

Annual Report 2012

Clariant Chemicals (India) Limited



what is precious to you?

INDEX

The Core Brand and Brand Values	1
Board of Directors	2
Sustainable Innovation for Growth	4
Financial Performance	7
Notice	9
Directors' Report	14
Management Discussion and Analysis	17
Report on Corporate Governance	23
Auditors' Report	31
Balance Sheet	34
Statement of Profit and Loss	35
Cash Flow Statement	36
Notes	38
10-years' Highlights	56



ADDING A SMILE TO YOUR LIVES!

Clariant touches your lives in manifold ways – through our various sustainable and innovative ingredients – from hair care to skin care, from the colorful decorative paints to the protective wood coatings, from the flame retardants in electronics to the varied denim effects, from the diverse leather garments to the anti-fungal biocides in the paints and many more. Our ability to treat customers, employees, neighbors and the environment in a responsible fashion has also strengthened our partnerships with all our stakeholders upon whom our success as a company ultimately depends. Our commitment also extends to ensuring that we enhance our leadership position and generate more value to all our stakeholders. Our products touch you in your everyday life and the quality of our products keep you smiling all along!

We have a pipeline of interesting and innovative offerings – thanks to the global synergies – that enhance our lives and make the world a much better and sustainable place for us and our children!

THE CORE BRAND AND BRAND VALUES

WHERE WE WANT TO GO

- Our Vision

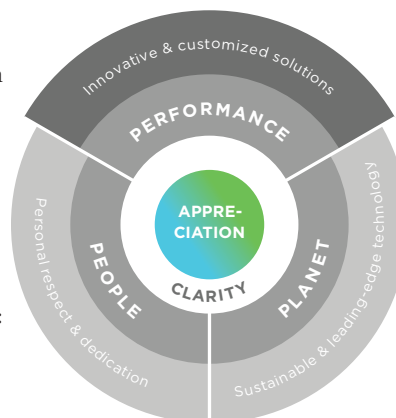
We aim to be the global leading company for specialty chemicals and to stand out by above-average value creation for all of our stakeholders.

HOW WE AIM TO GET THERE

- Our Mission

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

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



WHAT CLARIANT STANDS FOR

- A focus on Appreciation

In order to put this common goal (vision) into action and uphold the promises of the Clariant brand (mission), Clariant has defined new Brand values.

The core of the Clariant brand is »appreciation«. Clariant attaches great importance to values, and makes them the central focus of every field in which the company operates and can influence:

➔ Performance, People, Planet.

BRAND VALUE PERFORMANCE

- Innovative and customized solutions

Clariant can be successful only if its customers are also successful. For this reason, the development and realization of innovative, customized and high-quality solutions are the focus of all Group activities. This requires industry expertise – speed to market, leading technologies, a competitive product line, flexibility, an emphasis on research and development, and an approach that is focused on solutions rather than just products at every level.

BRAND VALUE PEOPLE

- Respect and appreciation for all stakeholders

Dialogue is a foundation for Clariant's business success in two respects. First, everyone in the company must listen carefully to customers, in order to ascertain their needs and develop customized solutions – because Clariant's success is tied to its customers' success. Second, Clariant's success depends on effective exchanges of ideas and information, on the performance of every individual, and all its employees working together.

BRAND VALUE PLANET

- Sustainability through leading-edge technology

As a global specialty chemicals company, Clariant is part of the global economy, society and the environment. A caring attitude toward customers, employees, neighbors and the environment, and responsible use of resources are ethical obligations and an expression of appreciation. Environmental sustainability is also an important success factor for Clariant and its customers. Clariant therefore intends to meet the highest standards, and set new benchmarks through sustainable, leading-edge technologies.

NEW CORPORATE DESIGN

Clariant's fresh self-confidence – as demonstrated in the new branding, the vision, the mission and our corporate values – is also reflected in the company's external image and the Group's new corporate design. Value creation through appreciation is the central promise. The new trademark is the Clariant logo with the »C« in the shape of a metallic body. This illustrates a clear and superior aesthetic, symbolizing a high-quality awareness and a focus on essentials, as well as passion and the importance of striving for the best solution at all times. Above all, the new Clariant brand stands for a different, more successful way to work and act.



Clariant's core question what is precious to you? makes clear in just a few words what we stand for and what everyone can expect from Clariant: appreciation. We ask our customers directly how we can increase value for them with sustainable solutions. We ask and we listen, signaling our respect and readiness for dialogue. By the way: What is precious to you?

BOARD OF DIRECTORS



R. A. Shah



Peter Palm



Deepak Parikh



Bansi S. Mehta



Henri Schloemer



Diwan A. Nanda



Alfred Muench



Philipp Hammel



B. L. Gaggar

BOARD OF DIRECTORS

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

B. L. Gaggar – Director Finance & Company Secretary

AUDIT COMMITTEE

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

INVESTORS' GRIEVANCE COMMITTEE

Diwan A. Nanda, Chairman
Peter Palm

AUDITORS

Deloitte Haskins & Sells
Chartered Accountants

BANKERS

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

SOLICITORS & ADVOCATES

Crawford Bayley & Co.

REGISTRAR & SHARE TRANSFER AGENTS

Sharepro Services (India) Pvt. Ltd.
Sakinaka, Andheri (E)
Mumbai – 400 072
Phone: +91 22 6772 0300 / +91 22 6772 0400

REGISTERED OFFICE

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

WORKS

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

Kolshet Road, Thane – 400 607

Kudikadu, SIPCOT
Cuddalore District – 607 005

Singadivakkam Village, Attuputtur Post
Enathur, Kanchipuram – 631 561

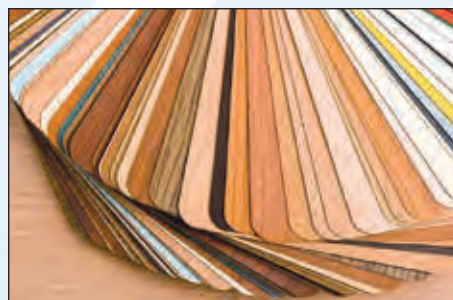
SUSTAINABLE INNOVATION FOR GROWTH



DETERGENTS & INTERMEDIATES

Our Key Segments

- Laundry detergents
- Stain removers
- All-purpose cleaners
- Pharmaceutical
- Agro chemicals
- Fragrance



ADDITIVES

Our Key Segments

- Plastics for Polymer Producers
- Masterbatch Manufacturers, Compounders
- Polymer Processors, Packaging – Industrial & FMCG
- Constructions
- Agriculture
- Medical
- Coatings for Automotives – OEM & Refinish
- Industrial Coatings, Specialty Coatings
- Powder Coatings
- Can & Coil Coatings
- Waxes for Publication (Newsprint & Magazine) & Packaging
- Specialty Waxes for Shoe Polish
- Industrial Polish
- Leather Finish
- Road Construction
- Hot Melt Adhesives
- Textile Coatings
- Carpet back Coatings & Emulsions

Our Innovation

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

Our Innovation

We develop and market innovative & sustainable products in close co-operation with the detergent industry, ranging from the big consumer companies to specialized producers of laundry and cleaning products world-wide. We are also the world leaders in the production of glyoxal and glyoxylic acid derivatives, having over 40 years of experience with these complex molecules.

EMULSIONS

Our Key Segments

- Paint
- Construction
- Wood Adhesives
- Water based wood coatings

Our Innovation

Our state-of-the-art, environmentally responsible and sustainable product options also include water-based and tailor-made products like Mowilith®, Mowiplus® and Mowicoll® emulsions.

MINING SOLUTIONS

Our Key Segments

- Performance chemicals for mineral processing and emulsifiers



Our Innovation

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



INDUSTRIAL & CONSUMER SPECIALTIES

Our Key Segments

- Paints & Coatings
- Personal Care
- Crop Protection
- Industrial Lubricants

Our Innovation

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



LEATHER SERVICES

Our Key Segments

- Shoe uppers
- Upholstery
- Leather Garments
- Automotive
- Leather Goods

Our Innovation

We provide high quality and environment friendly leather processing chemicals and services combined with world-class knowledge of leather upgrading and chrome-free tanning solutions. From beamhouse to finishing, we enhance the complete value chain of production.



MASTERBATCHES

Our Key Segments

- Packaging
- Consumer Goods
- Textiles & Fibers
- Medical
- Automotive
- Measure Resin Producers

Our Innovation

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





PAPER

Our Key Segments

- Graphic paper/Paper boards
- Writing & Printing paper
- Copy paper, Packaging and Tissue (virgin & waste paper furnish based)

Our Innovation

Our knowledge and expertise in the management of whiteness, coloration, special coatings, deposit control and strength developments offer innovative products to improve optical and functional properties of all kind of papers and boards for any kind of applications.

PIGMENTS

Our Key Segments

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

Our Innovation

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



TEXTILE CHEMICALS

Our Key Segments

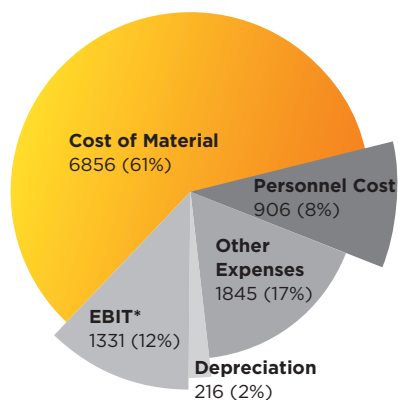
- Denim
- Apparel & Interior
- Technical Textiles

Our Innovation

Our innovative technology plays a key role throughout the entire textile supply chain – from fiber to finish. Our Advanced Denim concept has also won international innovation awards. We offer solutions like colour trend analysis, color matching technology combined with processing efficiency, nanotech effects, environment friendly solutions and unique concepts that add to the ability of customers to fast move their products to markets and stay ahead of competition.

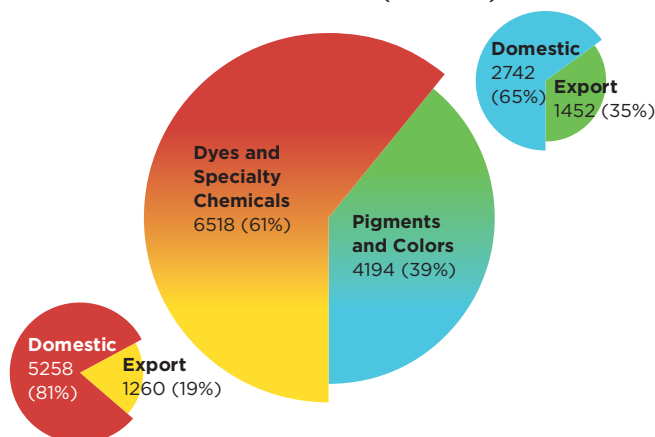
FINANCIAL PERFORMANCE

Distribution of EBIT* 2012
(₹ million)

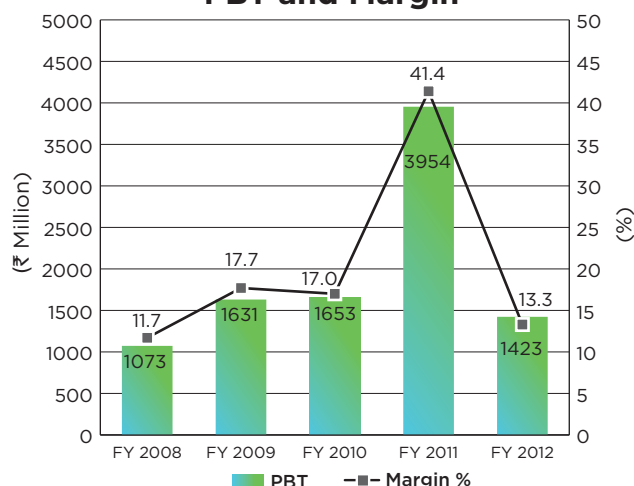


*Before exceptional items

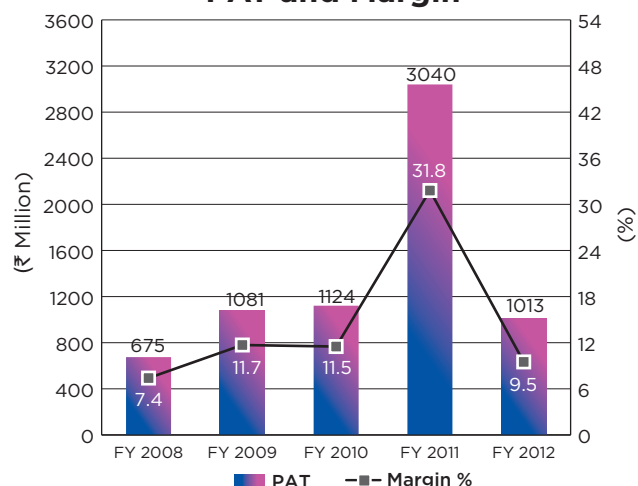
Composition of Sales 2012
Sales Divisionwise (₹ million)



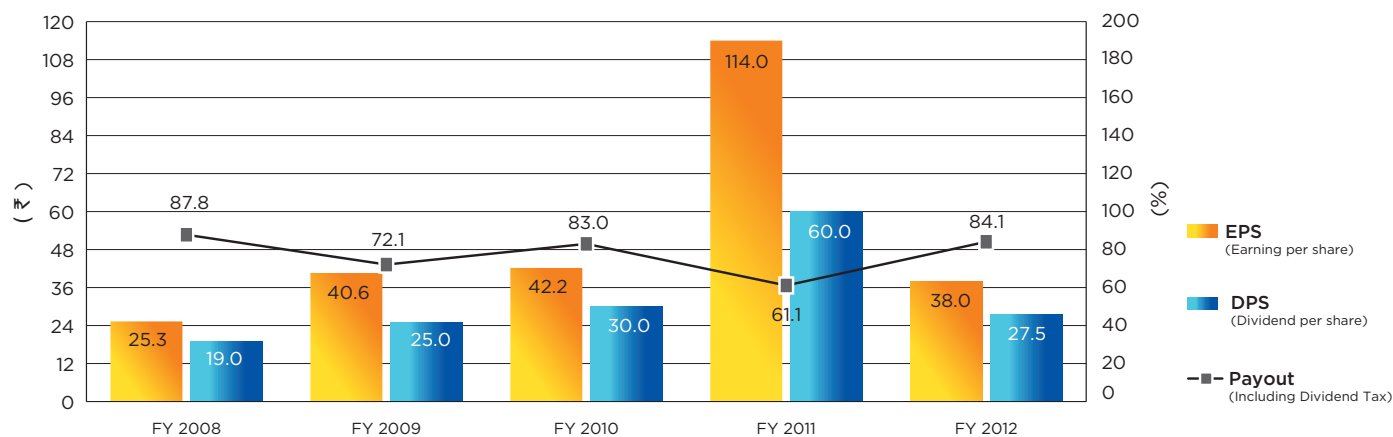
PBT and Margin



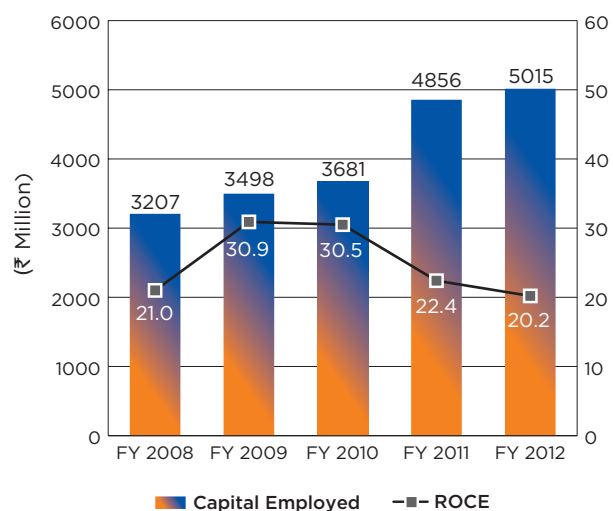
PAT and Margin



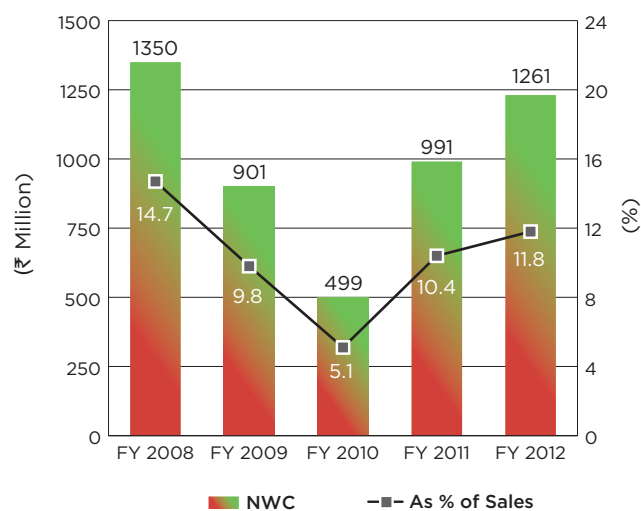
EPS, DPS and Payout



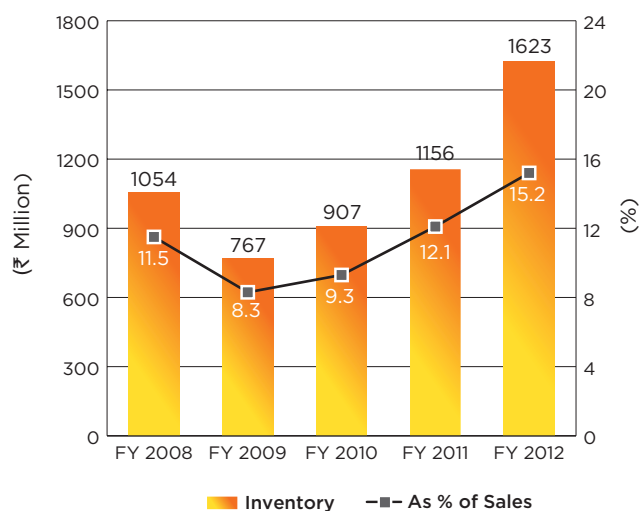
Capital Employed and ROCE



Net Working Capital to Sales



Inventory to Sales



Receivable to Sales

