for NSDL & CDSL INE133A01011

Market Price data (NSE) and stock performance in the last financial year

Month	ICI India Limited	
	High	Low
Apr-03	124.00	105.00
May-03	152.00	121.02
Jun-03	145.95	130.05
Jul-03	169.00	122.05
Aug-03	146.00	128.00
Sep-03	184.09	143.00
Oct-03	184.75	145.05
Nov-03	169.85	156.15
Dec-03	206.06	164.00
Jan-04	200.00	171.00
Feb-04	194.75	170.00
Mar-04	187.09	154.95



- Registrar and Transfer Agent M/s C B Management Services (P) Ltd., P-22, Bondel Road, Kolkata-700019
- Share Transfer System All the transfers received are processed and approved by the Seal and Share Transfer Committee which normally meets twice a month. Share transfers are registered and returned within 30 days from the date of lodgement if documents are complete in all respects.

Shareholding pattern as on 31 March 2004

Shareholders	Total No. of shares ('000's)	Percentage to total issued shares
Imperial Chemical Industries PLC	207,76	50.8
Domestic Financial Institutions & Mutual Funds	26,74	6.5
Foreign Financial Institutions	14,58	3.6
Banks & Insurance Companies	67,49	16.5
Other categories, incl. individuals	92,14	22.6
Total	408,71	100.0


Distribution of Shareholding as on 31 March 2004

Range (No. of shares)	No. of shareholders	No. of shares (000's)	% to Total
1-50	29,398	6,06	1.5
51-500	18,099	26,74	6.5
501-5,000	1,543	16,53	4.0
5,001-50,000	44	5,12	1.3
50,001-10,00,000	14	59,94	14.7
10,00,001 & above	6	294,32	72.0
Total	49,104	408,71	100.0

- **Dematerialization of shares and Liquidity**
The Company's equity shares have been notified for trading only in demat form w.e.f. 17 Jan 2000.
The Company has entered into agreements with NSDL & CDSL for smooth operation of demat mode of shareholding.
As on 31 March 2004, 88% of the Company's equity shares (excluding ICI PLC shares) are held by the shareholders in dematerialised form.
- **Outstanding GDRs/ADRs/Warrants Or any convertible instruments, conversion date and likely impact on equity**
None issued/outstanding
- **Plant Locations**
The Company's plants are located at Hyderabad (Andhra Pradesh), Mohali (Punjab), Rishra (West Bengal) and Thane (Maharashtra)
- **Address for Correspondence**
Shareholders correspondence may be addressed to:
1. C B Management Services (P) Ltd., P-22, Bondel Road, Kolkata - 700019
Or
2. The Company Secretary
ICI India Limited
DLF Plaza Tower, 10th Floor,
DLF Qutab Enclave, Phase-1
Gurgaon - 122002
Haryana.

B NON-MANDATORY REQUIREMENTS

- a) **Chairman of the Board**
Whether Chairman of the Board is entitled to maintain a Chairman's office at the Company's expense and also allowed reimbursement of expense incurred in the performance of his duties
The non-executive Chairman has been provided with an office at the Company's Corporate Office.
Expenses incurred by the Chairman in the performance of his duties are paid for by the Company.

b) **Remuneration Committee** Please refer para A(4) above

c) **Shareholders Rights**
Quarterly declaration of financial performance including summary of the significant events in the last 3 months should be sent to each household of shareholders

The Company's quarterly results are published in a leading daily English newspaper and a local language newspaper. The results are also posted on the EDIFAR database sponsored by SEBI, besides being displayed on the Company's web-site. In view of this, the results are not sent individually.

d) **Postal Ballot**

Please refer to para (A -7) above

Certification by the Auditors

As required under Clause 49 of the Listing Agreement, the Auditors of the Company have verified the compliance of the Corporate Governance norms by the Company. Their report is attached:

On behalf of the Board

Gurgaon
22 May 2004

A NARAYAN
Chairman

AUDITORS' CERTIFICATE ON COMPLIANCE WITH CLAUSE 49 OF THE LISTING AGREEMENT
To the Members of ICI India Limited

We have examined the compliance of conditions of Corporate Governance by ICI India Limited ("the Company") for the year ended 31 March 2004, as stipulated in clause 49 of the Listing Agreement of the Company with the stock exchanges.

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

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

We state that in respect of investors' grievances during the year ended 31 March 2004, no investor grievances are pending as per the records maintained by the Company.

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

For BSR & Co.
Chartered Accountants

Gurgaon
22 May 2004

AKHIL BANSAL
Partner
Membership No. 090906



AUDITORS' REPORT

TO THE MEMBERS OF ICI INDIA LIMITED

We have audited the attached Balance Sheet of ICI India Limited as at 31 March 2004 and also the Profit and Loss Account of the Company for the year ended on that date, annexed thereto, and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 ('Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) 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;
- (iii) the Balance Sheet, Profit and Loss Account and Cash Flow

Statement dealt with by this report are in agreement with the books of account;

- (iv) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable;
- (v) on the basis of written representations received from the Directors of the Company as on 31 March 2004 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2004 from being appointed a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
- (vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2004;
 - b. in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - c. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For BSR & Co.
Chartered Accountants

Gurgaon
22 May 2004

AKHIL BANSAL
Partner
Membership No.: 090906

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in our report of even date)

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) As explained to us, the fixed assets are physically verified by the management in accordance with a phased programme designed to cover all items of fixed assets over a period of three years, which in our opinion is reasonable having regard to the size of the Company and nature of its fixed assets. In accordance with the programme, fixed assets at certain locations have been physically verified by the management during the year and the discrepancies noted on such verification have been properly dealt with in the books of account.
(c) During the year, the Company has divested its Nitrocellulose and Trading businesses on a going concern basis. Although, the fixed assets of the above businesses disposed off were substantial, the same does not affect the going concern assumption for the Company.
2. (a) Physical verification has been conducted by management at reasonable intervals in respect of inventory of raw materials, stores and spare parts, work-in-process and finished goods in the Company's possession. The existence of stocks lying with third parties as at 31 March 2004 has been confirmed based on confirmations or statements of account received from such third parties. In our opinion, the frequency of physical verification is reasonable.
(b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
3. (a) In our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed between the physical inventory as verified and the book records were not material.
3. The Company has not granted/taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and, according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls with regard to purchase of inventory and fixed assets and for the sale of goods.
5. (a) According to the information and explanations provided to us, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956, have been so entered.
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956, and exceeding rupees five 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.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to



the deposits accepted from the public. As informed to us, no order has been passed by the Company Law Board relating to the deposits accepted from the public.

7. In our opinion, the existing internal audit system employed by the Company is commensurate with the size of the Company and nature of its business.
8. According to the information and explanations given to us, maintenance of cost records has not been prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 for any products of the Company.
9. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has been regular in depositing during the year

9. (a) (Contd...)

undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, wealth tax, customs duty, excise duty and other statutory dues with appropriate authorities. As explained to us, the Company did not have any dues on account of investor education and protection fund and cess. As informed to us, there are no undisputed dues in arrears as at 31 March 2004 for a period of more than six months from the date they became payable.

- (b) According to the information and explanation provided to us by the management the following dues of sales tax, income tax, customs duty and excise duty have not been deposited with the appropriate authorities on account of dispute:

(Amount in Rs. lacs)

Name of the Statute	Nature of the dues	Amount	Period	Forum where dispute is pending
Income Tax Act, 1961	Disallowances arising in Income-Tax proceedings	18,04	Assessment Year 2001-02/2000-01	Commissioner of Income Tax
Central Excise Act, 1944	Disallowances of Modvat credit	77	1991-1998	Commissioner of Central Excise
Central Excise Act, 1944	Disallowance of interest on receivables	2,97	1995-2001	Commissioner of Central Excise
Central Excise Act, 1944	Dispute on post manufacturing expenses	40	1991-92	Commissioner of Central Excise
Central Excise Act, 1944	Classification disputes	6,68	1993-2000	Central, Excise and Service Tax Appellate Tribunal
Central Excise Act, 1944	Recredit on toll conversion	2	1999-2000	Deputy Commissioner of Central Excise
Central Excise Act, 1944	Handling charges in assessable value	3	1996-97	Deputy Commissioner of Central Excise
Central Excise Act, 1944	Goods damaged in transit	1	1998	Commissioner Appeal
Customs Act, 1962	Imports against Duty Exempt Pass Book (DEPB) Licences	70	1999	Kolkata High Court
Central Sales Tax	Disallowance arising in Sales Tax proceedings	** 9,18	1983-85, 1993-94, 1995-2001	Sales Tax Officer/Sales Tax Revision Board/Deputy Commissioner/Deputy Commissioner Appeal/Tribunal
State Sales Tax	Disallowance arising in Sales Tax proceedings	** 10,90	1976-79,1980-93, 1994-2003	Sales Tax Officer/Sales Tax Revision Board/Deputy Commissioner/Deputy Commissioner Appeal/ Additional Commissioner/Tribunal/ High Court
Total		49,70		

* Excluding disputed dues of Rs. 2834 lacs, the realisation of which has been stayed.

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

- (c) As informed to us by the Company, there are no dues of wealth tax and cess, which have not been deposited on account of any dispute.
10. The Company does not have any accumulated losses and has not incurred cash losses during the current year and in the immediately preceding year.
11. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to banks. The Company did not have any outstanding debentures or any outstanding loans from any financial institution during the year.
12. Based on our examination of documents and records, we are of the opinion that the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. As explained to us, the provisions of any special statutes applicable to chit fund, nidhi, mutual benefit fund or society are not applicable to the Company.
14. Based on our examination of documents and records, we are of the opinion that proper records have been maintained of the transactions and contracts in shares, securities, debentures and other investments. Further, we are of the opinion that timely entries have been made in the said records and the shares, securities, debentures and other investments are held by the Company in its own name.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. According to the information and explanations given to us, no term loan have been taken by the Company during the year.

17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment. In consonance with principles of financial management, a part of long-term funds (comprising of share capital and internal cash generations) have been used to finance working capital and certain non-trade current investments. Other than this, no long-term funds have been used to finance short-term assets.
18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. According to the information and explanations given to us, the Company has not issued any debentures during the year.
20. The Company has not raised any money by public issue during the year.
21. According to the information and explanations given to us by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For BSR & Co.
Chartered Accountants

Gurgaon
22 May 2004

AKHIL BANSAL
Partner
Membership No.: 090906



BALANCE SHEET

	Schedule	As at 31 March 2004		As at 31 March 2003	
			(Rs. lacs)		(Rs. lacs)
I) SOURCES OF FUNDS:					
1. Shareholders' funds					
a) Capital	1	40,87		40,87	
b) Reserves and surplus	2	479,28	520,15	<u>428,60</u>	469,47
2. Loan funds					
a) Secured loans	3	5,00		–	
b) Unsecured loans	4	15,00	20,00	–	–
3. Deferred tax liability (net)	19 (24)		8,54		17,29
Total			548,69		<u>486,76</u>
II) APPLICATION OF FUNDS:					
1. Fixed assets	5				
a) Gross block		351,58		363,40	
b) Less : Accumulated depreciation		186,34		<u>176,07</u>	
c) Net block		165,24		<u>187,33</u>	
d) Capital work-in-progress at cost, including advances		3,81	169,05	<u>11,72</u>	199,05
2. Investments	6		468,89		341,27
3. Current assets, loans and advances					
a) Inventories	7	123,90		105,10	
b) Sundry debtors	8	106,59		85,45	
c) Cash and bank balances	9	23,40		28,72	
d) Loans and advances	10	33,25		<u>36,97</u>	
			287,14	<u>256,24</u>	
Less: Current liabilities and provisions					
a) Current liabilities	11	191,94		158,01	
b) Provisions	12	189,54		<u>156,93</u>	
			381,48	<u>314,94</u>	
Net current assets/(liabilities)			(94,34)		(58,70)
4. Miscellaneous expenditure not written off			5,09		5,14
Total			548,69		<u>486,76</u>
Significant accounting policies	18				
Notes to the accounts	19				

The accompanying schedules form an integral part of the Balance Sheet.

As per our report attached.

For BSR & Co.
Chartered Accountants

For ICI India Limited

AKHIL BANSAL
Partner
Membership No. 090906

A NARAYAN
Chairman

RAJIV JAIN
Managing Director

M R RAJARAM
Wholetime Director

R GUHA
Secretary

Gurgaon
22 May 2004



PROFIT AND LOSS ACCOUNT

		For the year ended 31 March 2004	For the year ended 31 March 2003
	Schedule	(Rs. lacs)	(Rs. lacs)
Income			
Gross sales		775,70	700,83
Less : Excise duty		90,58	79,92
Net sales		685,12	620,91
Other income	13	22,87	27,21
Total income		707,99	648,12
Expenditure			
Materials consumed	14	400,54	349,74
Other expenditure	15	224,32	211,34
Depreciation (net)		24,28	23,37
Interest (net)	16	4,58	3,34
		653,72	587,79
Profit before taxation from operations		54,27	60,33
Exceptional items	17	77,18	72,85
Profit before taxation		131,45	133,18
Provision for taxation :			
- Current tax		31,00	32,90
- Deferred tax		(8,64)	(7,41)
Profit after taxation		109,09	107,69
Balance brought forward		214,31	169,53
Transfer from debenture redemption reserve		-	13,20
Balance available for appropriation		323,40	290,42
Appropriations			
General reserve		33,00	30,00
Proposed dividend		51,09	40,87
Tax on proposed dividend		6,55	5,24
		90,64	76,11
Balance carried to the Balance Sheet		232,76	214,31
Basic and diluted earnings per equity share (in Rs.)	19 (23)	26.69	26.35
Significant accounting policies	18		
Notes to the accounts	19		
The accompanying schedules form an integral part of the Profit and Loss Account.			

As per our report attached.

For BSR & Co.
Chartered Accountants

For ICI India Limited

AKHIL BANSAL
Partner
Membership No. 090906

A NARAYAN
Chairman

RAJIV JAIN
Managing Director

M R RAJARAM
Wholtime Director

R GUHA
Secretary

Gurgaon
22 May 2004



CASH FLOW STATEMENT

For the year ended	31 March 2004 (Rs. lacs)	31 March 2003 (Rs. lacs)
A. Cash flow from operating activities		
Profit before taxation from operations	54,27	60,33
Adjusted for :		
Depreciation	24,28	23,37
Loss/(Profit) on sale of fixed assets (net)	(5)	5
Provisions/Liabilities no longer required written back	(1,32)	(2,60)
Bad debts/Advances	2,05	3,44
Provision for doubtful debts and advances (net)	(97)	(1,24)
Investment income and other income	(4,91)	(4,69)
Provision for diminution in value of investments	-	(23)
Profit on sale of investments (mutual funds)	(2)	(7,08)
Interest (net)	4,58	3,34
<i>Operating profit before working capital changes</i>	<u>77,91</u>	<u>74,69</u>
Changes in :		
Trade and other receivables	(18,23)	(8,77)
Inventories	(26,59)	(8,60)
Trade payables and other creditors	45,93	26,31
Cash generated from operations	<u>79,02</u>	<u>83,63</u>
Direct taxes paid	(16,58)	(21,91)
Exceptional items (relating to outflow on account of voluntary retirement scheme payments, cost of business reorganisation and additional contribution to employee retiral funds)	(24,07)	(16,70)
Net cash before investments & financing activities (A)	<u>38,37</u>	<u>45,02</u>
B. Cash flow from investing activities		
Purchase of fixed assets	(13,39)	(28,08)
Sale of properties (including advance received)	2,41	3,87
Sale of businesses	65,78	156,76
Payments relating to divested businesses	(3,20)	(3,92)
Sale of other fixed assets	38	4
Purchase of investments	(50,94)	(40,00)
Sale of investment in Indian Explosives Limited	66,65	-
Profit on sale of investments (mutual funds)	2	7,08
Interest received	38	71
Investment and other income {income from subsidiary nil; (2002-03 : Rs. 386 lacs)}	3,30	4,69
Net cash from investing activities (B)	<u>71,39</u>	<u>101,15</u>
C. Cash flow from financing activities		
Borrowings during the year	20,00	-
Borrowings repaid during the year	-	(23,54)
Premium paid on premature redemption of debentures	-	(1,28)
Dividend paid	(40,55)	(40,54)
Tax on dividend	(5,24)	-
Interest paid	(4,96)	(6,05)
Net cash used in financing activities (C)	<u>(30,75)</u>	<u>(71,41)</u>
Net changes in cash & cash equivalents (A+B+C)	<u>79,01</u>	<u>74,76</u>
Cash and cash equivalents - opening balance	169,42	94,66
Cash and cash equivalents - closing balance	248,43	169,42



CASH FLOW STATEMENT (contd.)

Notes to the cash flow statement

	As at 31 March 2004	As at 31 March 2003
Cash and cash equivalents comprise :		
Cash, cheques in hand and in transit	31	53
Bank balance in Current Account	21,24	26,66
Bank balance in Unpaid Dividend Account *	1,85	1,53
Govt. of India Securities	-	52
Tax free bonds	-	10,18
Fixed Maturity Debt Mutual Funds	222,00	130,00
Liquid Mutual Funds	3,03	-
	<u>248,43</u>	<u>169,42</u>

* Not available for use by the Company

As per our report attached.

For BSR & Co.

For ICI India Limited

Chartered Accountants

AKHIL BANSAL

A NARAYAN

RAJIV JAIN

M R RAJARAM

R GUHA

Partner

Chairman

Managing Director

Wholtime Director

Secretary

Membership No. 090906

Gurgaon

22 May 2004

SCHEDULES TO THE ACCOUNTS

SCHEDULE 1 : CAPITAL

	As at 31 March 2004	As at 31 March 2003
	(Rs. lacs)	(Rs. lacs)
Authorised		
416,90,000 equity shares of Rs. 10 each	<u>41,69</u>	<u>41,69</u>
Issued, Subscribed and Paid Up		
408,70,612 equity shares of Rs. 10 each	<u>40,87</u>	<u>40,87</u>

Of the above equity shares :-

- 85,32,667 were allotted as fully paid up Bonus shares by capitalisation of share premium and reserves.
- 29,68,824 were issued on part conversion of debentures.
- 207,76,213 are held by the holding company, Imperial Chemical Industries PLC, UK.
- 89,18,121 were issued as fully paid up otherwise than for cash.

SCHEDULE 2 : RESERVES AND SURPLUS

(Rs lacs)

	As at 1 April 2003	Additions	Deductions	As at 31 March 2004
Capital reserves	23,92	-	-	23,92
Share premium	1,15	-	-	1,15
Revaluation reserve *	5,68	-	58	5,10
General reserve **	183,54	33,00	19	216,35
Profit and loss account	214,31	18,45	-	232,76
Total	<u>428,60</u>	<u>51,45</u>	<u>77</u>	<u>479,28</u>
Previous year	368,55	74,78	14,73	428,60

* Deduction represents withdrawal on account of :

- Fixed assets disposed/written off, Rs. 50 lacs (2002-03:Rs. 18 lacs).
- Depreciation on revalued assets, Rs. 8 lacs (2002-03:Rs. 8 lacs) (Refer to note 7 (a), Schedule 19).

** Refer to note 7 (b), Schedule 19.



	As at 31 March 2004 (Rs. lacs)	As at 31 March 2003 (Rs. lacs)
SCHEDULE 3 : SECURED LOANS		
Working Capital Demand Loan from bank * #	5,00	—
	<u>5,00</u>	<u>—</u>

* Secured by hypothecation of raw materials, finished goods, work-in-process, stores and book debts of the Company.

	As at 31 March 2004 (Rs. lacs)	As at 31 March 2003 (Rs. lacs)
SCHEDULE 4 : UNSECURED LOANS		
Short term loan from bank #	15,00	—
	<u>15,00</u>	<u>—</u>

Refer to note 3, Schedule 19.

Particulars	Gross block				Depreciation				Net block	
	Book value at cost or revalued amounts as at 1 April 2003	Additions at cost	Disposals/ adjustments at book value	Book value at cost or revalued amounts as at 31 March 2004	As at 1 April 2003	Depreciation for the year	In respect of disposals/ adjustments	As at 31 March 2004	As at 31 March 2004	As at 31 March 2003
	Land leasehold	1,42	—	—	1,42	50	2	—	52	90
Land freehold	6,14	44	(99)	5,59	—	—	—	—	5,59	6,14
Buildings	70,40	55	(4,61)	66,34	17,24	1,70	(73)	18,21	48,13	53,16
Plant and machinery	232,76	6,34	(24,13)	214,97	136,63	15,18	(11,66)	140,15	74,82	96,13
Railway sidings and jetties	3	—	—	3	3	—	—	3	—	—
Rolling stock, motor vehicles etc.	64	20	(28)	56	53	2	(3)	52	4	11
Furniture, fittings and equipment	11,28	39	(2,78)	8,89	5,47	44	(1,67)	4,24	4,65	5,81
Patents, Trademarks, Knowhow etc. *	4,85	—	—	4,85	31	48	30	1,09	3,76	4,54
Assets under operating leases	20,09	4,62	—	24,71	4,94	3,83	—	8,77	15,94	15,15
Data processing equipment	15,79	8,76	(33)	24,22	10,42	2,68	(29)	12,81	11,41	5,37
Total	363,40	21,30	(33,12)	351,58	176,07	24,35	(14,08)	186,34	165,24	187,33
Previous year	362,11	21,56	(20,27)	363,40	144,32	23,45	8,30	176,07	187,33	
Capital work-in-progress including advances on capital account									3,81	11,72

Notes : Land and buildings at certain locations were revalued in 1983.

* Refer to note 7 (b), Schedule 19.

**SCHEDULE 6 : INVESTMENTS #**

(At cost less write offs/provisions)

	Number	Face Value Rs. per unit	As at 31 March 2004 (Rs. lacs)	As at 31 March 2003 (Rs. lacs)
(A) LONG TERM INVESTMENTS				
(i) Investment in subsidiaries				
Equity shares - unquoted				
– Indian Explosives Limited			–	7,65
– Quest International India Limited	14,40,001	100	151,98	151,98
(ii) TRADE INVESTMENTS				
Equity shares - unquoted				
Nitrex Chemicals India Private Limited	9,40,000	10	94	–
Belvedere Estates Ltd.	40,020	10	5	5
Adyar Property Holding Co Ltd. * (Paid-up Rs. 65 per share)	205	100	–	–
Debentures - unquoted				
0.5% Belvedere Estates Ltd. - redeemable	1	6,24,420	6	6
5.0% Woodlands Research Foundation - non-redeemable		86,000	–	–
0.5% Woodlands Research Foundation - (Book Value Re 1 only)	110	100	–	–
6.5% Bengal Chamber of Commerce and Industry	19	1,000	–	–
(iii) NON-TRADE INVESTMENTS				
Equity shares - quoted				
ICICI Bank Limited	57,918	10	21	21
Equity shares - unquoted				
Kohinoor Mills Ltd.	5	100	–	–
Maneck-Chowk & Ahmedabad Manufacturing Co Ltd. (Book Value Re 1 only)	144	250	–	–
Debentures - unquoted				
6.00% Sholapur Spinning & Weaving Co. Ltd. (in Liquidation) (Book Value Re 1 only)	523	100	–	–
Capital Gains Bond - unquoted				
7.00% National Highways Authority of India	20,000	10,000	20,00	20,00
6.10% Rural Electrification Corporation Limited	10,000	10,000	10,00	10,00
5.50% National Housing Bank	10,000	10,000	10,00	10,00
5.00% National Bank for Agriculture and Rural Development	10,000	10,000	10,00	–
5.10% National Housing Bank	15,000	10,000	15,00	–
5.00% Small Industries Development Bank of India	10,000	10,000	10,00	–
5.15% Rural Electrification Corporation Limited	15,000	10,000	15,00	–
(B) CURRENT INVESTMENTS - Non Trade				
Units - unquoted				
Unit Trust of India - Unit '64 Scheme			–	62
Investment in Fixed Maturity Debt Mutual Funds - unquoted ##				
Birla Sun Life Mutual Fund (March 2003)	295,43,261	10	30,00	30,00
HDFC Mutual Fund (March 2003)	350,00,000	10	35,00	35,00
Standard Chartered Mutual Fund (March 2003)	400,00,000	10	40,00	40,00
Prudential ICICI Mutual Fund (March 2003)			–	25,00
Principal Mutual Fund (January 2004)	150,00,000	10	15,00	–
JM Mutual Fund (March 2004)	120,00,000	10	12,00	–
Standard Chartered Mutual Fund (March 2004)	200,00,000	10	20,00	–



SCHEDULES TO THE ACCOUNTS (Contd.)

	Number	Face Value Rs. per unit	As at 31 March 2004 (Rs. lacs)	As at 31 March 2003 (Rs. lacs)
Principal Mutual Fund (March 2004)	250,00,000	10	25,00	–
Kotak Mahindra Mutual Fund (March 2004)	150,00,000	10	15,00	–
Prudential ICICI Mutual Fund (March 2004)	199,86,609	10	20,00	–
Birla Sun Life Mutual Fund (March 2004)	100,00,000	10	10,00	–
Investment in Liquid Mutual Funds - unquoted ##				
Deutsche Mutual Fund	19,52,457	10	2,01	–
Kotak Mahindra Mutual Fund	8,33,934	10	1,02	–
Government of India Securities - quoted				
12.50% Government of India, March 2004 **			–	52
6.75% Government of India Tax free bonds (Issued against units of Unit Trust of India - Unit '64 scheme)	62,050	100	62	–
Tax Free Bonds - quoted				
10.50% Konkan Railway Corporation Limited **			–	10,18
			468,89	341,27

* Indicates shares are partly paid up.

** Net of amortisation of premium.

for investments purchased and sold during the year, refer to note 20 (a), Schedule 19.

for NAVs per unit as on 31 March 2004, refer to note 20 (b), Schedule 19.

	As at 31 March 2004		As at 31 March 2003	
	Book Value (Rs. lacs)	Market Value (Rs. lacs)	Book Value (Rs. lacs)	Market Value (Rs. lacs)
Quoted investments	83	2,39	10,91	12,74
Unquoted investments	468,06		330,36	
	468,89		341,27	

	As at 31 March 2004 (Rs. lacs)	As at 31 March 2003 (Rs. lacs)
SCHEDULE 7 : INVENTORIES *		
Stores and spare parts	3,27	3,77
Packing materials	2,75	1,71
Raw materials	30,02	22,01
Finished products	82,80	71,19
Work-in-process	5,06	6,42
	123,90	105,10

* Refer note 8, Schedule 19.

SCHEDULE 8 : SUNDRY DEBTORS

Secured - considered good		
- Debts outstanding over six months	13	32
- Other debts	2,71	2,43
	2,84	2,75
Unsecured		
- Debts outstanding over six months		
Considered good	2,24	2,15
Considered doubtful	11,14	12,91
	13,38	15,06
Less : Provision for doubtful debts	11,14	12,91
	2,24	2,15
- Other debts - considered good #	84,48	76,82
Due from a subsidiary company (Indian Explosives Limited)	–	20
Dues relating to sale of businesses	17,03	3,53
	106,59	85,45

Includes amount of Rs. 20 lacs (2002-03 : Rs. 68 lacs) due from bodies corporate under the same management as defined in Section 370(1B) of the Companies Act, 1956. For details refer to note 27 (4), Schedule 19.



	As at 31 March 2004 (Rs. lacs)	As at 31 March 2003 (Rs. lacs)
SCHEDULE 9 : CASH AND BANK BALANCES		
Cash and cheques in hand and in transit	31	53
With scheduled banks:		
Current accounts	21,24	26,66
Unpaid Dividend accounts	1,85	1,53
	<u>23,40</u>	<u>28,72</u>
SCHEDULE 10 : LOANS AND ADVANCES (UNSECURED)		
Advances recoverable in cash or in kind or for value to be received:		
Considered good *	24,36	28,45
Considered doubtful	1,23	1,19
	<u>25,59</u>	<u>29,64</u>
Less : Provision for doubtful advances	1,23	1,19
	<u>24,36</u>	<u>28,45</u>
Balances with Customs, Port Commissioners, Railways, Excise Authorities etc.	2,13	2,87
Other Deposits	4,39	4,89
Interest accrued on investments	2,37	76
	<u>33,25</u>	<u>36,97</u>
* Includes		
(a) Held on fixed deposit/margin money with scheduled banks	27	32
(b) Due from Directors	1,03	1,82
Maximum amount due at any time during the year	2,07	1,84
(c) Due from Officer	1	20
Maximum amount due at any time during the year	20	21
(d) Amount due from companies under the same management	3	-
(e) Maximum amount due from the companies under the same management at any time during the year		
- Indian Explosives Limited (under the same management upto 5 November 2003)	11	5,05
- Initiating Explosives Systems India Limited	-	2,00
- Quest International India Limited	5	-
SCHEDULE 11 : CURRENT LIABILITIES		
Acceptances	50,70	25,48
Sundry creditors - SSI units **	4,62	2,69
Sundry creditors - others *	121,82	118,00
Due to subsidiary company (Quest International India Limited)	-	10
Advance on sale of property	-	1,10
Unpaid and unclaimed dividends	1,85	1,53
Interest accrued but not due on loans	-	-
Other liabilities	12,95	9,11
	<u>191,94</u>	<u>158,01</u>
* Refer note 4, Schedule 19.		
** Refer note 5, Schedule 19.		
SCHEDULE 12 : PROVISIONS		
Proposed dividend on equity shares	51,09	40,87
Tax on proposed dividend	6,55	5,24
Provision for Taxation (net of advance tax)	37,14	22,72
Provision for VRS liability	33,40	39,35
Provision for retirement benefits	21,21	13,69
Other provisions	40,15	35,06
	<u>189,54</u>	<u>156,93</u>



	For the year ended 31 March 2004 (Rs. lacs)	For the year ended 31 March 2003 (Rs. lacs)
SCHEDULE 13 : OTHER INCOME *		
From businesses		
Insurance claims received	52	14
Commission	5,62	4,62
Lease rentals	3,87	2,45
Provisions/liabilities no longer required written back	-	2,60
Miscellaneous receipts	4,34	4,38
	<u>14,35</u>	<u>14,19</u>
Other operating items		
Income from investments :		
- Trade [Refer note 10 (b), Schedule 19]	-	3,86
- Others	4,91	83
Profit on sale/maturity of investments (mutual funds)	2	7,08
Profit/(Loss) on disposal of fixed assets (net)	5	(5)
Provisions/liabilities no longer required written back	1,32	-
Provision for diminution in value of investments written back	-	23
Miscellaneous receipts	2,22	1,07
	<u>8,52</u>	<u>13,02</u>
	<u>22,87</u>	<u>27,21</u>
* Refer note 6, Schedule 19		
SCHEDULE 14 : MATERIALS CONSUMED		
Opening stock		
Raw materials	22,01	26,21
Packing materials	1,71	1,17
Finished products	71,19	67,55
Work-in-process	6,42	7,00
	<u>101,33</u>	<u>101,93</u>
Add : Purchases		
Raw materials	321,85	265,91
Packing materials	36,91	33,86
Finished products	65,74	55,93
	<u>424,50</u>	<u>355,70</u>
Less : Inventory adjustments in respect of divested businesses		
Raw materials and work-in-process	3,93	3,37
Packing materials	2	1
Finished products	3,24	5,32
	<u>7,19</u>	<u>8,70</u>
Less : Closing stock		
Raw materials	30,02	22,01
Packing materials	2,75	1,71
Finished products	82,80	71,19
Work-in-process	5,06	6,42
	<u>120,63</u>	<u>101,33</u>
Excise duty adjustment for movement in finished goods inventory (including duty on inventory of divested business)	2,53	2,14
Materials consumed	<u>400,54</u>	<u>349,74</u>



	For the year ended 31 March 2004 (Rs. lacs)	For the year ended 31 March 2003 (Rs. lacs)
SCHEDULE 15 : OTHER EXPENDITURE		
Stores and spare parts	7,51	7,56
Repairs to buildings	52	75
Repairs to plant and machinery	4,49	4,70
Power and fuel	18,99	17,88
Salaries, wages and bonus	40,24	41,97
Contributions to provident and other funds	5,42	5,94
Workmen and staff welfare	5,53	5,47
Travelling	8,16	8,97
Rates and taxes	5,83	4,35
Rent	5,82	5,27
Communication	4,54	5,37
Insurance	3,26	3,43
Freight and transport	23,40	21,05
Selling commission	4,13	2,66
Publicity and sales promotion	31,47	27,24
Royalty and technical fees	96	64
Cash discount on sales	21,88	17,34
Formulation/processing charges	1,04	65
Bad debts/advances	2,05	3,44
Provision for doubtful debts and advances (net)	(97)	(1,24)
Research and development	1,20	2,12
Directors' fees	1	2
Sundries (include consultancy, godown maintenance, vehicle running expenses etc.)	28,84	25,76
	<u>224,32</u>	<u>211,34</u>
SCHEDULE 16 : INTEREST		
Interest on fixed loans	–	1,25
Interest on other loans	4,96	3,56
	<u>4,96</u>	<u>4,81</u>
Less : Interest income from banks and others *	38	1,47
Net interest	<u>4,58</u>	<u>3,34</u>
* Refer note 6, Schedule 19		
SCHEDULE 17 : EXCEPTIONAL ITEMS		
Profit on sale of properties (Refer note 12, Schedule 19)	2,91	6,70
Profit on sale of Catalyst business	–	84,22
Profit on sale of investment in Indian Explosives Limited (Refer note 13, Schedule 19)	50,30	–
Profit on sale of Nitrocellulose and Trading businesses (Refer note 14, Schedule 19)	46,31	–
Profit on sale of Polyurethanes business (Refer note 15, Schedule 19)	1,03	2,08
Charge for Voluntary Retirement Scheme	(2,97)	(3,86)
Charge for additional contribution to employees retiral funds (Refer note 16, Schedule 19)	(13,88)	(10,12)
Cost of business reorganisation (Refer note 17, Schedule 19)	(4,57)	(6,17)
Arrear lease rent (Refer note 18, Schedule 19)	(1,95)	–
	<u>77,18</u>	<u>72,85</u>



SCHEDULE 18 : SIGNIFICANT ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared on the accrual basis under the historical cost convention, in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

Fixed assets/Depreciation

Fixed Assets are stated at cost or at revalued amounts less accumulated depreciation.

Depreciation for the year is computed on the straight line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956.

Intangible assets comprising patents, trademarks, and knowhow arising from the acquisition of businesses are being amortised on a straight line method over their estimated useful lives of ten years, in line with accounting standard AS 26 issued by ICAI.

Leaseholds improvements are amortised over the period of the lease.

Revenue recognition

Revenue from sale of products is recognised when the products are despatched against orders from customers in accordance with the contract terms. Sales are stated inclusive of excise duty, net of rebates, trade discounts and sales tax.

Revenue from services are recognised when services have been rendered in accordance with contract terms.

Income from sale of properties

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

Investments

Long term investments are stated at cost less amount written off, where there is a permanent diminution in value. Current investments are stated at lower of the cost and net realisable value. In respect of fixed income securities, premium paid on purchase of securities is amortised over the period of the investment.

Current assets

- Stores and spare parts are valued at cost. Cost is determined on the basis of weighted average method.
- Finished goods including traded items, raw material, packing material and work-in-process are valued at the lower of cost and net realisable value. Cost includes an appropriate portion of manufacturing overheads, where applicable. Excise duty on finished goods produced is included in the value of finished goods inventory.
- All other items of current assets are stated after adequate provisions for any diminution in the carrying value.

Foreign currency transactions

- Foreign currency transactions are accounted for at the rate prevailing on the date of the transaction.
- All monetary foreign currency balances are converted at the exchange rates prevailing at the date of the balance sheet or on the basis of the forward contracts. The cost of the forward exchange contracts is amortised over the period of the contract. Any profit or loss arising on the cancellation or renewal of a forward exchange contract is recognised as income or expense for the year, except in case of a forward exchange contract relating to liabilities incurred for acquiring fixed assets, in which case, such profit or loss is adjusted in the cost of fixed assets.
- All exchange differences other than those relating to the acquisition of fixed assets are dealt with in the Profit and Loss Account. Exchange gain or loss relating to fixed assets are adjusted in the cost of the respective fixed assets.

Retirement benefits

Liability for leave encashment, gratuity and pension is accrued on the basis of actuarial valuation as at the date of the Balance Sheet. Contributions to the recognised provident fund are charged to the Profit and Loss Account as incurred.

Accounting for Voluntary retirement scheme liability

- The total liability under the voluntary retirement scheme is amortised to the Profit and Loss Account over the period of expected future benefits commencing from the year the employee opts for the scheme. The unamortised amount to the extent not written off has been disclosed as "Miscellaneous expenditure not written off".
- The unamortised voluntary retirement scheme liability related to the business unit(s) which is/are hived off is adjusted against the disposal proceeds of the respective business unit(s).

Research and Development

Revenue expenditure on Research and Development including contribution to research associations is charged to Profit and Loss Account. Capital expenditure on research and development is shown as additions to Fixed Assets.

Deferred 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 Indian Income Tax Act, 1961.

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

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



SCHEDULES 19 : NOTES TO THE ACCOUNTS

	As at 31 March 2004 (Rs. lacs)	As at 31 March 2003 (Rs. lacs)
1. Capital expenditure :		
(a) Estimated amount of contracts remaining to be executed on capital account (net of advances).	73	13
(b) Demand for enhanced compensation in respect of leasehold land at Mohali, under dispute.	5,88	5,88
2. Contingent liabilities not provided for:		
(a) Uncalled liability on shares partly paid up	-	-
(b) Sales tax matters under Appeal	11,69	13,34
(c) Excise matters in dispute/under Appeal	4,45	5,18
(d) Customs matters in dispute/under Appeal	3,74	3,74
(e) Industrial relations matters under Appeal	10	19
(f) Income tax matters in dispute/under Appeal (see note below) *		
(g) Bills discounted	-	1,33
* The Income tax assessments for the Company have been completed up to the financial year ended 31 March, 2001. Arising from the completed assessments and also appellate orders, there is net demand of Rs. 1140 lacs (2002-03 : net demand of Rs. 983 lacs) comprising total refund of Rs. 1721 lacs (2002-03 : Rs. 1721 lacs), excluding interest, and demand/liability of Rs. 2861 lacs (2002-03 : Rs. 2704 lacs), excluding interest. The Company as well as the Income Tax department have gone on further appeal on these matters. Pending progress in the appeals, neither the refund nor the liability for the demand has been recognised in the accounts.		
3. Loans due within a year		
Secured loans: Working capital demand loan from bank	5,00	-
Unsecured loans: Short term loan from bank	15,00	-
4. Sundry creditors - others (Schedule 11) include unclaimed matured fixed deposits from public amounting to Rs. 14 lacs (2002-03:Rs 15 lacs).		
5. The names of small scale industrial units to whom the Company owes a sum which is outstanding for more than 30 days at the Balance Sheet date, computed on a unit wise basis, are:		
Advance Detchem Ltd.	Dhanashree Polymers Pvt. Ltd.	Sabari Chemicals Pvt. Ltd.
Akay Organics Pvt. Ltd.	Elkay Chemicals Pvt. Ltd.	Sigma Packaging Corporation
Anand Casein Udyog	Evergreen Enterprises	Spectra Specialities
Apollo Plastic Industries	Jaju Chemicals Pvt. Ltd.	Sri Venkateswara Packaging Industries
Aristo Chemicals	K B Eng. Co Pvt. Ltd.	Sudama Chemtech Pvt. Ltd.
Arvind Cans Ltd.	Mountain Minerals & Microns Pvt. Ltd.	Tanvi Indl. Corporation
Bansidhar Chemicals	Parag Pharma Chem.	Techno Wax Chem Pvt. Ltd.
BSA Polycontainer	Piyanshu Chemicals Pvt. Ltd.	Ujwal Pharma Pvt. Ltd.
Calibre Chemicals Pvt. Ltd.	Prabal Resins & Polymers Pvt. Ltd.	Vinayak Scale Repairs
Corrugated Containers	Raveshia Pigments Pvt. Ltd.	Yash Synthetics Pvt. Ltd.
Cosmo Cans Pvt. Ltd.	S S Packaging Pvt. Ltd.	
The above information has been determined to the extent such parties have been identified on the basis of information available with the Company.		
6. Income from investments, interest and others are stated at gross amounts. The amount of Income tax deducted thereon is Rs. 9 lacs (2002-03: Rs. 62 lacs).		
7. (a) Gross depreciation for the year amounts to Rs. 2435 lacs (2002-03:Rs. 2345 lacs), which includes a sum of Rs. 8 lacs (2002-03:Rs. 8 lacs) being the depreciation on revalued assets transferred to revaluation reserve.		
7. (b) The Company had earlier been following the policy of amortising the cost of patents, trademarks and knowhow over the estimated useful life of twenty years. Following the adoption of Accounting Standard (AS) - 26 on 'Intangible Assets', which has become mandatory for accounting periods commencing from or after 1 April 2003, the Company has amortised these assets over a period of ten years from the date of use. Depreciation has been recalculated accordingly. Consequently depreciation for the year is higher by, and profit before tax is lower by, Rs. 24 lacs. Further, in line with the transitional provision of AS-26, depreciation in respect of the period prior to 1 April 2003, amounting to Rs. 30 lacs has been charged to General Reserves (net charge to General Reserves after netting off deferred tax credit of Rs. 11 lacs, is Rs. 19 lacs).		
8. The Company has not made a provision for customs duty on stocks lying at the year end in bonded warehouse, estimated at Rs. 107 lacs (2002-03:Rs. 138 lacs) and accordingly, not included the said amount in valuation of inventories. This has no effect on the profit for the year.		
9. Profit/(Loss) on account of foreign exchange transactions for the year is Rs. 126 lacs (net) {2002-03:(Rs. 3 lacs) (net)}		
10.(a) Sales exclude sale of equipment amounting to Rs. 419 lacs (2002-03:Rs. 331 lacs) at cost.		
10(b) Income from Investments - Trade (Schedule 13), comprises dividend received from Indian Explosives Limited Rs. nil (2002-03: Rs. 386 lacs).		



	2003-04 (Rs. lacs)
11. Directors' remuneration *	
Salaries and allowances	1,67
Commission	20
Estimated cost of benefits	33
	<u>2,20</u>
Computation of Directors' remuneration	
Profit before depreciation, taxation & exceptional items	78,55
Add : Directors' remuneration	2,20
	<u>80,75</u>
Less : Depreciation as per section 350	24,28
Provision for doubtful debts and advances (net)	97
Voluntary retirement scheme provision	2,97
Cost of business reorganisation	1,77
Profit on sale of investment	2
Arrear lease rent provision	1,95
Retiral funds provision for additional contribution	13,88
	<u>45,84</u>
Net profit under section 198 of the Companies Act, 1956	<u>34,91</u>
Maximum remuneration payable to Directors :	
- Managing/Wholetime Directors @10% of Net Profit	3,49
- Directors not in wholetime employment @1% of Net Profit	35
	<u>3,84</u>

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

12. Income from sale of properties of Rs. 291 lacs (2002-03 : Rs. 670 lacs) represents net profit on sale of land at Chennai and a residential flat at Mumbai.
13. The Company divested its 51% holding in its subsidiary Indian Explosives Limited on 6 November 2003, to Orica Investment Pty Limited of Australia, for a consideration of Rs. 6665 lacs. The profit on the divestment of holding, of Rs. 5030 lacs, has been computed after adjusting investment holding cost of Rs. 765 lacs, and related transaction costs/provisions of Rs. 870 lacs.
14. The Nitrocellulose and Trading businesses of the Company were divested to Nitrex Chemicals India Private Limited, an affiliate of CDC Group Plc., U.K, on 16 March 2004, for a consideration of Rs 7500 lacs (of which Rs. 1275 lacs is receivable in three equal annual instalments) and an additional consideration of Rs. 285 lacs on account of adjustment for working capital movement during the period between 31 March 2003 and the date of transfer. Profit on sale of the above businesses of Rs. 4631 lacs, has been computed after adjusting value of net assets as on date of transfer, amounting to Rs. 2899 lacs, and related transaction costs/provision of Rs. 255 lacs. The accounts of the Company for the year include results from operations of Nitrocellulose and Trading businesses up to 15 March 2004.
15. The Polyurethanes business of the Company was divested to Hunstman International (India) Private Limited on 31 March 2001. As per the business transfer agreement, a sum of Rs. 1000 lacs was receivable from the buyer over a three year period, the eligibility for and quantum of which was dependent on the performance of the business during these three years against agreed parameters. Pursuant to this clause, the Company has during the year, accrued as income (net of provisions amounting to Rs. 40 lacs) a sum of Rs. 103 lacs, including interest of Rs. 40 lacs [2002-03 : Rs. 208 lacs (including interest of Rs. 52 lacs)]. The amount has since been received by the Company.
16. During the year, a deficit in the employees pension and gratuity funds amounting to Rs. 1388 lacs (2002-03:Rs. 966 lacs) has been determined on the basis of actuarial valuations carried out by the Company and has been provided as an exceptional item in the Profit and Loss Account. The above deficit has arisen from changes in actuarial valuation assumptions (mainly lower interest rate) and a change in the method of actuarial valuation from the aggregate method to the projected accrued benefit method. As a result of the above changes, the profit before tax for the current year is lower by Rs. 583 lacs (2002-03:Rs. 966 lacs) and Rs. 805 lacs respectively.
17. The cost of business reorganisation of Rs. 457 lacs (2002-03:Rs. 552 lacs) is in respect of voluntary compensation (including amounts provided for various retirement benefit funds), for certain employees who have accepted premature retirement during the year.
18. The Company has made a provision of Rs. 195 lacs towards arrear lease rent in respect of a Company depot near Mumbai, following a demand by Mumbai Port Trust. Presently the matter is under dispute.
19. In the absence of any progress and continuing outstanding obligation of the Company, the provision of Rs. 1500 lacs made in respect of probable land cost liability while determining the profit on sale of Catalyst business last year has been carried forward in the current year's accounts.



20. (a) During the year the Company invested the temporary surplus funds for short periods in the following Liquid/Cash Mutual Funds and Fixed Maturity Monthly Plans of Mutual Funds which were purchased and sold during the year :

Liquid/Cash Mutual Funds	Number of units	Purchase value (Rs. lacs)
Birla Sun Life Mutual Fund	472,16,263	52,28
Templeton Mutual Fund	203,13,186	64,25
HSBC Mutual Fund	203,74,406	21,17
Standard Chartered Mutual Fund	189,22,169	20,02
Deutsche Mutual Fund	97,17,083	10,00
Reliance Mutual Fund	105,43,883	16,06
Kotak Mahindra Mutual Fund	395,97,181	46,20
Fixed Maturity Monthly Plan		
Reliance Mutual Fund	220,00,000	22,00

20. (b) NAV per unit of investment in Mutual Funds as on 31 March 2004 are:

	(Rs.)
Fixed Maturity Plans	
Birla Sun Life Mutual Fund (March 2003)	: 10.83
HDFC Mutual Fund (March 2003)	: 10.67
Standard Chartered Mutual Fund (March 2003)	: 10.67
Principal Mutual Fund (January 2004)	: 10.12
JM Mutual Fund (March 2004)	: 10.04
Standard Chartered Mutual Fund (March 2004)	: 10.00
Principal Mutual Fund (March 2004)	: 10.00
Kotak Mahindra Mutual Fund (March 2004)	: 10.01
Prudential ICICI Mutual Fund (March 2004)	: 10.02
Birla Sun Life Mutual Fund (March 2004)	: 10.00
Liquid/Cash Mutual Funds	
Deutsche Mutual Fund	: 10.29
Kotak Mahindra Mutual Fund	: 12.23

21. Payments to Auditors:	2003-04 (Rs. lacs)	2002-03 (Rs. lacs)
(i) As Audit fee	12	12
(ii) Reimbursement of expenses/service tax	4	4
(iii) Tax Audit fee	3	3
(iv) Certification work/Others matters	10	10
Total	29	29

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

	Unit	Licensed Capacity		Installed Capacity		Actual Production meant for sale	
		2003-04	2002-03	2003-04	2002-03	2003-04	2002-03
Adhesives	Tonnes	N.A.	N.A.	2,500	2,500	4,411	3,370
Catalysts (see Note 7)	Tonnes	N.A.	N.A.	2,480	2,480	-	797
Nitrocellulose (see Note 8)	Dry Tonnes	-	5,080	-	4,500	4,514	4,222
Paints-Liquid	KL	N.A.	N.A.	60,740	40,740	30,502	26,330
Paints-Stiff	Tonnes	N.A.	N.A.	10,000	10,000	9,825	7,628
Rubber Chemicals & Diphenylamine	Tonnes	N.A.	N.A.	8,600	8,600	3,199	2,943
Textile Auxiliaries	Tonnes	N.A.	N.A.	@	@	11,758	10,095
Thinners	KL	N.A.	N.A.	4,460	4,460	2,154	1,774

Notes :

1. N A - Not Applicable.
2. Production meant for sale is after adjustment of shortages, handling losses and excludes quantity internally consumed.
3. Licensed and Installed Capacity in respect of intermediates used entirely for captive consumption have not been furnished.
4. Except for Nitrocellulose, the other items are delicensed.
5. Installed Capacities are as certified by the management.
6. @ - Dependent on the Product Mix.
7. Production of Catalysts in 2002-03 is for the period 1 April 2002 to 31 October 2002.
8. Production of Nitrocellulose is for the period 1 April 2003 to 15 March 2004. With effect from 16 March 2004, the manufacturing facility along with the licence has been transferred to Nitrex Chemicals India Private Limited.



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

	Unit	Sales		Opening Stock		Closing Stock	
		Quantity	Value (Rs. lacs)	Quantity	Value (Rs. lacs)	Quantity	Value (Rs. lacs)
		2003-04 2002-03	2003-04 2002-03	2003-04 2002-03	2003-04 2002-03	2003-04 2002-03	2003-04 2002-03
Adhesives	Tonnes	5,372 3,679	60,50 41,42	241 141	2,46 1,60	428 241	4,20 2,46
Catalysts *	Tonnes	- 981	- 34,48	- 318	- 7,96	- -	- -
Nitrocellulose *	Dry Tonnes	4,636 4,052	75,95 70,83	280 110	3,36 1,38	- 280	- 3,36
Paints-Liquid	K.Litres	29,546 27,124	433,12 379,31	3,691 3,407	41,52 33,61	5,614 3,691	56,82 41,52
Paints-Stiff	Tonnes	10,819 8,195	57,06 36,05	1,565 1,640	5,32 8,03	1,351 1,565	6,75 5,32
Rubber Chemicals & Diphenylamine	Tonnes	4,238 3,830	90,08 86,25	391 424	6,58 6,53	347 391	5,56 6,58
Textile auxiliaries	Tonnes	12,437 11,595	117,34 102,51	846 890	6,25 6,05	635 846	4,69 6,25
Thinners	K Litres	2,090 1,831	23,64 19,10	153 162	1,23 86	260 153	1,50 1,23
Others	Various		16,39 18,07		4,47 1,53		3,28 4,47
Less : Rebates			98,38 87,19				
			775,70 700,83		71,19 67,55		82,80 71,19

* Closing Stocks as on date of divestment, have been transferred to the respective buyers.

22 (c) Particulars in respect of purchases of finished products

	Unit	Quantity		Value (Rs. lacs)	
		2003-04	2002-03	2003-04	2002-03
		Acrylics	Tonnes	-	2,013
Adhesives	Tonnes	1,148	409	19,50	7,29
Catalysts	Tonnes	-	7	-	19
Paints-Liquid	K.Litres	967	1,078	15,98	19,29
Paints -Stiff	Tonnes	780	492	3,75	1,67
Rubber Chemicals & DPA	Tonnes	995	854	10,14	9,73
Textile Auxiliaries	Tonnes	468	1,456	2,98	5,84
Thinner	Tonnes	43	48	30	38
Others	Various			13,09	2,74
				65,74	55,93

22.(d) Details of raw materials consumed

	Unit	Quantity		Value (Rs. lacs)	
		2003-04	2002-03	2003-04	2002-03
		Alcohol	Tonnes	448	479
Alcohol	K.Litres	862	562	1,53	96
Amines	Tonnes	1,406	1,316	7,13	7,20
Metals	Tonnes	10,966	10,402	52,60	52,69
Organic Chemicals	Tonnes	19,591	20,799	83,34	59,38
Other Chemicals	Tonnes	39,651	26,460	47,36	50,57
Solvents	Tonnes	7,531	6,122	21,45	15,17
Others	Various			93,94	77,79
				309,91	266,74

Raw materials consumed are after adjustments including shortage/excess and provision for losses.



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

	Raw Materials				Stores and spares parts, packing materials (Excluding capital jobs)			
	2003-04	2002-03	2003-04	2002-03	2003-04	2002-03	2003-04	2002-03
	(Rs. lacs)	(Rs. lacs)	%	%	(Rs. lacs)	(Rs. lacs)	%	%
Imported	117,23	109,77	38	41	-	5	-	-
Indigenous	192,68	156,97	62	59	43,36	40,82	100	100
	309,91	266,74	100	100	43,36	40,87	100	100

Raw materials, stores and spare parts consumed are after adjustment including shortage/excess and provision for losses.

22. (f) Earnings in foreign exchange

	2003-04 (Rs. lacs)	2002-03 (Rs. lacs)
Export of goods (FOB basis)	47,65	49,68
Direct sales commission	5,62	4,62
Others	-	33

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

	2003-04 (Rs. lacs)	2002-03 (Rs. lacs)
Raw materials	129,25	99,79
Stores and spare parts	-	24
Capital goods	8	38
Other items	21,72	12,01

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

	2003-04 (Rs. lacs)	2002-03 (Rs. lacs)
Royalty and technical fees	98	78
Professional and consultation fees	81	63
Others	2,19	1,10

22. (i) Remittance in foreign currencies on account of dividends on equity shares

Dividend relating to	No. of Non-Resident Share holders	No. of Shares (in 000's)	2003-04 (Rs. lacs)	2002-03 (Rs. lacs)
2002-03	1	207,76	20,78	-
2001-02	1	207,76	-	17,50

23. Earnings per share

	2003-04	2002-03
(a) Calculation of weighted average number of equity shares of Rs. 10 each		
Number of shares at the beginning of the year	408,70,612	408,70,612
Shares issued during the year	-	-
Total number of equity shares outstanding at the end of the year	408,70,612	408,70,612
(b) Net profit after tax available for equity shareholders (Rs. lacs)	109,09	107,69
(c) Basic and diluted earnings per share (Rs.)	26.69	26.35

24. Details of provision for deferred taxation

Timing differences on account of:	Deferred Tax Assets		Deferred Tax Liability	
	2003-04	2002-03	2003-04	2002-03
Difference between book depreciation and depreciation under Income Tax Act, 1961			32,82	36,37
Expenditure deferred under section 43B of Income Tax Act, 1961	1,46	1,46		
Provision for doubtful debts and advances	5,18	5,06		
Voluntary retirement scheme liability	4,20	4,13		
Liability for leave encashment and retirement benefit provision	8,66	4,64		
Other items	4,78	3,79		
Total	24,28	19,08	32,82	36,37
Net deferred tax liability			8,54	17,29



25. Operating lease

- (a) The Company has given colour solution machines under operating leases. The future minimum lease rentals receivable as on 31 March 2004 in respect of these assets are as under:

Amount receivable	Total future minimum lease rentals receivable as on 31 March 2004 (Rs. lacs)	Total future minimum lease rentals receivable as on 31 March 2003 (Rs. lacs)
Within one year	3,32	3,36
Later than one year and not later than five years	2,84	3,12
Later than five years	2	2
Total	<u>6,18</u>	<u>6,50</u>

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

The lease rental charge during the year and maximum obligations on long term non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

	2003-04 (Rs. lacs)	2002-03 (Rs. lacs)
- Lease rentals charged during the year	87	88
- Lease obligations		
	Total future minimum lease rentals payable as on 31 March 2004 (Rs. lacs)	Total future minimum lease rentals payable as on 31 March 2003 (Rs. lacs)
Within one year	85	88
Later than one year and not later than five years	35	39
Later than five years	-	-
Total	<u>1,20</u>	<u>1,27</u>

26. Segment Information

A. Information about primary business segments:

- (1) The Company's primary business segments comprise Paints, Industrial Specialties and Industrial Chemicals. The businesses included in these primary business segments are given below:

- Paints	:	Decorative and Refinish Paints.
- Industrial Specialties	:	Uniqema, Food Starch, Polymers and Adhesives.
- Industrial Chemicals	:	Rubber Chemicals; Nitrocellulose, Trading in monomers and tioxide (up to 15 March 2004); and Catalysts (up to 31 October 2002)



(2) Segment revenues, results and other information (Rs. lacs)

	Paints		Industrial Specialties		Industrial Chemicals		Total of Reportable Segments	
	2003-04	2002-03	2003-04	2002-03	2003-04	2002-03	2003-04	2002-03
External sales	437,56	369,66	176,90	140,37	161,24	190,80	775,70	700,83
Inter segment sales	22	13	2,10	1,60	4,11	4,20	6,43	5,93
Other business related income	5,34	3,42	4,06	4,29	4,95	6,48	14,35	14,19
Segment revenues	443,12	373,21	183,06	146,26	170,30	201,48	796,48	720,95
Segment results	22,39	9,56	23,72	20,80	11,81	25,87	57,92	56,23
Segment assets	260,17	235,80	85,84	77,33	56,10	97,83	402,11	410,96
Segment liabilities	119,87	98,15	51,25	31,18	20,61	32,73	191,73	162,06
	140,30	137,65	34,59	46,15	35,49	65,10	210,38	248,90
Capital expenditure	9,87	19,58	1,92	3,68	1,05	4,77	12,84	28,03
Depreciation/Amortisation (net of adjustment from revaluation reserve)	14,93	12,77	3,41	2,84	5,20	6,83	23,54	22,44

(3) Reconciliation of reportable segments with the financial statements (Rs. lacs)

	Revenues		Results/Net Profit		Assets		Liabilities	
	2003-04	2002-03	2003-04	2002-03	2003-04	2002-03	2003-04	2002-03
Total of reportable segments	796,48	720,95	57,92	56,23	402,11	410,96	191,73	162,06
Corporate-Unallocable/Others (Net)	8,52	13,02	93	7,44	280,90	225,09	200,19	174,56
Inter segment adjustments	(6,43)	(5,93)	-	-	(1,90)	(4,39)	(1,90)	(4,39)
Interest expense (net)			(4,58)	(3,34)				
Exceptional items			77,18	72,85				
Taxes			(22,36)	(25,49)				
As per financial statements	798,57	728,04	109,09	107,69	681,11	631,66	390,02	332,23

(B) Information about secondary segment (by geographical segment) (Rs. lacs)

	India		Outside India		Total	
	2003-04	2002-03	2003-04	2002-03	2003-04	2002-03
Revenue *	740,80	659,45	49,25	55,57	790,05	715,02
Carrying amount of segment assets *	394,90	405,20	6,24	2,97	401,14	408,17
Additions to fixed assets(Capital expenditure) *	12,84	28,03	-	-	12,84	28,03

* Excludes inter segment and corporate/unallocable revenue/assets

Notes:-

- The business segments have been identified in line with the Accounting Standard 17 on "Segment Reporting", taking into account the nature of products, risks and return, organisation structure and internal reporting system.
- Inter segment prices are normally negotiated amongst the segments with reference to the costs, market prices and business risks, within an overall optimisation objective for the Company.
- Segment revenue, results and assets and liabilities figures include the respective amounts identifiable to each of the segments. Other un-allocable items in segment results include income from investment of surplus funds of the Company and corporate level expenses. Un-allocable/Others in Assets includes un-allocable fixed assets, current assets (excluding cash and bank balances of Rs. 2341 lacs (2002-03: Rs. 2872 lacs)), un-allocated miscellaneous expenditure not written off and current investments (excluding current investments of Rs. 22565 lacs (2002-03:Rs. 14132 lacs)). Un-allocable/Other liabilities include un-allocable current liabilities and net deferred tax liability (excluding loan funds of Rs. 2000 lacs (2002-03:nil)).

27. Related Party Disclosures

1. List of related parties:

- Holding Company: Imperial Chemical Industries PLC, UK
- Subsidiaries of the Company:
 - Indian Explosives Limited*
 - Initiating Explosives Systems India Limited (a subsidiary of Indian Explosives Limited)*
 - Quest International India Limited

* (up to 5 November 2003)



NOTES TO THE ACCOUNTS (Contd.)

c) Other related parties in the ICI Group where common control exists and with whom transactions during the year have taken place:

Dongsung NSC Co. Ltd., Korea	National Starch & Chemical, Taiwan	National Starch & Chemical, Singapore	The Glidden Co.
Elotex AG	National Starch & Chemical, AB	National Starch & Chemical, Thailand	Uniqema Chemicals Ltd.
ICI (Paints) Vietnam Ltd.	National Starch & Chemical, Hongkong	National Starch & Chemical Co.,UK	Uniqema Asia Pacific
ICI Argentina	National Starch & Chemical, France	National Starch & Chemical Co., USA	Uniqema Chemie B.V.
ICI Paints, Thailand	National Starch & Chemical, Guandong	National Starch & Chemical Co., Canada	Uniqema UK
ICI Paints (Asia Pacific) Pte Ltd	National Starch & Chemical, Italy	National Starch & Chemical Trading Co., Thailand	Uniqema USA
ICI Pakistan Ltd.	National Starch & Chemical, Korea	PT Uniqema, Indonesia	Uniqema, Malaysia
ICI Woobang Co. Ltd., Korea	National Starch & Chemical, Netherlands	Quest International Egypt SAE	Vinamul BV
National Starch & Chemical, Malaysia	National Starch & Chemical, PT Indonesia	Quest International, U.S.A	
National Starch & Chemical, Shanghai			

d) Directors (as at 31 March 2004)

Mr A Narayan	Chairman	Mr R Gopalakrishnan	Non-executive Director
Mr Rajiv Jain	Managing Director	Ms R S Karnad	Non-executive Director
Mr M R Rajaram	Wholtime Director	Mr M V Subbiah	Non-executive Director
Mr S Hamlett	Non-executive Director		

2. The following transactions were carried out with related parties referred to in items 1 (a), (b) and (c) above in the ordinary course of business:

	Holding Company	Subsidiaries of the Company	Other Related Companies in the Group
	2003-04	2003-04	2003-04
	2002-03	2002-03	2002-03
Purchase of materials/finished goods	-	6	22,33
	-	-	12,78
Sale of finished goods	-	5	71
	-	1	14,50
Purchase of Fixed assets	-	-	-
	-	-	3
Expenses incurred and recovered from other companies	-	68	37
	-	1,06	3,20
Expenses recovered by other companies	79	-	1,50
	-	11	2,70
Inter Corporate Deposits placed (maximum outstanding balance)	-	-	-
	-	26,00	-
Interest income on Inter Corporate Deposits placed	-	-	-
	-	16	-
Inter Corporate Deposit taken and repaid during the year	-	-	-
	-	25,00	-
Interest Expense on Inter Corporate Deposits taken	-	-	-
	-	14	-
Royalty paid/booked	-	-	98
	-	-	58
Dividend paid	20,78	-	-
	17,50	-	-
Dividend received	-	-	-
	-	3,86	-
Due to related parties	1,46	-	5,57
	-	10	2,68
Rendering or receiving of services	-	-	11
	-	-	-
Indent Commission received	-	-	1,42
	-	-	-
Due from related parties	-	3	20
	-	20	68



3. The following transactions were carried out with related parties referred to in items 1 (d), above in the ordinary course of business:
- Remuneration : Refer note 11, Schedule 19
 Outstanding loans receivable : Refer Schedule 10

4. Details of amount due as at 31 March 2004, from bodies corporate under the same management as defined in Section 370 (1B) of the Companies Act, 1956, as referred to in Schedule 8, are given below:

	As at 31 March 2004 (Rs. lacs)	As at 31 March 2003 (Rs. lacs)
Elotex AG	-	-
ICI Argentina	4	-
National Starch, Indonesia	-	-
National Starch, Guandong	-	4
National Starch, Malaysia	-	-
National Starch, Shanghai	-	-
National Starch, Singapore	-	2
National Starch, USA	-	3
Quest International, Singapore	-	6
Uniqema, Asia Pacific	4	25
Uniqema, Chemie B. V.	6	2
Uniqema, Chemicals Ltd.	-	-
Uniqema, UK	2	25
Uniqema, Malaysia	4	1
Total	20	68

28. The figures relating to previous year have been regrouped wherever necessary.

A NARAYAN
Chairman

RAJIV JAIN
Managing Director

M R RAJARAM
Wholetime Director

R GUHA
Secretary

Gurgaon
22 May 2004



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

Registration No. 2 1 - 2 1 5 1 6

State Code

Balance Sheet Date: 3 1 - 0 3 - 2 0 0 4

2 1

Date Month Year

II Capital raised during the year (Amount in Rs. Lacs)

Public Issue:

N I L

Rights Issue

N I L

Bonus Issue

N I L

Private Placement

N I L

III Position of mobilisation and deployment of funds (Amount in Rs. Lacs)

Total Liabilities

5 4 8 6 9

Total Assets

5 4 8 6 9

Paid-up Capital

4 0 8 7

Sources of Funds

Reserves and Surplus

4 7 9 2 8

Secured Loans

5 0 0

Unsecured Loans

1 5 0 0

Deferred Tax Liability

8 5 4

Net Fixed Assets

1 6 9 0 5

Application of Funds

Investments

4 6 8 8 9

Net Current Assets/(liability)

(9 4 3 4)

Misc. Expenditure not written off

5 0 9

IV Performance of Company (Amount in Rs. Lacs)

Turnover

7 0 7 9 9

Profit/(Loss) before Tax

1 3 1 4 5

Earnings per share in Rs.

2 6 . 6 9

Total Expenditure

6 5 3 7 2

Profit/(Loss) after Tax

1 0 9 0 9

Dividend rate %

1 2 5

V Generic names of three Principal Products/Services of Company

Item Code No. (ITC Code) 3 2 0 9

Product Description Emulsion Paints

Item Code No. (ITC Code) 3 5 0 6

Product Description Adhesives

Item Code No. (ITC Code) 3 8 1 2

Product Description Rubber Chemicals

STATEMENT REGARDING SUBSIDIARY COMPANY PURSUANT TO SECTION 212(3) OF THE COMPANIES ACT, 1956

1 Name of the subsidiary company	Quest International India Limited
2 The financial year of the subsidiary ended on	31 March 2004
3 Holding company's interest	
Number of equity shares	14,40,001 of Rs. 100 each
Percentage holding	50% and one share
4 The net aggregate amount of profits of the subsidiary company so far as it concerns the members of ICI India Limited	
a) Not dealt with in the accounts of ICI India Limited	
i) for the subsidiary's current financial year	Rs. 359 lacs
ii) for the previous financial years since it became a subsidiary of ICI India Limited	Rs. 386 lacs
b) Dealt with in the accounts of ICI India Limited	
i) for the subsidiary's current financial year	Nil
ii) for the previous financial years since it became a subsidiary of ICI India Limited	Nil

A NARAYAN
Chairman

RAJIV JAIN
Managing Director

M R RAJARAM
Wholetime Director

R GUHA
Secretary

Gurgaon
22 May 2004



QUEST INTERNATIONAL INDIA LIMITED

Summary of Accounts for the year ended 31 March 2004

Balance Sheet as at

	31 March 2004	31 March 2003
	(Rs. lacs)	(Rs. lacs)
Capital	28,80	28,80
Reserves	83,75	82,01
	<u>112,55</u>	<u>110,81</u>
Total Assets (excluding Investments)	108,13	112,40
Investments (as per details below)	31,34	19,00
Total Liabilities	(26,92)	(20,59)
	<u>112,55</u>	<u>110,81</u>

Details of Investments

National Savings Certificates	–	–
Standard Chartered Mutual Fund (Fixed Maturity Plan)	12,00	10,00
Birla Sun Life Mutual Fund (Fixed Maturity Plan)	8,00	9,00
Principal Mutual Fund (Fixed Maturity Plan)	9,00	–
Birla Sun Life Mutual Fund (Liquid Fund)	1,59	–
Kotak Mahindra Mutual Fund (Floater Fund)	75	–
	<u>31,34</u>	<u>19,00</u>

Profit & Loss Account for the year ended

	31 March 2004	31 March 2003
Turnover - Net of Excise	85,39	59,49
Profit before Taxation	10,55	5,31
Provision for Taxation	3,36	2,42
Profit after Taxation	7,19	2,89
Proposed Dividend	NIL	NIL

Note : ICI India Limited has been granted approval by the Central Government for not publishing the full accounts of its subsidiary Quest International India Limited (QIIL), as part of its Annual Report in terms of Section 212(8) of the Companies Act, 1956. The full accounts of QIIL will be available for inspection by any investor at the Registered Office of the Company and also at the head office of QIIL. Members who are interested in having a full set of the audited accounts of QIIL, may write to the Company Secretary.



STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISIONS OF SECTION 217(2A) OF THE COMPANIES ACT, 1956

(Annexure to the Directors' Report for the year ended 31 March 2004)

Name	Designation/Nature of Duties	Remuneration (Rs.)	Qualification	Experience (years)	Joining Date	Age (years)	Previous Employment
(A) EMPLOYED THROUGHOUT THE FINANCIAL YEAR							
Batra S	General Manager-Finance, Paints	34,36,884	ACA	16	25-Jan-88	39	First Employment
Ghosh A Dr	Chief Executive, Performance Chemicals	51,53,905	Ph D, DIC	27	6-Oct-93	51	Atul Products Ltd.
Jain Rajiv	Managing Director & CEO, Paints	89,08,322	MBA, B Tech	32	18-Apr-83	53	Chemicals & Fibres India Ltd.
Kapoor S K Dr	General Manager, Rubber Chemicals	34,66,603	Ph D, M Sc	28	1-Apr-82	55	Alchemie Research Centre
Khullar S	General Manager-Supply Chain, Paints	30,52,004	B Tech	21	12-Sep-94	44	Apex Pvt Ltd.,
Krishna A P	General Manager, Adhesives	41,98,619	B Tech	25	12-Aug-99	49	Hindustan Lever Ltd.
Mahato D C	General Manager-HR, Paints	36,46,541	PGDPM & IR	28	25-Mar-85	52	Bharat Wagon & Engineering Company Ltd.
Mitra I	Manufacturing Manager, Paints	29,95,350	B Tech	20	9-Oct-84	45	Turnkey International Ltd.
Nagarajan H (Ms)	General Manager-Marketing (Decoratives)	40,61,385	MBA	17	12-Oct-00	39	Nestle India Ltd.
Rajaram M R	CFO and Wholetime Director	81,47,449	ACA, B Com	35	1-Oct-84	58	The Alkali & Chemical Corpn of India Ltd.
Venkatakrisnan R	Taxation Controller	27,53,841	ACA	29	1-Jan-76	53	J K Synthetics Ltd.
(B) EMPLOYED FOR PART OF THE FINANCIAL YEAR							
Ahmad A	Gen. Manager-Supply Chain & Info. Systems, Paints	27,00,929	Masters Engg	19	7-Jan-85	43	First Employment
Chadha P*	Chief Executive, Industrial Chemicals	51,86,829	B Tech	21	6-Jun-83	43	First Employment
Grihapathy K S	General Manager-Sales (Decoratives), Paints	25,41,629	MBA, B Tech	16	9-Jun-99	36	Standard Chartered Bank
Gupta S*	Business Manager, Trading	24,60,514	MBA, B Sc	18	1-Jun-87	40	Zenith Industries Limited
Lal B*	Commercial Manager, Nitrocullulose	25,57,591	MBA, B Tech	26	1-Jul-81	48	Indian Oxygen Limited
Narayan A	Management Staff	41,55,924	MS, LLB, B Tech	31	1-May-94	52	Duncans Industries Ltd.
Tripathi S*	Works Manager, Nitrocellulose	24,73,356	B Tech	22	15-Dec-83	45	Indian Aluminium Ltd.
Wagle P G	Corporate Engineering & SSHE Manager	33,04,935	B Tech	28	2-May-96	50	Terene Fibres India Ltd.

Notes

1. Remuneration includes all allowances, perquisites, commission payable if any to the Directors, employer's contribution to provident fund and employer's contribution to pension fund (if covered under defined contribution scheme). It excludes employer's contribution to gratuity fund, leave encashment and special awards.
2. All appointments are/were contractual and are subject to the rules of the Company from time to time.
3. None of the employees is a relative of any Director of the Company.
4. *Transferred to Nitrex Chemical India Private Limited w.e.f. 16 March 2004.

On behalf of the Board

Gurgaon
22 May 2004

A NARAYAN
Chairman



Annual Report 2003-04 – ICI India Consolidated

AUDITORS' REPORT

Auditors' report to the Board of Directors of ICI India Limited on the consolidated financial statements of ICI India Limited and its subsidiaries

We have examined the attached consolidated Balance Sheet of ICI India Limited ("the Company") and its subsidiary, Quest International India Limited as at 31 March 2004 and also the consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on 31 March 2004. The Company divested its holding in its subsidiaries, Indian Explosives Limited (IEL) and Initiating Explosives Systems India Limited (IES-a subsidiary of IEL) on 6 November 2003. Accordingly, the consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended 31 March 2004 includes the results of operations and cash flows of IEL and IES for the period 1 April 2003 to 5 November 2003.

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with the financial reporting framework generally accepted in India and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

As explained in note 12 of schedule 19 of the consolidated financial statement, we did not audit the financial statements of Initiating Explosives Systems India Limited, whose financial statements reflect total revenues of Rs. 3001 lacs and the cash flows of Rs. 167 lacs for the period 1 April 2003 to 31 October

2003. These financial statements have been audited by another firm whose report has been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of Initiating Explosives Systems India Limited, is based solely on the report of the other auditors.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its aforesaid subsidiaries included in the consolidated financial statements.

On the basis of the information and explanation given to us and on consideration of the separate audit reports on individual audited financial statements of the Company and its aforesaid subsidiaries, we are of the opinion that:

- (a) the consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of the Company and its aforesaid subsidiary as at 31 March 2004;
- (b) the consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of the Company and its aforesaid subsidiaries for the year ended on 31 March 2004; and
- (c) the consolidated Cash Flow Statement gives a true and fair view of the consolidated cash flows of the Company and its aforesaid subsidiaries for the year ended on 31 March 2004.

For BSR & Co.
Chartered Accountants

Gurgaon
22 May 2004

AKHIL BANSAL
Partner
Membership No.: 0906906



CONSOLIDATED BALANCE SHEET

	Schedule	As at 31 March 2004		As at 31 March 2003	
			(Rs. lacs)		(Rs. lacs)
I) SOURCES OF FUNDS:					
1. Shareholders' funds					
a) Capital	1	40,87		40,87	
b) Reserves and surplus	2 (a)	470,17	511,04	456,88	497,75
2. Minority interest	2 (b)		56,27		100,60
3. Loan funds					
a) Secured loans	3	5,00		16,40	
b) Unsecured loans	4	15,00	20,00	–	16,40
4. Deferred tax liability (net)	19(24)		14,63		32,50
Total			601,94		647,25
II) APPLICATION OF FUNDS:					
1. Fixed assets	5				
a) Gross block		542,64		650,45	
b) Less : Accumulated depreciation		225,80		217,24	
c) Net block		316,84		433,21	
d) Capital work-in-progress at cost, including advances		3,81	320,65	13,44	446,65
2. Investments	6		348,26		200,64
3. Current assets, loans and advances					
a) Inventories	7	138,75		144,28	
b) Sundry debtors	8	123,76		135,55	
c) Cash and bank balances	9	26,07		41,24	
d) Loans and advances	10	41,51		51,66	
		330,09		372,73	
Less: Current liabilities and provisions					
a) Current liabilities	11	210,69		214,98	
b) Provisions	12	191,46		164,05	
		402,15		379,03	
Net current assets/(liability)			(72,06)		(6,30)
4. Miscellaneous expenditure not written off			5,09		6,26
Total			601,94		647,25
Significant accounting policies	18				
Notes to the accounts	19				

The accompanying schedules form an integral part of the Balance Sheet.

As per our report attached.

For BSR & Co.
Chartered Accountants

For ICI India Limited

AKHIL BANSAL
Partner
Membership No. 090906

A NARAYAN
Chairman

RAJIV JAIN
Managing Director

M R RAJARAM
Wholetime Director

R GUHA
Secretary

Gurgaon
22 May 2004



CONSOLIDATED PROFIT AND LOSS ACCOUNT

		For the year ended 31 March 2004	For the year ended 31 March 2003
	Schedule	(Rs. lacs)	(Rs. lacs)
Income	13		
Gross sales and services		1,000,86	1,010,90
Less: Excise duty		118,27	121,19
Net sales and services		882,59	889,71
Other income		26,44	25,00
Total income		909,03	914,71
Expenditure			
Materials consumed	14	515,45	501,66
Other expenditure	15	276,68	288,81
Depreciation/Amortisation (net)		41,90	39,38
Interest (net)	16	5,18	5,53
		839,21	835,38
Profit before taxation from operations		69,82	79,33
Exceptional items	17	72,35	72,13
Profit before taxation		142,17	151,46
Provision for taxation:			
- Current tax		35,12	38,98
- Deferred tax		(6,30)	(2,74)
Profit after taxation		113,35	115,22
Deferred tax charge (previous year)		-	2,21
		113,35	113,01
Transfer to minority interest (including dividend)		7,25	7,87
Profit attributable to the group		106,10	105,14
Balance brought forward		207,98	166,57
Transfer from debenture redemption reserve		-	14,24
Less : Adjustment in respect of amortisation *		2,73	-
Balance available for appropriation		311,35	285,95
Appropriations			
General reserve		33,00	31,86
Proposed dividend		51,09	40,87
Tax on proposed dividend		6,55	5,24
		90,64	77,97
Balance carried to the balance sheet		220,71	207,98
Basic and diluted earnings per equity share (in Rs.)	19(23)	25.96	25.72
Significant accounting policies	18		
Notes to the accounts	19		

* Refer to note 16, Schedule 19.

The accompanying schedules form an integral part of the Profit and Loss Account.

As per our report attached.

For BSR & Co.
Chartered Accountants

For ICI India Limited

AKHIL BANSAL
Partner
Membership No. 090906

A NARAYAN
Chairman

RAJIV JAIN
Managing Director

M R RAJARAM
Wholtime Director

R GUHA
Secretary

Gurgaon
22 May 2004



CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2004	31 March 2004 (Rs. lacs)	31 March 2003 (Rs. lacs)
A. Cash flow from operating activities		
Profit before taxation from operations	69,82	79,33
Adjusted for :		
Depreciation	41,90	39,38
Provisions/Liabilities no longer required written back	(1,32)	(3,19)
Bad debts and advances	2,05	3,44
Provision for doubtful debts and advances (net)	(72)	1,90
Investment income and other income	(4,91)	(83)
Provision for diminution in value of investments written back	-	(23)
Profit on sale of investments (mutual funds)	(1,42)	(7,08)
Interest (net)	5,18	5,53
Loss/(Profit) on sale of fixed assets (net)	6	20
Unrealised exchange (gain)/loss	18	(1)
Operating profit before working capital changes	41,00	39,11
Changes in :	110,82	118,44
Trade and other receivables	(18,00)	(10,42)
Inventories	(50,32)	(6,93)
Trade payables and other creditors	65,95	30,76
Cash generated from operations	108,45	131,85
Direct taxes paid	(22,70)	(26,41)
Exceptional items (relating to outflow on account of voluntary retirement scheme payments, cost of business reorganisation and additional contribution to employee retiral funds)	(24,65)	(17,67)
Net cash before investments & financing activities (A)	61,10	87,77
B. Cash flow from investing activities		
Purchase of fixed assets	(15,20)	(33,98)
Sale of properties (including advance received)	2,41	3,87
Sale of businesses	65,78	1,56,75
Payments relating to divested businesses	(3,19)	(3,92)
Sale of other fixed assets	42	16
Purchase of Investments	(50,94)	(40,00)
Profit on sale of investment	1,35	-
Sale of investment in Indian Explosives Limited	66,65	-
Profit on sale of investment (mutual funds)	2	7,08
Interest received	58	1,18
Investment and other income	3,35	82
Net cash from investing activities (B)	71,23	91,96
C. Cash flow from financing activities		
Borrowings during the year	20,00	1,00
Borrowings repaid during the year	(2,77)	(27,80)
Premium paid on premature redemption of debentures	-	(1,28)
Dividend paid	(40,55)	(45,98)
Tax on Dividend	(5,24)	(37)
Interest paid	(5,97)	(8,96)
Net cash used in financing activities (C)	(34,53)	(83,39)
Net changes in cash & cash equivalents (A+B+C)	97,80	96,34
Cash and cash equivalents - opening balance	200,94	104,60
Cash and cash equivalents - closing balance (continuing businesses) (See note 2 below)	282,45	200,94

Notes to the cash flow statement

	As at 31 March 2004 (Rs. lacs)	As at 31 March 2003 (Rs. lacs)
1. Cash and cash equivalents of continuing businesses comprise of :		
Cash, cheques in hand and in transit	32	99
Bank balances in Current Account	21,56	36,82
Bank balances in Unpaid Dividend Account *	1,85	1,53
Fixed Deposits with Banks	2,34	1,90
Govt. of India Securities	-	52
Tax free bonds	-	10,18
Fixed Maturity Debt Mutual Funds	252,59	149,00
Liquid/Floating Rate Mutual Funds	3,79	-
	282,45	200,94
2. Cash and cash equivalents of divested businesses	16,29	-
* Not available for use by ICI India Limited		

As per our report attached.

For BSR & Co.
Chartered Accountants

For ICI India Limited

AKHIL BANSAL
Partner
Membership No. 090906

A NARAYAN
Chairman

RAJIV JAIN
Managing Director

M R RAJARAM
Wholetime Director

R GUHA
Secretary

Gurgaon
22 May 2004



SCHEDULES TO THE CONSOLIDATED ACCOUNTS

SCHEDULE 1 : CAPITAL	As at 31 March 2004 (Rs. lacs)	As at 31 March 2003 (Rs. lacs)
Authorised		
416,90,000 equity shares of Rs. 10 each	41,69	41,69
Issued, Subscribed and Paid Up		
408,70,612 equity shares of Rs. 10 each	40,87	40,87

Of the above equity shares:-

- (a) 85,32,667 were allotted as fully paid up Bonus shares by capitalisation of share premium and reserves.
- (b) 29,68,824 were issued on part conversion of debentures.
- (c) 207,76,213 are held by the holding company, Imperial Chemical Industries PLC, UK.
- (d) 89,18,121 were issued as fully paid up otherwise than for cash.

SCHEDULE 2 : (a) RESERVES AND SURPLUS	(Rs. lacs)			
	As at 1 April 2003	Additions	Deductions	As at 31 March 2004
Capital reserves #	55,17	–	31,25	23,92
Share premium	1,15	–	–	1,15
Revaluation reserve *	5,68	–	58	5,10
General reserve **	186,90	33,00	61	219,29
Profit and loss account **	207,98	15,46	2,73	220,71
Total	456,88	48,46	35,17	470,17
Previous year	399,39	73,27	15,78	456,88

* Deduction represents withdrawal on account of:

- (a) Fixed assets disposed/written off, Rs. 50 lacs (2002-03:Rs. 18 lacs); and
- (b) Depreciation on revalued assets, Rs. 8 lacs (2002-03:Rs. 8 lacs) (Refer note 5, Schedule 19).

** Refer note 16, Schedule 19

Refer note 11, Schedule 19

SCHEDULE 2 : (b) MINORITY INTEREST	As at 31 March 2004 (Rs. lacs)	As at 31 March 2003 (Rs. lacs)
Opening balance	100,60	97,66
Add : Profit for the year attributable to minority	7,25	7,87
Less : Dividend paid during the year	–	4,93
: Adjustment on divestment of Explosives business *	48,43	–
: Other adjustments **	3,15	–
Closing balance	56,27	100,60

* Refer note 11, Schedule 19

** Refer note 16, Schedule 19

SCHEDULE 3 : SECURED LOANS

Loans from banks		
Cash credit accounts	–	34
Working capital demand loan * #	5,00	16,00
Interest accrued and due on secured loans	–	6
	5,00	16,40

* Secured by hypothecation of raw materials, finished goods, work-in-process, stores and book debts of ICI India Limited

Refer note 3, Schedule 19.

**SCHEDULE 4 : UNSECURED LOANS****As at 31 March 2004**
(Rs. lacs)**As at 31 March 2003**
(Rs. lacs)

Short term loan from bank #

15,00

—

15,00

—

Refer to note 3, Schedule 19.

SCHEDULE 5 : FIXED ASSETS**(Rs. lacs)**

Particulars	Gross Block				Depreciation/Amortisation				Net Block	
	Book value at cost or revalued amounts as at 1 April 2003	Additions at cost	Disposals/ adjustments at book value	Book value at cost or revalued amounts as at 31 March 2004	As at 1 April 2003	Depreciation/ Amortisation for the year	In respect of disposals/ adjustments	As at 31 March 2004	As at 31 March 2004	As at 31 March 2003
Goodwill *	114,65	—	—	114,65	10,21	6,45	1,43	18,09	96,56	104,44
Land leasehold	1,52	1	(11)	1,42	51	2	—	53	89	1,01
Land freehold	6,48	43	(1,32)	5,59	—	—	—	—	5,59	6,48
Buildings	89,19	113	(21,25)	69,07	18,94	1,98	(2,55)	18,37	50,70	70,25
Plant and machinery	3,06,33	849	(96,62)	218,20	156,59	18,56	(34,40)	140,75	77,45	149,74
Railway sidings and jetties	3	—	—	3	3	—	—	3	—	—
Rolling stock, motor vehicles etc.	1,68	20	(1,03)	85	87	9	(38)	58	27	81
Furniture, fittings and equipment	16,30	53	(3,70)	13,13	6,31	91	(2,01)	5,21	7,92	9,99
Patents, Trademarks, Knowhow etc. **	78,38	—	(7,62)	70,76	8,40	7,45	4,79	20,64	50,12	69,98
Assets under operating leases	20,09	4,62	—	24,71	4,95	3,83	—	8,78	15,93	15,14
Data processing equipment	15,80	8,76	(33)	24,23	10,43	2,68	(29)	12,82	11,41	5,37
Total	650,45	24,17	(131,98)	542,64	217,24	41,97	(33,41)	225,80	316,84	433,21
Previous Year	642,57	28,45	(20,57)	650,45	169,51	39,46	8,27	217,24	433,21	
Capital work-in-progress including advances on capital account									3,81	13,44

Note : Land and buildings at certain locations were revalued in 1983.

* Gross block as on 1 April 2003 represents Goodwill arising out of consolidation (Rs. 10038 lacs), and assets acquisition (Rs. 1427 lacs).

** Refer note 16, Schedule 19.

**SCHEDULE 6 : INVESTMENTS**

(At cost less write offs/provisions)

	Number	Face Value Rs. per unit	As at 31 March 2004 (Rs. lacs)	As at 31 March 2003 (Rs. lacs)
(A) LONG TERM INVESTMENTS				
(i) Trade				
Equity shares - unquoted				
Nitrex Chemicals India Private Limited	9,40,000	10	94	—
Belvedere Estates Ltd.	40,020	10	5	5
Adyar Property Holding Co Ltd. * (Paid-up Rs. 65 per share)	205	100	—	—
Debentures - unquoted				
0.5% Belvedere Estates Ltd. - redeemable	1	6,24,420	6	6
5.0% Woodlands Research Foundation - non-redeemable		86,000	—	—
0.5% Woodlands Research Foundation - (Book Value Re 1 only)	110	100	—	—
6.5% Bengal Chamber of Commerce and Industry	19	1,000	—	—
(ii) Non - trade				
Equity shares - quoted				
ICICI Bank Limited	57,918	10	21	21
Equity shares - unquoted				
Kohinoor Mills Ltd.	5	100	—	—
Maneck-Chowk & Ahmedabad Manufacturing Co. Ltd. (Book Value Re 1 only)	144	250	—	—
Debentures - unquoted				
6.00% Sholapur Spinning & Weaving Co. Ltd. (in Liquidation) (Book Value Re 1 only)	523	100	—	—
National Saving Certificate				
Capital Gains Bond - unquoted				
7.00% National Highways Authority of India	20,000	10,000	20,00	20,00
6.10% Rural Electrification Corporation Limited	10,000	10,000	10,00	10,00
5.50% National Housing Bank	10,000	10,000	10,00	10,00
5.00% National Bank for Agriculture and Rural Development	10,000	10,000	10,00	—
5.10% National Housing Bank	15,000	10,000	15,00	—
5.00% Small Industries Development Bank of India	10,000	10,000	10,00	—
5.15% Rural Electrification Corporation Limited	15,000	10,000	15,00	—
(B) CURRENT INVESTMENTS - Non Trade				
Units - unquoted				
Unit Trust of India - Unit '64 Scheme			—	62
Investment in Fixed Maturity Debt Mutual Funds - unquoted ##				
Birla Sun Life Mutual Fund (March 2003)	295,43,261	10	30,00	39,00
HDFC Mutual Fund (March 2003)	350,00,000	10	35,00	35,00
Standard Chartered Mutual Fund (March 2003)	400,00,000	10	40,00	40,00
Prudential ICICI Mutual Fund (March 2003)			—	25,00
Principal Mutual Fund (January 2004)	240,00,000	10	24,00	—
JM Mutual Fund (March 2004)	120,00,000	10	12,00	—
Standard Chartered Mutual Fund (March 2004)	200,00,000	10	20,00	—
Principal Mutual Fund (March 2004)	250,00,000	10	25,00	—
Kotak Mahindra Mutual Fund (March 2004)	150,00,000	10	15,00	—



SCHEDULES TO THE CONSOLIDATED ACCOUNTS (Contd.)

	Number	Face Value Rs. per unit	As at 31 March 2004 (Rs. lacs)	As at 31 March 2003 (Rs. lacs)
Prudential ICICI Mutual Fund (March 2004)	199,86,609	10	20,00	–
Birla Sun Life Mutual Fund (March 2004)	180,00,000	10	18,00	–
Standard Chartered Mutual Fund (July 2002)			–	10,00
Standard Chartered Mutual Fund (Aug 2003)	120,00,000	10	12,00	–
Investment in Liquid/Floating rate Mutual Funds ##				
Deutsche Mutual Fund	19,52,457	10	2,01	–
Kotak Mahindra Mutual Fund	15,76,566	10	1,78	–
Birla Sun Life Mutual Fund	9,27,574	10	1,59	–
Government of India Securities - quoted				
12.50% Government of India, March 2004 **			–	52
6.75% Government of India Tax free bonds (Issued against units of Unit Trust of India - Unit '64 scheme)	62,050	100	62	–
Tax Free Bonds - quoted				
10.5% Konkan Railway Corporation Limited **			–	10,18
			<u>348,26</u>	<u>200,64</u>

* Indicates shares are partly paid up.

** Net of amortisation of premium.

for investments purchased and sold during the year, refer note 21 (a), Schedule 19.

for NAVs per unit as on 31 March 2004, refer note 21 (b), Schedule 19.

	As at 31 March 2004		As at 31 March 2003	
	Book Value (Rs. lacs)	Market Value (Rs. lacs)	Book Value (Rs. lacs)	Market Value (Rs. lacs)
Quoted investments	83	2,39	10,91	12,74
Unquoted investments	347,43		189,73	
	<u>348,26</u>		<u>200,64</u>	

	As at 31 March 2004 (Rs. lacs)	As at 31 March 2003 (Rs. lacs)
SCHEDULE 7 : INVENTORIES *		
Stores and spare parts	3,27	8,81
Packing materials	3,01	3,42
Raw materials	37,70	45,24
Finished Products	89,71	80,08
Work-in-process	5,06	6,73
	<u>138,75</u>	<u>144,28</u>

* Refer note 6, Schedule 19.

SCHEDULE 8 : SUNDRY DEBTORS

Secured - considered good		
- Debts outstanding over six months	13	39
- Other debts	2,71	2,69
	<u>2,84</u>	<u>3,08</u>
Unsecured		
- Debts outstanding over six months		
Considered good	3,02	4,71
Considered doubtful	11,81	15,31
	<u>14,83</u>	<u>20,02</u>
Less : Provision for doubtful debts	11,81	15,31
	<u>3,02</u>	<u>4,71</u>
- Other debts - considered good #	100,87	124,23
Dues relating to sale of business/property	17,03	3,53
	<u>123,76</u>	<u>135,55</u>

Includes amount of Rs. 20 lacs (2002-03:Rs. 68 lacs) due from bodies corporate under the same management as defined in 370(1B) of the Companies Act, 1956. For details refer note 27 (4), Schedule 19.



	As at 31 March 2004 (Rs. lacs)	As at 31 March 2003 (Rs. lacs)
SCHEDULE 9 : CASH AND BANK BALANCES		
Cash and cheques in hand and in transit	32	99
With scheduled banks:		
Current accounts	21,56	36,82
Unpaid Dividend accounts	1,85	1,53
Fixed deposits	2,34	1,90
	<u>26,07</u>	<u>41,24</u>
SCHEDULE 10 : LOANS AND ADVANCES (UNSECURED)		
Advances recoverable in cash or in kind or for value to be received:		
Considered good **	26,32	35,01
Considered doubtful	1,37	4,17
	<u>27,69</u>	<u>39,18</u>
Less : Provision for doubtful advances	1,37	4,17
	<u>26,32</u>	<u>35,01</u>
Balances with Customs, Port Commissioners, Railways, Excise Authorities etc.	4,77	6,27
Others Deposits	8,05	9,54
Interest accrued on investments	2,37	84
	<u>41,51</u>	<u>51,66</u>
** Includes		
(a) Held on fixed deposit/margin money with scheduled banks	27	32
(b) Due from Directors	1,39	2,53
Maximum amount due at any time during the year	2,44	2,58
(c) Due from Officer	1	20
Maximum amount due at any time during the year	20	21
(d) An amount of Rs.18 lacs was paid to the Wholetime Director of Quest International India Limited, as remuneration during the year ended 31 March 2003, in excess of the limits specified under Section 198 read with Schedule XIII of the Companies Act, 1956. Quest International India Limited has applied to the Central Government for payment of above excess remuneration. Pending such approval, the above amount has been held in trust for Quest International India Limited by the Wholetime Director.		
SCHEDULE 11 : CURRENT LIABILITIES		
Acceptances	50,70	25,48
Sundry creditors - SSI units	4,66	4,61
Sundry creditors - others *	140,33	166,45
Advance on sale of property	-	1,10
Unpaid and unclaimed dividends	1,85	1,53
Interest accrued but not due on loans	-	-
Other liabilities	13,15	15,81
	<u>210,69</u>	<u>214,98</u>
* Refer note 4, Schedule 19.		
SCHEDULE 12 : PROVISIONS		
Proposed dividend on equity shares	51,09	40,87
Tax on proposed dividend	6,55	5,24
Provision for Taxation (net of advance tax)	36,52	24,04
Provision for VRS liability	33,40	41,53
Provision for retirement benefits	23,74	16,25
Other provisions	40,16	36,12
	<u>191,46</u>	<u>164,05</u>



	For the year ended 31 March 2004 (Rs. lacs)	For the year ended 31 March 2003 (Rs. lacs)
SCHEDULE 13 : INCOME		
a) Gross sales and services		
Sales	999,08	1,009,86
Services	1,78	1,04
	<u>1,000,86</u>	<u>1,010,90</u>
b) Other income *		
From businesses		
Insurance claims received	52	14
Commission	5,64	4,62
Lease rentals	3,87	2,45
Provisions/liabilities no longer required written back	-	3,19
Miscellaneous receipts	6,49	6,45
	<u>16,52</u>	<u>16,85</u>
Other operating items		
Income from non trade investments	4,91	83
Profit on sale/maturity of investments (mutual funds)	1,42	7,08
Profit on disposal of fixed assets	5	-
Provisions/liabilities no longer required written back	1,32	-
Provision for diminution in value of investments written back	-	24
Miscellaneous receipts	2,22	-
	<u>9,92</u>	<u>8,15</u>
	<u>26,44</u>	<u>25,00</u>

* Refer note 8, Schedule 19.

SCHEDULE 14 : MATERIALS CONSUMED

Opening stock		
Raw materials	45,24	48,91
Packing materials	3,42	2,79
Finished products	80,08	79,41
Work-in-process	6,73	7,55
	<u>135,47</u>	<u>138,66</u>
Add : Purchases		
Raw materials	454,99	405,60
Packing materials	42,22	43,39
Finished products	65,74	55,93
	<u>562,95</u>	<u>504,92</u>
Less : Inventory adjustments in respect of divested businesses (net)		
Raw materials	39,18	3,37
Packing materials	1,65	1
Finished products	9,48	5,32
	<u>50,31</u>	<u>8,70</u>
Less : Closing stock		
Raw materials	37,70	45,24
Packing materials	3,01	3,42
Finished products	89,71	80,08
Work-in-process	5,06	6,73
	<u>135,48</u>	<u>135,47</u>
Excise duty adjustment for movement in finished goods inventory (including duty on inventory of divested business)	2,82	2,25
Materials consumed	<u>515,45</u>	<u>501,66</u>



	For the year ended 31 March 2004 (Rs. lacs)	For the year ended 31 March 2003 (Rs. lacs)
SCHEDULE 15 : OTHER EXPENDITURE		
Stores and spare parts	8,37	9,12
Repairs to buildings	95	1,46
Repairs to plant and machinery	6,24	7,46
Other repairs	1	4
Power and fuel	23,48	26,81
Salaries, wages and bonus	52,74	59,77
Contributions to provident and other funds	7,22	8,72
Workmen and staff welfare	6,74	7,34
Travelling	9,47	10,10
Rates and taxes	8,05	7,03
Rent	8,40	8,20
Communication	5,05	5,87
Insurance	4,17	4,89
Freight and transport	32,25	33,97
Selling commission	4,88	4,03
Commission to consignment agents	2,67	5,26
Publicity and sales promotion	31,47	27,25
Royalty and technical fees	1,56	1,49
Cash discount on sales	21,88	17,34
Formulation/processing charges	1,40	65
Lease and hire	68	1,05
Bad debts/advances	2,05	3,44
Provision for doubtful debts and advances (net)	(72)	1,90
Research and development	1,20	2,56
Directors' fees	1	2
Loss on sale of fixed assets	11	20
Sundries (include consultancy, godown maintenance, vehicle running expenses etc.)	36,35	32,84
	<u>276,68</u>	<u>288,81</u>
SCHEDULE 16 : INTEREST		
Interest on fixed loans	47	1,62
Interest on other loans	5,45	5,53
	<u>5,92</u>	<u>7,15</u>
Less : Interest income from banks and others *	74	1,62
Net interest	<u>5,18</u>	<u>5,53</u>
* Refer note 8, Schedule 19.		
SCHEDULE 17 : EXCEPTIONAL ITEMS		
Profit on sale of properties (Refer note 10, Schedule 19)	2,91	6,70
Profit on sale of Catalyst business	-	84,22
Profit on sale of investment in Indian Explosives Limited (Refer note 11, Schedule 19)	45,73	-
Profit on sale of Nitrocellulose and Trading businesses (Refer note 13, Schedule 19)	46,31	-
Profit on sale of Polyurethanes business (Refer note 14, Schedule 19)	1,03	2,08
Arrear lease rent (Refer note 15, Schedule 19)	(1,95)	-
Charge for Voluntary Retirement Scheme	(3,23)	(4,58)
Charge for additional contribution to employees retiral funds (Refer note 18, Schedule 19)	(13,88)	(10,12)
Cost of business reorganisation (Refer note 19, Schedule 19)	(4,57)	(6,17)
	<u>72,35</u>	<u>72,13</u>



SCHEDULE 18 : SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation of Financial Statements

The financial statements are prepared on the accrual basis under the historical cost convention, in accordance with applicable Accounting Standards issued by the Institute of Chartered Accountants of India and provisions of the Companies Act, 1956.

2. Principles of Consolidation

The consolidated financial statements relate to ICI India Limited (the Parent Company), and its subsidiaries, Quest International India Limited, Indian Explosives Limited and Initiating Explosives Systems India Limited (a subsidiary of Indian Explosives Limited), incorporated in India. ICI India Limited holds 50% plus one equity shares of Quest International India Limited. The Company divested its holding in its subsidiaries, Indian Explosives Limited (IEL) and Initiating Explosives Systems India Limited (IES - a subsidiary of IEL) on 6 November 2003. Accordingly, the consolidated Profit and Loss account and the consolidated Cash Flow Statement for the year ended 31 March 2004 includes the results of operations and cashflows of IEL and IES for the period 1 April 2003 to 5 November 2003. The consolidated financial statements have been prepared on the following basis:

- (a) The financial statements of the parent company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses. The amounts shown in respect of reserves comprise the amount of the relevant reserve as per the Balance Sheet of the parent company and its share in the post-acquisition increase in the relevant reserves of subsidiaries.
- (b) The value of net assets and reserves of Explosives business (i.e. IEL and IES) as on date of disposal i.e. 6 November 2003, relevant minority interest value as on that date, and necessary provisions relating to the transaction have been adjusted from the proceeds of disposal of 51% shareholding in IEL to determine the profit on sale of Explosives business. Consolidated financial statements are prepared by using uniform accounting policies for like transactions and other events in similar circumstances.
- (c) The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the parent company for its separate financial statements.
- (d) The excess/shortfall of cost to the parent company of its investment in subsidiaries over its portion of equity in the subsidiaries is recognised in the financial statements as Goodwill/Capital Reserve respectively. The parent company's portion of equity in the subsidiaries is determined on the basis of the book value of assets and liabilities as per the financial statements of the subsidiaries.
- (e) Goodwill arising on consolidation is amortised over the expected useful life of 20 years.

3. Other Significant Accounting Policies

These are set out in the notes to accounts under "Statement of Accounting Policies" of the individual financial statements of ICI India Limited and the subsidiaries.

SCHEDULE 19 : NOTES TO THE CONSOLIDATED ACCOUNTS

	As at 31 March 2004 (Rs. lacs)	As at 31 March 2003 (Rs. lacs)
1 Capital expenditure:		
(a) Estimated amount of contracts remaining to be executed on capital account (net of advances)	73	85
(b) Demand for enhanced compensation in respect of leasehold land at Mohali, of ICI India Limited under dispute	5,88	5,88
2 Contingent liabilities not provided for:		
(a) Uncalled liability on shares partly paid up	-	-
(b) Sales tax matters under Appeal	11,69	13,34
(c) Excise matters in dispute/under Appeal	4,45	5,18
(d) Customs matters in dispute/under Appeal	3,74	5,01
(e) Industrial relations matters under Appeal	10	19
(f) Income tax matters in dispute/under Appeal	See note below *	
(g) Bills discounted	-	1,33

* The Income Tax assessments for ICI India Limited have been completed up to the financial year ended 31 March 2001. Arising from the completed assessments and also appellate orders, there is net demand of Rs. 1140 lacs (2002-03:net demand of Rs. 983 lacs), comprising total refund of Rs. 1721 lacs (2002-03:Rs. 1721 lacs), excluding interest, and demand/liability of Rs. 2861 lacs (2002-03:Rs. 2704 lacs), excluding interest. ICI India Limited as well as the Income Tax department have gone on further appeal. Pending progress in the appeals, neither the refund nor the liability for the demand has been recognised in the accounts.



	As at 31 March 2004 (Rs. lacs)	As at 31 March 2003 (Rs. lacs)
3		
Loans due within a year		
Secured loans:		
Cash credit accounts (Indian Explosives Limited and Initiating Explosives Systems India Limited)	–	34
Working Capital Demand Loans (Indian Explosives Limited)	–	16,00
Interest accrued and due on secured loans (Indian Explosives Limited)	–	6
Working Capital Demand Loan (ICI India Limited)	5,00	–
Unsecured loans:		
Short term loan from bank (ICI India Limited)	15,00	–
4.	Sundry creditors - others (Schedule 11) include unclaimed matured fixed deposits of ICI India Limited from public amounting to Rs. 14 lacs (2002-03:Rs. 15 lacs).	
5.	Gross depreciation/amortisation for the year amounts to Rs.4197 lacs (2002-03:Rs. 3946 lacs), which includes a sum of Rs. 8 lacs (2002-03:Rs. 8 lacs) being the depreciation on revalued assets transferred to revaluation reserve.	
6.	ICI India Limited has not made a provision for customs duty on stocks lying at the year end in bonded warehouse, estimated at Rs. 107 lacs (2002-03:Rs. 138 lacs) and accordingly, not included the said amount in valuation of inventories. This has no effect on the profit for the year.	
7.	Profit/(Loss) on account of foreign exchange transactions for the year is Rs. 162 lacs (net) [2002-03:Rs. 5 lacs (net)].	
8.	Income from investments and others are stated at gross amounts. The amount of Income Tax deducted thereon is Rs. 12 lacs (2002-03:Rs. 70 lacs).	
9.	Sales exclude sales of equipment of ICI India Limited amounting to Rs. 419 lacs (2002-03:Rs. 331 lacs) at cost.	
10.	Income from sale of properties of ICI India Limited of Rs. 291 lacs (2002-03:Rs. 670 lacs) represents net profit on sale of land at Chennai and flat at Mumbai.	
11.	ICI India Limited divested its 51% holding in its subsidiary, Indian Explosives Limited (IEL) on 6 November 2003 to Orica Investment Pty Limited of Australia, for a consideration of Rs. 6665 lacs. The profit on the divestment of holding, of Rs. 4573 lacs, has been computed after adjusting from the above consideration ICI India Limited's share in carrying amount of net assets of IEL and its subsidiary Initiating Explosives Systems India Limited (IES) as at 6 November 2003 of Rs. 4347 lacs (after netting off minority interest in the net assets of IEL and IES of Rs. 4843 lacs), release of capital reserve of Rs. 3125 lacs computed in earlier years with respect to IEL and IES, and related transaction costs/provisions of Rs. 870 lacs.	
12.	In respect of subsidiaries disposed off during the year, viz., IEL and IES, the financial statements for the period 1 April 2003 to 31 October 2003, as authenticated by a Director and the Chief Financial Officer of the respective companies and reported upon by their respective auditors have been used for the purpose of preparation of the consolidated financial statements. All material transactions for the period 1 November 2003 to 5 November 2003 for IEL and IES have also been incorporated in the consolidated financial statements.	
13.	The Nitrocellulose and Trading businesses of ICI India Limited were divested to Nitrex Chemicals India Private Limited, an affiliate of CDC Group Plc., U.K, on 16 March 2004, for a consideration of Rs. 7500 lacs, (of which Rs. 1275 lacs is receivable in three equal annual instalments), and an additional consideration of Rs. 285 lacs on account of adjustment for working capital movement between the period 31 March 2003 and the date of transfer. Profit on sale of the business of Rs. 4631 lacs, has been computed after adjusting value of net assets as on date of transfer, amounting to Rs. 2899 lacs, and related transaction costs/provision of Rs. 255 lacs. The accounts of ICI India Limited for the year, include results from operations of Nitrocellulose and Trading businesses up to 15 March 2004.	
14.	The Polyurethanes business of ICI India Limited was divested to Huntsman International (India) Private Limited on 31 March 2001. As per the business transfer agreement, a sum of Rs. 1000 lacs was receivable from the buyer over a three year period, the eligibility for and quantum of which was dependent on the performance of the business during these three years against agreed parameters. Pursuant to this clause, the Company has, during the year, accrued as income (net of provisions amounting to Rs. 40 lacs) a sum of Rs. 103 lacs, including interest of Rs. 40 lacs [2002-03:Rs. 208 lacs (including interest of Rs. 52 lacs)]. The amount has since been received by ICI India Limited.	
15.	ICI India Limited has made a provision of Rs. 195 lacs towards arrear lease rent in respect of a depot near Mumbai, following a demand by Mumbai Port Trust. Presently the matter is under dispute.	
16.	The Group had earlier been following the policy of amortising the cost of goodwill, technology, brands, patents, trademarks and knowhow over the estimated useful life of twenty years. Following the adoption of Accounting Standard - 26 on 'Intangible Assets', which has become mandatory for accounting periods commencing on or after 1 April 2003, the Group has amortised these assets over a period of ten years from	



the date of use. Depreciation has been recalculated accordingly. Consequently, depreciation for the year is higher and profit before tax is lower by Rs. 431 lacs. Further, in line with the accounting standard, depreciation in respect of the period prior to 1 April 2003 amounting to Rs. 933 lacs has been charged to General Reserves/Profit and Loss Account (Rs. 483 lacs) and to Minority Interest (Rs. 450 lacs) [(net charge to General Reserves/Profit and Loss Account after netting off deferred tax credit of Rs. 149 lacs, is Rs. 334 lacs), and to Minority Interest after netting of deferred tax credit of Rs. 135 lacs, is Rs. 315 lacs].

17. In the absence of any progress and continuing outstanding obligation of ICI India Limited, the provision of Rs. 1500 lacs made in respect of probable land cost liability while determining the profit on sale of Catalyst business last year has been carried forward in the current year's accounts.

18. During the year, a deficit in ICI India Limited's employees pension and gratuity amounting to Rs. 1388 lacs (2002-03:Rs. 966 lacs) has been determined on the basis of actuarial valuations carried out by the Company and has been provided as an exceptional item in the Profit and Loss Account. The above deficit has arisen from change in actuarial valuation assumptions (mainly lower interest rate) and a change in the method of actuarial valuation from the aggregate method to the projected accrued benefit method. As a result of the above changes, the profit before tax for the current year is lower by Rs. 583 lacs (2002-03:Rs. 966 lacs) and Rs. 805 lacs respectively.

19. The cost of business reorganisation of Rs. 457 lacs is in respect of voluntary compensation (including amounts provided for various retirement benefit funds), for certain employees of ICI India Limited who have accepted premature retirement during the year (2002-03:Rs. 552 lacs).

20. **Directors' remuneration ***

	2003-04
	(Rs. lacs)
Salaries and allowances	2,36
Commission	20
Estimated cost of benefits	49
	3,05

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

21. (a) During the year the Group invested the temporary surplus funds for short periods in the following Liquid/Cash Mutual Funds and Fixed Maturity Monthly Plans of Mutual Funds which were purchased and sold during the year:

Liquid/Cash Mutual Funds	Number of units	Purchase value (Rs. lacs)
Birla Sun Life Mutual Fund	472,16,263	52,28
Templeton Mutual Fund	203,13,186	64,25
HSBC Mutual Fund	280,83,011	27,17
Standard Chartered Mutual Fund	189,22,169	20,02
Deutsche Mutual Fund	97,17,083	10,00
Reliance Mutual Fund	105,43,883	16,06
Kotak Mahindra Mutual Fund	395,97,181	46,20
Fixed Maturity Monthly Plans		
Reliance Mutual Fund	220,00,000	22,00

21 (b) NAV per unit of investment in Mutual Funds as on 31 March 2004 are:

	(Rs.)
Fixed Maturity Plans	
Birla Sun Life Mutual Fund (March 2003)	10.83
HDFC Mutual Fund (March 2003)	10.67
Standard Chartered Mutual Fund (March 2003)	10.67
Principal Mutual Fund (January 2004)	10.12
JM Mutual Fund (March 2004)	10.04
Standard Chartered Mutual Fund (March 2004)	10.00
Principal Mutual Fund (March 2004)	10.00
Kotak Mahindra Mutual Fund (March 2004)	10.01
Prudential ICICI Mutual Fund (March 2004)	10.02
Birla Sun Life Mutual Fund (March 2004)	10.00
Standard Chartered Mutual Fund (August 2003)	10.38
Liquid/Cash/Floating rate Mutual Funds	
Deutsche Mutual Fund (Liquid)	10.29
Kotak Mahindra Mutual Fund (Liquid)	12.23
Birla Sun Life Mutual Fund (Liquid)	17.12
Kotak Mahindra Mutual Fund (Floating Rate)	10.38



22. Payments to Auditors*:	2003-04 (Rs. lacs)	2002-03 (Rs. lacs)
(i) As Audit fee	17	22
(ii) Reimbursement of expenses/service tax	4	6
(iii) Tax Audit fee	4	5
(iv) Certification work/Other matters	11	10
Total	<u>36</u>	<u>43</u>

* Include payments made to statutory auditors of subsidiaries.

23. Earnings per share	2003-04	2002-03
(a) Calculation of weighted average number of equity shares of Rs. 10 each		
Number of shares at the beginning of the year	408,70,612	408,70,612
Shares issued during the year	-	-
Total number of equity shares outstanding at the end of the year	408,70,612	408,70,612
(b) Net profit after tax and transfer to minority interest available for equity shareholders (Rs. lacs)	106,10	105,14
(c) Basic and Diluted Earnings per share (Rs.)	25.96	25.72

24. Details of provision for deferred taxation	(Rs. lacs)			
Timing differences on account of:	Deferred Tax Assets		Deferred Tax Liability	
	2003-04	2002-03	2003-04	2002-03
Difference between book depreciation and depreciation under Income Tax Act, 1961			40,05	57,63
Expenditure deferred under Section 43B of Income Tax Act, 1961	1,70	2,48		
Provision for doubtful debts and advances	6,08	6,94		
Carried forward unabsorbed depreciation as at 31 March 2003	-	2,09		
Voluntary retirement scheme liability	4,20	4,13		
Liability for leave encashment and retirement benefit provision	8,66	4,65		
Other items	4,78	5,00	-	16
Total	<u>25,42</u>	<u>25,29</u>	<u>40,05</u>	<u>57,79</u>
Net Deferred Tax Liability			14,63	32,50

25. Operating lease

(a) ICI India Limited has given colour solution machines under operating leases. The future minimum lease rentals receivable as on 31 March 2004 in respect of these assets are as under:

Amount receivable	Total future minimum lease rentals receivable as on 31 March 2004 (Rs. lacs)	Total future minimum lease rentals receivable as on 31 March 2003 (Rs. lacs)
Within one year	3,32	3,36
Later than one year and not later than five years	2,84	3,12
Later than five years	2	2
Total	<u>6,18</u>	<u>6,50</u>

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

The lease rental charge during the year and maximum obligations on long term non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

	2003-04 (Rs. lacs)	2002-03 (Rs. lacs)
- Lease rentals charged during the year	87	88
- Lease obligations		
Total future minimum lease rentals payable as on 31 March 2004 (Rs. lacs)		Total future minimum lease rentals payable as on 31 March 2003 (Rs. lacs)
Within one year	85	88
Later than one year and not later than five years	35	39
Later than five years	-	-
Total	<u>1,20</u>	<u>1,27</u>

**26. Segment Information****A. Information about primary business segments:**

(1) The Group's primary business segments comprise Paints, Industrial Specialties, Industrial Chemicals, Explosives (up to 5 November 2003) and Flavours & Fragrances. The businesses included in these primary business segments are given below:

- Paints : Decorative and Refinish Paints.
- Industrial Specialties : Uniqema, Food Starch, Polymers and Adhesives.
- Industrial Chemicals : Rubber Chemicals; Nitrocellulose, Trading in monomers and tioxide (up to 15 March 2004); and Catalysts (up to 31 October 2002)
- Explosives : Explosives business of Indian Explosives Limited and Initiating Explosives Systems India Limited (up to 5 November 2003)
- Flavours & Fragrances : Flavours and Fragrances Business of Quest International India Limited.

(2) Segment revenues, results and other information (Rs. lacs)

	Paints		Industrial Specialties		Industrial Chemicals		Flavours & Fragrances		Explosives		Total of Reportable Segments	
	2003-04	2002-03	2003-04	2002-03	2003-04	2002-03	2003-04	2002-03	2003-04	2002-03	2003-04	2002-03
External sales	437,56	369,66	176,84	140,37	161,25	190,80	95,65	69,03	129,56	241,04	1,000,86	1,010,90
Inter segment sales	22	13	2,16	1,60	4,11	4,20	-	-	-	-	6,49	5,93
Other business related income	5,34	3,42	4,06	4,29	4,95	6,48	23	14	1,94	2,52	16,52	16,85
Segment revenues	443,12	373,21	183,06	146,26	170,31	201,48	95,88	69,17	131,50	243,56	1,023,87	1,033,68
Segment results	22,39	9,56	23,72	20,80	11,81	25,87	10,24	4,89	10,93	29,22	79,09	90,34
Segment assets	260,17	235,80	85,84	77,33	56,10	97,83	105,34	110,40	-	150,99	507,45	672,35
Segment liabilities	119,87	98,15	51,25	31,18	20,61	32,73	26,79	20,28	-	59,32	218,52	241,66
	140,30	137,65	34,59	46,15	35,49	65,10	78,55	90,12	-	91,67	288,93	430,69
Capital expenditure	9,87	19,58	1,92	3,68	1,05	4,77	3	2,68	1,62	3,21	14,49	33,92
Depreciation/Amortisation	14,93	12,77	3,41	2,84	5,20	6,83	8,71	4,92	3,89	6,07	36,14	33,43

(Net of adjustment from revaluation reserve)

(3) Reconciliation of reportable segments with the financial statements (Rs. lacs)

	Revenues		Results/Net Profit		Assets		Liabilities	
	2003-04	2002-03	2003-04	2002-03	2003-04	2002-03	2003-04	2002-03
Total of reportable segments	1,023,87	1,033,68	79,09	90,34	507,45	672,35	218,52	241,66
Corporate-Unallocable/Others (net)	9,92	8,15	(4,09)	(5,48)	215,50	157,08	200,21	174,57
Inter segment adjustments	(6,49)	(5,93)	-	-	(1,93)	(4,70)	(1,93)	(4,70)
Interest expense (net)			(5,18)	(5,53)				
Exceptional items			72,35	72,13				
Taxes			(28,82)	(38,45)				
As per financial statements	1,027,30	1,035,90	113,35	113,01	721,02	824,73	416,80	411,53

B. Information about secondary segment (by geographical segment) (Rs. lacs)

	India		Outside India		Total	
	2003-04	2002-03	2003-04	2002-03	2003-04	2002-03
Revenue *	939,99	957,52	77,39	70,24	1,017,38	1,027,76
Carrying amount of segment assets *	490,37	659,81	16,08	7,93	506,45	667,74
Additions to fixed assets(Capital expenditure) *	14,49	33,92	-	-	14,49	33,92

* Excludes inter segment and corporate/unallocable revenue/assets

Notes:-

- i) The business segments have been identified in line with the Accounting Standard 17 on "Segment Reporting", taking into account the nature of products, risks and return, organisation structure and internal reporting system.
- ii) Inter segment prices are normally negotiated amongst the segments with reference to the costs, market prices and business risks, within an overall optimisation objective for ICI India Group.
- iii) Segment revenue, results and assets and liabilities figures include the respective amounts identifiable to each of the segments. Other un-allocable items in segment results include income from investment of surplus funds of the Company and corporate level expenses. Unallocable/Others in Assets includes un-allocable fixed assets, current assets (excluding cash and bank balances of Rs. 2607 lacs (2002-03:Rs. 4124 lacs)), unallocated miscellaneous expenditure not written off and investments (excluding current investments of Rs. 25699 lacs (2002-03:Rs.16032) lacs). Unallocable/Others liabilities include un-allocable current liabilities and net deferred tax liability (excluding loan funds of Rs. 2000 lacs (2002:03:Rs. 1640 lacs)).
- iv) Segment revenue, segments results include transfer between various business segments. Such transfers are accounted at arm's length prices. These transfers have been eliminated in consolidation.



27. Related Party Disclosures

1. List of related parties:

a) Holding Company: Imperial Chemical Industries PLC, UK

b) Other related parties in the ICI Group where common control exists and with whom transactions during the year have taken place:

Dongsung NSC Co. Ltd., Korea	National Starch & Chemical, Guandong	Quest International Australia Pvt. Ltd.
Elotex AG	National Starch & Chemical, Italy	Quest International Do Brasil Industria
ICI (Paints) Vietnam Ltd.	National Starch & Chemical, Korea	E Comercio LTDA
ICI Argentina	National Starch & Chemical, Netherland	Quest International Canada Inc.
ICI Paints, Thailand	National Starch & Chemical, PT Indonesia	Quest International Egypt SAE
ICI Paints (Asia Pacific) Pte Ltd.	National Starch & Chemical, Shanghai	Quest International Nederland BV
ICI Pakistan Ltd.	National Starch & Chemical, Singapore	Quest International, U.K Limited
ICI Woobang Co. Ltd., Korea	National Starch & Chemical, Thailand	Quest International, U.S.A
Hindustan Lever Limited	National Starch & Chemical Co., UK	The Glidden Co.
Lever India Exports Limited	National Starch & Chemical Co., USA	Uniqema Chemicals Ltd.
National Starch & Chemical, Malaysia	National Starch & Chemical Co., Canada	Uniqema Asia Pacific
National Starch & Chemical, Taiwan	National Starch & Chemical Trading Co., Thailand	Uniqema Chemie B.V.
National Starch & Chemical, AB	Nepal Lever Limited	Uniqema UK
National Starch & Chemical, Hongkong	Orica Investments Pty Limited	Uniqema USA
National Starch & Chemical, France	(up to 5 November 2003)	Uniqema Indonesia
		Uniqema Malaysia
		Vinamul BV

c) Directors of ICI India Limited and its subsidiaries (as at 31 March 2004):

Mr A Narayan	Mr R Gopalakrishnan	Mr J P Hourri
Mr Rajiv Jain	Ms R S Karnad	Mr J M Sohoni
Mr M R Rajaram	Mr M V Subbiah	Mr D Sundaram
Mr S Hamlett		Mr A K Mathur

2. The following transactions were carried out with related parties referred to in items 1 (a) and (b) above in the ordinary course of business:

	Holding Company		Other Related Companies in the Group	
			(Rs. lacs)	
	2003-04	2002-03	2003-04	2002-03
Purchase of material/finished goods/services	-	-	29,99	20,89
Sale of finished goods	-	-	19,15	29,11
Purchase of Fixed assets	-	-	-	11
Expenses recharged to other companies	-	-	37	3,20
Expenses recovered by other companies	79	-	1,50	2,70
Royalty Paid/Booked	-	-	98	1,42
Outstanding payables (Net of receivable)	-	-	2,06	1,15
Dividend Paid	20,78	17,50	-	5,44
Due to related parties	1,46	-	5,57	4,13
Due from related parties	-	-	20	68
Deposit Placed	-	-	45	-
Others	-	-	2,05	13

3. The following transactions were carried out with related parties referred to in items 1 (c), above in the ordinary course of business:

Remuneration	: Refer note 20, Schedule 19
Outstanding loans receivable	: Refer Schedule 10

4. Details of amount due as at 31 March 2004, from bodies corporate under the same management as defined in Section 370 (1B) of the Companies Act, 1956, as referred to in Schedule 8, are given below:

	(Rs. lacs)	
	As at 31 March 2004	As at 31 March 2003
Elotex AG	-	-
ICI Argentina	4	-
National Starch & Chemicals, Indonesia	-	-
National Starch & Chemicals, Guandong	-	4
National Starch & Chemicals, Malaysia	-	-
National Starch & Chemicals, Shanghai	-	-
National Starch & Chemicals, Singapore	-	2
National Starch & Chemicals, USA	-	3
Quest International, Singapore	-	6
Uniqema Asia Pacific	4	25
Uniqema Chemie B. V.	6	2
Uniqema Chemicals Ltd.	-	-
Uniqema, UK	2	25
Uniqema, Malaysia	4	1
Total	20	68

23. The figures relating to previous year have been regrouped wherever necessary.

A NARAYAN
Chairman

RAJIV JAIN
Managing Director

M R RAJARAM
Wholtime Director

R GUHA
Secretary

Gurgaon
22 May 2004



ICI INDIA LIMITED – TEN YEARS AT A GLANCE

	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
										Rs. lacs
ASSETS EMPLOYED										
Gross Fixed Assets	273,88	298,61	351,05	366,22	418,54	367,28	367,47	362,11	363,40	351,58
Accumulated Depreciation	(158,20)	(167,59)	(176,73)	(125,88)	(143,86)	(131,10)	(156,21)	(144,32)	(176,07)	(186,34)
Net Fixed Assets	115,68	131,02	174,32	240,34	274,68	236,18	211,26	217,79	187,33	165,24
Capital Work in Progress	16,04	23,42	14,71	15,12	11,27	5,24	2,52	5,20	11,72	3,81
Trade Investments	9,96	20,33	28,03	28,03	13,80	13,03	12,97	159,95	199,96	243,25
Current Assets (excl. Cash & Bank and inter-corp deposits)	291,51	287,05	333,78	360,10	375,00	294,82	261,53	234,22	227,52	263,72
Current Liabilities	(215,46)	(233,18)	(229,84)	(256,46)	(248,28)	(202,20)	(195,74)	(214,73)	(275,59)	(348,08)
Net Current Assets	76,05	53,87	103,94	103,64	126,72	92,62	65,79	19,49	(48,07)	(84,36)
Provision for VRS liability (net)						(67,47)	(61,85)	(47,75)	(39,35)	(33,40)
Deferred Tax Liability	(3,00)	(4,00)	(4,50)	(4,00)	(12,00)	(4,36)	(6,80)	(24,71)	(17,29)	(8,54)
Misc. Expenditure not written off						9,78	9,78	7,94	5,14	5,09
Net Assets Employed	214,73	224,64	316,50	383,13	414,47	285,02	233,67	337,91	299,44	291,09
FINANCED BY										
Share Capital	40,87	40,87	40,87	40,87	40,87	40,87	40,87	40,87	40,87	40,87
Capital Reserves	48,21	47,72	47,23	47,23	46,08	39,42	38,66	32,28	30,75	30,17
Revenue Reserves	112,79	131,41	153,24	180,83	217,70	256,90	301,24	336,27	397,85	449,11
Shareholders Funds	201,87	220,00	241,34	268,93	304,65	337,19	380,78	409,42	469,47	520,15
Net Debt *	12,86	4,64	75,16	114,20	109,82	(52,17)	(147,10)	(71,51)	(170,05)	(229,06)
Total Funds Employed	214,73	224,64	316,50	383,13	414,47	285,02	233,67	337,91	299,44	291,09
SALES AND PROFIT										
Sales & services	578,94	597,30	665,67	713,61	833,33	873,12	818,42	712,19	700,83	775,70
Profit before Depreciation & Interest	76,39	73,42	92,25	108,35	101,12	86,50	67,07	74,23	87,04	83,13
Depreciation	(18,55)	(19,41)	(21,28)	(18,29)	(24,16)	(23,29)	(23,11)	(22,96)	(23,37)	(24,28)
Interest	(7,61)	(6,57)	(13,51)	(20,12)	(27,56)	(16,09)	(3,45)	(1,70)	(3,34)	(4,58)
Profit before Exceptional items/Taxation	50,23	47,44	57,46	69,94	49,40	47,12	40,51	49,57	60,33	54,27
Exceptional items	8,92	14,53	12,10	57	26,48	17,03	46,41	57,64	72,85	77,18
Taxation	(26,00)	(27,00)	(27,50)	(20,00)	(14,50)	–	(17,80)	(26,70)	(25,49)	(22,36)
Profit After Taxation	33,15	34,97	42,06	50,51	61,38	64,15	69,12	80,51	107,69	109,09
Earnings per share (Rupees)	8.11	8.56	10.29	12.36	15.02	15.70	16.91	19.70	26.35	26.69
Equity Dividend - Amount	14,30	16,35	18,39	20,44	22,48	22,48	22,48	40,87	40,87	51,09
- Percentage	35	40	45	50	55	55	55	100	100	125
Debt Equity Ratio	0.1 : 1	0.1 : 1	0.2 : 1	0.3 : 1	0.3 : 1	-0.2 : 1	-0.6 : 1	-0.2 : 1	-0.6 : 1	-0.8 : 1
NUMBER OF EQUITY SHAREHOLDERS	59,678	58,369	57,480	56,977	56,063	54,744	58,433	57,632	55,080	49,104

* Net Debt consists of Secured and Unsecured Loans, (net of) cash and bank balances, current investments and inter corporate deposits. Current Assets have been regrouped accordingly.



ICI INDIA LIMITED

Registered Office : 34 Chowringhee Road, Kolkata - 700071

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 50th Annual General Meeting of the Members of ICI India Limited will be held on Friday, 30 July 2004 at 1430 hours at Bharatiyam Complex, IB 201, Salt Lake, Kolkata - 700 106 to transact the following business:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31 March 2004, 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 2004.
3. To appoint Directors in place of Mr S Hamlett and Ms R S Karnad who retire by rotation and being eligible offer themselves for re-appointment as Directors of the Company. A brief resume of the said Directors has been given in the Corporate Governance section of the Directors Report.

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

- a) "Resolved that Mr S Hamlett be and is hereby re-appointed a Director of the Company";
 - b) "Resolved that Ms R S Karnad be and is hereby re-appointed a Director of the Company".
4. To appoint Auditors and to fix their remuneration and for this purpose to consider and, if thought fit, pass the following resolution as an ordinary resolution:

"Resolved that the Auditors, M/s BSR & Co., 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 following remuneration:

Statutory Audit	Rs 12 lacs
Tax Audit	Rs 3 lacs

In addition, reasonable out-of-pocket expenses and 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."

By order of the Board

Gurgaon
22 May 2004

R GUHA
Company Secretary

NOTES:

- i) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of him. A proxy need not be a member of the Company. The Proxy form, in order to be effective, should be received at the Registered Office of the Company or at the office of its Registrar and Share Transfer Agent M/s C B Management Services Private Limited ("RTA"), P-22, Bondel Road, Kolkata - 700019 not later than 48 hours before the commencement of the meeting.
- ii) The Register of Members and Share Transfer Books of the Company will remain closed from 13 to 30 July 2004 both days inclusive.
- iii) Payment of dividend @ Rs 12.50 per share, if approved at this meeting, will be made on or after 5 August 2004 by means of direct bank credit or dividend warrants or cheques to those members whose names appear on the Company's Register of Members as on 30 July 2004.
- iv) As per current SEBI Regulations, dividend is required to be credited to shareholders through Electronic Clearing Service (ECS) wherever the facility is available and the requisite details/mandates have been provided by the Members. Members desirous of availing of this facility may send the details of their bank account with the address and the MICR Code of their bank to their Depository Participants (in case of shares held in Dematerialized form) or to the RTA (in case of shares held in physical form) at the earliest.
- v) Members having shares registered in the same name or in the same order of names but in several Folios, may please write to the RTA so that the holding can be consolidated into one Folio.



- vi) The facility of nomination in respect of the shareholding in the Company is available to individual members. Interested members 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 of the AGM Venue, duly signed. A blank format of the Attendance Slip is appended as part of the Annual Report.
- viii) Members who wish to obtain any information on the Company or the Accounts may visit the Company's website [http: www.iciindia.com](http://www.iciindia.com) or may send their queries at least 10 days before the meeting to the Company Secretary at the Company's Corporate Office at DLF Plaza Tower - 10th Floor, DLF Qutab Enclave Phase I, Gurgaon - 122002.
- ix) Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, the dividends which remain unpaid or unclaimed for a period of 7 years will be transferred to the "Investor Education and Protection Fund" of the Central Government. Shareholders who have not encashed the dividend warrants so far, for the financial year ended 31 March 1997 or any subsequent financial years, are requested to send unencashed dividend warrants, to the RTA for necessary action. Separate intimation to those Members whose dividend warrants remain unencashed as on 31 March 2004, as per the Company's records, have been sent in this regard. All unclaimed dividends in respect of Financial Year 1996-97 are due for transfer to the said Fund in August 2004. Pursuant to the provisions of Section 205C

of the Companies Act, 1956, no claim shall lie against the Company or the said Fund after the said transfer in respect of unpaid dividends.

By order of the Board

Gurgaon
22 May 2004

R GUHA
Company Secretary

Explanatory Note

Item 4

This explanatory note is being provided for the information of the Members, though not required under law, in respect of items falling under Ordinary Business.

Members may note that consequent to the divestment of its shareholding in the Company by the Government of India, the total shareholding by the Government and public financial institutions in the Company has come down to less than 25% during the year ended 31 March 2004 and continues to be so as on the date of this Notice. Accordingly, the requirement for approval of the appointment of Auditors at the AGM through a special resolution in terms of Section 224A of the Companies Act, 1956, which was applicable till last year, is not applicable at present.

Hence, this resolution is proposed as an ordinary resolution.



ICI India Limited

Registered Office : 34 Chowringhee Road, Kolkata - 700 071

ATTENDANCE SLIP

I/We hereby record my/our presence at the 50th ANNUAL GENERAL MEETING of the Company held at Bhartiya Complex, IB 201, Salt Lake, Kolkata - 700 106 on Friday 30 July 2004 at 2.30 P.M.

REGD. FOLIO NO.	NO. OF SHARES
_____ SIGNATURE(S) OF THE SHAREHOLDER(S)	_____ SIGNATURE OF PROXY

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



ICI India Limited

Registered Office : 34 Chowringhee Road, Kolkata - 700 071

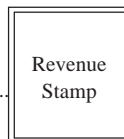
REGD. FOLIO NO.	PROXY FORM	NO. OF SHARES

I/We
of
..... being a Member of ICI India Limited
hereby appoint of
or failing him/her of
or failing him/her of

as my/our proxy to attend and vote for me/us on my/our behalf at the 50th ANNUAL GENERAL MEETING of the Company to be held on 30 July 2004 at 2.30 P.M. and at any adjournment thereof.

AS WITNESS my/our hand this day of 2004

Signed by the said

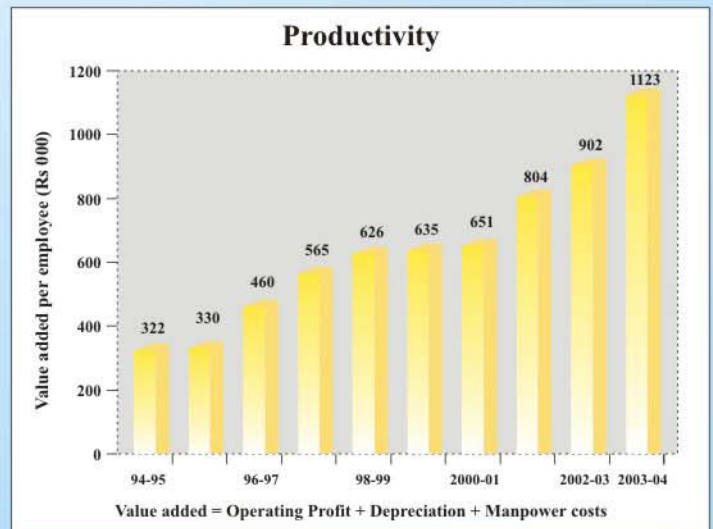
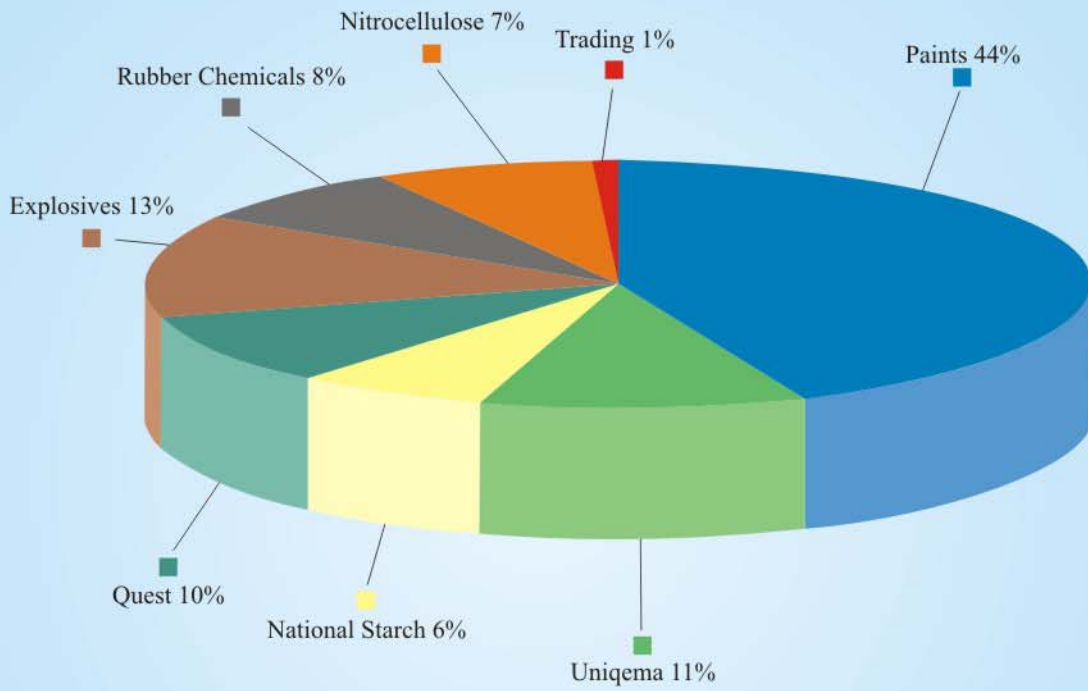


Note : Proxy Form duly completed must reach the Company's Registered Office/Company's Registrars M/s CB Management Services (P) Limited, P-22, Bondel Road, Kolkata - 700 019 not less than 48 hours before the time for holding the Meeting.



ICI India

Group Turnover 2003-04 : Rs. 1001 crores



Note : Information on Safety relate to calendar years.

ICI Dulux introduces
The power of five!

- 1** Super glossy finish
- 2** Super clean colours
- 3** Super anti-yellowing
- 4** Super long-life
- 5** Super coverage



ICI Dulux introduces Supergloss 5-in-1 enamel paint!

Developed with a unique combination of five super properties, Dulux Supergloss 5-in-1 gives wood and metal surfaces in your home great looks that last and last! A special resin technology gives it a super glossy mirror finish. Superior pigments result in super clean colours and the Link Bond Technology gives longer life and anti-yellowing properties. An extra rich formulation means much higher coverage. And all this comes to you at absolutely no extra cost, truly making it a super-enamel.

