Clariant

Exactly your chemistry.

Annual Report 2011
Clariant Chemicals (India) Limited

Creating a Sustainable Relationship!

Catering to the rapidly changing market needs, Clariant aims at creating a sustainable world through its renewable products, with an emphasis on energy and water efficiency for customers and in turn the end consumers. Be it the heavy metal free Paints, the formaldehyde-free low VOC Biocides, the natural personal care ingredients that moisturize, repair and protect your Skin and Hair, or the Ecolabel certification for Denim clothing, our unique portfolio of products and services help enhance the efficiency of our customers' products, enables reduction in water and energy consumption and supports compliance with regulatory requirements in their respective markets. Our initiatives on Product Stewardship, Safe transportation of Chemicals, Clariant Excellence, Code of Conduct and Corporate Values, etc are aimed at strengthening a long lasting and sustainable partnership with all our valuable stakeholders.

We help create multiple benefits and empower our customers with the competitive edge. Ultimately, we strive to retain the smile on the face of our future generations!

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Board of Directors

R.A. Shah

Peter Palm

Bansi S. Mehta

Diwan A. Nanda

Henri Schloemer

Alfred Muench

Philipp Hammel

B.L. Gaggar

BOARD OF DIRECTORS

R.A. Shah – Chairman
Peter Palm – Vice-Chairman & Managing Director
Bansi S. Mehta
Diwan A. Nanda
Henri Schloemer
Alfred Muench
Philipp Hammel

B.L. Gaggar – Director Finance & Company Secretary

AUDIT COMMITTEE

R.A. Shah, Chairman
Diwan A. Nanda
Henri Schloemer

INVESTORS' GRIEVANCE COMMITTEE

Diwan A. Nanda, Chairman
Peter Palm

AUDITORS

Deloitte Haskins & Sells
Chartered Accountants

BANKERS

The Hongkong & Shanghai Banking Corpn. Ltd.
Standard Chartered Bank
Citibank N.A.

SOLICITORS & ADVOCATES

Crawford Bayley & Co.

REGISTRAR & SHARE TRANSFER AGENTS

Sharepro Services (India) Pvt. Ltd.
Sakinaka, Andheri (E)
Mumbai – 400 072

REGISTERED OFFICE

P.O. Sandoz Baug
Kolshet Road
Thane 400 607

WORKS

113/114 M.I.D.C. Industrial Area
PO Dhatav, Roha
Dist. Raigad – 402 116

Kolshet Road, Thane – 400 607

Kudikadu, SIPCOT
Cuddalore District – 607 005

Singadivakkam Village, Attuputtur Post
Enathur, Kanchipuram – 631 561

Our Businesses ...

... Excellence with Sustainable Solutions ...

ADDITIVES

Our Key Segments
Plastics for Polymer Producers • Masterbatch Manufacturers, Compounders • Polymer Processors, Packaging – Industrial & FMCG • Electricals & Electronics • Automotives • Constructions • Agriculture • Medical • Coatings for Automotives – OEM & Refinish • Industrial Coatings, Speciality/General Industrial Coatings • Powder Coatings • Can & Coil Coatings • Automotives • Electronics and Whitegoods • Waxes for Publication (Newsprint & Magazine) & Packaging • Speciality Waxes for Shoe Polish • Industrial Polish • Leather Finish, Powder Metallurgy • Road construction • Hot Melt Adhesives • Textile coatings • Carpet back coatings & Emulsions

Our Sustainable Solutions
Our green products from renewable resources include Licocare SBW11 for PVC and Ceridust 8330 for printing ink.

DETERGENTS & INTERMEDIATES

Our Key Segments
Laundry detergents • Stain removers • All-purpose cleaners • Pharmaceutical • Agro chemicals • Fragrance

Our Sustainable Solutions
Hostapur SAS biodegradable grades find wide usage in soap bars, powder and liquid detergents.

EMULSIONS

Our Key Segments
Paint • Construction • Wood Adhesives • Water based wood coatings

Our Sustainable Solutions
Our contribution to Low VOC paints includes: Mowilith LDM 2455 and Mowilith LDM 2466.

The Mowilith WF series is "no smell" water based wood polish with high performance.

INDUSTRIAL & CONSUMER SPECIALTIES

Our Key Segments
Paints & Coatings • Personal Care • Crop Protection

Our Sustainable Solutions
Emulsogen LCS (Emulsifiers for Emulsion Polymerization) as eco-friendly alternative to Nonyl-Phenol Ethoxylates. Our new bio-based product line includes the Vitipure, Velsan and Zenvivo.

LEATHER SERVICES

Our Key Segments
Shoe uppers • Upholstery • Leather Garments • Leather Goods

Our Sustainable Solutions
Our new generation easy white tanning system - Granofin® Easy F-90 liquid, is an initiative towards chrome free sustainable tanning evolution for a cleaner, greener world. High performance, low VOC, NMP-free topcoats: Aqualen® Top 09-T-42 and Aqualen® Top IL is a water based leading edge eco-friendly solution. Tergolix® DA-05 Liquid is an eco-friendly wetting agent; free from Nonylphenol ethoxylates (NPEO) and Alkyl phenol ethoxylates (APEO).

MASTERBATCHES

Our Key Segments
Packaging • Consumer Goods • Textiles & Fibers • Automotive • Measure Resin Producers

Our Sustainable Solutions
High energy efficient manufacturing processes saves natural resources like water and generate minimal waste, thereby ensuring a pollution free environment.

We have introduced new product range called Mevopur for medical applications.

PAPER

Our Key Segments
Graphic paper/Paper boards • Writing & Printing paper • Tissue (waste paper furnish)

Our Sustainable Solutions
Cartabond EZI, Cartabond MZI liq-high performance, Zirconium based Cross-linkers offer better printability properties; lower dosages required. Cartaspers PSM and Cartaspers SCH control deposit (stickies) increases life of paper machines; less number of web breaks and hence good runnability of machines with higher productivity. It is biodegradable and FDA approved.

Leucophor AS is an urea free OBA which reduces the effluent load. Cartaren Violet CB 500 and Cartaren Blue CB R 500 are APEO and VOC free pigment preparations, with high light fastness properties; designed to have low foaming and improved shear stability.

PIGMENTS

Our Key Segments
Coating for Decorative and Industrial Paint applications • Food Packaging Inks • Plastics & Special Applications for Viscose • Cosmetics & Detergent • Stationery • Masterbatch (Packaging/Automotive/Fiber)

Our Sustainable Solutions
Clariant provides solutions with competent services to match the new trends.

Clariant's green chemistry gets more popularity with the special product range of Cosmenyl and Sanolin. Lead Chrome & Cadmium replacement with approved pigments for food packaging, Halogen free pigments for electrical & electronic industry to address recycling issues are some of the other key initiatives. Our suggested chrome replacements include: Hansa Brilliant 2RLD 71, Novoperm Red HF 3S, among others. Our ED - Easy Dispersible Pigments can be easily incorporated into paint systems with a high speed thus lowering paint manufacturing cost. Our 70 series - opaque and semi-opaque pigments are effectively used in lead free paint formulations. Clariant has also developed two new ranges viz. Colanyl 500 and Hostatint 500 pigment preparations with low VOC for environmental friendly paint systems.

TEXTILE CHEMICALS

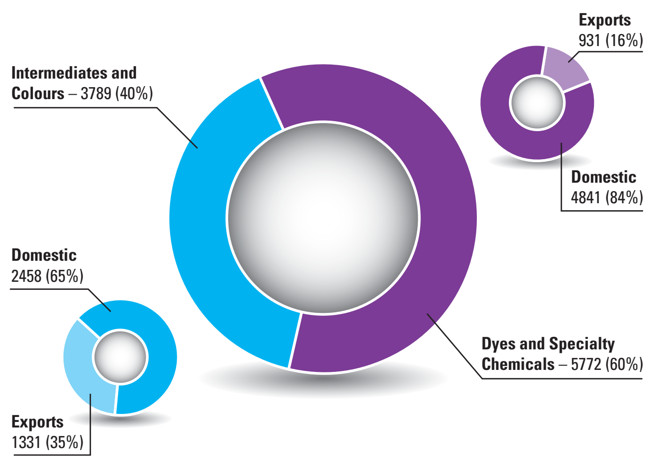
Our Key Segments
Denim • Blue Magic • Non halogenated Fire Retardants • Ecological Modern Stain management base on C6 Chemistry • Ecological Washing off agent

Our Sustainable Solutions
The ecofriendly processes enable time, water and energy saving products like Imerol Blue, Pekoflam ECO and Pekoflam SYN.

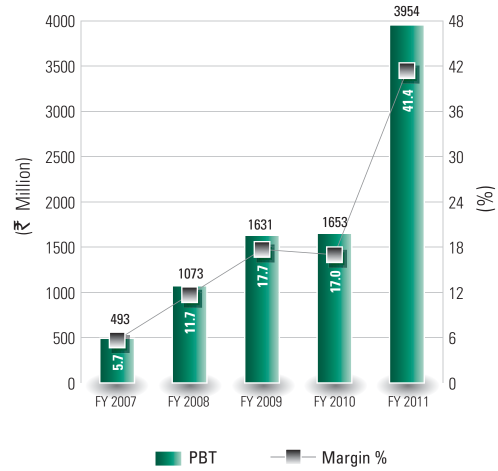
Our PFOS (perfluorooctanyl sulfonate) and PFOA (perfluorooctanoic acid) free products saves energy and water (Nuva® N4547 liq). We also have less water intensive washing off agent based on enzymes (Ladipur EVA).

Financial Performance

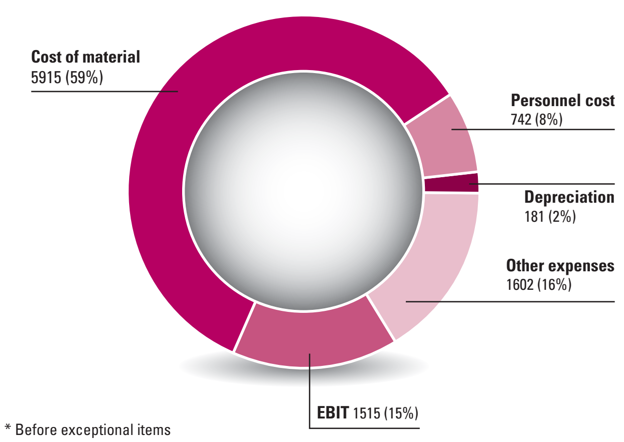
Composition of Sales 2011 (₹ Million)



PBT and Margin

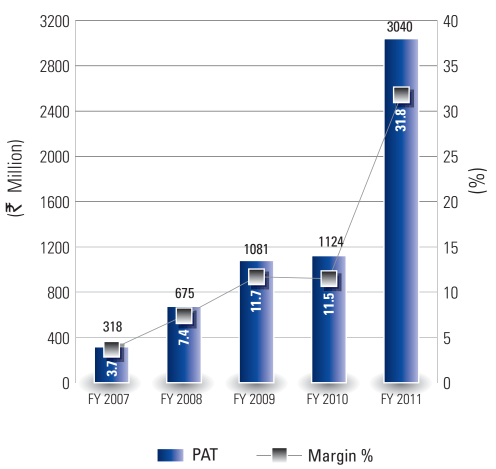


Distribution of EBIT* 2011 (₹ Million)

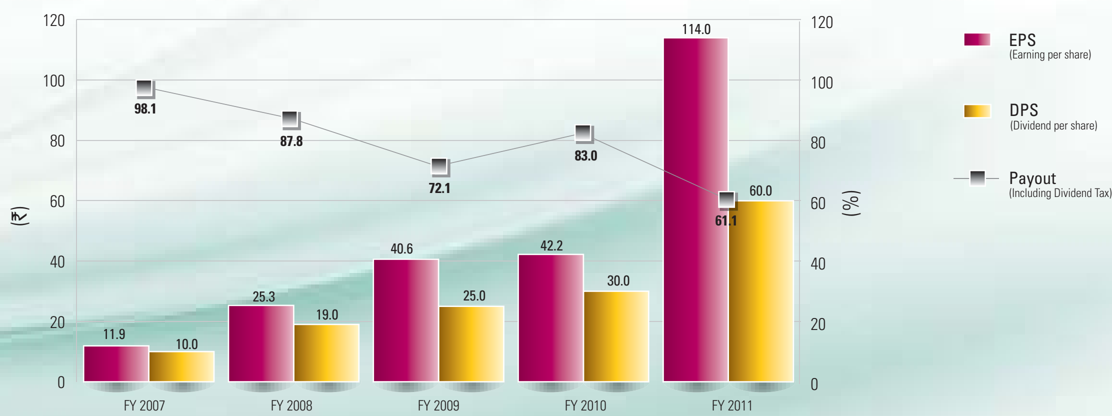


* Before exceptional items

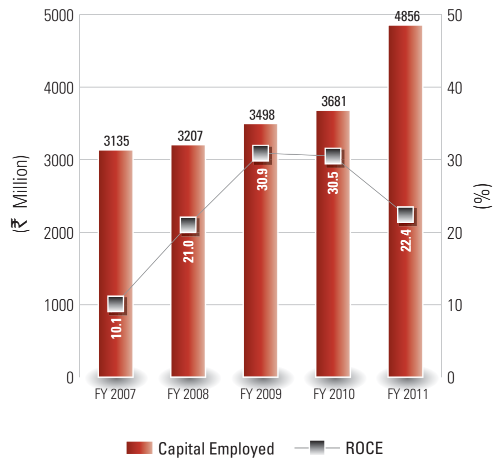
PAT and Margin



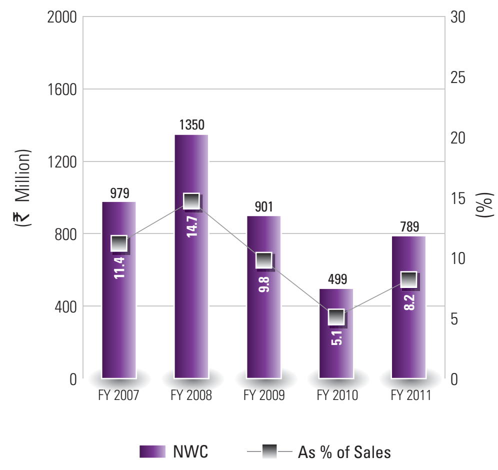
EPS, DPS and Payout



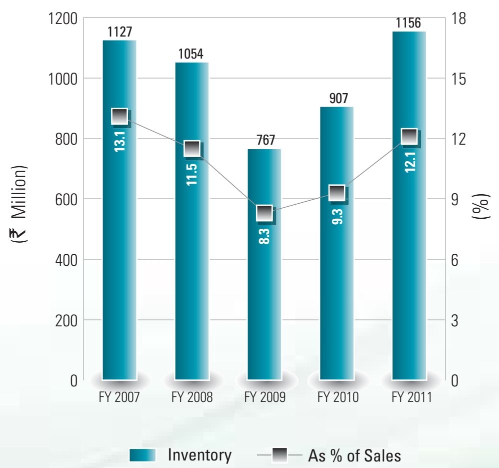
Capital Employed and ROCE



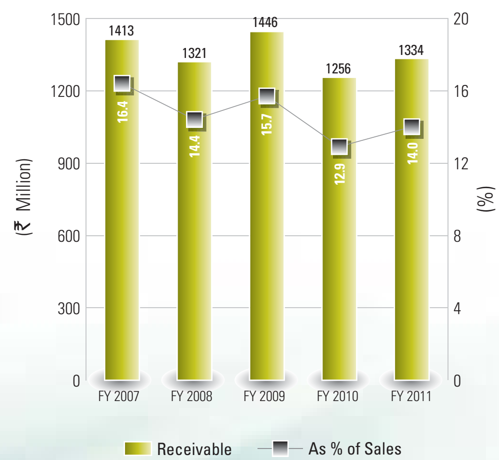
Net Working Capital to Sales



Inventory to Sales



Receivable to Sales



Notice

NOTICE is hereby given that the **Fifty-fifth** Annual General Meeting of the Members of **Clariant Chemicals (India) Limited** will be held at J.K. Auditorium TMA House, Plot No. 6, Main Road, Wagle Estate, Thane (West) 400 604 on Thursday April 26, 2012 at 4.00 p.m. to transact the following business:

Ordinary Business:

1. To consider and adopt the audited Balance Sheet as at December 31, 2011 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To confirm the declaration and payment of interim dividend and to declare final dividend for the year ended December 31, 2011.
3. To appoint a director in place of Mr. R.A. Shah who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors for the year 2012 and fix their remuneration.

Special Business:

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

   "RESOLVED THAT Mr. Philipp Hammel, who was appointed as a Director of the Company by the Board of Directors with effect from October 21, 2011 in the casual vacancy caused by the resignation of Mr. H. Meier and who holds office up to the day of this Annual General Meeting under section 262 of the Companies Act, 1956, and being eligible, offers himself for re-appointment and in respect of whom the Company has received notice in writing under section 257 of the Companies Act, 1956, along with the prescribed deposit, from a shareholder signifying his intention to propose Mr. Philipp Hammel as a candidate for the office of Director, be and is hereby appointed as a Director of the Company whose term of office shall be liable to determination by retirement of directors by rotation."

By Order of the Board of Directors
for **Clariant Chemicals (India) Ltd**

B.L. Gaggar
Director-Finance & Company Secretary

February 17, 2012

Registered Office:
P.O.Sandoz Baug
Kolshet Road
Thane 400607.

ANNEXURE TO THE NOTICE

Explanatory Statement under Section 173 of the Companies Act, 1956

Item No. 5

At the meeting of the Board of Directors ("the Board") of the Company held on October 21, 2011 the Board appointed Mr. Philipp Hammel as a Director of the Company with effect from October 21, 2011 to fill the casual vacancy caused by the resignation of Mr. H. Meier pursuant to section 262 of the Companies Act, 1956, read with Article 114 of the Articles of Association of the Company. Mr. Philipp Hammel holds office only up to the date of the forthcoming Annual General Meeting as, Mr. H. Meier in whose place he was appointed, would have held office up to the date of the forthcoming Annual General Meeting, had he not resigned.

Mr. Hammel does not hold any shares in Clariant Chemicals (India) Ltd.

Notice in writing has been received from a member of the Company along with the prescribed deposit under section 257 of the Companies Act, 1956, signifying his intention to propose Mr. Philipp Hammel as a candidate for the office of Director.

The Directors recommend the resolution for members' approval.

No director other than Mr. Philipp Hammel is concerned/interested in this resolution.

By Order of the Board of Directors
for **Clariant Chemicals (India) Ltd**

B.L. Gaggar
Director-Finance & Company Secretary

February 17, 2012

Registered Office:
P.O.Sandoz Baug
Kolshet Road
Thane 400607.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

   Proxy form in order to be effective must be received at the registered office of the Company not less than 48 hours before the meeting.

2. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the special business under Item No.5 set out above is annexed thereto.

3. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, April 14, 2012 to Thursday, April 26, 2012 both days inclusive, for the purpose of payment of final dividend, if declared at the Annual General Meeting.

4. The final dividend on shares as recommended by the Board of Directors, if declared at the meeting, will be paid:

   (i) in respect of shares held in demat form on the basis of beneficial ownership as per details furnished by the Depositories as at the end of the business on April 13, 2012 and

   (ii) in respect of shares held in physical form to those members whose names appear on the Register of Members of the Company after giving effect to all valid share transfers lodged with the Share Transfer Agent on or before April 13, 2011. The Company will dispatch the dividend warrants on or after April 27, 2012.

5. Profiles of the Directors being re-appointed, as required under clause 49 of the Listing Agreement, are provided in the report on compliance of Corporate Governance.

6. The amount outstanding in unpaid dividend account in respect of financial year 2004-2005 will be transferred to the 'Investor Education and Protection Fund' maintained with the Central Government after the end of 7 (seven) years after July 29, 2012. Members who have still not encashed their dividend are requested to encash the same at the earliest.

7. In case of any change of particulars including address, bank mandate & nomination for shares held in demat form, should be notified only to the respective Depository Participants where the member has opened his demat account. The Company or its Share Transfer Agent will not be able to act on any direct request from these Members for change of such details. However, any change in particulars in respect of shares held in physical form should be sent to the Registrars & Share Transfer Agents of the Company.

8. Members holding shares in demat form may please note that the bank account details given by them to their Depository Participants (DPs) and passed on to the Company by such DPs would be printed on the dividend warrants of the concerned members. However, if any member(s) wants to receive dividend in any other bank account, he/she should change/correct the bank account details with their concerned DPs and also intimate about ECS payment requirement. The Company will not be able to act on any such request from shareholders directly for deletion/change in the bank account details.

9. Members may please note that the Dividend Warrants are payable at par at all the clearing branches of the Bank in India for an initial period of three months only. Thereafter, the Dividend Warrant is payable only on revalidation for a further period of three months. The members are therefore, advised to encash Dividend Warrants within the initial validity period.

10. Members who wish to attend the meeting are requested to bring attendance slip sent herewith, duly filled in, and the copy of the Annual Report. Copies of the Annual Report will not be distributed at the meeting.

11. **Green initiative in Corporate Governance to receive documents through e-mail by registering your e-mail address:**

    The Ministry of Corporate Affairs (MCA) has taken a "Green initiative in the Corporate Governance" by providing an opportunity to the shareholders to register their e-mail address with the Company and changes therein from time to time.

    The Company will send notices/documents such as Annual Reports and notices by e-mail to the shareholders registering their e-mail address. To support this laudable move of the Government, the members who have not registered their e-mail address, so far, are requested to do so at the earliest, in respect of demat holding through the respective Depository Participant (DP) and in respect of physical holding through the Registrars and Transfer Agents, M/s. Sharepro Services (India) Private Limited.

    While every notice/document will be sent through e-mail address registered with the Company, in case you desire to receive any notice/document in physical form, please intimate by e-mail and the same shall be sent to your address registered with the Company/D.P.

    We solicit your patronage and support in joining hands with the Company to implement the e-governance initiative.

Directors' Report

Your Directors are pleased to present the 55th annual report and audited statement of accounts for the year ended December 31, 2011.

Financial Results

The financial performance of the Company for the year ended December 31, 2011 is summarized below:

₹ in Lakhs

	2011	2010
Sales (Gross-including excise duty)	**1015,85.85**	1034,75.64
Net sales	**956,08.12**	974,71.28
Profit before exceptional items and taxation	**154,07.71**	172,61.83
Add: Exceptional items	**241,33.20**	(7,29.47)
Profit before taxation	**395,40.91**	165,32.36
Less: Provision for taxation (including deferred tax)	**(91,37.01)**	(52,93.64)
Less: Provision for taxation – Prior years	**—**	2.78
Profit after tax	**304,03.90**	112,41.50
Add: Balance brought forward from previous year	**38,37.85**	30,31.67
Amount available for appropriation	**342,41.75**	142,73.17
Appropriations:		
General reserve	**30,40.39**	11,24.15
Interim dividend	**79,98.22**	26,66.07
Proposed final dividend	**79,98.22**	53,32.15
Corporate tax on dividend (interim, final proposed & including previous period)	**25,74.44**	13,12.95
Balance carried forward to balance sheet	**126,30.48**	38,37.85

Review of operations

The business environment remained extremely challenging and the recessionary economic conditions leading to slowdown in demand and inflation pushed scale up of input costs left its adverse imprint on overall performance for 2011. Directors are pleased to inform that in spite of difficult times, your Company, based on its intrinsic strength, has broadly maintained its performance. Gross sales from operations remained above threshold mark of ₹ 1000 crores during the year.

The operational performance for the current year is not strictly comparable with that of 2010 due to the fact that performance for previous year included operations of manufacturing facilities located at Balkum, Thane which was closed in December 2010.

In accordance with the memorandum of understanding (MOU) signed between the Company and M/s. Ananta Landmarks Pvt. Ltd. for sale of balance land together with the infrastructure thereon located at Balkum, Thane, the Company handed over the possession and on receipt of the entire sale consideration the transaction was concluded in February 2011. The profit resulting from the sale, ₹ 240.47 crores is reflected in exceptional items in the financial performance of the Company.

The Company registered sales of ₹ **956.08** crores as compared to ₹ 974.71 crores with de-growth of **1.9** percent in sales, which on like to like basis, after considering the loss of sales from discontinuance of Phthalo Green business amount to a marginal growth of **1.9** percent over previous year. The sharp increase in the cost of raw materials and inflationary rise in other expenses resulted into lowering of PBDIT margin before exceptional items from 19.5 percent to **17.7** percent. Net profit after accounting for exceptional items and tax is significantly higher over the previous year. The Company continues to remain focused to sustain its market position in the highly competitive business segments in which it operates. These results were realized by the Company in very difficult business environment which witnessed slow-down of demand both in local and foreign markets. Of the total sales revenue of the Company for the year **23.6** percent is contributed by exports.

The Cyclone "Thane", which hit Tamil Nadu Coast on early hours of Friday, December 30, 2011, caused damage to plant, infrastructure facilities and equipment at our manufacturing site located in Cuddalore and affected operations at site for a few weeks. Thanks to excellent efforts of the staff at Cuddalore, production was restored to normal after carrying out restoration activities with minor loss in productivity.

Dividend

During the year, considering exceptional income from sale of Balkum land, your Directors had declared an interim dividend of ₹ **30/-** per share **(300%)** and the same was paid in August 2011. Based on the performance for the year and the policy for distribution of profits to the shareholders adopted by the Company, the Board of Directors is pleased to recommend a **final dividend** of ₹ **30/-** per share **(300%).**

The total dividend for the year under review amounts to ₹ **60/-** per share **(600%)** as compared to ₹ 30 per share (300%) paid for the previous year. The dividend together with tax thereon for the year entails cash out flow of ₹ **185,91.46 lakhs** (previous year ₹ 93,06.04 lakhs) and pay out of **61%** of the net profit for the year.

Fixed Deposits

The Company did not accept any fixed deposits during the year under review. There were no overdue or unclaimed deposits outstanding as on December 31, 2011.

Subsidiary Company

The Company, in accordance with share purchase agreement dated 3rd October, 2011, divested its entire investment in 5,00,000 equity shares of ₹10 each in Chemtreat Composites India Private Limited to AZ Electronics Materials (Singapore) Pte. Ltd. for a total consideration of ₹ 508.30 lakhs. The gain arising from sale of shares is included in exceptional item in the financial performance of the Company. As a result of this divestment, Chemtreat Composites India Private Limited is no more a subsidiary of your Company. As such, the balance sheet, profit and loss account and the report of Directors and Auditors thereon of Chemtreat Composites India Private Limited is not attached to the annual report.

Consolidated Financial Statements

Upon divestment of holdings, Chemtreat Composites India Private Limited ceased to be subsidiary of the Company with effect from October, 2011. However, in accordance with Accounting Standard AS-21, the consolidated financial statements covered in this annual report by the Company include financial information of Chemtreat Composites India Private Limited, for the period up to September 30, 2011 for which the accounts were prepared and made available for the purpose of consolidation.

Management Discussion and Analysis Report

In accordance with Clause 49 of the listing agreements, the Management Discussion & Analysis Report forms a part of this report.

Corporate Governance

Your Company has always strived to maintain appropriate standards of good corporate governance. The report on corporate governance as stipulated under clause 49 of the listing agreements forms part of this report. The requisite certificate from the auditors of the Company confirming compliance with the conditions of corporate governance as stipulated under the said clause is attached to this report.

Particulars of Employees

The particulars of employees required to be furnished under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, forms part of this report. However, as per provisions of section 219(1)(b)(iv) of the Companies Act, 1956, the report and accounts are being sent to all shareholders, excluding the statement of particulars of employees. Any shareholder interested in obtaining a copy of this statement, may write to the Company Secretary at the registered office of the Company.

Directors

Mr. Heiner Meier, who held the office initially as Managing Director till December 31, 2009 and later as Director of the Company, resigned with effect from September 1, 2011 and Mr. Philipp Hammel was appointed as Director in his place with effect from October 21, 2011 pursuant to section 262 of the Companies Act, 1956. Notice has been received from a shareholder under section 257 of the Companies Act, 1956 proposing Mr. Hammel as a Director of the Company.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. R. A. Shah retires by rotation at the forthcoming Annual General Meeting, and being eligible, offers himself for re-appointment. Directors recommend his reappointment.

Details of the Directors seeking re-appointment are provided in the Corporate Governance Report forming part of this report, as required under Clause 49 of the listing agreements with the stock exchanges.

Directors' Responsibility Statement

In terms of section 217(2AA) of the Companies Act, 1956 your Directors confirm that -

(a) in the preparation of the annual accounts, the applicable accounting standards have been followed;

(b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at December 31, 2011 and of the profit of the Company for that year;

(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;

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

Conservation of Energy, Research and Development, Technology Absorption, Foreign Exchange Earnings and Outgo

Information pursuant to section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is annexed hereto and forms part of the report.

Auditors

M/s. Deloitte Haskins & Sells, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Cost Audit

The Board of Directors, in pursuance of an order under section 233B of the Companies Act, 1956 issued by the Central Government, has appointed Cost Accountants for conducting audit of the cost accounts maintained by the Company in respect of Dyes for the financial year 2012.

Acknowledgement

The Board of Directors would like to acknowledge all its stakeholders and is grateful for the support received from shareholders, bankers, distributors, suppliers and business associates. Your Directors recognize and appreciate the sincere and hard work, loyalty, dedicated efforts and contribution of all the employees that ensured sustained all round performance in a challenging business environment.

Your Directors also express their appreciation of the assistance and unstinted support received from Clariant group companies.

For and on behalf of the Board of Directors
R. A. Shah
Chairman

Mumbai, February 17, 2012

Annexure to Directors' Report

Information as per section 217(1)(e) read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' report for the year ended December 31, 2011.

FORM-A

Particulars with respect to conservation of energy

A. Power and fuel consumption:

	2011	2010
1. Electricity:		
a) ***Purchased:***		
Units (in '000 KwH)	**26423**	30966
Total amount (₹ Lakhs)	**1660**	1670
Rate per Unit (₹)	**6.28**	5.39
b) ***Own Generation:***		
i) Through diesel generator		
Units (in '000 KwH)	**1528**	2227
Units per Litre of diesel oil	**3**	3
Cost per Unit (₹)	**13.74**	11.74
ii) Through Steam turbine/ generator	**Nil**	Nil
2. Coal		
Quantity (MT)	**666**	2856
Total cost (₹ Lakhs)	**52**	162
Average rate (₹ per Kg.)	**7.79**	5.66
3. Furnace Oil (including L.S.H.S.)		
Quantity (MT)	**3115**	3721
Total Cost (₹ Lakhs)	**1062**	959
Average rate (₹ per Kg.)	**34.08**	25.78
4. Other internal generation	**Nil**	Nil
5. Agro mass briquettes		
Quantity (MT)	**9369**	7494
Total cost (₹ Lakhs)	**458**	330
Average rate (₹ per Kg.)	**4.89**	4.40
6. Lignite/Fire wood		
Quantity (MT)	**-**	1815
Total cost (₹ Lakhs)	**-**	35
Average rate (₹ per Kg.)	**-**	1.92

B. Consumption per unit of production:

The Company manufactures a wide variety of products. The products before reaching the finished final stage pass through various operations in the different plants. It is, therefore, not feasible to furnish the information in respect of consumption per unit of production.

FORM-B

Form of disclosure of particulars with respect to Technology Absorption, Research & Development (R&D)

Research & Development:

The Company during the year 2011 has not carried out any activity which can be construed as Research & Development and as of now there is no specific plan for engaging into such activities in near future. As such, there is nothing to report under this section. The expenditure incurred during 2010 for pursuing R & D activities are as given below:

(₹ Lakhs)

(a)	Capital	-
(b)	Revenue	37.75
(c)	Total	37.75
(d)	Total spending as percentage of turnover	0.04%

Technology absorption, adaptation and innovation:

The know-how and technology for the product is made available to the Company from Clariant. The adaptation of know-how and development to cater to the locally available raw materials and suit the requirement of customers for domestic or export markets is done by the Company at its technical laboratories set up at its plants with world class facilities.

The Company has not paid any fees for know-how and technology received from Clariant.

Foreign exchange earnings and outgo:

The particulars of foreign exchange earned and used during the year are given in Note No. 19 to 22 of Schedule 17 forming part of the Financial Statements.

For and on behalf of the Board of Directors

R.A. Shah
Chairman

Mumbai, February 17, 2012

Management Discussion & Analysis

Financial and Operational Performance

The Extremely challenging business environment had put restraint on growth drive of the Company for the year 2011. In view of discontinuation of its operations at Balkum Plant, Thane effective from December, 2010, the operational performance for the current year is not strictly comparable with that of 2010. In spite of difficult times, the Company has been able to broadly sustain its performance and registered positive sales growth of 1.9% on comparable basis and marginal loss of 1.9% on absolute value basis.

Of the total sales revenue of the Company for the year, 23.6% is contributed by exports. In view of rising cost of raw materials and escalation in other operating costs mainly due to lower productivity, profit before depreciation, interest, exceptional items and tax (PBDIT) is lower as compared to the previous year. After considering the exceptional income including those arising from sale of land & infrastructure at Balkum, Thane, the profit after tax (PAT) has gone up substantially from ₹ 112,41 lakhs to **₹ 304,04 lakhs** as compared to the previous year. The following ratios reflect the financial performance for the year in relation to the previous year.

	2011	2010
Sales growth (%)	**-1.9**	5.8
Domestic sales growth (%)	**-4.9**	2.3
Export sales growth (%)	**9.3**	2 1.0
PBDIT (% to sales)	**17.7**	19.5
PAT (% to sales)	**31.8**	11.5
ROCE (%)	**62.6**	30.5
Debt: Equity ratio	**0.0004**	0.003
Earnings per share (₹)	**114.04**	42.16
Cash earnings per share (₹)	**120.80**	48.50
Book value per share (₹)	**182.08**	137.69

The Company remains a zero debt company with no long-term borrowings. The Company has been assigned 'CARE AAA' rating for long term bank facilities and 'CARE A1+' for short term bank facilities and this endorses the confidence on the financial standing of the Company. Short-term bank borrowings are restricted to the need based working capital requirements. The Company has sustained its performance in efficient management of working capital. The year-end ratio of inventory to sales of 12%, receivables to sales of 14% and net working capital to sales of 8.3 % is one of the best in the specialty chemical industry. Net cash flow from operating activities during the year was ₹ 20,77.91 lakhs. Funds surplus to the operational needs have been prudently invested to earn reasonable returns with a high degree of safety. A sum of ₹ 266.51 crores (previous year ₹ 188.59 crores) stands invested in debt schemes of mutual funds at the end of the year.

During the year under review, all the plants had smooth operations and the capacity utilisation was lower due to slowdown in demand as compared to previous year. As reported earlier, with the sale of Balkum plant in Thane, the manufacturing operations of Phthalo green was discontinued due to closure of site.

Business Segments and Performance

In accordance with the Accounting Standard -17 notified by Companies (Accounting Standards) Rules, 2006 and based on characteristics of products, production processes and the class of customers, the Company has classified its range of products into two reportable business segments as under:

1. **Intermediates and Colours:**

   The Intermediates and Colours segment includes pigments, dyestuffs and their dispersion, intermediates for dyes, pesticides and pharmaceuticals and masterbatches for plastics and nylon fibers.

   Clariant is a leading global provider of organic pigments, pigment preparations and dyes used in coatings, paints, printing, plastics and other specialty applications. Its product portfolio meets the demands for automotive and home decoration paints, household detergents, packaging labels, colorant used in ink jet and laser printers. Its key market segments are trading and non-impact printing, electronic displays, all plastics including films, fibers and special applications, detergent coloration, cosmetics, aluminum finishing, automotive, industrial decorative and architectural paints and coatings.

   Clariant's additives create value by improving efficiency, safety, protection, durability and appearance of products and are a leading provider of flame retardants, waxes and polymer additives with a wide range of applications in electronic, construction and automotive sectors.

   Clariant is a global leader in masterbatches for color, additive concentrate and innovative performance solutions for plastic. Its customers span a broad range of markets that include packaging for home, personal care, food, drink and industrial; consumer goods appliances, electrical, sports, toys and construction; medical devices and pharmaceutical packaging; carpets, non-woven textiles and sports apparel; interior and exterior parts, engine and components for automotive sector.

The manufacturing facilities and state of art technical service laboratories provide cutting edge technology which helps in realizing the goals set by Clariant for sustainable growth of the business. The Company is a pioneer in the promotion of lead and chrome-free pigments and in spreading the awareness on use of non-halogenated flame retardants. The capability of the Company to develop and produce new masterbatches with accuracy and consistency has helped in achieving high growth rates over the period.

The total sales under the intermediates and colour segment comprises of pigments, additives and masterbatches. The ratio of domestic sales to export sales was 65:35. The segment contributes 40% to the total sales and registered a growth of 5.7% on like to like basis over the previous year. The Company is in the process of implementing a green field manufacturing facility for masterbatches in MIDC, Ambernath.

2. **Dyes and Specialty Chemicals:**

The dyes and specialty chemicals segment includes dyestuffs, synthetic resins, binder materials, functional effects and coatings, auxiliaries and chemicals, comprising of specialty chemicals, emulsions and dyes for the textile, leather and paper industry and performance chemicals for personal care and industrial applications.

From fiber to finish, Clariant's chemical technology plays a key role throughout the entire textile supply chain. As a leading producer of dyes and chemicals for textile industry, brands and mills in apparel & fashion, automotive, home and technical textiles look upon Clariant to meet their sector's constantly changing specifications. The Company offers solutions including colour trends analysis, color matching technology combined with processing efficiency, nanotech effects, environment friendly solutions and unique concepts that add to the ability of customers to fast move their products to markets and stay ahead of competition. Key market for Clariant products include apparel, clothing of all types and fashions, home textiles such as towels, drapes, linens and furniture fabrics, technical textiles for applications including medical, construction, sports and industrial, carpets including indoor and outdoor floor coverings and mobiltech for fabrics in hard wearing transport applications such as planes, buses and trains.

Clariant is a leading provider of chemicals, technical services and solutions over the entire value chain of leather production. From beamhouse to finishing, Clariant provide high quality and environment friendly leather processing chemicals and services and world class knowledge of leather upgrading and chrome free tanning solutions. Our customers in the shoe, automotive, furniture and garment segments benefit from customized technical solutions and expertise in performance leather and environmentally compatible solutions.

Clariant aims to provide knowledge and expertise in the management of whiteness, coloration, special coatings and strength for all kinds of paper, offering the most cost effective product choices and solutions. Key markets for Clariant products include printing and writing copy papers, coated papers and board, recycled papers, newsprint, packaging and specialized applications.

Clariant's emulsions business is a major supplier of solutions in water based emulsions/polymer based dispersions. Being water based, our products are more suitable with less impact on environment avoiding the use of solvents. Key market areas for emulsions are decorative interior and exterior paints, primers, varnishes, anti-corrosion and industrial applications, concrete applications, roofing, tiling sealants and primers in construction, wood, paper, lamination, packaging and pressure sensitive adhesives and wide range of functional effects and coating applications for textiles, leather and paper.

Industrial & Consumer Specialties business is a leading provider of speciality chemicals and ethylene oxide derivatives for industrial and consumer care applications. The innovative products are used in skin and hair care, household goods, seeds protection and de-icing airplanes. With a strong focus on ecologically sustainable solutions, our key market segments include additives for concrete and mortar, dispersing agents, defoamers, biocides and emulsifiers for emulsion polymerization, ingredients for skin & hair care cosmetics, wet wipes and pharmaceutical applications, ingredients for household and industrial cleaning solutions, ingredients for hydraulic, metal working and other performance fluids, aircraft and runway de-icers, special solvents and fluids for heat transfer, gas scrubbing, formulations for fungicides, herbicides and seed treatments.

With a wide range of products, the strong brand image of Clariant, knowledge and expertise of providing technical services and solutions in product development and application process to the needs of customers, the Company is well positioned in the business segment.

The total sales under the dyes and specialty segment comprises of mainly textiles, leather services, paper specialties, emulsions, industrial and consumer specialties. The ratio of domestic sales to export sales was 84:16. The segment contributes 60% to the total sales and registered a degrowth of 6.3% over the previous year.

The segment-wise financial performance of the Company is summarised below:

(₹ Lakhs)

Segments	**2011**	**% to Total Sales**	2010	% to Total Sales
Intermediates & Colours	**378,93**	**40%**	358,51	37%
Dyes & Specialty Chemicals	**577,15**	**60%**	616,20	63%
Total	**956,08**	**100%**	974,71	100%

Internal Control Systems

The Company has implemented a comprehensive system of internal controls and risk management systems for achieving operational efficiency, optimal utilisation of resources, credible financial reporting and compliance with local laws. These controls are regularly reviewed by both internal and external agencies for its efficiency and effectiveness. Management information and reporting system for key operational activities form part of overall control mechanism.

The Company has retained the services of independent firms of professionals to function as internal auditors and provide reports on various activities covering observations on adequacy of internal controls and their recommendations. Findings of internal audit reports and effectiveness of internal control measures are reviewed by top management and audit committee of the Board. During the year, internal audit team of Clariant Group performed audits of major operational areas of the Company and carried out elaborate checks and verification and shared their findings with top management for remediation of minor gaps wherever required.

Human Resources

The project Clariant Excellence and various new HR initiatives were the highlight of the Company's efforts to achieve higher efficiency. Clariant Excellence is a Group wide long-term initiative with LeanSigma as its key core methodology to execute improvement projects aimed to inculcate the culture of continuous improvement and thereby sustaining the performance. Clariant Values were rolled out, as a part of the 'People's Excellence' project involving the top management of the Company in understanding, imbibing, practicing and educating the values through transparent communication, exchange of ideas, sharing of experiences and establishing clear goals. In an environment that continuously challenges our ability to 'walk the talk', the Company has cascaded the process of training for each employee in observing these values in the day-to-day conduct of their work. Leadership Qualification is another initiative launched by HR during 2011, which is being cascaded down to managers at senior & middle level. A Talent Review exercise was conducted to identify and develop talent from among approximately 500 Managers with clear action plans for their development. A systematic process of Talent Management for identifying, assessing and grooming the talented managers for higher responsibility was launched through the initiatives of Senior Management development in coordination with HR. High potential managers were evaluated through an international process of 'Development Centre methodology' to identify candidates for higher positions within as well as outside India. Benchmarking and reward strategies were refined with regard to managers, supervisors and workmen. HR processes and service deliverables were upgraded and refined to ensure high levels of service delivery to the functions and the businesses. Industrial relations remained cordial at all the Plants. The Company signed a wage agreement with the worker's union at Kanchipuram site.

The total number of employees on the rolls of the Company as on 31st December 2011 was 854 as against 837 as at 31st December 2010.

Industry Structure & Development

The chemical industry is one of the world's largest industries and since it contributes indirectly to almost every sector of the economy, it plays a vital role in a country's economic growth. As the global economy grows, it increases the demand for chemical products and the growth is further driven by the value chain of product innovation and improved production processes.

The Indian chemical industry, one of the oldest industries in India, is highly diversified in structure catering to the broad manufacturing bases and markets. The industry with a large domestic demand potential as compared to other countries, contributes over 3 percent of the overall GDP and is an important cog in the wheel of economic growth. Based on a study conducted by Indian National Academy of Engineering (INAE), the gross turnover of Indian chemical sector was around $60 billion and the cumulative investment was USD 22 billion in 2008-09. More than 85% of its production volume is accounted by the basic chemical sector with fertilizers 43% and petrochemicals 30% providing the major contributions. However, the share of knowledge intensive chemical sector is about 34% of chemical industry turnover due to its low volume and high value feature. The overall contribution of speciality chemical sector to production is around 14% with nearly 50% of it is contributed by the food processing subsector (Chemical News, Nov.2011). The industry is contributing significantly to the industrial and economic growth and has emerged as a net earner of foreign exchange. Along with drugs and petrochemicals segments, fine chemicals, dyes and intermediates, and knowledge based chemicals are playing a significant role in driving the growth of India's chemical industry.

The key characteristics of the Indian chemical industry are - focus on high domestic demand with increase in per capita consumption levels, high degree of fragmentation, small scale operations, limited emphasis on exports, low cost competitiveness due to high taxation and cost of capital and low focus on R&D. The chemical industry is divided into three key segments (1) basic chemicals (inorganic chemicals, petrochemicals, fertilizers and industrial chemicals), (2) speciality chemicals (paints and varnishes, textile chemicals, dyestuff and intermediaries, catalysts, plastic additives, adhesives & sealants, industrial gases etc.) and (3) knowledge chemicals (pharmaceuticals, biotechnology, agrochemicals). The speciality chemical segment is characterized with high product differentiation and value addition, typically smaller production units with more flexibility and low capital investment levels.

The Indian chemical sector is witnessing deceleration in the past few years. From a 5.31% growth in April-October, 2009, it fell to 0.9% in the same period in 2010 and there was steep fall of 2.4% in the same period in 2011. During 2011-12 the sector started well, however, the rate of growth and demand for chemicals in all segments which remained good in first quarter suddenly fell below normal over the course of the second and third quarter.

Outlook, Opportunities and Challenges

The Indian economic growth in general and industrial growth in particular has decelerated sharply during 2011. On the other hand, the global economic weakness has forced many players on other markets to divert their supplies to India. As a result, the domestic chemical sector in general and speciality chemicals in particular is witnessing the double impact of sluggish domestic demand and increased competition from global and domestic players. The Chemical industry's contribution to the GDP has stagnated during the past two years due to India's inability to build competitiveness required to meet global challenges and to develop a larger domestic market through low cost production. The major challenge that the Indian chemical industry continue to face is the perception that it affects the environment negatively. The industry is viewed with misapprehensions on the pollution and sustainability fronts and thus safety, health and environment protection issues have become the major talking point in the Indian chemical industry. Inspite of Indian chemical sector taking a significant lead over other industries sectors, in R&D spending and utilisation, it lags behind other emerging economies like China and S. Korea.

Products from the chemical industry have altered the quality of life world over and have contributed significantly to everyone's day-to-day requirements. The Indian chemical industry forms the backbone of industrial development of India. Over the years, the industry has evolved from basic chemical producer to knowledge intensive industry with healthy growth. The huge potential of domestic demand and low per capita consumption in each of its industry segments compared to world average provide a strong potential for overall performance for Indian chemical industry. The speciality chemical segment which caters to several key applications will be increasingly important for India and with expanding economic growth and per capita income; it is poised to grow more than the economic growth. The industry shows comparative promise when compared to the advanced countries and has the potential to emerge as a major manufacturing hub for the global market. In the past export growth was hampered by REACh and other European legislation, but Indian government has taken quick measures to meet the norms and offers concession in registration charges for companies that come under the REACh legislation. This offers unique opportunities to the industry players to innovate and move up the value chain and compete effectively with global players both in the domestic and export markets and bring the Indian speciality chemical industry on the global map while meeting the needs of enhanced quality of life for growing affluent population of India. In order to improve quality and throughput, supply chain efficiencies and sustainable competitiveness, the chemical industry must look for automation of plants which are highly complex and play an important role in streamlining processes and reducing costs. With these initiatives and industry's proactive actions, the chemical industry will witness resurgence in terms of cost competitiveness and growth.

India has emerged as a global supplier of dyestuffs, intermediates, pigments and pigment preparations and the industry is growing with steady demand from domestic and export markets. However, in order to take a leap forward, the industry has to address the issues with respect to clean and green environment and meet competitive pressure from China and other markets. The Indian paint industry has seen remarkable changes and has become far more sophisticated in terms of the products it manufactures, the way it sells to customers and the range of technologies it uses. Industry outlook for paint, plastics, inks and special applications remain good. In coatings industry, increasing demand for good quality exterior paint provides opportunity to sell high performance pigments having better light / weather fastness. Due to retail boom, plastic and flexible film packaging is showing good signs of progress. Particularly for packing of consumable / food items, plastic packing and printing on flexible packing need safe colors conforming to the food packaging regulations. The challenges in this segment are from rising costs of utilities whereas customers are increasingly becoming sensitive to price rise. The Company has positioned itself as preferred supplier of pigments, pigment preparations, additives and intermediates to major paint, coatings and ink manufacturing companies in the country and is well equipped to meet the requirements.

The Indian textile industry which accounts for about 4% of Gross Domestic Product (GDP) has witnessed turbulence during 2011 owing to high volatility in cotton prices as well as large scale unit closures in the Tirupur area, an important center for the textile industry. The free trade agreement and duty free import of 48 textile items from Bangladesh and comparative low manpower costs has led to substantial rise in import of fabrics and apparels and export of yarn. Textile companies are fast shifting their base to Bangladesh to take advantage of low costs and tariff concessions. The Govt. has set an export target of $ 33 billion for the textiles sector for 2012-13 despite the global slowdown as against target of $ 28 billion for 2011-12. The ambitious targets is expected to provide opportunities to the textile chemical segment to move up in value chain in the expanding market of fashion, formal and leisurewear garments. The Textile chemical industry has the advantage of low cost manpower and pool of technical experts. However, with shifting base, the industry may face threat of competition from low cost countries. Clariant is a leading producer of dyes and textile chemicals and plays a key role throughout the entire textile supply chain and its all segments.

The Indian leather industry holds pre-eminent position in the global leather market and has huge potential for growth in exports. The industry has moved from being an exporter of finished leather to products exports and established for its designing capabilities and premium leather goods. The growth in leather industry is contributed by range of product segments including leather footwear which accounts for 40% of exports followed by garment sector that accounts for about 10 percent. India's share in the world's leather trade is just about 3 percent. Demand for leather accessories, goods and fashion garments from India have picked up in export markets due to skill sets and technology development. Increasing labour costs in China provide further opportunity for sourcing of leather goods from India. Clariant with a wide product range of leather dyeing and finishing chemicals, provide customized technical solutions and its expertise to realise consistently brilliant colors, natural tones, performance leathers and more environmentally compatible solutions.

The Indian paper and newsprint industry is estimated at about ₹ 303 billion. Significant demand growth in writing and printing paper segment in the recent past has led to significant capacity additions. Though the growth in paper demand is likely to sustain due to lower per capita consumption compared with world average, it may not be adequate to absorb all new capacities and may create surplus supply leading to price pressure. Ban on plastic usages and increasing awareness for paper usage in various segments including food packaging, cup stock and high quality color tissue opens up opportunities for OBA, colorants, strength improving chemicals, fluoro chemical, color pigments and bio degradable & FDA approved specialty chemicals. Clariant provides knowledge and expertise in the management of whiteness, coloration, special coatings and strength and offer products to improve optical and functional properties of all kinds of paper and board.

The industrial, home and personal care markets in India are on a healthy growth trajectory, although competitive pressure has intensified and margins are under pressure. Very low per capita consumption levels for most of the products compared to global averages and favorable demographics and higher disposable incomes are permitting consumers across the spectrum to increase spending. Continued expansion of markets provides immense opportunities for all kinds of chemical inputs for industrial, home and personal care segments. The chemical suppliers are being challenged to offer ingredients that provide enhanced functionality and multiple benefits at lower prices. Clariant with its strong global presence is looking forward for improving its position in this segment. The Company has established customer care and crop protection laboratories with state of art facilities to focus on strengthening new business development for industrial and personal care applications and building unique portfolio of crop protection guideline formulations using a range of emulsifiers, adjuvants, dispersing agents and new innovative chemistry derived from renewable resources.

The plastics & polymer segment is currently struggling to cope with waning domestic demand and slump in global markets. Most plastic and plastic processing facilities are running below their capacities due to declining demand. However, plastic packaging, tanks and containers segment is growing steadily with high potential for growth in domestic consumption. With local focus and global standards, Clariant addresses Indian plastics sector's push to create innovative, safer, and environmental compatible products. It's specialty chemicals and masterbatches provides broad portfolio of high-quality, cost-effective pigments, and performance additives and its innovative products provide cost efficient processing, advanced functionality and aesthetic possibilities to meet the challenges of a wide range of segments including food and cosmetics packaging, electronic and electrical (E&E), infrastructure, agriculture, medical and pharmaceutical.

Indian chemical businesses have to change and adopt their strategies, methodology of working and organizational structure to hold against competition. Highly developed technology, in-depth research capabilities, backward and forward linkages and expansion of capacity to reduce the dependence on imports are some of the crucial factors that need to be addressed.

Risks and Concerns

Clariant follows Enterprise Risk Management (ERM) tool designed to clarify the risk levels and encourage behavior throughout the Group. The process considers opportunities and threats to short and medium term objectives as defined. ERM ensures the coordination and development of risk management activities throughout all decision making levels and communicates all significant risks to the top level of management. The tool is designed to provide the risk score measures for each of the potential risk as well as its financial, reputational and operational impact by way of quarterly report. The report provides for categorization of risk into threat or opportunity and provides brief statement on its cause, impact, treatment, control measures, level of confidence in the controls, acceptability of identified risks, potential improvements, risk improvement plans critical success factors and target dates to control the risk. The risk assessment is done annually with quarterly updates. The process has been designed to deliver timely results.

The Company has aligned its policy on risk assessment in line with global approach and risk assessment reports are reviewed on regular intervals. The Company has adopted a focused approach towards risk management in the form of a corporate insurance program which has the goal of optimizing the financing of insurable risks by using a combination of risk retention and risk transfer. The program covers all potential risks relating to business operations of the Company at its various locations.

As part of a global policy, the relevant parameters for all manufacturing sites are analyzed to minimize risk associated with protection of environment, safety of operations and health of people at work and monitored regularly with reference to statutory regulations prescribed by the government authorities and guidelines defined by Clariant. The Company fulfills its legal requirements concerning emission, waste water and waste disposal. Improving work place safety continued to be top priority at all manufacturing sites.

The Company's business critical software is operated on a server with regular maintenance and back-up of data and is connected to centralized computer center with two physically separated server parks operated by the Clariant group. The system's parallel architecture overcomes failures and breakdowns. Reliable and permanently updated tools guard against virus attacks. The global communication network is managed centrally and is equipped to deal with failures and breakdowns. Updated tools are regularly loaded to ensure a virus free environment.

Environment, Corporate Sustainability and Social Responsibility

Clariant manufactures chemical products that meet basic needs across a wide variety of applications, help to improve the quality of life and increase standard of living. The Company constantly strives to meet and exceed expectations in terms of the quality and safety of its products and place significant importance on reducing environment footprint. During the year, Clariant renewed its worldwide Integrated Management Systems certification after comprehensive audits at all the sites. This unified certification awarded by Swiss Association for Quality and Management Systems (SQS) attests conformity to ISO 9001 (Quality Management), ISO 14001 (Environment Management) and OHSAS 18001 (Safety Management) standards and reflects your Company's continued commitment towards Quality, Environment, Occupational Health and Safety approaches. The Company commits itself to ethical and sustainable operation and development of all business activities according to responsible care and its own code of conduct. Corporate Social Responsibility is an integral part of the Company's philosophy and participates in activities in the area of education and health.

Cautionary Statement

Certain statements under "Management Discussion & Analysis" describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statement within the meaning of applicable securities laws and regulations. Although the expectations are based on reasonable assumptions, the actual results could materially differ from those expressed or implied, since the Company's operations are influenced by many external and internal factors beyond the control of the Company. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

Report on Corporate Governance

Company's Philosophy

Corporate Governance is the set of systems and practices to ensure that the affairs of the Company are being managed in a way that ensures accountability, transparency and fairness in all its transactions and meet its stakeholders' aspirations and societal expectations.

Clariant is committed to international compliance standards, to ensure checks and balances between the board and management as well as a sustainable approach to value creation. In defining the management structure, organisation and processes of the Clariant, the corporate governance principles aim to provide stakeholders value and transparency to promote sustainable long-term success. This is demonstrated in shareholders returns, high credit ratings, governance processes and customer focused work environment. The Company believes that adherence to business ethics and commitment to corporate governance will help the Company to achieve its goal of maximizing value for all its stakeholders and endeavors to not only match international standards but also strives to set a benchmark for corporate governance initiatives.

1. Group Structure:

Clariant Chemicals (India) Ltd. is an affiliate of Switzerland based Clariant Limited., a global leader in the field of specialty chemicals with a spread of more than 100 companies in five continents and headquartered in Muttenz near Basel. In the restructured business, Clariant has ten business units: Textile Chemicals, Pigments, Leather services, Industrial and consumer specialties, Paper specialties, Masterbatches, Additives, Emulsions, Detergents & Intermediates, Oil & mining services and based on the product and process similarities, the Company has conveniently grouped these businesses into two reportable segments viz. Intermediates and colours and Dyes and specialty chemicals.

2. Board of Directors

2.1 Composition and Changes:

The Board has seven members with a non-executive and independent Chairman. The independent directors on the Board are competent and highly respected professionals from their respective fields and have vast experience in general corporate management, finance, banking and other allied fields which enable them to contribute effectively to the Company in their capacity as members of the Board. The day to day management of the Company is conducted by Vice-Chairman and Managing Director subject to supervisions and control of the Board.

All the Directors except the Vice-Chairman and Managing Director are liable to retire by rotation as per Article 128 of the Article of Association and eligible for re-election. Mr. H. Meier resigned during the year and Mr. Philipp Hammel was appointed in the casual vacancy caused by his resignation.

None of the non-executive directors has any material pecuniary relationships or transactions with the company, its promoters, directors, subsidiaries and associates which in their judgment would affect their independence. None of the directors are inter-se related to each other.

The composition and category of the Board of Directors as at December 31, 2011, the number of other Directorships/ Committee memberships held by them and also the attendance of the Directors at the Board meetings of the Company are as under:

Name of the Director	Category	Particulars of Attendance			No. of other Directorships and Committee memberships/ Chairmanships in Indian Public Companies#		
		Number of Board Meetings		Last AGM held on April 26, 2011	Other Directorships* as on December 31, 2011	Committee Memberships	Committee Chairmanships
		Held	Attended				
Mr. R. A. Shah DIN 00009851	Non-Executive Independent	6	5	Attended	14	9	4
Mr. Peter Palm DIN 02857378	Executive	6	6	Attended	None	1	None
Mr. B.S. Mehta DIN 00035019	Non-Executive Independent	6	6	Attended	14	10	5
Diwan A. Nanda DIN 00034744	Non-Executive Independent	6	2	Attended	3	1	1
Mr. H. Meier DIN 00726512 (up to 31-8-2011)	Non-Executive	5	3	Attended	-	-	-
Dr. H. Schloemer DIN 02848180	Non-Executive	6	3	Attended	None	None	None
Mr. Alfred Muench DIN 03092351	Non-Executive	6	1	Attended	None	None	None
Mr. Philipp Hammel DIN 05131391 (Since 21-10-2011)	Non-Executive	1	-	NA	None	None	None

*This excludes alternate Directorships/Directorships in private limited companies, foreign companies and companies governed by Section 25 of the Companies Act, 1956 wherever applicable.

It excludes Committees other than Audit Committee, Shareholders/Investor Grievance Committee and companies other than public limited company but includes Committee membership/ chairmanship in Clariant Chemicals (India) Ltd.

Profile of the members of the Board of Directors being appointed/re-appointed:

Mr. R.A. Shah

Mr. R.A. Shah is a leading Solicitor and a Senior Partner of M/s. Crawford Bayley & Co., a firm of Advocates & Solicitors. He joined the Board of the Company in August 1976. He specialises in a broad spectrum of Corporate Laws in general, with special focus on foreign investments, joint ventures, technology and license agreements, intellectual property rights, mergers and acquisitions, industrial licensing, antitrust laws, company law. He is director on the Board of various public limited companies and is the Chairman of the Board in many of the Companies. He is a member of the Managing Committee of Bombay Chamber of Commerce, Indo-German Chamber of Commerce. He is also the Chairman of the Audit Committee of the Company.

Mr. Philipp Hammel

Mr. Philipp Hammel, Swiss national, born 18 Nov 1962, studied Economics at the Basel University and graduated in 1987 with a Lizentiat/masters degree.

He joined Clariant on Jan 1, 1996, from Credit Suisse, an international banking group, where he worked since Aug 1, 1988, in various departments and at various locations (Basel, Zurich, New York). At Clariant Mr. Hammel initially took over Corporate Treasury duties in the financing & funding area and, in parallel, managed the groups Investor Relations function for six years (1996-2001) as Head of IR between mid of 2001 and May of 2002 he was also responsible for the groups worldwide communications activities holding the Chief Communications Officer's position. Since mid of May 2002 Mr. Hammel is the globally responsible manager for all of Clariant's Treasury functions, holding the title of Head of Corporate Treasury.

2.2 Board Meetings and Agenda:

The Board provides and evaluates the strategic direction of the company, management policies and their effectiveness and ensures that the long-term interests of the shareholders are being served. Mr. Peter Palm, Vice-Chairman & Managing Director, leads the team of management and is assisted by the senior managerial personnel in overseeing the functional matters of the Company.

To enable the Board to discharge its responsibilities effectively and take informed decisions, the necessary information is made available to the Board. All the matters required to be placed before the board, as required under the Companies Act and the listing agreement, were included in the agenda and the agenda papers are generally sent a week in advance of the Board meeting. The Board has complete and unrestricted access to any information required by them to understand the transactions and take decisions. During the year under review, six meetings were held on February 24, March 17, April 26, July 28, August 30, and October 21, 2011.

3. Board Committees:

The Board has constituted two committees viz., Audit Committee and Investor Grievance Committee. The roles and responsibilities assigned to these Committees are covered under the terms of reference approved by the Board and are subject to review by the Board from time to time and the minutes of the meetings of these Committees are reviewed and taken note by the Board. The details as to the composition, terms of reference, number of meetings and related attendance etc. of these Committees are provided below:

3. 1 Audit Committee:

3.1.1 Composition:

The audit committee of the Board comprises of Mr. R. A. Shah as Chairman and Diwan A. Nanda and Dr. H. Schloemer as members. All the members of the audit committee possess financial/accounting expertise. The statutory auditors, internal auditors and cost auditors are invited to attend the Audit Committee meetings from time to time. Mr. Peter Palm the Vice-Chairman & Managing Director and Mr. B. S. Mehta are the permanent invitees and Mr. B. L. Gaggar, Director-Finance & Company Secretary represents as CFO and also acts as Secretary to the Committee.

3.1.2 Scope and Meetings:

The audit committee assists the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements. The powers and terms of reference of the audit committee are in accordance with Section 292A of the Companies Act, 1956 read with the listing agreements with the stock exchanges and these broadly include overseeing the accounting and financial reporting process, the audits of Company's financial statements, the appointment, independence, performance and remuneration of internal auditors, review, discussion and interaction with statutory, internal and cost auditors, and the significant related party transactions.

During 2011 five meetings of the audit committee were held on February 24, April 26, July 28, October 21, and December 19. In order to ensure that a proper quorum exists, the Directors decided to co-opt Mr. B. S. Mehta as a member for the purposes of the meetings held on February 24, July 28, and October 21 and Mr. Mehta, who was present for other meetings, scheduled later, agreed and attended the meetings.

Attendance at Audit Committee meetings:

Name of Director	Category	Status	Number of Meetings	
			Held	Attended
Mr. R.A. Shah	Independent	Chairman	5	5
Diwan A. Nanda	Independent	Member	5	2
Dr. H. Schloemer	Non- Independent	Member	5	1

3.2 Remuneration Committee:

The Board has not constituted a remuneration committee as the compensation/remuneration payable to the Directors are approved by the shareholders in the Annual General Meeting and for employees is guided by the principles of paying competitively to match industry levels, individual performance and their contribution to the business.

The Company has no pecuniary relationship or transaction with its non-executive Directors other than payment of commission, which has been approved by the shareholders and payment of dividend on equity shares, if any, held by Directors in the Company. The Company has sought professional services of M/s Crawford Bayley & Co., Solicitors & Advocates in certain matters and a sum of ₹ 90.94 lakhs (Previous year ₹ 11.62 lakhs) has been paid as fees to the said firm during the year ended on December 31, 2011. Mr. R. A. Shah, who is the Chairman of the Company, is the senior partner of the said firm. The Company also sought professional services of M/s. B. S. Mehta & Co., Chartered Accountants, and a sum of ₹ 8.27 lakhs (Previous year Nil) has been paid as fees to the said firm during the year under review where Mr. B.S. Mehta is chief mentor.

The remuneration structure of Mr. Peter Palm, Vice-Chairman & Managing Director, is based on performance and defined criteria. The increments are decided by the Board of Directors within the limits approved by the members pursuant to provisions of the Companies Act, 1956. The remuneration comprises of salary, benefits and perquisites and performance linked bonus/commission as per Company rules. The service contract with Mr. Peter Palm is for a period of three years ending on December 31, 2012 with a notice period of six months by either of the party for termination.

The non-executive Indian Directors are paid sitting fees for attending each meeting of the Board and/Committee thereof. Each of these Directors are also paid commission on an annual basis in accordance with the approval granted by the members at the Annual General Meeting held on April 17, 2008 pursuant to the provisions of Section 198 and 309 of the Companies Act, 1956.

The details of remuneration paid/payable to the Directors for the year ended December 31, 2011 are as under:

(₹ lakhs)

Name of Director	Sitting fees	Salary, benefits & perquisites etc.	Commission	Total
Mr. R. A. Shah	1.00	NIL	5.00	6.00
Mr. P. Palm	NIL	148.53	51.11	199.64
Mr. B. S. Mehta	1.15	NIL	4.00	5.15
Diwan A. Nanda	0.60	NIL	4.00	4.60

The Company has not framed any scheme nor does it have any plan to grant stock option to its employees. However, few of the employees under senior management level including Vice-Chairman and Managing Director have right to participate in Clariant Stock Option Plan introduced by the ultimate parent Company, Clariant International Ltd.

3.3 Shareholders'/Investors' Grievance Committee:

The Board has constituted the shareholders'/Investors' Grievance committee comprising of Diwan A Nanda as Chairman and Mr. Peter Palm as member. The committee inter-alia reviews all matters connected with transfer of shares of the Company, redressal of shareholders'/investors' complaints, oversees the performance of the Share Transfer Agents and recommends measures for overall improvement in the quality of investor service.

During the year under review, the committee met twice on April 26, 2011 and December 19, 2011.

Attendance of Investors Grievance Committee Meetings:

Name of Director/Secretary	Category	Number of Meetings	
		Held	Attended
Diwan A. Nanda, Chairman	Independent Director	2	2
Mr. Peter Palm	Managing Director	2	2
Mr. B. L. Gaggar	Secretary	2	2

The Board has delegated the power of approving transfer of shares held in physical form to a share transfer committee comprising of Mr. B. L. Gaggar, Director Finance & Company Secretary and Mr. Satish P. Bhattu, Asst. Company Secretary as members to consider and approve transfer and transmission of shares, dematerialization, rematerialisation etc. The Committee meets once in a fortnight to consider the requests.

M/s Sharepro Services (India) Private Limited, the Share Transfer Agents, deals with all shareholders related matters whether it relates to the shares held in physical or demat form. The Company has retained the services of a practising Company Secretary to perform Reconciliation of share capital audit every quarter. No materially significant non-compliance from established procedures is reported.

Pursuant to Clause 41 of the listing agreement, investors' grievance redressal status and the number of pending complaints is reported every quarter to the stock exchanges and is also published in the newspaper along with financial results. There was one investor complaint pending as on December 31, 2011.

3.4 Compliance Officer

Mr. B. L. Gaggar, Director Finance & Company Secretary is compliance officer for complying with the requirements of Securities Laws and Listing Regulations with the Stock Exchanges.

4. Subsidiary Company

Chemtreat Composites India Pvt. Ltd. was the wholly owned subsidiary of the Company. In accordance with share purchase agreement dated 3rd October, 2011, the Company divested its entire investment in its subsidiary to AZ Electronics Materials (Singapore) Pte. Ltd. As a result of this divestment, Mr. Peter Palm, Dr. H. Schloemer and Mr. B.L. Gaggar, the nominated directors on the Board of Chemtreat Composites India Pvt. Ltd. resigned. The Company does not have any other company as its subsidiary.

5. General Body Meetings:

The details of Annual General Meetings of the Company held during preceding 3 years are as follows:

AGM	Date and Time	Venue	Special Resolutions Passed
52nd	April 29, 2009 4.00 p.m.	Y. B. Chavan Auditorium, Gen Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai.	i) Re-appointment of Mr. H. Meier as the Vice-Chairman & Managing Director ii) Amendment of Articles of Association of the Company.
53rd	April 23, 2010 4.00 p.m.	Y. B. Chavan Auditorium, Gen Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai	i) Appointment of Mr. Peter Palm as the Vice-Chairman & Managing Director ii) Change of registered office of the Company.
54th	April 26,2011 4.00 p.m.	Hotel Satkar Residency, next to Cadbury , Pokhran Road No. 1, Thane (West) - 400 606	i) Increase in remuneration of Vice-Chairman & Managing Director ii) Amendment of Articles of Association iii) Increase in Sitting Fees of the Directors

All resolutions including special resolutions at AGMs are generally passed by way of show of hands. There was no postal ballot conducted during 2011.

6. Disclosures:

6.1 Materially significant related party transactions:

None of the transactions with related parties were in conflict with the interest of the Company. The disclosure in respect of related party transactions is provided in the notes to the accounts. Company's major related party transactions, during the year, are with the affiliates of Clariant operating worldwide. All these transactions are in the normal course of business and have no potential conflict with the interest of the Company at large and are carried out on an arm's length basis at fair market value.

6.2 Code of Conduct

The Board of Directors has adopted the Code of Conduct for Directors and senior management personnel and the compliance of the same is affirmed by them annually. In addition, a standard international code of business conduct formulated by Clariant group is applicable to all employees of the Company.

The Vice-Chairman & Managing Director has confirmed the compliance of code of conduct and as required under Sub-clause I(D) of Clause 49 of the listing agreements has given a declaration as under:

"In accordance with Sub-clause I(D) of Clause 49 of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all the Directors and the Senior Management Personnel of the Company have affirmed compliance with the code of conduct applicable to them, for the year January to December, 2011".

6.3 Prohibition of Insider Trading:

As per SEBI (Prohibition of Insider Trading) Regulations 1992, the Company has framed a code of conduct for prevention of Insider Trading. The code is applicable to all Directors and such employees of the Company who are incidental to have access to unpublished price sensitive information relating to the Company. Transaction for dealing in the prescribed volume of the security of the Company during the prescribed time requires prior approval from the Company.

7. Means of Communication:

- The Company has 32,645 shareholders as on December 31, 2011. The main channel of communication to the shareholders is through annual report which includes inter alia, the Directors' Report, the Auditors' Report, Report on Corporate Governance, Audited Financial Statements, Consolidated Financial Statements and other important information. The Management discussion and analysis report forms part of the annual report.
- The website of the Company www.clariant.in acts as the primary source of information regarding the operations of the Company. Quarterly financial results and media releases are being displayed on the Company's website.
- The Annual General Meeting is the principal forum for face-to-face communication with shareholders, where the Board responds to the specific queries of the shareholders.
- Quarterly results, approved by the Board of Directors and submitted to the stock exchanges in terms of the requirements of Clause 41 of the Listing Agreements are published in prominent newspapers.

8. General Shareholder Information:

8.1 Annual General Meeting

Date & Time: Thursday, April 26, 2012 at 4.00 p.m.

Venue: J.K. Auditorium, TMA House, Plot No. 6, Main Road, Wagle Estate, Thane (West) -400 604

8.2 Voting rights:

In terms of Articles 93 to 105 of the Articles of Association of the Company, every member present in person or proxy, attorney or representative at the general meeting of the members shall have the following rights:

- On a show of hands: one vote for a member present in person;
- On a poll: one vote for each equity share registered in the name of the member or held by the beneficial owner;
- Proxy has no right to speak.

8.3 Financial Calendar:

The Company's financial year is period of twelve months from January to December.

Dates for Audited/Unaudited Results:

	Financial Year January-December 2011	Financial Year January - December 2012 (Proposed)
January-March	April 26, 2011	April 26, 2012
April-June	July 28, 2011	July 2012
July-September	October 21, 2011	October 2012
October-December	February 17, 2012	February 2013
Annual General Meeting	**April 26, 2012**	**April 2013**

8.4 Dates of Book Closure

Book Closure dates	April 14, 2012 to April 26, 2012 (Both days inclusive)
Payment of Dividend	On or after April 27, 2012

8.5 Listing of Shares:

Shares of the Company are listed on Bombay Stock Exchange Ltd.(BSE) under stock ID 'CLARICHEM' and National Stock Exchange of India Limited (NSE) under the code 'CLNINDIA'. The Company has paid the listing fees upto March 31, 2012 to both the Stock Exchanges.

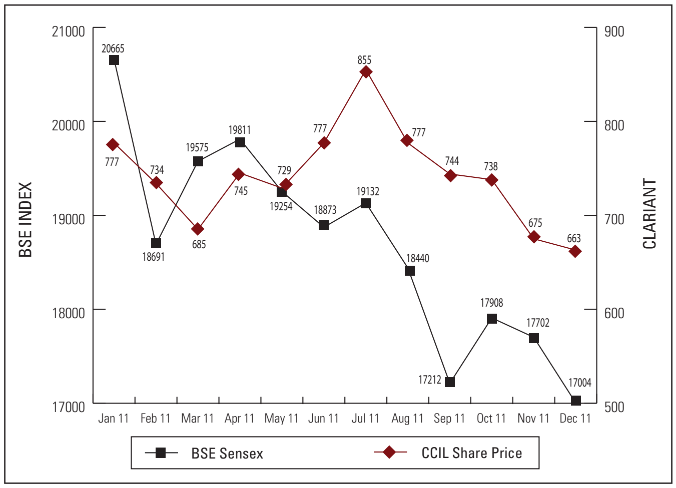
8.6 Company Registration No. with ROC/Ministry of Corporate Affairs

CIN : L24110MH1956PLC010806

8.7 Stock Market Data – Price ₹ per share

Month	Bombay Stock Exchange (BSE)			National Stock Exchange (NSE)		
2011	High ₹	Low ₹	Volume (Nos.)	High ₹	Low ₹	Volume (Nos.)
January	777.00	677.30	146382	777.95	689.95	170415
February	734.00	595.30	129204	719.95	596.05	147362
March	684.90	606.10	110882	685.90	590.05	164351
April	744.80	668.00	172734	743.90	669.00	246487
May	728.50	611.10	101879	729.80	672.70	99911
June	776.90	703.35	100891	774.85	693.80	120105
July	854.80	735.80	281177	855.00	734.00	488760
August	777.00	682.00	148995	779.00	682.00	477910
September	743.95	703.50	85286	745.00	706.05	98231
October	730.00	651.00	89349	732.15	651.00	68631
November	674.90	606.00	41719	674.90	603.05	59880
December	662.70	563.00	87093	730.00	560.10	45820

8.8 Performance in comparison to broad based indices:



8.9 Address for correspondence:

Share Transfer Agents:

M/s Sharepro Services (India) Pvt. Limited,

A) 13-AB, Samhita Warehousing Complex, Gala No. 52-56
2nd Floor, Sakinaka Tel. Exchange Lane, off Andheri- Kurla Road
Sakinaka, Mumbai – 400 072.
Tel: 022-6772 0400/6772 0300,
Fax : 022-2859 1568, 2850 8927
Email: sharepro@shareproservices.com

Contact Person: Mrs. Indira Karkera/ Miss Geeta Khanna

E-mail ID under Clause 47(f) of the Listing Agreement: **Clariant@shareproservices.com**

B) Investor Relations:
912, Raheja Centre, Free Press Journal Road,
Nariman Point, Mumbai – 400 021.
Tel.: 022-2282 5163/6613 4700 Fax 022-22825484

The shareholders having physical shares are requested to ensure that any correspondence for change of address, change of bank mandates etc. should be signed by the first named shareholder and supported by the documents such as Telephone or Electricity Bill in the name of shareholder or a family member along with a copy of PAN card.

In case shares of the Company are held in electronic form (that is, in dematerialized form), all communications concerning rematerialisation of shares, transfer and transmission, dividends, change of address, furnishing of alterations in bank account details, nominations, ECS credit of dividend amount to shareholders' bank account or other inquiries should be addressed **only to the Depository Participant (DP) with whom demat account is maintained**, quoting client ID number and **not** to the Company or the R&T Agent. This is because once the shares are dematerialized the data is maintained by the DPs and the Company can not alter the details and has to act on the basis of the details downloaded from NSDL or CDSL as the case may be.

For any assistance from the Company, members may contact Mr. Satish P. Bhattu, Assistant Company Secretary, at the registered office of the Company. Tel No. 022-2531 5412.

8.10 Shareholding pattern as on December 31, 2011.

Sr. No	Category		Number of Shares held	Percentage of Shareholding
A.	**Promoter's Holding:**			
	Foreign Promoters			
	i	Ebito Chemiebeteiligungen AG	8167080	30.63
	ii	Clariant International AG	6075000	22.79
	iii	Clariant Participations AG	2660000	9.98
		Sub-Total	**16902080**	**63.40**
B	**Institutional Investors**			
	i	Mutual Funds/UTI	1740545	6.53
	ii	Financial Institutions/Banks	35213	0.13
	iii	Insurance Companies	475973	1.79
	iv	Foreign Institutional Investors	509315	1.91
		Sub-Total	**2761046**	**10.36**
C	**Non-Institutional Investors**			
	i	Bodies Corporate	694385	2.60
	ii	Individuals		
		a) individual shareholders holding nominal share capital up to Rs.1 lakh	5633675	21.13
		b) individual shareholders holding nominal share capital in excess of Rs.1 lakh	506350	1.90
	iii	Others		
		a) Non-Resident Individuals	145068	0.54
		b) Trust	16291	0.06
		c) Overseas Corporate Bodies	1850	0.01
		Sub-Total	**6997619**	**26.25**
		TOTAL	**26660745**	**100.00**

25741210 shares of the Company are held in dematerialised form constituting 96.55% of the paid-up capital, as at December 31, 2011. The total number of shareholders as on Benpos date of December 31, 2011 is 32645.

8.11 Details of Members holding > 1% of the paid up capital of the Company

		As at December 31, 2010		As at December 31, 2011	
	Name	**No. of shares**	**%**	**No. of shares**	**%**
1.	Ebito Chemiebeteiligungen AG	8167080	30.63	8167080	30.63
2.	Clariant International AG	6075000	22.79	6075000	22.79
3.	Clariant Participations AG	2660000	9.98	2660000	9.98
4.	UTI Dividend Yield Fund	572000	2.15	647074	2.43
5.	UTI (through its other schemes)	341332	1.28	465073	1.74
6.	Finquest Securities Pvt. Ltd. (Held under 3 folios)	360000	1.35	—	—
7.	HDFC Trustee Company Ltd – A/C-HDFC Mid - Cap Opportunities Fund	—	—	308600	1.16

8.12 Distribution of shareholdings as at December 31, 2011

No. of equity shares held	Shareholders		Equity Shares held	
	Numbers	**%**	**No. of shares**	**%**
1-500	30178	92.443	2857339	10.717
501-1000	1439	4.408	1057488	3.966
1001-2000	598	1.832	862775	3.236
2001-3000	163	0.499	410532	1.540
3001-4000	77	0.236	264821	0.993
4001-5000	51	0.156	232989	0.874
5001-10000	73	0.224	523689	1.964
10001 & above	66	0.202	20451112	76.709
Total	**32645**	**100.00**	**26660745**	**100.00**

8.13 Dematerialisation of shares and liquidity

Names of Depositories for dematerialisation of equity shares:

Name of the Depository	ISIN No.
National Securities Depositories Limited (NSDL)	INE492A01029
Central Depository Services (India) Limited (CDSL)	INE492A01029

Trading in equity shares of the Company is permitted only in dematerialised form.

8.14 ADRs/GDRs/Warrants

The Company has not issued any GDRs/ADRs/Warrants or any other convertible instruments.

8.15 Plant Locations:

The Company's current manufacturing facilities are located at :

a) Kolshet Road, Thane–400607 (Maharashtra)

b) 113/114, MIDC, A.V.P.O. Dhatav, Roha, Dist. Raigad–402 116 (Maharashtra)

c) Kudikadu, P.O., Cuddalore–607 005 (Tamil Nadu)

d) Singadivakkam Village, Kanchipuram–631 561 (Tamil Nadu)

9. Additional Information:

9.1 Dividend for the year ended December 31, 2011:

The final dividend recommended by the Board for the year will be paid after approval of shareholders at the forthcoming Annual General Meeting to all those shareholders whose names appear-

In respect of shares held in demat form, as beneficial owner, as per details furnished by the depositories as at the end of the business on April 13, 2012 and

In respect of shares held in physical form as members in the register of members of the Company after giving effect to all valid share transfers lodged with the share transfer agent on or before April 13, 2012. The Company will dispatch the dividend warrants on or after April 27, 2012.

9.2 Unpaid/Unclaimed Dividend:

In terms of the provisions of Section 205C of the Companies Act, 1956 the Company is obliged to transfer dividends which remain unpaid or unclaimed for period of seven years from the date of declaration to the credit of the Investor Education and Protection Fund established by the Central Government. Accordingly, the Company has transferred unpaid/unclaimed dividend up to the financial year 2003-2004 to the fund and no claim shall lie against the Company or the fund in respect of dividends remaining unclaimed or unpaid and transferred to the Fund.

Members are hereby informed that the 7 years period for payment of the dividend pertaining to financial year 2004-2005 will expire on July 28, 2012 and thereafter the amount standing to the credit in the said account will be transferred to the 'Investor Education and Protection Fund' of the Central Government. Members are therefore requested to encash the dividend at the earliest.

Dates of transfer of unclaimed dividend to the Fund

Financial Year/period	Date of Payment	Date of completion of seven years
2004-2005	29.07.2005	28.07.2012
2005-2006	27.07.2006	26.07.2013
April-Dec. 2006	19.04.2007	18.04.2014
2007	17.04.2008	16.04.2015
2008	29.04.2009	28.04.2016
2009 (Interim)	24.07.2009	23.07.2016
2009 (Final)	24.04.2010	23.04.2017
2010 (Interim)	06.08.2010	05.08.2017
2011 (Interim)	27.04.2011	26.04.2018
2011 (Final)	09.08.2011	08.08.2018

9.3 Bank Mandate:

Electronic Clearing Services (ECS) is a method of payment of dividend whereby the amount due to investors can directly be credited into their bank accounts, without having to issue paper instruments. It is fast and there is no scope for loss of dividend warrants in transit and possible fraudulent encashment.

In case of shares held in physical form the bank details may be sent to the registrar & share transfer agents. In case of shares held in demat form, the bank details provided by the Depository Participant **(DP)** with whom the demat account is maintained will be applicable. All previous instructions given by you to the Company in respect of ECS and bank details will stand superseded by the ECS details recorded with your DP.

9.4 Nomination Facility:

A member can nominate a person who shall have rights to shares and/or amount payable in respect of shares registered in his name in the event of his death. The nomination form can be obtained from the Company's Share Transfer Agent or downloaded from the website of the Company at www.clariant.in

9.5 Consolidation of folios and avoidance of multiple folios:

Members having multiple folios are requested to consolidate their folios into single folio and for this purpose send request along with the original certificates to the Share Transfer Agent specifying the folio number under which they desire to hold the shares.

9.6 Green initiative in Corporate Governance

The Ministry of Corporate Affairs (MCA) has taken a "Green initiative in the Corporate Governance" by providing an opportunity to the shareholders to register their e-mail address with the Company and changes therein from time to time.

The Company would send notices/documents such as Annual Reports and notices by e-mail to the shareholders registering their e-mail address. To support this laudable move of the Government, the members who have not registered their e-mail address, so far, are requested to do so at the earliest, in respect of demat holding through the respective Depository Participant (DP) and in respect of physical holding through the Registrars and Transfer Agents, M/s. Sharepro Services (India) Private Limited.

While every notice/document will be sent through e-mail address registered with the Company, in case you desire to receive any notice/document in physical form, please intimate by e-mail and the same shall be sent to your address registered with the Company/D.P.

We solicit your patronage and support in joining hands with the Company to implement the e-governance initiative.

9.7 Compliance

The Company has complied with all requirements of regulatory authorities. No penalties/strictures were imposed on the Company by stock exchanges or SEBI or any statutory authority on any matter related to capital market during the last three years.

10. CEO/CFO Certification

The Vice-Chairman & Managing Director and the Director Finance & Company Secretary have provided annual certificate on financial reporting and internal controls to the Board pursuant to Clause 49. They have also provided quarterly certificates on financial results while placing the financial results before the Board pursuant to Clause 41.

On behalf of the Board of Directors
R. A. Shah
Chairman

Mumbai, February 17, 2012

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Clariant Chemicals (India) Limited

We have examined the compliance of conditions of Corporate Governance by Clariant Chemicals (India) Limited, for the year ended on December 31, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange(s).

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 and the representations made by the Directors and Management, and subject to the observation with regard to attendance at the audit committee meeting held on February 24, 2011, July 28, 2011 and October 21, 2011 in para 3.1.2 "Scope and Meetings" under para 3.1 "Audit Committee" in the report on Corporate Governance, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No. 117365W)

A.C. Khanna
Partner
(Membership No. 17814)

Mumbai, 17th February, 2012

Auditors' Report

TO THE MEMBERS OF CLARIANT CHEMICALS (INDIA) LIMITED

1. We have audited the attached Balance Sheet of CLARIANT CHEMICALS (INDIA) LIMITED ("the Company") as at 31 December 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:

    (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 it appears from our examination of those books;

    (iii) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

    (iv) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

    (v) 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 December 2011;

        (b) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and

        (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

5. On the basis of the written representations received from the Directors as on 31 December 2011 taken on record by the Board of Directors, none of the Directors is disqualified as on 31 December 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No. 117365W)

A.C. Khanna
Partner
(Membership No. 17814)

MUMBAI, 17 February 2012

Annexure to the Auditors' Report

(Referred to in paragraph 3 of the Auditors' Report of even date to the members of Clariant Chemicals (India) Limited on the financial statements for the year ended 31 December 2011.)

(i) Having regard to the nature of the Company's business/activities/result, clauses (vi) and (xiii) of paragraph 4 of CARO are not applicable.

(ii) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

(iii) In respect of its inventory:

(a) The inventories have been physically verified during the year by the management except for stocks lying at third party locations for which confirmations have been obtained and for goods-in-transit. In our opinion, the frequency of verification is reasonable.

(b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

(iv) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.

(v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.

(vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:

(a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.

(b) Where each of such transaction is in excess of Rs.5 lakhs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time except in respect of certain purchases for which comparable quotations are not available and in respect of which we are unable to comment.

(vii) In our opinion, the internal audit functions carried out during the year by firms of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of certain products manufactured by the Company viz. Dyes and are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other product of the Company.

(ix) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31 December 2011 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31 December 2011 on account of dispute are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (₹ in lakhs)
Central Sales Tax Act, 1956 and Sales Tax Act of various states	Sales Tax (Central and State) and Value Added Tax	High Court	1996-1999	2.27
		Appellate Authorities & Tribunal	1999-2000	17.88
		Commissionarate	1992-1993, 2001-2009	4799.39
Central Excise Act, 1944	Excise Duty	Appellate Authorities & Tribunal	1999-2000, 2000-2004	33.75
		Commissionarate	1994-1997, 2000-2001, 2003-2005, 2006-2009	564.44
Service Tax under Finance Act, 1994	Service Tax	Appellate Authorities & Tribunal	2004-2005	5.12
		Commissionarate	2005-2006, 2009-2011	109.35
Income Tax Act, 1961	Income Tax	Appellate Authorities & Tribunal	A.Y. 1995-1996, 2000-2001, 2003-2004	248.15
		Commissionarate	A.Y. 1987-1988, 1992-1993, 1994-1995, 1998-2009	633.69
Total				**6414.04**

(x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and financial institutions.

(xii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments.

(xiv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.

(xv) In our opinion and according to the information and explanations given to us, no term loans were obtained during the year by the Company.

(xvi) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long- term investment.

(xvii) 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.

(xviii) According to the information and explanations given to us, the Company has not issued any secured debentures during the year.

(xix) The Company has not raised any money by way of public issue during the year.

(xx) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No. 117365W)

A.C. Khanna
Partner
(Membership No. 17814)

MUMBAI, 17 February 2012

Balance Sheet
as at 31st December, 2011

	Schedule	31-12-11 ₹ Lakhs	31-12-10 ₹ Lakhs
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	**2666.07**	2666.07
Reserves and surplus	2	**45876.53**	34043.51
		48542.60	36709.58
Loan funds			
Unsecured loans	3	**20.19**	105.28
		20.19	105.28
Deferred tax liability - Net (See note 6, Schedule 17)		**456.43**	—
		49019.22	36814.86
APPLICATION OF FUNDS			
Fixed assets	4		
Gross block		**37951.48**	33560.28
Less : Accumulated depreciation and impairment		**20902.76**	20002.46
Net block		**17048.72**	13557.82
Capital work-in-progress and advances, etc.		**1489.08**	1987.87
		18537.80	15545.69
Fixed assets held for disposal		**—**	378.70
Investments	5	**26651.26**	19183.91
Deferred tax asset - Net (See note 6, Schedule 17)		**—**	108.08
Current assets, loans and advances			
Inventories	6	**11559.43**	9072.62
Sundry debtors	7	**13338.91**	12560.93
Cash and bank balances	8	**2844.55**	2091.48
Loans and advances	9	**6919.37**	7895.74
		34662.26	31620.77
Less : **Current liabilities and provisions**			
Liabilities	10	**19353.32**	21749.74
Provisions	11	**11478.78**	8272.55
		30832.10	30022.29
Net current assets		**3830.16**	1598.48
		49019.22	36814.86
Notes on balance sheet and profit and loss account	17		

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

A.C. Khanna
Partner

Mumbai, 17th February, 2012

For and on behalf of the Board,

R. A. Shah — Chairman

P. Palm — Vice-Chairman & Managing Director

Dr. H. Schloemer
B. S. Mehta
Diwan A. Nanda — Directors

B. L. Gaggar — Director Finance & Company Secretary

Mumbai, 17th February, 2012

Profit and Loss Account

for the year ended 31st December, 2011

	Schedule	2011 ₹ Lakhs	2010 ₹ Lakhs
INCOME			
Sales - Gross		**101585.85**	103475.64
Less : Excise duty		**5977.73**	6004.36
Sales - Net		**95608.12**	97471.28
Other income	**12**	**3943.10**	3123.45
		99551.22	100594.73
EXPENDITURE			
Cost of materials	**13**	**59149.79**	58627.30
Personnel cost	**14**	**7424.45**	6712.77
Interest (Net)	**15**	**(260.45)**	23.20
Depreciation/Amortisation/Impairment	**4**	**1812.43**	1689.16
Other expenditure	**16**	**16185.76**	16650.24
		84311.98	83702.67
Less : Service charges recovered		**168.47**	369.77
		84143.51	83332.90
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAXATION		**15407.71**	17261.83
Exceptional items (See note 23, Schedule 17)		**(24133.20)**	729.47
PROFIT AFTER EXCEPTIONAL ITEMS AND BEFORE TAXATION		**39540.91**	16532.36
Provision for taxation			
Current tax		**8572.50**	5126.00
Deferred tax		**564.51**	167.64
(Excess)/Short Provision for taxation in respect of earlier years		**—**	(2.78)
PROFIT AFTER TAXATION		**30403.90**	11241.50
Balance brought forward from previous year		**3837.85**	3031.67
AVAILABLE FOR APPROPRIATION		**34241.75**	14273.17
APPROPRIATED AS FOLLOWS			
General reserve		**3040.39**	1124.15
Interim dividend		**7998.22**	2666.07
Proposed dividend (Final)		**7998.22**	5332.15
Corporate tax on dividend (Interim & Final)		**2595.02**	1328.40
Corporate tax on dividend of previous period		**(20.58)**	(15.45)
Balance carried to the balance sheet		**12630.48**	3837.85
		34241.75	14273.17
Notes on balance sheet and profit and loss account	**17**		
Basic and Diluted earnings per share (in ₹) (See note 15, Schedule 17)		**114.04**	**42.16**
Face value per share (in ₹)		**10.00**	10.00

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

A.C. Khanna
Partner

Mumbai, 17th February, 2012

For and on behalf of the Board,

R. A. Shah — Chairman

P. Palm — Vice-Chairman & Managing Director

Dr. H. Schloemer
B. S. Mehta
Diwan A. Nanda } Directors

B. L. Gaggar — Director Finance & Company Secretary

Mumbai, 17th February, 2012

Cash Flow Statement

for the year ended 31st December, 2011

	2011 ₹ Lakhs	2010 ₹ Lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit after exceptional items and before taxation	**39540.91**	16532.36
Adjustments for :		
Depreciation/Amortisation	**1812.43**	1689.16
Unrealised foreign exchange (gain)/loss (Net)	**(22.87)**	(6.48)
Interest income	**(383.80)**	(92.96)
Dividend income	**(1499.04)**	(677.96)
Loss/(profit) on sale of assets (Net)	**(24071.11)**	(512.38)
Profit on sale of investment in subsidiary (Long term)	**(183.30)**	—
Loss/(profit) on sale of investments (Net)	**(60.55)**	(13.51)
Provision for doubtful debts/advances (Net)	**(32.34)**	(94.79)
Provision for leave encashment	**370.83**	36.51
Provision for ex-gratia gratuity	**(21.15)**	(4.48)
Provision for gratuity	**(398.58)**	345.31
Interest expenses	**123.35**	116.16
Assets written-off	**36.67**	206.89
Operating profit before working capital changes	**15211.45**	17523.83
Adjustments for :		
Trade and other receivables	**(542.42)**	1801.24
Inventories	**(2486.81)**	(1407.59)
Trade, other payables and provisions	**(2557.47)**	5163.03
Cash generated from operations	**9624.75**	23080.51
Direct taxes paid - (Net of refunds)	**(8246.84)**	(6709.91)
Net cash from operating activities	**1377.91**	16370.60
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	**(4843.39)**	(3512.58)
Sale of fixed assets	**24451.99**	1477.88
Purchase of investments	**(188325.25)**	(181779.90)
Sale of investment in subsidiary (Long term)	**508.30**	—
Sale of investments	**180593.45**	175059.45
Loans given to subsidiary	**(32.00)**	(55.00)
Loans repaid by subsidiary	**732.00**	15.00
Interest received	**383.80**	92.96
Dividend received	**1499.04**	677.96
Net Cash used in investing activities	**14967.94**	(8024.23)

	2011 ₹ Lakhs	2010 ₹ Lakhs
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Repayment of borrowings	**(85.09)**	(99.50)
Interest paid	**(119.45)**	(111.38)
Dividend/dividend tax paid	**(15388.24)**	(7740.63)
Net Cash used in financing activities	**(15592.78)**	(7951.51)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	**753.07**	394.86
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE YEAR	**2091.48**	1696.62
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR (See note 3) (Refer Schedule 8)	**2844.55**	2091.48

Notes:

1. The Cash flow has been prepared under the "Indirect Method" as set out in Accounting Standard-3 on Cash flow statement notified by the Companies (Accounting Standards) Rules, 2006.
2. Direct taxes paid are treated as arising from operating activities and are not bifurcated between investing and financing activities.
3. Cash and cash equivalents at the end of the year include current account balances with banks of ₹ 357.82 lakhs (Previous Year : ₹ 253.20 lakhs) which are restricted in use on account of unclaimed dividend/interest on fixed deposit.
4. Figures for the previous year have been regrouped wherever necessary to conform to the current year's classification.

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

A.C. Khanna
Partner

Mumbai, 17th February, 2012

For and on behalf of the Board,

R. A. Shah — Chairman

P. Palm — Vice-Chairman & Managing Director

Dr. H. Schloemer
B. S. Mehta
Diwan A. Nanda — Directors

B. L. Gaggar — Director Finance & Company Secretary

Mumbai, 17th February, 2012

Schedules
forming part of the Balance Sheet

	31-12-11 ₹ Lakhs	31-12-10 ₹ Lakhs
SCHEDULE 1 : SHARE CAPITAL		
Authorised		
30000000 equity shares of ₹ 10/- each	**3000.00**	3000.00
Issued and subscribed		
26660745 equity shares of ₹ 10/- each fully paid	**2666.07**	2666.07

Notes:

Of the above :

(a) 15010745 equity shares issued as fully paid up pursuant to a contract for a consideration other than cash.

(b) 8167080 equity shares are held by EBITO Chemiebeteiligungen AG.
6075000 equity shares are held by Clariant International AG.
2660000 equity shares are held by Clariant Participations AG.
The ultimate holding company being Clariant AG, Switzerland.

(c) 6690610 equity shares were allotted as fully paid up bonus shares by capitalisation of ₹ 669.06 lakhs from general reserve.

	31-12-11 ₹ Lakhs	31-12-10 ₹ Lakhs
SCHEDULE 2 : RESERVES AND SURPLUS		
Capital reserve		
As per last Balance sheet	**730.11**	730.11
Capital redemption reserve		
As per last Balance sheet	**137.50**	137.50
Securities premium account		
As per last Balance sheet	**3545.65**	3545.65
General reserve		
As per last Balance sheet	**25792.40**	24668.25
Add : Transfer from Profit and loss account	**3040.39**	1124.15
	28832.79	25792.40
Profit and loss account	**12630.48**	3837.85
	45876.53	34043.51

	31-12-11 ₹ Lakhs	31-12-10 ₹ Lakhs
SCHEDULE 3 : UNSECURED LOANS		
From others :		
Interest-free sales tax deferral scheme granted by State Industries Promotion Corporation of Tamil Nadu Limited (Repayable within one year ₹ 20.19 lakhs, Previous Year: ₹ 85.09 lakhs)	**20.19**	105.28
	20.19	105.28

SCHEDULE 4 : FIXED ASSETS

₹ Lakhs

	GROSS BLOCK				DEPRECIATION/AMORTISATION/IMPAIRMENT				NET BLOCK	
	As at 31-12-10	Additions/ Adjustments	Deductions/ Adjustments	**As at 31-12-11**	As at 31-12-10	Deductions/ Adjustments	For the year	**As at 31-12-11**	**As at 31-12-11**	As at 31-12-10
Tangible Assets										
Land freehold	137.42	—	—	**137.42**	—	—	—	—	**137.42**	137.42
Land leasehold	481.30	21.60	—	**502.90**	8.91	—	5.14	**14.05**	**488.85**	472.39
Buildings	6274.91	761.12	8.73	**7027.30**	2223.99	2.78	163.17	**2384.38**	**4642.92**	4050.92
Plant, machinery, equipment etc.	24234.26	4054.01	755.81	**27532.46**	16052.97	739.06	1468.33	**16782.24**	**10750.22**	8181.29
Furniture, fixtures and office appliances	1909.78	137.99	138.80	**1908.97**	1382.48	122.66	98.63	**1358.45**	**550.52**	527.30
Vehicles	522.61	367.46	47.64	**842.43**	334.11	47.63	77.16	**363.64**	**478.79**	188.50
Total	33560.28	5342.18	950.98	**37951.48**	20002.46	912.13	1812.43	**20902.76**	**17048.72**	
Previous year	34975.65	2115.43	3530.80	33560.28	21085.35	2772.05	1689.16	20002.46		13557.82
Capital work-in-progress									**1306.70**	1849.95
Advances against capital orders									**182.38**	137.92
									1489.08	1987.87
									18537.80	15545.69

Note :

Buildings include ₹ 950/- (Previous year : ₹ 950/-) being the cost of shares in co-operative housing societies.

	31-12-11 ₹ Lakhs	31-12-10 ₹ Lakhs
SCHEDULE 5 : INVESTMENTS (AT COST)		
Non Trade - Unquoted		
Long Term		
In Subsidiary Company		
NIL (Previous Year: 500000) fully paid equity shares of ₹ 10/- each		
in Chemtreat Composites India Private Limited (See note 27, Schedule 17)	**—**	325.00
1000 (Previous Year : NIL) 6% Rural Electrification Corporation Limited Bonds of Rs.10000 each	**100.00**	—
In fully paid units of ₹ 10/- each		
9000000 (Previous Year : NIL) DSP BlackRock FMP - 12M Series 15 - Growth	**900.00**	—
3000000 (Previous Year : NIL) IDFC Fixed Maturity Yearly Series 40 - Growth	**300.00**	—
9000000 (Previous Year : NIL) JM Fixed Maturity Fund Series XIX Plan C - Growth	**900.00**	—
9001567 (Previous Year : NIL) Reliance Fixed Horizon Fund - XIX - Series 8 - Growth	**900.16**	—
Total Long Term	**3100.16**	325.00
Current		
In fully paid units of ₹ 10/- each		
9642218 (Previous Year : 9621653) Templeton India Ultra Short Bond Fund Super Institutional Plan - DDR	**965.34**	963.28
8037521 (Previous Year : NIL) Birla Sun Life Quarterly Interval - Series 4 - Dividend Payout	**803.93**	—
6570009 (Previous Year : NIL) JM Money Manager Fund - Super Plus Plan - DDR	**657.35**	—
3378171 (Previous Year : NIL) JM Short Term Fund - Inst Plan - DDR	**337.89**	—
3375990 (Previous Year : NIL) JM Money Manager Fund - Regular Plan - DDR	**337.98**	—
9556937 (Previous Year : NIL) TATA Fixed Maturity Plan Series 38 Scheme C - Dividend Payout	**955.69**	—
9766182 (Previous Year : NIL) DWS Ultra Short Term Fund - Institutional Plan - DDR	**978.36**	—

	31-12-11 ₹ Lakhs	31-12-10 ₹ Lakhs
SCHEDULE 5 : INVESTMENTS (AT COST) (Contd.)		
In fully paid units of ₹ 10/- each (Contd.)		
580972 (Previous Year : NIL) DWS Ultra Short Term Fund - Regular Plan Bonus	**56.84**	—
9594054 (Previous Year : NIL) ICICI Prudential Blended Plan B - Institutional DDR Option II	**960.13**	—
9500000 (Previous Year : NIL) HDFC FMP 92D December 2011 (2) - Dividend Series XIX	**950.00**	—
6000000 (Previous Year : NIL) DSP BlackRock FMP - Series 26 - 3M - Dividend Payout	**600.00**	—
9750000 (Previous Year : NIL) DSP BlackRock FMP - Series 25 - 3M - Dividend Payout	**975.00**	—
9600467 (Previous Year : NIL) Canara Robeco Interval Series 2 - Quarterly Plan 2 - Inst - Dividend Payout	**960.25**	—
9671446 (Previous Year : NIL) UTI - Fixed Income Interval Fund - Quarterly Interval Plan Series I - Dividend Payout	**967.14**	—
3000000 (Previous Year : NIL) IDFC Fixed Maturity Quarterly Series 67 - Dividend Payout	**300.00**	—
9667103 (Previous Year : NIL) IDFC Ultra Short Term Fund - DDR	**967.92**	—
5000956 (Previous Year : NIL) SBI - Debt Fund Series - 90 Days - 53 - Dividend Payout	**500.10**	—
7001667 (Previous Year : NIL) Taurus Fixed Maturity Plan 91 Days Series - K - Dividend Payout	**700.17**	—
9500000 (Previous Year : NIL) Baroda Pioneer 90 Day FMP - Series 5 - Dividend Payout	**950.00**	—
7855771 (Previous Year : NIL) JP Morgan India Treasury Fund - Super Institutional DDR	**786.28**	—
5873654 (Previous Year : NIL) Religare Credit Opportunities Fund - Institutional DDR	**587.54**	—
4998900 (Previous Year : NIL) Sundaram Interval Fund Quarterly Plan D - Dividend Payout	**500.00**	—
9538901 (Previous Year : NIL) Sundaram Interval Fund Quarterly Plan B - Dividend Payout	**954.27**	—
9509628 (Previous Year : NIL) L & T Ultra STF Inst - DDR	**965.72**	—
5250963 (Previous Year : NIL) L & T FMP - V - December 9D A - Dividend Payout	**525.10**	—
NIL (Previous Year : 6903971) JM Money Manager Fund-Super Plan - DDR	**—**	691.21
NIL (Previous Year : 8999392) Reliance Monthly Interval Fund - Series II - Institutional Dividend Plan	**—**	900.09
NIL (Previous Year : 9498599) Reliance Monthly Interval Fund - Series I - Institutional Dividend Plan	**—**	950.10
NIL (Previous Year : 5014035) TATA Fixed Income Portfolio Fund Scheme A2 Institutional Monthly Dividend	**—**	501.45
NIL (Previous Year : 9501200) TATA Fixed Income Portfolio Fund Scheme A3 Institutional Monthly Dividend	**—**	950.12
NIL (Previous Year : 7388640) DWS Treasury Fund Cash - Institutional Plan - DDR	**—**	742.54
NIL (Previous Year : 3000000) ICICI Prudential Interval Fund I - Monthly Interval Plan A Institution	**—**	300.00
NIL (Previous Year : 9753024) JM High Liquidity Fund - Super Institutional Plan - DDR	**—**	976.91
NIL (Previous Year : 9782457) Fidelity Ultra Short term Debt Fund Super Institutional - DDR	**—**	978.73
NIL (Previous Year : 9543201) IDFC Ultra Short Term Fund - DDR	**—**	955.52
NIL (Previous Year : 9509940) LIC MF Interval Fund - Series 1 - Monthly Dividend Plan	**—**	950.99
NIL (Previous Year : 7687665) Canara Robeco Treasury Advantage Super Inst. DDR	**—**	953.82
NIL (Previous Year : 9544914) Sundaram Ultra ST Fund Inst. DDR	**—**	958.02
NIL (Previous Year : 9356287) L&T Freedom Income STP Inst - DDR	**—**	950.15
NIL (Previous Year : 398454) Canara Robeco Floating Rate Short term Dividend Fund	**—**	56.51
NIL (Previous Year : 9435078) HDFC Floating Rate Income Fund - Short Term Plan - Whole Sale Option - DDR	**—**	951.14
NIL (Previous Year : 9501131) UTI Fixed income Interval Fund - Monthly Interval Plan Series - I - Institutional Dividend Payout	**—**	950.11
NIL (Previous Year : 9528528) UTI Fixed income Interval Fund - Monthly Interval Plan - II - Institutional Dividend Payout	**—**	952.85
NIL (Previous Year : 9510531) IDFC Money Manager fund - TP - Super Inst Plan C - DDR	**—**	951.20

	31-12-11 ₹ Lakhs	31-12-10 ₹ Lakhs
SCHEDULE 5 : INVESTMENTS (AT COST) (Contd.)		
In fully paid units of ₹ 1000/- each		
97906 (Previous Year : 96745) Tauras Ultra Short Term Bond fund - Super Insti DDR	**980.77**	968.94
71724 (Previous Year : 2035977) Religare Ultra Short term Fund - Institutional DDR	**718.48**	203.95
74987 (Previous Year : 60046) Templeton India Treasury management Account Super Institutional Plan - DDR	**750.38**	600.87
42620 (Previous Year : NIL) TATA Liquidity Management Fund - DDR	**427.32**	—
27379 (Previous Year : NIL) TATA Treasury Manager Fund Ship - DDR	**276.61**	—
95025 (Previous Year : NIL) DSP BlackRock Liquidity Fund - I.P. - DDR	**950.56**	—
45594 (Previous Year : NIL) Taurus Short Term Income Fund - Dividend Payout	**698.30**	—
50564 (Previous Year : NIL) Axis Treasury Advantage Fund - Institutional DDR	**505.68**	—
NIL (Previous Year : 50040) Axis Liquid fund - Institutional DDR	**—**	500.41
Total Current	**23551.10**	18858.91
Total Investments - Unquoted	**26651.26**	19183.91

	2011	
	No. of Units	**₹ Lakhs**
Following are the Investments which have been purchased and sold during the year :		
Non trade Current - Unquoted		
In fully paid units of ₹ 10/- each		
Reliance Liquid Fund Treasury Plan I P DDR	**21149476**	**3233.21**
Reliance Liquid Fund Treasury Plan I P Growth	**3771410**	**900.09**
Kotak Floater Long Term - DDR	**9554782**	**963.10**
Birla Sun Life Saving Fund Inst DDR	**25565211**	**2558.26**
Birla Sun Life Saving Fund Inst Growth	**4167249**	**777.11**
Birla Sun Life Cash Plus Inst Pre DDR	**15876563**	**1590.75**
Birla Sun Life Cash Manager - IP - Growth	**5823710**	**956.06**
Birla Sun Life Cash Manager - IP - DDR	**28810667**	**2881.93**
Birla Sun Life Short Term FMP Series 16 Dividend Payout	**9699180**	**969.92**
JM High Liquidity Fund - Super Institutional Plan - DDR	**40604213**	**4067.12**
JM Money Manager Fund - Super Plus Plan - DDR	**19089228**	**1909.93**
JM Money Manager Fund - Super Plan - DDR	**7275040**	**728.36**
JM Money Manager Fund - Super Plan - GROWTH	**5071608**	**703.03**
TATA Floater Fund - DDR	**19547928**	**1961.75**
TATA Floater Fund - GROWTH	**6522343**	**956.06**
DWS Ultra Short Term Fund - Institutional Plan - DDR	**4772424**	**478.10**
DWS Ultra Short Term Fund - Regular Plan Bonus	**2108714**	**263.16**
DWS Ultra Short Term Fund - Institutional Growth	**4139903**	**478.10**
DWS Money Plus Fund - Institutional DDR	**7980315**	**804.34**
DWS Money Plus Fund - Institutional Growth	**3889343**	**401.22**
DWS Treasury Fund Cash - Inst Plan DDR	**7758257**	**779.68**
DWS Treasury Fund Cash - Inst Plan Growth	**6914919**	**754.94**
DWS Treasury Fund Investment - Inst Plan DDR	**10041436**	**1008.33**

Following are the Investments which have been purchased and sold during the year : (Contd.)

	2011	
In fully paid units of ₹ 10/- each (Contd.)	**No. of Units**	**₹ Lakhs**
DWS Treasury Fund Investment - Inst Plan Growth	4580137	502.56
ICICI Prudential Monthly Interval Fund V Plan A - Institutional Dividend Payout	11842485	1184.51
ICICI Prudential Blended Plan B - Institutional DDR Option II	13555735	1356.59
ICICI Prudential Blended Plan B - Institutional Option II - Growth	6181178	651.10
HDFC F R I F STF - Wholesale DDR	9967095	1004.77
HDFC F R I F STF - Wholesale Growth	5781303	966.77
HDFC Liquid Fund Premium Plan DDR	21953558	2691.46
HDFC FMP 92D June 2011 (2) - Dividend Series XVIII	9503332	950.33
DSP BlackRock FMP - 3M Series 36 - Dividend Payout	9666460	966.65
DSP BlackRock FMP - 3M Series 38 - Dividend Payout	9500000	950.00
Canara Robeco Treasury Advantage Super Inst - DDR	7847735	973.68
Fidelity Ultra Short Term Debt Fund - Super I. P. - DDR	19940846	1996.25
Fidelity Ultra Short Term Debt Fund - I. P. - GROWTH OPTION	8124113	995.26
UTI - Fixed Income Interval Fund - Series II - Quarterly Interval Plan VI - Dividend Payout	9649439	965.31
IDFC Money Treasury Fund - I. P.C - DDR	9970149	997.16
IDFC Money Treasury Fund - I. P.C - Growth	8305783	967.08
IDFC Ultra Short Term Fund - DDR	82304	8.24
IDFC Fixed Maturity Quarterly Series 65 - Dividend Payout	9668245	966.82
SBI - SHF - Ultra Short Term Fund - I. P. - DDR	23654982	2366.92
SBI Premier Liquid Fund - Super Institutional - DDR	4984756	500.10
SBI - SHF - Ultra Short Term Fund - I. P. - Growth	3543386	453.34
SBI - Debt Fund Series - 90 Days - Dividend Payout	9576168	957.62
LIC Liquid Fund - DDR	8686318	953.77
LIC Liquid Fund - Growth Plan	5303749	950.99
Taurus Fixed Maturity Plan 91 Days Series - F - Dividend Payout	10008665	1000.87
Taurus Fixed Maturity Plan 91 Days Series - I - Dividend Payout	9500000	950.00
Taurus Fixed Maturity Plan 91 Days Series - J - Dividend Payout	7001667	700.17
Baroda Pioneer 90 Day FMP - Series 2 - Dividend Payout	3534558	353.46
Baroda Pioneer 90 Day FMP - Series 4 - Dividend Payout	9510321	951.03
JP Morgan India Liquid Fund - Super Institutional DDR	14051335	1406.24
JP Morgan India Treasury Fund - Super Institutional DDR	19242489	1925.96
JP Morgan India Treasury Fund - Super Institutional Growth	7464555	955.80
JP Morgan India Fixed Maturity Plan Series 2 - Dividend Payout	9500000	950.00
Religare Credit Opportunities Fund - Institutional Monthly Dividend	9845701	1004.29
Religare Credit Opportunities Fund - Institutional Growth	4596289	503.64
IDBI Ultra Short Term Fund - DDR	20626835	2062.68
IDBI Ultra Short Term Fund - Growth	9189961	960.00
Templeton India Ultra Short Bond Fund Super IP - DDR	12876971	1289.19
Templeton India Ultra Short Bond Fund Super IP - Growth	7739402	979.55
Templeton India Low Duration Fund - Qtrly Dividend Payout	7791272	800.00

Following are the Investments which have been purchased and sold during the year : (Contd.)

	2011	
In fully paid units of ₹ 10/- each (Contd.)	**No. of Units**	**₹ Lakhs**
Sundaram Ultra ST Fund - Super Inst DDR	29181112	2928.91
Sundaram Ultra ST Fund - Super Inst Growth	7354646	974.13
Sundaram Money Fund Super Inst - DDR	9893544	998.78
Axis Short Term Fund - Institutional Regular Dividend - DDR	10183064	1020.20
Axis Short Term Fund - Institutional Growth	4788142	509.01
L & T Freedom Income STP - Inst DDR	9832810	998.54
L & T Freedom Income STP - Inst Growth	6117412	966.07
L & T Ultra STF Inst - DDR	8909733	904.80
L & T Liquid Super Inst - DDR	5190597	525.10
L & T FMP - IV - September 91D A - Dividend Payout	5250964	525.10
In fully paid units of ₹ 100 /- each		
ICICI Liquid Plan : Super Institutional Plan : DDR	374978	375.06
ICICI Prudential MF Flexible Income Plan - Premium : DDR	765541	809.44
ICICI Floating Rate Fund : DDR	1928994	1929.56
ICICI Floating Rate Fund : Growth	658740	957.74
In fully paid units of ₹ 1000 /- each		
Reliance Money Manager Fund Inst Option DDR	192602	1928.66
Reliance Money Manager Fund Inst Option Growth	71230	952.68
TATA Liquidity Management Fund - DDR	95457	957.06
DSP BlackRock Liquidity Fund - I.P. - DDR	3149553	31505.49
DSP BlackRock Liquidity Fund - I.P. - Growth	68026	954.48
DSP BlackRock Money Manager Fund - I.P. - DDR	192091	1922.44
DSP BlackRock Money Manager Fund - I.P. - Growth	70021	955.80
UTI Treasury Advantage Fund - I. P. - DDR	288284	2883.46
UTI Treasury Advantage Fund - I. P. - Growth	72089	951.00
UTI Liquid Cash Plan - I. P. - DDR	96524	984.01
UTI Floating Rate Fund STP DDR	194196	1943.46
UTI Floating Rate Fund STP GROWTH	86846	959.98
IDFC Savings Advantage Fund - Plan A - DDR	191244	1912.77
IDFC Savings Advantage Fund - Plan A - Growth	69109	955.16
IDFC Liquid Fund - Plan A - DDR	98721	987.44
Taurus Ultra Short Term Bond Fund - Super Inst DDR	101596	1017.73
Taurus Ultra Short Term Bond Fund - Super Inst Growth	85498	985.99
Taurus Short Term Income Fund - Dividend	45822	701.70
Baroda Pioneer Treasury Advantage Fund IP DDR	151072	1512.09
Baroda Pioneer Liquid Fund - IP DDR	95043	951.03
Baroda Pioneer Treasury Advantage Fund IP Weekly Dividend	50217	502.59
Religare Ultra Short Term Fund - Institutional DDR	7667643	2245.20
Religare Ultra Short Term Fund - Institutional Growth	71284	963.12
Religare Liquid Fund - Institutional DDR	98633	986.55

Following are the Investments which have been purchased and sold during the year : (Contd.)

	2011	
In fully paid units of ₹ 1000/- each (Contd.)	**No. of Units**	**₹ Lakhs**
Templeton India TMA Super IP - DDR	**1233250**	**12,340.80**
Templeton India TMA Super IP - Growth	**60563**	**882.44**
Axis Liquid Fund - Inst DDR	**50040**	**500.45**
Axis Treasury Advantage Fund - Institutional DDR	**71282**	**713.26**

	31-12-11 ₹ Lakhs	31-12-10 ₹ Lakhs
SCHEDULE 6 : INVENTORIES		
At lower of cost and net realisable value (As certified by the Management)		
Stores and spare parts	**218.95**	168.09
Raw materials	**4141.82**	3010.35
Packing materials	**124.46**	92.14
Finished goods	**5539.68**	4847.10
Work-in-progress	**1534.52**	954.94
	11559.43	9072.62
SCHEDULE 7 : SUNDRY DEBTORS		
Secured (Considered good)		
Over six months	**3.37**	—
Other debts	**1616.66**	1807.09
	1620.03	1807.09
Unsecured (Considered good, unless otherwise stated)		
Over six months (Including doubtful debts ₹ 147.07 lakhs; Previous Year : ₹ 172.88 lakhs)	**269.35**	232.47
Other debts	**11596.60**	10694.25
	11865.95	10926.72
Less : Provision for doubtful debts	**147.07**	172.88
	13338.91	12560.93
SCHEDULE 8 : CASH AND BANK BALANCES		
Cash on hand	**3.77**	1.47
Cheques on hand	**93.50**	64.87
With scheduled banks :		
On current accounts	**2107.55**	1733.79
On fixed deposit accounts	**639.73**	291.35
	2747.28	2025.14
	2844.55	2091.48

	31-12-11 ₹ Lakhs	31-12-10 ₹ Lakhs
SCHEDULE 9 : LOANS AND ADVANCES		
(Unsecured - Considered good, unless otherwise stated)		
Advances and loans to the subsidiary (See note 25, Schedule 17)	—	716.42
Advances recoverable in cash or in kind or for value to be received (Including doubtful advances ₹ 36.08 lakhs; Previous Year : ₹ 42.61 lakhs)	**2840.58**	3546.36
Less : Provision for doubtful advances	**36.08**	42.61
	2804.50	3503.75
VAT set off admissible	**182.59**	122.21
Advance payment of Income tax (Net of provision for taxation)	**2979.48**	3127.99
Balances with customs and excise on current account	**952.80**	425.37
	6919.37	7895.74

SCHEDULE 10 : CURRENT LIABILITIES		
Sundry creditors		
Due to micro enterprises and small enterprises (See Note 7, Schedule 17)	**418.68**	316.06
Due to others	**16593.11**	16327.09
	17011.79	16643.15
Deposits	**1125.50**	1575.11
Unpaid dividends*	**357.82**	253.16
Unpaid interest on matured fixed deposits*	—	0.04
Other Liabilities	**858.21**	3278.28
	19353.32	21749.74

* There is no amount due and outstanding to be credited to Investor Education and Protection Fund

SCHEDULE 11 : PROVISIONS		
Employee benefits :		
Compensated Absences	**772.36**	401.53
Gratuity	**147.46**	546.04
Ex-gratia gratuity	**43.58**	64.73
Others :		
Provision for taxation (Net of advance payment of Income tax)	**1219.65**	1042.50
Proposed dividend (Final)	**7998.22**	5332.15
Corporate tax on proposed dividend (Final)	**1297.51**	885.60
	11478.78	8272.55

Schedules
forming part of the Profit and Loss Account

	2011 ₹ Lakhs	2010 ₹ Lakhs
SCHEDULE 12 : OTHER INCOME		
Dividend on current non-trade investments	**1499.04**	677.96
Export incentives	**508.49**	573.83
Profit on sale of fixed assets (Net)	**23.92**	46.10
Cash discounts	**27.26**	34.58
Rental income	**7.69**	204.39
Indenting commission	**784.59**	773.67
Exchange Gain (Net)	**205.89**	—
Provision for doubtful debts/advances written back (Net)	**32.34**	94.79
Profit on sale of current investments (Net)	**60.55**	13.51
Miscellaneous	**793.33**	704.62
	3943.10	3123.45

	2011 ₹ Lakhs	2010 ₹ Lakhs
SCHEDULE 13 : COST OF MATERIALS		
Raw materials consumed	**44637.23**	43151.77
Packing materials consumed	**2616.34**	2721.24
Purchases of finished goods	**13168.38**	13298.05
(Increase)/Decrease in stocks of finished goods and work-in-progress :		
Opening stock		
Finished goods	**4847.10**	4422.91
Work-in-progress	**954.94**	835.37
	5802.04	5258.28
Less : Closing stock		
Finished goods	**5539.68**	4847.10
Work-in-progress	**1534.52**	954.94
	7074.20	5802.04
	(1272.16)	(543.76)
	59149.79	58627.30

	2011 ₹ Lakhs	2010 ₹ Lakhs
SCHEDULE 14 : PERSONNEL COST		
Salaries, wages, bonus, etc.	**5925.05**	4867.33
Contribution/Provision for provident fund, superannuation scheme, gratuity fund, etc.	**430.30**	1011.33
Welfare expenses	**1069.10**	834.11
	7424.45	6712.77

	2011 ₹ Lakhs	2010 ₹ Lakhs
SCHEDULE 15 : INTEREST (NET)		
Interest paid		
Others	**123.35**	116.16
Less : Interest received (Gross) :		
Others (Interest on bank deposits, delayed payments, Investments, etc.) (Tax deducted at source ₹ 36.92 lakhs; Previous Year : ₹ 9.53 lakhs)	**383.80**	92.96
	(260.45)	23.20

	2011 ₹ Lakhs	2010 ₹ Lakhs
SCHEDULE 16 : OTHER EXPENDITURE		
Stores and spare parts etc. consumed	**481.50**	533.38
Repairs and maintenance :		
Plant and machinery	**995.84**	959.36
Buildings	**223.58**	254.82
Others	**176.68**	221.35
Power and fuel	**3746.54**	3604.87
Rent (including lease payments) (See note 16, Schedule 17)	**543.36**	567.73
Rates and taxes (including water charges)	**272.76**	467.36
Insurance	**109.26**	102.11
Clearing, forwarding and transport	**2306.14**	2057.47
Travelling and conveyance	**1448.55**	1245.33
Commission	**254.28**	125.12
Cash discount	**—**	2.55
Other discounts on sales (See note 26, Schedule 17)	**402.51**	816.60
Assets written-off	**36.67**	22.61
Excise duty	**75.53**	116.15
Exchange loss (Net)	**—**	51.73
Legal and consultancy	**770.30**	1399.40
Miscellaneous (See note 18, Schedule 17)	**4342.26**	4102.30
	16185.76	16650.24

Notes

SCHEDULE 17 : Notes on the Balance Sheet and Profit and Loss Account for the year ended 31st December, 2011

1. Significant Accounting Policies

The financial statements are prepared at historical cost on the accrual basis of accounting and in accordance with the standards on accounting notified by the Companies (Accounting Standards) Rules, 2006 and referred to in Section 211(3C) of the Companies Act, 1956.

The significant accounting policies are as follows:

I. Revenue Recognition

The Company recognises sale of goods on transfer of significant risks and rewards of ownership of the goods to the buyer. Sales are net of excise duty, sales tax and trade discounts, wherever applicable.

Dividend income on investments is accounted for when the right to receive the payment is established.

II. Excise Duty

Excise duty payable on products is accounted for at the time of despatch of goods from the factories but is accrued for stocks held at the year end.

Excise Duty related to the difference between the closing stock and opening stock of finished goods has been recognised separately in the profit and loss account under schedule of 'Other Expenditure'.

III. Research and Development

Revenue expenditure on research and development is written off in the profit and loss account in the year in which it is incurred. Capital expenditure on research and development is treated in the same way as expenditure on fixed assets.

IV. Employee Benefits

(a) Short term employee benefit obligations are estimated and provided for.

(b) Post employment benefits and other long term employee benefits:

Defined contribution plans :

Company's contribution to provident fund, superannuation fund, employee state insurance and other funds are determined under the relevant schemes and/or statute and charged to revenue.

Defined benefit plans and compensated absences :

Company's liability towards gratuity, ex-gratia gratuity and compensated absences are actuarially determined at each balance sheet date using the projected unit credit method. Actuarial gains and losses are recognised in revenue.

V. Voluntary Retirement Scheme

Expenditure incurred on voluntary retirement scheme is charged to revenue in the year in which it is incurred.

VI. Fixed Assets and Depreciation/Amortisation

(a) All fixed assets are stated at cost less depreciation, wherever applicable. Cost comprises the purchase price and any other attributable cost of bringing the asset to its working condition for its intended use. Borrowing cost relating to funds borrowed for acquisition of qualifying assets for the year upto the date the assets are put to use is included in cost.

(b) The cost of leasehold land is amortised over the period of the lease.

(c) Intangible assets are being amortised equally over a period of three years.

(d) Depreciation has been calculated on the straight line method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956 except for :

(i) Certain items of furniture, fixture, air conditioners, plant, machinery and equipment on which a depreciation rate of 20% on straight line method is applied,

(ii) Electronic Data Processing (EDP) hardware such as servers on which a depreciation rate of 20% and for other EDP equipments including personal computers and printers on which depreciation rate of 25% on straight line method is applied,

(iii) Motor Cars on which depreciation rate of 25% on straight line method is applied.

(e) Fixed Assets held for disposal are stated at lower of net book value and net realisable value.

VII. Impairment of Assets

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is greater of the asset's net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to the present value using the weighted average cost of capital. Previously recognised impairment loss is further provided or reversed depending on changes in circumstances.

VIII. Inventories

Inventories are valued at the lower of cost and estimated net realisable value after providing for obsolescence. The cost of inventories is generally arrived at on the following basis :

Raw materials, packing materials, trading items and stores and spares	-	Weighted average cost.
Finished goods and work-in-progress	-	Absorption costing at works cost.

IX. Sundry Debtors/Loans and Advances

Sundry debtors and loans and advances are stated after making adequate provision for doubtful debts/advances.

X. Investments

Long term investments are stated at cost less provision for diminution in value, other than temporary. Current investments are stated at the lower of cost and fair value. Dividends are accounted for when the right to receive the dividend payment is established.

XI. Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

XII. Foreign Currency Translations

(a) Monetary items denominated in foreign currency are translated at the exchange rate prevailing on the last day of the accounting year. In respect of items covered by forward contracts, the premium or discount arising at the inception of such a forward exchange contract is amortised as expense or income over the life of the contract. Any profit or loss arising on cancellation of such a forward exchange contract is recognised as income or expense for the period. Foreign currency transactions are accounted at the rate prevailing on the date of transaction.

(b) Non monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction.

(c) Gain or loss arising out of translation/conversion is taken credit for or charged to the Profit and Loss Account.

XIII. Income Tax

Income-tax expense comprises current tax and deferred tax charge or credit. The current tax is determined as the amount of tax payable in respect of the estimated taxable income for the year. The deferred tax charge or credit is recognised using prevailing enacted or substantively enacted tax rates. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. Deferred tax assets/liabilities are reviewed at each Balance Sheet date based on developments during the year and available case laws, to reassess realisation/liabilities.

XIV. Contingencies/Provisions

Provision is recognised when the Company has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions except in respect of employee benefits are not discounted to its present value and are determined based on best estimate of the expenditure required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying the economic benefit is remote.

2. Segment Information for the year ended 31st December, 2011 (As required by Accounting Standard (AS)-17 Segment Reporting) :

(a) The Company is organised into two primary business segments mainly :

(i) **Intermediates and Colours** :
Includes pigment dyestuffs and their dispersion, Intermediates for dyes, pesticides and pharmaceuticals and masterbatches for plastics and nylon fibers.

(ii) **Dyes and Specialty Chemicals** :
Includes dyestuff synthetic resins, binder materials, auxiliaries and chemicals.

(b) The secondary segments of the Company are geographical segments mainly :

(i) India

(ii) Outside India

(c) Segments have been identified and reported taking into account the nature of products and services, the differing risk and returns, the organisation structure, and the internal financial reporting system.

(d) (i) **Segment Revenue and Results** :
The expenses which are not directly attributable to the business segment are shown as unallocated corporate cost.

(ii) **Segment assets and liabilities** :
Segment assets include all operating assets used by the business segment and consist principally of fixed assets, debtors and inventories. Segment liabilities primarily include creditors and other liabilities.

(iii) Assets and liabilities that cannot be allocated among the segments are shown as a part of unallocable corporate assets and liabilities respectively.

Information about primary business segments :

	2011 ₹ Lakhs			2010 ₹ Lakhs		
	Inter-mediates & Colours	**Dyes and Specialty Chemicals**	**Total**	Inter-mediates & Colours	Dyes and Specialty Chemicals	Total
Revenue (net)						
External sales/Revenue	**37892.76**	**57715.36**	**95608.12**	35851.48	61619.80	97471.28
Results						
Segment results	**6296.09**	**8613.00**	**14909.09**	6849.82	12010.63	18860.45
Unallocated corporate expenses (net)			**238.17**			(1575.42)
Operating profits			**15147.26**			17285.03
Interest Income			**383.80**			92.96
Interest expenses			**(123.35)**			(116.16)
Profit before exceptional items and taxation			**15407.71**			17261.83
Exceptional items (See note 23, Schedule 17)			**24133.20**			(729.47)
Profit before taxation after exceptional items			**39540.91**			16532.36
Current tax/Deferred tax			**(9137.01)**			(5293.64)
Excess/(Short) provision for taxation [for earlier years]			**—**			2.78
Profit after tax			**30403.90**			11241.50
Other information						
Segment assets	**24898.98**	**21688.69**	**46587.67**	19160.66	20515.10	39675.76
Unallocated corporate assets			**33263.65**			27161.39
Total assets			**79851.32**			66837.15
Segment liabilities	**7821.05**	**11305.84**	**19126.89**	7427.12	11909.36	19336.48
Unallocated corporate liabilities			**2886.10**			4573.34
Total liabilities			**22012.99**			23909.82
Capital expenditure	**3146.04**	**1672.34**	**4818.38**	2519.20	941.64	3460.84
Unallocated corporate capital expenditure			**25.01**			51.74
Total capital expenditure			**4843.39**			3512.58
Depreciation/Amortisation	**983.45**	**811.23**	**1794.68**	841.79	796.26	1638.05
Unallocated corporate depreciation			**17.75**			51.11
Total depreciation/amortisation			**1812.43**			1689.16
Non cash expenses other than depreciation/amortisation	**175.49**	**215.17**	**390.66**	168.72	239.94	408.66
Unallocated corporate non cash expenses other than depreciation/amortisation			**20.12**			218.40
Total Non cash expenses other than depreciation/amortisation			**410.78**			627.06

Information about secondary segments :

	2011 ₹ Lakhs			2010 ₹ Lakhs		
	India	**Outside India**	**Total**	India	Outside India	Total
External sales	**72993.28**	**22614.84**	**95608.12**	76783.58	20687.70	97471.28
Segment assets	**43734.92**	**2852.75**	**46587.67**	37518.59	2157.17	39675.76
Additions to fixed assets	**4818.38**	**—**	**4818.38**	3460.84	—	3460.84

Note :

Total liabilities exclude the following :

(a) Proposed dividend ₹ **7998.22 lakhs** (₹ 5332.15 lakhs)

(b) Corporate tax on proposed dividend ₹ **1297.51 lakhs** (₹ 885.60 lakhs)

3. Related Party Disclosure as required by AS-18 "Related Party Disclosures" are given below :-

Relationship :

a) Holding Company :

EBITO Chemiebeteiligungen AG, Clariant International AG and Clariant Participations AG, together hold 63.40% equity shares in the Company, the ultimate holding company being Clariant AG, Switzerland.

b) Subsidiary of the Company :

The Company has subsidiary Chemtreat Composites India Pvt. Ltd. - 100% shareholding (upto 02.10.2011)

c) Other related parties in the Clariant group where common control exists and with whom the company has transactions :

Fellow Subsidiary Companies :

Clariant (Australia) Pty. Ltd.
Clariant (Canada) Inc.
Clariant (China) Ltd.
Clariant (Colombia) SA
Clariant (Egypt) SAE
Clariant (Guatemala) SA
Clariant (Gulf) FZE
Clariant (Japan) K.K.
Clariant (Korea) Ltd.
Clariant (Malaysia) Sdn Bhd
Clariant (Maroc) S.A.
Clariant (Mexico) S.A. de C.V.
Clariant (Pakistan) Ltd.
Clariant (Perú) S.A.
Clariant (Singapore) Pte. Ltd.
Clariant (Thailand) Ltd.
Clariant (Tianjin) Ltd.
Clariant (Uruguay) SA
Clariant Chemicals (China) Ltd.
Clariant Chemicals (Taiwan) Co., Ltd.
Clariant Corporation
Clariant Export AG
Clariant Ibérica Producción S.A.
Clariant Masterbatch Ibérica S.A.
Clariant Masterbatches (Deutschland) GmbH
Clariant Masterbatches (Malaysia) Sdn Bhd
Clariant Masterbatches (Italia) S.p.A.
Clariant Masterbatches (Saudi Arabia) Ltd.
Clariant Masterbatches (Shanghai) Ltd.
Clariant Masterbatches (Thailand) Ltd.
Clariant Masterbatches Benelux SA
Clariant Masterbatches Huningue
Clariant Masterbatches Ireland Limited
Clariant Masterbatches Norden AB
Clariant Pigments (Korea) Ltd.
Clariant Pigments (Tianjin) Ltd.
Clariant Prodotti (Italia) S.p.A.
Clariant Production (France)
Clariant Produkte (Deutschland) GmbH
Clariant Produkte (Schweiz) AG
Clariant S.A.
Clariant Southern Africa (Pty.) Ltd.
Clariant Specialty Chemicals (Zhenjiang) Co., Ltd.
Clariant Trading (China) Ltd.
Clariant (Türkiye) Boya ve Kimyevi Maddeler Sanayi ve Ticaret A.S.
K.J. Quinn
PT Clariant Indonesia
The Egyptian German Company for Dyes & Resins SAE (EGCODAR SAE)

d) Key Management Personnel :

P. Palm : Vice-Chairman & Managing Director

During the year following transactions were entered into with related parties :

(i) Holding Company, Subsidiary Company and Fellow Subsidiaries :

	2011 ₹ Lakhs	2010 ₹ Lakhs
Holding Company :		
Transactions during the year :		
Clariant International AG		
Sales of goods	**0.14**	143.74
Purchase of goods	**7356.36**	9046.35
Services rendered	**851.81**	473.52
Services received	**635.41**	811.22
Dividend paid	**3037.50**	1518.75
Expenses recovered	**94.95**	6.84
EBITO Chemiebeteiligungen AG		
Dividend Paid	**4083.54**	2041.77
Clariant Participations AG		
Dividend Paid	**1330.00**	665.00
Balances outstanding as at the year end :		
Amount payable	**1289.88**	1640.13
Amount receivable	**286.19**	175.60
Subsidiary Company :		
Transactions during the year :		
Chemtreat Composites India Pvt. Ltd.		
Sale of capital goods	**—**	0.22
Services rendered	**61.38**	132.59
Loan given during the year	**32.00**	55.00
Loan repaid during the year	**732.00**	15.00
Amount receivable	**—**	716.42
Fellow Subsidiaries :		
Transactions during the year :		
Sales of goods		
Clariant Produkte (Deutschland) GmbH	**3890.03**	4294.64
Clariant Corporation	**603.63**	1893.99
Clariant (China) Ltd.	**2101.33**	4186.57
Clariant (Singapore) Pte. Ltd.	**8937.81**	555.09
Others	**3833.39**	6086.33
Purchase of goods		
Clariant (Tianjin) Ltd.	**368.48**	640.97
Clariant (China) Ltd.	**1040.95**	1276.94
PT Clariant Indonesia	**166.48**	280.46
Others	**769.57**	562.81

During the year following transactions were entered into with related parties : (Contd.)

(i) Holding Company, Subsidiary Company and Fellow Subsidiaries : (Contd.)

	2011 ₹ Lakhs	2010 ₹ Lakhs
Fellow Subsidiaries : (Contd.)		
Transactions during the year : (Contd.)		
Purchase of capital goods		
CI Pigments, KR	**377.73**	—
Clariant Masterbatches (Italia) S.p.A.	**—**	11.18
Others	**63.59**	—
Services rendered and others		
Clariant Export AG	**—**	237.38
Clariant Produkte (Schweiz) AG	**20.97**	13.63
Clariant (China) Ltd.	**19.51**	15.47
Clariant Masterbatches (Thailand)	**11.67**	9.38
Others	**15.59**	22.23
Expenses recovered		
Clariant (Singapore) Pte. Ltd.	**1.03**	0.06
Clariant S.A.	**0.38**	—
CI Produccion (ES)	**0.34**	0.04
Clariant Taiwan	**0.20**	—
Clariant Chemicals (China) Ltd	**—**	0.35
Clariant Produkte (Deutschland) GmbH	**—**	0.15
Clariant (Thailand) Ltd.	**—**	0.15
Clariant Corporation	**—**	0.14
Others	**—**	0.07
Services received and others		
Clariant (Gulf) FZE	**17.68**	12.75
PT Clariant Indonesia	**11.36**	16.00
Clariant Southern Africa (Pty) Ltd.	**5.40**	2.04
Clariant (Singapore) Pte. Ltd.	**3.93**	30.24
Clariant Pigments (Korea) Ltd.	**5.40**	6.60
Others	**7.53**	6.41
Expenses reimbursed		
Clariant (China) Ltd.	**—**	0.58
Balances outstanding as at the year end :		
Amount payable	**477.20**	444.18
Amount receivable	**3795.74**	2565.26
(ii) Key Management Personnel :		
Remuneration	**199.64**	169.01
Payable balance	**51.11**	26.75

		31-12-2011 ₹ Lakhs	31-12-2010 ₹ Lakhs
4.	**Contingent liabilities not provided for :**		
	(a) in respect of income tax matters		
	decided against the Company, in respect of which the Company is in further appeal	**1169.79**	1893.82
	decided in favour of the Company against which the department is in appeal	**389.19**	14.78
	(b) in respect of sales tax matters	**4958.64**	2440.58
	(c) in respect of excise matters	**892.11**	615.26
	(d) in respect of bills of exchange discounted with banks [since realised ₹ **840.51 lakhs** (₹ 874.44 lakhs)]	**1348.13**	1138.96
	(e) Other matters in dispute	**2.25**	2.25
	(f) Disputed labour matters - Amount not ascertained.		
	In respect of items (a) to (c), (e) & (f) future cash outflows in respect of contingent liabilities is determinable only on receipt of judgements pending at various forums/authorities.		

5.	**Estimated amount of contracts remaining to be executed on capital account and not provided for**	**2480.02**	821.56

6.	**Deferred Taxes :**		
	The major components of deferred tax assets and deferred tax liabilities are set out below :		
	Deferred tax assets		
	(a) Provision for doubtful debts	**59.43**	71.59
	(b) Provision for retirement benefits	**312.62**	336.29
	(c) Expenses allowable for tax purposes when paid	**51.10**	52.31
	(d) Payment/Provision for voluntary retirement scheme	**583.27**	979.04
		1006.42	1439.23
	Deferred tax liabilities		
	Depreciation/Amortisation	**(1462.85)**	(1331.15)
	Deferred tax assets/(liabilities) - Net	**(456.43)**	108.08

7.	**Disclosure required under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act) are given as follows :**		
	(a) Principal amount due	**418.68**	316.06
	Interest due on the above		
	(b) Interest paid during the year beyond the appointed day	**—**	—
	(c) Amount of interest due and payable for the period of delay in making payment without adding the interest specified under the Act	**—**	—
	(d) Amount of interest accrued and remaining unpaid at the end of the year	**—**	—
	(e) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Act	**—**	—
	The above information and that given in Schedule - 10 'Current Liabilities' regarding micro enterprises and small enterprises has been determined on the basis of information available with the Company. This has been relied upon by the auditors. No Interest has been accrued for delayed payments, if any.		

8. Disclosure in respect of Derivative Instruments :

The Company uses Forward Exchange Contracts to hedge its exposure in foreign currency. The information on derivative instruments is as follows :

	31-12-2011		31-12-2010	
	Amount in foreign currency	**Amount ₹ Lakhs**	Amount in foreign currency	Amount ₹ Lakhs
(a) **Forward exchange contracts outstanding as at**				
Currency				
EUR/INR (Purchase)	—	—	450000	274.90
		—		274.90
(b) **Foreign currency exposures not covered by a derivative instrument**				
(i) Amount receivable on account of export of goods and services.				
Currency				
USD	**4803894**	**2564.64**	4334693	1942.94
EUR	**386982**	**267.31**	120820	72.40
CHF	**36605**	**20.80**	296429	141.83
		2852.75		2157.17
(ii) Amount payable on account of import of goods and services.				
Currency				
USD	**3369540**	**1799.14**	2708281	1213.63
EUR	**1640890**	**1133.41**	2233849	1337.93
CHF	**352340**	**200.13**	742430	355.19
		3132.68		2906.75

	2011 ₹ Lakhs	2010 ₹ Lakhs
9. (a) Amount paid/payable by the Company to Directors (including Managing Director) as remuneration for services rendered in any capacity :		
Directors' sitting fees	**2.75**	1.35
Salaries	**130.77**	130.57
Commission	**64.11**	36.75
Other perquisites and benefits in cash or in kind	**17.76**	11.69
	215.39	180.36
(b) Computation of net profit for commission payable to the Directors in accordance with Section 198 of the Companies Act, 1956 :		
Profit after tax as per profit and loss account	**30403.90**	11241.50
Add : Provision for taxation-net	**9137.01**	5290.86
Managerial remuneration	**215.39**	180.36
Wealth tax	**1.14**	2.22
	9353.54	5473.44
	39757.44	16714.94
Less : Profit on sale of investments	**60.55**	13.51
Provision for doubtful debts/advances written back (net)	**32.34**	94.79
Capital profit on sale of fixed assets	**2.17**	0.75
Exceptional items (See note 23, Schedule 17)	**24133.20**	(729.47)
	24228.26	(620.42)
Net profit as per Section 198	**15529.18**	17335.36
Commission :		
To Vice-Chairman & Managing Director Restricted to an amount as determined by the Board of Directors.	**51.11**	26.75
To Directors who are not in whole-time employment of the Company @ 1% of net profit i.e. ₹ **155.29 lakhs** (₹ 173.35 lakhs) Restricted to an amount as determined by the Board of Directors.	**13.00**	10.00
	64.11	36.75

10. Capacities and production :

Class of goods	2011 Annual Installed Capacity M.Tonnes #	2011 Production M.Tonnes * #	2010 Annual Installed Capacity M.Tonnes #	2010 Production M.Tonnes * #
(a) Intermediates and colours	**12002**	**9570**	12749	10128
(b) Dyes and specialty chemicals	**74986**	**49044**	71160	55984

* Excluding captive consumption

\# At different concentrations

Notes :

1 The classification between the class of goods and the installed capacities have been certified by the Vice-Chairman & Managing Director on which the auditors have placed reliance, this being a technical matter.

2 Licensed capacity per annum not indicated due to the abolition of Industrial Licenses as per Notification No. 477(E) dated 25th July, 1991 issued under The Industries (Development and Regulations) Act, 1951.

11. Purchase of finished goods :

Class of Goods	2011 Quantity M.Tonnes*	2011 Value ₹ Lakhs	2010 Quantity M.Tonnes*	2010 Value ₹ Lakhs
Trading Items :				
Dyes, Chemicals, Pigments, Masterbatches, etc.	**6661**	**13168.38**	7753	13298.05

* Includes 392 M. Tonnes (503 M. Tonnes) used for captive consumption.

12. Raw materials consumed :

	2011 Quantity M.Tonnes	2011 Value ₹ Lakhs	2010 Quantity M.Tonnes	2010 Value ₹ Lakhs
(a) Acetic acid glacial	**663**	**205.09**	754	178.17
(b) Phthalo Crude Blue	**1093**	**2870.60**	1360	2885.77
(c) Others		**41561.54**		40087.83
(None of the items individually exceed 10% of the total value of raw materials consumed)				
		44637.23		43151.77

Note : Raw materials consumed have been arrived at after write down of certain items and excess/shortage on physical verification

13. Consumption of raw materials :

	2011 % of total Consumption	2011 Value ₹ Lakhs	2010 % of total Consumption	2010 Value ₹ Lakhs
(a) Raw materials :				
Imported	**37.00**	**16503.91**	36.71	15839.64
Indigenous	**63.00**	**28133.32**	63.29	27312.13
	100.00	**44637.23**	100.00	43151.77

(b) Components and spare parts referred to in Paragraph 4D (c) of Schedule VI of the Companies Act, 1956 are assumed to be incorporated in the goods produced and not those used for maintenance of plant and machinery.

14. Sales, Opening and Closing Stock :

Class of goods	Opening Stock Quantity M.Tonnes	Opening Stock Value ₹ Lakhs	Closing Stock Quantity M.Tonnes	Closing Stock Value ₹ Lakhs	Gross Sales (Inclusive of excise duty) Quantity M.Tonnes	Gross Sales (Inclusive of excise duty) Value ₹ Lakhs
(a) Intermediates and Colours	**608**	**2032.65**	**671**	**2366.25**	**9507**	**39737.44**
	(564)	(1651.62)	(608)	(2032.65)	(10084)	(37626.59)
(b) Dyes and Specialty Chemicals	**1718**	**1370.69**	**2266**	**1703.98**	**48496**	**45418.14**
	(1860)	(1265.37)	(1718)	(1370.69)	(56126)	(48783.23)
(c) Trading items (including Dyes, Chemicals,	**706**	**1443.76**	**659**	**1469.45**	**6316**	**16430.27**
Pigments, Masterbatches, etc.)	(889)	(1505.92)	(706)	(1443.76)	(7433)	(17065.82)
		4847.10		**5539.68**		**101585.85**
		(4422.91)		(4847.10)		(103475.64)

		2011 ₹ Lakhs	2010 ₹ Lakhs
15.	**Earnings per share :**		
	(a) Net profit after taxation	**30403.90**	11241.50
	(b) Number of equity shares outstanding	**26660745**	26660745
	(c) Basic and Diluted earnings per share (In ₹)	**114.04**	42.16
	(d) Face value per share (In ₹)	**10.00**	10.00
16.	**Assets taken on lease on or after 1st April, 2001 :**		
	(a) In respect of operating leases, where lease agreements have been formally entered into, lease payments recognised in the profit and loss account for the year are as follows : Office premises, vehicles and computers	**405.62**	392.71
	(b) There are no restrictions such as those concerning dividends, additional debt and further leasing, imposed by the lease agreements entered into by the Company.		
	(c) Contingent rent payments in respect of vehicles are dependent upon the excess of actual usage, if any, over stipulated usage.		
	(d) The total of future minimum lease payments under non-cancellable operating leases are as follows :		
	For a period not later than one year	**273.93**	311.66
	For a period later than one year and not later than five years	**261.62**	420.25
	Total	**535.55**	731.91
17.	**Expenditure on Research and Development :**		
	Revenue expenditure charged to profit and loss account	**—**	37.75
18.	**Miscellaneous Expenses in Schedule 16 : Other expenditure include :**		
	Auditors' remuneration and expenses : (Excluding Service tax)		
	(a) Audit fees	**25.00**	23.75
	(b) Company law matters	**—**	0.15
	(c) Other services*	**22.60**	21.25
	(d) Out-of-pocket expenses	**0.24**	0.50
		47.84	45.65
	* Includes ₹ 0.50 lakhs payments made to a firm in which some of the partners of the audit firm are partners		
19.	**Value of imports (C.I.F.) :**		
	(a) Raw materials, Packing materials and trading items	**20343.60**	20795.42
	(b) Components and spare parts	**91.84**	47.86
	(c) Capital goods	**833.72**	119.93
20.	**Expenditure in foreign currency (subject to deduction of tax where applicable) :**		
	(a) Commission	**199.22**	168.32
	(b) Interest	**30.59**	20.67
	(c) Others (includes exchange loss)	**1644.73**	1628.29
21.	**Remittance in foreign currency on account of dividend :**		
	Number of non-resident shareholders where direct remittances have been made by the Company	**3**	3
	Number of shares on which dividend is remitted	**16902080**	16902080
	Year to which dividend relates		
	2011(Interim)	**5070.62**	—
	2010(Final)	**3380.42**	—
	2010(Interim)	**—**	1690.21
	2009(Final)	**—**	2535.31
22.	**Earnings in foreign exchange :**		
	(a) Exports (F.O.B.)	**21609.90**	19731.48
	(b) Others (insurance, freight, commission, claims, exchange gain etc.)	**2558.47**	1994.06
23.	**Exceptional items in Profit & Loss Account include :**		
	(a) Termination benefit costs	**97.29**	1056.47
	(b) Profit on sale of investment in subsidiary (long term)	**(183.30)**	—
	(c) Profit on sale of land and infrastructure thereon at balkum site due to restructuring	**(24047.19)**	—
	(d) Income from sale of diketene and intermediate business	**—**	(532.65)
	(e) Write off/loss on sale of fixed assets due to restructuring	**—**	205.65
		(24133.20)	729.47

24. Employee Benefits :

	2011 ₹ Lakhs		2010 ₹ Lakhs	
	Funded	**Unfunded**	Funded	Unfunded
(a) Defined benefit Plans - As per Actuarial valuation as on 31st December, 2011 :				
Gratuity				
(i) Expenses recognised in the statement of Profit and Loss Account for the year				
1. Current service cost	**112.41**	**0.55**	116.72	0.85
2. Interest cost	**215.98**	**5.39**	187.38	5.54
3. Expected return on plan assets	**(163.41)**	**—**	(171.32)	—
4. Net actuarial (gain)/loss recognised during the year	**(254.26)**	**(24.47)**	293.60	2.70
5. Effect of curtailments or settlements	**—**	**—**	78.41	—
6. Expense/(Income) recognised in Profit & Loss Account	**(89.28)**	**(18.53)**	504.79	9.09
[Gratuity expense/(income) have been recognised in Contribution/ Provision for provident fund, superannuation scheme, gratuity fund etc in "Personnel Cost" under Schedule 14]				
(ii) Actual return on plan assets for the year				
1. Expected return on plan assets	**163.41**	**—**	171.32	—
2. Actuarial gain/(loss) on plan assets	**52.95**	**—**	(0.91)	—
3. Actual return on plan assets	**216.36**	**—**	170.41	—
(iii) Net Asset/(Liability) recognised in the Balance Sheet as at the year end				
1. Present value of the defined benefit obligation	**2405.14**	**43.58**	2505.53	64.73
2. Fair value of plan assets	**2257.68**	**—**	1959.49	—
3. Net Asset/(Liability) recognised in the balance sheet	**(147.46)**	**(43.58)**	(546.04)	(64.73)
(iv) Change in defined benefit obligation during the year				
1. Present value of obligation at the beginning of the year	**2505.53**	**64.73**	2342.20	69.21
2. Current service cost	**112.41**	**0.55**	116.72	0.85
3. Interest cost	**215.98**	**5.39**	187.38	5.54
4. Benefits Paid	**(227.47)**	**(2.62)**	(511.87)	(13.57)
5. Effect of curtailments or settlements	**—**	**—**	78.41	—
6. Actuarial (gain)/loss on obligation	**(201.31)**	**(24.47)**	292.69	2.70
7. Present value of obligation as at the end of the year	**2405.14**	**43.58**	2505.53	64.73
(v) Changes in fair value of plan asset during the year				
1. Fair value of plan assets as at the beginning of the year	**1959.49**	**—**	2141.47	—
2. Expected return on plan assets	**163.41**	**—**	171.32	—
3. Contributions made	**309.30**	**—**	159.48	—
4. Benefits paid	**(227.47)**	**—**	(511.87)	—
5. Actuarial gain/(loss) on plan assets	**52.95**	**—**	(0.91)	—
6. Fair value of plan assets as at the end of the year	**2257.68**	**—**	1959.49	—
(vi) Major categories of Plan Assets as a percentage of total plan assets				
1. Central government securities	**25.95%**	**—**	32.20%	—
2. State government securities	**10.37%**	**—**	13.15%	—
3. Private sector bonds	**25.98%**	**—**	29.05%	—
4. Cash at bank	**1.12%**	**—**	1.71%	—
5. Investment in insurance companies	**33.12%**	**—**	27.58%	—
6. Others	**3.46%**	**—**	-3.69%	—
(vii) Actuarial assumptions				
1. Discount rate	**8.40%**	**8.40%**	8.25%	8.25%
2. Expected rate of return on plan assets	**8.00%**	**—**	8.00%	—
3. Salary escalation	**4.0%-6.0%**	**4.0%-6.0%**	4.0%-6.0%	4.0%-6.0%
(viii) The company expects to contribute ₹ 170.00 lakhs to the funded gratuity plans in the year 2012				

24. Employee Benefits (Contd.):

(ix) Net assets/(liability) recognised in the balance sheet as at respective year ends and experience adjustments :

Particulars			(₹ in Lakhs)
Funded	**2011**	**2010**	**2009**
1. Present value of defined benefit obligation	**2405.14**	2505.53	2342.20
2. Fair value of plan assets	**2257.68**	1959.49	2141.47
3. Funded status [surplus/(deficit)]	**(147.46)**	(546.04)	(200.73)
4. Experience adjustment arising on :			
a. Plan liabilities	**(165.16)**	348.52	(49.77)
b. Plan assets	**52.95**	(0.91)	(38.87)
Unfunded			
1. Present value of defined benefit obligation	**43.58**	64.73	69.21
2. Fair value of plan assets	**—**	—	—
3. Funded status [surplus/(deficit)]	**(43.58)**	(64.73)	(69.21)
4. Experience adjustment arising on :			
a. Plan liabilities	**(23.31)**	4.29	4.54
b. Plan assets	**—**	—	—

	2011 ₹ Lakhs	2010 ₹ Lakhs
Other long term benefits		
The defined benefit obligations which are provided for but not funded are as under : Compensated Absence/Leave Salary	**772.36**	401.53
(b) Gratuity is administered through duly constituted and approved independent trusts and also through Group gratuity scheme with Life Insurance Corporation of India		
(c) Future salary increases considered in actuarial valuation take in to account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market		
(d) Basis used to determine expected rate of return on plan assets : The expected rate of return on plan assets is based on market expectation, at the beginning of the year, for returns over the entire life of the related obligation.		
(e) Accounting standard 15 "Employee Benefits" requires the disclosure of experience adjustments for past four years, however, the information is given only for the current and previous two year.		
(f) During the year the Company has recognised the following amounts in the Profit & Loss account		
in Schedule 14 :		
Salaries, wages, bonus includes compensated absences	**452.98**	138.00
Contribution/Provision for provident fund, superannuation scheme, gratuity fund etc includes :-		
Provident fund & family pension	**280.16**	253.46
Superannuation fund	**257.18**	242.65
Gratuity fund	**(107.81)**	513.88
Other funds	**0.77**	1.34

25. Advances and loans to the subsidiary of ₹ **Nil** (₹ 716.42 lakhs) is due from Chemtreat Composites India Private Limited (interest free and repayable on demand). Maximum amount due during the year ₹ **800.46 lakhs** (₹ 782.03 lakhs).

26. Other discounts on sales included in 'Schedule 16 : Other Expenditure' are net of reversal of excess provision made in earlier years of ₹ 231.91 lakhs.

27. During the year the Company has divested its entire shareholding in the Subsidiary Company Chemtreat Composites India Private Limited for a total consideration of ₹ 508.30 lakhs.

28. The cyclone, which hit Tamil Nadu coast on 30th December, 2011 caused damage to plant, infrastructure facilities and equipment at our manufacturing site located at Cuddalore. The assets damaged are covered by insurance policy taken by the Company. The difference, if any, between actual loss and claim from the insurance company is yet to be determined. However, the amount involved is not expected to be material.

29. Figures for the previous year have been regrouped wherever necessary to conform to the current year's classification.

30. The figures in brackets are those in respect of the previous accounting year.

For and on behalf of the Board,

R. A. Shah	Chairman
P. Palm	Vice-Chairman & Managing Director
Dr. H. Schloemer B. S. Mehta Diwan A. Nanda	Directors
B. L. Gaggar	Director Finance & Company Secretary

Mumbai, 17th February, 2012

Statement pursuant to Part IV of Schedule VI to The Companies Act, 1956

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	11-10806	State Code	11
Balance Sheet Date	31-12-2011		
	Date Month Year		

II. Capital raised during the year (Amount in ₹ Thousands)

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III. Position of Mobilisation and Deployment of Funds (Amount in ₹ Thousands)

Total Liabilities*	7985132	Total Assets	7985132

Sources of Funds

Paid-up Capital	266607	Reserves and Surplus	4587653
Secured Loans	NIL	Unsecured Loans	2019

Application of Funds

Net Fixed Assets	1853780	Investments	2665126
Net Current Assets**	337373	Miscellaneous Expenditure	NIL
Accumulated Losses	NIL		

* Including Shareholder's funds
** Includes Deferred tax liability (net) ₹ 45643

IV. Performance of Company (Amount in ₹ Thousands)

Turnover (Gross Revenue) @	9955122	Total Expenditure	6001031

@ Includes Other Income ₹ 394310

	+	-	Profit Before Tax		+	-	Profit After Tax
	✓		3954091		✓		3040390

Earnings Per Share in ₹**	114.04	Dividend Rate %	600

** Earnings per share has been computed by dividing profit after tax by the total number of issued equity shares as at the year end.

V. Generic Names of Three Principal Products of Company

Item Code No.	Product Description
291470.90	CHLORANIL DRY
320210.00	CORALON OT-IN P
320417.51	PV FAST BLUE BG-IN

For and on behalf of the Board,

R. A. Shah	Chairman
P. Palm	Vice-Chairman & Managing Director
Dr. H. Schloemer B. S. Mehta Diwan A. Nanda	Directors
B. L. Gaggar	Director Finance & Company Secretary

Mumbai, 17th February, 2012

Auditors' Report

TO THE BOARD OF DIRECTORS OF CLARIANT CHEMICALS (INDIA) LIMITED

1. We have audited the attached Consolidated Balance Sheet of CLARIANT CHEMICALS (INDIA) LIMITED ("the Company") and its subsidiary (the Company and its subsidiary constitute "the Group") as at 31st December, 2011 the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

2. We conducted our audit in accordance with the 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As stated in note 15 of Schedule 17, the financial statements of the subsidiary, whose financial statements reflect total assets (net) of ₹ 76.68 lakhs as at October 2, 2011, total revenue of ₹ 557.24 lakhs and net cash inflow amounting to ₹ 26.09 lakhs, have not been audited and have been consolidated based on financial statement prepared by the management.

4. Subject to the matters referred to in paragraph 3 above:
   a. 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) as notified under the Companies (Accounting Standards) Rules, 2006.
   b. Based on our audit and on consideration of the separate audit reports on individual financial statements of the Company and its aforesaid subsidiary and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
      (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st December, 2011;
      (ii) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date and
      (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No. 117465W)

A. C. Khanna
Partner
(Membership No.: 17814)

MUMBAI, 17th February, 2012

Consolidated Balance Sheet
as at 31st December, 2011

	Schedule	31-12-11 ₹ Lakhs	31-12-10 ₹ Lakhs
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	**2666.07**	2666.07
Reserves and surplus	2	**45876.53**	34008.05
		48542.60	36674.12
Loan funds			
Unsecured loans	3	**20.19**	105.28
		20.19	105.28
Deferred tax liability - Net (See note 6, Schedule 17)		**456.43**	—
		49019.22	36779.40
APPLICATION OF FUNDS			
Fixed assets	4		
Gross block		**37951.48**	34623.62
Less : Accumulated depreciation and impairment		**20902.76**	20290.48
Net block		**17048.72**	14333.14
Capital work-in-progress and advances, etc.		**1489.08**	2045.56
		18537.80	16378.70
Fixed assets held for disposal		**—**	378.70
Investments	5	**26651.26**	18858.91
Deferred tax asset - Net (See note 6, Schedule 17)		**—**	108.08
Current assets, loans and advances			
Inventories	6	**11559.43**	9184.12
Sundry debtors	7	**13338.91**	12679.55
Cash and bank balances	8	**2844.55**	2106.60
Loans and advances	9	**6919.37**	7201.69
		34662.26	31171.96
Less : **Current liabilities and provisions**			
Liabilities	10	**19353.32**	21826.85
Provisions	11	**11478.78**	8290.10
		30832.10	30116.95
Net current assets		**3830.16**	1055.01
		49019.22	36779.40
Notes on consolidated balance sheet and profit and loss account	17		

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

A.C. Khanna
Partner

Mumbai, 17th February, 2012

For and on behalf of the Board,

R. A. Shah — Chairman

P. Palm — Vice-Chairman & Managing Director

Dr. H. Schloemer
B. S. Mehta
Diwan A. Nanda — Directors

B. L. Gaggar — Director Finance & Company Secretary

Mumbai, 17th February, 2012

Consolidated Profit and Loss Account

for the year ended 31st December, 2011

	Schedule	2011 ₹ Lakhs	2010 ₹ Lakhs
INCOME			
Sales - Gross		**102168.69**	104162.60
Less : Excise duty		**6004.78**	6034.73
Sales - Net		**96163.91**	98127.87
Other income	**12**	**3944.55**	3141.56
		100108.46	101269.43
EXPENDITURE			
Cost of materials	**13**	**59346.38**	58840.52
Personnel cost	**14**	**7482.01**	6712.77
Interest (Net)	**15**	**(260.45)**	23.20
Depreciation/Amortisation	**4**	**1869.88**	1760.82
Other expenditure	**16**	**16361.10**	16873.33
		84798.92	84210.64
Less : Service charges recovered		**107.09**	237.18
		84691.83	83973.46
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAXATION		**15416.63**	17295.97
Exceptional items (See note 12, Schedule 17)		**(24166.61)**	729.47
PROFIT AFTER EXCEPTIONAL ITEMS AND BEFORE TAXATION		**39583.24**	16566.50
Provision for taxation			
Current tax		**8579.37**	5143.55
Deferred tax		**564.51**	167.64
(Excess)/Short provision for taxation in respect of earlier years		**—**	(2.78)
PROFIT AFTER TAXATION		**30439.36**	11258.09
Balance brought forward from previous year		**3802.39**	2979.62
AVAILABLE FOR APPROPRIATION		**34241.75**	14237.71
APPROPRIATED AS FOLLOWS			
General reserve		**3040.39**	1124.15
Interim dividend		**7998.22**	2666.07
Proposed dividend (Final)		**7998.22**	5332.15
Corporate tax on dividend (Interim & Final)		**2595.02**	1328.40
Corporate tax on dividend of previous period		**(20.58)**	(15.45)
Balance carried to the balance sheet		**12630.48**	3802.39
		34241.75	14237.71
Notes on consolidated balance sheet and profit and loss account	**17**		
Basic and Diluted earnings per share (in ₹) (See note 8, Schedule 17)		**114.17**	42.23
Face value per share (in ₹)		**10.00**	10.00

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

A.C. Khanna
Partner

Mumbai, 17th February, 2012

For and on behalf of the Board,

R. A. Shah — Chairman
P. Palm — Vice-Chairman & Managing Director
Dr. H. Schloemer, B. S. Mehta, Diwan A. Nanda — Directors
B. L. Gaggar — Director Finance & Company Secretary

Mumbai, 17th February, 2012

Consolidated Cash Flow Statement

for the year ended 31st December, 2011

	2011 ₹ Lakhs	2010 ₹ Lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit after exceptional items and before taxation	**39583.24**	16566.50
Adjustments for :		
Depreciation/Amortisation	**1869.88**	1760.82
Unrealised foreign exchange (gain)/loss (Net)	**(22.87)**	(5.89)
Interest income	**(383.80)**	(92.96)
Dividend income	**(1499.04)**	(677.96)
Loss/(profit) on sale of assets (Net)	**(24071.11)**	(512.16)
Profit on sale of subsidiary	**(216.71)**	—
Loss/(profit) on sale of investments (Net)	**(60.55)**	(13.51)
Provision for doubtful debts/advances (Net)	**(32.34)**	(94.79)
Provision for leave encashment	**370.83**	36.51
Provision for ex-gratia gratuity	**(21.15)**	(4.48)
Provision for gratuity	**(398.58)**	345.31
Interest expenses	**123.35**	116.16
Assets written-off	**36.67**	206.89
Operating profit before working capital changes	**15277.82**	17630.44
Adjustments for :		
Trade and other receivables	**134.49**	1693.81
Inventories	**(2475.54)**	(1419.88)
Trade, other payables and provisions	**(2518.76)**	5198.42
Cash generated from operations	**10418.01**	23102.79
Direct taxes paid - (Net of refunds)	**(8272.69)**	(6709.91)
Net cash from operating activities	**2145.32**	16392.88
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	**(4884.71)**	(3575.91)
Sale of fixed assets	**24451.99**	1477.66
Purchase of investments	**(188325.25)**	(181779.90)
Sale of subsidiary	**508.30**	—
Sale of investments	**180593.45**	175059.45
Interest received	**383.80**	92.96
Dividend received	**1499.04**	677.96
Net Cash from/(used) in investing activities	**14226.62**	(8047.78)

	2011 ₹ Lakhs	2010 ₹ Lakhs
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Repayment of borrowings	**(85.09)**	(99.50)
Interest paid	**(119.45)**	(111.38)
Dividend/dividend tax paid	**(15388.24)**	(7740.63)
Net Cash used in financing activities	**(15592.78)**	(7951.51)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	**779.16**	393.59
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE YEAR	**2106.60**	1713.01
CASH AND CASH EQUIVALENTS - SALE OF SUBSIDIARY	**(41.21)**	—
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR (See note 3) (Refer Schedule 8)	**2844.55**	2106.60

Notes:

1. The Cash flow has been prepared under the "Indirect Method" as set out in Accounting Standard-3 on Cash flow statement notified by the Companies (Accounting Standards) Rules, 2006.
2. Direct taxes paid are treated as arising from operating activities and are not bifurcated between investing and financing activities.
3. Cash and cash equivalents at the end of the year include current account balances with banks of ₹ 357.82 lakhs (Previous Year : ₹ 253.20 lakhs) which are restricted in use on account of unclaimed dividend/interest on fixed deposit.
4. Figures for the previous year have been regrouped wherever necessary to conform to the current year's classification.

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

A.C. Khanna
Partner

Mumbai, 17th February, 2012

For and on behalf of the Board,

R. A. Shah — Chairman

P. Palm — Vice-Chairman & Managing Director

Dr. H. Schloemer, B. S. Mehta, Diwan A. Nanda — Directors

B. L. Gaggar — Director Finance & Company Secretary

Mumbai, 17th February, 2012

Schedules
forming part of the Consolidated Balance Sheet

	31-12-11 ₹ Lakhs	31-12-10 ₹ Lakhs
SCHEDULE 1 : SHARE CAPITAL		
Authorised		
30000000 equity shares of ₹ 10/- each	**3000.00**	3000.00
Issued and subscribed		
26660745 equity shares of ₹ 10/- each fully paid	**2666.07**	2666.07

Notes:

Of the above :

(a) 15010745 equity shares issued as fully paid up pursuant to a contract for a consideration other than cash.

(b) 8167080 equity shares are held by EBITO Chemiebeteiligungen AG.
6075000 equity shares are held by Clariant International AG.
2660000 equity shares are held by Clariant Participations AG.
The ultimate holding company being Clariant AG, Switzerland.

(c) 6690610 equity shares were allotted as fully paid up bonus shares by capitalisation of ₹ 669.06 lakhs from general reserve.

SCHEDULE 2 : RESERVES AND SURPLUS		
Capital reserve		
As per last Balance sheet	**730.11**	730.11
Capital redemption reserve		
As per last Balance sheet	**137.50**	137.50
Securities premium account		
As per last Balance sheet	**3545.65**	3545.65
General reserve		
As per last Balance sheet	**25792.40**	24668.25
Add : Transfer from Profit and loss account	**3040.39**	1124.15
	28832.79	25792.40
Profit and loss account	**12630.48**	3802.39
	45876.53	34008.05

SCHEDULE 3 : UNSECURED LOANS		
From others :		
Interest-free sales tax deferral scheme granted by State Industries Promotion Corporation of Tamil Nadu Limited (Repayable within one year ₹ 20.19 lakhs, Previous Year: ₹ 85.09 lakhs)	**20.19**	105.28
	20.19	105.28

SCHEDULE 4 : FIXED ASSETS

₹ Lakhs

	GROSS BLOCK				DEPRECIATION/AMORTISATION/IMPAIRMENT				NET BLOCK	
	As at 31-12-10	Additions/ Adjustments	Deductions/ Adjustments*	**As at 31-12-11**	As at 31-12-10	Deductions/ Adjustments*	For the year	**As at 31-12-11**	**As at 31-12-11**	As at 31-12-10
Intangible Assets										
Goodwill on consolidation	225.44	—	225.44	**—**	—	—	—	**—**	**—**	225.44
Tangible Assets										
Land freehold	146.26	—	8.84	**137.42**	—	—	—	**—**	**137.42**	146.26
Land leasehold	481.30	21.60	—	**502.90**	8.91	—	5.14	**14.05**	**488.85**	472.39
Buildings	6411.11	789.57	173.38	**7027.30**	2232.17	13.38	165.59	**2384.38**	**4642.92**	4178.94
Plant, machinery, equipment etc.	24908.82	4077.22	1453.58	**27532.46**	16328.78	1068.93	1522.39	**16782.24**	**10750.22**	8580.04
Furniture, fixtures and office appliances	1928.08	137.99	157.10	**1908.97**	1386.51	127.66	99.60	**1358.45**	**550.52**	541.57
Vehicles	522.61	367.46	47.64	**842.43**	334.11	47.63	77.16	**363.64**	**478.79**	188.50
Total	34623.62	5393.84	2065.98	**37951.48**	20290.48	1257.60	1869.88	**20902.76**	**17048.72**	
Previous year	36017.85	2136.57	3530.80	34623.62	21301.71	2772.05	1760.82	20290.48		14333.14
Capital work-in-progress									**1306.70**	1882.48
Advances against capital orders									**182.38**	163.08
									1489.08	2045.56
									18537.80	16378.70

Note :

Buildings include ₹ 950/- (Previous Year : ₹ 950/-) being the cost of shares in co-operative housing societies.

* Consequent to the sale of subsidiary Chemtreat Composites India Private Limited, the assets of the said subsidiary have been adjusted from the Gross Block of ₹ 893.41 lakhs and Depreciation/Amortisation/Impairment of ₹ 346.24 lakhs.

	31-12-11 ₹ Lakhs	31-12-10 ₹ Lakhs
SCHEDULE 5 : INVESTMENTS (AT COST)		
Non Trade - Unquoted		
Long Term		
1000 (Previous Year : NIL) 6% Rural Electrification Corporation Limited Bonds of Rs.10000 each	**100.00**	—
In fully paid units of ₹ 10/- each		
9000000 (Previous Year : NIL) DSP BlackRock FMP - 12M Series 15 - Growth	**900.00**	—
3000000 (Previous Year : NIL) IDFC Fixed Maturity Yearly Series 40 - Growth	**300.00**	—
9000000 (Previous Year : NIL) JM Fixed Maturity Fund Series XIX Plan C - Growth	**900.00**	—
9001567 (Previous Year : NIL) Reliance Fixed Horizon Fund - XIX - Series 8 - Growth	**900.16**	—
Total Long Term	**3100.16**	—
Current		
In fully paid units of ₹ 10/- each		
9642218 (Previous Year : 9621653) Templeton India Ultra Short Bond Fund Super Institutional Plan - DDR	**965.34**	963.28
8037521 (Previous Year : NIL) Birla Sun Life Quarterly Interval - Series 4 - Dividend Payout	**803.93**	—
6570009 (Previous Year : NIL) JM Money Manager Fund - Super Plus Plan - DDR	**657.35**	—
3378171 (Previous Year : NIL) JM Short Term Fund - Inst Plan - DDR	**337.89**	—
3375990 (Previous Year : NIL) JM Money Manager Fund - Regular Plan - DDR	**337.98**	—
9556937 (Previous Year : NIL) TATA Fixed Maturity Plan Series 38 Scheme C - Dividend Payout	**955.69**	—
9766182 (Previous Year : NIL) DWS Ultra Short Term Fund - Institutional Plan - DDR	**978.36**	—
580972 (Previous Year : NIL) DWS Ultra Short Term Fund - Regular Plan Bonus	**56.84**	—
9594054 (Previous Year : NIL) ICICI Prudential Blended Plan B - Institutional DDR Option II	**960.13**	—
9500000 (Previous Year : NIL) HDFC FMP 92D December 2011 (2) - Dividend Series XIX	**950.00**	—
6000000 (Previous Year : NIL) DSP BlackRock FMP - Series 26 - 3M - Dividend Payout	**600.00**	—
9750000 (Previous Year : NIL) DSP BlackRock FMP - Series 25 - 3M - Dividend Payout	**975.00**	—
9600467 (Previous Year : NIL) Canara Robeco Interval Series 2 - Quarterly Plan 2 - Inst - Dividend Payout	**960.25**	—
9671446 (Previous Year : NIL) UTI - Fixed Income Interval Fund - Quarterly Interval Plan Series I - Dividend Payout	**967.14**	—
3000000 (Previous Year : NIL) IDFC Fixed Maturity Quarterly Series 67 - Dividend Payout	**300.00**	—

	31-12-11 ₹ Lakhs	31-12-10 ₹ Lakhs
SCHEDULE 5 : INVESTMENTS (AT COST) (Contd.)		
In fully paid units of ₹ 10/- each (Contd.)		
9667103 (Previous Year : NIL) IDFC Ultra Short Term Fund - DDR	**967.92**	—
5000956 (Previous Year : NIL) SBI - Debt Fund Series - 90 Days - 53 - Dividend Payout	**500.10**	—
7001667 (Previous Year : NIL) Taurus Fixed Maturity Plan 91 Days Series - K - Dividend Payout	**700.17**	—
9500000 (Previous Year : NIL) Baroda Pioneer 90 Day FMP - Series 5 - Dividend Payout	**950.00**	—
7855771 (Previous Year : NIL) JP Morgan India Treasury Fund - Super Institutional DDR	**786.28**	—
5873654 (Previous Year : NIL) Religare Credit Opportunities Fund - Institutional DDR	**587.54**	—
4998900 (Previous Year : NIL) Sundaram Interval Fund Quarterly Plan D - Dividend Payout	**500.00**	—
9538901 (Previous Year : NIL) Sundaram Interval Fund Quarterly Plan B - Dividend Payout	**954.27**	—
9509628 (Previous Year : NIL) L & T Ultra STF Inst - DDR	**965.72**	—
5250963 (Previous Year : NIL) L & T FMP - V - December 9D A - Dividend Payout	**525.10**	—
NIL (Previous Year : 6903971) JM Money Manager Fund - Super Plan - DDR	**—**	691.21
NIL (Previous Year : 8999392) Reliance Monthly Interval Fund - Series II - Institutional Dividend Plan	**—**	900.09
NIL (Previous Year : 9498599) Reliance Monthly Interval Fund - Series I - Institutional Dividend Plan	**—**	950.10
NIL (Previous Year : 5014035) TATA Fixed Income Portfolio Fund Scheme A2 Institutional Monthly Dividend	**—**	501.45
NIL (Previous Year : 9501200) TATA Fixed Income Portfolio Fund Scheme A3 Institutional Monthly Dividend	**—**	950.12
NIL (Previous Year : 7388640) DWS Treasury Fund Cash - Institutional Plan - DDR	**—**	742.54
NIL (Previous Year : 3000000) ICICI Prudential Interval Fund I - Monthly Interval Plan A Institution	**—**	300.00
NIL (Previous Year : 9753024) JM High Liquidity Fund - Super Institutional Plan - DDR	**—**	976.91
NIL (Previous Year : 9782457) Fidelity Ultra Short Term Debt Fund Super Institutional - DDR	**—**	978.73
NIL (Previous Year : 9543201) IDFC Ultra Short Term Fund - DDR	**—**	955.52
NIL (Previous Year : 9509940) LIC MF Interval Fund - Series 1 - Monthly Dividend Plan	**—**	950.99
NIL (Previous Year : 7687665) Canara Robeco Treasury Advantage Super Inst. DDR	**—**	953.82
NIL (Previous Year : 9544914) Sundaram Ultra ST Fund Inst. DDR	**—**	958.02
NIL (Previous Year : 9356287) L&T Freedom Income STP Inst - DDR	**—**	950.15
NIL (Previous Year : 398454) Canara Robeco Floating Rate Short Term Dividend Fund	**—**	56.51
NIL (Previous Year : 9435078) HDFC Floating Rate Income Fund - Short Term Plan - Whole Sale Option - DDR	**—**	951.14
NIL (Previous Year : 9501131) UTI Fixed income Interval Fund - Monthly Interval Plan Series - I - Institutional Dividend Payout	**—**	950.11
NIL (Previous Year : 9528528) UTI Fixed income Interval Fund - Monthly Interval Plan - II - Institutional Dividend Payout	**—**	952.85
NIL (Previous Year : 9510531) IDFC Money Manager Fund - TP - Super Inst Plan C - DDR	**—**	951.20
In fully paid units of ₹ 1000/- each		
97906 (Previous Year : 96745) Tauras Ultra Short Term Bond Fund - Super Insti DDR	**980.77**	968.94
71724 (Previous Year : 2035977) Religare Ultra Short Term Fund - Institutional DDR	**718.48**	203.95
74987 (Previous Year : 60046) Templeton India Treasury Management Account Super Institutional Plan - DDR	**750.38**	600.87
42620 (Previous Year : NIL) TATA Liquidity Management Fund - DDR	**427.32**	—
27379 (Previous Year : NIL) TATA Treasury Manager Fund Ship - DDR	**276.61**	—
95025 (Previous Year : NIL) DSP BlackRock Liquidity Fund - I.P. - DDR	**950.56**	—
45594 (Previous Year : NIL) Taurus Short Term Income Fund - Dividend Payout	**698.30**	—
50564 (Previous Year : NIL) Axis Treasury Advantage Fund - Institutional DDR	**505.68**	—
NIL (Previous Year : 50040) Axis Liquid Fund - Institutional DDR	**—**	500.41
Total Current	**23551.10**	18858.91
Total Investments - Unquoted	**26651.26**	18858.91

	31-12-11 ₹ Lakhs	31-12-10 ₹ Lakhs
SCHEDULE 6 : INVENTORIES		
At lower of cost and net realisable value (As certified by the Management)		
Stores and spare parts	**218.95**	173.84
Raw materials	**4141.82**	3049.63
Packing materials	**124.46**	92.77
Finished goods	**5539.68**	4912.94
Work-in-progress	**1534.52**	954.94
	11559.43	9184.12

SCHEDULE 7 : SUNDRY DEBTORS		
Secured (Considered good)		
Over six months	**3.37**	—
Other debts	**1616.66**	1807.09
	1620.03	1807.09
Unsecured (Considered good, unless otherwise stated)		
Over six months (Including doubtful debts ₹ 147.07 lakhs; Previous Year : ₹ 172.88 lakhs)	**269.35**	232.47
Other debts	**11596.60**	10812.87
	11865.95	11045.34
Less : Provision for doubtful debts	**147.07**	172.88
	13338.91	12679.55

SCHEDULE 8 : CASH AND BANK BALANCES		
Cash on hand	**3.77**	1.55
Cheques on hand	**93.50**	64.87
With scheduled banks :		
On current accounts	**2107.55**	1748.83
On fixed deposit accounts	**639.73**	291.35
	2747.28	2040.18
	2844.55	2106.60

SCHEDULE 9 : LOANS AND ADVANCES		
(Unsecured - Considered good, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received (Including doubtful advances ₹ 36.08 lakhs; Previous Year : ₹ 42.61 lakhs)	**2840.58**	3551.12
Less : Provision for doubtful advances	**36.08**	42.61
	2804.50	3508.51
VAT set off admissible	**182.59**	132.65
Advance payment of Income tax (Net of provision for taxation)	**2979.48**	3128.43
Balances with customs and excise on current account	**952.80**	432.10
	6919.37	7201.69

	31-12-11 ₹ Lakhs	31-12-10 ₹ Lakhs
SCHEDULE 10 : CURRENT LIABILITIES		
Sundry creditors		
Due to micro enterprises and small enterprises	**418.68**	316.11
Due to others	**16593.11**	16403.49
	17011.79	16719.60
Deposits	**1125.50**	1575.11
Unpaid dividends*	**357.82**	253.16
Unpaid interest on matured fixed deposits*	**—**	0.04
Other Liabilities	**858.21**	3278.94
	19353.32	21826.85

* There is no amount due and outstanding to be credited to Investor Education and Protection Fund

SCHEDULE 11 : PROVISIONS		
Employee benefits :		
Compensated Absences	**772.36**	401.53
Gratuity	**147.46**	546.04
Ex-gratia gratuity	**43.58**	64.73
Others :		
Provision for taxation (Net of advance payment of Income tax)	**1219.65**	1060.05
Proposed dividend (Final)	**7998.22**	5332.15
Corporate tax on proposed dividend (Final)	**1297.51**	885.60
	11478.78	8290.10

Schedules
forming part of the Consolidated Profit and Loss Account

	2011 ₹ Lakhs	2010 ₹ Lakhs
SCHEDULE 12 : OTHER INCOME		
Dividend on current non-trade investments	**1499.04**	677.96
Export incentives	**508.49**	573.83
Profit on sale of fixed assets (Net)	**23.92**	45.88
Cash discounts	**27.26**	34.58
Rental income	**7.69**	204.39
Indenting commission	**784.59**	773.67
Exchange Gain (Net)	**204.18**	—
Provision for doubtful debts/advances written back (Net)	**32.34**	94.79
Profit on sale of current investments (Net)	**60.55**	13.51
Miscellaneous	**796.49**	722.95
	3944.55	3141.56

SCHEDULE 13 : COST OF MATERIALS		
Raw materials consumed	**44823.37**	43370.96
Packing materials consumed	**2626.94**	2734.69
Purchases of finished goods	**13168.38**	13298.05
(Increase)/Decrease in stocks of finished goods and work-in-progress :		
Opening stock		
Finished goods	**4912.94**	4466.55
Work-in-progress	**954.94**	838.15
	5867.88	5304.70
Less : On sale of subsidiary		
Finished goods	**62.93**	—
Work-in-progress	**3.06**	—
	65.99	—
Less : Closing stock		
Finished goods	**5539.68**	4912.94
Work-in-progress	**1534.52**	954.94
	7074.20	5867.88
	(1272.31)	(563.18)
	59346.38	58840.52

SCHEDULE 14 : PERSONNEL COST		
Salaries, wages, bonus, etc.	**5967.93**	4867.33
Contribution/Provision for provident fund, superannuation scheme, gratuity fund, etc.	**433.82**	1011.33
Welfare expenses	**1080.26**	834.11
	7482.01	6712.77

SCHEDULE 15 : INTEREST (NET)		
Interest paid		
Others	**123.35**	116.16
Less : Interest received (Gross) :		
Others (Interest on bank deposits, delayed payments, Investments, etc.) (Tax deducted at source ₹ 36.92 lakhs; Previous Year : ₹ 9.53 lakhs)	**383.80**	92.96
	(260.45)	23.20

	2011 ₹ Lakhs	2010 ₹ Lakhs
SCHEDULE 16 : OTHER EXPENDITURE		
Stores and spare parts etc. consumed	**495.52**	553.23
Repairs and maintenance :		
Plant and machinery	**1001.28**	966.42
Buildings	**223.58**	254.82
Others	**184.14**	225.91
Power and fuel	**3785.30**	3653.20
Rent (including lease payments) (See note 9, Schedule 17)	**543.36**	567.73
Rates and taxes (including water charges)	**275.20**	469.91
Insurance	**110.21**	103.04
Clearing, forwarding and transport	**2346.75**	2104.33
Travelling and conveyance	**1452.49**	1247.52
Commission	**258.58**	127.61
Cash discount	**—**	2.55
Other discounts on sales (See note 14, Schedule 17)	**402.51**	816.60
Assets written-off	**36.67**	22.61
Excise duty	**74.26**	118.97
Exchange loss (Net)	**—**	61.48
Legal and consultancy	**782.78**	1410.41
Miscellaneous (See note 11, Schedule 17)	**4388.47**	4166.99
	16361.10	16873.33

Notes to the Consolidated Financial Statements

SCHEDULE 17 : Notes on the Consolidated Balance Sheet and Profit and Loss Account for the year ended 31st December, 2011

1. Significant Accounting Policies

BASIS OF PREPARATION

The Consolidated Financial Statements are prepared in accordance with Accounting Standard (AS) 21 on Consolidated Financial Statements notified by Companies (Accounting Standards) Rules, 2006. The Consolidated Financial Statements comprise the financial statements of Clariant Chemicals (India) Limited and its subsidiary viz. Chemtreat Composites India Private Limited (voting power-100%). The said Company was subsidiary on and from February 13, 2006 till October 2, 2011. This subsidiary company was incorporated in India.

The financial statements are prepared at historical cost on the accrual basis of accounting and in accordance with the standards on accounting notified by the Companies (Accounting Standards) Rules, 2006 and referred to in Section 211(3C) of the Companies Act, 1956.

The significant accounting policies are as follows :

I. Revenue Recognition

The Company recognises sale of goods on transfer of significant risks and rewards of ownership of the goods to the buyer. Sales are net of excise duty, sales tax and trade discounts, wherever applicable.

Dividend income on investments is accounted for when the right to receive the payment is established.

II. Excise Duty

Excise duty payable on products is accounted for at the time of despatch of goods from the factories but is accrued for stocks held at the year end.

Excise Duty related to the difference between the closing stock and opening stock of finished goods has been recognised separately in the profit and loss account under schedule of 'Other Expenses'.

III. Research and Development

Revenue expenditure on research and development is written off in the profit and loss account in the year in which it is incurred. Capital expenditure on research and development is treated in the same way as expenditure on fixed assets.

IV. Employee Benefits

(a) Short term employee benefit obligations are estimated and provided for.

(b) Post employment benefits and other long term employee benefits :

Defined contribution plans :

Company's contribution to provident fund, superannuation fund, employee state insurance and other funds are determined under the relevant schemes and/or statute and charged to revenue.

Defined benefit plans and compensated absences :

Company's liability towards gratuity, ex-gratia gratuity and compensated absences are actuarially determined at each balance sheet date using the projected unit credit method. Actuarial gains and losses are recognised in revenue.

V. Voluntary Retirement Scheme

Expenditure incurred on voluntary retirement scheme is charged to revenue in the year in which it is incurred.

VI. Fixed Assets and Depreciation/Amortisation

(a) All fixed assets are stated at cost less depreciation, wherever applicable. Cost comprises the purchase price and any other attributable cost of bringing the asset to its working condition for its intended use. Borrowing cost relating to funds borrowed for acquisition of qualifying assets for the year upto the date the assets are put to use is included in cost.

(b) The cost of leasehold land is amortised over the period of the lease.

(c) Intangible assets except Goodwill on consolidation are being amortised equally over a period of three years.

(d) Depreciation has been calculated on the straight line method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956 except for :

(i) Certain items of furniture, fixture, air conditioners, plant, machinery and equipment on which a depreciation rate of 20% on straight line method is applied,

(ii) Electronic Data Processing (EDP) hardware such as servers on which a depreciation rate of 20% and for other EDP equipments including personal computers and printers on which depreciation rate of 25% on straight line method is applied,

(iii) Motor Cars on which depreciation rate of 25% on straight line method is applied.

(e) Fixed Assets held for disposal are stated at lower of net book value and net realisable value.

VII. Impairment of Assets

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is greater of the asset's net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to the present value using the weighted average cost of capital. Previously recognised impairment loss is further provided or reversed depending on changes in circumstances.

VIII. Inventories

Inventories are valued at the lower of cost and estimated net realisable value after providing for obsolescence. The cost of inventories is generally arrived at on the following basis :

Raw materials, packing materials, trading items and stores and spares	-	Weighted average cost.
Finished goods and work-in-progress	-	Absorption costing at works cost.

IX. Sundry Debtors/Loans and Advances

Sundry debtors and loans and advances are stated after making adequate provision for doubtful debts/advances.

X. Investments

Long term investments are stated at cost less provision for diminution in value, other than temporary. Current investments are stated at the lower of cost and fair value. Dividends are accounted for when the right to receive the dividend payment is established.

XI. Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

XII. Foreign Currency Translations

(a) Monetary items denominated in foreign currency are translated at the exchange rate prevailing on the last day of the accounting year. In respect of items covered by forward contracts, the premium or discount arising at the inception of such a forward exchange contract is amortised as expense or income over the life of the contract. Any profit or loss arising on cancellation of such a forward exchange contract is recognised as income or expense for the period. Foreign currency transactions are accounted at the rate prevailing on the date of transaction.

(b) Non monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction.

(c) Gain or loss arising out of translation/conversion is taken credit for or charged to the Profit and Loss Account.

XIII. Income Tax

Income-tax expense comprises current tax and deferred tax charge or credit. The current tax is determined as the amount of tax payable in respect of the estimated taxable income for the year. The deferred tax charge or credit is recognised using prevailing enacted or substantively enacted tax rates. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. Deferred tax assets/liabilities are reviewed at each Balance Sheet date based on developments during the year and available case laws, to reassess realisation/liabilities.

XIV. Contingencies/Provisions

Provision is recognised when the Company has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions except in respect of employee benefits are not discounted to its present value and are determined based on best estimate of the expenditure required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying the economic benefit is remote.

2. Segment Information (As required by Accounting Standard (AS)-17 Segment Reporting) :

(a) The Company is organised into two primary business segments mainly :

(i) **Intermediates and Colours :**

Includes pigment dyestuffs and their dispersion, Intermediates for dyes, pesticides and pharmaceuticals and masterbatches for plastics and nylon fibers.

(ii) **Dyes and Specialty Chemicals :**

Includes dyestuff synthetic resins, binder materials, auxiliaries and chemicals.

(b) The secondary segments of the Company are geographical segments mainly :

(i) India

(ii) Outside India

(c) Segments have been identified and reported taking into account the nature of products and services, the differing risk and returns, the organisation structure, and the internal financial reporting system.

(d) (i) **Segment Revenue and Results :**

The expenses which are not directly attributable to the business segment are shown as unallocated corporate cost.

(ii) **Segment assets and liabilities :**

Segment assets include all operating assets used by the business segment and consist principally of fixed assets, debtors and inventories. Segment liabilities primarily include creditors and other liabilities.

(iii) Assets and liabilities that cannot be allocated among the segments are shown as a part of unallocable corporate assets and liabilities respectively.

Information about primary business segments :

	2011 ₹ Lakhs			2010 ₹ Lakhs		
	Inter-mediates & Colours	**Dyes and Specialty Chemicals**	**Total**	Inter-mediates & Colours	Dyes and Specialty Chemicals	Total
Revenue (net)						
External sales/Revenue	**37892.76**	**58271.15**	**96163.91**	35851.48	62276.39	98127.87
Results						
Segment results	**6296.09**	**8621.92**	**14918.01**	6849.82	12044.99	18894.81
Unallocated corporate expenses (net)			**238.17**			(1575.64)
Operating profits			**15156.18**			17319.17
Interest Income			**383.80**			92.96
Interest expenses			**(123.35)**			(116.16)
Profit before exceptional items and taxation			**15416.63**			17295.97
Exceptional items (See note 12, Schedule 17)			**24166.61**			(729.47)
Profit before taxation after exceptional items			**39583.24**			16566.50
Current tax/Deferred tax			**(9143.88)**			(5311.19)
Excess/(Short) provision for taxation [for earlier years]			**—**			2.78
Profit after tax			**30439.36**			11258.09
Other information						
Segment assets	**24898.98**	**21688.69**	**46587.67**	19160.66	21389.84	40550.50
Unallocated corporate assets			**33263.65**			26345.85
Total assets			**79851.32**			66896.35
Segment liabilities	**7821.05**	**11305.84**	**19126.89**	7427.12	11986.47	19413.59
Unallocated corporate liabilities			**2886.10**			4590.89
Total liabilities			**22012.99**			24004.48
Capital expenditure	**3146.04**	**1713.66**	**4859.70**	2519.20	1004.97	3524.17
Unallocated corporate capital expenditure			**25.01**			51.74
Total capital expenditure			**4884.71**			3575.91
Depreciation/Amortisation	**983.45**	**868.68**	**1852.13**	841.79	867.92	1709.71
Unallocated corporate depreciation			**17.75**			51.11
Total depreciation/amortisation			**1869.88**			1760.82
Non cash expenses other than depreciation/amortisation	**175.49**	**215.17**	**390.66**	168.72	239.94	408.66
Unallocated corporate non cash expenses other than depreciation/amortisation			**20.12**			218.40
Total Non cash expenses other than depreciation/amortisation			**410.78**			627.06

Information about secondary segments :

	2011 ₹ Lakhs			2010 ₹ Lakhs		
	India	**Outside India**	**Total**	India	Outside India	Total
External sales	**73167.57**	**22996.34**	**96163.91**	77007.77	21120.10	98127.87
Segment assets	**43734.92**	**2852.75**	**46587.67**	38349.31	2201.19	40550.50
Additions to fixed assets	**4859.70**	**—**	**4859.70**	3524.17	—	3524.17

Note :

Total liabilities exclude the following :

(a) Proposed dividend ₹ **7998.22 lakhs** (₹ 5332.15 lakhs)

(b) Corporate tax on proposed dividend ₹ **1297.51 lakhs** (₹ 885.60 lakhs)

3. Related Party Disclosure as required by AS-18 "Related Party Disclosures" are given below :-

Relationship :

a) Holding Company :

EBITO Chemiebeteiligungen AG, Clariant International AG and Clariant Participations AG, together hold 63.40% equity shares in the Company, the ultimate holding company being Clariant AG, Switzerland.

b) Other related parties in the Clariant group where common control exists and with whom the company has transactions :

Fellow Subsidiary Companies :

Clariant Advanced Material GmbH
Clariant (Australia) Pty. Ltd.
Clariant (Canada) Inc.
Clariant (China) Ltd.
Clariant (Colombia) SA
Clariant (Egypt) SAE
Clariant (Guatemala) SA
Clariant (Gulf) FZE
Clariant (Japan) K.K.
Clariant (Korea) Ltd.
Clariant (Malaysia) Sdn Bhd
Clariant (Maroc) S.A.
Clariant (Mexico) S.A. de C.V.
Clariant (Pakistan) Ltd.
Clariant (Perú) S.A.
Clariant (Singapore) Pte. Ltd.
Clariant (Thailand) Ltd.
Clariant (Tianjin) Ltd.
Clariant (Uruguay) SA
Clariant Chemicals (China) Ltd.
Clariant Chemicals (Taiwan) Co., Ltd.
Clariant Corporation
Clariant Export AG
Clariant Ibérica Producción S.A.
Clariant Masterbatch Ibérica S.A.
Clariant Masterbatches (Deutschland) GmbH
Clariant Masterbatches (Malaysia) Sdn Bhd
Clariant Masterbatches (Italia) S.p.A.
Clariant Masterbatches (Saudi Arabia) Ltd.
Clariant Masterbatches (Shanghai) Ltd.
Clariant Masterbatches (Thailand) Ltd.
Clariant Masterbatches Benelux SA
Clariant Masterbatches Huningue
Clariant Masterbatches Ireland Limited
Clariant Masterbatches Norden AB
Clariant Pigments (Korea) Ltd.
Clariant Pigments (Tianjin) Ltd.
Clariant Prodotti (Italia) S.p.A.
Clariant Production (France)
Clariant Produkte (Deutschland) GmbH
Clariant Produkte (Schweiz) AG
Clariant S.A.
Clariant Southern Africa (Pty.) Ltd.
Clariant Specialty Chemicals (Zhenjiang) Co., Ltd.
Clariant Trading (China) Ltd.
Clariant (Türkiye) Boya ve Kimyevi Maddeler Sanayi ve Ticaret A.S.
K.J. Quinn
PT Clariant Indonesia
The Egyptian German Company for Dyes & Resins SAE (EGCODAR SAE)

c) Key Management Personnel :

P. Palm : Vice-Chairman & Managing Director

During the year following transactions were entered into with related parties :

(i) Holding Company and Fellow Subsidiaries :

	2011 ₹ Lakhs	2010 ₹ Lakhs
Holding Company :		
Transactions during the year :		
Clariant International AG		
Sales of goods	**0.14**	143.74
Purchase of goods	**7356.36**	9046.35
Services rendered	**851.81**	473.52
Services received	**635.41**	811.22
Dividend paid	**3037.50**	1518.75
Expenses recovered	**94.95**	6.84
EBITO Chemiebeteiligungen AG		
Dividend Paid	**4083.54**	2041.77
Clariant Participations AG		
Dividend Paid	**1330.00**	665.00
Balances outstanding as at the year end :		
Amount payable	**1289.88**	1640.13
Amount receivable	**286.19**	175.60
Fellow Subsidiaries :		
Transactions during the year :		
Sales of goods		
Clariant Produkte (Deutschland) GmbH	**3890.03**	4294.64
Clariant Corporation	**837.88**	2100.95
Clariant (China) Ltd.	**2101.33**	4186.57
Clariant (Singapore) Pte. Ltd.	**8937.81**	555.09
Others	**3939.78**	6228.06
Purchase of goods		
Clariant (Tianjin) Ltd.	**368.48**	640.97
Clariant (China) Ltd.	**1040.95**	1276.94
PT Clariant Indonesia	**166.48**	280.46
Others	**769.57**	562.81
Purchase of capital goods		
Clariant Pigments, KR	**377.73**	—
Clariant Masterbatches (Italia) S.p.A.	**—**	11.18
Others	**63.59**	—
Services rendered and others		
Clariant Export AG	**—**	237.38
Clariant Produkte (Schweiz) AG	**20.97**	13.63
Clariant (China) Ltd.	**19.51**	15.47
Clariant Masterbatches (Thailand) Ltd.	**11.67**	9.38
Others	**15.59**	22.23

During the year following transactions were entered into with related parties : (Contd.)

	2011 ₹ Lakhs	2010 ₹ Lakhs
Fellow Subsidiaries : (Contd.)		
Transactions during the year : (Contd.)		
Expenses recovered		
Clariant (Singapore) Pte. Ltd.	**1.03**	0.06
Clariant S.A.	**0.38**	—
CI Produccion (ES)	**0.34**	0.04
Clariant Taiwan	**0.20**	—
Clariant Chemicals (China) Ltd	—	0.35
Clariant Produkte (Deutschland) GmbH	—	0.15
Clariant (Thailand) Ltd.	—	0.15
Clariant Corporation	—	0.14
Others	—	0.07
Services received and others		
Clariant (Gulf) FZE	**17.68**	12.75
PT Clariant Indonesia	**11.36**	16.00
Clariant Southern Africa (Pty) Ltd.	**5.40**	2.04
Clariant (Singapore) Pte. Ltd.	**3.93**	30.24
Clariant Pigments (Korea) Ltd.	**5.40**	6.60
Others	**7.53**	6.41
Expenses reimbursed		
Clariant (China) Ltd.	—	0.58
Balances outstanding as at the year end :		
Amount payable	**477.20**	444.18
Amount receivable	**3795.74**	2609.21
(ii) Key Management Personnel :		
Remuneration	**199.64**	169.01
Payable balance	**51.11**	26.75

		31-12-2011 ₹ Lakhs	31-12-2010 ₹ Lakhs
4.	**Contingent liabilities not provided for :**		
(a)	in respect of income tax matters decided against the Company, in respect of which the Company is in further appeal decided in favour of the Company against which the department is in appeal	 **1169.79** **389.19**	 1893.82 14.78
(b)	in respect of sales tax matters	**4958.64**	2440.58
(c)	in respect of excise matters	**892.11**	615.26
(d)	in respect of bills of exchange discounted with banks [since realised ₹ **840.51 lakhs** (₹ 874.44 lakhs)]	**1348.13**	1138.96
(e)	Other matters in dispute	**2.25**	2.25
(f)	Disputed labour matters - Amount not ascertained.		
	In respect of items (a) to (c), (e) & (f) future cash outflows in respect of contingent liabilities is determinable only on receipt of judgements pending at various forums/authorities.		

5.	**Estimated amount of contracts remaining to be executed on capital account and not provided for**	**2480.02**	856.40

		31-12-2011 ₹ Lakhs	31-12-2010 ₹ Lakhs
6.	**Deferred Taxes :**		
	The major components of deferred tax assets and deferred tax liabilities are set out below :		
	Deferred Tax Assets		
	(a) Provision for doubtful debts	**59.43**	71.59
	(b) Provision for retirement benefits	**312.62**	336.29
	(c) Expenses allowable for tax purposes when paid	**51.10**	52.31
	(d) Payment/Provision for voluntary retirement scheme	**583.27**	979.04
		1006.42	1439.23
	Deferred tax liabilities		
	Depreciation/Amortisation	**(1462.85)**	(1331.15)
	Deferred tax assets/(liabilities) - Net	**(456.43)**	108.08

		2011 ₹ Lakhs	2010 ₹ Lakhs
7.	**Amount paid/payable by the Company to Directors (including Managing Director) as remuneration for services rendered in any capacity :**		
	Directors' sitting fees	**2.75**	1.35
	Salaries	**130.77**	130.57
	Commission	**64.11**	36.75
	Other perquisites and benefits in cash or in kind	**17.76**	11.69
		215.39	180.36
8.	**Earnings per share :**		
	(a) Net profit after taxation	**30439.36**	11258.09
	(b) Number of equity shares outstanding	**26660745**	26660745
	(c) Basic and Diluted earnings per share (In ₹)	**114.17**	42.23
	(d) Face value per share (In ₹)	**10.00**	10.00
9.	**Assets taken on lease on or after 1st April, 2001 :**		
	(a) In respect of operating leases, where lease agreements have been formally entered into, lease payments recognised in the profit and loss account for the year are as follows :- Office premises, vehicles and computers	**405.62**	392.71
	(b) There are no restrictions such as those concerning dividends, additional debt and further leasing, imposed by the lease agreements entered into by the Company.		
	(c) Contingent rent payments in respect of vehicles are dependent upon the excess of actual usage, if any, over stipulated usage.		
	(d) The total of future minimum lease payments under non-cancellable operating leases are as follows :		
	For a period not later than one year	**273.93**	311.66
	For a period later than one year and not later than five years	**261.62**	420.25
	Total	**535.55**	731.91
10.	**Expenditure on Research and Development :**		
	Revenue expenditure charged to profit and loss account	**—**	37.75

		2011 ₹ Lakhs	2010 ₹ Lakhs
11.	**Miscellaneous Expenses in Schedule 16 : Other expenditure include :**		
	Auditors' remuneration and expenses : (Excluding Service tax)		
	(a) Audit fees	**27.25**	26.75
	(b) Company law matters	**—**	0.15
	(c) Other services*	**22.60**	21.25
	(d) Out-of-pocket expenses	**0.24**	0.50
		50.09	48.65

* Includes ₹ 0.50 lakhs payments made to a firm in which some of the partners of the audit firm are partners

		2011 ₹ Lakhs	2010 ₹ Lakhs
12.	**Exceptional items in Profit & Loss Account include :**		
	(a) Termination benefit costs	**97.29**	1056.47
	(b) Profit on sale of subsidiary	**(216.71)**	—
	(c) Profit on sale of land and infrastructure thereon at balkum site due to restructuring	**(24047.19)**	—
	(d) Income from sale of diketene and intermediate business	**—**	(532.65)
	(e) Write off / loss on sale of fixed assets due to restructuring	**—**	205.65
		(24166.61)	729.47

13. Employee Benefits :

	2011 ₹ Lakhs		2010 ₹ Lakhs	
	Funded	**Unfunded**	Funded	Unfunded
(a) Defined benefit Plans - As per Actuarial valuation as on 31st December, 2011 :				
Gratuity				
(i) Expenses recognised in the statement of Profit and Loss Account for the year				
1. Current service cost	**112.41**	**0.55**	116.72	0.85
2. Interest cost	**215.98**	**5.39**	187.38	5.54
3. Expected return on plan assets	**(163.41)**	**—**	(171.32)	—
4. Net actuarial (gain)/loss recognised during the year	**(254.26)**	**(24.47)**	293.60	2.70
5. Effect of curtailments or settlements	**—**	**—**	78.41	—
6. Expense/(Income) recognised in profit & loss account [Gratuity expense/(income) have been recognised in Contribution/Provision for provident fund, superannuation scheme, gratuity fund etc in "Personnel Cost" under Schedule 14]	**(89.28)**	**(18.53)**	504.79	9.09
(ii) Actual return on plan assets for the year				
1. Expected return on plan assets	**163.41**	**—**	171.32	—
2. Actuarial gain/(loss) on plan assets	**52.95**	**—**	(0.91)	—
3. Actual return on plan assets	**216.36**	**—**	170.41	—
(iii) Net Asset/(Liability) recognised in the Balance Sheet as at the year end				
1. Present value of the defined benefit obligation	**2405.14**	**43.58**	2505.53	64.73
2. Fair value of plan assets	**2257.68**	**—**	1959.49	—
3. Net Asset/(Liability) recognised in the balance sheet	**(147.46)**	**(43.58)**	(546.04)	(64.73)
(iv) Change in defined benefit obligation during the year				
1. Present value of obligation at the beginning of the year	**2505.53**	**64.73**	2342.20	69.21
2. Current service cost	**112.41**	**0.55**	116.72	0.85
3. Interest cost	**215.98**	**5.39**	187.38	5.54
4. Benefits Paid	**(227.47)**	**(2.62)**	(511.87)	(13.57)
5. Effect of curtailments or settlements	**—**	**—**	78.41	—
6. Actuarial (gain)/loss on obligation	**(201.31)**	**(24.47)**	292.69	2.70
7. Present value of obligation as at the end of the year	**2405.14**	**43.58**	2505.53	64.73

13. Employee Benefits : (Contd.)

	2011 ₹ Lakhs		2010 ₹ Lakhs	
	Funded	**Unfunded**	Funded	Unfunded
(v) Changes in fair value of plan asset during the year				
1. Fair value of plan assets as at the beginning of the year	**1959.49**	**—**	2141.47	—
2. Expected return on plan assets	**163.41**	**—**	171.32	—
3. Contributions made	**309.30**	**—**	159.48	—
4. Benefits paid	**(227.47)**	**—**	(511.87)	—
5. Actuarial gain/(loss) on plan assets	**52.95**	**—**	(0.91)	—
6. Fair value of plan assets as at the end of the year	**2257.68**	**—**	1959.49	—
(vi) Major categories of Plan Assets as a percentage of total plan assets				
1. Central government securities	**25.95%**	**—**	32.20%	—
2. State government securities	**10.37%**	**—**	13.15%	—
3. Private sector bonds	**25.98%**	**—**	29.05%	—
4. Cash at bank	**1.12%**	**—**	1.71%	—
5. Investment in insurance companies	**33.12%**	**—**	27.58%	—
6. Others	**3.46%**	**—**	-3.69%	—
(vii) Actuarial assumptions				
1. Discount rate	**8.40%**	**8.40%**	8.25%	8.25%
2. Expected Rate of return on plan assets	**8.00%**	**—**	8.00%	—
3. Salary escalation	**4.0%-6.0%**	**4.0%-6.0%**	4.0%-6.0%	4.0%-6.0%

(viii) The company expects to contribute ₹ 170.00 lakhs to the funded gratuity plans in the year 2012

(ix) Net assets/(liability) recognised in the balance sheet as at respective year ends and experience adjustments : (contd.)

Particulars			**(₹ in Lakhs)**
Funded	**2011**	**2010**	**2009**
1. Present value of defined benefit obligation	**2405.14**	2505.53	2342.20
2. Fair value of plan assets	**2257.68**	1959.49	2141.47
3. Funded status [surplus/(deficit)]	**(147.46)**	(546.04)	(200.73)
4. Experience adjustment arising on :			
a. Plan liabilities	**(165.16)**	348.52	(49.77)
b. Plan assets	**52.95**	(0.91)	(38.87)
Unfunded			
1. Present value of defined benefit obligation	**43.58**	64.73	69.21
2. Fair value of plan assets	**—**	—	—
3. Funded status [surplus/(deficit)]	**(43.58)**	(64.73)	(69.21)
4. Experience adjustment arising on :			
a. Plan liabilities	**(23.31)**	4.29	4.54
b. Plan assets	**—**	—	—

	2011 ₹ Lakhs	2010 ₹ Lakhs
Other long term benefits		
The defined benefit obligations which are provided for but not funded are as under : Compensated Absence/Leave Salary	**772.36**	401.53
(b) Gratuity is administered through duly constituted and approved independent trusts and also through Group gratuity scheme with Life Insurance Corporation of India		
(c) Future salary increases considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market		
(d) Basis used to determine expected rate of return on plan assets : The expected rate of return on plan assets is based on market expectation, at the beginning of the year, for returns over the entire life of the related obligation.		

13. Employee Benefits : (Contd.)

	2011 ₹ Lakhs	2010 ₹ Lakhs
(e) Accounting standard 15 "Employee Benefits" requires the disclosure of experience adjustments for past four years, however, the information is given only for the current and previous two years.		
(f) During the year the Company has recognised the following amounts in the Profit & Loss account in Schedule 14 :		
Salaries, Wages, Bonus includes compensated absences	**452.98**	138.00
Contribution/Provision for provident fund, superannuation scheme, gratuity fund etc. includes :-		
Provident fund & family pension	**282.26**	253.46
Superannuation fund	**257.18**	242.65
Gratuity fund	**(107.81)**	513.88
Other funds	**2.19**	1.34

14. Other discounts on sales included in 'Schedule 16 : Other Expenditure' are net of reversal of excess provision made in earlier years of ₹ 231.91 lakhs.

15. The Company has divested its entire shareholding in the Subsidiary Company, Chemtreat Composites India Private Limited with effect from October 3, 2011. The amount of revenue, profit before tax and networth of the subsidiary considered in the consolidated financial statements of ₹ 557.24 lakhs, ₹ 8.92 lakhs and ₹ 76.68 lakhs respectively are based on its unaudited financial statements.

16. The cyclone which hit Tamil Nadu coast on 30th December, 2011 caused damage to plant, infrastructure facilities and equipment at manufacturing site located at Cuddlalore. The assets damaged are covered by insurance policy taken by the Company. The difference, if any, between actual loss and claim from the insurance company is yet to be determined. However, the amount involved is not expected to be material.

17. Pursuant to the divestment of the subsidiary in the current year, the figures of the current year are not strictly comparable to those of the previous year.

18. Figures for the previous year have been regrouped wherever necessary to conform to the current year's classification.

19. The figures in brackets are those in respect of the previous accounting year.

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

A.C. Khanna
Partner

Mumbai, 17th February, 2012

For and on behalf of the Board,

R. A. Shah — Chairman

P. Palm — Vice-Chairman & Managing Director

Dr. H. Schloemer
B. S. Mehta
Diwan A. Nanda
} Directors

B. L. Gaggar — Director Finance & Company Secretary

Mumbai, 17th February, 2012

Financial Performance

10 Years' Highlights

(₹ Million)

		Financial Year Ended 31st December						Financial Year Ended 31st March			
		2011	**2010**	**2009**	**2008**	**2007**	******2006**	*****2006**	**2005**	**2004**	**2003**
I	**OPERATING RESULTS**										
	Gross Sales	**10158.6**	10347.6	9732.2	10014.5	9517.1	7538.9	9246.5	4035.2	4083.4	3821.7
	Net Sales	**9560.8**	9747.1	9213.4	9163.9	8614.4	6870.4	8479.1	3656.1	3746.8	3492.8
	Gross Earnings Before Depreciation/ Impairment and Taxation	**+1722.0**	+1895.1	+2079.4	+1375.7	+1021.3	+655.7	893.1	472.5	380.0	343.7
	Profit Before Taxation	**#3954.1**	#1653.2	#1631.1	#1072.9	#493.3	#507.8	648.4	*357.8	249.5	214.7
	Profit After Taxation	**3040.4**	1124.2	1081.4	674.8	317.9	328.7	403.9	155.9	335.7	149.7
	Equity Dividend	**1599.6**	799.8	666.5	506.6	266.6	479.9	293.3	69.9	69.9	69.9
II	**FINANCIAL POSITION**										
	Gross Fixed Assets	**3944.1**	3554.8	3556.6	3985.1	3819.6	3831.7	3850.2	2105.6	1934.0	1973.8
	Net Fixed Assets	**1853.8**	1592.4	1527.3	1646.0	1719.1	1651.8	1601.6	837.2	737.7	804.8
	Investments	**2665.1**	1918.4	1245.0	578.4	294.3	465.0	1132.6	464.5	204.5	85.0
	Net Current Assets	**383.0**	159.8	698.5	1008.3	1164.8	1128.2	1198.7	743.5	741.5	843.3
	Equity	**266.6**	266.6	266.6	266.6	266.6	266.6	**266.6	116.5	116.5	116.5
	Reserves	**4587.7**	3404.4	3211.3	2909.8	2827.6	2835.8	3054.4	1605.7	1529.6	1272.7
	Shareholder's Fund	**4854.3**	3671.0	3477.9	3176.4	3094.2	3102.4	3321.0	1722.2	1646.1	1389.2
	Loans and Deferred Payment Credits	**2.0**	10.5	20.5	30.9	40.7	62.1	559.4	339.4	110.4	236.4
	Capital Employed	**4856.3**	3681.5	3498.4	3207.3	3134.9	3164.5	3880.4	2061.6	1756.5	1625.6
III	**PER EQUITY SHARE**										
	Earnings ₹	**#114.04**	#42.16	#40.56	#25.31	#11.92	#12.33 Not Annualised	15.15	13.30	28.82	12.96
	Dividend	**60.0**	30.0	25.0	19.0	10.0	18.0	11.0	6.0	6.0	6.0

After exceptional items
+ Before exceptional items
* Before prior period items
** Including share capital suspense account
*** In view of the amalgamation w.e.f April 1, 2005, the figures of the year 2006 are not directly comparable to those of earlier years.
**** Figures are for nine month ended December 31, 2006

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