

Annual Report 2013

Clariant Chemicals (India) Limited



what is precious to you?

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COLOURFUL, VIBRANT & TRANSFORMATIONAL!

India is a land of colours! Our diversity and variety is reflected in its myriad hues. Our festivals, our attire, our food, our religions, our historical legacies, our many traditions, etc. are a true reflection of the vast richness of our diverse and great heritage. The image of the woman depicted on the cover is a reflection of this rich diversity. She is depicted with vibrant shades, and is engrossed in playing with these colours. She is excited, she is happy, she has positive energy; what more, she is full of life, a cheerful life! She is the woman of today's India – aspirational and a hi-performing leader! She reflects the changing Clariant of today.



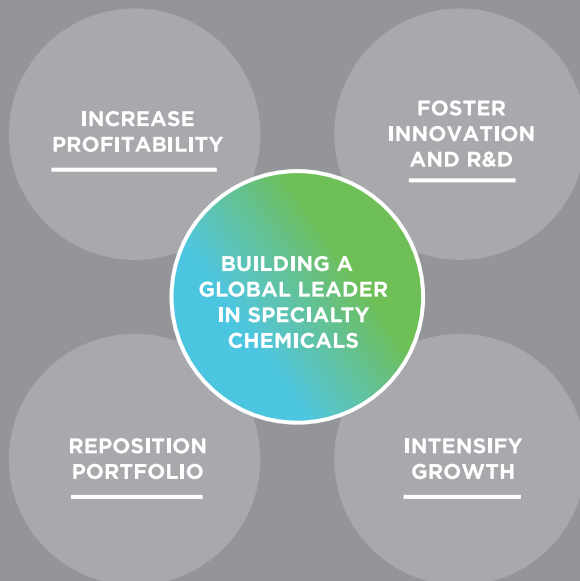
Clariant is transforming itself into the organization of the future – to become THE global leading specialty chemicals company; through a fast-paced growth momentum; by bringing innovative products and services and through acquisitions. Our core businesses: Pigments, Masterbatches and Industrial & Consumer Specialties are the leading players in their respective market segments. The businesses of Additives and Mining are poised to make their mark in the industry with their innovative products.

Clariant's products touch your lives in many ways. Our products exude innovation and sustainability. And they aspire and serve the purpose of bettering our lives – after all a better life and a better mankind is the ultimate goal towards success.

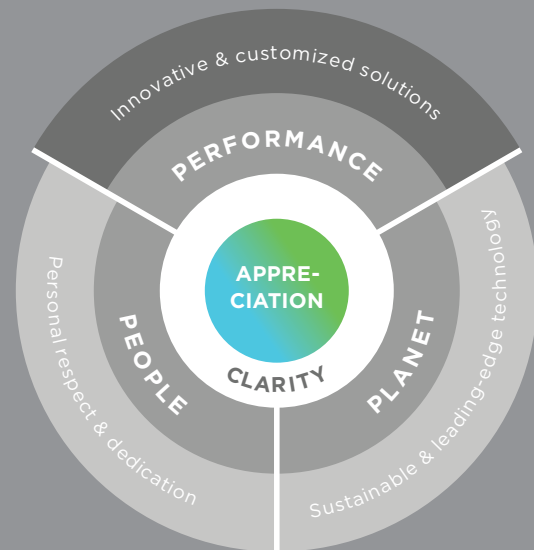
India 2014 : Transformation Think BIG → Time is NOW



WE HAVE A CLEARLY DEFINED CORPORATE STRATEGY BASED ON FOUR CENTRAL PILLARS



WE APPLY A VALUE SYSTEM WITH A FOCUS ON PERFORMANCE, PEOPLE AND PLANET



Sustainable company successes and value generation can only be realized in a corporate culture that is embraced by everyone involved, and which achieves a balance between business performance, social interests and environmental targets.

WHERE WE WANT TO GO - OUR VISION

We aim to be the global leading company for specialty chemicals and to stand out through above-average value creation for all of our stakeholders.

HOW WE AIM TO GET THERE - OUR MISSION

We build leading positions in the businesses we are active in and we adopt functional excellence as part of our culture. We create value through appreciating the needs of:

- our customers – by providing competitive and innovative solutions
- our employees – by adhering to our corporate values
- our shareholders – by achieving above-average returns
- our environment – by acting sustainably

APPRECIATION

The core of the Clariant brand is appreciation. This applies in all areas that the company is active in and can influence:

Performance, People, Planet.

BOARD OF DIRECTORS



(standing l-r) Karl Holger Dierssen | Philipp Hammel | B. L. Gaggar | Alfred Muench
(seated l-r) Y. H. Malegam | R. A. Shah | Indu Shahani | Deepak Parikh

BOARD OF DIRECTORS

R. A. Shah – Chairman
Deepak Parikh – Vice Chairman & Managing Director
Alfred Muench
Philipp Hammel
Y. H. Malegam
Indu Shahani
Karl Holger Dierssen
B. L. Gaggar – Executive Director Finance & Company Secretary

AUDIT COMMITTEE

R. A. Shah – Chairman
Y. H. Malegam
Indu Shahani

INVESTORS' GRIEVANCE COMMITTEE

Indu Shahani – Chairperson
Deepak Parikh

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
Phone: +91 22 6772 0300 / +91 22 6772 0400

REGISTERED OFFICE

P.O. Sandoz Baug, Kolshet Road
Thane – 400 607
Phone: +91 22 2531 5412

WORKS

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

Kudikadu, SIPCOT
Cuddalore District – 607 005.

Singadivakkam Village, Attuputtur Post
Enathur, Kanchipuram – 631 561.

Renaissance Industrial & Warehousing Complex
Vashere, Taluka Bhiwandi
Dist. Thane – 421 101.

SUSTAINABLE INNOVATION FOR GROWTH



PIGMENTS

The Company has positioned itself as a preferred supplier of pigments, pigment preparations and intermediates to major paint, plastic and ink manufacturing companies in the country and is well-equipped to meet the requirements. We proactively ensure that our innovative products meet international standards and strive for being at the forefront of environmental, health and safety performance.

MASTERBATCHES

Local focus and global standards coupled with high energy efficient manufacturing processes create safe and environmentally compatible products. Our broad portfolio of high-quality, cost-effective masterbatch and innovative products provide cost-efficient processing, advanced functionality and diverse aesthetic possibilities.

INDUSTRIAL & CONSUMER SPECIALTIES

Our innovative products address many aspects of daily life: the shampoo that cleaned your hair, the detergent for washing clothes, the moisturizing skin cream, specialties used to manufacture automotive components, the anti-fungal biocides in your paints. The ground-breaking technological processes, continuous market changes and increasing competition are constantly bringing forth new facets to your lives.

ADDITIVES

We create value by improving the 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 electrical & electronics, building & construction, packaging, automotive, textiles, agriculture and healthcare sectors.

MINING SOLUTIONS

We provide a large range of innovative flotation reagents in the processing of a wide array of ores. Clariant has many years of experience in modern emulsifier technology. Our reliable emulsifiers provide with long-term stability against thermal stress while our pelletization solutions enhance the quality of pellets for the metal industry. We have proven ourselves to be a reliable partner for mining industry by producing unique, high-quality reagents and delivering them, on time, around the world.

PERFORMA

» At Clariant, we focus on our determination to be in a position to offer innovative, customized, high-quality solutions and products. As a global leader in the field of specialty chemicals, Clariant is committed to sustainable corporate growth and management through the use and development of cutting-edge technology. Innovation and customer focus are the keys to our business success. We are constantly developing new and improved products and services to add value to our customers and to our environment. We believe in value creation and recognize India's potential on the world chemistry map. Our performance this year is an evidence of our commitment to the market. We continue striving to deliver on our promises by adhering to our company values, and offering above-average returns. «



- First Customer Innovation Day event in India. (1)
- Inauguration of Vashere Plant. (2)
- Signing Ceremony for Plasticemix Acquisition. (3)
- At our Tinting Systems Equipment manufacturing plant in Mhape. (4)
- Pigment application being showcased to our key customers. (5)
- Masterbatches application showcase at the Vashere site. (6)
- Swiss Ambassador & Consul General visiting our Technical Service Labs. (7), (8)
- Launch of the Personal Care Newsletter at a trade fair. (9)
- Our Showcase at the Green Chemistry Conference. (10)
- At the Coatings 2020 Customer Show. (11)
- The Masterbatches product showcase for Stockists/Distributors. (12)
- Green Belt Training for Employees in India. (13)
- The Roha Team with the cGMP certification. (14)



NCE



PEOPLE

» Our employees make Clariant the vibrant, innovative company that it is, and we are committed to continued investment in the “Human Element.” We are a cosmopolitan family with diverse set of employees drawn from different corners of India. This diversity creates an environment of respect for different ideas, which in turn fosters continued innovation. Women power is increasingly becoming central and we have embarked on ensuring a fair representation of them in our workforce. We promote fairness and collaboration, and the development of our employees is core to our corporate success and achieving our vision for a better future. We foster growth through internal and external education courses and training programs to expand their expertise and provide the required boost to their talent. We also recognize the importance of work-life balance. Clariant considers it a company responsibility to ensure that our employees have meaningful, rewarding careers while cherishing and taking important time with their own families. «

- Our Board of Director at the Employees’ get-together. (1)
- New Employees’ Induction Programme. (2)
- Women colleagues Empowerment Program. (3)
- Head Office Town Hall for Employees. (4)
- Long Service Awards Ceremony. (5)
- The Employees’ being presented with the Green Belts. (6)
- Employees’ perform the inaugural pooja at Vashere. (7)
- Employees’ perform the annual pooja at Roha. (8)
- Employees at VC&MD’s annual engagement programme in Roha, Head Office and Cuddalore. (9), (10), (11)





PLANET

» At Clariant, we are committed to ethical and sustainable operations and development across businesses. We believe in giving back to the society. Corporate Social Responsibility is practiced across our various sites, through various locally relevant projects and activities. Each of our facilities also adhere to the principles of the sustainability and safety code outlined by the Group's Environment, Safety & Health requirements (ESH), in addition to the locally laid down statutory laws. To further ensure continuous improvement in our environmental performance we also have formulated environmental and sustainability goals for 2020. Sustainability is the way of business at Clariant and we work towards bettering ourselves to remain sustainably competitive and achieve top performance. «

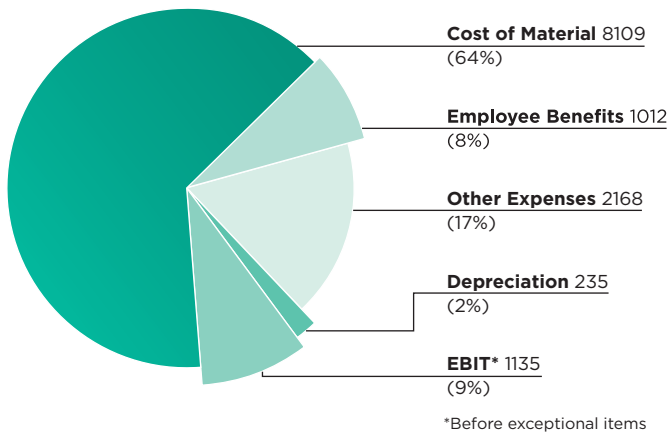


- Receiving the Responsible Care Logo from Indian Chemical Council. (1)
- Special recognition from the State for First-Aid training camps. (2)
- Applauding the Thane Women's Marathon Winners. (3)
- Tree Planting on Environment Day at our site. (4)
- Supporting initiatives for street kids' education. (5)
- Nature trail event for school kids. (6)
- Engaging with polytechnic students on industrial safety & security. (7)

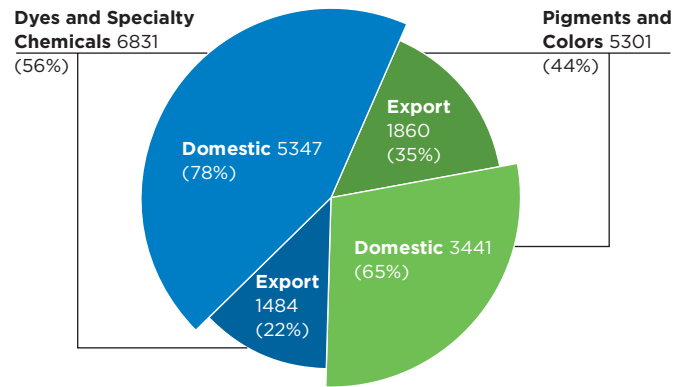


FINANCIAL PERFORMANCE

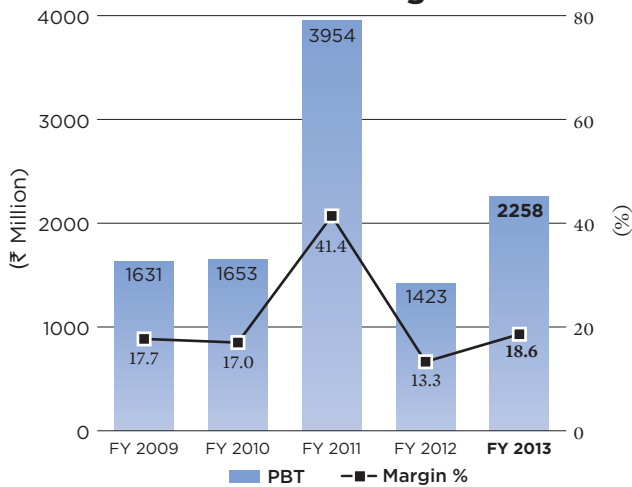
Distribution of EBIT* 2013
(₹ million)



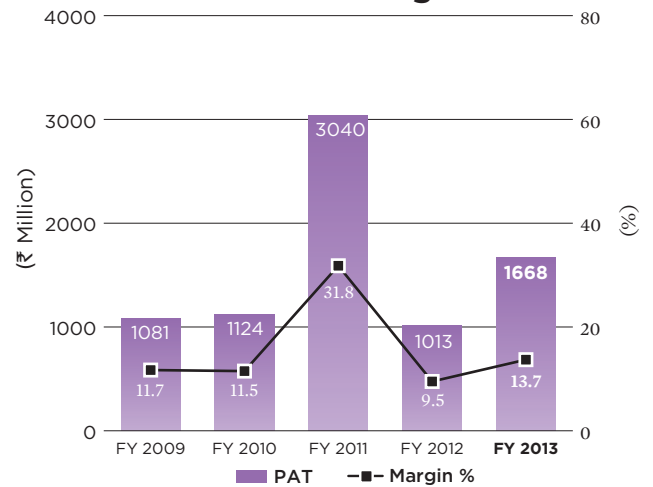
Composition of Sales 2013
Sales Segmentwise (₹ million)



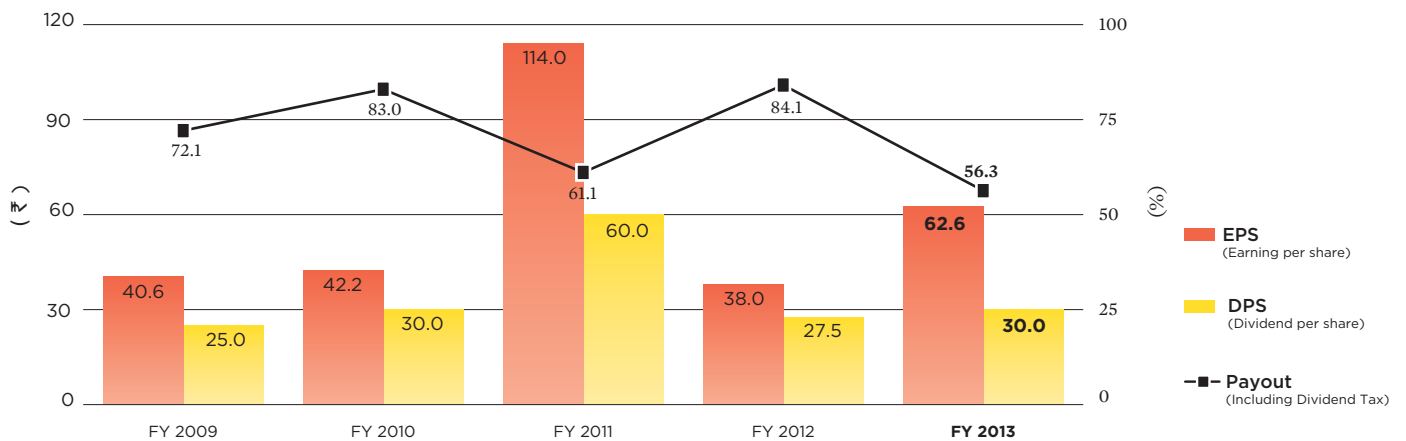
PBT and Margin



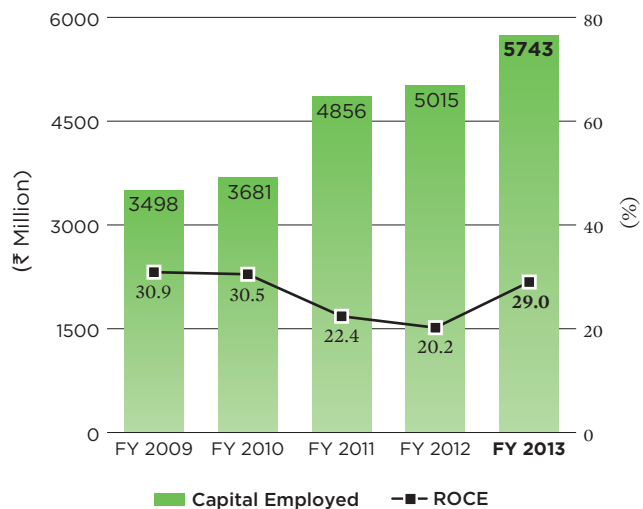
PAT and Margin



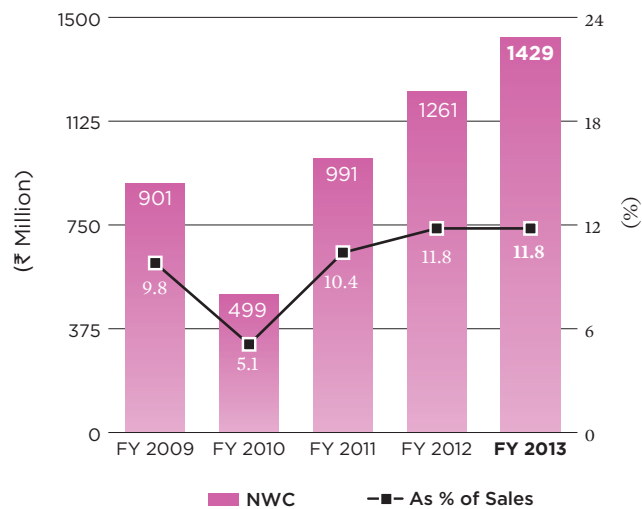
EPS, DPS and Payout



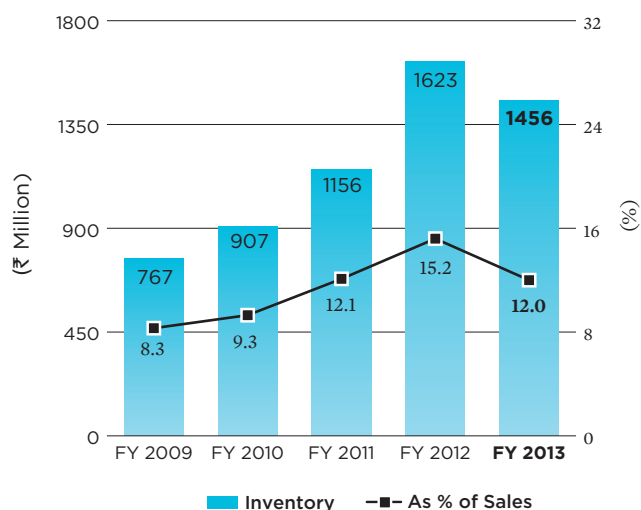
Capital Employed and ROCE



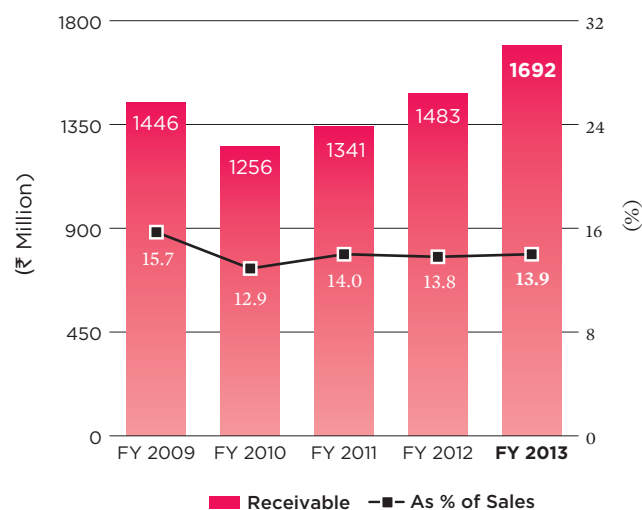
Net Working Capital to Sales



Inventory to Sales



Receivables to Sales



NOTICE

NOTICE is hereby given that the **Fifty-Seventh** Annual General Meeting of the Members of **Clariant Chemicals (India) Limited** will be held at Hotel Satkar Residency, next to Cadbury, Pokhran Road No. 1, Thane (West) – 400 606 on Tuesday, May 6, 2014 at 04.00 p.m. to transact the following business:

Ordinary Business :

1. To consider and adopt the audited Balance Sheet as at December 31, 2013 and the Statement of Profit and Loss 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, 2013.
3. To appoint a director in place of Mr. A. Muench who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit to pass the following resolution as an Ordinary Resolution:

“RESOLVED that pursuant to the provisions of Section 225 of the Companies Act 1956 M/s. Price Waterhouse, Chartered Accountants (Firm Regn No. 012754N) be and are hereby appointed as statutory auditors of the company in place of retiring auditors M/s. Deloitte Haskins and Sells, to hold the office from the conclusion of the AGM until the conclusion of the next AGM on such remuneration and reimbursement of out of pocket expenses, as the Board of Directors may decide”.

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. Y.H. Malegam, who was appointed as a Director of the Company by the Board with effect from July 16, 2013 in the casual vacancy caused by the resignation of Mr. B.S. Mehta 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 signifying his intention to propose Mr. Y.H. Malegam as a candidate for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation.”
6. To consider and, if thought fit, to pass, with or without modification, the following resolution as a **Special Resolution**:
“RESOLVED THAT pursuant to provisions of section 198, 309, 310 and other applicable provisions, if any of the Companies Act, 1956 and the corresponding provisions of Companies Act, 2013 including any amendment, modification, variation or re-enactment thereof read with Schedule XIII of the Act, and in accordance with the resolution passed at the Annual General Meeting held on 26th April, 2013, the Company hereby approves

the revision in the remuneration, benefits and perquisites approved by the Board from time to time and paid or payable to Dr. Deepak Parikh, Vice Chairman and Managing Director for the financial year 2013.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to increase, alter, modify or change the terms and remuneration including benefits and perquisites payable to Dr. Parikh within the overall limit of ₹ 800 lakhs per year.

RESOLVED FURTHER THAT subject to the applicable provisions, where in any financial year during the tenure of the office of Dr. Deepak Parikh, the Company has no profits or if the profits are inadequate, the Company shall pay remuneration, benefits and perquisites to Dr. Parikh as specified in the explanatory statement hereto as minimum remuneration, subject to the approval of the Central Government, if any, and to the extent necessary. “

7. To consider and, if thought fit, to pass, with or without modification, the following resolution as a **Special Resolution**:
“RESOLVED THAT subject to provisions of sections 198, 269, 309, 310 read with schedule XIII and other applicable provisions of the Companies Act, 1956 and corresponding provisions of Companies Act, 2013, including any statutory modifications or re-enactment thereof, the approval of the members be and is hereby accorded to the appointment of Mr. Bankatlal Gaggar as Executive Director of the Company effective from July 16, 2013, on the terms and conditions as set out in the agreement entered into between the Company and Mr. Gaggar, an extract of which is as set out in the explanatory statement annexed hereto.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to increase, alter, modify or change the terms and remuneration including benefits and perquisites payable to Mr. Gaggar within the overall limit of ₹ 200 lakhs per year.

RESOLVED FURTHER THAT subject to the applicable provisions, where in any financial year during the tenure of the office of Mr. Gaggar, the Company has no profits or if the profits are inadequate, the Company shall pay remuneration, benefits and perquisites to Mr. Gaggar as specified in the explanatory statement hereto as minimum remuneration, subject to the approval of the Central Government, if any, and to the extent necessary.”

8. To consider and, if thought fit, to pass, with or without modification, the following resolution as a **Special Resolution**:
“RESOLVED THAT pursuant to Section 146(2) of the Companies Act, 1956 and corresponding provisions of Section 12 (5) of the Companies Act, 2013, the registered office of the

Company be shifted from Kolshet Road, P.O. Sandoz Baug, Thane 400607 to Reliable Tech Park, Gut No. 31, Village Elthan, off Thane Belapur Road, Airoli, District Thane, Navi Mumbai - 400708 within the state of Maharashtra, effective from the date when the new premises is ready for occupation.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things and to execute all such deeds, documents, instruments and writings and in its absolute discretion and necessary or desirable in the best interests of the Company.

RESOLVED FURTHER THAT Mr. B. L. Gaggar, Executive Director Finance & Company Secretary be and is hereby authorized to notify the said change in the situation of the Registered Office of the Company to the Registrar of Companies, Maharashtra”.

ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 102 (2) of the Companies Act, 2013.

Item No. 5

At the meeting of the Board of Directors (“the Board”) of the Company held on July 16, 2013, Mr. Y.H. Malegam was appointed as Director on the Board of the Company to fill the casual vacancy caused by the resignation of Mr. B.S. Mehta. Pursuant to section 262 of the Companies Act, 1956, read with Article 114 of the Articles of Association of the Company, Mr. Malegam holds office only up to the date of the forthcoming Annual General Meeting as Mr. B.S. Mehta, 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. Yezdi H. Malegam, a Padma Shri Award recipient, was chairman of National Advisory Committee on Accounting Standards. He is a Chartered Accountant from India and England & Wales. Mr. Malegam has held the office of the President of the Institute of Chartered Accountants of India. He has been a board member of Reserve Bank of India since March 1994, and was a trustee of the Willington Sports Club. He is also engaged in various other fields of business and finance. Mr. Malegam is Director and Member on board of leading corporate organizations in India.

He 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. Malegam as a candidate for the office of Director.

The Directors recommend the Resolution for Members’ approval. No Director other than Mr. Malegam is concerned / interested in this resolution.

Item No. 6

Dr. Deepak Parikh was appointed, as the Managing Director of the Company with effect from March 1, 2013 on the remuneration, terms and conditions as approved by the members at the Annual General Meeting held on April 26, 2013. The appointment was subsequently approved by the Central Government pursuant to section 269 and other applicable provisions of the Companies Act, 1956.

In accordance with the approval granted by the members, the Board has considered and approved the change/variation in remuneration, benefits and perquisite payable to Dr. Parikh.

The revised terms of remuneration including benefits and perquisites payable to Dr. Parikh are as provided hereunder

a. Basic salary, allowances (described in whatsoever name), housing benefit, company’s contribution towards provident fund, taxable value of non-monetary perquisites and target bonus up to a maximum of ₹ 800 lakhs per annum, payable on monthly basis.

b. Notwithstanding anything to the contrary herein contained, where in any financial year during the tenure of Dr. Parikh, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, allowances, benefits, perquisites and target bonus as specified above, as minimum remuneration.

All other terms of appointment of Dr. Deepak Parikh as approved by the members at the Annual General Meeting held on 26th April, 2013 will remain unchanged.

In compliance with the provisions of Sections 198, 269, 309, 310 and other applicable provisions of the Companies Act, 1956 read with schedule XIII to the Act and corresponding provisions of the Companies Act, 2013, in so far as may be applicable, the revised terms of remuneration of Dr. Parikh as specified above are now placed before the members for their approval.

This may be treated as abstract of the terms and conditions of the revised remuneration of Dr. Parikh as required under Section 302 of Companies Act, 1956.

The Directors recommend the approval of the special resolution. None of the Directors, other than Dr. Parikh is concerned or interested in the resolution.

Item No. 7

The Board of Directors at its meeting held on July 16, 2013 has appointed Mr. B.L. Gaggar, as Executive Director of the Company and designated as Executive Director - Finance & Company Secretary with effect from July 16, 2013.

Mr. Gaggar is Graduate in Commerce, a Fellow Member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India. He joined Clariant (India) Ltd. in 1996 as Head of Finance & Administration and Company Secretary. After integration of Clariant entities in India in 2006, Mr. Gaggar left the organisation for a brief period and re-joined Clariant Chemicals (India) Ltd. on 1st September, 2008 as Director Finance & Company Secretary.

Mr. Gaggar shall continue his responsibilities as Executive Director - Finance and Company Secretary and devote his whole time to the business of the company and carry out such duties as may be entrusted to him by the Board from time to time.

In terms of the appointment, remuneration payable to Mr. Gaggar is as under:

- a. Salary of ₹ 8,14,264/- per month with annual increments, as may be decided by the Board from time to time.
- b. Bonus/performance linked incentive based on performance criteria as per Company’s policy.
- c. Benefits, perquisites and allowances as per Company’s policy.

The Board of Directors of the Company will be authorised to increase, alter, modify or change the terms and remuneration including benefits and perquisites payable to Mr. Gaggar within the overall limit of ₹ 200 lakhs per year.

Notwithstanding anything to the contrary herein contained, where in any financial year during the tenure of Mr. Gaggar, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, allowances, benefits, perquisites and target bonus as specified above, as minimum remuneration.

The terms of appointment of Mr. Gaggar as Executive Director Finance & Company Secretary will expire on his attaining the age of retirement as per Company's policy or for such extended period as may be agreed upon, not exceeding the period of 5 years from the date of appointment.

The Directors recommend the approval of the special resolution. None of the Directors of the Company, except Mr. Gaggar is concerned or interested in the resolution.

Item No. 8

As per provisions of Section 146(2) of the Companies Act, 1956, the shifting of registered office of a Company outside the local limits of any city and town requires approval of shareholders by way of Special Resolution.

Pursuant to the decision of the Company to sell its Kolshet site, the Board of Directors considered and subject to approval

of shareholders, approved the proposal for shifting the registered office of the Company to Reliable Tech Park, Gut No. 31, Village Elthan, off Thane Belapur Road, Airoli, District Thane, Navi Mumbai - 400708 within the state of Maharashtra, effective from the date when the new premises is ready for occupation. The proposed location is outside the local limits of Thane city and therefore requires approval of shareholders by way of special resolution. If approved, the registered office will be moved to new location on or after June 1, 2014.

The Directors recommend the approval of the special resolution. None of the Directors is concerned or interested in the resolution.

For CLARIANT CHEMICALS (INDIA) LTD

B. L. Gaggar
Executive Director Finance
& Company Secretary

February 26, 2014
Kolshet, Thane

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 102 of the Companies Act, 2013 in respect of the special business under Item No.5-8 set out above is hereto annexed.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, April 22, 2014 to Tuesday, May 6, 2014 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 21, 2014 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 21, 2014. The Company will dispatch the dividend warrants on or after May 7, 2014.
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 2006 will be transferred to the 'Investor Education and Protection Fund' maintained with the Central Government after the end of 7 (seven) years after April 19, 2014. Members who have still not encashed their dividend are requested to encash the same at the earliest.
7. The Annual Reports will be posted to the members who are on the records of the Company as on the Benpos date of March 28, 2014 to be compliant with the provisions of Section 171 of the Companies Act, 1956 and the corresponding provisions of the Companies Act, 2013. 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, for 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.

DIRECTORS' REPORT

Your Directors are pleased to present the 57th annual report and audited statement of accounts for the year ended December 31, 2013.

Financial Results

The financial performance of the Company for the year ended December 31, 2013 is summarized below:

	₹ Lakhs	
	2013	2012
Sales (Gross- including excise duty)	1,290,00.62	1,145,99.32
Net sales	1,213,20.25	1,071,22.57
Profit before exceptional items & tax	113,53.18	133,11.00
Add : Exceptional items	112,24.63	9,20.47
Profit before tax	225,77.81	142,31.47
Less: Tax expenses (incl. deferred tax)	59,00.97	41,01.43
Profit after tax	166,76.84	101,30.04
Add: Balance brought forward from previous year	132,26.44	126,30.48
Amount available for appropriation	299,03.28	227,60.52
Appropriations :		
General reserve	16,67.68	10,13.00
Interim dividend	26,66.07	26,66.07
Proposed dividend (final)	53,32.15	46,65.63
Tax on dividend (interim, final proposed & incl. previous period)	13,95.34	11,89.38
Balance carried forward to balance sheet	188,42.04	132,26.44

Review of operations

The Company has registered a record performance over previous year, despite challenging macro economic conditions, high inflation, depreciation of Indian currency against major currencies and negative business sentiments prevailing throughout the year and across the industry. Thanks to the sustained drive and team work of the entire organisation, performance remained high on agenda. This resulted into unprecedented record sales growth throughout the year. The performance in terms of net working capital was affected by higher inventory and the profitability impacted by inflation led cost push in most of the operating areas.

The Company registered sales of ₹ 1,213.20 crores as compared to ₹ 1,071.23 crores, growth of 13.3 percent sales. Considering the impact of sale of textile, paper and emulsion business (TPE business) effective from September 30, 2013, growth in sales on like to like basis was a record 25.3 percent over previous year. Out of the total sales revenue of the Company for the year, 23.3 percent is contributed by exports. The increased cost of raw materials and inflationary rise in other expenses resulted into lowering of PBDIT margin before exceptional items from 14.6 percent to 11.4 percent. Exceptional item represents profit from sale of TPE business (net

of transfer of assets and other liabilities). Net profit after accounting for exceptional items and tax is significantly higher over the previous year. The Company remains focused to improve its core business and look for higher market share in the business segments in which it operates.

Dividend

During the year, your Directors had declared an interim dividend of ₹ 10/- per share (100%) and the same was paid in August 2013. Based on the performance for the year and the exceptional income arising from the sale of TPE business, the Board of Directors is pleased to recommend a **final dividend** of ₹ 20/- per share (200%).

The total dividend for the year under review amounts to ₹ 30/- per share (300%) as compared to ₹ 27.5 per share (275%) paid for the previous year. The dividend together with tax thereon for the year entails cash out flow of ₹ 93,57.52 lakhs (previous year ₹ 85,57.12 lakhs) and pay out of 56% of the net profit for the year.

Sale of Businesses

In accordance with the approval of shareholders granted pursuant to provisions of section 293(1)(a) of the Companies Act, 1956, the Company has executed agreement with Archroma India Pvt. Ltd. and sold its TPE business as going concern on slump sales basis for a total consideration of ₹ 209.15 crores, on September 30, 2013. The profit arising from the sale of business, net of assets and liabilities transferred to Archroma India Pvt. Ltd. and after considering the provisions for various expenses incurred or to be incurred to transfer the business as going concern, the net profit of ₹ 114.45 crores has been included in the exceptional income for the year.

Pending receipt of certain licenses and approvals in the name of Archroma, the Company had entered into business continuation agreement with Archroma to run the business in its name for and on behalf of Archroma till the last of the permission and approval is received. On receipt of the last permission, the business continuation agreement was terminated on 31st January, 2014.

Sale of Leather Service Business:

Considering its long-term strategy and overall objective to serve markets with future perspective and strong growth rates, Clariant decided to sell its leather services business and thereby reposition its portfolio. The company intends to sell the leather services business together with the assets and liabilities pertaining to this business as going concern on slump sale basis to M/s. Stahl India Private Limited, an affiliate of Stahl Holdings B.V. Group for a consideration of ₹ 156 crores, subject to adjustment, if any, as of the effective date. The consideration so received by the Company (net of tax) will be used for furtherance of the Company's business.

The company has production facilities for manufacture of leather dyes and chemicals located at Kanchipuram in Tamilnadu. The sale of business include transfer of all assets including land, buildings, plant and other assets located at Kanchipuram, the

laboratories and relevant office set-up located at Ranipet, Kolkata and Kanpur, employees related to productions, sales & marketing and service functions engaged for leather service business.

The leather service business contributed about **20.9%** of the net sales of the Company for the year. The decision to sell the business as going concern at a value arrived at by M/s. Ernst & Young LLP was considered by the Board and was approved by the Shareholders pursuant to section 293(1)(a) of the Companies Act. The Directors would like to assure that given the present market conditions prevailing for the business under sale, the decision will be in the best interest of the Company and its shareholders.

Sale of Kolshet Land:

With a view to unlock the value of the real estate, the Company decided to sale its land measuring about 87 acres located at Kolshet, Thane. In accordance with approval granted by the shareholders pursuant to provision of section 293(1)(a) of the Companies Act, 1956, the Company is in process to complete the sale of land. The shareholders will be appropriately informed once the agreement is concluded with the interested buyer.

Acquisition of M/s. Platichemix Industries:

In order to deploy the surplus funds for business opportunities, the Company considered it appropriate to increase its foothold in growing business of masterbatches and thus executed an agreement to acquire business currently run by M/s. Platichemix Industries, a partnership firm owned by Sheth family. M/s. Platichemix Industries has set up manufacturing operations at Nandesari, Rania and Kalol in Gujarat. In terms of agreement signed between the Company and M/s. Platichemix Industries, upon closure of the certain events and on closing of accounts, the Company expects to acquire the business as going concern and on slump sale basis effective from April 1, 2014. M/s. Ernst & Young LLP has carried out the due diligence and also provided valuation report. The consideration agreed to be paid to M/s. Platichemix Industries amounting to ₹ **135 crores**, subject to adjustment if any, is negotiated and arrived at after considering the strategic benefits expected to be realised by the Company from the acquisition.

Relocation to New office:

In order to monetise the value of the Kolshet real estate, the Company decided to relocate its operations hitherto carried out at Kolshet to a new location. The Company has leased out about 142,000 sq. ft. of space for relocating its offices and laboratories currently located at Kolshet to Reliable Tech Park, Airoli, Navi Mumbai. The new location is expected to be ready for occupation effective from June, 2014.

The manufacturing operations for masterbatches has been relocated from Kolshet, Thane to Renaissance Warehouse Park situated at village Vashere, Taluka Bhiwandi, District Thane and the relocated facility has started the production in December 2013.

Registered Office:

In view of shifting of its offices from Kolshet to Airoli, the Company is proposing to relocate its registered office from Sandoz baug, Kolshet Road, Thane to Reliable Tech Park, Airoli, Navi Mumbai.

Fixed Deposits

The Company did not accept any fixed deposit during the year under review. There were no overdue or unclaimed deposits outstanding as on December 31, 2013.

Corporate Governance, Management Discussion and Analysis

The Company is committed to compliance standards, ensuring checks and balances between the Board and Management, as well

as a sustainable approach to create value for all stakeholders. As stipulated under clause 49 of the listing agreement, report on corporate governance, management discussion and analysis as well as auditor's certificate confirming the compliance with the conditions of corporate governance are attached herewith and forms part of this annual report.

Particulars of Employees

As per provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, Board's report shall include a statement providing the particulars of employees who are in receipt of remuneration as prescribed under the section. However, pursuant to provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the report and accounts are being sent to members excluding the statement of particulars of employees. Any member interested in obtaining a copy of this statement, may write to the Company Secretary at the registered office of the Company.

Directors

During the year, Mr. Bansi S. Mehta, Diwan Arun Nanda and Dr. H. Schloemer resigned as members of the Board. The Board considered and appointed Mr. Y. H. Malegam, Dr. (Mrs.) Indu R. Shahani and Mr. Karl H. Dierssen to fill up the casual vacancies caused by resignations. The Board of Directors wishes to place on record its appreciation for the valuable services rendered by Mr. Mehta, Diwan Nanda and Dr. Schloemer during their tenure as directors of the Company. The Board considered and appointed Mr. B.L. Gaggar as Executive Director of the Company effective from July 16, 2013. The appointment of Mr. Gaggar and terms thereof is subject to approval of members and are set out in the notice convening annual general meeting.

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

Details of the directors seeking re-appointment as required under clause 49 of the listing agreements with the stock exchanges are provided in the report on Corporate Governance forming part of the annual report.

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, 2013 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; and
- (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. Price waterhouse Coopers (PwC) are the statutory auditors of Clariant Group. With a view to have common auditors, it was proposed to consider the appointment of M/s. Price Waterhouse, Indian affiliate of PwC as statutory auditors of the Company. The Board considered the proposal and proposes the appointment of M/s. Price Waterhouse as statutory auditors in place of the retiring auditors, M/s. Deloitte Haskins & Sells, who being eligible, offer themselves for re-appointment.

Cost Audit

The Board of Directors, in pursuance of order under section 233B(2) of the Companies Act, 1956, appointed M/s. Nalin I. Mehta, Cost Accountants, as cost auditors of the Company to carry out the audit of the cost accounts relating to organic and inorganic chemicals of the Company for the financial year 2014, subject to approval of Central Government, if any. The cost audit report for the financial year 2012 has been filed on due date.

Acknowledgement

The Board of Directors wish to place on record its sincere appreciation for the support received from its stakeholders including shareholders, bankers, distributors, suppliers and business associates. The Directors recognize and appreciate the sincere and hard work, loyalty, dedicated efforts and contribution of all the employees that ensured sustained performance in a challenging business environment.

The 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,

Mumbai, February 26, 2014

R. A. Shah
Chairman

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, 2013.

A. Conservation of Energy:

The rising energy cost has laid great emphasis on conservation of energy. The Company has taken various measures, including regular monitoring of consumption, reduction of losses and improved maintenance to increase the efficiency and reduce the power cost.

The particulars with respect to power and fuel consumption are provided below:

	2013	2012
1. Electricity:		
a) Purchased:		
Units (in '000 Kwh)	29907	26681
Total amount (₹ lakhs)	2329	2033
Rate per unit (₹)	7.79	7.62
b) Own Generation:		
i) Through diesel generator		
Units (KL)	901	1221
Units per litre of diesel oil	3	4
Cost per unit (₹)	18.01	13.68
ii) Through steam turbine/ generator	Nil	Nil
2. Coal		
Quantity (MT)	139	146
Total cost (₹ lakhs)	9	13
Average rate (₹ per Kg.)	6.82	8.65
3. Furnace Oil (including L.S.H.S.)		
Quantity (MT)	2222	3081
Total cost (₹ lakhs)	931	1258
Average rate (₹ per Kg.)	41.90	40.82

	2013	2012
4. Other internal generation	Nil	Nil
5. Agro mass briquettes		
Quantity (MT)	19444	13080
Total cost (₹ lakhs)	1183	709
Average rate (₹ per Kg.)	6.09	5.42

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.

B. Technology Absorption, Research & Development (R&D)

Research & Development:

The Company during the year 2013 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. As such, there is nothing to report under this section.

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 technical laboratories set up at various locations with world class facilities. The Company has paid royalty for know-how and technology received from Clariant.

C. Foreign exchange earnings and outgo:

The particulars of foreign exchange earned and used during the year are given in Note 31 to 34 in the notes forming part of the financial statements.

For and on behalf of the Board of Directors,

Mumbai, February 26, 2014

R. A. Shah
Chairman

MANAGEMENT DISCUSSION & ANALYSIS

Financial and Operational Performance

In spite of challenging macro economic conditions the Company registered a record growth of 13.3% in sales over previous year.

Total sales revenue of the Company for the year comprises domestic sales of ₹ 878.8 crores (PY ₹ 800.0 crores) and export sales of ₹ 334.4 crores (PY ₹ 271.2 crores). In view of rising cost of raw materials and inflation led upsurge in other operating costs, 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 divestment of TPE business in the current year and sale of premises in the previous year, the profit after tax (PAT) is higher from ₹ 101.30 crores to ₹ 166.77 crores. The following table exhibits, in summary, the financial performance of the company for the year in relation to the previous year.

	2013	2012
Sales growth (%)	13.3	12.0
Domestic sales growth (%)	9.9	9.6
Export sales growth (%)	23.3	19.9
PBDIT (% to sales)	11.4	14.6
PAT (% to sales)	13.7	9.5
ROCE (%)	29.0	20.2
Earnings per share (₹)	62.55	38.00
Cash earnings per share (₹)	71.3	46.1
Book value per share (₹)	215.4	188.1

The Company remains a zero debt company with no long-term borrowings. The credit rating for the Company is reaffirmed 'CARE AAA' for long term bank facilities and 'CARE A1+' for short term bank facilities. This endorses the confidence on the financial standing of the Company. Short-term bank borrowings are restricted to the need based working capital requirements. In spite of challenging business environment, the year-end ratio of inventory to sales of 12.0%, receivables to sales of 13.9% and net working capital to sales of 11.8% is one of the best in the specialty chemical industry. Net cash flow from operating activities during the year was ₹ -31.81 crores. Funds surplus to the operational needs have been prudently invested to earn reasonable returns with a high degree of safety. A sum of ₹ 260.73 crores (previous year ₹ 226.98 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 better than the previous year.

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. Pigments and Colors:

The segment comprises of pigments, additives and masterbatches.

Clariant is a leading global provider of organic pigments, pigment preparations and dyes used in coatings, paints, printing, plastics and other specialty applications. Clariant's pigments make a difference to a whole host of products that touch everyday life. Based on extensive experience and expertise in color, our pigments provide vibrant and safe colors to the world. The product portfolio meets the demands for key market segments that include automotive, industrial, decorative and architectural paints and coatings, plastic applications including films, fibers, detergent coloration, cosmetics, aluminium finishing, traditional and non impact printing and electronic displays. The Company has significant presence in paints, coating, ink and plastic applications and positioned itself as preferred supplier to major players in domestic market. The pigment business has recorded sales of ₹ 407.0 crores and growth of 27.3% over previous year. The Company is in the process of increasing its capacities to manufacture high performance pigments at Roha to increase its market presence.

Clariant's additives business creates value by improving the efficiency, safety, protection, durability and appearance of products such as plastics, coatings and printing inks. Clariant is a leading provider of flame retardants, waxes and polymer additives and serves customers across a wide range of applications and sectors including electronic, construction and automotive, textiles and packaging. The additives business of the Company is in nascent stage and caters to the market demand by outsourcing high technology products from Clariant affiliates. Additives business has contributed sales of ₹ 13.3 crores during the year. Looking at the product portfolio and the demand in Indian market, the Company foresees wide scope for this business to grow in future in the niche applications.

Clariant is a global leader in masterbatches for color, additive concentrates and innovative performance solutions for

plastics. 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 Company has established itself as a reliable partner for specialty masterbatches in plastic and fiber segment. During the year masterbatches business has contributed sales of ₹ 109.8 crores and recorded a growth of 25.9% over previous year. The proposed acquisition of Plasticemix Industries will provide additional opportunity to increase the range of products and market share in all segments. The Company has relocated its masterbatch manufacturing facilities from Kolshet to Renaissance Warehouse Park situated at village Vashere, Taluka Bhiwandi, District Thane and the relocated plant has started production in December 2013.

The Company focuses on global standards for quality and provides broad portfolio of high-quality, cost-effective pigments performance additives and masterbatches. 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. The challenges in this segment are from rising costs of utilities whereas customers are increasingly becoming sensitive to price rise.

The ratio of domestic sales to export sales under this segment is 65:35. The segment has contributed 44% to the total sales and registered a growth of 26.4% over the previous year.

2. Dyes and Specialty Chemicals:

The dyes and specialty 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.

Clariant was a major player in the field of dyes and specialty chemicals and played a key role in providing innovative and sustainable solutions throughout the entire supply chain and all segments from fiber to finishing of textiles and retanning to finishing of leather. In view of the sector becoming highly competitive, the Company has sold its TPE business to Archroma India Pvt. Ltd effective from October 1, 2013. The TPE business has contributed sales of ₹ 322.3 crores with negative growth of 13.3% over previous year.

Clariant is a leading provider of chemicals, technical services and solutions over the entire value chain of leather production. From beamhouse to finishing, Clariant provides high quality and environment friendly leather processing chemicals and services and world class knowledge of leather upgrading and chrome free tanning solutions. The customized technical solutions, expertise in performance leather and environmentally compatible solutions provide an edge to the customers in the shoe, automotive, furniture and garment segments. The leather service business has contributed sales of ₹ 253.5 crores recording a growth of 33.3% over the previous

year. The Company is also in the process of selling its leather service business to Stahl India Pvt. Ltd.

Industrial & Consumer Specialties business is a leading provider of specialty chemicals and application solutions for the personal care, industrial and home care, crop protection, paints and coating to construction chemicals, industrial lubricants and engineering. 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, special solvents and fluids for heat transfer, gas scrubbing, formulations for fungicides, herbicides and seed treatments. The growing affluence of Indian consumers who are able to spend more on hygiene and personal care products, the industrial, home and personal care market in India is expected to grow at a rapid pace. Increasing consumption is driving demand for wide range of cosmetic chemicals, health care products as well as hygiene products using specialty chemicals, polymers and oleo chemicals. To meet the demands for innovative and tailor made products suited for local requirements the Company has set up additional laboratories and optimized the biocide production. Furthermore, our manufacturing facility in Roha has successfully passed the cosmetic Good Manufacturing Audit (cGMP), which shows Clariant's commitment to the highest quality standards. The Industrial and consumer specialties business of the Company has recorded a growth of 22.2% over previous year. The Company has set up laboratories to meet the demands for innovative and tailor made products to suit the local requirements.

Since TPE business was only for part of the year, the performance of the segment is not comparable with the previous year. The ratio of domestic sales to export sales was 78:22. The segment has contributed 56% to the total sales and registered a growth of 4.8% over the previous year.

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

Segments	(₹ Lakhs)			
	2013	% to Total Sales	2012	% to Total Sales
Pigments & colors	530,09	44%	419,41	39%
Dyes & specialty chemicals	683,11	56%	651,82	61%
Total	1213,20	100%	1071,23	100%

Internal Control Systems

The Company has adequate system of internal controls and risk management. These systems enable observance with internal company policies and local applicable laws and thus help company in realizing operational efficiency, optimal utilisation of resources, credible financial reporting and regulatory compliances. These controls are regularly reviewed by both internal and external agencies for its efficiency and effectiveness. Corporate policies, management information and reporting system for key operational

areas form part of overall control mechanism. Additionally, in order to supplement the internal control process, the Company has engaged the services of independent firms of professionals to function as internal auditors who are authorised by the audit committee to assess the adequacy and compliance of internal control process and provide their report covering observations and recommendations. Findings of internal audit reports and effectiveness of internal control measures are reviewed by the top management and audit committee of the Board.

Human Resources

The Company believes that its employees are the key to driving sustainable performance and developing competitive advantage. The emphasis has been given to recruit the best talent, nurture, motivate and empower. The Company's approach is to unlock the potential of people while continuously developing their functional, operational and behavioral competencies. The Company aims to build a team of dedicated employees who work with passion, zeal and a sense of belongingness and play a defining role in significantly accelerating the growth and transformation of the Company and in this direction, the Company rolled out workshops on mindset, behaviour, capability and change management. The Company launched Global Performance Management System for the senior managers emphasizing on target setting, performance dialogue, talent management and potential assessment. In order to inculcate the Clariant Values, training was conducted for the benefit of newly joined employees. The Company launched second wave of management training for key potential managers with the support of Indo German Training Center (IGTC).

Industrial relations remained cordial at all the plants. The Company signed a wage agreement with its workers at Kanchipuram factory and initiated productivity linked wage agreement with its workers at Roha which resulted into significant improvement in productivity. The work force related to TPE business at Roha plant was amicably transferred to Archroma. The total number of employees on the rolls of the Company as on 31st December, 2013 was 884 as against 1077 on 31st December, 2012.

Industry Structure & Development

The chemical industry is critical for the economic development of any country, providing products and enabling technical solutions in virtually all sectors of the economy. Products from the chemical industry have improved the quality of life world over and have contributed significantly to everyone's day-to-day requirements.

The global chemicals market is estimated at about US\$ 3.4 trillion, of which the specialty chemicals account for ~22%. The chemical industry is shifting its base to Asia and this has led to share of Asia in the global chemical industry increasing from 31% to 45% between 1999 and 2009. With Asia's increasing contribution to the global chemical industry, India emerges as one of the focus destinations for chemical companies worldwide. The total market size of Indian chemicals sector is expected to grow from US\$ 108 billion in 2011 to US\$ 290 billion in 2017. Chemicals constitute more than 14 per cent of India's total exports. Total exports of chemicals grew from US\$ 3.6 billion in FY03 to US\$ 11.4 billion in FY10, a compound annual growth rate (CAGR) of 18.4 per cent and accounts for ~ 7% of India's GDP and ~3% share in the global chemical industry. The Five year plan document (2012-2017) for the chemical industry stresses on sustainability of resource and environment. Water, environmental impact, raw materials, safety

over lifecycle and energy use is some of the issues grappling the industry.

The Indian chemical industry forms the backbone of industrial development of India and it has evolved from basic chemical producer to knowledge intensive industry with healthy growth. However, the chemical industry's contribution to the GDP has stagnated during recent past due to India's inability to build competitiveness required to meet global challenges and to develop a larger domestic market through low cost production.

Specialty chemicals are group of relatively high value, low volume chemicals known for their end use applications and or performance enhancing properties. Indian specialty chemicals market size is approximately USD 23 bn and it has witnessed strong growth of 14% per annum. While the growth rate is strong, compared to the developed countries, the current penetration of specialty chemicals within India's end markets is low. As per Mckinsey's report, India's specialty chemicals industry is highly fragmented. Out of approx. 700 companies in the specialty chemicals market in the country, the top 20 companies have almost 48% market share. 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. Indian specialty chemical industry is at an inflection point and will be a major contributor to the country's growth in coming decade. However, the success of this sector will depend on how well it manages its key challenges, some of which include dependence upon imports for intermediates, high fragmentation, small capacities and limited focus on technology up-gradation.

Pigments and colorants is an important segment of specialty chemical industry. The major driving factors of colorants market are growth in end user industries, rising demand for high performance pigments (HPP), and rising preference towards environment-friendly products. Dyes and pigments have a large number of applications ranging from paints & coatings, textile, construction, printing inks, and plastics. The paints & coatings industry is recording significant growth due to growing infrastructure. According to the industry estimates, the global demand for paints & coatings is anticipated to grow at a CAGR of 5.4% during the next five years. Printing ink is another application of the colorants market. The demand for printing ink is driven by various factors such as technological developments and increasing demand for digital inks. The factors restraining the growth of colorants market are raw material price volatility, its global over capacity, and environmental concerns. Some of the trends witnessed in dyes and pigments market are shifting of the manufacturing facilities from U.S. and Europe to India, China, and Taiwan and the rising preference towards eco-friendly products. In the colorants market, Asia-Pacific accounts for the largest share and is one of the key markets for dyes and pigments production. In the Asia-Pacific, India and China are the important countries contributing towards the growth of colorants market.

India has emerged as a global supplier of dyes, dyes intermediates, pigments and pigments preparations. Whereas, many of the plants all over the world are very large size, there are many SME units in India, which are capable of producing quality colorants. There has been a remarkable growth in the exports of colorants during the last 2 decades. From \$2.3 billion in 2009-2010 exports are expected to grow to \$4.9 billion by 2017. During the last decade, the industry achieved a growth of 14.5% pa.

Outlook, Opportunities and Challenges

The year 2013 saw the Indian economy struggling with slow growth. Increased pressure from inflation added to the overall gloominess in a year saw the rupee falling to its lifetime low level against the US dollar and the current account deficit soaring to its historic high. GDP growth rate during first half of the current fiscal 2013-14 slipped to 4.6% from 5.3% in the same period last fiscal. Indian manufacturing sector is facing challenging times and growing much slower than the rest of the economy. The sector is largely concerned with increasing cost pressures, declining domestic demand, foreign exchange volatility and political uncertainty. As per data released by CSO, the manufacturing sector declined by 0.6% during April-November 2013 period as compared to 0.9% growth for the same period in 2012. As per industry wise IIP data, the chemical industry grew by 9.8% during April-November 2013.

In spite of gloomy scenario, industries are cautiously optimistic about future growth prospects and working towards new products, innovative services, application developments, facilities expansion and most importantly, understanding the changing customer preferences and demands and fostering long term profitable relationship with customers.

The Chemical industry is critical for the economic development of any country, providing products and enabling technical solutions in virtually all sectors of the economy. The chemical industry primarily comprises of three segments namely basic chemicals, specialty chemicals and knowledge chemicals. Basic chemicals with ~57% share is the largest segment followed by specialty chemicals ~ 25% and knowledge chemicals at ~8%. Each segment is different, with its own unique set of challenges and opportunities.

Specialty chemicals provide the required 'solution' to meet the customer application needs and is a highly knowledge driven industry with raw materials cost (measured as percentage of net sales) much lower than for commodity chemicals. The critical success factors for the industry include understanding of customer needs and product/ application development at a favorable price-performance ratio. The demand for specialty chemicals is driven by a wide range of end use industries. Global economic slowdown has impacted adversely the growth of the key consumer industries and consequently the specialty chemicals industry in India. However, the fundamental shape of the Indian specialty chemicals growth curve has not altered significantly. It is expected to return to growth rates of ~15 % p.a. There is immense potential for increasing consumption within the country for India to become a reliable supplier of such quality chemicals to the world. Compared to United States, Europe and even China, there is comparatively very low usage of such chemicals in India. Increasing usage of such chemicals will not only help in the growth of this important segment of the chemical industry but also facilitate overall economic growth. As the economy develops, India will need to regulate products more stringently and strengthen consumption standards to promote safe use of products, which in turn will promote increased usage of specialty chemicals. Most developed countries (e.g. the US, Germany) have implemented stringent consumption standards across various end-use markets. India still uses enamel paints with high VOC content. Mandating the usage of water-based paints will help ensure health and safety of consumers and encourage the consumption of higher cost water based paints. This will result in consumption-led growth in key

end markets over the next decade and an increased need for better products and services. Companies need to address the emerging trends in consuming industries which require development of unique environment friendly local products/ solutions based on an understanding of Indian customers. This is critical for companies supplying to the whole spectrum of end user industries. The REACH and other European legislation offer 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 specialty chemical industry on the global map while meeting the needs of enhanced quality of life for growing affluent population of India. The growth will be driven not only by underlying end market growth but also by increased usage intensity and new product specifications and standards. Availability of large pool of technical man-power, scientists and researchers offers immense potential for investment as well as employment generation in specialty chemical industry.

The demand for paints, coating and additives is strongly backed by very low per capita consumption of paints in India and growth of the automotive, housing and construction sector which is expected to have an average annual growth rate of 15 percent. There is increasing demand for water based paints, lead-free and low-volatile organic compound products, which are environment friendly. Heavy metal pigments are getting replaced with organic pigments in premium paints. Industry outlook for paint, plastics, inks and special applications remains good. The Indian plastic industry is one of the largest in the world and promises a steady double digit growth for next few years. The domestic per capita consumption of polymers at 9 kg is one of the lowest as compared to the global average of 25 kg. Plastic industry will be a direct beneficiary of increasing per capita income, rising consumerisation and improvement in living standards. Demand for polymer products from key user industry is expected to remain robust. The beverages, consumer durables and pharma industries are expected register healthy growth.

The ability of companies to comply with global regulations and India's manufacturing competitiveness has helped the export market grow significantly. Going forward, innovation and sustainability initiatives are expected to be major factors for competitiveness. Development of processes / products which eliminate or reduce the use of hazardous substances could become the key priority of producers. Consumers would be expected to pay premium for green chemistry and environmental preservation initiatives. Moreover, stringent regulatory norms could further push the need to innovate cost effective industrial green chemicals. Currently, the domestic specialty chemical producers also face challenges related to feedstock availability, higher operational costs, outdated technology / process, limited investment in R&D and a negative perception amongst end consumers. Apart from depending on regulatory interventions, Indian players should come together and pro-actively work towards collaborative investment to avert global competition.

Risks Management

The Company's risk management policy is in line with the Clariant's global guidelines on risk management and as such adequate measures have been adopted by the Company to anticipate, plan and mitigate the spectrum of risks it faces. Under Global Risk Management Policy and based on risk management

standards, a tool is used to prepare risk assessment every year with quarterly updates by assessing the threats and opportunities that will impact the general business objectives set for Clariant overall. Risk registers are maintained using financial, operational, reputational and likelihood assessment to score and rank all identified risks. The assessment also addresses the measures in place to manage the risk identified, setting deadlines for completion of measures etc. The risk register covers regulation and compliance, sites, locations and competition. 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 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 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.

The Company operates within the letter and spirit of all applicable laws. General compliance with legal requirements is an important component of Clariant's code of conduct. The Company has set in place the requisite mechanism for meeting with the compliance requirements and periodic monitoring to avoid any deviation.

The Company's business operations are exposed to a variety of financial risks such as market risk (foreign exchange risk, interest rate risk and price risk), credit risk, liquidity risk etc. The group's overall risk management program focuses on unpredictability of financial markets and seeks to reduce potential adverse effects on the financial performance. 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 physically separated server parks operated by the Clariant group. The system's parallel architecture overcomes failures and breakdowns. The global communication network is managed centrally and is equipped to deal with failures and breakdowns.

Environment, Corporate Sustainability and Social Responsibility

Responsible corporate management plays key role in helping Clariant to continue business operations. Our ability to treat customers, employees, neighbors and environment in a responsible way is not only ethically correct but also strengthens our partnership with those stakeholders upon whom our success as a Company ultimately depends. Clariant takes initiatives to reduce environment, health and safety risks in the production, storage, distribution, use of products and disposal of waste. These include efficient use of energy and resources and continuous improvement of our processes to minimise the impact of our activities on the environment.

Clariant commits itself to ethical and sustainable operation and development in all business activities according to the principles of Responsible Care® and the Clariant Code of Conduct. Clariant constantly strives to meet and exceed expectations in terms of the quality and safety of its products. Reducing environment, health and safety risks in the production, storage, distribution, use of our products and disposal of waste is therefore an important part of our business. Clariant places significant importance on reducing environment impact and carbon footprint and has set itself ambitious environment goals regarding quality and quantity to be reached by 2020. In terms of its sustainability strategy, Clariant does not merely meet legal requirements, but voluntarily undertakes to go beyond to comply with higher standards such as Responsible Care Global Charter, Global product strategy or the 10 principles of the UN Global Compact. Clariant is included in European Dow Jones Sustainability Index (DJSI Europe). This index listing recognizes the outstanding and sustainable performance of Clariant in the economic, environmental and social dimension. Thanks to its performance and commitment, Clariant India has been authorised to use Responsible Care® logo by Indian Chemical Council.

Clariant's certified management system adheres to all internal and external standards to which Clariant subscribes and forms the Company's documented structural framework as the basis for objectives and programs. The system complies with ISO 9001, ISO 14001, OHSAS 18001 and Responsible Care® and this reflects the Company's continued commitment towards Quality, Environment, Occupational Health and Safety approaches.

Corporate social responsibility is an integral component of our corporate philosophy and the Company strives for enhanced participation in CSR activities, especially 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.

For and on behalf of the Board of Directors,

Mumbai, February 26, 2014

R. A. Shah
Chairman

REPORT ON CORPORATE GOVERNANCE

Principles of Corporate Governance

Clariant is ordained to set the highest standards of corporate governance right from its inception, benchmarked with the best in class practices across the globe. Effective corporate governance is manifestation of professional beliefs and values, which configures the organisation values, credo and actions of its employees. Transparency and accountability are the fundamental principles to sound corporate governance which ensures that the organisation is managed in a responsible manner for creating and sharing the values. In defining the management structure, organisation and processes of the Clariant group, the corporate governance principles aim to provide shareholder value and transparency to promote sustainable long-term success. The Corporate Governance policy in the Company encompasses the simple tenets of integrity, transparency, accountability and fairness in whatever the Company does and aims at achieving complete adherence to the applicable statutes while at the same time ensuring commitment to values and highest standards in every facet of its operations. This in turn ensures best in the class concept of Corporate Governance practices becomes a way of life in the Company. The procedures, policies and practices followed by the Company reflect sound governance principles.

1. Group Structure

Clariant's business operations are conducted through its group companies / affiliates. Clariant Ltd., a holding company organised under Swiss law directly or indirectly owns group companies / affiliates world wide. Clariant Chemicals (India) Ltd. is an affiliate of Clariant, a global leader in the field of specialty chemicals with a spread of over 130 companies in five continents and headquartered in Muttenz near Basel.

Post divestment of textile, paper, emulsion, detergents & intermediates and leather services business and after full integration of Germany based Sud-Chemie AG; the Group conducts its business through seven business units namely Additives, Catalysts, Functional Materials, Industrial & Consumer Specialties, Masterbatches, Oil & Mining Services and Pigments. The business operations of Clariant India are conveniently grouped into two reportable segments viz. Pigments and Colors and Dyes and Specialty chemicals.

2. Board of Directors

2.1. Composition and Changes:

The Board of Directors of the Company comprises an optimum combination of executive and non-executive directors headed by a non-executive independent chairman. The directors on the Board are eminent professionals in business, law, finance, public enterprise and corporate management and have vast experience in their respective fields which enable them to contribute effectively to the Company in their capacity as members of the Board.

All the directors, except the Vice-Chairman and Managing Director and Executive Director are liable to retire by rotation as per Article 128 of the Articles of Association and eligible for re-election.

None of the independent directors has any material pecuniary relationships or transactions with the company, its promoters, directors, 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 for the year ended December 31, 2013, the number of other Directorships / Committee memberships held by them and also their attendance 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, 2013	Other Directorships* as on December 31, 2013	Committee Memberships	Committee Chairmanships
		Held	Attended				
Mr. R. A. Shah DIN 00009851 Chairman	Non-Executive Independent	8	8	Attended	14	9	5
Mr. Peter Palm DIN 02857378 (upto 26.04.2013)	Executive	3	3	Attended	None	1	None
Dr. Deepak Parikh DIN 06504537 (from 01.02.2013)	Executive	8	8	Attended	None	1	None

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, 2013	Other Directorships* as on December 31, 2013	Committee Memberships	Committee Chairmanships
		Held	Attended				
Mr. B.L. Gaggar DIN 00701484 (from 16.07.2013)	Executive	5	5	Attended	None	None	None
Mr. Y.H. Malegam DIN 00092017 (from 16.07.2013)	Non-Executive Independent	5	5	Not Applicable	6	5	4
Dr. Mrs. Indu Shahani DIN 00112289 (from 16.07.2013)	Non-Executive Independent	5	5	Not Applicable	4	2	1
Mr. B.S. Mehta DIN 00035019 (upto 16.07.2013)	Non-Executive Independent	3	None	Unattended	14	10	5
Diwan A. Nanda DIN 00034744 (upto 16.07.2013)	Non-Executive Independent	3	1	Unattended	3	1	1
Dr. H. Schloemer DIN 02848180 (upto 01.10.2013)	Non-Executive	6	3	Attended	None	None	None
Mr. Alfred Muench DIN 03092351	Non-Executive	8	3	Attended	None	None	None
Mr. Philipp Hammel DIN 05131391	Non-Executive	8	2	Attended	None	None	None
Mr. Karl Holger Dierssen DIN 06739356 (from 01.11.2013)	Non-Executive	1	None	Not Applicable	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 and Section 8 of the Companies Act, 2013 wherever applicable.

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

The Board of Directors appointed Dr. Deepak Parikh initially as Executive Director and later as Managing Director in place of Mr. Peter M. Palm, who resigned. The Board also appointed Mr. B.L. Gaggar as Executive Director effective from July 16, 2013. During the year, Mr. Y.H. Malegam, Dr. (Mrs.) Indu Shahani and Mr. K. Holger Dierssen were appointed as directors to fill up the casual vacancy caused by resignation of Mr. B.S. Mehta, Diwan A. Nanda and Dr. H. Schloemer.

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

Mr. B.L. Gaggar

Mr. B.L. Gaggar is the Executive Director Finance & Company Secretary with Clariant Chemicals (India) Limited and is associated since inception of Clariant in India. Mr. Gaggar, is Bachelor in Commerce (gold medal) and holds fellow membership of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India. Before joining the Company, Mr. Gaggar was an independent consultant/advisor in the area of finance, taxation, accounts, legal and corporate management and played key role in the areas of his specialisation. He has authored/

co-authored books on topical subjects for professionals.

Mr. Yezdi H. Malegam

Mr. Yezdi H. Malegam, a Padma Shri Award recipient, was Chairman of National Advisory Committee on Accounting Standards. He is a Chartered Accountant from India and England & Wales and was elected as President of the Institute of Chartered Accountants of India. He was a trustee of The Willington Sports Club and has been a board member of Reserve Bank of India since March 1994. He is also engaged in various other fields of business and finance. Mr. Malegam is Director on Board of leading corporate organizations in India.

Dr. (Mrs.) Indu Shahani

Dr. (Mrs.) Indu Shahani, former Sheriff of Mumbai, is a member of University Grants Commission, and Principal of HR College of Commerce, Mumbai. A doyen in the field of academics, Dr. (Mrs.) Indu Shahani has over three decades of teaching experience at the college and university level where she has played the lead role in nurturing future leaders. Her nomination to Boards of various companies has provided the impetus to

significant collaboration between industry and academia, as well as bringing diversity to the Boards of these corporations given the width of her experience. She holds international positions on advisory boards of many Business Schools and also Directorships of many leading corporate organizations in India.

Mr. Karl Holger Dierssen

Mr. Karl Holger Dierssen is a Danish National and holds a Master’s degree in Economics and Business Administration and Commercial Black belt. He has worked on various management positions at Hoechst AG and Clariant international such as Business Director for Specialty Chemicals, Head of Marketing SBU Masterbatches, Managing Director Masterbatches Germany and Central Europe, Global Head of Marketing BU Masterbatches, Clariant Excellence and is currently VP Corporate Affairs / Corporate Secretary.

2.2 Board Meetings and Agenda:

The Board provides the strategic directions to the Company and evaluates management policies and their effectiveness to ensure that the long-term interests of the shareholders are being served. Dr. Deepak Parikh, Vice-Chairman & Managing Director, leads the team of management and he is supported by Mr. B.L. Gaggar, Executive Director and other senior managerial personnel in overseeing the operational matters of the Company.

In accordance with the law and the Articles of Association of the Company, the Board of Directors is the ultimate decision making authority for the Company in all matters except those decisions reserved by law or the Articles of Association for shareholders. The Board has complete and unrestricted access to any information required by them to perform its supervisory duties and make decisions that are reserved for the Board of Directors. The Board generally meets once in a quarter to review among other things quarterly performance of the Company and financial results. During the year under review, the Board of Directors held 8 meetings in person on February 28, March 26, April 26, July 16 & 30, September 19, October 29 and December 16, 2013.

3. Board Committees

The Board of Directors has constituted two committees viz., Audit Committee and Investors’ 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. The minutes of the meetings of these Committees are reviewed and taken note of 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 comprised of Mr. R. A. Shah as Chairman. Diwan A. Nanda and Dr. H. Schloemer were members of the Committee till July 16, 2013 and September 30, 2013 respectively. Mr. Y.H. Malegam and Dr. (Mrs.) Indu Shahani were appointed as members of the audit committee effective from July 16, 2013. All the members

of the audit committee possess financial and accounting expertise. The statutory auditors, internal auditors and cost auditors are invited to attend the Audit Committee meetings from time to time. The Vice-Chairman & Managing Director is the invitee and Mr. B. L. Gaggar, Executive Director Finance & Company Secretary represents as CFO and also acts as Secretary to the Committee.

3.1.2 Scope and Meetings:

The audit committee reviews the reports of external auditors, cost auditors and the internal auditors. The committee also reviews the performance and independence of the external auditors as well as the performance of internal auditors and supports the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company, its compliance with the legal and regulatory requirements and internal control and risk management systems. 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 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 the year 2013 four meetings of the audit committee were held on February 28, April 25, July 30 and October 29, 2013.

Attendance at Audit Committee meetings:

Name of Director	Category	Status	Number of Meetings	
			Held	Attended
Mr. R.A. Shah	Independent	Chairman	4	4
Diwan A. Nanda	Independent	Member	2	2
Dr. H. Schloemer	Non- Independent	Member	3	1
Mr. Y.H. Malegam	Independent	Member	2	2
Dr. (Mrs.) Indu Shahani	Independent	Member	2	2

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. The Company has sought professional services of M/s Crawford Bayley & Co., Solicitors & Advocates in certain

matters and a sum of ₹ 22.70 lakhs (Previous year ₹ 0.89 lakhs) has been paid as fees to the said firm during the year ended on December 31, 2013. Mr. R. A. Shah, who is the Chairman of the Company, is the senior partner of the said firm. The Company has sought professional services of M/s. B.S. Mehta & Co. where Mr. B.S. Mehta is a senior mentor, in certain matters and a sum of ₹ 12 lakhs has been paid as fees to the said firm during the year ended on December 31, 2013.

The non-executive independent 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 26, 2013 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, 2013 are as under:

(₹ lakhs)

Name of Director	Sitting fees	Salary, benefits & perquisites etc.	Commission	Total
Mr. R. A. Shah	1.80	-	8.00	9.80
Mr. P. Palm (Up to 26.04.2013)	-	75.89	-	75.89
Dr. Deepak Parikh (from 01.02.2013)	-	488.78	-	488.78
Mr. B.L. Gagggar (from 16.07.2013)	-	51.34	20.57	71.91
Mr. B. S. Mehta (Up to 16.07. 2013)	0.15	-	2.00	2.15
Diwan A. Nanda (Up to 16.07. 2013)	0.75	-	2.00	2.75
Mr. Y.H. Malegam (from 16.07.2013)	1.05	-	4.00	5.05
Dr. (Mrs.) Indu Shahani (from 16.07.2013)	1.20	-	4.00	5.20

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 and Executive Director have right to participate in Clariant Stock Option Plan introduced by the ultimate holding company, Clariant Ltd. Except Mr. B.L. Gagggar who holds 550 shares none of the Directors holds any shares in the company as on December 31, 2013.

3.3. Shareholders' / Investors' Grievance Committee:

The Shareholders'/Investors' Grievance committee comprised of Diwan A. Nanda as Chairman and Dr. Deepak Parikh as member. Upon resignation of Diwan A. Nanda, Dr. (Mrs.) Indu Shahani was appointed as the Chairperson effective from July 16, 2013. 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 services.

During the year under review, the committee met thrice on February 28, April 25, and July 30, 2013. Dr. Deepak Parikh attended as Invitee on February 28, 2013 and Mr. Peter Palm on April 25, 2013. Mr. B.L. Gagggar attended all three meetings as Secretary.

Attendance of Investors' Grievance Committee Meetings:

Name of Director / Secretary	Category	Number of Meetings	
		Held	Attended
Diwan A. Nanda, Chairman (up to 15.07. 2013)	Independent Director	2	2
Dr. (Mrs.) Indu Shahani Chairman (from 16.07. 2013)	Independent Director	1	1
Mr. Peter Palm (up to 28.02.2013)	Managing Director	2	2
Dr. Deepak Parikh (from 01.03.2013)	Managing Director	2	2
Mr. B. L. Gagggar	Secretary	3	3

The Board has delegated the power of approving transfer and transmission of shares held in physical form to a share transfer committee comprising of Mr. B. L. Gagggar, Executive Director Finance & Company Secretary and Mr. Satish P. Bhattu, Asst. Company Secretary as members to consider and approve transfer and transmission of shares, requests for dematerialization, rematerialisation etc. The Committee meets frequently as and when required 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 practicing Company Secretary to perform audit of reconciliation of share capital and provide the report on quarterly basis. No 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 are reported every quarter to the stock exchanges and are also published in the newspaper along with financial results. There was no investor complaint pending as on December 31, 2013.

3.4 Compliance Officer

Mr. B. L. Gagggar, Executive 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

The Company did not have any subsidiary company during the year 2013.

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 and Postal Ballot Resolutions Passed
54 th	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
55 th	April 26, 2012 4.00 p.m.	J.K. Auditorium TMA House, Plot No. 6, Main Road, Wagle Estate, Thane (West) 400 604	None
56 th	April 26, 2013 4.00 p.m.	Hotel Satkar Residency, next to Cadbury, Pokhran Road No. 1, Thane (West) - 400 606	i) Increase in remuneration of Mr. Peter Palm Vice-Chairman & Managing Director ii) Appointment and remuneration of Dr. Deepak Parikh Vice-Chairman & Managing Director iii) Approval of the Commission payable to the Directors

All resolutions including special resolutions at AGMs are generally passed by show of hands.

There were two postal ballots conducted during 2013 and the details of these are as under:

- i) Passing of an ordinary resolution for sale of the business of textile chemicals, papers specialties and emulsions (TPE Business) of the Company to Archroma India Private Limited, a company incorporated in India being wholly owned subsidiary of US based SK Capital partners or its affiliates.
- ii) Passing of an ordinary resolution for sale of land and premises of the Company and other assets attached thereto located at Sandoz Baug, Kolshet Road Thane.

Both the above resolutions were passed by the requisite majority and results were announced as required by law.

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 forming part of the financials. 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 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, 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 and provided 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, 2013".

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 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 33,919 shareholders as on December 31, 2013. 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 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: Tuesday, May 6, 2014 at 04.00 p.m.

Venue: Hotel Satkar Residency, next to Cadbury, Pokhran Road No. 1, Thane (West) - 400 606.

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 2013	Financial Year January - December 2014 (Proposed)
January – March	April 26, 2013	May 6, 2014
April - June	July 30, 2013	July 28, 2014
July - September	October 29, 2013	October 30, 2014
October- December	February 26, 2014	February, 2015
Annual General Meeting	May 6, 2014	April 2015

8.4 Dates of Book Closure

Book Closure dates	April 22, 2014 to May 6, 2014 (Both days inclusive)
Payment of Dividend	On or after May 7, 2014

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 up to March 31, 2014 to both the Stock Exchanges.

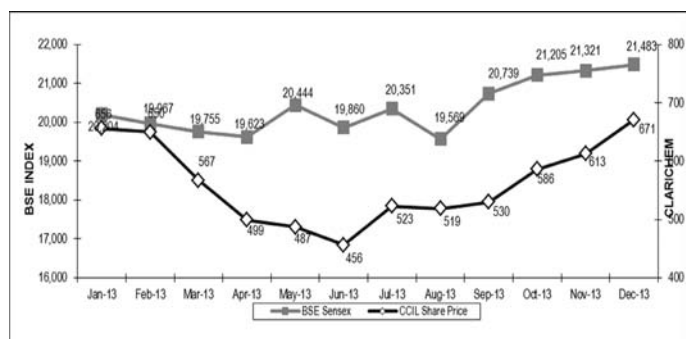
8.6 Company Registration No. with ROC/ Ministry of Corporate Affairs

CIN: L24110MH1956PLC010806

8.7 Stock Market Data – Price ₹ per share

Month	Bombay Stock Exchange (BSE)			National Stock Exchange (NSE)		
	High ₹	Low ₹	Volume (Nos.)	High ₹	Low ₹	Volume (Nos.)
2013						
January	656.90	548.00	156662	656.00	549.00	233618
February	650.10	532.00	56810	579.00	530.15	186125
March	567.50	475.00	125024	569.00	477.00	184701
April	499.00	456.00	133096	497.00	456.15	180275
May	487.00	447.00	96438	486.00	444.00	282611
June	456.90	371.10	64625	457.80	371.10	123856
July	523.95	375.10	739945	523.40	375.00	1467499
August	519.95	449.05	136509	519.00	448.10	201879
September	530.00	462.55	136282	532.00	462.00	210366
October	586.80	482.00	496885	587.55	466.00	732022
November	613.95	556.20	118492	611.25	552.20	255574
December	671.90	578.00	500004	672.00	576.00	1013441

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/
 Ms. 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, 2013.

Sr. No	Category	No of Shares held	Percentage of Shareholding
Promoter's Holding:			
Foreign Promoters			
i	Ebito Chemiebeteteiligungen AG	8167080	30.63
ii	Clariant International AG	6075000	22.79
iii	Clariant Participations AG	2660000	9.98
Total		16902080	63.40
Non Promoter's Holding:			
A. Institutional Investors			
i	Mutual Funds	1683029	6.31
ii	Financial Institutions	4341	0.02
iii	General Insurance Corporation of India & its subsidiaries	455448	1.71
iv	Nationalised Banks	11731	0.04
v	Foreign Institutional Investors	148600	0.56
Sub-Total		2303149	8.64
B Others			
i	Domestic Companies	795775	2.98
ii	Non Resident Indians/Overseas Corporate Bodies/ Foreign Financial Banks	163698	0.61
iii	Indian Public	6496043	24.37
Sub-Total		7455516	27.96
Total		9758665	36.60
GRAND TOTAL		26660745	100.00

25,858,287 shares of the Company are held in dematerialised form constituting 96.99% of the paid-up capital, as on December 31, 2013. The total number of shareholders as on Benpos date of December 31, 2013 is 33,919

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

	Name	As at December 31, 2013		As at December 31, 2012	
		No. of shares	%	No. of shares	%
1.	Ebito Chemiebeteteiligungen 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	596980	2.24	644072	2.41
5.	UTI through its other Schemes	437400	1.82	492147	1.85
6.	HDFC Trustee Company Ltd – A/C- HDFC MID – CAP Opportunities Fund	362035	1.36	359894	1.35

8.12 Distribution of shareholdings as at December 31, 2013

No. of equity shares held	Shareholders		Equity Shares held	
	Numbers	%	No. of shares	%
1-500	31276	92.208	2897884	10.869
501-1000	1511	4.455	1120242	4.202
1001-2000	642	1.893	921214	3.455
2001-3000	207	0.610	524132	1.966
3001-4000	81	0.239	286241	1.074
4001-5000	64	0.189	292938	1.099
5001-10000	77	0.227	541376	2.031
10001 & above	61	0.180	20076718	75.304
Total	33919	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
 - 113 / 114, MIDC, A.V.P.O. Dhatav, Roha, Dist. Raigad – 402 116 (Maharashtra)
 - Kudikadu, P.O., Cuddalore –607 005 (Tamil Nadu)
 - Singadivakkam Village, Kanchipuram - 631 561 (Tamil Nadu)
 - Renaissance Industrial & Warehousing Complex Vashere, Taluka Bhivandi, Dist Thane 421 101.

9. Additional Information:**9.1 Dividend for the year ended December 31, 2013:**

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 21, 2014 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 21, 2014. The Company will dispatch the dividend warrants on or after May 07, 2014.

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 2005-2006 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 2006 will expire on April 18, 2014 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
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
2010 (Final)	27.04.2011	26.04.2018
2011 (Interim)	09.08.2011	08.08.2018
2011 (Final)	27.04.2012	26.04.2019
2012 (Interim)	08.08.2012	07.08.2019
2012 (Final)	26.04.2013	25.04.2020
2013 (Interim)	30.07.2013	29.07.2020

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 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.

9.7 Communication:

In order to save the environment and in order to initiate e-communication, the Company requests all shareholders to register their email address with the depository, in case of shares held through depository or with the share transfer agents for shares held in physical form. This will facilitate the Company and share transfer agents to send the communication through electronic mail which is faster and cost effective.

10. CEO/CFO Certification

The Vice-Chairman & Managing Director and the Executive 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 26, 2014

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, 2013, 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 a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance as stipulated in the said clause. 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, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in Clause 49 of 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)

U.M.Neogi
Partner
(Membership No. 30235)

Mumbai, February 26, 2014

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CLARIANT CHEMICALS (INDIA) LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **CLARIANT CHEMICALS (INDIA) LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st December, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st December, 2013;
- (b) in the case of the Statement of Profit and Loss, 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs).
 - (e) On the basis of the written representations received from the directors as on 31st December, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st December, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

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

Uday Neogi
Partner

MUMBAI, 26th February, 2014

(Membership No. 30235)

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) Having regard to the nature of the Company's business / activities during the year, clauses vi, x, xii, xiii, xv, xvi, xviii, xix and xx of paragraph 4 of the Order are not applicable to the Company.
- (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 explanations 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 inventories:
 - (a) As explained to us, the inventories were 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 explanations 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 covered 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 ₹ 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.
- (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 cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, *prima facie*, the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (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 statutory 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 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 in arrears

as at 31st December, 2013 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 31st December, 2013 on account of disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Relating to various years comprise in the period	Amount involved (₹ in lakhs)
Sales Tax (Central and State) and Value Added Tax	Sales Tax (Tax / Penalty/ Interest)	High Court	1996-97 to 1998- 99	2.27
		Appellate Tribunal	1999- 00	17.88
		Commissionerate	1992-93, 1998-99, 2001-02 to 2009-10	5217.53
Central Excise Act, 1944	Excise Duty	Appellate Tribunal	1999-00 to 2004- 05	33.75
		Commissionerate	1993- 94 to 2008- 09	668.13
Service Tax under Finance Act, 1994	Service Tax	Commissionerate	2002- 03 to 2012-13	223.00
		Deputy Commissionerate	2010-11	3.67
Income Tax Act, 1961	Income Tax	High Court	A.Y. 1998- 99 and 2003- 04	84.16
		Appellate Tribunal	A.Y. 1987- 88 to 2005-06, 2007-08 and 2008- 09	811.12
		Commissionerate	A.Y. 2000-01, 2002-03 to 2005-06 and 2009-10	550.44
Total				7611.95

(x) 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.

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

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

(xiii) 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
(Firm Registration No. 117365W)

Uday Neogi
Partner

MUMBAI, 26th February, 2014

(Membership No. 30235)

BALANCE SHEET

as at 31st December, 2013

	Notes	31-12-2013 ₹ Lakhs	31-12-2012 ₹ Lakhs
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	2666.07	2666.07
(b) Reserves and surplus	3	54768.77	47485.49
		57434.84	50151.56
2 Non-current liabilities			
(a) Deferred tax liabilities (Net)	4	723.83	537.86
(b) Other long-term liabilities	5	358.69	294.50
(c) Long-term provisions	6	2430.09	2572.27
		3512.61	3404.63
3 Current liabilities			
(a) Trade payables	7	17191.13	18455.41
(b) Other current liabilities	8	6493.97	3824.07
(c) Short-term provisions	9	6522.64	6304.71
		30207.74	28584.19
TOTAL		91155.19	82140.38
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10	16599.35	17430.96
(ii) Capital work-in-progress		2548.81	914.98
(iii) Intangible assets under development		143.90	-
(b) Non-current investments	11	667.09	767.09
(c) Long-term loans and advances	12	4460.47	3286.17
		24419.62	22399.20
2 Current assets			
(a) Current investments	13	26072.77	22698.14
(b) Inventories	14	14563.21	16232.51
(c) Trade receivables	15	16922.50	14834.22
(d) Cash and cash equivalents	16	2259.57	1427.39
(e) Short-term loans and advances	17	5669.81	4211.51
(f) Other current assets	18	1247.71	337.41
		66735.57	59741.18
TOTAL		91155.19	82140.38

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Uday Neogi
Partner

Mumbai, 26th February, 2014

For and on behalf of the Board,

R. A. Shah Chairman
D. Parikh Vice-Chairman & Managing Director

Y. H. Malegam Director

I. Shahani Director

B. L. Gaggar Executive Director Finance & Company Secretary

Mumbai, 26th February, 2014

STATEMENT OF PROFIT AND LOSS

for the year ended 31st December, 2013

	Notes	2013 ₹ Lakhs	2012 ₹ Lakhs
1 Revenue from operations :			
Sales - Gross		129000.62	114599.32
Less : Excise duty		7680.37	7476.75
Sales (Net)	19	121320.25	107122.57
Other operating revenues	20	3465.51	2505.64
		124785.76	109628.21
2 Other income	21	1791.59	1914.20
3 Total revenue		126577.35	111542.41
4 Expenses :			
Cost of materials consumed	22	59857.89	54723.88
Purchase of stock-in-trade	23	23533.98	16748.02
Changes in inventories	24	(2303.97)	(2910.25)
Employee benefits expense	25	10115.62	9061.47
Finance costs	26	179.94	141.52
Depreciation and amortisation expense	10	2344.68	2160.35
Other expenses	27	21496.03	18306.42
Total expenses		115224.17	98231.41
5 Profit before exceptional items and tax		11353.18	13311.00
6 Exceptional items (*Includes profit on sale of TPE Business ₹ 11444.52 Lakhs)	28	*(11224.63)	(920.47)
7 Profit before tax		22577.81	14231.47
<i>of which discontinuing operations</i>		5507.04	6706.90
8 Tax expense :			
Current tax		5715.00	4020.00
Deferred tax		185.97	81.43
		5900.97	4101.43
<i>of which discontinuing operations</i>		1829.00	2176.00
9 Profit for the year		16676.84	10130.04
<i>of which discontinuing operations</i>		3678.04	4530.90
Basic and diluted earnings per share (of ₹ 10/-each) (in ₹)	39		
(i) Continuing operations		48.76	21.00
(ii) Total operations		62.55	38.00

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Uday Neogi
Partner

Mumbai, 26th February, 2014

For and on behalf of the Board,

R. A. Shah Chairman
D. Parikh Vice- Chairman & Managing Director
Y. H. Malegam Director
I. Shahani Director

B. L. Gaggar Executive Director Finance & Company Secretary
Mumbai, 26th February, 2014

CASH FLOW STATEMENT

for the year ended 31st December, 2013

	2013 ₹ Lakhs	2012 ₹ Lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Profit before tax	22577.81	14231.47
Adjustments for :		
Depreciation and amortisation expense	2344.68	2160.35
Unrealised foreign exchange (gain) / loss (Net)	36.59	40.20
Interest income	(135.49)	(131.17)
Dividend income	(1264.87)	(1360.28)
Profit on sale of fixed assets (Net)	(30.82)	(953.20)
Profit on sale of TPE business	(11444.52)	-
Profit on sale of investments (Net)	(289.88)	(357.24)
Provision for doubtful debts / advances (Net)	2.12	(92.69)
Finance costs	179.94	141.52
Assets / CWIP written-off	360.39	165.03
Operating profit before working capital changes	12335.95	13843.99
Adjustments for :		
Trade and other receivables	(10930.61)	(1917.59)
Inventories	(3555.31)	(4673.08)
Trade, other payables and provisions	5143.50	3755.68
Cash generated from operations	2993.53	11009.00
Direct taxes paid- (Net of refunds)	(6174.94)	(3351.32)
Net cash from operating activities	(3181.41)	7657.68
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	(6670.88)	(2653.00)
Sale of fixed assets	57.61	1022.05
Purchase of investments	(145507.33)	(143510.51)
Sale of investments	142522.58	147053.78
Proceed from sale of TPE business	20915.00	-
Interest received	135.49	128.15
Dividend received	1264.87	1360.28
Net cash from investing activities	12717.34	3400.75

	2013 ₹ Lakhs	2012 ₹ Lakhs
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Repayment of long term borrowings	-	(20.19)
Finance costs	(173.54)	(148.45)
Dividend / dividend tax paid	(8530.21)	(12306.95)
Net Cash used in financing activities	(8703.75)	(12475.59)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	832.18	(1417.16)
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE YEAR	1427.39	2844.55
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR (See Note 16 and Note (e) below)	2259.57	1427.39

Notes:

- (a) 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.
- (b) The Cash flow statement reflects the combine cash flows pertaining to continuing and discontinuing operations (See Note 41)
- (c) The working capital changes for the year have been determined after adjustment of the assets and liabilities transferred on sale of TPE business.
- (d) Direct taxes paid are treated as arising from operating activities and are not bifurcated between investing and financing activities.
- (e) Cash and cash equivalents at the end of the year include current account balances with banks of ₹ 492.68 Lakhs (Previous Year : ₹ 445.17 Lakhs) which are restricted in use on account of unclaimed dividend.
- (f) 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

Uday Neogi
Partner

Mumbai, 26th February, 2014

For and on behalf of the Board,

R. A. Shah Chairman
D. Parikh Vice- Chairman & Managing Director

Y. H. Malegam Director

I. Shahani Director

B. L. Gaggar Executive Director Finance & Company Secretary

Mumbai, 26th February, 2014

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st December, 2013

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of financial statements

The financial statements have been prepared on historical cost convention. The company follows the accrual basis of accounting. The financial statements are prepared in accordance with the accounting standards specified in the Companies (Accounting Standards) Rules, 2006 notified by the Central Government in terms of Section 211(3C) of the Companies Act, 1956 (the Act) (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs).

Assets and liabilities are classified as current if it is expected to realise or settle within 12 months after Balance Sheet date.

(b) 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.

(c) Excise duty

Excise duty payable on products is accounted for at the time of despatch of goods from the factories and 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 Note 27 "Other expenses" to the Statement of Profit and Loss.

(d) Employee benefits

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

(ii) 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 the Statement of Profit and Loss.

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 the Statement of Profit and Loss.

(e) Voluntary retirement scheme

Expenditure incurred on voluntary retirement scheme is charged to the Statement of Profit and Loss in the year in which it is incurred.

(f) Fixed assets and Depreciation / Amortisation

(i) 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 up to the date the assets are put to use is included in cost.

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

(iii) Depreciation on tangible assets is calculated on the straight line method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956 except for :

- certain items of office equipment, air conditioners, plant and equipment on which a depreciation rate of 20% on straight line method is applied,
- electronic data processing (EDP) hardware such as servers on which a depreciation rate of 20% and for other EDP equipment including personal computers and printers on which depreciation rate of 25% on straight line method is applied,
- Motor cars on which depreciation rate of 25% on straight line method is applied.

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

(g) Impairment of assets

The carrying amounts of assets are reviewed at each Balance Sheet date to assess whether 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.

(h) Inventories

Inventories are valued at the lower of cost and estimated net realisable value after providing for obsolescence. The cost of inventories is 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.

(i) Trade receivables / Loans and advances

Trade receivables and loans and advances are stated after making adequate provision for doubtful debts / advances.

(j) 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.

(k) 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 Statement of Profit and Loss on a straight-line basis over the lease term.

(l) Foreign currency translations

- (i) Foreign currency transactions are accounted at the rate prevailing on the date of transaction. Monetary items denominated in foreign currency outstanding as at year end 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.
- (ii) 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.
- (iii) Gain or loss arising out of translation/conversion is taken credit for or charged to the Statement of Profit and Loss.

(m) 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 at the Balance Sheet date. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only if there is virtual certainty of realization. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. The carrying amount of deferred tax assets/liabilities are reviewed at each Balance Sheet date.

(n) 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 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.

(o) Use of estimates

The presentation of the financial statements requires certain estimates and assumptions. These estimates and assumptions affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates if any is recognised in the period in which the results are known / materialised.

	31-12-13 ₹ Lakhs	31-12-12 ₹ Lakhs
2 SHARE CAPITAL		
Authorised		
30000000 equity shares of ₹ 10/- each	3000.00	3000.00
Issued, subscribed and paid up		
26660745 equity shares of ₹ 10/- each fully paid up	2666.07	2666.07

2a Reconciliation of number of equity shares outstanding as at the beginning and at the end of the year

	31-12-13		31-12-12	
	Number	₹ Lakhs	Number	₹ Lakhs
Equity shares :				
Outstanding as at the beginning of the year	26660745	2666.07	26660745	2666.07
Add : Issued during the year	-	-	-	-
Outstanding as at the end of the year	26660745	2666.07	26660745	2666.07

2b Shareholders holding more than 5% equity shares

Name of Shareholder	31-12-13		31-12-12	
	Number	Percentage	Number	Percentage
EBITO Chemiebetteilungen AG. *	8167080	30.63%	8167080	30.63%
Clariant International AG. *	6075000	22.79%	6075000	22.79%
Clariant Participations AG. *	2660000	9.98%	2660000	9.98%

* Subsidiaries of the ultimate holding company Clariant AG, Switzerland.

2c The company has not allotted any equity shares for consideration other than cash , bonus shares, nor have any shares been bought back during the period of five years immediately preceding the Balance sheet date.

2d Rights, preferences and restrictions attached to the shares

The Company has only one class of equity share having a par value of ₹ 10/- per share. Each shareholder has the following voting rights (i) On a show of hands: one vote for a member present in person and (ii) On a poll: one vote for each equity share registered in the name of the member or held by the beneficial owner. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend. In the event of winding up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.

	31-12-13 ₹ Lakhs	31-12-12 ₹ Lakhs
3 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	29845.79	28832.79
Add : Transfer from surplus in the statement of profit and loss	1667.68	1013.00
	31513.47	29845.79
Surplus in the statement of profit and loss		
As per last Balance sheet	13226.44	12630.48
Add : Profit for the year	16676.84	10130.04
Less : Interim dividend	(2666.07)	(2666.07)
Less : Proposed dividend (Final)	(5332.15)	(4665.63)
Less : Tax on dividend (Interim and Final)	(1359.30)	(1189.38)
Add : Tax on dividend of previous year	(36.04)	-
Less : Transfer to general reserve	(1667.68)	(1013.00)
	18842.04	13226.44
	54768.77	47485.49
4 DEFERRED TAX LIABILITIES (NET)		
Deferred tax liabilities		
Depreciation and amortisation	1374.31	1481.73
Deferred tax assets		
Provision for doubtful debts / advances	22.88	29.35
Provision for employee benefits	437.38	508.48
Expenses allowable for tax purposes when paid	87.14	83.19
Payment for voluntary retirement scheme	103.08	322.85
	650.48	943.87
	723.83	537.86
5 OTHER LONG TERM LIABILITIES		
Liability for expenses	358.69	294.50
	358.69	294.50
6 LONG TERM PROVISIONS		
Provision for employee benefits		
Compensated absences	696.24	852.67
Gratuity	361.86	441.48
Ex-gratia gratuity	45.39	35.04
Tax provisions less payments	1326.60	1243.08
	2430.09	2572.27

	31-12-13 ₹ Lakhs	31-12-12 ₹ Lakhs
7 TRADE PAYABLES		
Trade payables (See Note 40)	17191.13	18455.41
	17191.13	18455.41
8 OTHER CURRENT LIABILITIES		
Security and other deposits	517.48	978.49
Advances from customers	72.88	54.71
Unpaid dividend *	492.68	445.17
Other payables		
Statutory remittances (Excise duty , VAT , withholding tax ,etc.)	1025.18	866.11
Liability for capital expenditure	1017.83	396.55
Liability for expenses	3367.92	1083.04
	6493.97	3824.07

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

9 SHORT TERM PROVISIONS		
Provision for employee benefits		
Compensated absences	165.52	227.24
Ex-gratia gratuity	17.80	10.53
Provision - others		
Tax Provisions less payments	100.97	644.43
Proposed dividend (Final)	5332.15	4665.63
Tax on proposed dividend (Final)	906.20	756.88
	6522.64	6304.71

10 FIXED ASSETS

Description	₹ Lakhs								
	Gross block			Depreciation / Amortisation				Net block	
	As at 31-12-12	Additions	* Deductions	As at 31-12-13	As at 31-12-12	* Deductions	For the year	As at 31-12-13	As at 31-12-13
Tangible assets									
Land freehold	137.42	-	-	137.42	-	-	-	-	137.42
	(137.42)	-	-	(137.42)	-	-	-	-	(137.42)
Land leasehold	502.90	-	-	502.90	19.34	-	5.29	24.63	478.27
	(502.90)	-	-	(502.90)	(14.05)	-	(5.29)	(19.34)	(483.56)
Buildings	7345.51	594.43	581.40	7358.54	2511.67	194.14	191.73	2509.26	4849.28
	(7027.30)	(461.30)	(143.09)	(7345.51)	(2384.38)	(54.47)	(181.76)	(2511.67)	(4833.84)
Plant and equipment	28823.66	2503.56	5448.82	25878.40	17975.74	3810.63	1770.55	15935.66	9942.74
	(27532.46)	(1914.59)	(623.39)	(28823.66)	(16782.24)	(494.95)	(1688.45)	(17975.74)	(10847.92)
Furniture and fixture	669.92	135.71	88.76	716.87	381.45	55.61	38.39	364.23	352.64
	(710.06)	(13.42)	(53.56)	(669.92)	(388.32)	(40.56)	(33.69)	(381.45)	(288.47)
Office equipment	1051.47	283.27	173.15	1161.59	742.99	108.45	137.00	771.54	390.05
	(1198.91)	(173.33)	(320.77)	(1051.47)	(970.13)	(316.95)	(89.81)	(742.99)	(308.48)
Vehicles	986.18	311.70	353.48	944.40	454.91	161.18	201.72	495.45	448.95
	(842.43)	(213.83)	(70.08)	(986.18)	(363.64)	(70.08)	(161.35)	(454.91)	(531.27)
Total	39517.06	3828.67	6645.61	36700.12	22086.10	4330.01	2344.68	20100.77	16599.35
	(37951.48)	(2776.47)	(1210.89)	(39517.06)	(20902.76)	(977.01)	(2160.35)	(22086.10)	(17430.96)

Notes :

- Buildings include ₹ 450/- (Previous year : ₹ 450/-) being the cost of shares in co-operative housing societies.
- A portion of land at Roha, leased from MIDC, admeasuring about 9100 sq.mts.is subleased to Archroma India Pvt.Ltd.under leave and licence basis for a period of 10 years effective from October 1, 2013 (See Note 41) .
- * Includes fixed assets transferred on sale of TPE business (See Note 41)
- Figures in bracket are for previous year.

	31-12-13 ₹ Lakhs	31-12-12 ₹ Lakhs
11 NON-CURRENT INVESTMENTS		
(Long term fully paid up , at cost)		
Trade (Quoted) :		
Investment in equity instruments of ₹ 10 each :		
Equity shares in Asahi Songwon Colors Limited	667.09	667.09
(No of equity shares : 718600 [Previous year : 718600])		
(Market value : ₹ 486.85 Lakhs ; [Previous year : ₹ 558.35 Lakhs])		
	667.09	667.09
Other investments (Unquoted) :		
Investments in Bonds of ₹ 10000 each :		
6% Rural Electrification Corporation Limited Bonds	-	100.00
(No of Units : Nil [Previous year : 1000])		
	-	100.00
	667.09	767.09
12 LONG TERM LOANS AND ADVANCES		
(Unsecured, considered good)		
Capital advances	1124.90	450.63
Security deposits	1062.98	405.21
VAT and service tax recoverable	546.42	527.45
Prepaid expenses	15.92	22.79
Tax payments less provisions	1631.22	1631.22
Other loans and advances (staff loans)	79.03	248.87
	4460.47	3286.17
13 CURRENT INVESTMENTS		
Current portion of long term investments (At cost) :		
Investments in Bonds of ₹ 10000 each : (Unquoted)		
6% Rural Electrification Corporation Limited Bonds	100.00	-
(No of Units : 1000 [Previous year : Nil])		
Investment in various mutual funds : (Unquoted)		
DSP BlackRock Mutual Fund	-	500.00
IDFC Mutual Fund	-	300.00
Reliance Mutual Fund	-	500.00
UTI Mutual Fund	-	900.00
	100.00	2200.00
Other current investments		
(At lower of cost and fair value)		
Investment in various mutual funds : (Unquoted)		
AXIS Mutual Fund	900.33	308.74
Baroda Pioneer Mutual Fund	957.46	992.87
Birla Sun Life Mutual Fund	1892.28	1653.96

	31-12-13 ₹ Lakhs	31-12-12 ₹ Lakhs
13 CURRENT INVESTMENTS (Contd.)		
Other current investments (Contd.)		
Canara Robeco Mutual Fund	980.44	919.25
Deutsche Mutual Fund	992.31	1716.63
DSP BlackRock Mutual Fund	-	923.35
Franklin Templeton Mutual Fund	1767.30	982.13
ICICI Prudential Mutual Fund	971.21	1654.58
IDFC Mutual Fund	966.75	253.39
JM Financial Mutual Fund	926.71	1713.37
JP Morgan Mutual Fund	1932.57	910.17
L & T Mutual Fund	967.97	693.72
Religare Mutual Fund	-	2615.28
Sundaram Mutual Fund	2017.23	1537.80
Tata Mutual Fund	966.79	804.34
Taurus Mutual Fund	1003.62	1454.75
IDBI Mutual Fund	966.73	381.02
Reliance Mutual Fund	1899.35	982.79
HDFC Mutual Fund	1984.90	-
SBI Mutual Fund	1945.18	-
LIC Mutual Fund	966.73	-
HSBC Mutual Fund	966.91	-
	25972.77	20498.14
	26072.77	22698.14
14 INVENTORIES		
(Valued at lower of cost and net realisable value)		
Raw materials (includes goods in transit ₹ 199.13 Lakhs [Previous year ₹ 509.96 Lakhs])	4783.97	5811.16
Packing materials	157.79	171.27
Work-in-progress		
Pigments and Colors	2149.66	1733.56
Dyes and Specialty Chemicals	193.99	476.39
	2343.65	2209.95
Finished goods		
Pigments and Colors	4057.91	3235.57
Dyes and Specialty Chemicals	1037.45	1819.66
	5095.36	5055.23
Stock-in-trade (includes goods in transit ₹ 560.77 Lakhs [Previous year ₹ 558.17 Lakhs])		
Pigments and Colors	891.64	668.66
Dyes and Specialty Chemicals	956.44	2050.61
	1848.08	2719.27
Stores and spares	334.36	265.63
	14563.21	16232.51

	31-12-13 ₹ Lakhs	31-12-12 ₹ Lakhs
15 TRADE RECEIVABLES		
Outstanding for a period exceeding six months from the date they are due for payment.		
Secured, considered good	1.68	1.74
Unsecured, considered good	33.11	19.38
Unsecured, considered doubtful	61.83	88.67
	96.62	109.79
Less: Provision for doubtful debts	61.83	88.67
	34.79	21.12
Other trade receivables		
Secured, considered good	481.39	898.60
Unsecured, considered good	16406.32	13914.50
	16887.71	14813.10
	16922.50	14834.22
16 CASH AND CASH EQUIVALENTS*		
Cash on hand	1.62	1.14
Cheques on hand	88.05	109.82
Balances with banks		
In current accounts	1043.45	576.03
In fixed deposit accounts	633.77	295.23
In earmarked accounts -unpaid dividend accounts	492.68	445.17
	2259.57	1427.39
17 SHORT TERM LOAN AND ADVANCES		
(Unsecured, considered good unless otherwise stated)		
Others		
Security deposits	290.53	326.82
Prepaid expenses	86.77	150.74
VAT set off admissible	237.70	194.30
Excise duty and other taxes recoverable	913.02	748.12
Balance with excise authorities	1866.58	1166.81
Tax payments less provisions	1347.44	1347.44
Other loans and advances (Vendor advances , staff loans ,etc.)		
Considered good	927.77	277.28
Considered doubtful	5.48	1.79
	933.25	279.07
Less: Provision for doubtful advances	5.48	1.79
	927.77	277.28
	5669.81	4211.51

	31-12-13 ₹ Lakhs	31-12-12 ₹ Lakhs
18 OTHER CURRENT ASSETS		
(Unsecured, considered good)		
Export incentives	363.00	189.60
Accrued revenue	391.95	139.14
Interest accrued on investment	3.02	3.02
Other recoverables	489.74	5.65
	1247.71	337.41
	2013 ₹ Lakhs	2012 ₹ Lakhs
19 SALES (NET)		
Manufactured goods:		
Pigments and Colors	46315.72	40286.92
Dyes and Specialty Chemicals	47796.19	47895.40
	94111.91	88182.32
Traded goods:		
Pigments and Colors	6693.77	1654.09
Dyes and Specialty Chemicals	20514.57	17286.16
	27208.34	18940.25
	121320.25	107122.57
20 OTHER OPERATING REVENUES		
Export incentives	861.47	320.54
Indenting commission	1185.53	1156.75
Provision for doubtful debts/advances written back (Net)	-	92.69
Scrap sales	251.89	237.18
Services rendered	1166.62	698.48
	3465.51	2505.64
21 OTHER INCOME		
Interest Income	135.49	131.17
(Includes interest on bank deposits, delayed payments, Investments, etc.)		
Dividend income from investments		
Current investments	1239.72	1344.12
Long term investments	25.15	16.16
Profit on sale of investments (Net)		
Current investments	47.23	49.87
Long term investments	242.65	307.37
Cash discounts	38.50	32.42
Rental income	25.86	6.91
Profit on sale of fixed assets (Net)	30.82	21.73
Miscellaneous	6.17	4.45
	1791.59	1914.20

	2013 ₹ Lakhs	2012 ₹ Lakhs
22 COST OF MATERIALS CONSUMED		
Raw materials consumed	55867.21	51444.32
Packing materials consumed	3990.68	3279.56
	59857.89	54723.88
22 a CATEGORY OF RAW MATERIALS CONSUMED		
Pigments	9926.97	10429.06
Ethoxylates and polyglycoles	4075.29	3128.83
Polymers	3924.28	3086.42
Phenol and its derivatives	3440.39	2742.69
Monomers	2109.93	2455.64
Biocides	3167.39	2395.66
Others	29222.96	27206.02
	55867.21	51444.32
Indigenous	36083.74	33114.43
%	64.59	64.37
Imported	19783.47	18329.89
%	35.41	35.63
Total	55867.21	51444.32
%	100.00	100.00
23 PURCHASE OF STOCK-IN-TRADE		
Pigments and Colors	6173.75	2196.76
Dyes and Specialty Chemicals	17360.23	14551.26
	23533.98	16748.02
24 CHANGES IN INVENTORIES		
Opening stock		
Finished goods	5055.23	4070.23
Stock-in-trade	2719.27	1469.45
Work - in - progress	2209.95	1534.52
	9984.45	7074.20
Less: On sale of TPE business		
Finished goods	1239.91	-
Stock-in-trade	1608.72	-
Work - in - progress	152.70	-
	3001.33	-
Less: Closing stock		
Finished goods	5095.36	5055.23
Stock-in-trade	1848.08	2719.27
Work - in - progress	2343.65	2209.95
	9287.09	9984.45
	(2303.97)	(2910.25)

	2013 ₹ Lakhs	2012 ₹ Lakhs
25 EMPLOYEE BENEFITS EXPENSE		
Salaries, wages, bonus, etc.	7973.87	6765.79
Contribution / Provision for provident fund, superannuation scheme, gratuity fund, etc.	908.58	1199.62
Welfare expenses	1233.17	1096.06
	10115.62	9061.47
26 FINANCE COSTS		
Interest - others	179.94	141.52
	179.94	141.52
27 OTHER EXPENSES		
Stores and spare parts etc. consumed	736.59	534.12
Repairs and maintenance :		
Plant and machinery	1063.08	882.57
Buildings	243.92	277.58
Others	207.60	155.75
Power and fuel	5409.51	5077.95
Rent (including lease payments) (See Note 38)	731.98	559.68
Rates and taxes (including water charges)	447.28	401.00
Insurance	238.06	187.65
Clearing, forwarding and transport	3181.28	2808.16
Travelling and conveyance	1900.21	1629.85
Commission	149.37	160.35
Other discounts on sales	1038.44	539.31
Legal and consultancy	659.93	192.46
Information technology services	1479.79	1368.39
Payment to statutory auditors (Net of service tax) :		
As auditors	28.00	25.00
For other services	27.55	24.30
For reimbursement of expenses	0.90	1.19
Provision for doubtful debts/advances (Net)	2.12	-
Fixed assets / CWIP written-off	140.50	165.03
Excise duty (See Note 1(c))	(20.19)	(49.95)
Exchange loss (Net)	191.85	259.22
Miscellaneous	3638.26	3106.81
	21496.03	18306.42
28 EXCEPTIONAL ITEMS		
Termination benefit costs	-	11.00
Profit on sale of premises	-	(931.47)
Abandoned project write offs	219.89	-
Profit on sale of TPE business (See Note 41)	(11444.52)	-
	(11224.63)	(920.47)

	31-12-2013 ₹ Lakhs	31-12-2012 ₹ Lakhs
29 CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)		
(a) Contingent liabilities :		
(i) in respect of income tax matters		
- decided against the Company, in respect of which the Company is in further appeal	1156.85	763.05
- decided in favor of the Company against which the department is in appeal	524.40	593.75
(ii) in respect of sales tax / VAT matters	5366.10	4765.10
(iii) in respect of excise / service tax matters	1107.99	1062.54
(iv) in respect of bills of exchange discounted with banks (since realised ₹ 581.62 Lakhs [₹ 2198.57 Lakhs])	581.62	2200.22
(v) Other matters in dispute	186.77	2.25
(vi) Disputed labour matters - Amount not ascertained		
In respect of items (i) to (iii), (v) & (vi) future cash outflows in respect of contingent liabilities is determinable only on receipt of judgements pending at various forums/authorities		
(b) Commitments :		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	1924.74	2575.43
(ii) Others - amount of future minimum lease payments under non-cancellable operating leases	3580.22	297.95

30 DISCLOSURE IN RESPECT OF DERIVATIVE INSTRUMENTS :

The Company has not taken any derivative instrument during the year. There is no derivative instrument outstanding as at the year end. The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

	31-12-2013		31-12-2012	
	Amount in foreign currency	Amount ₹ Lakhs	Amount in foreign currency	Amount ₹ Lakhs
(i) Amount receivable on account of export of goods and services				
Currency				
USD	8145335	5038.78	4693733	2572.00
EUR	17865	15.22	38447	27.80
CHF	1976	1.37	9069	5.43
		5055.37		2605.23
(ii) Amount payable on account of import of goods and services				
Currency				
USD	3485833	2156.36	4898882	2684.40
EUR	1905577	1623.25	2348852	1698.14
CHF	313652	217.78	303291	181.58
JPY	16200000	95.41	-	-
		4092.80		4564.12

	2013 ₹ Lakhs		2012 ₹ Lakhs	
31 VALUE OF IMPORTS (C.I.F.) :				
(a) Raw materials	18653.57		17883.89	
(b) Components and spare parts	54.94		65.19	
(c) Capital goods	531.23		237.70	
32 EXPENDITURE IN FOREIGN CURRENCY (subject to deduction of tax where applicable) :				
(a) Commission	20.33		52.85	
(b) Interest	44.66		49.39	
(c) Information technology services (*Includes capitalised ₹ 780.73)	* 2246.49		1340.49	
(d) Royalty	131.02		119.83	
(e) Professional & consultancy fees	993.36		-	
(f) Others (exchange loss etc.)	494.93		546.09	
33 EARNINGS IN FOREIGN EXCHANGE :				
(a) Exports (F.O.B.)	32157.75		25742.26	
(b) Others (insurance, freight, commission, exchange gain etc.)	3299.04		3244.79	
34 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				
2013 (Interim)	1690.21		-	
2012 (Final)	2957.86		-	
2012 (Interim)	-		1690.21	
2011 (Final)	-		5070.62	
35 EMPLOYEE BENEFITS :				
	2013 ₹ Lakhs		2012 ₹ Lakhs	
	Funded	Unfunded	Funded	Unfunded
(1) Defined benefits plans - As per actuarial valuation as on 31st December, 2013				
(a) Gratuity				
(i) Expenses recognised in the Statement of Profit and Loss for the year				
1. Current service cost	155.08	0.76	108.09	0.23
2. Interest cost	238.85	3.39	200.50	3.34
3. Expected return on plan assets	(191.89)	-	(177.30)	-
4. Net actuarial (gain)/loss recognised during the year	23.40	1.33	483.67	1.42
5. Past service cost	-	23.84	-	-
6. Expense /(Income) recognised in Statement of Profit and Loss	225.44	29.32	614.96	4.99
[Gratuity expense /(income) have been recognised in Contribution/ Provision for provident fund, superannuation scheme, gratuity fund etc. in Note 25 "Employee benefits expense"]				
(ii) Actual return on plan assets for the year				
1. Expected return on plan assets	191.89	-	177.30	-
2. Actuarial gain/(loss) on plan assets	43.45	-	13.03	-
3. Actual return on plan assets	235.34	-	190.33	-

	2013 ₹ Lakhs		2012 ₹ Lakhs		
	Funded	Unfunded	Funded	Unfunded	
35 EMPLOYEE BENEFITS (contd.)					
(iii) Net Asset/(Liability) recognised in the Balance Sheet as at the year end					
1. Present value of the defined benefit obligation	2432.48	63.19	2942.99	45.57	
2. Fair value of plan assets	2070.62	-	2501.51	-	
3. Net Asset/(Liability) recognised in the balance sheet	(361.86)	(63.19)	(441.48)	(45.57)	
(iv) Change in defined benefit obligation during the year					
1. Present value of obligation at the beginning of the year	2942.99	45.57	2405.14	43.58	
2. Current service cost	155.08	0.76	108.09	0.23	
3. Interest cost	238.85	3.39	200.50	3.34	
4. Benefits Paid	(224.82)	(7.00)	(267.44)	(3.00)	
5. Actuarial (gain)/loss on obligation	66.85	1.33	496.70	1.42	
6. Transfer out on sale of TPE Business (See Note 41)	(746.47)	(4.70)	-	-	
7. Past service cost	-	23.84	-	-	
8. Present value of obligation as at the end of the year	2432.48	63.19	2942.99	45.57	
(v) Changes in fair value of plan asset during the year					
1. Fair value of plan assets as at the beginning of the year	2501.51	-	2257.68	-	
2. Expected return on plan assets	191.89	-	177.30	-	
3. Contributions made	305.06	-	320.94	-	
4. Transfer out to be made on sale of TPE Business (See Note 41)	(746.47)	-	-	-	
5. Benefits paid	(224.82)	-	(267.44)	-	
6. Actuarial gain/(loss) on plan assets	43.45	-	13.03	-	
7. Fair value of plan assets as at the end of the year	2070.62	-	2501.51	-	
(vi) Major categories of plan assets as a percentage of total plan assets					
1. Central government securities	27.89%	-	23.21%	-	
2. State government securities	12.62%	-	11.66%	-	
3. Private sector bonds	34.22%	-	23.72%	-	
4. Cash at bank	2.46%	-	1.63%	-	
5. Insurer managed funds	32.14%	-	37.45%	-	
6. Others*	-9.33%	-	2.33%	-	
*Represents transfer out to be made on sale of TPE Business net of other assets.					
(vii) Actuarial assumptions					
1. Discount rate	8.80%	8.80%	8.25%	8.25%	
2. Expected rate of return on plan assets	8.00%	-	8.00%	-	
3. Salary escalation	6.0%-8.0%	6.0%-8.0%	6.0%-8.0%	6.0%-8.0%	
(viii) The company expects to contribute ₹ 200.00 Lakhs to the funded gratuity plans in the year 2014					
(ix) Net assets/(liability) recognised in the balance sheet as at respective year ends and experience adjustments:					
Particulars	(₹ in Lakhs)				
Funded	2013	2012	2011	2010	2009
1. Present value of defined benefit obligation	2,432.48	2942.99	2405.14	2505.53	2342.20
2. Fair value of plan assets	2,070.62	2501.51	2257.68	1959.49	2141.47
3. Funded status [surplus/(deficit)]	(361.86)	(441.48)	(147.46)	(546.04)	(200.73)
4. Experience adjustment arising on:					
a. Plan liabilities	155.53	119.00	(165.16)	348.52	(49.77)
b. Plan assets	43.45	13.03	52.95	(0.91)	(38.87)

35 EMPLOYEE BENEFITS (contd.)

Unfunded	2013	2012	2011	2010	2009
1. Present value of defined benefit obligation	63.19	45.57	43.58	64.73	69.21
2. Fair value of plan assets	-	-	-	-	-
3. Funded status [surplus/(deficit)]	(63.19)	(45.57)	(43.58)	(64.73)	(69.21)
4. Experience adjustment arising on:					
a. Plan liabilities	3.32	0.41	(23.31)	4.29	4.54
b. Plan assets	-	-	-	-	-
(x) Gratuity is administered through duly constituted and approved independent trusts and also through Group gratuity scheme with Life Insurance Corporation of India.					
(xi) 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.					
(xii) 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.					
				2013	2012
				₹ Lakhs	₹ Lakhs
(b) Other long term benefits					
The defined benefit obligations which are provided for but not funded are as under:					
Compensated Absences				861.76	1079.91
(2) During the year the Company has recognised the following amounts in Note 25 "Employee benefits expense" Salaries, wages, bonus includes compensated absences				179.29	380.18
Contribution/Provision for provident fund, superannuation scheme, gratuity fund etc. includes :					
Provident fund & family pension				332.18	283.81
Superannuation fund				316.09	293.68
Gratuity fund				254.76	619.95
Other funds				5.55	2.18

36 RELATED PARTY DISCLOSURES AS REQUIRED BY AS-18 "RELATED PARTY DISCLOSURES" ARE GIVEN BELOW :-**(a) Holding company :**

EBITO Chemiebeteligungen 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 with whom the Company has transactions:**Fellow subsidiary companies :**

Clariant (China) Ltd.	Clariant (Türkiye) Boya ve Kimyevi Maddeler Sanayi ve Ticaret A.S.
Clariant (Japan) K.K.	Clariant Masterbatches (Italia) S.p.A.
Clariant (Malaysia) Sdn Bhd	Clariant Masterbatches (Saudi Arabia) Ltd.
Clariant (Mexico) S.A. de C.V.	Clariant Masterbatches (Shanghai) Ltd.
Clariant (Pakistan) Ltd. (upto 30.09.2013)	Clariant Masterbatches (Thailand) Ltd.
Clariant Chemicals Pakistan (Pvt) Ltd.(from 01.10.2013)	Clariant Masterbatches Benelux SA
Clariant (Singapore) Pte. Ltd.	Clariant Masterbatches Ireland Limited
Clariant (Thailand) Ltd.	Clariant Masterbatches Norden AB
Clariant (Tianjin) Ltd. (upto 30.09.2013)	Clariant Prodotti (Italia) S.p.A.
Clariant Masterbatches (Deutschland) GmbH	Clariant Produkte (Deutschland) GmbH
Clariant Chemicals (China) Ltd.	Clariant Produkte (Schweiz) AG
Clariant Chemicals (Huizhou) Co., Ltd.	Clariant S.A.
Clariant Chemicals (Taiwan) Co., Ltd.	Clariant Southern Africa (Pty.) Ltd.
Clariant Corporation	Clariant Specialty Chemicals (Zhenjiang) Co., Ltd.
Clariant Ibérica Producción S.A.	Italtinto S.r.l.
Clariant Masterbatch Ibérica S.A.	PT Clariant Indonesia

(c) Key management personnel :**Executive Directors**

P. Palm (upto 26.04.2013)
Dr. D. Parikh (from 01.02.2013)
B.L. Gaggar (from 16.07.2013)

	2013 ₹ Lakhs	2012 ₹ Lakhs
Transactions entered into with related parties during the year and balances as at the year end:		
(i) Holding company :		
Transactions during the year :		
Clariant International AG		
Purchase of goods	8424.71	8615.61
Services rendered	1073.26	1113.41
Services received	1162.95	702.83
Royalty	131.02	119.83
Dividend paid	1670.62	2430.00
Expenses recovered	11.12	22.46
EBITO Chemieeteiligungen AG		
Dividend paid	2245.95	3266.83
Clariant Participations AG		
Dividend paid	731.50	1064.00
Balances outstanding as at the year end :		
Amount payable	1760.10	2038.22
Amount receivable	108.31	234.88
(ii) Fellow subsidiaries :		
Transactions during the year :		
Sales of goods		
Clariant (Singapore) Pte. Ltd.	32433.44	26299.24
Others	383.65	356.93
Purchase of goods		
Clariant (China) Ltd.	2545.79	1981.12
PT Clariant Indonesia	382.15	392.69
Others	922.49	1191.13
Purchase of capital goods		
Clariant Masterbatches (Italia) S.p.A.	-	5.56
Services rendered and others		
Clariant Produkte (Schweiz) AG	4.45	33.74
Clariant (China) Ltd.	15.79	20.58
Clariant Masterbatches (Thailand) Ltd.	11.50	11.44
PT Clariant Indonesia	56.68	11.13
Clariant (Singapore) Pte. Ltd.	46.36	-

	2013 ₹ Lakhs	2012 ₹ Lakhs
Transactions entered into with related parties during the year and balances as at the year end: (contd.)		
(ii) Fellow subsidiaries: (contd.)		
Transactions during the year : (contd.)		
Clariant Produkte (Deutschland) GmbH	105.35	-
Others	14.53	22.67
Expenses recovered		
Clariant (Singapore) Pte. Ltd.	-	0.20
Clariant (China) Ltd.	40.53	32.75
Clariant Corporation	24.06	-
Services received and others		
Clariant SA	3.90	-
Clariant (Pakistan) Ltd.	5.55	6.22
Clariant Produkte (Deutschland) GmbH	-	1.69
Others	0.74	1.08
Balances outstanding as at the year end :		
Amount payable	653.40	773.64
Amount receivable	4849.13	2345.43
(iii) Key management personnel :		
Remuneration	* 636.58	231.51
Payable balance	20.57	72.37
* Includes ₹ 149.51 Lakhs which is subject to approval of members at the ensuing Annual General Meeting.		

37 SEGMENT INFORMATION :

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

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

(i) **Pigments and Colors :**

Includes pigment, pigment preparations, additives and masterbatches.

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

Includes dyestuff, synthetic resins, binder materials, functional effects and coating, auxiliaries and chemicals. (See Note 41)

(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 :**

Segment revenue and expenses are directly attributable to segment. It does not include interest income, interest expense and income tax. 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, trade receivable and inventories. Segment liabilities primarily include trade payables and other current and non-current liabilities.

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:

	2013 ₹ Lakhs			2012 ₹ Lakhs		
	Pigments and Colors	Dyes and Specialty Chemicals	Total	Pigments and Colors	Dyes and Specialty Chemicals	Total
Revenue (Net)						
External sales	53009.49	68310.76	121320.25	41941.01	65181.56	107122.57
Results						
Segment results	5075.58	6624.79	11700.37	5087.16	7869.07	12956.23
Unallocated corporate expenses (Net)			(302.74)			365.12
Operating profits			11397.63			13321.35
Interest Income			135.49			131.17
Finance costs			(179.94)			(141.52)
Profit before exceptional items and taxation			11353.18			13311.00
Exceptional items (See Note 28)			11224.63			920.47
Profit before taxation and after exceptional items			22577.81			14231.47
Current tax / deferred tax			(5900.97)			(4101.43)
Profit after tax			16676.84			10130.04
Other information						
Segment assets	36552.78	17940.54	54493.32	28052.99	24452.39	52505.38
Unallocated corporate assets			36661.87			29635.00
Total assets			91155.19			82140.38
Segment liabilities	11708.98	9151.42	20860.40	9535.76	13580.47	23116.23
Unallocated corporate liabilities			6621.60			3450.08
Total liabilities			27482.00			26566.31
Capital expenditure	4344.72	2941.24	7285.96	1684.92	956.97	2641.89
Unallocated corporate capital expenditure			6.20			11.11
Total capital expenditure			7292.16			2653.00
Depreciation / Amortisation	1408.90	918.89	2327.79	1193.10	951.69	2144.79
Unallocated corporate depreciation			16.89			15.56
Total depreciation/amortisation			2344.68			2160.35
Non cash expenses other than						
Depreciation/amortisation	340.21	139.51	479.72	281.34	475.86	757.20
Unallocated corporate non cash expenses other than depreciation/amortisation			47.08			83.28
Total Non cash expenses other than depreciation/ amortisation			526.80			840.48

Information about secondary segments:

	2013 ₹ Lakhs			2012 ₹ Lakhs		
	India	Outside India	Total	India	Outside India	Total
External sales	87884.58	33435.67	121320.25	80000.58	27121.99	107122.57
Segment assets	49437.95	5055.37	54493.32	49900.15	2605.23	52505.38
Additions to fixed assets	7285.96	-	7285.96	2641.89	-	2641.89

Note:

Total liabilities exclude the following :

- Proposed dividend ₹ 5332.15 Lakhs (₹ 4665.63 Lakhs)
- Tax on proposed dividend ₹ 906.20 Lakhs (₹ 756.88 Lakhs)

	2013 ₹ Lakhs	2012 ₹ Lakhs
38 Assets taken on lease on or after 1st April, 2001 :		
(a) In respect of Operating leases, where lease agreements have been formally entered into, the payments recognised in the Statement of Profit and Loss for the year are as follows: Premises, vehicles and computers [includes minimum lease payments ₹ 348.31 Lakhs (Previous year ₹ 305.94 Lakhs)]	662.43	485.42
(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) Some of the agreements provide for increase in rent.		
(d) Some of the agreements provide for early termination by either party with a notice period which varies from 1 month to 9 months.		
(e) Under some of the agreements, refundable interest free deposits have been given.		
(f) Contingent rent payments in respect of vehicles are dependent upon the excess of actual usage, if any, over stipulated usage.		
(g) The total of future minimum lease payments under non-cancellable operating leases are as follows:		
For a period not later than one year	885.27	171.24
For a period later than one year and not later than five years	2694.95	126.71
Total	3580.22	297.95
39 Earnings per share :		
(a) Number of equity shares outstanding	26660745	26660745
(b) Face value per share (In ₹)	10.00	10.00
(c) Net profit after taxation (Total operations)	16676.84	10130.04
(d) Basic and diluted earnings per share (In ₹) (Total operations)	62.55	38.00
(e) Net profit for the year for Continuing operations	12998.80	5599.14
(f) Basic and diluted earnings per share (In ₹) (Continuing operations)	48.76	21.00
40 Disclosures as required under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act). This information has been determined to the extent such parties have been identified on the basis of intimations received from suppliers. This has been relied upon by the auditors. No interest has been accrued for delayed payments, if any.		
	31-12-2013 ₹ Lakhs	31-12-2012 ₹ Lakhs
(a) (i) the principal amount due remaining unpaid as at the year end	200.96	126.86
(ii) the interest due on the above amount, remaining unpaid as at the year end	-	-
(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 MSMED 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 due as above are actually paid to small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act.	-	-

41 Discontinuing Operations

(a) In terms of the Agreement for Transfer of business entered in to by the Company on September 28, 2013 with Archroma India Private Limited (Archroma), the business of textile chemicals, paper specialties and emulsions (TPE Business), included in the Dyes and Specialty Chemicals Segment, has been transferred as on the closing date (September 30, 2013) as a going concern on slump sale basis for a lump sum consideration of ₹ 209.15 crores. The profit of ₹ 114.45 crores (net of ₹ 24.98 crores expenses incurred/committed to be incurred) on sale of the TPE Business, recognized during the year has been disclosed as an exceptional item under Note 28 "Exceptional Items". Current tax thereon of ₹ 2660.19 Lakhs is included in tax expense for the year in the Statement of Profit and Loss.

Pending receipt of certain approvals required for carrying on of the TPE Business by Archroma post the closing date, the Company and Archroma entered in to a Business Continuation Agreement (BCA) in terms of which the Company has carried on the TPE Business in trust for Archroma till January 31, 2014, and the BCA is automatically terminated.

(b) The Board of Directors at its meeting held on December 16, 2013 has, subject to approval of members of the Company and such other approvals, as may be required, accorded its consent to transfer, sell or otherwise dispose off the business of leather services, included in the Dyes and Specialty Chemicals Segment, consisting of production facility for manufacture at Kanchipuram in Tamilnadu and laboratories, along with employees, assets, liabilities and including all licenses, land leases, permits, consents and approvals thereto as a going concern by way of a slump sale to Stahl India Pvt. Ltd. (SIPL), a company incorporated in India under the Companies Act, 1956, being an affiliate of Stahl Holdings B.V. Group for a consideration of not less than ₹ 156 crores, subject to necessary adjustment, if any, as on the effective date.

Subsequent to the year end, the members approved the proposed sale of business by passing a special resolution through postal ballot.

(c) Necessary information relating to the discontinuing operations is as follows

	31.12.2013 ₹ Lakhs		31.12.2012 ₹ Lakhs	
	TPE	Leather	TPE	Leather
Revenue	32244.29	25333.30	37174.98	19018.58
Expenditure	28468.50	23602.05	32598.62	16888.04
Profit before tax	3775.79	1731.25	4576.36	2130.54
Tax Expense	1247.00	582.00	1485.00	691.00
Profit after tax	2528.79	1149.25	3091.36	1439.54
Total Assets	-	6496.03	10119.47	4823.70
Total Liabilities	-	5884.60	5888.87	3435.01
Net cash from operating activities	1194.30	2905.44	1961.20	2608.74
Net cash from investing activities	(1407.34)	(978.85)	(164.35)	(249.46)
Net cash from financing activities	-	-	-	-

42 In accordance with the approval of the Board of Directors at its meeting held on December 16, 2013, the company has entered into an agreement with M/s. Plasticemix Industries (PI) for purchase of Masterbatches business as going concern on slump sale basis for a consideration of about ₹ 135 crores subject to adjustment, if any, as on the effective date. The company expects to close the transaction as of April 1, 2014.

43 As per the resolution passed through postal ballot by the members of the Company on October 5, 2013, consent was accorded, subject to such approvals as may be required, to transfer, sell or otherwise dispose off the whole or substantially whole of the Company's assets consisting of property / land / undertaking located at Sandoz Baug, Kolshet, Thane, at a price and on such terms and conditions, as may be deemed fit by the Board in the best interest of the Company.

44 Pursuant to the sale of TPE Business in the current year, referred to in Note 41, the figures of the current year are not strictly comparable with those of the previous year. Figures for the previous year have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board,

R. A. Shah

Chairman

D. Parikh

Vice- Chairman & Managing Director

Y. H. Malegam

Director

I. Shahani

Director

B. L. Gaggar

Executive Director Finance & Company Secretary

Mumbai, 26th February, 2014

FINANCIAL PERFORMANCE

10 Years' Highlights

(₹ Million)

	Financial Year Ended 31st December									Financial Year Ended 31st March	
	2013	2012	2011	2010	2009	2008	2007	****2006	***2006	2005	
I OPERATING RESULT											
Gross Sales	12900.1	11459.9	10158.6	10347.6	9732.2	10014.5	9517.1	7538.9	9246.5	4035.2	
Net Sales	12132.0	10712.3	9560.8	9747.1	9213.4	9163.9	8614.4	6870.4	8479.1	3656.1	
Gross Earning Before Depreciation/ Impairment and Taxation	+1369.8	+1547.1	+1722.0	+1895.1	+2079.4	+1375.7	+1021.3	+655.7	893.1	472.5	
Profit Before Taxation	#2257.8	#1423.1	#3954.1	#1653.2	#1631.1	#1072.9	#493.3	#507.8	648.4	*357.8	
Profit After Taxation	1667.7	1013.0	3040.4	1124.2	1081.4	674.8	317.9	328.7	403.9	155.9	
Equity Dividend	799.8	733.2	1599.6	799.8	666.5	506.6	266.6	479.9	293.3	69.9	
II FINANCIAL POSITION											
Gross Fixed Assets @	4051.8	4088.3	3944.1	3554.8	3556.6	3985.1	3819.6	3831.7	3850.2	2105.6	
Net Fixed Assets @	2041.7	1879.7	1853.8	1592.4	1527.3	1646.0	1719.1	1651.8	1601.6	837.2	
Investments	2674.0	2346.5	2665.1	1918.4	1245.0	578.4	294.3	465.0	1132.6	464.5	
Net Assets	1100.2	842.8	383.0	159.8	698.5	1008.3	1164.8	1128.2	1198.7	743.5	
Equity	266.6	266.6	266.6	266.6	266.6	266.6	266.6	266.6	**266.6	116.5	
Reserves	5476.9	4748.5	4587.7	3404.4	3211.3	2909.8	2827.6	2835.8	3054.4	1605.7	
Shareholders' Fund	5743.5	5015.1	4854.3	3671.0	3477.9	3176.4	3094.2	3102.4	3321.0	1722.2	
Loans and Deferred Payment Credits	-	-	2.0	10.5	20.5	30.9	40.7	62.1	559.4	339.4	
Capital Employed	5743.5	5015.1	4856.3	3681.5	3498.4	3207.3	3134.9	3164.5	3880.4	2061.6	
III PER EQUITY SHARES											
Earning (In ₹)	#62.55	#38.00	#114.04	#42.16	#40.56	#25.31	#11.92	#12.33 Not Annualised	15.15	13.30	
Dividend	30.0	27.5	60.0	30.0	25.0	19.0	10.0	18.0	11.0	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 for the year 2006 are not directly comparable to those of earlier years.

**** Figures are for nine months ended December 31, 2006





@ Include Capital Advances

CLARIANT CHEMICALS (INDIA) LIMITED


P.O. Sandoz Baug
Kolshet Road
Thane 400 607

WWW.CLARIANT.IN

FORM A
**Format of covering letter of the annual audit report to be filed with
the stock exchanges**

1.	Name of the Company:	Clariant Chemicals (India)Limited
2.	Annual financial statements for the year ended	December 31, 2013
3.	Type of Audit observation	Unqualified
4.	Frequency of observation	Not Applicable since unqualified
5.	To be signed by-	
	Mr. R.A. Shah Audit Committee Chairman	
	Dr. Deepak Parikh Managing Director	
	Mr. B.L. Gaggar Executive Director Finance & Company Secretary	
	Auditor of the company	

Refer our Audit report dated 26 February, 2014
on the standalone financial statements of the Company
For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 117365W)


U. M. Neogi
Partner
(Membership No. 30235)
Mumbai : 16 April, 2014