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RHODIA SPECIALTY CHEMICALS INDIA LIMITED

47th ANNUAL REPORT

2012-13

THE LAST TEN YEARS

(₹ in Lakhs)

	2012-13 (15 months)	2011	2010	2009	2008	2007	2006	2005	2004	2003
Share Capital	337.56	337.56	337.56	337.56	337.56	337.56	337.56	337.56	337.56	337.56
Reserves & Surplus	7155.95	3548.64	4115.25	4483.83	6541.04	5225.46	5731.36	5706.45	5036.92	4654.94
Shareholders Fund	7493.51	3886.20	4452.81	4821.39	6878.60	5563.02	6068.92	6044.01	5374.48	4992.50
Debt	2796.23	5059.72	4271.04	3073.16	100.00	0	407.01	0	488.11	417.03
Debt Equity Ratio	0.37	1.30	0.96	0.64	0.01	0	0.07	0	0.09	0.08
Net Fixed Assets	5258.72	5332.23	5912.98	6595.44	963.87	1143.49	1289.93	1339.91	1356.31	1565.57
Investment	0.03	0.03	0.03	0.03	0.03	84.53	84.53	84.53	84.53	84.53
Net Current Assets	3371.29	2972.50	2788.14	1293.39	1046.54	2571.75	4728.29	4492.32	4288.93	3679.95
Net Turnover	28097.18	25078.44	16108.90	9512.96	12866.20	12843.31	14008.26	14016.63	13333.83	10938.10
Profit/(Loss) Before Tax	3686.30	(566.61)	(368.58)	(2304.21)	1962.12	(365.66)	21.39	1301.03	938.83	741.57
Profit/(Loss) After Tax	3686.30	(566.61)	(368.58)	(2057.21)	1374.82	(445.35)	24.81	881.23	574.43	494.43
Dividend	67.51	0	0	0	50.63	33.76	0	185.65	168.78	84.39
Tax on Dividend	11.48	0	0	0	8.61	5.73	0	26.04	23.67	10.81
Retained Earnings	3607.31	0	0	0	1315.58	0.00	24.81	669.53	381.98	399.23
Earnings Per Share (₹)	109.20	(16.79)	(10.92)	(60.94)	40.73	(12.79)	0.09	26.11	17.02	14.65
Dividend Per Share (₹)	2.00	0	0	0	1.50	1.00	0	5.50	5.00	2.50
Book Value Per Share (₹)	221.99	115.13	131.91	142.83	203.77	164.80	179.79	179.05	159.22	147.90

DIRECTORS

D D Chopra	Chairman Emeritus
Suresh Talwar	Chairman
Michel Ybert	(Alt. Guo Lin)
Ian Brown	(Alt. Ms. Quitterie Dupontreue De Pelleport)
Sanjeev Mukerjee	
Ranjit Pandit	
Yogesh Thar	
Pierre-Franck Valentin	(Alt. Chen Pu)
Prakash Raman	
Manoj Khullar	Managing Director (w. e. f. 1 st January 2013)
Thomas Leutner	Managing Director (upto 31 st December 2012)

LEGAL MANAGER & COMPANY SECRETARY

Niranjan Ketkar

AUDITORS

B S R & Co.

SOLICITORS

Crawford Bayley & Co.

BANKERS

State Bank of India
Corporation Bank
BNP Paribas

REGISTERED OFFICE

Phoenix House, "A" Wing, 4th Floor
462, Senapati Bapat Marg
Lower Parel (West)
MUMBAI - 400 013

REGISTRARS & SHARE TRANSFER AGENTS

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound
LBS Marg, Bhandup (West)
MUMBAI - 400 078
Tel.: 91-22-25963838

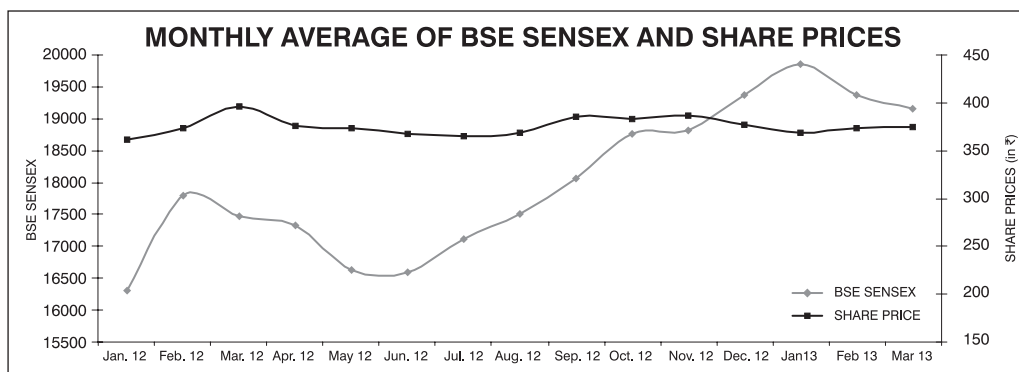
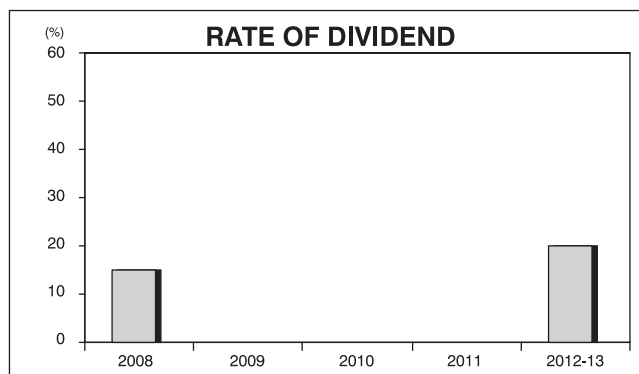
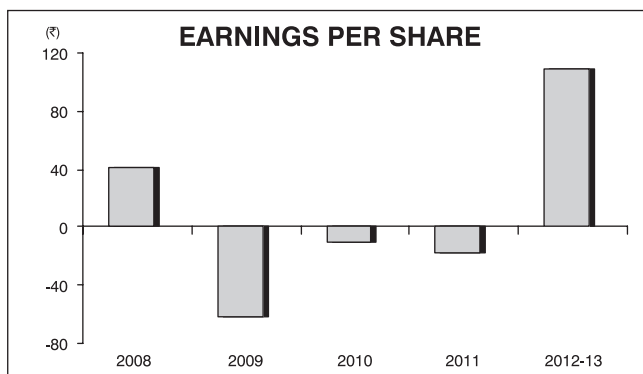
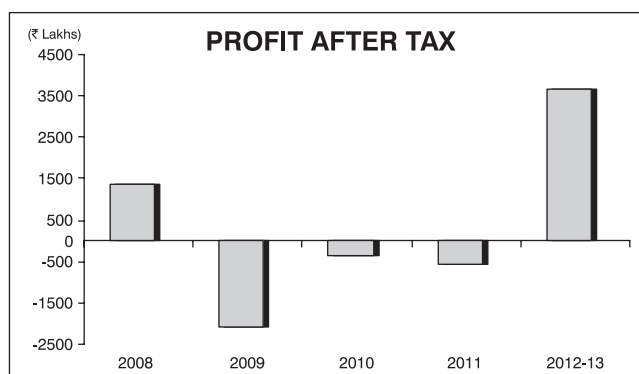
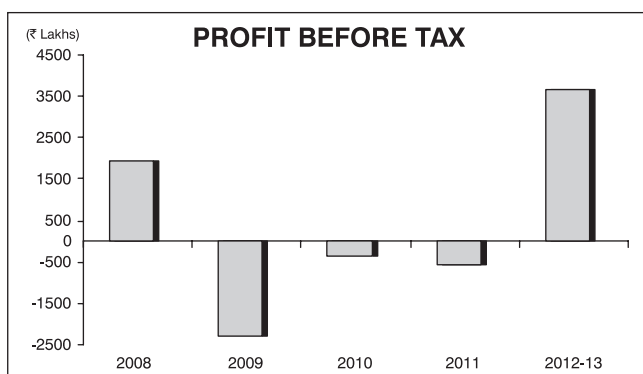
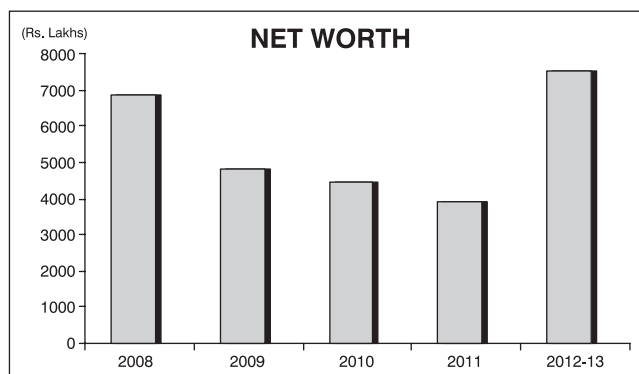
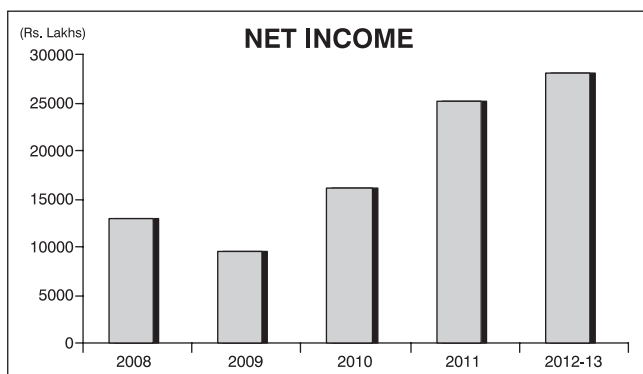
WORKS

ROHA - 402 116
Dist. Raigad, Maharashtra

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Rhodia Specialty Chemicals India Limited



NOTICE

Notice is hereby given that the 47th Annual General Meeting of the Company will be held on Friday, 23rd August 2013, at 10.30 a.m. at the Convention Hall, Y. B. Chavan Centre, Gen. Jagannath Bhosale Marg, Nariman Point, Mumbai 400 021 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2013, the Profit & Loss Account for the period ended 31st March 2013 and the reports of the Directors' and Auditors' thereon.
2. To declare payment of dividend to the equity shareholders of the Company.
3. To appoint a Director in place of Mr. Ranjit Pandit, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Yogesh Thar, who retires by rotation, and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

5. Appointment of Auditor
To consider and if thought fit, to pass with or without modification, as an ORDINARY RESOLUTION, the following:
"RESOLVED THAT subject to the provisions of Sections 224, 225 and other applicable provisions, if any, of the Companies Act, 1956 M/s. Deloitte Haskins & Sells, Chartered Accountants, Mumbai (Registration No. 117364W) be appointed as Statutory Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors, plus service tax and out of pocket expenses."
6. Appointment of Mr. Suresh Talwar as a Director
To consider and if thought fit, to pass with or without modification, as an ORDINARY RESOLUTION, the following:
"RESOLVED THAT Mr. Suresh Talwar be and is hereby appointed as a Director of the Company."

7. Appointment of Mr. Pierre-Franck Valentin as a Director

To consider and if thought fit, to pass with or without modification, as an ORDINARY RESOLUTION, the following:

"RESOLVED THAT Mr. Pierre-Franck Valentin, be and is hereby appointed as a Director of the Company."

8. Appointment of Mr. Prakash Raman as a Director
To consider and if thought fit, to pass with or without modification, as an ORDINARY RESOLUTION, the following:

"RESOLVED THAT Mr. Prakash Raman, be and is hereby appointed as a Director of the Company."

9. Partial modification in terms of remuneration to be paid to Mr. Manoj Khullar, who has been appointed as Managing Director of the Company for a period of 3 years w. e. f. 1st January 2013

To consider and if thought fit, to pass with or without modification, as a SPECIAL RESOLUTION, the following:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") read with Schedule XIII of the Act, approval of the Company be and is hereby accorded to revise the terms and conditions of appointment of Mr. Manoj Khullar, Managing Director of the Company w. e. f. 1st January 2013 by revising his remuneration as set out in the explanatory statement as recommended by the Remuneration Committee and approved by the Board of Directors of the Company as contained in the draft agreement to be executed by the Company with Mr. Manoj Khullar, with authority to the Board of Directors to alter or amend the terms and conditions of the said agreement for the period 1st January 2013 to 31st December 2015."

By order of the Board,
Sd/-

Niranjan Ketkar
Legal Manager &
Company Secretary

Mumbai
27th May 2013

NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote on poll only instead of himself and a proxy need not be a member. To be effective, proxies must be received by the Company at its Registered Office not less than forty eight hours before the commencement of the meeting.
2. The register of members and the share transfer books of the Company will remain closed from 19th August 2013 to 23rd August 2013 (both days inclusive).
3. Shareholders are requested to notify change of address, if any, and details of their bank account to the Company.
4. For the convenience of shareholders, attendance slip is annexed to the proxy form. Shareholders are requested to affix their signatures at the space provided therefore and hand over the attendance slip at the entrance of the place of meeting. Proxy/ Representative of a shareholder should mark on the attendance slip as "Proxy" or "Representative" as the case may be. Shareholders are also requested not to bring with them any person who is not a shareholder.
5. As a measure of economy, copies of the annual report will not be distributed at the annual general meeting. Shareholders are, therefore, requested to bring their copies of the annual report at the meeting.
6. To facilitate easy and cheap transactions in its shares, the Company has dematerialised its shares. Vast majority of the shareholders have already availed of this facility and de-materialised their shareholdings. Shareholders who have not yet de-materialised their shareholdings are requested to avail of this facility and de-materialise their shareholdings at the earliest. In case any assistance is needed, shareholders are requested to get in touch with the Secretarial Department of the Company.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 5

B S R & Co, the releasing Statutory Auditors, have informed the Company that they do not wish to be reappointed as Statutory Auditors of the Company. In the circumstances the Board of Directors at their meeting held on 27th May 2013 has recommended the appointment of Deloitte Haskins & Sells as Statutory Auditors of the Company.

The Board commends the resolution for the approval by the Members.

None of the Directors is interested or concerned in the resolution.

Item No. 6

Mr. Suresh Talwar, was appointed as an Additional Director on the Board of the Company by the Board of Directors with effect from 31st October 2012, pursuant

to Section 260 of the Companies Act, 1956. Mr. Suresh Talwar holds office of Director up to the date of the forthcoming Annual General Meeting of the Company. Notice has been received under Section 257 of the Companies Act, 1956, proposing the appointment of Mr. Suresh Talwar as a Director.

Mr. Suresh Talwar, aged 75 years, is a Bachelor of Commerce and Bachelor of Law. He is a Solicitor and Advocate by profession. Mr. Suresh Talwar was a partner in Crawford Bayley & Co., till 31st March 2006 and was a special advisor to that firm till 31st December 2006. He is founder partner of Talwar Thakore & Associates, Mumbai. Mr. Suresh Talwar specializes in various facets of Corporate Law, Corporate Tax, Foreign Exchange Laws, Competition Act, International Issue of Securities by Indian Companies, Commercial documents and contracts, etc.

Mr. Talwar is holding directorship in the following other companies:

Sr. No.	Name of Company	Position Held	Committee Membership
1.	PZ Cussons India Private Limited	Chairman & Alternate Director	NIL
2.	FCIOEN Connectors Limited	Chairman & Alternate Director	Chairman – Audit Committee
3.	Transwarranty Finance Limited	Chairman & Alternate Director	NIL
4.	Armstrong World Industries (India) Private Limited	Chairman	NIL
5.	Merck Limited	Chairman	Chairman – Audit Committee
6.	Sidham Finance & Investments Private Limited	Chairman	NIL
7.	Samson Maritime Limited	Chairman	Chairman – Remuneration Committee
8.	Sunshield Chemicals Limited	Chairman	Remuneration Committee
9.	Biocon Limited	Director	Audit Committee
10.	Birla Sun Life Insurance Company Limited	Director	NIL
11.	Birla Sun Life Trustee Company Private Limited	Director	Audit Committee
12.	Blue Star Limited	Director	Chairman – Audit Committee Member – Remuneration Committee
13.	Blue Star Infotech Limited	Director	Audit Committee
14.	Chowgule & Company Private Limited	Director	NIL
15.	Chowgule Ports & Infrastructure Private Limited	Director	NIL
16.	Decagon Investments Private Limited	Director	NIL
17.	ELANTAS Beck India Limited	Director	Audit Committee
18.	Epitome Global Services Private Limited	Director	NIL
19.	Esab India Limited	Director	NIL
20.	Greaves Cotton Limited	Director	Chairman – Remuneration Committee Member – Audit Committee Member – Investors Grievance & Share Transfer Committee
21.	India Value Fund Trustee Company Private Limited	Director	NIL
22.	IVF Trustee Company Private Limited	Director	NIL
23.	John Fowler (India) Private Limited	Director	NIL
24.	Larsen & Toubro Limited	Director	Nomination-Cum-Compensation Committee
25.	L&T Metro Rail (Hyderabad) Limited	Director	NIL
26.	Morgan Stanley India Capital Private Limited	Director	Audit Committee
27.	Phillip (India) Private Limited	Director	NIL
28.	Rediffusion-Dentsu, Young & Rubicam Private Limited	Director	NIL
29.	Sandvik Asia Private Limited	Director	Chairman – Audit Committee
30.	Shrenuj & Co Limited	Director	NIL
31.	Snowcem Paints Private Limited	Director	NIL
32.	Sonata Software Limited	Director	Remuneration Committee
33.	Swiss Re Shared Services (India) Private Limited	Director	NIL
34.	TTK Healthcare TPA Private Limited	Director	NIL
35.	Warner Bros Pictures (India) Private Limited	Director	NIL
36.	Johnson & Johnson Limited	Alternate Director	NIL
37.	Uhde India Private Limited	Alternate Director	NIL

Rhodia Specialty Chemicals India Limited

The Company will be vastly benefited from the professional capabilities and varied experience of Mr. Suresh Talwar. The Board, therefore, recommends his appointment as a Director of the Company.

Except Mr. Suresh Talwar, none of the Directors is interested in the resolution.

Item No. 7

Mr. Pierre-Franck Valentin, aged 47 years, was appointed as an Additional Director on the Board of the Company by the Board of Directors with effect from 13th February 2013, pursuant to Section 260 of the Companies Act, 1956. Mr. Pierre-Franck Valentin holds office of Director up to the date of the forthcoming Annual General Meeting of the Company. Notice has been received under Section 257 of the Companies Act, 1956, proposing the appointment of Mr. Pierre-Franck Valentin as a Director.

Mr. Pierre-Franck Valentin has an MS degree in Marketing & Finance and Chemical Engineering. He has more than 10 years' experience in the Home & Personal Care market at various positions including sales, marketing and global key account management of big MNCs.

He is holding directorship in the following Companies:

Sr. No.	Name of Company	Position Held	Committee Membership
1.	Hindustan Gum and Chemicals Limited	Director	Nil
2.	Sunshield Chemicals Limited	Director	Nil

The Company will be vastly benefited from the professional capabilities and varied experience of Mr. Pierre-Franck Valentin. The Board, therefore, recommends his appointment as a Director of the Company.

Except Mr. Pierre-Franck Valentin, none of the Directors is interested in the resolution.

Item No. 8

Mr. Prakash Raman, aged 42 years, was appointed as an Additional Director on the Board of the Company by the Board of Directors with effect from 13th February 2013, pursuant to Section 260 of the Companies Act, 1956. Mr. Prakash Raman holds office of Director up to the date of the forthcoming Annual General Meeting of the Company. Notice has been received under Section 257 of the Companies Act, 1956, proposing the appointment of Mr. Prakash Raman as a Director.

Mr. Prakash Raman is a Chemical Engineer and MBA in Finance & Marketing. He joined Solvay Group in the year 2005. He has more than 20 years' experience

in the consumer industry, brand building and industrial business segments. He is a certified six sigma Black Belt Resource and a qualified environmental auditor.

He is holding directorship in the following other companies:

Sr. No.	Name of Company	Position Held	Committee Membership
1.	Solvay Specialities India Private Limited	Managing Director	Nil
2.	Solvay Vishnu Barium Private Limited	Director	Nil
3.	Hindustan Gum & Chemicals Limited	Alternate Director	Nil

The Company will be vastly benefited from the professional capabilities and varied experience of Mr. Prakash Raman. The Board, therefore, recommends his appointment as a Director of the Company.

Except Mr. Prakash Raman, none of the Directors is interested in the resolution.

Item No. 9

Mr. Manoj Khullar, aged 43 years, was appointed as Managing Director of the Company by the shareholders' resolution dated 17th December 2012. Accordingly, an Agreement dated 18th December 2012 was entered into between the Company and the Managing Director stating the terms and conditions of his appointment (hereinafter referred to as "the said Agreement").

The Board of Directors in its meeting held on 27th May 2013 on the recommendation of the Remuneration Committee, subject to the approval of shareholders has revised the remuneration of Managing Director w. e. f. 1st January 2013 as under:

Remuneration

(i) Basic Salary: ₹ 2,90,000/- (Rupees Two Lacs Ninety Thousand only) p.m.

The aforesaid amount may be revised by the Board of Directors as per the recommendation of the Remuneration Committee upto ₹ 3,77,000/- (Rupees Three Lacs Seventy Seven Thousand only) p.m. during the term of the said Agreement.

(ii) House Rent Allowance: ₹ 2,90,000/- (Rupees Two Lacs Ninety Thousand only) p.m.

The aforesaid amount may be revised by the Board of Directors as per the recommendation of the Remuneration Committee upto ₹ 3,77,000/- (Rupees Three Lacs Seventy Seven Thousand only) p.m. during the term of the said Agreement.

- (iii) Education Allowance: ₹ 300/- (Rupees Three Hundred only) p.m.

The aforesaid amount may be revised by the Board of Directors as per the recommendation of the Remuneration Committee upto ₹ 400/- (Rupees Four Hundred only) p.m. during the term of the said Agreement.

- (iv) Medical Allowance: ₹ 1,250/- (Rupees One Thousand Two Hundred Fifty only) p.m.

The aforesaid amount may be revised by the Board of Directors as per the recommendation of the Remuneration Committee upto ₹ 1,700/- (Rupees One Thousand Seven Hundred only) p.m. during the term of the said Agreement.

- (v) Driver's salary: At actuals

- (vi) The Company shall provide leased and maintained car in Mumbai, in accordance with the Company's policy on car/type model etc. the lease rent shall be paid by the Company subject to an overall limit of ₹ 7,20,000/- (Rupees Seven Lacs and twenty thousand only) p.a. The car shall be used for official purposes and actual fuel expenses would be reimbursed.

The aforesaid amount may be revised by the Board of Directors as per the recommendation of the Remuneration Committee upto ₹ 9,40,000/- (Rupees Nine Lacs Forty Thousand only) p.a. during the term of the said Agreement.

- (vii) Leave Travel Allowance: ₹ 2,90,000/- (Rupees Two Lac Ninety Thousand only) p.a. for travel in India. Terms and conditions of the payment shall be as per the Company's policy.

The aforesaid amount may be revised by the Board of Directors as per the recommendation of the Remuneration Committee upto ₹ 3,77,000/- (Rupees Three Lacs Seventy Seven Thousand only) p.a. during the term of the said Agreement.

- (viii) Food Coupons worth ₹ 1,500/- (Rupees One Thousand Five Hundred only) p.m. shall be provided towards meals and snacks.

The aforesaid amount may be revised by the Board of Directors as per the recommendation of the Remuneration Committee upto ₹ 2,000/- (Rupees Two Thousand only) p.m. during the term of the said Agreement.

- (ix) Other Allowances subject to a maximum of ₹ 40,000/- (Rupees Forty Thousand only) p.m.

The aforesaid amount may be revised by the Board of Directors as per the recommendation

of the Remuneration Committee upto ₹ 55,000/- (Rupees Fifty Five Thousand only) p.m. during the term of the said Agreement.

All other terms and conditions of appointment of Mr. Khullar more specifically described in the said Agreement shall remain unchanged.

The following is the statement of information for the Shareholders pursuant to Paragraph (C) of Section II of Part II of Schedule XIII of the Companies Act, 1956

I. GENERAL INFORMATION

- Nature of Industry : Chemical
- Date or expected date of commencement of commercial production : During the year 1967
- In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus. : Not applicable
- Financial performance based on given indicators:

(₹ in lakhs)

Particulars	2010	2011	2012-13
Net Turnover	16,108.90	25,078.44	28,097.18
Profit/(Loss) Before Tax	(368.58)	(566.61)	3,686.30
Profit/(Loss) After Tax	(368.58)	(566.61)	3,686.30

* Figures are not comparable.

- Export performance and net foreign exchange collaborations:

(₹ in lakhs)

Financial Year	Export Turnover
2010	1,018.42
2011	2,192.72
2012-13	3,348.64

* Figures are not comparable.

- Foreign investments or collaborations, if any. For the financial years 2010 to 2012-13, the Company did not have any fresh foreign investments or collaborations.

II. INFORMATION ABOUT THE APPOINTEE

1. Background details:

Mr. Manoj Khullar is 42 years old and is a B.E. (Chemical Engineering) and M.B.A. from Rotterdam School of Management. Mr. Khullar has a work experience of more than 19 years. He started his career by joining Lurgi AG as a Trainee Engineer. After two years he joined Nalco Chemical India (Nalco) in the capacity as Area Manager (Specialty Chemicals) – North & East India. After working with Nalco for four years, he joined Honeywell Specialty Materials as Business Manager (Fluorine Products) – South Asia. Before joining Rhodia Specialty Chemicals India Limited, he was working with Jubilant Life Sciences Limited as a Growth Unit Head (Nutritional Intermediates) for 7 years. He has vast experience in the areas of technical, manufacturing and marketing.

2. Past remuneration:

- (i) Basic Salary: ₹ 2,78,000/- (Rupees Two Lacs Seventy Eight Thousand only) p.m.
- (ii) House Rent Allowance: ₹ 2,78,000/- (Rupees Two Lacs Seventy Eight Thousand only) p.m.
- (iii) Education Allowance: ₹ 300/- (Rupees Three Hundred only) p.m.
- (iv) Medical Allowance: ₹ 1,250/- (Rupees One Thousand Two Hundred Fifty only) p.m.
- (v) Driver's salary: Reimbursement of Driver Salary of ₹ 9,000/- (Rupees Nine Thousand only) p.m.
- (vi) The Company provided leased and maintained car in Mumbai, in accordance with the Company's policy on car/ type model etc. and the lease rent not exceeding ₹ 6,00,000 p.a. was paid.
- (vii) Leave Travel Allowance: ₹ 2,78,000/- (Rupees Two Lacs Seventy Eight Thousand only) p.a. for travel in India.
- (viii) Food Coupons worth ₹ 1,500/- (Rupees One Thousand Five Hundred only) p.m.
- (ix) Variable Remuneration: As per the policy of the Company.
- (x) Provident Fund: Membership of Company's contributory Provident Fund Scheme.
- (xi) Superannuation Fund: Membership of Company's Superannuation Scheme.
- (xii) Gratuity: Membership of Company's Group Gratuity Scheme.

3. Recognition or awards : None

4. Job profile and his suitability:

Mr. Manoj Khullar has a work experience of more than 19 years. He started his career by joining Lurgi AG as a Trainee Engineer. After two years he joined Nalco Chemical India (Nalco) in the capacity as Area Manager (Specialty Chemicals) – North & East India. After working with Nalco for four years, he joined Honeywell Specialty Materials as Business Manager (Fluorine Products) – South Asia. Before joining Rhodia Specialty Chemicals India Limited, he was working with Jubilant Life Sciences Limited as a Growth Unit Head (Nutritional Intermediates) for 7 years. He has vast experience in the areas of technical, manufacturing and marketing.

The Board of Directors is of the opinion that Mr. Manoj Khullar's experience will be of immense use to the Company to achieve growth in future. He is responsible for the management of the affairs of the Company.

5. Remuneration proposed:

As per details mentioned in the explanatory statement to the Special Resolution.

6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person.

The proposed remuneration (duly approved by the Remuneration Committee) is in line with the trends in the industry and is befitting Mr. Manoj Khullar's experience and competence.

7. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any.

Mr. Manoj Khullar has no other relationship with the Company or with the managerial personnel, except the remuneration being paid to him as Managing Director of the Company.

III. OTHER INFORMATION

1. Reasons for loss or inadequate profits.

Low profit margin and interest cost are the major factors for incurring the loss.

2. Steps taken or proposed to be taken for improvement.

The Company has taken several steps to, improve the capacity utilization at its plant located in Roha. The Company has utilised the funds received from transfer of lease rights of Ambernath plant to reduce the borrowing and thereby saving interest costs.

3. Expected increase in productivity and profits in measurable terms.

The manufacturing facility at Roha shall be achieving substantial level of production thereby improving its capacity to cater to the market demand.

The draft agreement to be entered into between the Company and Mr. Khullar is available for inspection at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day of the Company upto the date of the meeting.

Except Mr. Manoj Khullar, none of the Directors is interested in the resolution.

IV. DISCLOSURES

Remuneration package as mentioned in the explanatory statement to the Special Resolution.

The Members are requested to approve the revised remuneration of Mr. Khullar.

Mumbai
27th May 2013

By order of the Board,
Sd/-

Niranjan Ketkar
Legal Manager &
Company Secretary

Details of Directors seeking Re-appointment at the Annual General Meeting

Particulars	Mr. Yogesh Thar	Mr. Ranjit Pandit
Date of Birth	27 th February 1962	5 th April 1954
Date of Appointment	15 th June 2009	30 th January 2009
Qualifications	Graduate in Commerce Chartered Accountant	Engineering Graduate (Electrical) from Mumbai University MBA from Wharton School, University of Pennsylvania.
Experience in specific functional area	Partner of Bansi S. Mehta & Co. Bansi S. Mehta is a well known firm in India and dealing in accounting and tax matters. Mr. Yogesh Thar is a tax expert and advises corporates on tax matters. He is the Chairman of Audit Committee as well as of Remuneration Committee	He is the Managing Director of General Atlantic Private Limited. General Atlantic Private Limited is a leading private equity firm with over \$ 1 billion invested in India and \$ 15 billion worldwide. Prior to joining General Atlantic, he worked with Mckinsey & Company. He joined the firm in the US in 1980 and served in Cleveland and New York prior to his transfer to India in 1993. He is one of the co-founders of Mckinsey & Company's India practice. He led the practice for 11 years; as Managing Director between 1997 – 2005 and as Chairman between 2005 – 2007.
Directorships held in other public companies (excluding foreign companies and section 25 companies)	1. LIL Investments Limited 2. Kewal Kiran Clothing Limited 3. Sunshield Chemicals Limited	Pratap Pandit Limited
Memberships/Chairmanships of committees of other public companies and Shareholders/ Investors Grievance Committee	1. Chairman – Audit Committee, 2. Member – Shareholders/ Investors Grievance Committee & Remuneration Committee of Sunshield Chemicals Limited	NIL
Number of shares held in the Company	NIL	NIL

DIRECTORS' REPORT

We present our report together with the audited accounts of the Company for the financial year ended on 31st March 2013.

(A) Financial Highlights*

(₹ in Lakhs)

	2012-13	2011
Net Sales & Processing charges	28097	25078
Other Operating Income	344	142
Other Income	547	235
Total Income	28988	25455
Profit before Depreciation, Exceptional item and Tax	1095	215
Depreciation	1031	782
Profit/(Loss) before exceptional items and Tax	64	(567)
Add: Profit on Transfer of rights to the land	3622	-
Net Profit/(Loss) after Tax	3686	(567)
Add: Balance brought forward from previous year	(263)	304
Profit available for appropriation	3423	-
Less: Appropriations		
Proposed Dividend @ ₹ 2/- per share	68	-
Tax on Proposed Dividend	11	-
Transfer to General Reserve	276	-
Balance carried to balance sheet	3068	(263)

* Figures stated above are not comparable as accounts for the year 2011 and period 2012-13 were prepared for 12 months and 15 months respectively.

Total Income

Income from sales, processing charges and other income during the period amounted to ₹ 28,097 lakhs as compared to ₹ 25,078 lakhs for the previous year.

Performance

The Company made a profit before exceptional item of ₹ 64 lakhs as against a loss of ₹ 567 lakhs during the previous year. This was possible due to effective control over expenses during the current period. The profit after tax was ₹ 3,686 lakhs which is attributed towards the proceeds received from the transfer of lease rights at Ambernath plant.

(B) Dividend

Your Directors have recommended payment of dividend of ₹ 2/- per share (20%) on 33,75,600 equity shares of ₹ 10/- each for the financial year 2012-13, subject

to the approval of members at the ensuing Annual General Meeting. The total payment on account of dividend (including dividend tax) will be ₹ 79 lakhs.

Transfer to Reserve

Your Directors propose to transfer ₹ 276.48 lakhs to General Reserve out of ₹ 3,423 lakhs i.e. the amount available for appropriations. An amount of ₹ 3,068 lakhs is proposed to be retained in the Profit and Loss for the financial year 2012-13.

(C) Management Discussion and Analysis

(i) Industry structure and developments

The Company operates in the business segment of consumer chemicals. The Company manufacture specialized formulations to serve its customers who in turn further manufacture consumer goods for Home and Personal Care, Decorative Paints, Agrochemicals and various industrial formulations.

With the projected growth rate of India GDP in 2013 by various global and Indian economic agencies, the business climate in India has become more challenging for 2013. The slowdown in infrastructure, has added to the overall slowdown in various sectors of economy.

The Company is putting in its best efforts to overcome the slowdown, by means of increasing efficiencies across supply chain, and hence target higher capacity utilization at Roha. The Company is also planning to import and trade specialty formulations in the Indian market to differentiate its product offerings from the commodity market.

(ii) Operating and Financial Performance of the Company

During the period of January 2012 to March 2013, the sales amounted to ₹ 28,097 lakhs.

The employee cost increased from ₹ 1,040 lakhs to ₹ 1,800 lakhs due to recruitment at the senior management level. The loss from operations reduced from ₹ 453 lakhs to ₹ 107 lakhs due to transfer of lease rights at Ambernath plant.

The Company transferred lease rights of the land situated at Ambernath in the month of October 2012. The consideration received from such transfer was effectively used to reduce the burden of borrowing costs on the Company.

The Company is making efforts to increase the number of products whereby the Company will be in a position to increase the margin on sales.

Analysis of Operating Performance*

(₹ in Lakhs)

	2012-13	2011
1. Net sales/Income from operations	28097	25078
2. Total operating income	28441	25220
3. Total operating expense	28464	25576
4. Operating (Loss)/Profit	(22)	(356)
5. Operating (Loss)/Profit (%)	(0.08)	(1.41)
6. Operating (Loss)/Profit to capital employed (%)	(0.38)	(10.96)
7. Inventory Turnover (Times)	8.6	7.5
8. Current ratio	1.9	1.5
9. Debt : Equity ratio	0.37	1.30
10. Production (MT)	79138	73606
11. Overall capacity utilization (%)	75.8	88.2
12. Value of sales per employee	148.43	142.82

Cash Flow Analysis*

(₹ in Lakhs)

	2012-13	2011
Sources of Funds:		
Cash Flow from operations	1306.46	868.66
Non operation Cash Flows	10.66	6.29
Increase in Bank Borrowings	–	788.68
Fixed deposits matured	299.99	–
Sale of Fixed Assets	3711.63	24.56
	5328.74	1688.19
Utilisation of Funds:		
Capital Expenditure (including plant under construction)	1038.11	405.51
Interest Paid	460.01	446.41
Dividend (Including dividend tax)	0.98	0.15
Net change in working capital	1317.59	125.47
Net Increase/(decrease) in cash and cash equivalents	(461.29)	365.97
Fixed deposits placed with Bank	–	321.10
Decrease in Bank Borrowings	2263.49	–
Income tax payment	709.85	23.58
	5328.74	1688.19
Non-operating cash flow includes interest income received on deposits with government utility companies.		
Decrease in Bank borrowings during the period mainly out of the funds obtained from sale of land at Ambernath.		

* Figures stated above are not comparable as accounts for the year 2011 and period 2012-13 were prepared for 12 months and 15 months respectively.

(iii) Internal control systems and their adequacy

During the year, no significant internal control issue was identified. Internal checks and controls appropriate to the growing size of the Company's business are being

introduced. An independent firm of Chartered Accountant is entrusted with the Internal Audit of the Company.

(iv) Risks and concerns

Slowdown in world economies may result in reduction in demand.

(v) Future Outlook

The Company continues its efforts to increase the utilization of its installed capacities, which will be crucial to achieve an improvement in the operational results. Priority is given to capitalize on the quality of its products and services as well as to optimise its industrial operations and to assure a competitive supply of raw materials. The Company is also taking efforts to increase the product line whereby the Company will be in a position to increase the margin on sales.

(The statement in this report including Management's Discussions & Analysis Report reflects Company's projections, estimates, expectations or predictions. These may be forward looking statements within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied, since the Company's operations are influenced by many external and internal factors beyond the control of the Company.)

(D) Directors

During the year, Mr. Yogesh Thar and Mr. Ranjit Pandit will retire by rotation at the ensuing Annual General Meeting. Resolutions are being proposed for their reappointment.

The existing Board was reconstituted with effect from 13th February 2013, as under:

1. Mr. Chen Pu resigned as a Director.
2. Ms. Quitterie Dupontreue resigned as an Alternate Director to Michel Ybert and appointed as an Alternate Director to Mr. Ian Brown.
3. Mr. Pierre-Franck Valentin is appointed as an Additional Director and Mr. Chen Pu is appointed as an Alternate Director to Mr. Pierre-Franck Valentin.
4. Mr. Prakash Raman is appointed as an Additional Director.
5. Mr. Guo Lin is appointed as an Alternate Director to Mr. Michel Ybert.

Mr. Suresh Talwar, Mr. Prakash Raman and Mr. Pierre-Franck Valentin, were appointed as Additional Directors of the Company during the year.

(E) Directors' Responsibility Statement

To the best of our knowledge and belief and according to the information and explanations obtained by

Rhodia Specialty Chemicals India Limited

us, we make the following statement in terms of Section 217(2AA) of the Companies Act, 1956:

1. That in the preparation of the annual accounts for the year ended 31st March 2013; the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;
2. that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2013 and of the profit of the Company for the year on that date;
3. that the Directors had 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;
4. that the Directors had prepared the annual accounts on a 'going concern' basis.

(F) Corporate Governance

As required under Clause 49 of the Listing Agreement, disclosures on the points relating to Corporate Governance are given in Annexure I to this report.

(G) Energy Conservation, Technology Absorption and Foreign Exchange Earnings/Outgo

The information required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is given in the annexure to this report, marked Annexure II.

(H) Health, Safety & Environment

The Company recognises importance of health and safety of its employees and its neighbourhood. Regular safety audits are being conducted by internal teams as well as external experts. Safety and environmental impact standards are periodically reviewed and upgraded based on these studies. The Company is committed in ensuring a clean environment and makes efforts to ensure that not only its premises but also the neighbourhood is not affected adversely by its operations.

(I) Employees

As at 31st March 2013, the Company had 187 employees.

We place on record our high appreciation of the contribution of employees at all levels for their co-operation and for reduction of cost of operations, wherever possible.

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the annexure to the Directors' Report. Having regard to the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

(J) Auditors

B S R & Co., Chartered Accountants, Auditors of the Company, will retire at the conclusion of the 47th Annual General Meeting and are not seeking their re-appointment for the next year.

In view of the above, Deloitte Haskins & Sells, Chartered Accountants, are proposed to be appointed as statutory auditor of the Company till the conclusion of 48th Annual General Meeting subject to the approval of the members.

(K) Cost Audit

Cost Audit Report for the year 2011 was filed with the Ministry of Corporate Affairs on 14th February 2013 in XBRL format.

Mr. Kishore A. Bhatia, Cost Accountant, has been appointed as the Cost Auditor of the Company under section 233B of the Companies Act, 1956 for the financial year commencing from 1st January 2012.

Cost Audit Report for the year 2012-13 shall be submitted with the Ministry of Corporate Affairs within six months from the closure of the financial year i.e. on or before 30th September 2013.

(L) Acknowledgement

We acknowledge the support of our shareholders, suppliers, customers and banks enjoyed by the Company and look forward to their continuing patronage.

For and on behalf of the Board of Directors

Mumbai
27th May 2013

Sd/-
S. N. Talwar
Chairman

Annexure I

CORPORATE GOVERNANCE DISCLOSURES

In terms of the Clause No. 49 of the Listing Agreement (“the said Clause”) on Corporate Governance, the Company has been complying with the requirements of the said Clause to the extent and in the manner stated hereunder;

(A) **Company’s Philosophy on Corporate Governance:**

The Company’s philosophy on Corporate Governance envisages the attainment of transparency, accountability and equity in all facets of its operations, and in all its interactions with its stakeholders.

(B) **Board of Directors:**

The Board of Directors comprises of nine Directors (excluding Alternate Directors). Out of nine directors, four directors are non-executive directors namely – Mr. Suresh Talwar, Chairman, Mr. Sanjeev Mukerjee, Mr. Ranjit Pandit and Mr. Yogesh Thar.

During the year following changes took place in the constitution of Board of Directors:

i) Appointments:

Mr. Thomas Leutner resigned as Managing Director w.e.f. 31st December 2012 (close of business hours) and Mr. Manoj Khullar has been appointed as Managing Director w.e.f. 1st January 2013 in his place.

Mr. Pierre-Franck Valentin is appointed as an Additional Director and Mr. Chen Pu is appointed as Alternate Director to Mr. Pierre Franck Valentin w.e.f. 13th February 2013.

Mr. Prakash Raman is appointed as Additional Director w.e.f. 13th February 2013.

Mr. Guo Lin is appointed as Alternate Director to Mr. Michel Ybert w.e.f. 13th February 2013.

ii) Resignation:

Mr. Chen Pu resigned as Director w.e.f. 13th February 2013.

iii) Change in Directorship

Mr. Suresh Talwar resigned as Alternate Director to Mr. Ian Brown and appointed as Additional Director w.e.f. 31st October 2012.

Ms. Quitterie Dupontreue resigned as Alternate Director to Mr. Michel Ybert and appointed as Alternate Director to Mr. Ian Brown w.e.f. 13th February 2013.

The Board met five times during 2012-13 on the following dates and there was less than four months’ gap between any two meetings:

24th February 2012, 30th April 2012, 1st August 2012, 31st October 2012 and 13th February 2013.

The Composition of the Board of Directors and related information as at 31st March 2013:

Name of the Director	Category	No. of Board meetings attended	Attendance at last AGM	No. of Membership in Boards of other Companies*	No. of Membership in Board Committees**
Mr. Suresh Talwar	Independent Non-Executive Director	5	YES	14	7 (includes 2 Chairmanships)
Mr. Michel Ybert	Non-Executive Director	NIL	NO	2	NIL
Mr. Ian Brown	Non-Executive Director	NIL	NO	2	NIL
Mr. Ranjit Pandit	Non-Executive Director	2	NO	1	NIL

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Name of the Director	Category	No. of Board meetings attended	Attendance at last AGM	No. of Membership in Boards of other Companies*	No. of Membership in Board Committees**
Mr. Sanjeev Mukerjee	Independent Non-Executive Director	5	YES	2	2 (includes 1 Chairmanship)
Mr. Yogesh Thar	Independent Non-Executive Director	3	YES	3	2 (includes 1 Chairmanship)
Mr. Manoj Khullar#	Managing Director	1	NO	1	2
Mr. Pierre-Franck Valentin	Non-Executive Director	NIL	NO	2	NIL
Mr. Prakash Raman	Non-Executive Director	1	NO	NIL	NIL
Mr. Chen Pu	Alternate to Pierre-Franck Valentin	NIL	NO	NIL	NIL
Ms. Quitterie Dupontreue de Pelleport	Alternate to Mr. Ian Brown	NIL	NO	NIL	NIL
Mr. Guo Lin	Alternate of Mr. Michel Ybert	NIL	NO	NIL	NIL
Mr. Thomas Leutner***	Managing Director	4	YES	NIL	NIL

* excludes Directorships in Private Limited Companies, Foreign Companies and Companies under Section 25 of the Companies Act, 1956 and Alternate Directorships.

** includes chairmanship/membership of only Audit Committees and Shareholders'/Investors' Grievance Committees constituted under Clause 49 of the Listing Agreement with the Stock Exchange.

*** Mr. Thomas Leutner ceased to be a Managing Director of the Company w.e.f. 31st December 2012 (close of business hours).

Appointed as Managing Director of the Company w.e.f. 1st January 2013.

Key information such as annual operating plans, budgets (capital and revenue), monthly and quarterly working results, minutes of Audit Committee and other committees are made available to the Directors. The Board is informed of all material financial and commercial decisions in which any Director has personal interest or where there is any potential conflict of interest.

(C) Audit Committee:

This Committee comprises of three members viz. Mr. Yogesh Thar, Mr. Sanjeev Mukerjee and Mr. Manoj Khullar. It has two independent directors viz. Mr. Yogesh Thar and Mr. Sanjeev Mukerjee as members. Mr. Yogesh Thar is the Chairman of the Committee. Mr. Yogesh Thar being a Practicing Chartered Accountant has extensive financial and accounting knowledge. The other members of the Audit Committee also have long experience in business and are well-versed with business and finance. The Legal Manager & Company Secretary acts as the Secretary of the Committee. The General Manager – Finance, alongwith the Statutory Auditors and the Internal Auditors are invitees to the meetings of the Committee. The quorum for a committee meeting is two Directors.

In the month of January 2013, subsequent to cessation of Mr. Thomas Leutner from directorship of the Company, Mr. Khullar replaced Mr. Leutner as member of the Audit Committee.

The Committee held five meetings on 24th February 2012, 30th April 2012, 31st July 2012, 31st October 2012 and 13th February 2013 and all the members attended the above meetings.

The Committee's powers and role are as stipulated under Clause 49 of the Listing Agreement.

The Company has complied with all the applicable Accounting Standards in the preparation and presentation of its annual accounts as prescribed under Companies (Accounting Standards) Rules, 2006. A Certificate to this effect by the Managing Director and Chief of Finance is submitted to the Audit Committee and the Board at the time of consideration of the accounts.

(D) Remuneration Committee:

The Company has a Remuneration Committee which consists of three Independent Directors viz. Mr. Yogesh Thar, Mr. Sanjeev Mukerjee, and Mr. Suresh Talwar.

The Committee held two meetings on 24th February 2012, and 31st October 2012 and the meetings were attended by all the members.

Directors' Remuneration for the year ended 31st March 2013:

Mr. Thomas Leutner – Managing Director (up to 31st December 2012)

Particulars	Amount (₹ in lakhs)
Salary	27.00
Value of perquisites	5.08
Total Remuneration	32.08

Mr. Manoj Khullar – Managing Director (with effect from 1st January 2013)

Particulars	Amount (₹ in lakhs)
Salary	32.60
Value of perquisites	1.64
Total Remuneration	34.24

Non-Executive Indian Directors:

Name	Sitting Fees (₹)
Mr. Sanjeev Mukerjee	1,80,000
Mr. Yogesh Thar	1,60,000
Mr. Suresh Talwar	1,00,000
Mr. Ranjit Pandit	40,000
Total	4,80,000

Shareholding by Directors:

Name of Director	No. of shares held
Mr. Sanjeev Mukerjee	980
Mr. Ranjit Pandit	8,846

Other than whatever stated above, none of the other Directors holds any shares in the Company.

Mr. Manoj Khullar, Managing Director has a service contract of three years from 1st January 2013, with a notice period of three months by either party.

The Company has no Stock Option Scheme for any of its Directors.

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(E) **Code of Conduct:**

The Company has adopted a Code of Conduct for its Directors and Senior Management Personnel. All of them have affirmed their compliance with the Code during the year 2012-13. The Managing Director's declaration to this effect is given as Appendix 1 to this report.

(F) **Shareholders'/Investors' Grievance Committee:**

Mr. Sanjeev Mukerjee, Non-Executive Director, and Mr. Manoj Khullar, Managing Director are the members of the Committee. Mr. Manoj Khullar became member of the Shareholders'/Investors' Grievance Committee subsequent to resignation of Mr. Thomas Leutner.

The Legal Manager & Company Secretary is the Compliance Officer appointed by the Board of Directors.

The Committee held one meeting during the year 2012 on 24th February 2012 and was attended by all the members of the Committee.

4 complaints, relating to non receipt of - dividend warrant, share certificate, sticker for name change and exchange certificate were received from shareholders during the year 2012-13 and the same were redressed. The Company has no outstanding grievance as at 31st March 2013.

(G) **General Meetings: Particulars of General Meetings held are given below:**

Date of previous Annual General Meetings	Timing of Annual General Meetings	Venue
29.05.2012	11.00 a.m.	The Convention Hall, Y. B. Chavan Centre, Gen. Jagannath Bhosale Marg, Nariman Point, Mumbai-400 021
17.06.2011	11.00 a.m.	The Convention Hall, Y. B. Chavan Centre, Gen. Jagannath Bhosale Marg, Nariman Point, Mumbai-400 021
18.06.2010	5.00 p.m.	The Convention Hall, Y. B. Chavan Centre, Gen. Jagannath Bhosale Marg, Nariman Point, Mumbai-400 021

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

One special resolution related to appointment of Mr. Thomas Leutner as the Managing Director of the Company for a period of 3 (three) years with effect from 1st October 2012 to 30th September 2015 had been proposed in the last Annual General Meetings of the Company and the same was passed unanimously.

Resolutions passed through Postal Ballot during 2012:

On 19th December 2012 members passed one special resolution under Sections 198, 269, 309, 310 and Para 1 (C) of Section II of Part II of Schedule XIII, and other applicable provisions, if any, of the Companies Act, 1956 for appointment of Mr. Manoj Khullar as Managing Director of the Company w.e.f. 1st January 2013 and payment of remuneration to him.

(H) **Disclosures:**

(1) **Related party transactions:**

Transactions with related parties, as per requirement of Accounting Standard-18, is disclosed elsewhere in the Annual Report.

There are no materially significant transactions made by the Company with its promoters, directors or managerial personnel, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large.

Details of transactions during the year ended 31st March 2013 with fellow subsidiaries/associate companies and firms/private companies in which some of the Directors were interested as partners/directors are given below:

Names of Related Parties/Firms	Relationships/ Interested Director	Transaction Value (₹ in '000)	Nature of Transaction
Sale of Goods/Rendering of Services			
Rhodia Operations S.A.S., France	Fellow Subsidiary	1,40,313	Sale of Goods
Rhodia Asia Pacific Pte Ltd., Singapore	Fellow Subsidiary	39,624	Sale of Goods
Rhodia Inc., USA	Fellow Subsidiary	36,566	Sale of Goods
Rhodia Poliamida E Especialidades Ltd. A, Brazil	Fellow Subsidiary	18,127	Sale of Goods
Rhodia Nicca Ltd.	Fellow Subsidiary	4,458	Sale of Goods
Rhodia Mexico SA DA CV	Fellow Subsidiary	8660	Sale of Goods
Rhodia (ZHENJIANG) Chemicals Co. Ltd.	Fellow Subsidiary	2,550	Sale of Goods
Rhodia Polymers & Specialties India Pvt. Ltd.	Fellow Subsidiary	21,626	Rendering of Services
Rhodia Asia Pacific Pte Ltd., Singapore	Fellow Subsidiary	10,827	Rendering of Services
Rhodia Polyamide Co. Ltd., Korea	Fellow Subsidiary	1,543	Rendering of Services
Rhodia Thai Holdings Ltd.	Fellow Subsidiary	190	Rendering of Services
Rhodia-Hengchang (Zhang Jiagang)	Fellow Subsidiary	64	Rendering of Services
P.T. Rhodia Manyar	Fellow Subsidiary	13	Rendering of Services
Rhodia Inc., USA	Fellow Subsidiary	593	Rendering of Services
Sunshield Chemicals Limited	Fellow Subsidiary	2,472	Rendering of Services
Solvay Specialities India Private Limited	Fellow Subsidiary	4,457	Rendering of Services
Rhodia (ZHENJIANG) Chemicals Co. Ltd.	Fellow Subsidiary	65	Rendering of Services
Rhodia Feixiang Specialty Chemicals Co. Ltd.	Fellow Subsidiary	163	Rendering of Services
Rhodia Korea Co Limited	Fellow Subsidiary	1,543	Rendering of Services

Purchase of Goods/Receiving of Services/Remuneration

Rhodia Asia Pacific Pte Ltd., Singapore	Fellow Subsidiary	2,14,995	Purchase of Finished Goods
Rhodia Feixiang Specialty Chemicals Co. Ltd.	Fellow Subsidiary	6,997	Purchase of Finished Goods
Rhodia (ZHENJIANG) Chemicals Co. Ltd.	Fellow Subsidiary	21,570	Purchase of Finished Goods
Rhodia Thai Holdings Ltd.	Fellow Subsidiary	36,328	Purchase of Finished Goods
Rhodia Feixiang Specialty Chemicals Co. Ltd.	Fellow Subsidiary	1,137	Purchase of Finished Goods
Rhodia Asia Pacific Pte Ltd., Singapore	Fellow Subsidiary	2,568	Receiving of Services
Rhodia (China) Co. Ltd.	Fellow Subsidiary	3,161	Receiving of Services

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Names of Related Parties/Firms	Relationships/ Interested Director	Transaction Value (₹ in '000)	Nature of Transaction
Mr. Thomas Leutner	Key Management Personnel	3,208	Remuneration
Mr. Manoj Khullar	Key Management Personnel	3,424	Remuneration

Inter corporate loan

Solvay Specialities India Private Limited.	Fellow Subsidiary	1,00,000	Inter Corporate Loan
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Interest expense on inter corporate loan taken

Solvay Specialities India Private Limited	Fellow Subsidiary	8,836	Inter Corporate Loan
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(2) Statutory Compliance:

The Company has complied with the requisite regulations relating to capital markets. There were no penalties or strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

(i) Means of Communication:

Quarterly Financial Results are taken on record by the Board of Directors and submitted to the Stock Exchange in terms of the requirements of Clause 41 of the Listing Agreement.

Quarterly Financial Results are normally published in Free Press Journal and Nav Shakti.

The Company does not send quarterly/half-yearly results to the members.

The Company has its website viz. www.rhodia-chemicals.co.in. The Company regularly updates the website with details of quarterly results, shareholding patterns and Annual Report etc.

The Company has not made any presentations to institutional investors or to the analysts.

As regards Management Discussion and Analysis, please refer to the relevant paragraph on the subject in the Directors' Report.

(j) General Information:

(1) Annual General Meeting

Date and Time: 23rd August 2013 at 10.30 a.m.

- (2) **Venue:** Convention Hall
Y. B. Chavan Centre
Gen. Jagannath Bhosale Marg
Nariman Point
Mumbai - 400 021

(3) Financial Calendar

The Board of Directors of the Company has passed a Resolution on 18th December 2012 to extend the current Financial Year of the Company, commencing from 1st January 2012 and ending on 31st December 2012 up to 31st March 2013. Accordingly, the annual accounts of the Company for the current financial year 2012-2013 are prepared for a period of 15 (fifteen) months from 1st January 2012 to 31st March 2013. Subsequent, financial year(s) of the Company, after financial year 2012-13 will start from 1st April every year and will end on 31st March of subsequent year(s).

The results for every quarter are declared as per the provisions of the listing agreement.

- (4) **Date of Book Closure**
19th August 2013 to 23rd August 2013 (both days inclusive)
- (5) **Listing on stock exchanges**
The Company's equity shares are listed on BSE.
- (6) **Stock code** 506230
- (7) **Market price data** (High/Low) Company's Share Price during each month in the financial year 2012 and performance in comparison to the BSE Sensex.

Share Price Vs Sensex for 2012-13

Month	Share Price			BSE Sensex		
	High	Low	Variation %	High	Low	Variation %
January, 2012	373.85	349.95	-6.39	17258.97	15358.02	-11.01
February	383.85	362.00	-5.69	18523.78	17061.55	-7.89
March	440.00	351.45	-20.13	18040.69	16920.61	-6.21
April	388.65	362.05	-6.84	17664.10	17010.16	-3.70
May	384.70	362.25	-5.84	17432.33	15809.71	-9.31
June	374.00	361.50	-3.34	17448.48	15748.98	-9.74
July	373.85	356.00	-4.77	17631.19	16598.48	-5.86
August	367.00	350.10	-4.60	17972.54	17026.97	-5.26
September	425.00	347.00	-18.35	18869.94	17250.80	-8.58
October	396.80	370.10	-6.73	19137.29	18393.42	-3.89
November	399.00	375.00	-6.02	19372.70	18255.69	-5.77
December	390.00	365.25	-6.35	19612.18	19149.03	-2.36
January, 2013	384.95	352.00	-8.56	20203.66	19508.93	-3.44
February	394.90	352.00	-10.86	19966.69	18793.97	-5.87
March	378.50	370.00	-2.25	19754.66	18568.43	-6.00

(8) **Registrar & Share Transfer Agents**

Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound
LBS Marg, Bhandup (West)
Mumbai - 400 078
Tel: 2596 3838 Fax: 25962691/25946969
email: rnt.helpdesk@linkintime.co.in

(9) **Share Transfer System**

Physical transfer of shares is processed by the Share Transfer Agents. Transfer of shares is effected and the share certificates are sent to the transferees within 30 days from the date of receipt, provided the relevant documents are complete in all respects.

(10) **Insider Trading Regulations**

The Company has established procedures for prohibition and regulation of insider trading in its shares, in accordance with the directions of the Securities & Exchange Board of India. Mr. Niranjana Ketkar, Legal Manager & Company Secretary is the Compliance Officer for the purpose. The Company has complied with the requirements in this regard.

Rhodia Specialty Chemicals India Limited

(11) Distribution of Shareholding as on 31st March 2013

Shareholding Level	No. of Shareholders	No. of shares held	% of Share Holding
Up to 500	2077	182237	5.3987
501 to 1000	77	59978	1.7768
1001 to 2000	41	59558	1.7644
2001 to 3000	11	27876	0.8258
3001 to 4000	8	28529	0.8452
4001 to 5000	3	13244	0.3923
5001 to 10000	7	53330	1.5799
Above 10000	10	2950848	87.4170
TOTAL	2234	3375600	100.00

(12) Shareholding Pattern as on 31st March 2013

Category code	Category of Shareholder	Number of shareholders	Total number of shares	Percentage of shareholding
(A)	Shareholding of Promoter and Promoter Group			
(1)	Indian			
(a)	Individuals/Hindu Undivided Family	3	31686	0.9387
	Sub-Total (A)(1)	3	31686	0.9387
(2)	Foreign			
(a)	Bodies Corporate	1	2461974	72.9344
	Sub-Total (A)(2)	1	2461974	72.9344
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	4	2493660	73.8731
(B)	Public shareholding			
(1)	Institutions			
(a)	Financial Institutions/Mutual Funds/Banks	4	100120	2.9660
(b)	Foreign Venture Capital Investors	1	225507	6.6805
	Sub-Total (B)(1)	5	325627	9.6465
(2)	Non-institutions			
(a)	Bodies Corporate	76	112118	3.3214
(b)	Individuals –			
	i. Individual shareholders holding nominal share capital up to ₹ 1 lakh	2122	341638	10.1200

Category code	Category of Shareholder	Number of shareholders	Total number of shares	Percentage of shareholding
	ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	3	86799	2.5713
	iii. Clearing Members	7	1788	0.0529
	iv. Non Resident Indians (Repat)	6	1184	0.0035
	v. Non Resident Indians (Non Repat)	9	5079	0.0150
	vi. Foreign Companies	0	0	0
	vii. Directors & Relatives of Directors	2	7707	0.2283
	Sub-Total (B)(2)	2225	556313	16.4804
	Total Public Shareholding (B)=(B)(1)+(B)(2)	2230	881940	26.1269
	TOTAL (A)+(B)	2234	3375600	100.00

(13) **Dematerialization of shares and liquidity:**

Based on SEBI directive, Company's shares are traded in dematerialized form. About 97% of total Equity Capital is held in dematerialized form with NSDL and CDSL as on 31st March 2013.

(14) There are no outstanding GDRs/ADRs/Warrants or any convertible instruments.

(15) **Plant Locations:**

Roha Plant: MIDC Industrial Estate, Dhatav, Dist. Raigad, Maharashtra, PIN-402 116.

(16) **Address for Correspondence:**

Shareholders' correspondence should be addressed to the Company's Registrars & Transfer Agents at the address mentioned herein above at Sr. No. 8.

Shareholders may also contact the Legal Manager & Company Secretary at the Registered Office of the Company at the address mentioned below:

Rhodia Specialty Chemicals India Limited
 Phoenix House, A Wing, 4th Floor
 462, Senapati Bapat Marg,
 Lower Parel (West)
 Mumbai - 400 013
 Tel: 6663 7100 Fax: 2495 2834

(17) **Whistle-blower Policy:**

The Company has not adopted the "whistle-blower" policy.

(18) **Certificate of compliance of mandatory stipulations of Corporate Governance:**

The certificate issued by Messrs. Alwyn D'souza & Co, Company Secretaries, regarding compliance of mandatory stipulations of corporate governance in terms of the listing agreement with the Stock Exchange is attached as Appendix 2 to this report.

(19) The Company has presently not adopted the non-mandatory requirements set out in Annexure-1D to the Corporate Governance Code.

Appendix 1 to Corporate Governance Disclosures for the year 2012-13

The Company has adopted a Code of Conduct for all its Directors and Senior Management Personnel, in compliance of the provisions of Clause 49 of the Listing Agreement.

All the Directors and Senior Management Personnel have affirmed their compliance with the aforesaid Code of Conduct during the year 2012-13.

Mumbai
27th May 2013

Manoj Khullar
Managing Director

Appendix 2 to Corporate Governance Disclosures for the year 2012-13

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To
The Members
Rhodia Specialty Chemicals India Limited
Mumbai

We have examined all relevant records of Rhodia Specialty Chemicals India Limited (the Company) for the purpose of certifying compliance of the conditions of Corporate Governance under Clause 49 of the Listing Agreement with Bombay Stock Exchange Limited for the financial year ended 31st March 2013. We have obtained all the information and explanations to the best of our knowledge and belief were necessary for the purpose of this certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedure and implementation thereof. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

On the basis of our examinations of the records produced explanations and information furnished, we certify that:

- (a) the company has complied with all the mandatory conditions of the said Clause 49 of the Listing Agreement and;
- (b) has not complied with the non-mandatory requirements of the said Clause 49 of the Listing Agreement.

Alwyn D'souza & Co.
Company Secretaries

Date: 27.05.2013
Place: Mumbai

Office Address:
12-13, Esplanade, 3rd Floor
3, A.K. Nayak Marg,
Fort, Mumbai - 400 001

(Alwyn D'souza FCS 5559)
(Proprietor)
Certificate of Practice No. 5137

ANNEXURE II

Conservation of Energy & Technology Absorption

A. CONSERVATION OF ENERGY:

Energy conservation measures include de-bottlenecking to enhance plant capacity; planned production at optimum levels; regular monitoring of electricity and fuel consumption and corrective steps where required; utilization of by-product steam; and wet scrubbers to recover heat.

Form A

Disclosure of particulars with respect to Conservation of Energy

Power and Fuel Consumption		2012-13	2011		
1. Electricity:					
(a) Purchased					
Unit in	000 KWH	8901	8029		
Total Amount	₹ in Lakhs	684.86	517.12		
Rate/Unit	(₹)	7.69	6.44		
(b) Own Generation through Diesel					
Generator Units in	KWH	72620	68636		
Units per Litre of diesel oil		2.65	2.65		
Cost/Unit	(₹)	17.56	15.92		
2. Furnace Oil etc.					
(a) Quantity	(K Litres)	393	593		
Total Amount	₹ in Lakhs	162.83	191.05		
Average Rate	₹/K Litres	41,506	32,225		
C9/Kerosene/Slop Oil etc.					
(b) Quantity	(M.T)	505	97		
Total Amount	₹ in Lakhs	204.21	31.22		
Average Rate	₹/K Litres	40,442	32,322		
Consumption per unit of production		Electricity KWH/MT 2012-13	2011	Fuel (Ltrs./MT) 2012-13	2011
Products					
1. Sulphuric Acid		33	31	2.76	2.9
2. Linear Alkyl Benzene Sulphonic Acid		47	45	—	—
3. Surfactants		250	252	250*	217

*Increased due to change in product-mix.

B. TECHNOLOGY ABSORPTION:

RESEARCH AND DEVELOPMENT (R&D)

1. Specific Areas in which R&D carried out by the Company: —
2. Benefits derived as a result of above R&D: —
3. Future Plan of Action:

Continual improvement in quality, cleaner environment and new product development based on corporate strategy, reduce waste generation. Being part of the Rhodia Group, the Company has access to Rhodia's technical assistance.

4. Expenditure on R&D (₹ in Lakhs):

		2012-13	2011
i	Capital	–	–
ii	Recurring	–	–
iii	Total	–	–
iv	Total R&D Expenditure as a percentage of total turnover	–	–

TECHNOLOGY ABSORPTION AND INNOVATION:

As part of Rhodia's global operation, the Company has access to Rhodia's technical support in its research efforts. This is adapted to suit local operations for product and process development as well as quality improvement.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Please refer Notes 35 & 36 to the Accounts.

AUDITORS' REPORT

To the Members of Rhodia Specialty Chemicals India Limited

We have audited the attached balance sheet of Rhodia Specialty Chemicals India Limited ('the Company') as at 31 March 2013, the related statement of profit and loss and cash flow statement for the fifteen months period ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Companies (Auditor's Report) Order, 2003 ('the Order'), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to above, 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 appears from our examination of those books;

- (c) the balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
- (d) in our opinion, the balance sheet, statement of profit and loss and cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;
- (e) on the basis of written representations received from the Directors as on 31 March 2013 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31 March 2013 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act; and
- (f) in our opinion and to the best of our information and according to the explanations given to us, the said 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:
 - (i) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2013;
 - (ii) in the case of the statement of profit and loss, of the profit of the Company for the period ended on that date; and
 - (iii) in the case of the cash flow statement, of the cash flows of the Company for the period ended on that date.

For **B S R & Co.**
Chartered Accountants
Firm's Registration No.: 101248W

Sanjay Aggarwal
Partner
Membership No.: 40780

Mumbai
27 May 2013

Annexure to the Auditors' Report – 31 March 2013

Referred to in our report of even date:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified once in a period of two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, fixed assets have been physically verified by management during the period. No material discrepancies were noted on such verification.
- (c) Fixed assets disposed off during the period were not substantial, and therefore, do not affect the going concern assumption.
- (ii) (a) The inventory, except goods in transit and stocks lying with third parties, have been physically verified by the management during the period. In our opinion, the frequency of such verification is reasonable. For stocks lying with the third parties at the period-end, written confirmations have been obtained.
- (b) The procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) According to the information and explanations given to us, the Company has not granted/taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the register maintained under Section 301 of the Act. Accordingly, the provisions of paragraph 4(iii) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories are for the Company's specialised requirements and suitable alternative sources are not available to obtain 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 purchase of fixed assets and inventories and with regard to the sale of goods and services. We have not observed a continuing failure to correct major weaknesses in the internal control system during the course of the audit.
- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of Rupees 5 lakhs are for sale of certain services which are for the specialized requirements of the buyers and for which suitable alternative sources are not available to obtain comparable quotations. However, on the basis of information and explanations provided, the same appear reasonable.
- (vi) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- (vii) The Company has not accepted any deposits from the public during the period.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 209(1) (d) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records, the Company is regular in depositing undisputed statutory dues accrued/deducted including Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Income-tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues were in arrears as at 31 March 2013 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of Wealth tax and Cess which have not been deposited with the appropriate authorities on account of any disputes.

Rhodia Specialty Chemicals India Limited

Annexure to the Auditors' Report – 31 March 2013 (Continued)

According to the information and explanations given to us, the following statutory dues have not been deposited by the Company on account of disputes:

Name of the Statute	Nature of the Dues	Amount (₹ '000)	Period to which the amount relates	Forum where dispute is pending
Madhya Pradesh Sales Tax Act, 1994	Sales tax including interest and penalty as applicable	91	1998-1999	Deputy Commissioner of Sales Tax (Appeals)
The Central Excise Act, 1944	Excise duty including penalty and additional penalty	16,922	1996-2006	Commissioner of Central Excise and Service Tax Appellate Tribunal
	Excise duty including penalty, as applicable	2,640	2000-2002	Assistant Commissioner of Central Excise
	Excise duty	784	1999	Commissioner of Central Excise (Appeals)
	Excise duty	3,761	2000-2006	Additional Commissioner of Central Excise
The Customs Act, 1962	Custom duty	1,984	2008-2010	Assistant Commissioner of Customs
	Customs duty	20,317	2004-2010	Commissioner of Customs (Appeals)
The Finance Act, 1994	Service tax including penalty	59	1999-2009	Central Excise and Service Tax Appellate Tribunal
		75	2010-2011	Additional Commissioner of Central Excise
The Income Tax Act, 1961	Income Tax	10,219	A.Y. 2009-2010	Commissioner of Income Tax (Appeals)

- (x) The Company does not have any accumulated losses as at the end of the current financial period. The Company has not incurred any cash losses in the current financial period and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The Company did not have any outstanding dues to any financial institution or debenture holders during the period.
- (xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/mutual benefit fund/society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The Company has not obtained any term loans during the period.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that funds raised on short-term basis have not been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares during the period to companies/firms/parties covered in the register maintained under Section 301 of the Act.
- (xix) The Company did not have any outstanding debentures during the period.
- (xx) The Company has not raised any money by public issue during the period.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **B S R & Co.**
Chartered Accountants
Firm's Registration No.: 101248W

Sanjay Aggarwal
Partner
Membership No.: 40780

Mumbai
27 May 2013

Rhodia Specialty Chemicals India Limited

Balance Sheet as at 31 March 2013

(Currency Rupees thousands)

	Notes	31 March 2013	31 December 2011
I. Equity and Liabilities			
(1) Shareholders' funds			
(a) Share capital	3	33,756	33,756
(b) Reserves and surplus	4	715,595	354,864
		749,351	388,620
(2) Non-current liabilities			
(a) Other long-term liabilities	5	252	857
(b) Long-term provisions	6	17,360	13,346
		17,612	14,203
(3) Current liabilities			
(a) Short-term borrowings	7	279,623	505,972
(b) Trade payables	8	166,520	375,383
(c) Other current liabilities	9	196,438	226,929
(d) Short-term provisions	10	17,185	7,819
		659,766	1,116,103
TOTAL		1,426,729	1,518,926
II. Assets			
(1) Non-current assets			
(a) Fixed assets	11		
Tangible fixed assets		525,872	533,223
Capital work-in-progress		25,088	8,784
		550,960	542,007
(b) Non-current investments	12	3	3
(c) Deferred tax assets (net)	13	–	–
(d) Long-term loans and advances	14	158,494	67,535
(e) Other non-current assets	15	–	2,000
		709,457	611,545
(2) Current assets			
(a) Inventories	16	280,289	368,933
(b) Trade receivables	17	323,857	307,459
(c) Cash and bank balances	18	18,692	92,820
(d) Short-term loans and advances	19	92,692	136,751
(e) Other current assets	20	1,742	1,418
		717,272	907,381
TOTAL		1,426,729	1,518,926

Significant accounting policies

The notes referred to herein above form an integral part of the financial statements

As per our report of even date attached

For **B S R & Co.**

Chartered Accountants

Firm's Registration No.: 101248W

Sanjay Aggarwal

Partner

Membership No.: 40780

Mumbai

Date: 27th May 2013

For and on behalf of the Board of Directors of
Rhodia Specialty Chemicals India Ltd.

S. N. Talwar

Chairman

Manoj Khullar

Managing Director

Rajiv Mehta

General Manager – Finance

Mumbai

Date: 27th May 2013

Yogesh Thar

Director

Niranjan Ketkar

Legal Manager &
Company Secretary

Statement of Profit and Loss for the fifteen months ended 31 March 2013

(Currency Rupees thousands)

	Notes	January 2012 to March 2013 Fifteen months	January 2011 to December 2011 Twelve months
Income			
Revenue from operations			
Sale of products (gross)	21(a)	3,013,559	2,687,729
Less: Excise duty		226,236	213,843
		<u>2,787,323</u>	<u>2,473,886</u>
Processing charges (net)	21(b)	22,395	33,958
Other operating income	22	34,437	14,197
	Total	<u>2,844,155</u>	<u>2,522,041</u>
Other income	23	<u>54,642</u>	<u>23,514</u>
Total revenue		<u>2,898,797</u>	<u>2,545,555</u>
Expenditure			
Cost of materials consumed	24(a)	1,668,123	1,520,420
Purchases of stock-in-trade	24(b)	457,872	643,770
(Increase)/Decrease in inventories of finished goods, work-in-progress and stock-in-trade	24(c)	48,945	(91,476)
Employee benefits	25	180,010	104,174
Other expenses	26	388,303	302,501
Depreciation/Amortisation	11	103,098	78,186
Finance costs	27	46,001	44,641
		<u>2,892,352</u>	<u>2,602,216</u>
Profit/(Loss) before exceptional items and tax		<u>6,445</u>	<u>(56,661)</u>
Exceptional Items:			
Profit on transfer of lease rights of land (net of expenses) (Refer note 46)		362,185	-
Profit/(Loss) before tax		<u>368,630</u>	<u>(56,661)</u>
Provision for tax			
Current tax : MAT for the period		71,000	-
MAT credit entitlement		(71,000)	-
Deferred tax		-	-
		<u>-</u>	<u>-</u>
Profit/(Loss) after tax		<u>368,630</u>	<u>(56,661)</u>
(Loss) from continuing operations before tax		<u>(10,770)</u>	<u>(45,370)</u>
Less: Income tax expense		-	-
(Loss) from continuing operations after tax		<u>(10,770)</u>	<u>(45,370)</u>
Profit/(Loss) from discontinuing operations before tax		379,400	(11,291)
Less: Income tax expense			
Current tax : MAT for the period		71,000	-
MAT credit entitlement		(71,000)	-
Deferred tax		-	-
		<u>-</u>	<u>-</u>
Profit/(Loss) from discontinuing operations after tax		<u>379,400</u>	<u>(11,291)</u>
Profit/(Loss) after tax		<u>368,630</u>	<u>(56,661)</u>
Earnings per equity share [nominal value of share ₹ 10 (Previous year ₹ 10)]			
Basic and diluted		<u>109.20</u>	<u>(16.79)</u>
Earnings per equity share from continuing operations [nominal value of share ₹ 10 (Previous year ₹ 10)]			
Basic and diluted		<u>(3.19)</u>	<u>(13.44)</u>
Significant accounting policies	2		
The notes referred to herein above form an integral part of the financial statements			

As per our report of even date attached

For **B S R & Co.**
Chartered Accountants
Firm's Registration No.: 101248W

Sanjay Aggarwal
Partner
Membership No.: 40780

Mumbai
Date: 27th May 2013

For and on behalf of the Board of Directors of
Rhodia Specialty Chemicals India Ltd.

S. N. Talwar
Chairman

Manoj Khullar
Managing Director

Rajiv Mehta
General Manager – Finance

Mumbai
Date: 27th May 2013

Yogesh Thar
Director

Niranjan Ketkar
Legal Manager &
Company Secretary

Rhodia Specialty Chemicals India Limited

Cash Flow Statement for the period ended March 31, 2013

(Currency Rupees thousands)

	Period ended March 31, 2013	Year ended December 31, 2011
Cash flow from operating activities		
Net Profit/(Loss) before tax	368,630	(56,661)
Adjustments for non-cash items/items required to be disclosed separately:		
Depreciation/Amortisation	103,098	78,186
Interest expenses	46,001	44,641
(Profit) on sale/write off of fixed assets (net) (Refer note 46)	(368,176)	(1,834)
Unrealised foreign exchange (gain)/loss (net)	(1,018)	16,085
Provision for non current retirement benefits	17,360	13,346
Write back of provision for doubtful debts	(3,841)	–
Liabilities/provisions no longer required written back	(30,015)	(6,194)
Interest income	(1,393)	(703)
	<u>(237,984)</u>	<u>143,527</u>
Operating profit before changes in working capital	130,646	86,866
Adjustments for changes in Working Capital and Provisions:		
Sundry debtors, Other current assets and Loans & advances	(9,043)	(129,794)
Inventories	88,644	(79,447)
Current liabilities	(199,165)	215,432
Provisions	(12,195)	(18,738)
	<u>(131,759)</u>	<u>(12,547)</u>
Cash generated from/(used in) operations	(1,113)	74,319
Income-tax paid (net of refunds)	(70,985)	(2,358)
A. Net cash from/(used in) operating activities	(72,098)	71,961
Cash flow from Investing activities		
Fixed Assets		
Purchase (Note 2)	(103,811)	(40,551)
Sale (Refer note 46)	371,163	2,456
Fixed deposits placed with bank	–	(32,110)
Fixed deposits matured	29,999	–
Interest Received	1,066	629
	<u>298,417</u>	<u>(69,576)</u>
B. Net cash used in investing activities	298,417	(69,576)

Cash Flow Statement for the period ended March 31, 2013 (Contd.)

(Currency Rupees thousands)

	Period ended March 31, 2013	Year ended December 31, 2011
Cash flow from financing activities		
Increase/(Decrease) in short term borrowings	(110,000)	78,500
Increase/(Decrease) in cash credit	(116,349)	368
Interest paid	(46,001)	(44,641)
Dividend paid	(98)	(15)
C. Net cash from/(used) in financial activities	(272,448)	34,212
Net change in cash and cash equivalents	(46,129)	36,597
Cash and Cash Equivalents – Opening Balance (See Note 3)	62,710	26,113
Cash and Cash Equivalents – Closing Balance (See Note 3)	16,581	62,710

Notes:

- (1) The above cash flow statement has been prepared under the 'Indirect Method'.
- (2) Purchase of fixed assets includes payments for items in capital work-in-progress and advances of capital nature.

(Currency Rupees thousands)

	As at March 31, 2013	As at December 31, 2011
(3) Cash and Cash equivalents comprise of:		
Cash on hand	167	68
Cheques on hand	16,233	9,209
Balances with scheduled banks on:		
Current accounts	12	53,166
Unpaid dividend accounts	169	267
	16,581	62,710

- (4) The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

For **B S R & Co.**
Chartered Accountants
Firm's Registration No.: 101248W

Sanjay Aggarwal
Partner
Membership No.: 40780

Mumbai
Date: 27th May 2013

For and on behalf of the Board of Directors of
Rhodia Specialty Chemicals India Ltd.

S. N. Talwar
Chairman

Manoj Khullar
Managing Director

Rajiv Mehta
General Manager – Finance

Mumbai
Date: 27th May 2013

Yogesh Thar
Director

Niranjan Ketkar
Legal Manager &
Company Secretary

Notes to financial statements for the period ended 31 March 2013

(Currency: Indian Rupees)

1. Company Overview:

Rhodia Specialty Chemicals India Ltd is a Public Limited Company incorporated under the Companies Act, 1956. It is a subsidiary of Rhodia UK Ltd (holding 72.93%). The Company is primarily engaged in manufacturing surfactants for serving markets in home, personal care and agrochemical markets. It also manufactures chemicals used in industrial formulations, paints and coatings as well as for oil fields.

2. Significant accounting policies

(a) Basis of preparation of financial statements

The financial statements are prepared under historical cost convention on an accrual basis and are in accordance with the requirements of the Companies Act, 1956 (the Act), and comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the said Act and other accounting principles generally accepted in India, to the extent applicable. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

During the period ended 31 March 2013 (effective 1 April 2011), the Revised Schedule VI notified under the Act has become applicable to the Company for preparation and presentation of its financial statements. The adoption of Revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as on the date of the financial statements. Actual results could differ from these estimates. Difference between the actual results and estimates are recognised in the period in which results are known/materialized. Any revision to accounting estimates is recognised prospectively in current and future periods.

(c) Current-non-current classification

All assets and liabilities are classified into current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- a. It is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;
- b. It is held primarily for the purpose of being traded;
- c. It is expected to be realised within 12 months after the reporting date; or
- d. It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets as non-current.

A liability is classified as current when it satisfies any of the following criteria:

- a. It is expected to be settled in the company's normal operating cycle;
- b. It is held primarily for the purpose of being traded;
- c. It is due to be settled within 12 months after the reporting date; or

Notes to financial statements (*Continued*) for the period ended 31 March 2013

(Currency: Indian Rupees)

2. Significant Accounting Policies (*Continued*)

- d. The company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments does not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

(d) **Fixed assets – Tangible Assets**

Fixed assets are carried at cost of acquisition or construction less accumulated depreciation. Cost includes all inward freight, duties, taxes and incidental expenses. Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised.

(e) **Depreciation and Amortization**

Depreciation is provided pro-rata for the period of use, on Straight Line Method (SLM). The estimated useful life of the assets are:

	As at 31 March, 2013	As at 31 December, 2011
Building and Roads – Factory	10 Years	10 Years
Building and Roads – Other than Factory	20 Years	20 Years
Plant and Machinery	10 years / 8 years / 6.67 years	10 years / 8 years / 6.67 years
Computers	3 Years	3 Years
Furniture and Fittings	10 Years	10 Years
Vehicles	5 Years	5 Years

Assets individually costing ₹ 5,000 or less are depreciated fully in the year when the assets are put to use.

(f) **Impairment of Assets**

Management periodically assesses using external and internal sources whether there is an indication that an asset may be impaired. Impairment occurs where the carrying value exceeds the recoverable amount. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the assets net selling price or present value of future cash flows expected to arise from the continuing use of the assets and its eventual disposal.

(g) **Investments**

Long-term investments are stated at cost less any other than temporary diminution in value, determined separately for each individual investment.

(h) **Inventories**

Inventories are valued at lower of cost and net realisable value except for by-products which are valued at net realisable value. Cost is determined on the moving / monthly moving weighted average basis except that of goods in transit which is ascertained on specific identification basis, and includes where applicable, appropriate manufacturing overheads. The cost in the case of work-in-process comprises direct material cost

Notes to financial statements (*Continued*) for the period ended 31 March 2013

(Currency: Indian Rupees)

2. Significant Accounting Policies (*Continued*)

and finished goods comprise direct materials, labour, utilities and appropriate cost of conversion. The cost of traded finished goods is determined on moving weighted average basis.

Raw materials and other supplies held for use in production of inventories are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of the finished products will exceed their net realisable value.

Non inclusive method of accounting is consistently followed for Cenvat under the Central Excise Act, 1944, with regard to inventories, purchases and consumption.

(i) *Employee benefits*

(i) **Short Term Employee Benefits:**

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include compensated absences such as paid annual leave and sickness leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized during the period.

(ii) **Post Employment Benefits:**

a. **Defined Contribution Plans**

The Company's liability for superannuation scheme, which is a defined contribution scheme, is funded through a scheme administered by Life Insurance Corporation of India (LIC). Contributions payable under this scheme are charged to Statement of profit and loss as incurred.

Contributions to the recognized statutory Provident Fund, which is a defined contribution scheme, are charged to the Statement of profit and loss in the period in which the liability is incurred.

b. **Defined Benefit Plans**

Provision for gratuity, which is a defined benefit plan, is made on the basis of an actuarial valuation carried out by an independent actuary at the balance sheet date and is funded through a scheme administered by the LIC. The actuarial valuation is performed annually by a qualified actuary using the 'Project Unit Credit Method'. The discount rates used for determining the present value of the defined benefit obligation, are based on the market yields on Government securities as at the balance date. Actuarial gains and losses are recognized immediately in the Statement of profit and loss.

(iii) **Other Long-term employment benefits**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the balance sheet date. The obligation is measured on the basis of independent actuarial valuation using the 'Project Unit Credit Method'. The discount rates used for determining the present value of the defined benefit obligation are based on the market yields on Government securities as at the balance sheet date. Actuarial gains and losses are recognized immediately in the Statement of profit and loss.

(j) *Revenue recognition*

Revenue from sale of goods and processing charges is recognized on transfer of all significant risks and rewards of ownership to the buyer which generally coincides with the despatch of goods. The amount recognized as sales is exclusive of sales tax / value added tax and trade discounts.

Indenting commission is accounted for on receipt of intimation of supply from foreign suppliers.

Dividend income is recognised when the right to receive payment is established.

Interest income is recognised on a time proportion basis.

Notes to financial statements (*Continued*) for the period ended 31 March 2013

(Currency: Indian Rupees)

2. Significant Accounting Policies (*Continued*)

(k) *Foreign exchange transactions*

Transactions denominated in foreign currency are recorded at exchange rate prevailing on the date of transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Statement of profit and loss.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rate on that date and the resultant exchange differences are recognised in the Statement of profit and loss. In respect of transactions covered by forward exchange contracts which are not intended for trading or speculation purposes, premiums or discounts are amortised as expense or income over the life of the contracts. Exchange differences on such contracts are recognised as expense or as income in the Statement of profit and loss in the year in which the exchange rates change. Profit or loss arising on cancellation or renewal of such forward exchange contracts are recognised as income or as expense for the year.

(l) *Leases*

Lease rentals in respect of assets acquired under operating lease are charged off to the Statement of profit and loss as incurred.

(m) *Taxation*

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with income tax laws) and deferred tax charge or credit (reflecting the tax effect of timing differences between accounting income and taxable income for the year). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that the assets can be realized in future; however when there is unabsorbed depreciation or carry forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

Minimum Alternate Tax

In accordance with the guidance note issued by the Institute of Chartered Accountants of India ('ICAI') on accounting for credit available in respect of Minimum Alternate Tax (MAT) under the Income Tax Act, 1961, the Company recognises MAT credit as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set off against the normal tax liability. MAT credit recognized as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

(n) *Earnings per share*

Basic and diluted earnings per share are computed by dividing the net profit/(loss) attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year.

(o) *Provisions and contingencies*

The Company creates a provision where there is present obligation as a result of past events that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation as a result of past events that may, but probably will not, require an outflow of resources and the amount can be reasonably estimated. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Notes to financial statements (Continued) as at 31 March 2013

(Currency Rupees thousands)

	31 March 2013	31 December 2011
3 Share capital		
Authorised:		
4,000,000 (Previous year: 4,000,000) equity shares of ₹ 10/- each	40,000	40,000
1,000,000 (Previous year: 1,000,000) unclassified shares of ₹ 10/- each	10,000	10,000
	<u>50,000</u>	<u>50,000</u>
Issued, Subscribed and Paid-up		
3,375,600 (Previous year: 3,375,600) equity shares of ₹ 10/- each fully paid-up	<u>33,756</u>	<u>33,756</u>

(a) Reconciliation of the number of shares outstanding at the beginning and at the end of the year

Equity shares	31 st March, 2013		31 st December, 2011	
	No. of shares	in ₹ '000	No. of shares	in ₹ '000
At the beginning of the period	3,375,600	33,756	3,375,600	33,756
Add: Issued during the period	-	-	-	-
Outstanding at the end of the period	<u>3,375,600</u>	<u>33,756</u>	<u>3,375,600</u>	<u>33,756</u>

(b) Terms/Rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of ₹ 10 per share. Accordingly, all equity shares rank equally with regard to dividend and share in the Company's residual assets. The equity shareholders are entitled to receive dividend as declared from time to time. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the company, the holder of equity shares will be entitled to receive remaining assets of the Company after distribution of all the preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

During the fifteen months period ended March 31, 2013, the amount of per share dividend recognized as distributable to equity shareholders is ₹ 2 (previous year: ₹ Nil). The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

(c) Shares held by Holding / ultimate Holding Company and/or their Subsidiaries

	31 st March, 2013		31 st December, 2011	
	No. of shares	in ₹ '000	No. of shares	in ₹ '000
Rhodia UK Limited (Holding Company)	2,461,974	24,620	2,461,974	24,620

(d) Details of shareholders holding more than 5% equity shares in the Company

Name of the shareholder	31 st March, 2013		31 st December, 2011	
	No. of shares	% holding	No. of shares	% holding
1. Rhodia UK Limited	2,461,974	72.93%	2,461,974	72.92%
2. Taj Performance Fund (Mauritius) Limited	225,507	6.68%	225,507	6.68%
	<u>2,687,481</u>		<u>2,687,481</u>	

Note: As per records of the Company, including its register of members

Notes to financial statements (Continued) as at 31 March 2013

(Currency Rupees thousands)

	31 March 2013	31 December 2011
4 Reserves and surplus		
Capital reserve		
Subsidy under the special capital incentive scheme	2,500	2,500
Shares forfeited	11	11
Securities premium account	2,511	2,511
At the commencement and end of the period	31,658	31,658
General reserve	347,001	347,001
At the commencement of the period		
Amount transferred from Surplus	27,648	–
	374,649	347,001
Surplus/(Deficit) in statement of profit and loss		
At the commencement of the period	(26,306)	30,355
Profit/(Loss) after tax for the period	368,630	(56,661)
Less: Appropriations		
Proposed equity dividend [₹ 2 per share (Previous year ₹ Nil)]	6,751	–
Tax on proposed equity dividend	1,148	–
Transfer to general reserve	(27,648)	–
Balance as at the end of the period	306,777	(26,306)
	<u>715,595</u>	<u>354,864</u>
5 Other long-term liabilities		
Deposits received from customers	252	857
	<u>252</u>	<u>857</u>
6 Long-term provisions		
Provision for employee benefits		
– Compensated absences	14,164	10,724
– Gratuity	3,196	2,622
	<u>17,360</u>	<u>13,346</u>
7 Short-term borrowings		
Secured		
Repayable on demand from banks		
– Cash credit and overdraft facilities	13,039	577
– Packing credit	26,584	–
– Export packing credit	–	17,335
– Buyers credit	–	138,060

Cash credit and overdraft facilities from bank, packing credit, export packing credit and buyers credit carry interest ranging between 2.7% p.a. and 15.2% p.a. computed on the basis of actual amount utilised and are repayable on demand. These are secured by hypothecation of inventories including raw materials, semi finished goods, stock in process, finished goods, book debts, bills receivable and all other recoverables, both present and future.

Rhodia Specialty Chemicals India Limited

Notes to financial statements (Continued) as at 31 March 2013

(Currency Rupees thousands)

	31 March 2013	31 December 2011
Unsecured		
From Banks (#)	140,000	350,000
Inter Corporate Loan from Group Company (# #)	100,000	–
	<u>279,623</u>	<u>505,972</u>

Loan from bank is a short term loan repayable within a month and carries a interest at 10.5% p.a. The loan is secured by a corporate guarantee from Rhodia SA France, a subsidiary of the ultimate holding company.

The loan from Solvay Specialities India Private Limited. is an intercorporate loan which was taken during the period, repayable on demand and carries an interest rate of 9.5% p.a.

8 Trade payables

– Total outstanding dues of micro enterprises and small enterprises (refer note 30)	468	322
– Total outstanding dues other than micro enterprises and small enterprises	166,052	375,061
	<u>166,520</u>	<u>375,383</u>

9 Other current liabilities

Payment received under Business Purchase Agreement	–	44,450
Statutory dues payable		
– TDS payable	5,532	984
– Service tax payable	406	–
– Sales tax payable	–	6,241
– WCT payable	81	61
– Excise liability on closing stock of finished goods	11,958	13,922
Accruals for expenses	151,098	145,437
Unpaid dividend (*)	169	267
Other payables		
– Advance from customers	5,581	2,947
– Others	21,613	12,620
	<u>196,438</u>	<u>226,929</u>

* There is no amount due and outstanding to be paid to Investor Education and Protection Fund as at 31st March, 2013. These amounts shall be paid to the fund as and when they become due.

10 Short-term provisions

Provision for employee benefits		
– Compensated absences	3,363	2,213
Other provisions		
– Proposed equity dividend	6,751	–
– Tax on proposed equity dividend	1,148	–
– Provision for current tax	5,923	5,606
[Net of advance tax ₹ 108,776(000) (Previous year ₹ 38,093(000))]		
	<u>17,185</u>	<u>7,819</u>

Notes to financial statements (Continued) as at 31 March 2013

(Currency Rupees thousands)

11 Fixed Assets

Description	Gross Block (At cost)				Depreciation/Amortisation				Net Block	
	As at 1 January 2012	Additions	Disposals	As at 31 March 2013	As at 1 January 2012	For the period from 1 January 2012 to 31 March 2013	Deductions	As at 31 March 2013	As at 31 March 2013	As at 31 December 2011
Tangible fixed assets										
Freehold Land	570	–	–	570	–	–	–	–	570	570
Leasehold Land	4,616	–	801	3,815	1,341	67	544	864	2,951	3,275
Buildings and Roads	194,092	13,502	13,432	194,162	85,344	19,346	11,242	93,448	100,714	108,748
Plant and Machinery	808,509	65,415	13,264	860,660	391,115	80,610	12,911	458,814	401,846	417,394
Office equipments	9,445	7,456	3,593	13,308	7,979	1,022	3,440	5,561	7,747	1,466
Furniture and fittings	2,299	12,361	374	14,286	1,418	1,689	340	2,767	11,519	881
Vehicles	2,812	–	401	2,411	1,923	364	401	1,886	525	889
Total	1,022,343	98,734	31,865	1,089,212	489,120	103,098	28,878	563,340	525,872	533,223
Previous year	1,022,198	20,733	20,588	1,022,343	430,900	78,186	19,966	489,120		
Capital work-in-progress (#)									25,088	8,784
Total									550,960	542,007

Note:

Balance as at 1 January 2012	8,784
Additions	115,038
Amount capitalised during the period	98,734
Balance as at 31 March 2013	25,088

31 March 2013

31 December 2011

12 Non-current investments

(valued at cost)

Non trade investment : unquoted

Investment in equity instruments	3	3
Investment in 100 equity shares (Previous year 100 equity shares) of ₹25 each fully paid up in Roha Industries Association's Sahakari Grahak Bhandar		
	<u>3</u>	<u>3</u>
Aggregate book value of unquoted non current investments	3	3

13 Deferred tax assets (net)

Deferred tax liability

Fixed assets		33,495	39,859
Deferred tax assets			
Unabsorbed depreciation	31,438		102,113
Provision for compensated absences	5,687		4,197
Provision for Gratuity	1,037		851
Voluntary retirement compensation	2,080		6,869
	<u>40,242</u>		<u>114,030</u>
Restricted to (*)		<u>33,495</u>	<u>39,859</u>
		<u>–</u>	<u>–</u>

* Deferred tax assets have been recognised only to the extent of deferred tax liability, as this amount is considered to be virtually certain of realisation. The balance deferred tax assets would be recognised on virtual certainty regarding availability of sufficient future taxable profits.

Rhodia Specialty Chemicals India Limited

Notes to financial statements (Continued) as at 31 March 2013

(Currency Rupees thousands)

	31 March 2013	31 December 2011
14 Long-term loans and advances		
Secured, considered good		
Vehicle loans to employees	2,582	845
Unsecured, considered good		
Capital advances	5,597	11,831
Other deposits	23,917	16,142
Advance income-tax [net of provision of ₹ 153,327(000) Previous year ₹ 153,327(000)]	36,882	36,580
MAT credit entitlement	71,000	-
Balances with Government authorities		
– VAT refund receivable	12,000	2,000
– Custom authorities	6,516	137
	<u>158,494</u>	<u>67,535</u>
15 Other non-current assets		
– Bank deposits (*) (Due to mature after 12 months from the reporting date)	-	2,000
	<u>-</u>	<u>2,000</u>
* under lien with bank against issue of bank guarantees.		
16 Inventories		
(Valued at the lower of cost or net realisable value)		
Raw materials	60,552	65,455
Raw materials in transit	1,508	46,268
Packing materials	2,957	3,220
Work-in-progress	684	2,775
Finished goods	98,434	118,251
Stock-in-trade (includes goods in transit ₹ 18.979(000) [Previous year ₹ 10,619(000)]	79,360	106,397
Stores and spares	36,794	26,567
	<u>280,289</u>	<u>368,933</u>
(Refer note 2 h)		
17 Trade receivables		
Receivable outstanding for a period exceeding six months from the date they become due for payment		
– Unsecured, considered good	3,346	826
– Considered doubtful	-	3,841
Less: Provision for doubtful receivables	-	(3,841)
Other receivables		
– Secured, considered good	-	545
– Unsecured, considered good	320,511	306,088
	<u>323,857</u>	<u>307,459</u>

Notes to financial statements (Continued) as at 31 March 2013

(Currency Rupees thousands)

	31 March 2013	31 December 2011
18 Cash and bank balances		
Cash and cash equivalents		
– Cash on hand	167	68
– Cheques, drafts on hand	16,233	9,209
Balances with banks		
– On current account	12	53,166
Other bank balances		
– Unpaid dividends	169	267
– Bank deposit accounts (#)	2,111	30,110
	<u>18,692</u>	<u>92,820</u>
# Bank deposit due to mature within 12 months of the reporting date included under “Other bank balances” Bank deposit due to mature after 12 months of the reporting date included under “Other Non-current assets” (refer note 15)		
19 Short-term loans and advances		
Current portion of long term loans and advances (refer note 14)		
Secured, considered good		
– Vehicle loan	1,090	2,198
Other short-term loans and advances		
Unsecured, considered good		
To parties other than related parties		
– Advance for supply of goods and services	11,497	11,992
– Advance to employees	385	580
– Ambarnath unit deposits	757	4,003
– Balance with government authorities	55,810	86,215
– Others	23,153	31,763
	<u>92,692</u>	<u>136,751</u>
20 Other current assets		
Interest accrued on deposits	837	510
Export incentive receivable	905	908
	<u>1,742</u>	<u>1,418</u>

Rhodia Specialty Chemicals India Limited

Notes to financial statements (Continued) for the fifteen months period ended 31 March 2013

(Currency Rupees thousands)

	For the period from 1 January 2012 to 31 March 2013	For the period from 1 January 2011 to 31 December 2011
21(a) Sale of Products		
– Finished goods	2,355,642	1,980,034
– Traded goods	657,917	707,695
Sale of products (gross)	3,013,559	2,687,729
Less: Excise duty	226,236	213,843
Sale of products (net) (Refer note 33)	2,787,323	2,473,886
21(b) Processing charges (gross)	29,380	53,690
Less: Excise duty	6,985	19,732
Processing charges (net)	22,395	33,958
	2,809,718	2,507,844
22 Other operating income		
Indenting commission	10,619	3,543
Export incentives	7,968	5,576
Scrap sales [net of excise duty ₹ 359(000), (Previous year: ₹ 139(000))]	4,989	3,918
Sales tax refunds	619	–
Write back of provision for doubtful debts	3,841	200
Insurance claim	6,401	960
	34,437	14,197
23 Other income		
Interest on deposits (on term deposits with banks and deposits with government authorities)	1,393	703
Service fees	22,514	8,908
Profit on sale of fixed assets (net)	–	1,834
Market survey fees	–	5,418
Liabilities/ provisions no longer required written back (refer note 45)	30,015	6,194
Miscellaneous income	720	457
	54,642	23,514

Notes to financial statements *(Continued)*
for the fifteen months period ended 31 March 2013

(Currency Rupees thousands)

	For the period from 1 January 2012 to 31 March 2013	For the period from 1 January 2011 to 31 December 2011
24(a) Cost of materials consumed		
Raw materials consumed		
(Refer note 31)		
Opening stock of raw materials	111,723	132,723
Add: Purchases	1,547,036	1,459,169
	<u>1,658,759</u>	<u>1,591,892</u>
Less: Closing stock of raw materials	<u>62,060</u>	<u>111,723</u>
Raw materials consumed	1,596,699	1,480,169
Packing materials consumed		
Opening stock of packing materials	3,220	2,431
Add: Purchases	71,161	41,040
	<u>74,381</u>	<u>43,471</u>
Less: Closing stock of packing materials	<u>2,957</u>	<u>3,220</u>
Packing materials consumed	71,424	40,251
Total	<u>16,68,123</u>	<u>15,20,420</u>
24(b) Purchases of stock-in-trade		
(Refer note 32)	<u>457,872</u>	<u>643,770</u>
24(c) (Increase)/Decrease in inventories of finished goods and work-in-progress		
Finished goods		
Opening stock	118,251	91,136
Less: Closing stock	<u>98,434</u>	<u>118,251</u>
	19,817	(27,115)
Stock in trade		
Opening stock	106,397	42,749
Less: Closing stock	<u>79,360</u>	<u>106,397</u>
	27,037	(63,648)
Work-in-progress		
Opening stock	2,775	2,062
Less: Closing stock	<u>684</u>	<u>2,775</u>
	2,091	(713)
	<u>48,945</u>	<u>(91,476)</u>
25 Employee benefits		
Salaries, wages and bonus	148,551	87,290
Contribution to provident and other funds (Refer note 40)	12,974	7,645
Compensated absences	7,088	2,846
Staff welfare expenses	11,397	6,393
	<u>180,010</u>	<u>104,174</u>

Rhodia Specialty Chemicals India Limited

Notes to financial statements (Continued) for the fifteen months period ended 31 March 2013

(Currency Rupees thousands)

	For the period from 1 January 2012 to 31 March 2013	For the period from 1 January 2011 to 31 December 2011
26 Other expenses		
Consumption of stores and spare parts	32,132	25,499
Power and fuel	112,176	78,286
Rent [net of recovery ₹ 9,281(000), Previous year ₹ 4,126(000)]	33,595	21,860
Repairs and maintenance		
– Buildings	10,047	7,207
– Plant and machinery	29,700	13,676
– Others	10,059	3,320
Insurance	5,627	3,539
Rates and taxes	5,770	8,516
Excise duty (Refer Note 42)	(848)	4,583
Sub-contract charges	18,072	14,947
Water charges	4,514	4,153
Travelling and conveyance	18,108	10,086
Legal and professional fees	18,757	15,320
Communication	5,874	3,286
Printing and stationery	2,538	1,583
Computer maintenance and software	3,566	2,837
Directors' sitting fees	680	660
Auditors' remuneration		
– Audit fees	1,100	632
– Other services	300	300
– Out of pocket expenses	44	43
Bank charges	16,594	10,476
Sales commission	1,325	1,370
Freight and forwarding expenses (net)	30,437	31,914
Advertising and sales promotion	1,821	1,272
Recruitment expenses	257	1,778
Loss on sale / write off of fixed assets (net)	1,568	–
Bad Debts written off	1	63
Exchange loss (net)	1,559	21,986
Miscellaneous Expenses	22,930	13,309
	388,303	302,501
27 Finance cost		
Interest on		
Cash credit and overdraft facilities	1,192	1,559
Short term loan :		
– From banks	32,701	39,266
– Inter corporate loan from group company (#)	8,836	–
Export packing credit	952	1,082
Buyers credit	2,155	2,645
Others	165	89
	46,001	44,641

Interest amounting to ₹ 8,836(000) (Previous year ₹ Nil) is for Short term loan from Solvay Specialities India Private Limited, a related party

Notes to financial statements (Continued) for the period ended March 31, 2013

(Currency Rupees thousands)

	As at 31 March 2013 ₹ '000	As at 31 December 2011 ₹ '000
28 Contingent Liabilities not provided for in respect of :		
(a) Excise matters in respect of :		
– Matters relating to undervaluation of assessable value	17,508	17,508
– Non payment of duty on clearance of goods meant for export by the customer	5,815	5,815
– Availment of modvat credit	784	784
	24,107	24,107
(b) Customs matters in respect of :		
– Matters relating to differential custom duty rate on product	22,301	22,301
(c) Income tax (including fringe benefit tax) matters		
– In respect of matters such as addition to the value of closing stock under the provisions of Section 145 A of the Income Tax Act, 1961, disallowances of certain expenditure as revenue expenditure, etc. in respect of which the Company / Income tax department is in appeal with the first / higher appellate authority	24,244	45,261
– In respect of matters where the Company has received favorable order / partial relief from the first appellate authority but the Income Tax Department is pursuing further with the higher appellate authority	1,595	1,595
(d) Sales Tax		
– Matters relating to certain sales considered as exempt sales and sales tax on discounts given to customers	174	174
(e) Employee related matters:		
– Matters pending with the Labour Court for the reinstatement of services of certain ex-employees	800	800
– Matters pending with the Assistant Labour Commissioner for the permanent employment of casual workers	Not ascertainable	Not ascertainable
(f) Matters pending with the High Court / Civil Court relating to counter claim / claim against the Company for the alleged breach of marketing arrangement / non-payment for supplies made respectively.	7,991	7,991
(g) Bank Guarantees		
– In respect of differential custom duty on products	949	3,902
– VAT Registration under Section 84 of Uttarakhand VAT act	50	50
– Under Section 33A of Water (P&CP) Act 1974 and u/s 31A of the Air (P&CP) Act	100	100
(h) Service Tax	134	1,455

Note: Future ultimate outflow of resources embodying economic benefits in respect of matters stated under 3(a) to 3(i) above is uncertain as it depends on the final outcome of judgements / decisions on the matters involved.

Notes to financial statements (Continued) for the period ended March 31, 2013

(Currency Rupees thousands)

29 Capital Commitments

The estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for, is ₹ 15,358(000) [Previous year ₹ 16,977(000)].

30 The suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act) as given in Note 8- Trade payables regarding the Micro and Small Enterprises has been determined based on the details regarding the status of the suppliers obtained by the Company. This has been relied upon by the auditors.

	15 months period ended 31 March 2013	Year ended 31 December 2011
	₹ '000	₹ '000
31 Raw Materials Consumed		
Lauryl Alcohol	472,919	194,085
Lauryl Alcohol Ethoxilate	292,896	533,601
Linear Alkyl Benzene	193,373	182,766
Alfa Olefin	188,168	163,173
Sulphur	167,783	155,545
Others	281,560	250,999
	1,596,699	1,480,169
Raw Materials		
Imported	596,401	320,803
Indigenous	1,000,298	1,159,366
	1,596,699	1,480,169
Inventory of Raw materials		
Lauryl Alcohol	14,107	35,434
Lauryl Alcohol Ethoxilate	6,117	5,674
Linear Alkyl Benzene	1,349	18,275
Alfa Olefin	34,332	33,509
Sulphur	3,249	11,666
Others	2,906	7,165
	62,060	111,723
32 Purchases of traded items		
Surfactants	457,872	643,770

Notes to financial statements (Continued)
for the period ended March 31, 2013

(Currency Rupees thousands)

	Opening Stock as at January 1, 2012 Value ₹ '000	Closing Stock as at March 31, 2013 Value ₹ '000	Net Sales during the period (#) Value ₹ '000
33 Inventories and Sales of Finished Goods			
Manufactured items:	3,127	1,064	160,906
Sulphuric acid	(476)	(3,127)	(174,206)
Linear alkyl benzene sulphonic acid	20,551	27,499	220,874
	(1,869)	(20,551)	(191,438)
Surfactants	94,573	69,871	1,550,098
	(104,949)	(94,573)	(1,450,242)
Contract manufactured items (*)	19,705	12,575	209,380
	(17,086)	(19,705)	(195,690)
Total of manufactured items	137,956	111,009	2,141,258
	(124,380)	(137,956)	(2,011,576)
Traded items:			
Surfactants	86,692	66,785	646,033
	(9,505)	(86,692)	(462,249)
By-products	-	-	32
	(-)	(-)	(61)
Total of Traded items	86,692	66,785	646,065
	(9,505)	(86,692)	(462,310)
Total of manufactured and traded items	224,648	177,794	2,787,323
	(133,885)	(224,648)	(2,473,886)

Net of excise duty

* Inventories of contract manufactured items is included in stock-in-trade
Figures in bracket are for the previous year ended December 31, 2011.

	Fifteen months period ended 31 March 2013 ₹ '000	Year ended 31 December 2011 ₹ '000
34 CIF Value of Imports		
Raw Materials	569,717	495,795
Traded Goods	285,146	184,579
Stores and Spares	2,720	365
35 Expenditure in Foreign Currency (on payment basis)		
Travelling	3,085	1,136
Export Commission	2,391	112
Professional Fees [Tax deducted at source ₹ 529(000) (Previous year: ₹ Nil)]	12,624	-
Training material	-	328
Other expenses (Teleconferencing, misc. purchase)	1,449	67
36 Earnings in Foreign Currency		
FOB Value of Exports	334,864	219,272
Indenting commission	10,619	3,543

Notes to financial statements (Continued) for the period ended March 31, 2013

(Currency Rupees thousands)

37 Segment information

(a) Primary business segment

The Company is engaged in manufacture of organic chemicals. As the Company is engaged only in one business segment, the Balance Sheet and the Statement of profit & loss account for the period pertains to one business segment.

(b) Secondary geographical segment

	15 months period ended 31 st March 2013 India	15 months period ended 31 st March 2013 Outside India	15 months period ended 31 st March 2013 Total
Revenue by geographical market	2,434,757 (2,267,688)	374,961 (240,156)	2,809,718 (2,507,844)
Carrying amount of segment assets (Gross)	248,695 (260,719)	59,774 (45,676)	308,469 (306,395)
Capital expenditure	98,734 (20,733)	- -	98,734 (20,733)

Note :

- (1) Revenue is segregated into two segments namely India (Sales to customers within India) and Other countries (sales to customers outside India) on the basis of geographical segments.
- (2) Figures for the previous year are shown in brackets.

Fifteen months period ended 31 March 2013	Year ended 31 December 2011
₹ '000	₹ '000

38 The specified disclosures for Operating Leases as required by Accounting Standard 19 – 'Leases' are given below:

Disclosures in respect of agreement for residential flats / Office Premises (along with furniture, fixtures etc. therein) taken on lease:

- | | | |
|--|--------|--------|
| (i) Lease payments recognised in the Statement of profit and loss for the period | 33,595 | 21,860 |
| (ii) Future minimum lease payments under non-cancellable operating lease : | | |
| Not later than one year | 34,021 | 23,602 |
| Later than one year but not later than five years | 94,357 | 35,472 |
| Later than five years | - | - |
| (iii) Significant leasing arrangements | | |
| 1. Under the agreements, refundable interest free deposits / advance rent have been given. | | |
| 2. The agreements contain provision for renewal. | | |
| 3. The period of agreement ranges between 11 months to 36 months. | | |
| 4. Under certain agreements, the Company is entitled to permit certain specified parties the use or sharing of the premises. | | |

Notes to financial statements (Continued) for the period ended March 31, 2013

(Currency Rupees thousands)

39 Related Party Disclosures

Related Party Disclosures in accordance with the Accounting Standard 18 - 'Related Party Disclosures' are given below:

(a) Parties where Control exists:

Rhodia S.A. is the ultimate holding company. Rhodia UK Ltd. holds 72.93% of the equity share capital in the Company and is a step down subsidiary of Solvay S.A.

(b) Names of the related parties with whom the Company had transactions during the period

(i) **Fellow Subsidiaries:**

Rhodia Inc. USA	Rhodia Operations S.A.S., France
Rhodia Nicca Ltd.	Rhodia Poliamida E Especialidades Ltd. A, Brazil
Rhodia Polyamide Co. Ltd., Korea	PT Rhodia Manyar
Rhodia (China) Co. Ltd.	Rhodia Thai Industries Ltd.
Rhodia Asia Pacific Pte. Ltd., Singapore	Rhodia Polymers & Specialties India Pvt. Ltd.
Rhodia Feixiang Specialty Chemicals Co. Ltd.	Rhodia (ZHENJIANG) Chemicals Co. Ltd.
Rhodia Thai Holdings Ltd.	Rhodia UK Ltd.
Zhuhai Rhodia Specialty Chemicals Co. Ltd.	Rhodia Korea Co. Ltd.
Rhodia-Hengchang (Zhang Jiagang)	Solvay Specialities India Private Limited.
Sunshield Chemicals Ltd.	Rhodia S.A. France

Note: The above have been identified on the basis of the information available with the Company.

(ii) **Key Management Personnel:**

Mr. Thomas Leutner, Managing Director (until 31st December 2012)

Mr. Manoj Khullar, Managing Director (appointed w.e.f. 1st January 2013)

(c) Transactions with the Related Parties during the period 1 January 2012 to 31 March 2013:

	15 months period ended March 31, 2013	Year ended December 31, 2011
	₹ '000	₹ '000
(i) Fellow Subsidiaries		
Sales of goods		
Rhodia Operations S.A.S., France	140,313	91,103
Rhodia Asia Pacific Pte Ltd., Singapore	39,624	24,839
Rhodia Inc. USA	36,566	47,945
Rhodia (ZHENJIANG) Chemicals Co. Ltd.	2,550	-
Rhodia Poliamida E Especialidades Ltd. A, Brazil	18,127	21,487
Rhodia Nicca Ltd.	4,458	118
Rhodia Mexico SA DA CV	8,660	-
Rhodia UK Ltd.	-	1,756
	250,298	187,248
Purchase of finished goods		
Rhodia Asia Pacific Pte Ltd., Singapore	214,995	120,396
Rhodia Thai Industries Ltd.	-	21,289
Rhodia Feixiang Specialty Chemicals Co. Ltd.	6,997	-
Rhodia (ZHENJIANG) Chemicals Co. Ltd.	21,570	14,577
Zhuhai Rhodia Specialty Chemicals Co. Ltd.	1,137	-
Rhodia Thai Holdings Ltd.	36,328	2,402
	281,027	158,664

Rhodia Specialty Chemicals India Limited

Notes to financial statements *(Continued)* for the period ended March 31, 2013

(Currency Rupees thousands)

39 Related Party Disclosures *(Continued)*

(c) Transactions with the Related Parties during the period 1 January 2012 to 31 March 2013: *(Continued)*

	15 months period ended March 31, 2013	Year ended December 31, 2011
	₹ '000	₹ '000
(i) Fellow Subsidiaries <i>(Continued)</i>		
Rendering of services		
Rhodia Polymers & Specialties India Pvt. Ltd.	21,626	12,299
Rhodia Asia Pacific Pte Ltd., Singapore	10,827	2,529
Rhodia Feixiang Specialty Chemicals Co. Ltd.	163	-
Rhodia Polyamide Co. Ltd., Korea	1,543	900
Rhodia Thai Industries Ltd.	-	211
Rhodia Thai Holdings Ltd.	190	-
Rhodia-Hengchang (Zhang Jiagang)	64	-
P.T.Rhodia Manyar	13	-
Rhodia Poliamida E Especialidades Ltd. A, Brazil	-	381
Rhodia Korea Co. Ltd.	1,543	-
Sunshield Chemicals Ltd.	2,472	-
Solvay Specialities India Private Limited	4,457	-
Rhodia Inc. USA	593	57
Rhodia (ZHENJIANG) Chemicals Co. Ltd.	65	94
	<u>43,556</u>	<u>16,471</u>
Receiving of services		
Rhodia Asia Pacific Pte Ltd., Singapore	2,568	-
Rhodia (China) Co. Ltd.	3,161	-
	<u>5,729</u>	<u>-</u>
Inter corporate loan taken:		
Solvay Specialities India Private Limited	100,000	-
Interest expense on inter corporate loan taken:		
Solvay Specialities India Private Limited	8,836	-
(ii) Key Management Personnel		
Remuneration		
Mr. Thomas Leutner	3,208	3,209
Mr. Manoj Khullar (*)	3,424	-
	<u>6,632</u>	<u>3,209</u>

* The above amount does not include gratuity and leave encashment payable which is actuarially determined on an overall basis for the Company as a whole and individual information in respect of director is not available.

Notes to financial statements (*Continued*)
for the period ended March 31, 2013

(Currency Rupees thousands)

39 Related Party Disclosures (*Continued*)

	15 months period ended March 31, 2013	Year ended December 31, 2011
	₹ '000	₹ '000
(d) Balances Outstanding as at year end:		
Amount Payable:		
Fellow subsidiaries		
Rhodia Asia Pacific Pte. Ltd., Singapore	29,615	102,632
Rhodia Thai Industries Ltd.	–	6,081
Rhodia (ZHENJIANG) Chemicals Co. Ltd.	3,880	2,707
Zhuhai Rhodia Specialty Chemicals Co. Ltd.	582	–
Rhodia Thai Holdings Ltd.	12,090	2,562
	<u>46,167</u>	<u>113,982</u>
Loan outstanding:		
Solvay Specialities India Private Limited	<u>100,833</u>	<u>–</u>
(Includes interest of ₹ 833(000))		
Amount Receivable:		
Fellow subsidiaries		
Rhodia Asia Pacific Pte Ltd., Singapore	12,760	3,429
Rhodia Thai Industries Ltd.	–	165
Rhodia Poliamida E Especialidades Ltd. A, Brazil	3,540	7,007
Rhodia Operations S.A.S., France	19,966	13,835
Rhodia Inc. USA	5,278	9,652
Rhodia (ZHENJIANG) Chemicals Co. Ltd.	32	117
Rhodia Thai Holdings Ltd.	66	–
Rhodia Feixiang Specialty Chemicals Co. Ltd.	62	–
Rhodia-Hengchang (Zhang Jiagang)	16	–
Rhodia Polymers & Specialties India Pvt. Ltd.	6,675	–
Rhodia Korea Co. Ltd.	1,543	–
Sunshield Chemicals Ltd.	1,572	–
Solvay Specialities India Private Limited.	280	–
Rhodia Mexico SA DA CV	7,993	–
Rhodia Nicca Ltd.	4,278	–
	<u>64,061</u>	<u>34,205</u>

(e) Short-term loan from bank (Note 7) of ₹ 140,000(000) [Previous year ₹ 350,000(00) is secured by a corporate guarantee from Rhodia S.A. France, a subsidiary of the ultimate holding company.

(f) No amounts have been written off/provided for or written back in respect of amounts receivable from or payable to the related parties.

Notes to financial statements *(Continued)*
for the period ended March 31, 2013

(Currency Rupees thousands)

40 Details of Employee Benefits as required by the Accounting Standard 15 Employee Benefits are as follows:

	15 months period ended March 31, 2013	Year ended December 31, 2011
	₹ '000	₹ '000
1. <u>Defined Contribution Plans</u>		
During the 15 months period ended March 31, 2013, the Company has recognised the following amounts in the Statement of profit and loss.		
— Employers' contribution to Provident Fund and Family Pension Fund	6,316	4,209
— Employers' contribution to Superannuation Fund	2,776	1,879

The above amounts are included in 'Contribution to provident and other funds' under "Employee benefits" in Note 25

2. Defined Benefit Plan (Funded)

(a) A general description of the Employees Benefit Plan:

The Company has an obligation towards gratuity, a funded defined benefit retirement plan covering eligible employees. The plan provides for lumpsum payment to vested employees at retirement, death while in employment or on termination of the employment. In case of vested non management staff, gratuity is calculated in accordance with the provisions of the Payment of Gratuity Act, 1972. Further, in case of retirement or superannuation after the completion of more than 20 years of service, additional gratuity of 20% of the amount of the gratuity calculated in accordance with the provisions of the Payment of Gratuity Act, 1972 is also payable. In case of vested management staff, gratuity benefit is an amount equivalent to 15/30 days salary depending upon the terms of appointment for each completed year of service subject to a maximum of 30 months salary. Vesting occurs upon the completion of five years of service.

(b) Details of defined benefit plan – As per Actuarial Valuation:

	15 months period ended March 31, 2013	Year ended December 31, 2011
	₹ '000	₹ '000
Gratuity		
Particulars		
I. Components of employer expense		
1. Current Service cost	2,586	1,859
2. Interest Cost	2,312	1,575
3. Expected return on Plan Assets	(2,266)	(1,299)
4. Actuarial Losses/(Gains)	1,036	(781)

Notes to financial statements (*Continued*)
for the period ended March 31, 2013

(Currency Rupees thousands)

	15 months period ended March 31, 2013	Year ended December 31, 2011
	₹ '000	₹ '000
5. Past Service cost	-	-
6. Total expense recognised in the Statement of profit and loss (included in 'Contribution to provident and other funds' under 'Employee benefits' in Note 25)	3,668	1,354
II. Actual Contribution and Benefits Payments for the period		
1. Actual Benefits Payments	(2,224)	(799)
2. Actual Contributions	3,095	4,743
III. Net asset/(liability) recognised in the Balance Sheet		
1. Present Value of Defined Benefit Obligation	25,444	22,615
2. Fair Value of Plan Assets	22,248	19,993
3. Funded Status [Surplus/(Deficit)]	(3,196)	(2,622)
4. Net (liability)/asset recognised in the Balance Sheet	(3,196)	(2,622)
IV. Change in Defined Benefit Obligation during the period		
1. Present value of Defined Benefit Obligation as at January 01	22,615	20,507
2. Current Service Cost	2,586	1,859
3. Interest Cost	2,312	1,575
4. Actuarial Losses/(Gains)	155	(527)
5. Benefits paid	(2,224)	(799)
6. Past Service cost	-	-
7. Present value of Defined Benefit Obligations as at March 31	25,444	22,615
V. Change in Fair Value of Plan Assets during the period		
1. Plan Assets as at January 01	19,993	14,496
2. Expected return on Plan Assets	2,266	1,299
3. Actuarial Gains/(Losses)	(882)	254
4. Actual Company Contributions	3,095	4,743
5. Benefits paid	(2,224)	(799)
6. Plan Assets as at March 31	22,248	19,993

Rhodia Specialty Chemicals India Limited

Notes to financial statements (Continued) for the period ended March 31, 2013

(Currency Rupees thousands)

	15 months period ended March 31, 2013	Year ended December 31, 2011
	₹ '000	₹ '000
VI. Actuarial Assumptions		
1. Discount Rate	7.95%	8.70%
2. Expected Return on plan assets	9.00%	9.00%
3. Salary Escalation Rate	7.00%	7.50%
VII. The expected rate of return on the plan assets is based on the average long term rate of return expected on investments of the Fund during the estimated term of the obligations. The actual return on plan asset is ₹ 1,384(000) [Previous year ₹ 1,553(000)]		
VIII. The assumption of the future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors.		
IX. The major categories of Plan Assets as a percentage of the total plan assets		
Insurer Managed Funds	100%	100%

	15 months period ended March 31, 2013	Year ended December 31, 2011	Year ended December 31, 2010	Year ended December 31, 2009
	₹ '000	₹ '000	₹ '000	₹ '000
X. Experience Adjustments				
1. Present value of Defined Benefit Obligation as at the Balance Sheet date	25,444	22,615	20,507	14,108
2. Fair Value of Plan Assets as at the Balance Sheet date	22,248	19,993	14,496	8,821
3. Funded Status [Surplus/(Deficit)]	(3,196)	(2,622)	(6,011)	(5,287)
4. Experience adjustment on Plan Liabilities	(289)	421	2,314	(1,772)
5. Experience adjustment on Plan Assets	(882)	254	143	117

Notes to financial statements (Continued) for the period ended March 31, 2013

(Currency Rupees thousands)

41 Earnings Per Share

	Unit	Period ended March 31, 2013	Year ended December 31, 2011
(a) Net Profit/(Loss) after tax attributable to equity shareholders	₹ in '000	368,630	(56,661)
(b) Weighted average number of equity shares of ₹ 10 each outstanding as at the Balance Sheet date	Nos.	3,375,600	3,375,600
(c) Nominal value of share	₹	10	10
(d) Earnings per share (basic and diluted) [a/b]	₹	109.20	(16.79)

- 42** (a) Excise duty paid and collected from customers is shown separately and deducted from the Gross sales and Processing charges in the Statement of profit and loss.
- (b) Excise duty appearing under Other expenses (Note 26) represents (i) the difference between the excise duty included in the closing stock and that in the opening stock of manufactured finished goods ₹ 1,963(000) (Credit [Previous year: ₹ 1,872(000)]) and (ii) the excise duty on rejections, etc. ₹ 1,115(000) [Previous year ₹ 2,711(000)].

43 Foreign Currency exposures:

- (a) Hedged Exposures

The Company uses forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions. The forward exchange contracts outstanding as at 31 March 2013 (Previous year 31 December 2011) are as under:

Particulars	Amount in Foreign Currency		Equivalent Amount in Indian Currency (₹ '000)
Buyers Credit	USD	– (1,972,386)	– (93,446)
	Euro	– (256,703)	– (17,701)

Unamortised premium on forward contracts to be recognised in future period amounts to ₹ Nil [Previous year ₹ 897(000)].

- (b) Unhedged Exposures

Particulars	Amount in Foreign Currency		Equivalent Amount in Indian Currency (₹ '000)
Creditors	USD	1,271,799 (5,552,090)	69,389 (296,325)
	Euro	157,205 (444,430)	11,000 (30,799)
Buyers' credit	Euro	– (394,172)	– (27,316)
Debtors	USD	1,077,822 (857,762)	58,558 (45,358)
	Euro	17,091 (7,717)	1,189 (526)
Packing credit	USD	493,390 (–)	26,548 (–)

Note : The figures in brackets represent previous year's figures.

Notes to financial statements (Continued) for the period ended March 31, 2013

(Currency Rupees thousands)

44 Discontinuing Operation

In view of the operation of the Phosphate Business becoming commercially unviable, the Company has suspended its operations of Ambarnath unit from July 2008.

The information relating to discontinuing operation as required under Accounting Standard (AS) 24 Discontinuing Operations is given here under:

- The initial disclosure event for the discontinuing operation, as defined in Accounting Standard 24 (AS 24) "Discontinuing Operations" occurred during 2007.
- As at March 31, 2013, the carrying amount of (i) the total assets to be disposed of was ₹ 4,078(000) [Previous year ₹ 22,524(000)] and (ii) the total liabilities to be settled was ₹ 2,141(000) [Previous year ₹ 44,977(000)]. The carrying value of fixed assets held for disposal included in total assets was ₹ Nil [Previous year ₹ 2,978(000)].
- The revenue and expenses in respect of the ordinary activities attributable to the discontinuing operation during the period ended March 31, 2013:

	Period ended March 31, 2013		Year ended December 31, 2011	
	₹ '000	₹ '000	₹ '000	₹ '000
Income				
Net Sales	—		—	
Other Income	411,817		1,889	
		411,817		1,889
Expenditure				
Employee Benefits	2,309		1,754	
Other expenses	29,588		10,696	
Depreciation	520		730	
		32,417		13,180
Profit/(Loss) before tax		379,400		(11,291)
Provision for tax		71,000		—
MAT credit entitlement		(71,000)		—
Profit/(Loss) after tax		379,400		(11,291)

Note:

Other income comprises of profit on sale of fixed assets at Ambarnath ₹ 367,367(000) [Previous year ₹ 331(000)], Liabilities no longer required written back ₹ 44,450(000) [Previous year ₹ Nil] and scrap sales of ₹ Nil [Previous year ₹ 1,558(000)].

- The amounts of net cash flows attributable to the operating, investing and financing activities of the discontinuing operation for the period ended March 31, 2013:

	Period ended March 31, 2013	Year ended December 31, 2011
	₹ '000	₹ '000
(i) Net cash from/(used in) operating activities	(74,821)	(7,261)
(ii) Net cash from/(used in) investing activities	370,025	11,683

- Also refer note no. 45 relating to write back of liabilities and note no. 46 relating to exceptional items.

Notes to financial statements (Continued) for the period ended March 31, 2013

(Currency Rupees thousands)

45 The Business Purchase Agreement entered into by the Company on 3rd September 2007 for the sale of phosphate business located at Ambarnath was unilaterally terminated by the buyer in June 2008. Pending final outcome of the transaction, the first installment of purchase consideration of ₹ 44,450(000) received from the buyer and the expenses incurred by the Company in relation thereto towards legal, professional expenses, etc. aggregating to ₹ 15,380(000) were being carried forward under Other current liabilities and Short-term loans and advances respectively until the previous year. As the subject matter has become time barred under the Limitation Act, 1963, and in view of the completion of transfer of lease rights of Ambarnath land during the period, the advance received and the related expenses mentioned above have been transferred to the Statement of profit and loss under the head Other Income.

46 Exceptional item:

The transfer of lease rights of the land admeasuring 26 acres (leased from MIDC, Ambarnath) situated at MIDC, Ambarnath, Dist. Thane, Maharashtra was completed during the Period ended 31st March 2013 and profit on transfer aggregating ₹ 362,185(000) (net of expenses) has been disclosed as 'Exceptional Item'.

47 Prior Year Comparatives

The financial statements for the year ended 31 December 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Act. Consequent to the notification of Revised Schedule VI under the Act the financial statements for the year ended 31 March 2013 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed in preparation of financial statements. The current period financial statements are for fifteen months from 1 January 2012 to 31 March 2013. In view of this, the figures for the current period are not strictly comparable to those of the prior year.

As per our report of even date attached

For **B S R & Co.**
Chartered Accountants
Firm's Registration No.: 101248W

Sanjay Aggarwal
Partner
Membership No.: 40780

Mumbai
Date: 27th May 2013

**For and on behalf of the Board of Directors of
Rhodia Specialty Chemicals India Ltd.**

S. N. Talwar
Chairman

Manoj Khullar
Managing Director

Rajiv Mehta
General Manager – Finance

Mumbai
Date: 27th May 2013

Yogesh Thar
Director

Niranjan Ketkar
*Legal Manager &
Company Secretary*



RHODIA SPECIALTY CHEMICALS INDIA LIMITED
Regd. Office : Phoenix House, "A", Wing, 4th Floor, 462, Senapati Bapat Marg,
 Lower Parel (West), Mumbai-400 013. Tel. : (022) 6663 7100 Fax : (022) 2495 2834

PROXY

I/We, the undersigned

of _____

being member(s) of Rhodia Specialty Chemicals India Limited hereby appoint _____

or failing him _____

of _____

or failing him _____

of _____

to vote for me/us and on my/our behalf at the **47th Annual General Meeting** of the Company to be held on **FRIDAY, the 23rd August, 2013** and at any adjournment thereof.

Signed this _____ day of _____ 2013.

Affix a
 Re. 1/-
 Revenue
 Stamp

 (Signature of Member)

Folio No. :

- Notes:** (a) Proxies, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the time of the meeting.
 (b) A Proxy need not be a Member.



[Cut Here]



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 Lower Parel (West), Mumbai-400 013. Tel. : (022) 6663 7100 Fax : (022) 2495 2834

ATTENDANCE SLIP

47TH ANNUAL GENERAL MEETING ON 23RD AUGUST, 2013

Folio No. :

Name of the Person attending the Meeting :

Classification : First Holder/Joint Holder/Proxy

Name of First Holder (in case joint holder/proxy is attending) :


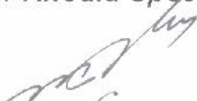
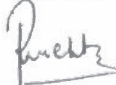
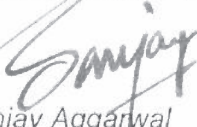
Signature :



SOLVAY

FORM A

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

1.	Name of the Company:	Rhodia Specialty Chemicals India Limited
2.	Financial statements for the fifteen months period ended	31 st March 2013
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	N.A.
5.	Signatures	<p>For Rhodia Specialty Chemicals India Limited</p> <p> Manoj Khullar Managing Director</p> <p>For Rhodia Specialty Chemicals India Limited</p> <p> Yogesh Thar Chairman - Audit Committee</p> <p>For Rhodia Specialty Chemicals India Limited</p> <p> Rajiv Mehta General Manager - Finance</p> <p>For B S R & Co. Chartered Accountants Firm Registration No. 101248W</p> <p> Sanjay Aggarwal Partner Membership No. 40780</p>

RHODIA SPECIALTY CHEMICALS INDIA LIMITED (SOLVAY GROUP)

Regd. Office : Phoenix House, A wing, 4th Floor, 462, Senapati Bapat Marg, Lower Parel (W), Mumbai 400 013. INDIA
Tel: +91-22-6663 7100 Fax: +91-22-2495 2834

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