



Exactly your chemistry.

Annual Report 2007
Clariant Chemicals (India) Limited

Clariant Chemicals (India) Limited

Name of the Stock Exchange	Stock Code	ISIN
BSE	CLARICHEM	INE492A01029
NSE	CLNINDIA	INE492A01029

Address for Correspondence

Registrar & Share Transfer Agents :

M/s. Sharepro Services (India) Pvt. Ltd.

Satam Estate, 3rd Floor
Above Bank of Baroda, Chakala
Andheri (E), Mumbai - 400 099
Tel: 6772 0300
Fax: 2837 56 46
e-mail ID under Clause 47(f) of Listing Agreement
clariant@shareproservices.com

Contact Person : **Mrs. Indira Karkera**
Mr. B. Dinkar

Company :

Clariant Chemicals (India) Limited

Ravindra Annexe
194 Churchgate Reclamation
Mumbai - 400 020
Tel: 2202 2161
Fax: 2202 9781

Contact Person : **Mr. Satish P. Bhattu**
Asst. Company Secretary

Annual General Meeting

Day and Date	:	Thursday, April 17, 2008
Time	:	04.00 p.m.
Venue	:	Y. B. Chavan Auditorium General Jagannath Bhosale Marg Next to Sachivalaya Gymkhana Mumbai - 400 021
Book Closure Dates	:	April 3, 2008 to April 17, 2008 (Both days inclusive)



Exacting Colors

Clariant in India offers its customers an assortment of choices to suit all kinds of fabric, with a rainbow of chemical solutions for diverse kinds of applications. Whatever be the end product – from the Rajasthani Kurtas to the fancy Stoles to ethnic Bandhani

materials to Kerala Mundus . Our technical expertise and the ability to provide customised solutions (from Fibre to Finish) has earned us the reputation of being the market leader in Textile Chemicals.

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Corporate Management



Sunil K. Nayak

Diwan A. Nanda

Bansi S. Mehta

R.A. Shah

Heiner Meier

Dominik Strebel

Peter Lindner

Dr. Andreas Walde



BOARD OF DIRECTORS**R. A. Shah**

Chairman

Heiner Meier

Vice-Chairman & Managing Director

Bansi S. Mehta**Diwan A. Nanda****Peter Lindner****Dr. Andreas Walde****Dominik Strebel****MANAGEMENT COMMITTEE****Heiner Meier**

Chairman

Sunil K. Nayak**Anjani K. Prasad****Dr. Govind G. Patkar****Sahadeo S. Patil**

Heiner Meier



Sunil K. Nayak



Dr. Govind G. Patkar



Anjani K. Prasad



Sahadeo S. Patil

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY**Sunil K. Nayak****AUDIT COMMITTEE****R. A. Shah**

Chairman

Diwan A. Nanda**Dominik Strebel****INVESTORS' GRIEVANCE COMMITTEE****Diwan A. Nanda**

Chairman

Heiner Meier**AUDITORS****A. F. Ferguson & Co.**

Chartered Accountants

INTERNAL AUDITORS**Mahajan & Aibara**

Chartered Accountants

COST AUDITORS**R. Nanabhoy & Co.,**

Cost Accountants

SECRETARIAL AUDITOR**P.C. Shah & Co.,**

Company Secretaries

SOLICITORS & ADVOCATES**Crawford Bayley & Co.****BANKERS****The Hongkong & Shanghai****Banking Corpn. Ltd.****Standard Chartered Bank****Citibank N.A.****REGISTERED OFFICE****Ravindra Annexe****194, Churchgate Reclamation****Mumbai-400 020****WORKS****Dhatav, Roha, Dist. Raigad-402 116****Balkum, Thane-400 608****Kolshet Road, Thane-400 607****Kudikadu, SIPCOT P. O., Cuddalore-607 005****Singadivakkam Village, Kanchipuram-631 561****REGISTRAR & SHARE TRANSFER AGENTS****Sharepro Services (India) Pvt. Ltd.**

Satam Estate, Chakala, Andheri (E)

Mumbai - 400 099



Our People - the key to our success

The key to our success lies in our people. Their skills, expertise and talent have helped us to achieve and sustain our leadership position. They are a highly committed, dynamic asset – and the Company will continue to draw on them for its future successes. It's our people's technical know-how, innovative ability and performance-driven mindset that enables Clariant to react swiftly and creatively to the evolving customer and market needs. That's why the company invests in its employees' personal development at all levels and provides comprehensive training and development programs.





Quality - a top priority at Clariant

Quality always comes first at Clariant. Under a Global Management System, the quality management system of Clariant Chemicals (India) Limited has earned certification for ISO-9001, ISO-14001 and ISO-18001 from the International Agency SQS (The Swiss Association for Quality and Management Systems). Our systems are subject to audit by Clariant's Global Management Systems and the certifying agency - SQS.



Clariant International Ltd

These certifications provide assurance to customers that the organization's systems and operations conform to the norms laid down by the International Organisation for Standardisation (ISO) in providing reliable products and services and at the same time protecting the environment and ensuring safe operations.

The quality control functions of each division examine incoming raw materials, conduct analytical in-process checks and inspect the finished products for compliance to specifications thus ensuring that the products reaching the customers meet the specified requirements.



Sustainable Growth

Sustainability is one of the central values for Clariant. It is our firm conviction that only the combination of economic efficiency with commitment to people and the environment can ensure sustaining success for Clariant. We have an extremely efficient environmental, safety and health management system which is integrated into all our processes and operations and regarded as part of the value chain. As part of the global family, Clariant Chemicals (India) Limited conforms to Clariant's Environment Safety and Health Policy and the requirements under local laws. We constantly strive to reduce wastages and implement improvements to the existing processes and technologies wherever possible. We consider it particularly important to use resources sparingly and to minimize the impact of our activity on the environment. This is actively supported by regular environmental reviews/audits at the local and the global level. The extensive know-how and wealth of experience of our specialists also enable us to create awareness among our customers and bring about improvements in the manufacture, processing or use of our products.



A world-class Product Safety Lab

Our Product Safety Lab at Kolshet, Thane is a unique lab and the only of its kind in India dealing with process and product safety parameters. The lab conducts: Physical Testing; Restricted Substances Testing and Ecological Testing. Clariant's own products are tested as per Clariant's internal Safety Guideline as well as based on market restrictions and statutory laws. The data generated in this lab is used to prepare and update Material Safety Data Sheets (MSDS) for each of its products.

Mounting awareness and concern for consumer and environmental protection, increasingly stringent statutory regulations, retailer standards and various eco-labeling requirements have made product safety testing a mandatory pre-requisite for doing business today. With globalization, meeting various norms, ensuring country-wise registration and providing compliance assurance has become vital for sustainable business growth. In accordance with the high priority placed by Clariant to safety issues, the new lab will ensure that Clariant's products are always compliant with current



legislation, regulations and standards. This assurance of safety will in turn provide real value to its customers and their end users.





Intermediates and Colours

We are the leading manufacturer and supplier of organic pigments having blazed a successful trail in the manufacture of organic pigments in India. Our range includes:

- High Performance Pigments for Automotive Coatings
- Precision pigments for Non-Impact Printing
- Specialty chemicals for a diverse range of applications – from colouration of viscose, soaps and detergents, stationery etc. to flame retardants and waxes for road construction

We are also India's top producer of diketene and its downstream products – esters for pharmaceuticals, amides for agrochemicals and arylides for pigments.

Our dedicated Technical Service Labs at Thane enable us provide cutting edge technology and an innovative palette specific to our customer needs.

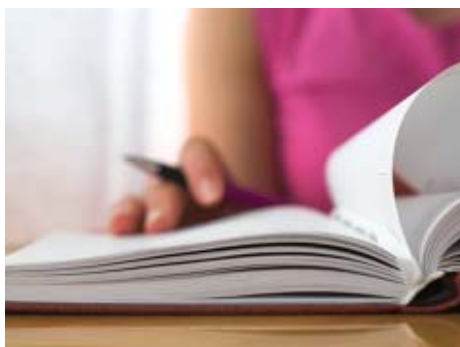


Dyes and Specialty Chemicals

One of the numero uno suppliers of specialty chemicals and dyes for the textile, leather and paper industries, Clariant in India, is dedicated to commanding a wider market presence through innovative products and need-based effective customer services. We are committed to providing safe and sustainable specialty chemicals and the highest priorities are given to personal safety and environmentally sound processes and products, which have endeared us to our customers and reinforced their confidence in us.

Our expertise in dyes and specialty chemicals makes us the perfect partner in every step of the Textile process chain – from fiber to fabric; be it pre-treatment, dyeing and finishing. Our tailor-made services to our customers are ably backed up by our Regional Service Centers for Textiles located at Surat, Panipat, Tirupur and Bangalore.

Our market leadership in India in the Leather business is fortified with a comprehensive range of dyes and wet end chemicals that caters to the retanning, dyeing and finishing of all types of leather. Need-based effective technical know-how solutions to its customers via the Leather Service Centers at Chennai and Kolkata is the cornerstone of the business. Our focused research, market development, reliable products and flexible service in providing specialty chemicals to the Paper industry has helped us earn our stripes. Optical Brightening Agents is our niche offering from Paper Business, in addition to dyes, surface chemicals and process chemicals used in the making of different grades of paper.



Our global business units - Industrial and consumer care (ICC) and Chemical management solutions (CS) along with the regional business units, cater to diverse industries such as paints, polymers, plastics, construction, pharmaceuticals, agrochemicals, personal care, detergents, home care, metal working, automotive, aviation,

mining, adhesives, oil drilling and refineries with a wide variety of products that have one common feature - the ability to modify surfaces and interfaces which is the key to solving our customers' needs.





Masterbatches

Our Masterbatches division in India is a recognized leader in color concentrates, combibatches and additives. We are respected as solution providers for thermoplastic processes. We work together with various kind of plastic processors, OEMs, as well as carpets, textile and upholstery manufacturers.

Our extensive range of products include:

- REMAFIN® for HDPE, LDPE, LLDPE, PP, Ionomer and TPE
- RENOL® for Engineering Plastics
- Universal Colour Concentrates for all polymers including PVC
- Masterbatches for Fibre Applications (Monofilaments, Multifilaments, Staples & Nonwovens)
- Functional Additives Masterbatches
- Specialties like – Antimicrobial and Flame Retardant Additive Masterbatches
- Hydrocerol (Chemical foaming and nucleating agent) for Polyolefins, Styrenics & PVC

Our partnership commitments can be measured by our customers' market leadership, their creative breakthroughs, innovations and accelerated product development.

Notice

NOTICE is hereby given that the Fifty-first Annual General Meeting of the Members of Clariant Chemicals (India) Limited will be held at Y. B. Chavan Auditorium, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai – 400 021, on Thursday, April 17, 2008 at 04.00 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Balance Sheet as at December 31, 2007 and the Profit and Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To declare a dividend for the year 2007.
3. To appoint M/s A. F. Ferguson & Co., Chartered Accountants, as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.
4. To appoint a director in place of Dr. Andreas Walde, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a director in place of Mr. B. S. Mehta, who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

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

“RESOLVED THAT Mr. Dominik Strelbel, who was appointed as a Director of the Company by the Board of Directors with effect from October 28, 2007 in the casual vacancy caused by the resignation of Mr. Walter Mohr and who holds office up to the day of this Annual General Meeting under section 262 of the Companies Act, 1956, and being eligible, offers himself for re-appointment and in respect of whom the Company has received notice in writing under section 257 of the Companies Act, 1956, along with the prescribed deposit, from a shareholder signifying his intention to propose Mr. Dominik Strelbel as a candidate for the office of Director, be and is hereby appointed as a Director of the Company whose term of office shall be liable to determination by retirement of directors by rotation.”

7. To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special resolution :

“RESOLVED THAT the consent of the Company be and is hereby accorded, under the provisions of Section 293(1)(d) of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 and subject to compliance with all applicable laws and regulations, to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any committee thereof) to borrow any sum or sums of money in any manner, from time to time, with or without security and upon such terms and conditions as they may deem appropriate, notwithstanding that the aggregate of moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business) shall not exceed at any given point of time Rs. 3000 Million or equivalent amount in any other foreign currency”.

8. To consider and, if thought fit to pass the following resolution , with or without modification, as a special resolution:

“RESOLVED THAT subject to the provisions of Section 309 of the Companies Act, 1956 and the Articles of Association of the Company and within the limits stipulated by Section 309(4) of the Companies Act, 1956, and pursuant to clause 49 of the Listing Agreement, the Company be and is hereby authorised to pay remuneration by way of commission to the Directors other than the Managing and Whole-time Directors of the Company in respect of each of the five financial years subject to the overall ceiling of 1% of the net profits of the Company for that financial year computed in accordance with the provisions of Section 198(1) of the Companies Act, 1956.”

“RESOLVED FURTHER that the Board of Directors may, at its discretion, decide the exact amount to be disbursed in each financial year by way of commission within the limits prescribed above and its allocation among the eligible Directors”.

By Order of the Board of Directors
For **Clariant Chemicals (India) Limited**

SUNIL K. NAYAK
Chief Financial Officer &
Company Secretary

Mumbai, February 21, 2008.

Registered Office:

Ravindra Annexe
194, Churchgate Reclamation
Mumbai – 400 020

NOTES:

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

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

2. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the special business under item No. 6, 7 and 8 set out above is hereto annexed.

3. Profiles of the Directors being appointed/reappointed, as required under clause 49 of the Listing Agreement, are provided in the report on Compliance of Corporate Governance.

4. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, April 3, 2008 to Thursday, April 17, 2008 both days inclusive, for the purpose of payment of dividend, if declared at the Annual General Meeting.

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

(i) in respect of shares held in demat form on the basis of beneficial ownership as per details furnished by the Depositories as at the end of the business on April 2, 2008 and

(ii) in respect of shares held in physical form to those members whose names appear on the Register of Members of the Company after giving effect to all valid share transfers lodged

with the Share Transfer Agent on or before April 2, 2008. The Company will dispatch the dividend warrants from April 18, 2008 onwards.

6. The amount outstanding in unpaid dividend account in respect of financial year 2000-2001 will be transferred to the 'Investor Education and Protection Fund' maintained with the Central Government after the end of 7 (seven) years after July 26, 2008. Members who have still not encashed their dividend are requested to encash the same at the earliest.

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

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

9. Members may please note that the Dividend Warrants are payable at par at the designated branches of the Bank printed on reverse of the Dividend Warrant for an initial period of three months only. Thereafter, the Dividend Warrant on revalidation is payable only at limited centres/branches of the said Bank. The members are therefore, advised to encash Dividend Warrants within the initial validity period.

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

Explanatory Statement under Section 173 of the Companies Act, 1956

RESOLUTION NO. 6

At the meeting of the Board of Directors ("the Board") of the Company held on October 28, 2007 the Board appointed Mr. Dominik Strebel as a Director of the Company with effect from October 28, 2007 to fill the casual vacancy caused by the resignation of Mr. Walter Mohr. Pursuant to section 262 of the Companies Act, 1956, read with Article 114 of the Articles of Association of the Company, Mr. Dominik Strebel holds office only up to the date of the forthcoming Annual General Meeting as Mr. Walter Mohr, in whose place he was appointed, would have held office up to the date of the forthcoming Annual General Meeting, had he not resigned.

Mr. Dominik Strebel has joined Clariant in 1997. He has held several management positions in Finance in Clariant. Presently he is responsible for Finance Region Special Markets. He earned a Masters degree in business administration and economics from the University of St. Gallen, Switzerland. He has joined the Board of the Company in October 2007.

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

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

The Directors recommend the Resolution for Members' approval.

No Director other than Mr. Dominik Strebel is concerned/interested in this resolution.

RESOLUTION NO. 7

At the Annual General Meeting of the Company held on September 2, 1993, the members had authorised the Board of Directors to borrow moneys up to a limit of Rs. 1250 Million. Having regard to the present factors, the Board of Directors considers it expedient to recommend increasing the limit to Rs. 3000 Million.

The consent of the Members u/s. 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 is, therefore, sought to enable the Board of Directors to borrow moneys, as and when required, up to a limit of Rs. 3000 Million (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) in supersession of the earlier resolution passed in this behalf on September 2, 1993.

With a view to have flexibility, the approval is sought for limits specified in Indian Rupees and/or equivalent in any foreign currency.

Such funds raised as above would be used for meeting expansion, acquisition, modernization, normal capital expenditure, general corporate purposes and working capital requirements, during the course of the business of the Company. The Board of Directors recommends the resolution set out in item No. 7 for the approval of the shareholders.

None of the Directors of the Company is interested in this resolution.

RESOLUTION NO. 8

Pursuant to the special resolution passed by the members at the forty fifth Annual General Meeting held in the year 2002, the Directors of the Company were paid commission within the overall limit of 1% per annum of the net profits of the Company. The approval of the members was valid for five years up to the financial year 2007.

The members approval is sought for a further period of five years in continuation of the earlier approval for payment of commission within the permissible limits as required by the provisions of section 309 of the Companies Act, 1956.

Mr. R.A. Shah, Mr. B.S. Mehta and Diwan A. Nanda may be deemed to be concerned or interested in the said resolution to the extent of the amount of remuneration by way of commission that may be received by them from time to time.

By Order of the Board of Directors
For **Clariant Chemicals (India) Limited**

SUNIL K. NAYAK
Chief Financial Officer &
Company Secretary

Mumbai, February 21, 2008.

Registered Office:

Ravindra Annexe
194, Churchgate Reclamation
Mumbai – 400 020

Directors' Report

The Directors have pleasure in presenting their Report for the year ended December 31, 2007.

FINANCIAL RESULTS

	Year ended December 31, 2007	Rupees Million Nine month period April to December 2006
Sales (Gross)	9517.1	7538.9
Less: Excise duty recovered on sales	(902.7)	(668.5)
Net Sales	8614.4	6870.4
Profit before exceptional items and taxation	806.7	502.2
Less: Exceptional items	(313.4)	5.6
Profit before taxation	493.3	507.8
Less: Provision for taxation	(175.4)	(179.1)
Profit after tax	317.9	328.7
Add: Balance brought forward from previous period	135.1	386.6
Amount available for appropriation	453.0	715.3
Appropriations:		
General reserve	31.8	33.0
Proposed dividend	266.6	479.9
Corporate tax on dividend	45.3	67.3
Corporate tax on dividend of previous period	14.2	—
Balance carried forward to Balance Sheet	95.1	135.1

Note: (Figures for the previous period are for nine months and therefore are not strictly comparable with the current period of twelve months).

BUSINESS PERFORMANCE

Sales for the year was Rs. 8614.4 Million compared to Rs. 6870.4 Million for the previous period of 9 months.

Profit after tax was at Rs. 317.9 Million, after accounting for exceptional items of Rs. 313.4 Million.

Key Ratios	Year ended December 31, 2007	Nine month period-April to December 2006
PBDIT/Total Turnover (%)	8.4	9.6
PAT/Total Turnover (%)	3.7	4.8
EPS (Rupees)	11.92	12.33 (Not annualized)
ROCE	10.2	13.8 (Annualized)
Debt: Equity	0.01	0.02

DIVIDEND

Your Directors recommend payment of dividend on equity shares @ 100% (Rs. 10/- per share) for the financial year 2007.

If approved by the shareholders at the Annual General Meeting, the Dividend will absorb Rs. 266.6 Million. The Dividend Distribution Tax to be borne by the Company will amount to Rs. 45.3 Million.

FINANCE AND ACCOUNTS

The Company continues to focus on cash flow and working capital management. The Borrowings level has reduced to Rs. 40.7 Million, compared to Rs. 62.1 Million in the previous period.

FIXED DEPOSITS

The Company did not accept any fixed deposits during the year under review. There were no overdue deposits except unclaimed deposits of Rs. 25,000/- as at December 31, 2007.

As per requirements of Section 205C of the Companies Act, 1956, the fixed deposits and interest unclaimed after completion of seven years are transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. There is no amount due and outstanding to be credited to Investor Education and Protection Fund as on December 31, 2007.

SHIFTING OF DYES & CHEMICALS PRODUCTION FACILITY FROM KOLSHET

As part of the rationalization measures undertaken by the Company, Dyes and Chemicals production facility at Kolshet was shifted to Roha and Kanchipuram during September, 2007.

WHOLLY-OWNED SUBSIDIARY

The Report along with the Audited Accounts of the subsidiary company – Chemtreat Composites India Pvt. Ltd. is annexed to this Report along with the statement pursuant to Section 212 of the Companies Act, 1956. However, in the context of the mandatory requirement to present consolidated accounts, which provide members with a consolidated position of the Company including its Subsidiary, at the first instance, members are being provided with the Report and Accounts of the Company and the consolidated accounts treating these as abridged accounts as contemplated by Section 219 of the Companies Act, 1956. Members who wish to receive the full Report and Audited Accounts including the Report and Accounts of the subsidiary will be provided with it upon receipt of a written request.

CONSOLIDATED FINANCIAL STATEMENT

The Company is also presenting consolidated Financial Statements in accordance with Accounting Standards 21 issued by The Institute of Chartered Accountants of India. In doing so, the company seeks to provide financial information about the company and the subsidiary as a single economic entity to facilitate a well-informed decision by stakeholders. The Consolidated Financial Statements form part of this Annual Report.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that transactions are authorised, recorded and reported quickly. The Company has established well defined written policies and processes across the organisation pertaining to all major activities including authority for approvals. In all cases where monetary decision is involved, various limits and authorities are in place. Structured Management Information System together with exhaustive budgetary control system covering all major operations form part of overall control mechanism to ensure that requisite information related to operation is being reported and is available for control and review.

M/s. Mahajan & Aibara, Chartered Accountants, are the internal auditors for the company and compliance function is ensured by the direct reporting to the Audit Committee of the Board. The internal auditors independently evaluate adequacy of internal control system. Based on the audit observations and suggestions, follow up and remedial measures are being taken including the increased area of coverage, if necessary.

The Statutory Auditors and Internal Auditors are invited to attend the Audit Committee Meetings.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In terms of Clause 49 of the Listing Agreements with the Stock Exchanges, the Management Discussion and Analysis Report is appended to this Report.

CORPORATE GOVERNANCE

The Company has consistently adopted high standards of Corporate Governance. As a listed Company, necessary measures are taken to comply with the Listing Agreements with the Stock Exchanges.

A report on the Corporate Governance together with a certificate of compliance from the Auditors is annexed forming part of this report.

HUMAN RESOURCES

The process of Human Resource Development was further accelerated during the year through Leadership Development Program, external training programs, and through specialized technical training and business exposure abroad.

Training in Value Based Selling was conducted as a part of a global initiative in order to sharpen selling skills.

With a view to enhancing cost effectiveness and strengthening the Company's long-term competitiveness, the Company offered a Voluntary Retirement package at its Kolshet site; 150 employees availed the package.

The Company's head count as on December 31, 2007 was 1218.

PARTICULARS OF EMPLOYEES

The statement giving particulars of employees, as required under Section 217(2A) of the Companies Act, 1956 read with the Companies

(Particulars of Employees) Rules, 1975 forms part of this report. However, as per the provision of Section 219(1)(b)(iv) of the Companies Act, 1956, the report and the statement of accounts are being sent to all shareholders excluding the above statement. Any shareholder interested in obtaining a copy of this statement may write to the Company Secretary at the Registered office of the Company.

DIRECTORS

Demise

Mr. K.J. Bharucha, Director passed away on August 24, 2007.

Resignation

Mr. Walter Mohr, Director, resigned from the Board of Directors with effect from October 28, 2007.

Appointment

At the meeting of the Board of Directors of the Company held on October 28, 2007, the Board appointed Mr. Dominik Strebel as a director of the Company with effect from October 28, 2007 to fill the casual vacancy caused by the resignation of Mr. Walter Mohr. Notice has been received under Section 257 of the Companies Act, 1956 from a shareholder proposing Mr. Dominik Strebel as a Director of the Company.

Retirement by Rotation

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Dr. Andreas Walde and Mr. B.S. Mehta, the Directors, are due to retire at the forthcoming Annual General Meeting, and being eligible, have offered themselves for re-appointment.

Details of the Directors seeking re-appointment are provided in the Corporate Governance Report forming part of this Report, as required under Clause 49 of the Listing Agreement with the Stock Exchanges.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm –

- (a) that in the preparation of the annual accounts, the applicable accounting standards have been followed.
- (b) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at December 31, 2007 and of the profit of the Company for that year;
- (c) 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;

- (d) that the Directors have prepared the annual accounts on a going concern basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Statements giving the particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under the Companies (Disclosure of Particulars in the Board of Directors' Report) Rules, 1988 are annexed.

AUDITORS

M/s. A.F. Ferguson & Co., Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment as Auditors.

COST AUDIT

The Board of Directors in pursuance of an order under Section 233B of the Companies Act, 1956 issued by the Government, has appointed M/s. R. Nanabhoy & Co., Cost Accountants, Mumbai, as Cost Auditors to audit the cost accounts maintained by the Company in respect of Dyes for the financial year 2007.

ACKNOWLEDGEMENT

The Board of Directors wishes to express its gratitude and record its sincere appreciation of the dedicated efforts of all the employees, their commitment and professionalism despite the challenging environment.

The company continued to receive co-operation and unstinted support from the customers, distributors, suppliers and other business partners.

The Directors take this opportunity to express their grateful appreciation of the excellent assistance and co-operation received from Government bodies, bankers and ongoing support received from Clariant group companies. The Directors are thankful to the esteemed shareholders for their support and the confidence reposed in the Company.

For and on behalf of the Board of Directors,

R.A. SHAH
Chairman

Mumbai, February 21, 2008

Annexure to the Directors' Report

Information as per Section 217(1)(e) read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended December 31, 2007.

FORM-A

Particulars with respect to conservation of energy

A. POWER AND FUEL CONSUMPTION:

	Current year January 07 to December 07	Previous period April 06 December 06
1. Electricity:		
(a) Purchased:		
Unit (in '000 Kwh)	56387	37107
Total amount (Rs. Million)	253.7	158.6
Rate per Unit (Rs.)	4.50	4.27
(b) Own Generation:		
(i) Through Diesel Generator		
Unit (in '000 Kwh)	840	493
Units per Litre of diesel oil	3.24	3.41
Cost per Unit (Rs.)	10.18	9.34
(ii) Through Steam Turbine/Generator	Nil	Nil
2. Coal		
Quantity (MT)	2570	Nil
Total Cost (Rs. Million)	12.2	Nil
Average rate (Rs. per Kg.)	4.75	Nil
3. Furnace Oil (including L.S.H.S.)		
Quantity (MT)	3386	3560
Total Cost (Rs. Million)	61.1	65.1
Average rate (Rs. per Kg.)	18.04	18.29
4. Other Internal generation	Nil	Nil
5. Agro Mass Briquettes		
Quantity (MT)	16125	11108
Total Cost (Rs. Million)	55.2	37.2
Average rate (Rs. per Kg.)	3.42	3.35
6. Lignite/Fire Wood		
Quantity (MT)	3125	1455
Total Cost (Rs. Million)	4.3	2.0
Average rate (Rs. per Kg.)	1.38	1.37

B. CONSUMPTION PER UNIT OF PRODUCTION:

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

Conservation of Energy

- Reduction of water consumption through re-cycling.
- Continued use of Agro Briquette for generating steam.
- Replacement of conventional dryers by efficient ones to reduce steam consumption.
- Installation of Variable Frequency Drives on various process equipment for power saving.
- Waste Water Treatment Plant up-gradation for reduction in power consumption.
- Use of alternate fuel for substantial reduction of fossil fuel.
- Process modification for reduction of ice consumption per ton products.
- Savings in electricity due to reduction in batch cycle time of various products.
- Installation of energy efficient pumps for water supply system in the factory and other utilities like steam and ice generation.
- Replacement of old insulation by better quality insulation on utility lines to reduce heat losses.
- Installation of solar heating systems for locker rooms.

Additional investment and proposals planned:

- Use of coal gas for drying operation.
- Installation of solar street lights.

Impact on operation

The adoption of energy conservation measures indicated above has resulted in substantial savings in the energy cost.

FORM-B

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

Research & Development

1. Specific Areas in which R&D carried out by the Company:

The R&D department continued to direct its efforts towards the development of technology for fine chemicals for active ingredients in pigments, pigment preparations, surfactants and auxiliaries meant for the local and export markets.

2. Benefits derived as a result of the above R&D:

R&D work resulted in enrichment of the Company's product range with promising new products and higher value addition due to cost reduction by way of process improvements, energy savings and reduction of chemical waste.

3. Future plan of action

R&D activities will be further strengthened. The infrastructure has been improved.

4. Expenditure on R&D :

	2007 (Rs. Million)	April-December 2006 (Rs. Million)
(a) Capital	0.5	2.4
(b) Revenue	33.8	33.0
(c) Total	34.3	35.4
(d) Total R&D expenditure as a percentage of total turnover	0.40%	0.52%

Technology absorption, adaptation and innovation:

1. Efforts, in brief, made towards technology absorption, adaptation and innovation:

The R&D department absorbs the knowledge of chemical technology from various sources such as know-how from the

parent company and its worldwide affiliates, their own experimental data bank, published literature etc. and thereafter adapts the same to the Company's infrastructure, effect improvements to the products and processes of the Company including containment of pollution and control of effluents.

2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.:

Benefits derived from these efforts include process rationalisation, product quality improvement, import substitution and overall cost reduction.

3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished

(a) Technology imported	:	NIL
(b) Year of import	:	N.A.
(c) Has technology been fully absorbed?	:	N.A.

Foreign Exchange Earnings and Outgo

(Rs. Million)

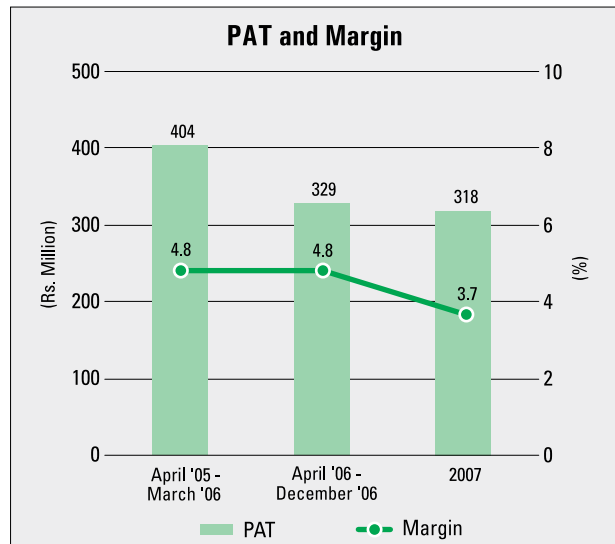
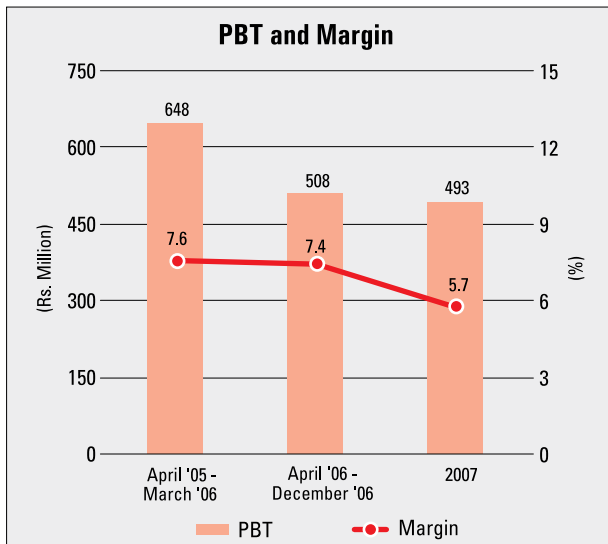
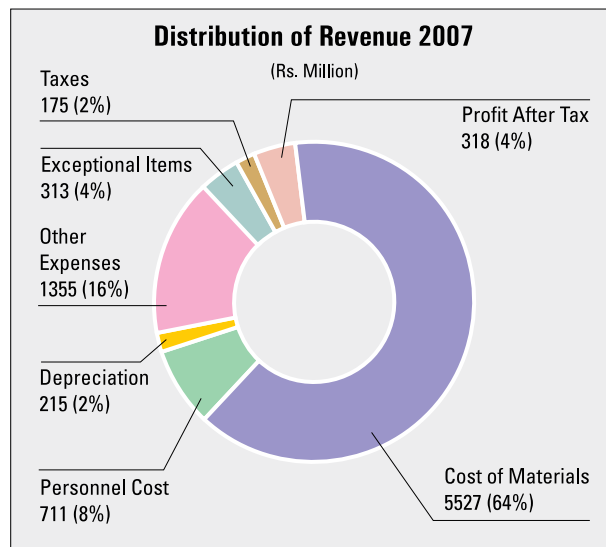
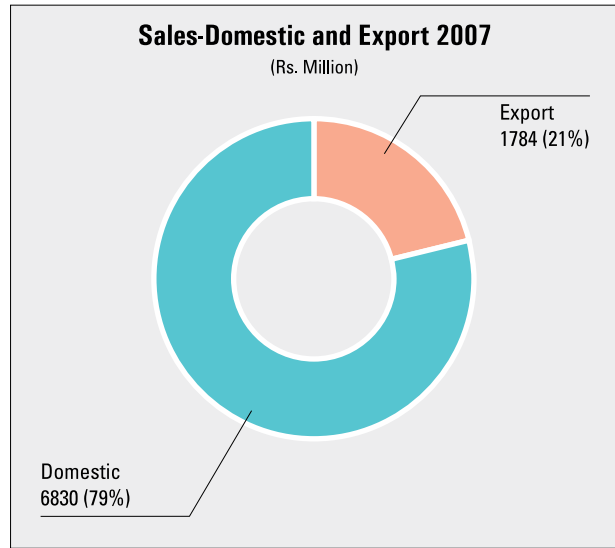
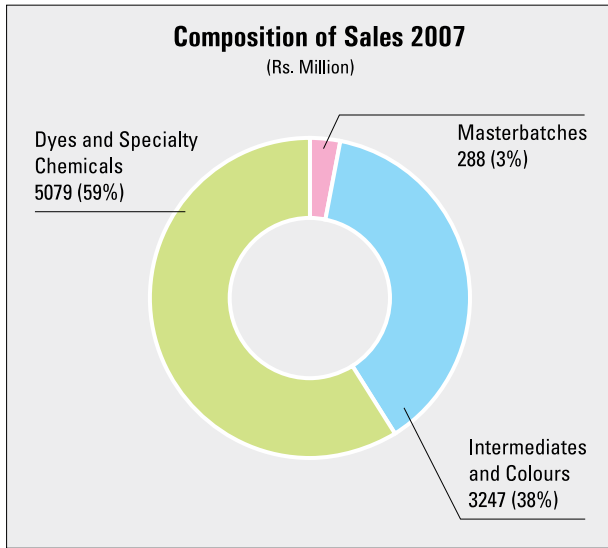
1. Total foreign exchange earned	:	1866.6
2. Total foreign exchange used	:	2042.6

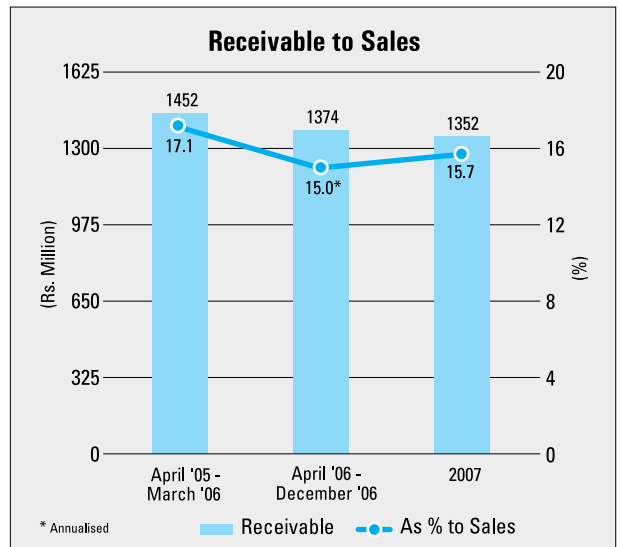
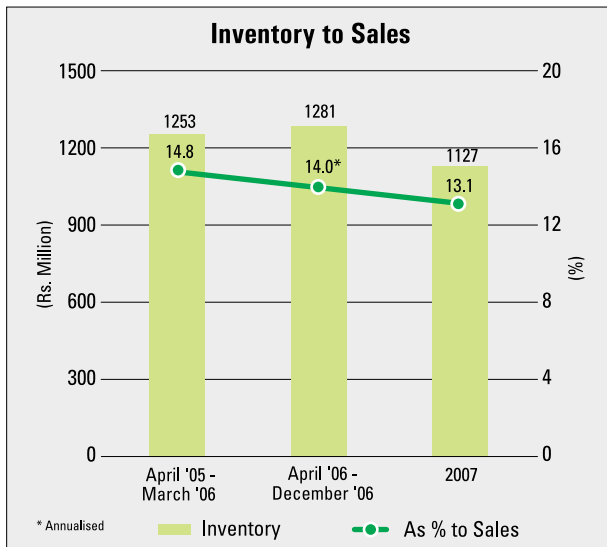
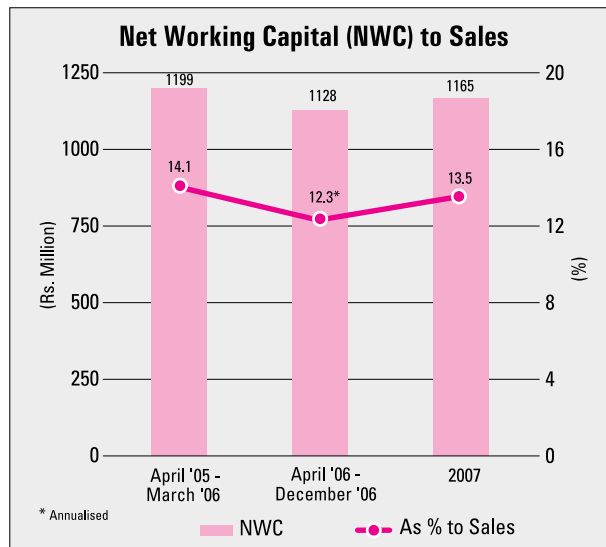
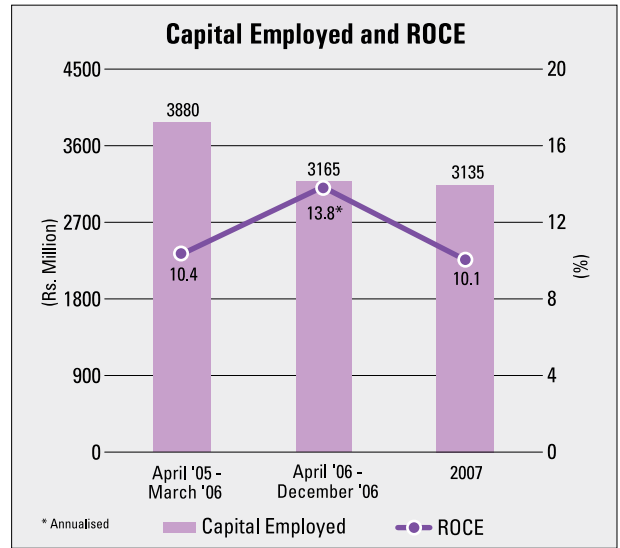
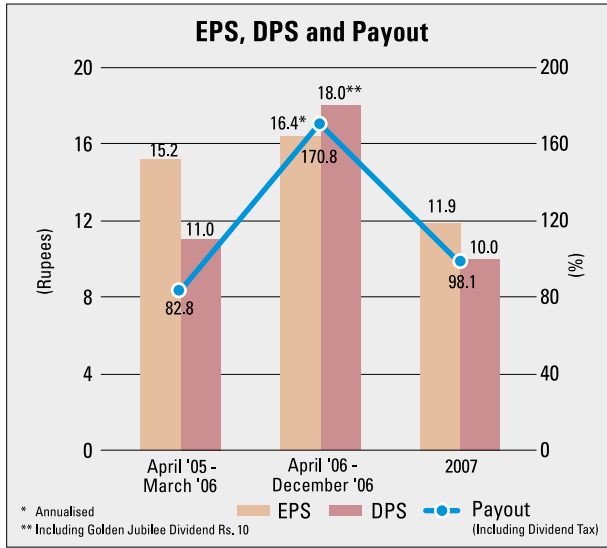
For and on behalf of the Board of Directors

R.A. Shah
Chairman

Mumbai, February 21, 2008

Financial Performance





Management Discussion and Analysis

Industry Structure and Development

The Indian economy is expected to grow at 8.7% in 2007-2008 – the weakest pace since 2005 compared with the growth of 9.6% in 2006-07 and 9.4% in 2005-06. The slowdown in GDP is mainly due to slowdown in the manufacturing sector, which is expected to expand 9.4% this fiscal, compared with 11.82% in 2006-07.

Textile

The Indian Textile Industry is 80% occupied with Apparel segment, the ratio will change towards more growth in Technical Textiles, Automotives, Carpets and Home Textiles. Technical Textiles is one of the faster-growing sectors of the global Textile Industry. Technical Textiles is an emerging area for investment in India.

Pantone, the global authority on colour provider of professional colour standards for the Textile Business of Clariant International Ltd, had announced a strategic partnership that will turn textile color development into a vehicle for increased productivity and revenue for the fashion and home furnishings industries worldwide

Leather

The Council of Leather Exports is strengthening the marketing effort for investing in Leather Industry in India. More joint ventures are upcoming for Shoe Upper and Shoe factories. Leather production growth is expected to be 1-2% in 2007-2008, since joint venture companies are supplying finished leather to Indian partners. Main areas of growth is expected to be in Shoe Uppers and Upholstery.

Paper

The Indian Paper Industry is among the top 15 global players today, with an output of more than 6 million tonnes annually and with an estimated turnover of Rs. 150,000 million. Paper Industry in India is riding on a strong demand and on an expanding mood to meet the projected demand of 8 million tonnes by 2010 and 13 million tonnes by 2020.

Paints

The paint industry, year after year, is growing at a consistent pace due to increased disposable income in the hands of consumers. Increasing affordability to buy homes has led to a rise in high paint sales. In addition to this, the frequency with which renovations are done, has also been the major growth driver in paint sales. These factors has led to higher demands for our pigments for paints in decorative segments.

Packaging

The packaging industry is serviced by the pigments, additives and masterbatches businesses. Increased affluence has made more products affordable to a larger section of the population. The new found prosperity and changing life styles has resulted in a booming market for convenience products, both in the food and non-food sectors. This, in turn, has led to a growing market for convenient packing materials, easy to pour dispensing caps etc. The packaging industry has good potential and over the next five years is expected to grow at 8 to 10% per annum.

Segment-wise Performance:

The specialty chemicals industry comprises of wide range of products from textile dyes and chemicals, leather dyes and chemicals, paper chemicals, rubber chemicals, masterbatches, pigments, additives, electronic chemicals, fine chemicals, water treatment chemicals, adhesives etc.

(a) Intermediates and Colours

The Company deals in pigment dyestuffs & their dispersions and diketene derivatives. The Company has a strong presence in organic pigments and serves the needs of the paints, printing inks, plastics, rubber, detergents, cosmetics and other industries. It is a leader in diketene chemistry and has the capacity to manufacture large volumes of this important building block, in a wide range of derivative forms. It is therefore, a pre-eminent player in the diketene based intermediates business serving pharmaceuticals, agrochemicals, dyes and pigment industries in India.

This segment is taking special efforts to promote safer pigments (Lead/Chrome replacement). Also is spreading awareness on uses of non-halogenated Flame Retardants.

Our focused Technical Service laboratories at Balkum enable us to provide the cutting edge technology and an innovative palette specific to our customer needs.

The total sales under this segment for the year were Rs. 3,247 Million. Margin continued to remain under pressure due to competition and volatility in material prices.

(b) Dyes and Specialty Chemicals

Clothing, colour, fashion, durability and comfort are everyday terms for every one. Clariant's specialty chemicals make a decisive contribution to enhance the performance, look and feel of the final products of our customers and also add protection and strength to such products.

Textile, leather, paper, detergents and cleaning, personal care products, are amongst the numerous industries wherein your Company has varied range of specialty chemicals products.

The total sales under this segment for the year was Rs. 5,079 million. Sales were affected especially of textile chemicals due to impact of rupee appreciation which lowered sales of our customers.

The Company is developing competence in Technical Textiles as this is becoming an upcoming segment where the usage of fluoro chemicals and coating based products will be in focus. Denim Segment is looking for more innovation finishes and color effects and ecology friendly concepts for which Clariant will be in focus on Sulphur Dyes and breathable coating.

The trend towards the home textile market development in India and economical mass market of apparel is leading to a more continuous operations where our business has specific packages to offer in the preparation dyeing and finishing. Also with the home textile boom, the printing segment is also under focus.

High cost factors in China are forcing top global paper companies to look at opportunities in India. Strong growth is expected in surface and coating chemicals. The Company has developed customized direct dyes for customers. The Government is recognizing the significant impact of the paper industry on the environment and has intensified environmental regulation.

(c) Masterbatches

The market in India continues to be in the growth phase. In general, many of the manufacturers, are in an expansion mode. The demand from the customer and packaging sector is growing thereby garnering more business. However, intense competition, especially from local players, are putting our margins under pressure.

Segment-wise performance

(Rs. Million)

Segment	2007 Rs. in Million	% to total sales	9 month period- April-Dec. 2006	% to Total sales
Intermediates & colours	3247	37.7	2556	37.2
Dyes & specialty Chemicals	5079	59.0	4135	60.2
Masterbatches	288	3.3	179	2.6
Total	8614	100	6870	100

Your Company continues to focus – (a) on improving efficiency in operations, (b) on margin improvement, (c) on net working capital to improve cash flow.

Cautionary Statement

Statements in this Report particularly those which relate to "Management Discussion & Analysis" may constitute forward looking statements within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed or implied in the statement since the Company's operations are influenced by many external and internal factors beyond the control of the Company.

Threats, Risks and Concerns

The risk framework involves identifying risks across each of the business processes of the Company. As with any business organisation, the Company's activities expose it to a variety of risks.

(a) Product and environmental risks

Risk arising from product liability is protected through insurance policies or limited through contractual agreements wherever possible.

Risk associated with protection of environment, safety of operations and health of people at work is monitored regularly with reference to statutory regulations prescribed by the government authorities and guidelines defined by Clariant. The Company does not merely fulfill the legal requirements concerning emission, waste water and waste disposal, but actually works to even stricter self imposed standards.

(b) Financial risks

Financial risk management is carried out by the treasury department under policies approved by the Board of Directors. Written policies for overall foreign exchange risk and investing excess liquidity are in place.

(c) Market Risks

FOREX Risk: The company is exposed to forex risks arising from various currency exposures, primarily with respect to USD, GBP, Euro and Swiss Franc. The company has an appropriate policy in place and covers the risk partly through hedging by means of forward transactions.

Interest risk: Interest risk mainly arises from financial debt. The policy is to borrow in fixed rate instruments provided the risk of rising interest rates is seen to be material. Downside interest views allow for a lower fixed rate portion of interest bearing financial debt.

Liquidity risk: Sufficient and not excessive cash and marketable securities are kept and investment is made mainly in debt oriented mutual funds.

Credit risk: Credit risk policy is in place to ensure that sale of products is made to customers after an appropriate credit limit allocation process.

Litigation Risks: The outcome of litigation in matters of tax law or in any other statutory obligation cannot be predicted and therefore poses a risk. In this context, too, insurance policies, liquidity reserves and credit lines limit the risk for the Company.

IT Risks: Computer risk is associated with failure of the system network resulting in disruption of operations and consequential loss of business. The Company's business critical software is operated on a server with regular maintenance and back-up of data. The global communication network is managed centrally and is equipped to deal with failures and breakdowns. Updated tools are regularly loaded to ensure virus free environment.

On behalf of the Board of Directors

R.A. SHAH
Chairman

Mumbai, February 21, 2008

Report on Corporate Governance

COMPANY'S CORPORATE GOVERNANCE PHILOSOPHY

Corporate Governance today has emerged as an integral part of the business environment. It is not only a pre-requisite for attaining sustainable growth in emerging global market scenario but is also a culmination of the parameters of fairness, accountability, disclosures and transparency to maximize value for the stakeholders of the Company.

The governance practices adopted by your Company have played an instrumental role in its pathway to success. All the procedures, policies and practices followed by the Company reflect sound governance principles. Comprehensive disclosures, structured accountability in exercise of powers, at par with international standards and commitment in compliance with regulations and statutes in letter as well as in spirit have enabled your Company to enhance the shareholder value.

Clariant believes that e-governance is another milestone to good governance. The Company has immediately oriented itself to the commendable and proactive e-governance initiative displayed by Ministry of Company Affairs (MCA) with an objective to provide prompt and efficient services to stakeholders by MCA.

The Company has complied with all the regulations required by SEBI through the listing agreement. This report, along with the report of Management discussion and Analysis and additional information for the shareholders in the foregoing paras, constitutes Clariant's compliance with clause 49 of the Listing Agreement.

1. Group Structure:

Clariant is a global leader in the field of specialty chemicals. Clariant Chemicals (India) Limited is an affiliate of Switzerland based Clariant group, which is represented on five continents with over 100 group companies, employs about 21,000 people and is headquartered in Muttenz near Basel, Switzerland. Clariant Chemicals (India) Limited operates in the following segments: Intermediates & Colours, Dyes & Specialty Chemicals and Masterbatches.

2. Board of Directors:

2.1. Composition:

The Board of Directors of the Company comprise of an optimal proportion of executive and non-executive Directors. The Directorate of your Company consists of one executive director and six non-executive directors out of which three are independent. The Chairman of the Board is non-executive independent Director. All the Directors except the executive Director are liable to retire by rotation and one third are liable to retire at every Annual

General meeting as per Article 128 of the Article of association. All retiring Directors are eligible for re-election.

As provided in Article 109 of the Articles of Association of the Company the number of members on the Board should not exceed twelve.

The Board members are expected to attend and participate in the Board meetings and Committee meetings in which they are members.

2.2. Election and terms of office:

As on December 31, 2007 all the Directors except Mr. H. Meier are subject to retire by rotation. Mr. H. Meier was appointed as Vice-Chairman & Managing Director on contractual basis for a period of three years commencing from April 1, 2006.

The following table gives the date of appointment/re-appointment of members of the Board of Directors:

Name of Director	Date of last appointment/re-appointment
Mr. R. A. Shah	April 19, 2007
Mr. H. Meier	April 1, 2006
Mr. P. Lindner	April 19, 2007
Dr. A. Walde	July 27, 2006 (To be re-appointed at the ensuing AGM)
Mr. B. S. Mehta	July 27, 2006 (To be re-appointed at the ensuing AGM)
Diwan A. Nanda	April 19, 2007
Mr. D. Strebel (Appointed in casual vacancy caused by resignation of Mr. W. Mohr)	October 28, 2007 (To be re-appointed at the ensuing AGM)

2.3. Profile of Members of the Board of Directors being re-appointed:

Mr. D. Strebel

Mr. D. Strebel has joined Clariant in 1997. He has held several management positions in Finance in Clariant. Presently he is responsible for Finance

Region Special Markets. He earned a Masters degree in business administration and economics from the University of St Gallen, Switzerland. He has joined the Board of the Company in October 2007. He does not hold any shares in Clariant Chemicals (India) Limited.

Dr. A. Walde

Dr. A. Walde is a citizen of Switzerland and is associated with Clariant group for more than 20 years and has held various positions and presently he is General Counsel in the Clariant group.

Mr. B. S. Mehta

Mr. B. S. Mehta is a senior partner of practising Chartered Accountant firm M/s. Bansi S. Mehta & Co. and holds Directorships in the following other Companies :

Name of the Company/Firm	Nature of interest
Atul Limited	Director
Bharat Bijlee Limited	Director
Century Enka Limited	Director
Ceat Limited	Director
Gillete India Limited	Director
Housing Development Finance Corporation Limited	Director
J.B. Chemicals & Pharmaceuticals Limited	Director
Procter and Gamble Hygiene and Health Care Limited	Director
Sasken Communications Technologies Limited	Director
S.B.I. Capital Markets Limited	Director
Sudarshan Chemical Industries Limited	Director
Chemtall Rai India Limited	Alternate Director
Uhde India Limited	Alternate Director
Jumbo World Holdings Ltd. (Foreign Co.)	Director
IL&FS Investment Managers Limited	Director
National Securities Depository Limited	Director
Pidilite Industries Limited	Director

2.4 Board Meetings:

In compliance with the provisions of clause 49 of the listing agreement, the Board meets at least once every quarter to review the performance and to deliberate and consider other items on the agenda. During the year under review, four (4) meetings were held on:

**February 22, 2007;
April 19, 2007;
July 26, 2007 and
October 28, 2007.**

The effectiveness of the decision-making of the Board is strengthened by its structure and procedures. The Board of your Company meets at regular intervals, with sufficient notice of the issues and the Agenda to be discussed and backed by the necessary information and material to enable the Directors to discharge their fiduciary responsibilities in an efficient manner. All the deliberations and decision concluded at each meeting are appropriately recorded and minuted. The draft minutes of each

meeting are circulated to the members of the Board for their perusal and then finalized. Also as a good governance practice, all the information and data, relevant for the board to understand the business of the Company in general as well as the agenda items circulated to the board, are comprehensive in nature.

The board has complete and unrestricted access to any information required by them about transactions and take decisions.

Following information *interalia* is supplied to the board on a periodical basis :

- Annual Budget, operating plans and budgets, capital budgets,
- Quarterly, half-yearly and annual results of the company and its operating divisions or business segments along with the consolidated results of the group.
- Minutes of the meetings of Board, Audit and Investor's grievance committees including that of subsidiary company;
- Cost Audit report/Secretarial audit report;
- Annual budget and performance targets;
- Opportunities for merger & acquisition;
- Appointment of statutory, secretarial auditor, cost auditor & internal auditor;
- Appointment of key management positions;
- Issues relating to shareholders – such as ratification of transfers, demat status, pending grievances, issue of duplicate share certificates, etc;
- Materially important show cause, demand, prosecution and penalty notices;
- Review of Foreign exchange exposures and exchange rate movement, if material;
- Contracts in which Director(s) are deemed to be interested;
- Defaults in payment of statutory dues, if any;
- Matters requiring statutory/board approvals;
- Approval of related party transactions
- Status on compliance of any regulatory or statutory nature or listing requirement;
- Issue/revocation of Power of Attorney;
- General disclosure of interest;
- Commission payable to Directors.

The following table gives the attendance of the Directors at the Board meetings of the Company and also the other Directorship and Chairmanship/membership in Board committees.

Director's Attendance Record and Directorship*

Name of the Director	Category	Particulars of Attendance			No. of other Directorships and Committees memberships/ Chairmanships in Indian Public Companies#		
		Number of Board Meetings	Last AGM held on April 19, 2007	Other Directorships as on December 31, 2007	Committee Memberships	Committee Chairmanships	
							Held
Mr. R. A. Shah DIN 00009851	Non-Executive Independent	4	4	Attended	14	8	5
Mr. H. Meier DIN 00726512	Executive	4	4	Attended	None	1	None
Late Mr. K.J.Bharucha DIN 00081567 (Upto August 24, 2007)	Non-Executive	4	3	Attended	N.A.	N.A.	N.A.
Mr. P. Lindner DIN 01417833	Non-Executive	4	1	Attended	None	None	None
Dr. A. Walde DIN 01417867	Non-Executive	4	1	Attended	None	None	None
Mr. B.S. Mehta DIN 00035019	Non-Executive Independent	4	4	Attended	14	10	5
Diwan A. Nanda DIN 00034744	Non-Executive Independent	4	3	Attended	4	2	1
Mr. W. Mohr DIN 01417793 (Upto October 28, 2007)	Non-Executive	4	0	Not attended	None	None	None
Mr. Dominik Strebél DIN 01859786 (From October 28, 2007)	Non-Executive	4	Not Applicable	Not Applicable	None	None	None

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

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

2.5 Management Committee:

The board of directors of the company provides leadership and strategic guidance, while the Management committee administers the affairs of the company's business on a day to day basis. The committee consists of Vice-Chairman & Managing Director, Chief Financial Officer & Company Secretary and the respective Head of businesses. The Management committee is chaired by Mr. H. Meier, Vice-Chairman & Managing Director and includes as indicated in the table:

Management Committee	
Mr. H. Meier	Vice-Chairman & Managing Director Business – Functional Chemicals
Mr. S. K. Nayak	CFO & Company Secretary
Mr. A. K. Prasad	Business – Textiles, Leather & Paper
Dr. G.G. Patkar	Business – Pigments & Additives
Mr. S. S. Patil	Business – Masterbatches

Committees of the Board:

The board has constituted two committees viz., Audit committee and Investor Grievance Committee. The roles and responsibilities assigned to these committees are covered under the terms of reference approved by the Board and are subject to review by the board from time to time. The minutes of the meetings of these committees are placed before board for their discussions and noting. The details as to their composition, terms of reference, number of meetings and related attendance etc. of these committees are provided below:

3. Audit Committee:

3.1 Composition:

The audit committee was formed in 2001 and has been reconstituted over the years as per the legal requirements from time to time. During the period under review, Mr. R.A. Shah, Non-Executive Independent Director, Diwan A. Nanda, Non-Executive Independent Director and Mr. K.J. Bharucha, Non-Executive Director were the three members upto August 24, 2007. Consequent upon the sad demise of Mr. K.J. Bharucha on August 24, 2007 the Board nominated Mr. Dominik Strelbel as member of the Audit Committee on October 28, 2007. Mr. R.A. Shah chairs the committee. The statutory auditors, internal auditors and cost auditors are also invited to attend the audit committee meetings from time to time.

Vice-Chairman & Managing Director attends the audit committee meetings. Mr. Sunil K. Nayak, Chief Financial Officer & Company Secretary represents the finance function and also acts as Secretary to the committee. All major variances affecting the performance of the Company are discussed and explained. During the year under review, four meetings of the Audit Committee were held on –

February 22, 2007;
April 19, 2007;
July 26, 2007 and
October 26, 2007.

All the meetings were attended by Mr. H. Meier, Vice-Chairman & Managing Director and Mr. Sunil K. Nayak, Chief Financial Officer & Company Secretary.

Attendance at Audit Committee meetings

Name of Director	Category	Status	Number of Meetings	
			Held	Attended
Mr. R.A. Shah	Independent	Chairman	4	4
Diwan A. Nanda	Independent	Member	4	4
Late Mr. K.J. Bharucha (upto August 24, 2007)	Non-Independent	Member	4	3
Mr. Dominik Strelbel (Appointed on October 28, 2007)	Non-Independent	Member	4	N.A.

3.2 Scope of Audit Committee:

The Audit Committee acts as a link between the statutory, internal auditors and the Board of Directors. The Audit committee makes recommendations to the Board within the delegated authority. The terms of reference of the audit committee are in accordance with clause 49(II) of the listing agreement entered into with the relevant stock exchanges and include:

- Effective supervision of financial reporting processes;
- Ensuring completeness of coverage, accurate, timely and proper disclosure of financial reporting;
- Review of annual, half yearly and quarterly financial results before submission to the Board;
- Review of cost audit report;
- Review of adequacy of internal audit and control and actions arising out of reports;
- Ensure compliance with accounting standards and with listing agreements with respect to the financial statements;
- Discussion with statutory and internal auditors on the scope of audit, general observations, significant findings and follow-up thereon;
- Recommending the appointment of Statutory auditors and approval of payments to statutory auditors for any other services;
- Statement of significant related party transactions;

In fulfilling the above role, the Audit Committee has powers to investigate any activity within its terms of reference, to seek information from employees and to obtain outside legal and professional advice. The draft minutes of the audit committee meetings are circulated among members before the same is confirmed and placed before the Board.

4. Remuneration Committee:

The Company has not constituted a remuneration Committee as all compensation/remuneration payable to the directors are approved by the shareholders in the general meeting.

The Company has no pecuniary relationship or transaction with its Non-executive directors other than payment of commission, which has been approved by the shareholders and payment of dividend on equity shares, if any, held by directors in the Company. The Company has sought the expert legal advice of M/s Crawford Bayley & Co., Solicitors & Advocates in certain matters and a sum of Rs. 1,84,250 has been paid as professional fees to the said firm during the year ended at December 31, 2007. Mr. R. A. Shah, who is the Chairman of the Company, is the senior partner of the said firm. The aforesaid professional fee is not considered material enough that may have potential conflict with the interest of the Company and to impinge on the independence of Mr. Shah.

The remuneration structure of Mr. H.J. Meier, Vice-Chairman & Managing Director, head of the organisation, is based on performance and defined criteria. The yearly increments are decided by the Board of Directors within the limits approved by the members pursuant to provisions of the Companies Act, 1956. The remuneration comprises of salary, commission linked with performance, perquisites and benefits as per company rules. The service contract with the Vice-Chairman & Managing Director is for a period of three years ending on March 31, 2009 with a notice period of six months by either of the party for termination.

In accordance with the resolution passed at annual general meeting held on July 28, 2005 the shareholders have approved the payment of sitting fees to non-executive Directors subject to the provisions of Section 198, 309 and other applicable provisions of the Companies Act, 1956. The Company has accordingly provided for the commission to its non-executive independent Directors in addition to the sitting fees for the meetings of board and committees attended by them except in case of Mr. P. Lindner, Dr. A. Walde and Mr. Dominik Strebel and hence, do not draw any remuneration from the Company.

The details of remuneration paid/payable to the directors for the year ended December 31, 2007 are as under:

Name of Director	Rupees			
	Sitting fees	Salary & Perquisites	Commission	Total
Mr. R. A. Shah	40,000	NIL	3,00,000	3,40,000
Mr. H. Meier	NIL	1,31,50,000	21,00,000	1,52,50,000
Mr. B. S. Mehta	20,000	NIL	2,50,000	2,70,000
Diwan A. Nanda	50,000	NIL	2,50,000	3,00,000
Late Mr. K. J. Bharucha (upto August 24, 2007)	30,000	NIL	NIL	30,000

Note: There was no contribution made to Provident Funds and Superannuation Funds.

5. Investors' Grievance Committee:

The members of Investor's Grievance Committee comprise of Diwan A. Nanda non-executive independent director as Chairman and Mr. H. Meier Vice-Chairman & Managing Director as a member. The committee oversees share transfers and monitors redressal of shareholder complaints received by the Company and their resolution. The committee met three times (April 19, 2007, July 26, 2007 and October 26, 2007) during the year.

To expedite the process of physical transfer of shares the Board has delegated the authority to Mr. Sunil K. Nayak, Chief Financial Officer & Company Secretary who is the compliance officer of the Company. The physical transfers of shares approved are ratified at the subsequent Board meeting.

In accordance with the authority granted by the Board, Mr. Nayak deals with the following matters concerning shareholders at least once in a fortnight:

- Transfer/Transmission of physical shares
- Split/Sub-division and Consolidation of physical shares
- Rematerialisation of shares

M/s Sharepro Services (India) Private Limited, the Registrar and Share Transfer Agents, deals with all shareholders related matters whether it relates to the physical or demat form.

The Company has retained the services of a practising Company Secretary to perform Secretarial Audit every quarter. No materially significant non-compliance from established procedures is reported.

Ten complaints were received from SEBI which related mainly to the non-receipt of dividend and Annual report. In view of the posting of the dividend and annual reports at the appropriate time the delay or non-receipt of the dividend or the Annual Report, as the case may be, was not due to any lapse on the part of the Company. Upon confirmation from the Bankers about unclaimed position they were paid the dividend by demand draft, and were sent extra copy of the Annual Report wherever demanded. There was no investor grievance which remained unattended and pending as on December 31, 2007.

Attendance of Investors Grievance Committee Meetings:

Name of Director/ Secretary	Category	Status	Number of Meetings	
			Held	Attended
Mr. Diwan A. Nanda	Non-executive Independent Director	Chairman	3	3
Mr. H. Meier	Executive Director	Member	3	3
Mr. Sunil K. Nayak	Secretary	Secretary	3	3

6. Subsidiary Company:

The Company does not have a material non-listed subsidiary whose turnover or net-worth (i.e. paid-up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding Company. Chemtreat Composites India Private Limited, a wholly owned subsidiary Company, has its production base at Khopoli, in the Maharashtra State. Copy of the Board minutes is placed for discussion and noting at each of the Board meeting of the Company in compliance of clause 49 of the listing agreement.

7. General Body Meetings:

The last three Annual General Meetings of the Company were held on the following dates and times:

AGM	Venue	Date	Time
48th	Y. B. Chavan Auditorium Gen Jagannath Bhosale Marg Mumbai	July 28, 2005	4.00 p.m.
49th	Y. B. Chavan Auditorium Gen Jagannath Bhosale Marg Mumbai	July 27, 2006	3.00 p.m.
50th	Y. B. Chavan Auditorium Gen Jagannath Bhosale Marg Mumbai	April 19, 2007	4.00 p.m.

8. Disclosures:

8.1 The Company has not entered into any transactions of material nature, with its promoters, the directors, or the management committee members, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company. The disclosure in respect of related party transactions is provided in the notes to the accounts. All contracts with the affiliates entered into during the period are in the normal course of business and have no potential conflict with the interest of the company at large and are carried out on an arm's length basis at fair market value.

8.2 Code of Conduct:

The Board of Directors has adopted the code of conduct for directors and senior management and the same has been placed on the company's website. All board members and senior management personnel have affirmed compliance with the code of conduct for the period under review. In addition to this a standard international code is adopted for all employees of the Company.

8.3 Prohibition of Insider Trading:

The Company has framed its Insider Trading Regulations wherein rules for the preservation of price sensitive information, pre-clearance of trade, monitoring and implementation are framed. This code is applicable to all Directors and such employees of the Company who are expected to have access to unpublished price sensitive information relating to the Company. Transaction for dealing in the prescribed volume of the security of the company during the prescribed time requires prior approval from the company.

Shares held by the Director as at December 31, 2007

Name of Director	Number of shares held	Details of shares bought/sold during January-December, 2007
Mr. R. A. Shah	NIL	NIL
Mr. H. Meier	NIL	NIL
Late Mr. K.J. Bharucha (up to August 24, 2007)	50	NIL
Mr. B. S. Mehta	NIL	NIL
Diwan A. Nanda	NIL	NIL
Mr. P. Lindner	NIL	NIL
Mr. A. Walde	NIL	NIL
Mr. W. Mohr (up to October 28, 2007)	NIL	NIL
Mr. D. Strebel (from October 28, 2007)	NIL	NIL

8.4 The Vice-Chairman & Managing Director and the Chief Financial Officer & Company Secretary have certified to the Board in accordance with Clause 49 (V) of the Listing Agreement pertaining to CEO/CFO certification for the financial period ended December 31, 2007.

8.5 Special Resolutions:

At the **50th** Annual General Meeting held on April 19, 2007 no special resolution was passed.

At the **49th** Annual General Meeting held on July 27, 2006 a special resolution was passed for re-appointments of Directors who were appointed during the year as additional Directors or in the casual vacancy caused by the resignation of Directors.

At the **48th** Annual General Meeting held on July 28, 2005 a special resolution was passed to increase the sitting fees and the commission payable to non-executive Directors.

There was no postal ballot conducted during the last three years.

9. Means of communication:

- The Company has 30,444 shareholders as on December 31, 2007. The main channel of communication to the shareholders is through annual report which includes *inter alia*, the Directors' Report, the Report on Corporate Governance and audited financial results.
- The website of the Company www.clariant.in acts as the primary source of information regarding the operations of the Company. Quarterly financial results and media releases are being displayed on the Company's website.
- The Annual General Meeting is the principal forum for face-to-face communication with shareholders, where the board responds to the specific queries of the shareholders.
- Quarterly results are approved by the Board of Directors and submitted to the Stock Exchanges in terms of the requirements of clause 41 of the Listing Agreement.
- Quarterly results are published within 48 hours after the Board Meeting in any one of the prominent English publications such as Economic Times/Business Standard/Free Press Journal and one of the prominent vernacular publications such as Maharashtra Times/Nav Shakti/Sakal.
- Periodic discussions were held with analysts and institutional investors during the period.
- A Management Discussion and Analysis Report which includes the threats, opportunities and the risk management policies followed by the Company is included as a part of Director's report.

10. General shareholder information:

10.1 Annual General Meeting

Date & Time:

Thursday, April 17, 2008 at 04.00 p.m.

Venue:

Y. B. Chavan Auditorium, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai-400 021

10.2 Voting rights:

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

- On a show of hands: one vote for a member present in person;

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

10.3 Financial Calendar:

The Company's current financial year is based on twelve months beginning from January to December 2007.

Announcement of Audited/Unaudited Results:

	January to December 2007	January to December 2008 (Proposed)
January-March	April 19, 2007	Last week of April, 2008
April-June	July 26, 2007	Last week of July, 2008
July-September	October 28, 2007	Last week of October, 2008
October-December	February 21, 2008	Last week of February, 2009
Annual General Meeting	April 17, 2008	Last week of April, 2009

10.4 Dates of Book Closure:

	January to December 2007	January to December 2008 (Proposed)
Book Closure dates	April 3, 2008 to April 17, 2008 (Both days inclusive)	Second fortnight of April 2009
Payment of Dividend	On or after April 18, 2008	Immediately after AGM

10.5 Listing of Shares:

Shares of the Company are listed on Bombay Stock Exchange Ltd., Mumbai (BSE) and National Stock Exchange of India Limited (NSE).

The Company has paid the listing fees up to March 31, 2008 to both the Stock Exchanges.

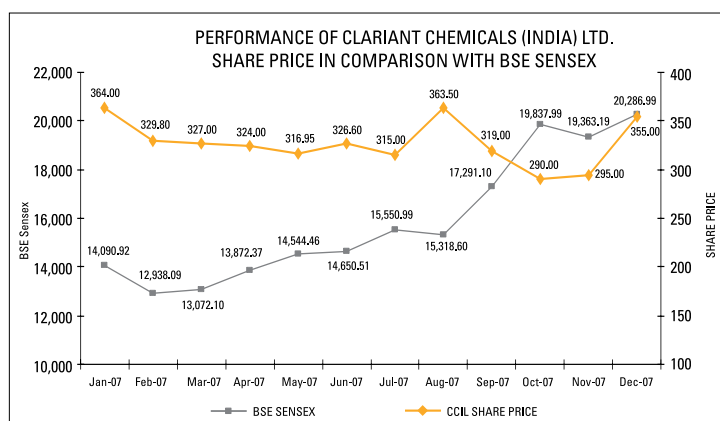
10.6 Stock Code:

Name of the Stock Exchange	Stock Code	Closing Price as on 31.12.2007
BSE	CLARICHEM	328.95
NSE	CLNINDIA	328.20

10.7 Stock Market Data (Rupees per share)

Month	Bombay Stock Exchange (BSE)			National Stock Exchange (NSE)		
	High Rs.	Low Rs.	Volume (Nos.)	High Rs.	Low Rs.	Volume (Nos.)
January 2007	364.00	321.20	115520	368.40	320.00	79546
February	329.80	292.00	107028	332.00	292.70	57681
March	327.00	289.80	89034	355.00	292.75	546.85
April	324.00	269.80	147700	324.90	267.30	108007
May	316.95	266.35	227515	319.90	269.00	162752
June	326.60	291.00	125087	324.00	284.00	74855
July	315.00	280.00	114634	311.95	285.50	59440
August	363.50	275.00	235395	339.00	272.20	100303
September	319.00	281.15	238504	301.50	283.35	58069
October	290.00	265.90	134522	288.95	264.00	65250
November	295.00	255.00	183946	318.90	255.10	72444
December	355.00	274.00	579754	354.45	275.00	320588

10.8 Performance of Company Shares to broad based index (BSE Sensex)



10.9 Address for correspondence:

Registrar & Share Transfer Agents:

M/s Sharepro Services (India) Pvt. Limited
Satam Estate, 3rd Floor, Above Bank of Baroda
Chakala, Andheri (E)
Mumbai – 400 099

Tel: 6772 0300, Fax : 28375646

Email: sharepro@vsnl.com

Contact Person: Mr. B. Dinkar

E-mail ID under clause 47(f) of the Listing Agreement:

Clariant@shareproservices.com

All queries for shares held in **physical form only** should be forwarded to Registrar & Transfer Agents (R&T Agents) at the above mentioned address. For any assistance from the Company, members may contact Mr. Satish P. Bhattu, Asst. Company Secretary, at Ravindra Annexe, 194, Churchgate Reclamation, Mumbai-400020. The Company periodically reviews

the operations of registrar & share transfer agents and an independent audit/verification is carried by qualified professional for efficiency and effectiveness of services at regular intervals.

10.10 Share Transfer System

Transfer of shares held in physical mode is processed by Sharepro Services (India) Private Limited and approved by Chief Financial Officer & Company Secretary pursuant to the powers delegated to him by the Board of Directors of the Company.

During the year ended December 31, 2007, 29 approvals for transfer/transmission of 58617 shares in physical mode were accorded with an average interval of 15 days between approvals.

10.11 Shareholding pattern as on 31.12.2007

Category	No. of Equity shares held	Percentage of shareholding
A. Promoters' Holding		
1. Promoters		
(a) Foreign Promoters		
i) EBITO Chemiebeteteiligungen AG	8167080	30.63
ii) Clariant International AG	6075000	22.79
iii) Clariant Participations AG	2660000	9.98
Sub-Total	16902080	63.40
B. Institutional Investors		
(a) Mutual Funds	2529807	9.49
(b) Financial Institutions		
General Insurance Corporation of India and its subsidiaries	732772	2.75
Nationalised Banks	12666	0.05
(c) Foreign Institutional Investors	42715	0.16
Sub-Total	3317960	12.45
C. Others		
(a) Domestic Companies	705009	2.64
(b) Non Resident Indians/Overseas Corporate Bodies	82509	0.30
(c) Indian Public	5653187	21.21
Sub-Total	6440705	24.15
D. Non-Promoters' Holding		
Sub-Total (B+C)	9758665	36.60
Total	26660745	100.00

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

Name	As at December 31, 2007		As at December 31, 2006	
	No. of Shares	%	No. of Shares	%
EBITO Chemieeteiligungen AG	8167080	30.63	8167080	30.63
Clariant International AG	6075000	22.79	6075000	22.79
Clariant Participations AG	2660000	9.98	2660000	9.98
Templeton M.F. A/c. Franklin India Flexicap Fund	864136	3.24	80000	3.00
UTI (thru it various schemes)	566297	2.12	346004	1.30
Prudential ICICI Trust Ltd. TAX Plan	300000	1.13	603929	2.27
UTI Master Value Fund	289071	1.08	289508	1.09

10.13 Distribution of shareholdings as at December 31, 2007

No. of equity shares held	Shareholders		Equity Shares held	
	Numbers	%	No. of Shares	%
1-500	28192	92.603	2765017	10.371
501-1000	1361	4.471	990208	3.714
1001-2000	541	1.777	783400	2.938
2001-3000	137	0.450	339858	1.275
3001-4000	57	0.187	195942	0.735
4001-5000	50	0.164	232582	0.872
5001-10000	55	0.181	407383	1.528
10001 & above	51	0.168	20946355	78.566
Total	30444	100.00	26660745	100.00

10.14 Dematerialisation of shares and liquidity

Names of Depositories for dematerialisation of equity shares:

Name of the Depository	ISIN
National Securities Depositories Limited (NSDL)	INE492A01029
Central Depository Services (India) Limited (CDSL)	INE492A01029

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

Correspondence regarding change of Address etc.

The shareholders having physical shares are requested to ensure that any correspondence for change of address, change of Bank mandates etc. should be signed by the first named shareholder. You are further requested to send supporting documents such as proof of residence, proof of identification whenever change of address is to be effected. This is in the interest of shareholders to avoid fraudulent attempts by unscrupulous elements.

In case shares of the Company are held in electronic form (that is, in dematerialised form), all communications concerning rematerialisation of shares transfer and transmission, dividends, change of address, furnishing of alterations in bank account details, nominations, ECS credit of dividend amount to shareholders' bank account or other inquiries should be addressed **only to the Depository Participant (DP) with whom demat account is maintained**, quoting client ID number and **not** to the Company or the R & T Agents. This is because once the shares are dematerialised they become fungible i.e., they lose their distinct data relating to the folio number, the certificate number, the distinctive share numbers, etc. and the corresponding credit for number of shares is given to the individual shareholder in his account with the concerned DP. As and when required by the Company, the share transfer agents obtains details regarding beneficial owner data including addresses from the National Securities Depository Limited or the Central Depository Services (India) Limited.

As on December 31, 2007, in all 2,54,48,466 shares constituting 95.45 per cent of the total issued capital is held in demat form.

10.15 ADRs/ GDRs/ Warrants

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

10.16 Plant Locations:

The Company's manufacturing facilities are located at

- Mumbai-Agra Road, Balkum Thane-400 608 (Maharashtra)
- Kolshet Road, P. O. Sandoz Baug Thane-400 607 (Maharashtra)
- 113/114, MIDC Industrial Area, A.V. Roha A.V.P.O. Dhatav, Taluka Roha Dist. Raigad-402 116 (Maharashtra)
- Kudikadu, SIPCOT Post, Cuddalore District Cuddalore-607 005 (Tamil Nadu)
- Singadivakkam Village, Attuputtur Post Enathur, Kanchipuram-631 561 (Tamil Nadu)
- The Company's wholly owned subsidiary company's (Chemtreat Composites India Private Limited) plant is located at Savaroli Village Survey No. 109, 110 & 112 Kharpada Road, Taluka Khalapur, Khopoli-410203. Dist Raigad, Maharashtra.

11. Additional Information:

11.1. Dividend for the year ended December 31, 2007:

The dividend recommended by the Board for the current period under review will be paid after approval of shareholders at the forthcoming Annual General meeting to all those shareholders whose names appear

- (i) in respect of shares held in demat form, as beneficial owner, as per details furnished by the Depositories as at the end of the business on April 2, 2008 and
- (ii) in respect of shares held in physical form as members in the Register of Members of the Company after giving effect to all valid share transfers lodged with the share transfer agent on or before April 2, 2008. The Company will dispatch the dividend warrants on or after April 18, 2008.

11.2 Unpaid/Unclaimed Dividend:

In terms of the amended provisions of Section 205C of the Companies Act, 1956 the Company is obliged to transfer dividends which remain unpaid or unclaimed for period of seven years from the date of declaration of dividend to the credit of the Investor Education and Protection Fund established by the Central Government. Accordingly, the Company has transferred unpaid/unclaimed dividend up to the financial year 1999-2000 to the Fund and no claim shall lie against the Company or the Fund in respect of dividends remaining unclaimed or unpaid and transferred to the Fund.

Members are hereby informed that the 7 years period for payment of the dividend pertaining to financial year 2000-2001 is going to expire on 26.07.08 and thereafter the amount standing to the credit in the said account will be transferred to the Investor Education and Protection Fund of the Central Government. Members are therefore requested to encash the dividend at the earliest.

Dates of transfer of unclaimed dividend to the Fund

Financial Year/period	Date of Payment	Date of completion of seven years
2000-2001	27.07.2001	26.07.2008
2001-2002	26.07.2002	25.07.2009
2002-2003	25.07.2003	24.07.2010
2003-2004	30.07.2004	29.07.2011
2004-2005	29.07.2005	28.07.2012
2005-2006	27.07.2006	26.07.2013
April-December 2006	24.04.2007	23.04.2014

11.3 Bank Mandate:

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

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

11.4 Nomination Facility:

A member can nominate a person who shall have all rights of shares and/or amount payable in respect of shares registered in his name in the event of his death. This facility is available to the members of the Company. The said form can be obtained from the Company's Share transfer agent or downloaded from the website of the Company at www.clariant.in

11.5 Consolidation of folios and avoidance of multiple folios:

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

11.6 Compliance

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

On behalf of the Board of Directors

Mumbai
February 21, 2008

R.A. SHAH
Chairman

CORPORATE GOVERNANCE

Declaration by the Vice-Chairman & Managing Director under Clause 49 of the Listing Agreement regarding Adherence to the Code of Conduct

In accordance with sub-clause I (D) of Clause 49 of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all the Directors and the Senior Management Personnel of the Company have affirmed compliance with their respective codes of conduct as applicable to them, for the year January to December, 2007.

Clariant Chemicals (India) Limited

H. MEIER
Vice-Chairman &
Managing Director

CEO/CFO CERTIFICATION

As required by sub clause V of Clause 49 of the Listing Agreement with the Stock Exchanges, we have certified to the Board that for the financial year ended December 31, 2007 the Company has complied with the requirements of the said sub clause.

Clariant Chemicals (India) Limited

H. MEIER
Vice-Chairman & Managing Director

Mumbai, February 21, 2008

Clariant Chemicals (India) Limited

SUNIL K. NAYAK
Chief Financial Officer &
Company Secretary

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To The Members of Clariant Chemicals (India) Limited

We have examined the compliance of conditions of Corporate Governance by Clariant Chemicals (India) Limited, for the year ended December 31, 2007, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange(s).

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

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

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

For A. F. Ferguson & Co.
Chartered Accountants

A. C. Khanna
Partner

Membership No.: 17814

Mumbai, February 21, 2008

Auditors' Report

To the Members of Clariant Chemicals (India) Limited

1. We have audited the attached Balance Sheet of Clariant Chemicals (India) Limited, as at December 31, 2007 and also the Profit and Loss Account and the Cash Flow Statement for the year 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.
2. 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (the 'Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company.
4. Further to our comments in the Annexure referred to in paragraph 3 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 the books;
 - (c) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (e) On the basis of the written representations received from the directors, as on December 31, 2007 and taken on record by the Board of Directors, we report that none of the directors of the Company are disqualified as on December 31, 2007 from being appointed as a director, in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
 - (f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2007;
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For A. F. FERGUSON & CO.
Chartered Accountants

A. C. Khanna
Partner

Membership No.: 17814

Mumbai: 21st February, 2008

Annexure to the Auditors' Report

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Clariant Chemicals (India) Limited on the financial statements for the year ended December 31, 2007]

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Company has a programme of physical verification of fixed assets. As per the said programme, certain assets were physically verified during the year. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) In our opinion, fixed assets disposed off during the year were not substantial. Therefore, the provisions of clause 4(i)(c) of the Order are not applicable to the Company.
- (ii) (a) The inventories have been physically verified during the year by the management except for stocks lying at third party locations for which confirmations have been obtained and for goods-in-transit. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of 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) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, sub-clause (b), (c) and (d) are not applicable
- (b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, sub-clause (f) and (g) are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of a special nature and suitable alternatives do not exist for obtaining comparable quotations, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and with regard to the sale of goods and services. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control systems.
- (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 Companies Act, 1956 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 such contracts and arrangements entered in the register maintained

under Section 301 of the Companies Act, 1956 have been made at the prices which are reasonable having regard to the prevailing market prices at the relevant time except in case of some transactions where alternate source of supply did not exist and therefore, no comparison of prices was possible.

- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. As informed to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed records have been maintained and the prescribed accounts are in the process of being made up. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.
- (ix) (a) According to the records of the Company, Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Custom duty, Excise duty, Cess and other material statutory dues applicable to it have been generally regularly deposited during the year with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of above were in arrears, as at December 31, 2007 for a period of more than six months from the date on which they became payable.
- (b) According to the records of the Company, Income-tax, Sales-tax, Wealth tax, Service tax, Customs duty, Excise duty and Cess as applicable which have not been deposited on account of dispute are as follows:

(Rs. Million)

Name of Statute (Nature of Dues)	Period to which the amount Relates	Forum where dispute is pending			Total Amount
		Commissionerate	Appellate authorities & Tribunal	High Court	
Sales Tax (Tax/ Penalty/ Interest)	1992-93, 1998-99, 2001-02 to 2004-05	104.4	—	—	104.4
	1999-00	—	1.8	—	1.8
	1996-97, 1998-99	—	—	0.2	0.2
Total		104.4	1.8	0.2	106.4
The Central Excise Act (Tax/ Penalty/ Interest)	1981-84, 1994-95, 1997-98, 1999-00 to 2004-05 and 2006-07	—	2.3	—	2.3
	1999-00, 2003-04 to 2006-07	49.3	—	—	49.3
Total		49.3	2.3	—	51.6
Service Tax	2004-05	0.1	1.0	—	1.1
Total		0.1	1.0	—	1.1
Income Tax (Tax/ Interest)	A.Y. 1986-87, 1987-88 and 2001-02 to 2004-05	32.8	—	—	32.8
	1992-93, 1995-96, 1997-98, 2000-01 and 2002-03	—	14.3	—	14.3
Total		32.8	14.3	—	47.1

- (x) The Company does not have any accumulated losses at the end of the financial period and has not incurred cash losses during the financial period covered by our audit 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 financial institution, banks or debenture holders.
- (xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.

- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, no term loans were acquired during the reporting period by the Company.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any secured debentures. Therefore the provisions of clause 4(xix) of the Order are not applicable to the Company.
- (xx) The Company has not raised any money by way of public issue during the year. Therefore, the provisions of clause 4(xx) of the Order are not applicable to the Company.
- (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 A. F. FERGUSON & CO.
Chartered Accountants

A. C. Khanna
Partner

Membership No.: 17814

Mumbai: 21st February, 2008

Balance Sheet

as at 31st December 2007

	Schedule	31-12-07 Rs. Million	31-12-06 Rs. Million
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	266.6	266.6
Reserves and surplus	2	2827.6	2835.8
		3094.2	3102.4
Loan funds			
Secured loans	3	—	14.2
Unsecured loans	4	40.7	47.9
		40.7	62.1
Deferred tax liability - Net (See note 5, Schedule 18)		43.3	98.2
		3178.2	3262.7
APPLICATION OF FUNDS			
Fixed assets			
	5		
Gross block		3641.3	3751.6
Less: Accumulated depreciation		2100.5	2179.9
Net block		1540.8	1571.7
Capital work-in-progress and advances, etc.		178.3	80.1
		1719.1	1651.8
Investments	6	294.3	465.0
Current assets, loans and advances			
Inventories	7	1127.1	1281.8
Sundry debtors	8	1351.5	1373.6
Cash and bank balances	9	132.0	396.3
Loans and advances	10	712.5	677.4
		3323.1	3729.1
<i>Less:</i>			
Current liabilities and provisions			
Liabilities	11	1659.8	1861.2
Provisions	12	498.5	739.7
		2158.3	2600.9
Net current assets		1164.8	1128.2
Miscellaneous expenditure-Voluntary Retirement Scheme (To the extent not written off or adjusted)		—	17.7
		3178.2	3262.7
Notes on balance sheet and profit and loss account	18		

Per our report attached
For A. F. Ferguson & Co.
Chartered Accountants

A. C. Khanna
Partner

For and on behalf of the Board,

R. A. Shah *Chairman*

H. Meier *Vice-Chairman & Managing Director*

B. S. Mehta }
Diwan A. Nanda } *Directors*

Sunil K. Nayak *Chief Financial Officer & Company Secretary*

Mumbai, 21st February, 2008

Mumbai, 21st February, 2008

Profit and Loss Account

for the year ended 31st December 2007

	Schedule	January 07 to December 07 Rs. Million	April 06 to December 06 Rs. Million
INCOME			
Sales – Gross		9517.1	7538.9
Less: Excise duty recovered on sales		902.7	668.5
Sales – Net		8614.4	6870.4
Other income	13	243.9	221.2
		8858.3	7091.6
EXPENDITURE			
Cost of materials	14	5526.6	4549.6
Personnel cost	15	710.8	534.0
Interest (Net)	16	12.0	(0.7)
Depreciation/Amortisation	5	214.6	153.5
Other expenditure	17	1661.3	1403.6
		8125.3	6640.0
Less: Service charges recovered		73.7	50.6
		8051.6	6589.4
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAXATION		806.7	502.2
Exceptional items (See note 27, Schedule 18)		313.4	(5.6)
PROFIT AFTER EXCEPTIONAL ITEMS AND BEFORE TAXATION		493.3	507.8
Provision for taxation			
Current tax		219.5	125.0
Deferred tax		(54.9)	45.6
Fringe benefit tax		10.8	8.5
PROFIT AFTER TAXATION		317.9	328.7
Balance brought forward from previous period		135.1	386.6
Available for appropriation		453.0	715.3
APPROPRIATED AS FOLLOWS			
General reserve		31.8	33.0
Proposed dividend		266.6	479.9
Corporate tax on proposed dividend		45.3	67.3
Corporate tax on dividend of previous period		14.2	—
Balance carried to the Balance sheet		95.1	135.1
		453.0	715.3
Notes on balance sheet and profit and loss account		18	
Basic and Diluted earnings per share (in Rupees)		11.92	12.33
(See note 4, Schedule 18)		(Annualised)	(Not annualised)
Face value per share (in Rupees)		10.00	10.00

Per our report attached to the Balance Sheet

For A. F. Ferguson & Co.
Chartered Accountants

A. C. Khanna
Partner

For and on behalf of the Board,

R. A. Shah *Chairman*
H. Meier *Vice-Chairman & Managing Director*

B. S. Mehta } *Directors*
Diwan A. Nanda }

Sunil K. Nayak *Chief Financial Officer & Company Secretary*

Mumbai, 21st February, 2008

Mumbai, 21st February, 2008

Cash Flow Statement

for the year ended 31st December 2007

	January 07 to December 07 Rs. Million	April 06 to December 06 Rs. Million
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Profit after exceptional items and before taxation	493.3	507.8
<i>Adjustments for :</i>		
Depreciation/Amortisation	214.6	153.5
Unrealised foreign exchange (gain)/loss (Net)	1.8	0.6
Interest income	(23.9)	(21.2)
Dividend income	(18.4)	(6.1)
Loss/(profit) on sale of assets (Net)	(19.1)	(3.3)
Loss/(profit) on sale of investments (Net)	(0.1)	(4.3)
Amortisation/Charge of voluntary retirement scheme compensation	17.8	1.0
Provision for doubtful debts written back (Net)	—	(7.2)
Provision for leave encashment	(16.6)	(9.2)
Provision for ex-gratia gratuity	(1.0)	0.3
Provision for gratuity	—	0.1
Interest expenses	35.9	20.5
Assets written-off	66.4	12.2
Operating profit before working capital changes	750.7	644.7
<i>Adjustments for :</i>		
Trade and other receivables	32.0	220.7
Payment of voluntary retirement scheme compensation	—	(18.8)
Inventories	154.7	(28.9)
Trade, other payables and provisions	(219.6)	(5.3)
Cash generated from operations	717.8	812.4
Direct taxes paid- (Net of refunds)	(281.8)	(152.1)
Net cash from operating activities	436.0	660.3
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	(382.6)	(221.5)
Sale of fixed assets	46.8	13.6
Purchase of investments	(3807.8)	(1362.4)
Investment in subsidiaries	—	(6.0)
Sale of investments	3978.6	2040.2
Loans and advances given to subsidiary	(12.0)	(29.5)
Loans and advances repaid by subsidiary	30.0	—
Interest received	39.0	7.0
Dividend received	18.4	6.1
Net Cash from/(used in) investing activities	(89.6)	447.5

	January 07 to December 07 Rs. Million	April 06 to December 06 Rs. Million
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Cash credit and packing credit (Net)	(14.2)	(333.0)
Repayment of borrowings	(7.2)	(164.2)
Interest paid	(30.7)	(20.8)
Dividend/dividend tax paid	(558.6)	(332.4)
Net Cash used in financing activities	(610.7)	(850.4)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(264.3)	257.4
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE PERIOD	396.3	138.9
CASH AND CASH EQUIVALENTS AS AT THE END OF THE PERIOD	132.0	396.3
(Refer Schedule 9)		

Notes :

1. The Cash flow has been prepared under the "Indirect Method" as set out in Accounting Standard-3 on Cash flow statement issued by the Institute of Chartered Accountants of India.
2. Direct taxes paid are treated as arising from operating activities and are not bifurcated between investing and financing activities.
3. Figures for the previous period have been regrouped wherever necessary to conform to the current year's classification. Figures for the previous period are for nine months ending December 31, 2006 and hence are not strictly comparable with those of the current year.

Per our report attached to the Balance Sheet

For A. F. Ferguson & Co.
Chartered Accountants

A. C. Khanna
Partner

For and on behalf of the Board,

R. A. Shah *Chairman*
H. Meier *Vice-Chairman & Managing Director*

B. S. Mehta } *Directors*
Diwan A. Nanda }

Sunil K. Nayak *Chief Financial Officer & Company Secretary*

Mumbai, 21st February, 2008

Mumbai, 21st February, 2008

Schedules forming part of the Balance Sheet

SCHEDULE 1 : SHARE CAPITAL

	31-12-07 Rs. Million	31-12-06 Rs. Million
Authorised		
30000000 equity shares of Rs. 10/- each	300.0	300.0
Issued and subscribed		
26660745 equity shares of Rs. 10/- each fully paid	266.6	266.6

Notes:

Of the above :

- 15010745 equity shares issued as fully paid up pursuant to a contract for a consideration other than cash.
- 8167080 equity shares are held by EBITO Chemieeteiligungen AG.
6075000 equity shares are held by Clariant International AG.
2660000 equity shares are held by Clariant Participations AG.
The ultimate holding company being Clariant AG, Switzerland.
- 6690610 equity shares were allotted as fully paid up bonus shares by capitalisation of Rs. 66.9 Million from general reserve.

SCHEDULE 2 : RESERVES AND SURPLUS

	31-12-07 Rs. Million	31-12-06 Rs. Million
Capital reserve		
As per last Balance sheet	73.0	73.0
Capital redemption reserve		
As per last Balance sheet	13.7	13.7
Securities premium account		
As per last Balance sheet	354.6	354.6
Investment allowance reserve		
As per last Balance sheet	2.0	2.0
General reserve		
As per last Balance sheet	2257.4	2224.4
Add: Transfer from Profit and loss account	31.8	33.0
	2289.2	2257.4
Profit and loss account		
	95.1	135.1
	2827.6	2835.8

SCHEDULE 3 : SECURED LOANS

	31-12-07 Rs. Million	31-12-06 Rs. Million
From banks:		
Short term loans :	—	14.2
Rs. NIL (Previous year : Rs. 14.2 Million secured by hypothecation of present and future stock-in-trade and spare parts, loose tools, book debts, outstanding monies, receivables, claims, bills, right to or in movable properties and movable assets, etc.)		
	—	14.2

SCHEDULE 4 : UNSECURED LOANS

	31-12-07 Rs. Million	31-12-06 Rs. Million
From others:		
Interest-free sales tax deferral scheme granted by State Industries Promotion Corporation of Tamil Nadu Limited	40.7	47.9
	40.7	47.9

SCHEDULE 5 : FIXED ASSETS

Rs. Million										
GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK		
	As at 31-12-06	Additions/ Adjustments (See note 2)	Deductions/ Adjustments (See note 2)	As at 31-12-07	As at 31-12-06	Deductions/ Adjustments (See note 2)	For the period (See note 25, Schedule 18)	As at 31-12-07	As at 31-12-07	As at 31-12-06
Intangible Assets										
Software license fees	37.9	—	37.9	—	37.9	37.9	—	—	—	—
Tangible Assets										
Land freehold	8.0	6.5	—	14.5	—	—	—	—	14.5	8.0
Land leasehold	1.5	—	—	1.5	0.4	—	#	0.4	1.1	1.1
Buildings	613.2	29.5	31.0	611.7	201.1	10.2	15.8	206.7	405.0	412.1
Plant, machinery, equipment etc.	2842.2	134.9	276.5	2700.6	1801.9	273.8	159.9	1688.0	1012.6	1040.3
Furniture, fixtures and office appliances	157.1	99.6	24.6	232.1	86.6	(41.9)	22.3	150.8	81.3	70.5
Vehicles	91.7	7.3	18.1	80.9	52.0	14.0	16.6	54.6	26.3	39.7
Total	3751.6	277.8	388.1	3641.3	2179.9	294.0	214.6	2100.5	1540.8	
Previous period	3798.3	198.0	244.7	3751.6	2248.5	222.1	153.5	2179.9		1571.7
Capital work-in-progress									175.6	64.2
Advances against capital orders									2.7	15.9
									178.3	80.1
									1719.1	1651.8

Notes:

- Buildings include **Rs. 0.01 Million** (Previous year : Rs. 0.01 Million) being the cost of shares and bonds in co-operative housing societies.
 - Adjustments are mainly on account of reclassification of certain assets.
- # Indicates amount less than Rs. 50,000

SCHEDULE 6 : INVESTMENTS (AT COST)

	31-12-07 Rs. Million	31-12-06 Rs. Million
Long Term		
Non-trade-Unquoted		
NIL (Previous year : 38250) 5.15% Rural Electrification Corporation Limited Bonds of Rs.10000/- each fully paid up	—	382.5
	—	382.5

SCHEDULE 6 : INVESTMENTS (AT COST) Continued

	31-12-07 Rs. Million	31-12-06 Rs. Million
Trade		
In Subsidiary Company -Unquoted		
500000 (Previous year: 500000) fully paid equity shares of Rs. 10/- each in Chemtreat Composites India Pvt Ltd	32.5	32.5
	32.5	32.5
Total Long Term	32.5	415.0
Current		
Non Trade - Unquoted		
In fully paid units of Rs 10/- each		
8094818 (Previous Year : NIL) HDFC Liquid Fund Premium Plan - Dividend-Daily Reinvest	99.2	—
5521028 (Previous Year : NIL) Kotak Liquid (Institutional Premium) - Daily Dividend	67.5	—
9488974 (Previous Year : NIL) Birla Cash Plus -Instl. Prem. - Daily Dividend-Reinvestment	95.1	—
NIL (Previous Year : 4493133) Reliance Liquid Fund - Cash Plan - Dividend Reinvestment	—	50.0
Total Current	261.8	50.0
Total Investments - Unquoted	294.3	465.0

Following are the Investments which have been purchased and sold during the year :

	January to December 2007	
	Nos.	Rs. Million
Non trade Current - unquoted		
In fully paid units of Rs. 10/- each		
TATA Floater Fund - Daily Dividend	9970464	100.1
Kotak Liquid (Institutional Premium) - Daily Dividend	24363569	297.9
Kotak Flexi Debt Scheme - Daily Dividend	9958979	99.9
DWS Money Plus Fund - Institutional Plan - Daily Dividend option	9586480	95.9
DWS Insta Cash Plus Fund - Institutional Plan - Daily Dividend Option	19123535	191.6
Reliance Floating Rate Fund - Daily Dividend Reinvestment Plan	34242475	344.6
Reliance Liquid Fund - Cash Plan - Daily Dividend Option	3599316	40.1
ICICI Prudential Liquid Plan Institutional Plus - Daily Dividend Option-Reinvest Dividend	8031027	95.2
ICICI Prudential Institutional Liquid Plan-Super Institutional Daily Div-Reinvest Dividend	28381752	283.8
Birla Cash Plus - Institutional Premium Daily Dividend Reinvestment	37331705	374.0
Birla Sun Life Liquid Plus - Instl. - Daily Dividend Reinvestment	9909006	99.2
HDFC Liquid Fund Premium Plan-Dividend-Daily Reinvest	14072307	172.5
HDFC Cash Management Fund-Savings Plus Plan-Wholesale-Daily Dividend Reinvest	15919347	159.7
In fully paid units of Rs. 1000/- each		
Reliance Liquid Plus Fund - Institutional Option - Daily Dividend Plan	98953	99.1
TATA Liquidity Management Fund - Daily Dividend	442766	443.8
UTI Liquid Cash Plan Institutional - Daily Income Option - Re-investment	636215	648.6

SCHEDULE 7 : INVENTORIES

	31-12-07 Rs. Million	31-12-06 Rs. Million
At lower of cost and net realisable value (As certified by the Management)		
Stores and spare parts	33.1	40.1
Raw materials	302.3	413.2
Packing materials	10.2	13.1
Finished goods	662.6	685.2
Work-in-progress	118.9	130.2
	1127.1	1281.8

SCHEDULE 8 : SUNDRY DEBTORS

	31-12-07 Rs. Million	31-12-06 Rs. Million
Secured		
(Considered good)		
Over six months	6.0	8.3
Other debts	96.9	94.8
	102.9	103.1
Unsecured		
Over six months (Including doubtful debts Rs. 8.1 Million; Previous year : Rs. 8.1 Million; balance considered good)	34.9	36.2
Other debts (Considered good)	1221.8	1242.4
	1256.7	1278.6
	1359.6	1381.7
Less: Provision for doubtful debts	8.1	8.1
	1351.5	1373.6

SCHEDULE 9 : CASH AND BANK BALANCES

	31-12-07 Rs. Million	31-12-06 Rs. Million
Cash on hand	0.5	1.4
Cheques on hand	34.7	277.7
With scheduled banks:		
On current accounts	60.6	74.8
On fixed deposit accounts	36.2	42.4
	96.8	117.2
	132.0	396.3

SCHEDULE 10 : LOANS AND ADVANCES

	31-12-07 Rs. Million	31-12-06 Rs. Million
(Unsecured - considered good, unless otherwise stated)		
Advances and loans to the subsidiary (See note 23, Schedule 18)	68.8	77.0
Advances recoverable in cash or in kind or for value to be received	314.4	331.0
VAT set off admissible	17.7	17.2
Advance payment of Income tax (Net of Provision for taxation)	252.0	172.8
Balances with customs and excise on current account	59.6	79.4
	712.5	677.4

SCHEDULE 11 : CURRENT LIABILITIES

	31-12-07 Rs. Million	31-12-06 Rs. Million
Sundry creditors		
Due to micro enterprises and small enterprises (See note 10, Schedule 18)	—	—
Due to others	1514.8	1718.8
	1514.8	1718.8
Deposits	129.8	129.7
Interest accrued but not due on loans	—	#
Unpaid dividends*	15.1	12.3
Unclaimed fixed deposits*	#	0.1
Unpaid interest on matured fixed deposits*	0.1	0.3
	1659.8	1861.2

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

Indicates amount less than Rs. 50,000

SCHEDULE 12 : PROVISIONS

	31-12-07 Rs. Million	31-12-06 Rs. Million
Retirement Benefits:		
Leave encashment	48.7	65.3
Gratuity	12.0	28.0
Ex-gratia gratuity	8.0	9.0
Others:		
Provision for taxation (Net of advance payment of Income tax)	117.9	90.2
Proposed dividend	266.6	479.9
Corporate tax on proposed dividend	45.3	67.3
	498.5	739.7

Schedules forming part of the Profit and Loss Account

SCHEDULE 13 : OTHER INCOME

	January 07 to December 07 Rs. Million	April 06 to December 06 Rs. Million
Dividend on current non-trade investments	18.4	6.1
Export incentives	35.4	25.4
Profit on sale of fixed assets (Net)	19.1	3.3
Cash discounts	2.5	2.5
Rental income	34.8	25.6
Indenting commission	46.8	27.9
Exchange Gain (Net)	—	4.8
Provision for doubtful debts written back (Net)	#	7.2
Profit on sale of current investments (Net)	0.1	1.0
Profit on sale of long term investments (Net)	—	3.3
Miscellaneous	86.8	114.1
	243.9	221.2

Indicates amount less than Rs. 50,000

SCHEDULE 14 : COST OF MATERIALS

	January 07 to December 07 Rs. Million	April 06 to December 06 Rs. Million
Raw materials consumed	3952.4	2987.3
Packing materials consumed	219.8	166.2
Purchases of finished goods	1320.5	1360.0
(Increase)/Decrease in stocks of finished goods and work-in-progress :		
Opening stock		
Finished goods	685.2	676.2
Work-in-progress	130.2	175.3
	815.4	851.5
Less: Closing stock		
Finished goods	662.6	685.2
Work-in-progress	118.9	130.2
	781.5	815.4
	33.9	36.1
	5526.6	4549.6

SCHEDULE 15 : PERSONNEL COST

	January 07 to December 07 Rs. Million	April 06 to December 06 Rs. Million
Salaries, wages, bonus, etc.	545.0	415.0
Contribution/Provision for provident fund, superannuation scheme, gratuity fund, etc.	76.3	58.3
Welfare expenses	89.5	60.7
	710.8	534.0

SCHEDULE 16 : INTEREST (NET)

	January 07 to December 07 Rs. Million	April 06 to December 06 Rs. Million
Interest Paid		
On loans for fixed period	—	0.5
Others	35.9	20.0
	35.9	20.5
Less: Interest received (Gross) :		
(Tax deducted at source Rs. 1.9 Million; Previous period : Rs. 1.5 Million)		
On Investments – Long term Non trade	7.6	14.8
Others	16.3	6.4
	23.9	21.2
	12.0	(0.7)

SCHEDULE 17 : OTHER EXPENDITURE

	January 07 to December 07 Rs. Million	April 06 to December 06 Rs. Million
Stores and Spare parts etc. consumed	75.0	61.6
Repairs and maintenance:		
Plant and machinery	89.6	56.1
Buildings	20.8	24.8
Others	17.3	17.2
Power and fuel	418.0	340.1
Rent (including lease payments) (See note 6, Schedule 18)	52.7	37.4
Rates and taxes (including water charges)	74.3	39.5
Insurance	18.4	19.7
Clearing, forwarding and transport	164.5	137.5
Travelling and conveyance	111.5	94.3
Commission	19.2	28.2
Cash discount	8.3	61.9
Other discounts on sales	207.7	144.9
Assets written-off	20.2	12.2
Bad debts and advances written-off	4.1	10.9
Excise duty (Net)	2.3	17.2
Exchange loss (Net)	2.3	—
Miscellaneous (See note 11, Schedule 18)	355.1	300.1
	1661.3	1403.6

Notes

Schedule 18

Notes on the Balance Sheet and Profit and Loss Account for the year ended 31st December 2007

1. Significant Accounting Policies

The financial statements are prepared at historical cost on the accrual basis of accounting and in accordance with the standards on accounting issued by the Institute of Chartered Accountants of India and referred to in Section 211(3C) of the Companies Act, 1956. The significant accounting policies are as follows :

I. Sales

The Company recognises sale of goods on despatch to customers. Sales are net of excise duty, sales tax and trade discounts, wherever applicable.

II. Excise Duty

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

III. Research and Development

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

IV. Employee Benefits

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

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

Defined contribution plans :

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

Defined benefit plans and compensated absences :

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

V. Voluntary Retirement Scheme

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

VI. Fixed Assets and Depreciation/Amortisation

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

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

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

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

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

(ii) electronic data processing (EDP) hardware such as servers on which a depreciation rate of 20% and for other EDP equipments including personal computers and printers on which depreciation rate of 25% on straight line method is applied.

VII. Impairment of Assets

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

VIII. Inventories

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

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

IX. Sundry Debtors/Loans and Advances

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

X. Investments

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

XI. Leases

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

XII. Foreign Currency Translations

- Monetary items denominated in foreign currency are translated at the exchange rate prevailing on the last day of the accounting year. In respect of items covered by forward contracts, the premium or discount arising at the inception of such a forward exchange contract is amortised as expense or income over the life of the contract. Any profit or loss arising on cancellation of such a forward exchange contract is recognised as income or expense for the period. Foreign currency transactions are accounted at the rate prevailing on the date of transaction.
- Non monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction.
- Gain or loss arising out of translation/conversion is taken credit for or charged to the Profit and Loss Account.

XIII. Income Tax

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

XIV. Contingencies/Provisions

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

2. Segment Information for the year ended 31st December, 2007 (As required by Accounting Standard (AS) - 17 Segment Reporting)

- (a) The Company is organised into three primary business segments mainly :
- Intermediates and Colours :
Consist of pigment dyestuffs and their dispersion, Intermediates for dyes, pesticides and pharmaceuticals.
 - Dyes and Specialty Chemicals :
Includes dyestuff synthetic resins, binder materials, auxiliaries and chemicals.
 - Masterbatches :
Covers commodity and speciality Masterbatches for Plastics and nylon fibers.
- (b) The secondary segments of the Company are geographical segments mainly :
- India.
 - Outside India.
- (c) Segments have been identified and reported taking into account the nature of products and services, the differing risk and returns, the organisation structure, and the internal financial reporting system.
- (d) (i) Segment Revenue and Results :
The expenses which are not directly attributable to the business segment are shown as unallocated corporate cost.
- (ii) Segment assets and liabilities :
Segment assets include all operating assets used by the business segment and consist principally of fixed assets, debtors and inventories. Segment liabilities primarily include creditors and other liabilities.
- (iii) Assets and liabilities that cannot be allocated among the segments are shown as a part of unallocable corporate assets and liabilities respectively.

Information about Primary Business Segments :

	January 07 to December 07 Rs. Million				April 06 to December 06 Rs. Million			
	Inter- mediates & Colours	Dyes and Specialty Chemicals	Master- batches	Total	Inter- mediates & Colours	Dyes and Specialty Chemicals	Master- batches	Total
Revenue								
External Sales/Revenue	3247.4	5079.1	287.9	8614.4	2556.3	4135.1	179.0	6870.4
Total Revenue (Net)	3247.4	5079.1	287.9	8614.4	2556.3	4135.1	179.0	6870.4
Results								
Segment Results	111.0	751.0	33.5	895.5	85.9	480.8	24.5	591.2
Unallocated Corporate Expenses (Net)				(95.2)				(95.8)
Operating profits				800.3				495.4
Interest Income/Dividend income				42.3				27.3
Interest Expenses				(35.9)				(20.5)
Profit Before Exceptional Items and Taxation				806.7				502.2
Exceptional Items (See note 24, Schedule 18)				(313.4)				5.6
Profit After Exceptional Items and Before Taxation				493.3				507.8
Current Tax/Deferred Tax				(164.6)				(170.6)
Fringe benefit Tax				(10.8)				(8.5)
Profit After Tax				317.9				328.7

Information about Primary Business Segments : (Continued)

	January 07 to December 07 Rs. Million				April 06 to December 06 Rs. Million			
	Inter- mediates & Colours	Dyes and Specialty Chemicals	Master- batches	Total	Inter- mediates & Colours	Dyes and Specialty Chemicals	Master- batches	Total
Other Information								
Segment Assets	2030.8	2163.5	176.7	4371.0	1975.2	2242.1	135.6	4352.9
Unallocated Corporate Assets				713.5				1320.2
Total Assets				5084.5				5673.1
Segment Liabilities	812.5	679.9	52.3	1544.7	797.8	977.3	33.6	1808.7
Unallocated Corporate Liabilities				183.8				154.8
Total Liabilities				1728.5				1963.5
Capital Expenditure	142.1	194.1	36.0	372.2	112.2	101.8	12.2	226.2
Unallocated Corporate Capital Expenditure				3.8				0.1
Total Capital Expenditure				376.0				226.3
Depreciation	126.5	77.2	8.7	212.4	87.0	57.0	5.6	149.6
Unallocated Corporate Depreciation				2.2				3.9
Total Depreciation/Amortisation				214.6				153.5
Non cash expenses other than Depreciation/Amortisation	2.6	6.5	0.3	9.4	—	5.6	0.4	6.0
Unallocated Corporate Non cash expenses other than Depreciation/Amortisation				0.3				0.8
Total Non cash expenses other than Depreciation/Amortisation				9.7				6.8

Information about Secondary Segments :

	January 07 to December 07 Rs. Million			April 06 to December 06 Rs. Million		
	India	Outside India	Total	India	Outside India	Total
Revenue by Geographical Market						
External Sales	6829.8	1784.6	8614.4	5230.3	1640.1	6870.4
Segment Assets	4050.4	320.6	4371.0	3972.6	380.3	4352.9
Additions to Fixed Assets	372.2	—	372.2	226.2	—	226.2

Notes :

(a) Total assets do not include :

- (i) Advance income tax **Rs. 252.0 Million** (Rs. 172.8 Million).
- (ii) Miscellaneous Expenditure **Rs. NIL** (Rs. 17.7 Million).

(b) Total Liabilities exclude the following :

- (i) Proposed dividend **Rs. 266.6 Million** (Rs. 479.9 Million).
- (ii) Tax on dividend **Rs. 45.3 Million** (Rs. 67.3 Million).
- (iii) Provision for Taxation **Rs. 117.9 Million** (Rs. 90.2 Million).
- (iv) Deferred Tax liability (Net) **Rs. 43.3 Million** (Rs. 98.2 Million).

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

Relationship :

(a) Holding Company :

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

(b) Subsidiary of the Company :

The Company has subsidiary Chemtreat Composites India Pvt. Ltd.-100% shareholding.

(c) Other related parties in the Clariant group where common control exists :

Fellow Subsidiary Companies :

BTP Insurance Company Ltd	Clariant Life Science Molecules (Florida) Inc.
BTP Ltd.	Clariant Life Science Molecules (Italia) S.p.A.
BTP World S.A.	Clariant LSM (France) Holding EURL
Clariant (Argentina) S.A	Clariant Masterbatch Huningue
Clariant (Australia) Pty. Ltd.	Clariant Masterbatch Ibérica S.A.
Clariant (Canada) Inc	Clariant Masterbatches (Beijing) Ltd.
Clariant (China) Ltd.	Clariant Masterbatches (Deutschland) GmbH
Clariant (Colombia) S.A.	Clariant Masterbatches (Finland) Oy
Clariant (Danmark) AS	Clariant Masterbatches (France)
Clariant (Egypt) S.A.E.	Clariant Masterbatches (Guangzhou) Ltd.
Clariant (Finland) Oy	Clariant Masterbatches (Italia) S.p.A.
Clariant (Guatemala) S.A.	Clariant Masterbatches (Korea) Ltd.
Clariant (Gulf) FZE	Clariant Masterbatches (Malaysia) Sdn. Bhd.
Clariant (Honduras) S.A. de C.V.	Clariant Masterbatches (Saudi Arabia) Ltd.
Clariant (Japan) K.K.	Clariant Masterbatches (Shanghai) Ltd.
Clariant (Korea) Ltd.	Clariant Masterbatches (St. Jeoire)
Clariant (Malaysia) Sdn. Bhd.	Clariant Masterbatches (Thailand) Ltd.
Clariant (Maroc) S.A.	Clariant Masterbatches Benelux S.A.
Clariant (Mexico) S.A. de C.V.	Clariant Masterbatches Ireland Ltd.,
Clariant (New Zealand), Ltd.	Clariant Masterbatches Norden AB
Clariant (Norge) AS	Clariant Masterbatches UK Ltd.
Clariant (Oesterreich) GmbH	Clariant Participations (The Netherlands) B.V.
Clariant (Pakistan) Ltd.	Clariant Pigments (Korea) Ltd.
Clariant (Perú) S.A.	Clariant Pigments (Tianjin) Ltd.
Clariant (Singapore) Pte. Ltd.	Clariant Prodotti (Italia) S.p.A.
Clariant (Sverige) AB	Clariant Production (France)
Clariant (Sverige) Holding AB	Clariant Production UK Ltd.
Clariant (Tianjin) Ltd.	Clariant Productos Químicos S.A. de C.V.
Clariant (Uruguay) S.A.	Clariant Produkte (Deutschland) GmbH
Clariant (Venezuela) S.A.	Clariant Produkte (Schweiz) AG
Clariant Administração de Bens Ltda.	Clariant Químicos (Portugal) Lda
Clariant Advanced Materials GmbH	Clariant Reinsurance Ltd.
Clariant Business Services GmbH	Clariant S.A.
Clariant Chemicals (China) Ltd.	Clariant Service (Schweiz) AG
Clariant Chemicals (Guangzhou) Ltd.	Clariant Services (Belgium) S.A.
Clariant Chemicals (Taiwan) Co., Ltd.	Clariant Services (France)
Clariant Chemicals (Thailand) Ltd.	Clariant Services UK Ltd.
Clariant Chemiebeteteiligungen AG	Clariant Servizi (Italia) S.p.A.
Clariant Colorquímica (Chile) Ltda	Clariant Southern Africa (Pty) Ltd.
Clariant Consulting AG	Clariant Specialty Chemicals (Zhenjiang) Co. Ltd
Clariant Corporation	Clariant Specialty Fine Chemicals (France)
Clariant Distributie (Nederland) BV	Clariant Trading (China) Ltd.
Clariant Distribution (Belgium) S.A.	Clariant Türkiye A.S.
Clariant Distribution (France)	Clariant Vertrieb (Deutschland) GmbH & Co. KG
Clariant Distribution UK Ltd.	Clariant Verwaltungs GmbH
Clariant Distribuzione (Italia) S.p.A.	Dia Fine K.K.
Clariant Export AG	Dick Peters B.V.
Clariant Finance (BVI) Ltd.	Egyptian German Company for Dyes & Resins S.A.E.
Clariant Finance (Luxembourg) S.A.	Industriepark Griesheim GmbH & Co. KG
Clariant Finanz AG	K.J. Quinn
Clariant Horsforth Ltd.	Lancaster Synthesis Inc.

(c) Other related parties in the Clariant group where common control exists : (Continued)**Fellow Subsidiary Companies : (Continued)**

Clariant Ibérica Comercial S.L.	PT Clariant Indonesia
Clariant Ibérica Producción S.A.	Technische Services Gersthofen GmbH
Clariant Ibérica Servicios S.L.	UK dormant BTP – Companies
Clariant Insurance AG, Liechtenstein	UK dormant Clariant – Companies
Clariant Life Science Molecules (America) Inc.	US dormant BTP – Companies

(d) Key Management Personnel :

H. Meier :	Vice-Chairman & Managing Director
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During the period following transactions were entered into with related parties :**(i) Holding Company, Subsidiary Company and Fellow Subsidiaries :**

	January 07 to December 07 Rs. Million	April 06 to December 06 Rs. Million
Holding Company :		
Transactions during the period :		
Sales of goods		
Clariant International AG	120.8	91.0
Services rendered and others		
Clariant International AG	25.4	8.5
Purchase of goods		
Clariant International AG	736.3	506.5
Services received and others		
Clariant International AG	56.4	34.5
Dividend paid		
Clariant International AG	109.3	89.8
EBITO Chemieeteiligungen AG	147.0	66.8
Clariant Participations AG	47.9	—
Balances outstanding as at the period end :		
Amount payable	115.3	162.8
Amount receivable	19.1	15.3
Subsidiary Company :		
Transactions during the period :		
Services rendered and others		
Chemtreat Composites India Pvt. Ltd.	9.6	3.6
Advances/Loan given during the period		
Chemtreat Composites India Pvt. Ltd.	12.0	26.0
Advances/Loan repaid during the period		
Chemtreat Composites India Pvt. Ltd.	30.0	—
Balances outstanding as at the period end :		
Amount receivable	68.8	77.0
Fellow Subsidiaries :		
Transactions during the period :		
Sales of goods		
Clariant Produkte (Deutschland) GmbH	352.0	314.8
Clariant Corporation	199.8	168.2
Clariant (China) Ltd.	199.3	144.5
Clariant UK Ltd.	22.0	138.7
Others	469.4	452.6
Services rendered and others		
Clariant Produkte (Deutschland) GmbH	6.6	7.9
Clariant Export AG	24.0	13.3
Clariant Specialty Fine Chemicals	4.5	1.3
Others	2.8	3.9

During the period following transactions were entered into with related parties : (Continued)

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

	January 07 to December 07 Rs. Million	April 06 to December 06 Rs. Million
Purchase of goods		
Clariant China Ltd.	78.7	25.6
Clariant UK Ltd.	—	37.5
Clariant Huningue	—	21.3
Clariant Corporation	10.4	17.5
Others	26.5	61.2
Purchase of capital goods		
Clariant MasterBatch GmbH	25.3	—
Clariant Produkte (Deutschland)) GmbH	5.3	—
Services received and others		
PT Clariant Indonesia	0.9	—
Clariant (Singapore) PTE	2.4	0.3
Clariant Produkte (Deutschland) GmbH	1.5	0.3
Clariant SA Brazil	1.7	2.1
Clariant Southern Africa (PTY) Ltd.	0.2	0.4
Others	2.1	0.8
Dividend paid		
BTP Ltd., UK	—	29.3
Balances outstanding as at the period end		
Amount payable	38.4	40.7
Amount receivable	213.5	253.6
(ii) Key Management Personnel :		
Remuneration	15.3	11.2
Commission payable	2.1	1.6

	January 07 to December 07	April 06 to December 06
4. Earnings per share :		
(a) Net profit after taxation (Rs. Million)	317.9	328.7
(b) Number of equity shares outstanding	26660745	26660745
(c) Basic and Diluted earnings per share (In Rupees)	11.92 (Annualised)	12.33 (Not annualised)
(d) Face value per share (In Rupees)	10.0	10.0
	31-12-07 Rs. Million	31-12-06 Rs. Million
5. Deferred Taxes :		
The major components of deferred tax assets and deferred tax liabilities are set out below :		
Deferred Tax Assets		
(a) Provision for doubtful debts	2.7	2.7
(b) Provision for retirement benefits	19.3	33.2
(c) Expenses allowable for tax purposes when paid	5.4	5.3
(d) Integration expenses	14.2	20.3
(e) Payment/Provision for Voluntary retirement scheme	83.2	50.8
(f) Others	0.1	0.1
	124.9	112.4
Deferred Tax Liabilities		
Depreciation/Amortisation	168.2	210.6
Deferred Tax Assets/(Liabilities) – Net	(43.3)	(98.2)

	January 07 to December 07 Rs. Million	April 06 to December 06 Rs. Million
6. In respect of all assets taken on lease on or after 1st April, 2001 :		
(a) In respect of Operating leases, where lease agreements have been formally entered into, minimum lease payments recognised in the Profit and loss account for the period are as follows.		
Residential flats, office premises, vehicles, equipment and machinery, computers etc.	32.7	15.9
(b) There are no restrictions such as those concerning dividends, additional debt and further leasing, imposed by the lease agreements entered into by the Company.		
(c) Contingent rent payments in respect of vehicles are dependent upon the excess of actual usage, if any, over stipulated usage.		
(d) The total of future minimum lease payments under non-cancellable operating leases are as follows :		
For a period not later than one year	32.2	27.4
For a period later than one year and not later than five years	40.6	48.9
Total	72.8	76.3
	January 07 to December 07 Rs. Million	April 06 to December 06 Rs. Million
7. Expenditure on Research and Development :		
(a) Capital expenditure	0.5	2.4
(b) Revenue expenditure charged to Profit and loss account	33.8	33.0
Total	34.3	35.4
	31-12-07 Rs. Million	31-12-06 Rs. Million
8. Estimated amount of contracts remaining to be executed on capital account and not provided for	15.7	31.6
	31-12-07 Rs. Million	31-12-06 Rs. Million
9. Contingent liabilities not provided for :		
(a) (i) in respect of income tax matters decided against the Company, in respect of which the Company is in further appeal	115.2	109.6
decided in favour of the Company against which the department is in appeal	1.5	1.5
(ii) in respect of sales tax matters	123.0	29.8
(iii) in respect of excise matters	52.7	82.0
(iv) in respect of bills of exchange discounted with banks [since realised Rs. 130.8 Million (Rs.140.2 Million)]	175.3	255.6
(v) Other matters in dispute	—	0.7
(vi) Disputed Labour matters – Amount not ascertained		
In respect of items (i) to (iii) & (vi) future cash outflows in respect of contingent liabilities is determinable only on receipt of judgements pending at various forums/authorities.		
(b) On 15th February 2005, the Company had received an order of the Tahsildar, Thane demanding Rs. 12.1 Million for the lease of land to Thane Municipal Corporation, Fire Brigade and Maharashtra State Electricity Board without obtaining prior permission in writing against which the Company had filed a writ petition on 23rd February, 2005 before the Bombay High Court. The Hon'ble High Court has granted interim stay in terms of the petition on 14th July, 2005.		

	31-12-07 Rs. Million	31-12-06 Rs. Million
10. Disclosure required under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act) are given as follows :		
(a) Principal amount due	—	—
Interest due on the above	—	—
(b) Interest paid during the period beyond the appointed day	—	—
(c) Amount of interest due and payable for the period of delay in making payment without adding the interest specified under the Act	—	—
(d) Amount of interest accrued and remaining unpaid at the end of the period	—	—
(e) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Act	—	—
The above information and that given in Schedule-11 'Current Liabilities' regarding micro enterprise and small enterprises has been determined on the basis of information available with the Company. This has been relied upon by the auditors.		

	January 07 to December 07 Rs. Million (Excluding Service Tax)	April 06 to December 06 Rs. Million (Excluding Service Tax)
11. Miscellaneous Expenses in Schedule 17: Other Expenditure include :		
Auditors' remuneration and expenses :		
(a) Audit fees	2.0	2.0
(b) Company law matters	0.1	—
(c) Taxation services	0.1	—
(d) Other services – miscellaneous reports	4.0	2.6
(e) Out-of-pocket expenses	0.2	0.1
	6.4	4.7

12. Disclosure in respect of Derivative Instruments :

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

(a) Forward Exchange Contracts outstanding as at :

Currency	31-12-07		31-12-06	
	Amount in foreign currency	Amount Rs. Million	Amount in foreign currency	Amount Rs. Million
EUR/INR	150000	8.7	—	—

(b) Foreign currency exposures not covered by a derivative instrument :

	31-12-07		31-12-06	
	Amount in foreign currency	Amount Rs. Million	Amount in foreign currency	Amount Rs. Million
(i) Amount receivable on account of export of goods and services :				
Currency				
USD	7524231	297.5	8199019	367.5
EUR	350919	20.5	213507	12.6
CHF	78623	2.6	2583	0.1
GBP	—	—	1512	0.1
		320.6		380.3

12. Disclosure in respect of Derivative Instruments : (Contd.)

	31-12-07		31-12-06	
	Amount in foreign currency	Amount Rs. Million	Amount in foreign currency	Amount Rs. Million
(ii) Amount payable on account of import of goods and services :				
Currency				
USD	3692348	150.5	2137474	94.6
EUR	1782150	103.1	2929480	170.8
CHF	407456	14.2	343438	12.5
GBP	59108	4.7	38602	3.4
		272.5		281.3

13. (a) Amount paid/payable by the Company to Directors (including Managing Director) as remuneration for services rendered in any capacity :

	January 07 to December 07 Rs. Million	April 06 to December 06 Rs. Million
Directors' sitting fees	0.1	0.1
Salaries	13.2	9.6
Commission	2.9	2.4*
Other perquisites and benefits in cash or in kind	#	#
	16.2	12.1

Note: Provision for leave encashment and gratuity benefit which is based on actuarial valuation done on an overall Company basis is excluded from above.

* Actual paid during the year Rs. 2.0 Million and Rs. 0.4 Million reversed during the year and excludes Non Compete fees of **Rs. NIL** (Previous Year: Rs. 15.4 Million) paid to ex-Managing Director.

Indicates amount is less than Rs. 50,000.

(b) Computation of net profit for commission payable to the Directors in accordance with Section 198 of the Companies Act, 1956 :

	January 07 to December 07		April 06 to December 06	
	Rs. Million	Rs. Million	Rs. Million	Rs. Million
Profit after tax as per Profit and loss account		317.9		328.7
<i>Add:</i> Provision for taxation-Net	175.4		179.1	
Managerial remuneration	16.2		12.1	
Wealth tax	0.5		0.7	
Voluntary Retirement scheme compensation	243.8		1.0	
		435.9		192.9
		753.8		521.6
<i>Less:</i> Profit on sale of investments	0.1		4.3	
Provision for doubtful debts written back (net)	#		7.2	
Provision for unearned premium written back	—		5.0	
Reversal of depreciation on change of method	—		40.0	
Capital Profit on sale of Fixed assets	19.6		4.2	
		19.7		60.7
Net profit as per Section 198		734.1		460.9
Commission :				
To Vice-Chairman & Managing Director restricted to sum as determined by the Board of Directors.		2.1		1.6*
To Directors who are not in whole-time employment of the Company @ 1% of net profit i.e. Rs. 7.3 Million (Rs. 4.6 Million) restricted to sum as determined by the Board of Directors.		0.8		0.8
		2.9		2.4

* Actual paid during the year Rs. 1.2 Million

Indicates amount is less than Rs. 50,000

14. Class of goods		Unit	January 07 to December 07		April 06 to December 06	
			Annual Installed Capacity	Production *	Annual Installed Capacity	Production*
(a)	Intermediates and Colours	M. Tonnes	27810**	16114**	27810**	8205**
(b)	Dyes and Specialty Chemicals	M. Tonnes	54040**	49262**	54040**	38488**
(c)	Masterbatches	M. Tonnes	1520	1314	1060	667

* Excluding captive consumption

** At different concentrations

Notes :

- The classification between the class of goods and the installed capacities have been certified by the Vice-Chairman & Managing Director on which the auditors have placed reliance, this being a technical matter.
- Licensed capacity per annum not indicated due to the abolition of Industrial Licenses as per Notification No. 477(E) dated 25th July, 1991 issued under The Industries (Development and Regulations) Act 1951.

15. Class of goods		Unit	Opening Stock		Closing Stock		Sales (inclusive of excise duty)	
			Quantity	Value Rs. Million	Quantity	Value Rs. Million	Quantity	Value Rs. Million
(a)	Intermediates and Colours	M. Tonnes	860 (847)	294.0 (281.6)	715 (860)	230.1 (294.0)	16259 (8144)	3483.2 (2244.9)
(b)	Dyes and Specialty Chemicals	M. Tonnes	2372 (2182)	182.3 (168.0)	2903 (2372)	232.8 (182.3)	48731 (38298)	4138.1 (3240.6)
(c)	Masterbatches	M. Tonnes	16 (19)	3.1 (3.4)	55 (16)	8.2 (3.1)	1275 (670)	307.8 (176.2)
(d)	Trading items (including dyes, chemicals, pigments, masterbatches, etc.)	M. Tonnes	1176 (1460)	205.8 (223.3)	1171 (1176)	191.5 (205.8)	8290 (13350)	1588.0 (1877.2)
				685.2 (676.3)		662.6 (685.2)		9517.1 (7538.9)

Note: Previous period figures have been regrouped/reclassified wherever necessary to conform to the current year's classification.

16. Class of Goods :

		Purchase of finished goods				
		January 07 to December 07		April 06 to December 06		
Unit		Quantity	Value Rs. Million	Quantity	Value Rs. Million	
Trading Items :						
Dyes, Chemicals, pigments, masterbatches, etc.		M. Tonnes	8285	1320.5	13066	1360.0

17. Raw Materials consumed :

		January 07 to December 07		April 06 to December 06	
		Quantity M. Tonnes	Value Rs. Million	Quantity M. Tonnes	Value Rs. Million
(a)	Acetic Acid Glacial	9106	301.0	7627	244.4
(b)	Others (None of the items individually exceed 10 % of the total value of raw materials consumed)		3651.4		2742.9
			3952.4		2987.3

Note: Raw materials consumed have been arrived at after write down of certain items and excesses and shortages on physical verification.

18. Consumption of raw materials, components and spare parts :

	January 07 to December 07		April 06 to December 06	
	Percentage of total Consumption	Value Rs. Million	Percentage of total Consumption	Value Rs. Million
(a) Raw materials :				
Imported	26.9	1062.7	28.3	845.6
Indigenous	73.1	2889.7	71.7	2141.7
	100.0	3952.4	100.0	2987.3

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

19. Value of imports (C.I.F.) :

	January 07 to December 07 Rs. Million	April 06 to December 06 Rs. Million
(a) Raw materials and trading items	1536.0	1256.4
(b) Components and spare parts	2.6	3.3
(c) Capital goods	45.3	26.7

20. Expenditure in foreign currency (subject to deduction of tax where applicable) :

	January 07 to December 07 Rs. Million	April 06 to December 06 Rs. Million
(a) Brokerage on exports	8.9	7.5
(b) Interest	26.1	13.8
(c) Others (includes exchange loss)	119.5	72.2

21. Remittance in foreign currency on account of dividend :

	January 07 to December 07	April 06 to December 06
Number of non-resident shareholders where direct remittances have been made by the Company	3	3
Number of shares on which dividend is remitted	16902080	16902080
Year to which dividend relates	2006*	2005-2006
Amount remitted (Rs. Million)	304.2	185.9

* The dividend for the year 2006 pertains to the period April 2006- December 2006.

22. Earnings in foreign exchange :

	January 07 to December 07 Rs. Million	April 06 to December 06 Rs. Million
(a) Exports (F.O.B.)	1737.8	1590.9
(b) Know-how	8.5	7.1
(c) Others (insurance, freight, commission, claims, exchange gain etc.)	120.3	121.8

23. Advances and loans to subsidiary include due from Chemtreat Composites India Private Ltd **Rs. 68.8 Million** (Rs. 77.0 Million). Maximum amount due during the period **Rs. 77.0 Million** (Rs. 77.0 Million). This amount is interest free and repayable on demand.

24. Employee Benefits

(a) Defined benefit Plans - As per Actuarial valuation as on December 31, 2007

	Rs. Million	
	Funded	Unfunded
Gratuity		
A. Expenses recognised in the statement of Profit and Loss Account for the year ended December 31, 2007		
1. Current service cost	20.1	0.3
2. Interest cost	16.9	0.5
3. Expected return on plan assets	(21.7)	—
4. Net actuarial(gain)/loss recognised during the year	4.1	(1.5)
5. Expense/(Income) recognised in Profit and Loss Account	19.4	(0.7)
[Gratuity expense/(income) have been recognised in Contribution/Provision for provident fund, superannuation scheme, gratuity fund etc. in "Personnel Cost" under Schedule 15]		
B. Actual return on plan assets for the year ended December 31, 2007		
1. Expected return on plan assets	21.7	—
2. Actuarial gain/(loss) on plan assets	(5.8)	—
3. Actual return on plan assets	15.9	—
C. Net Asset/(Liability) recognised in the Balance Sheet as at December 31, 2007		
1. Present value of the Defined Benefit obligation	255.2	8.0
2. Fair value of plan assets	243.2	—
3. Net Asset/(Liability) recognised in the Balance Sheet	(12.0)	(8.0)
D. Change in Defined Benefit obligation during the year ended December 31, 2007		
1. Present value of Defined Benefit obligation as at January 1, 2007	294.6	9.0
2. Current service cost	20.1	0.3
3. Interest cost	16.9	0.5
4. Benefits paid	(74.7)	(0.3)
5. Actuarial (gain)/loss on obligation	(1.7)	(1.5)
6. Present value of obligation as at December 31, 2007	255.2	8.0
E. Changes in Fair Asset during the year ended December 31, 2007		
1. Fair value of plan assets as at January 1, 2007	271.0	—
2. Expected return on plan assets	21.7	—
3. Contributions made	31.0	—
4. Benefits paid	(74.7)	—
5. Actuarial gain/(loss) on plan assets	(5.8)	—
6. Fair value of plan assets as at December 31, 2007	243.2	—
F. Major categories of plan assets as a percentage of total plan assets		
1. Central Government securities	25.1%	—
2. State Government securities	9.9%	—
3. Private Sector bonds	13.6%	—
4. Special deposit scheme	22.8%	—
5. Cash at Bank	2.0%	—
6. Investment in Insurance companies	22.3%	—
7. Others	4.4%	—
G. Actuarial assumptions		
1. Discount rate	8.0%	8.0%
2. Expected rate of return on plan assets	8.0%	—
3. Salary Escalation	4.0%-6.0%	4.0%-6.0%
		Rs. Million
Other long term benefits:		
The Defined Benefit obligations which are provided for but not funded as on 31.12.2007 are as under:		
Compensated absence/Leave salary		48.7
(b) Gratuity is administered through duly constituted and approved independent trusts and also through Group gratuity scheme with Life Insurance Corporation of India.		

	Rs. Million	
(c) Future salary increases considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.		
(d) Basis used to determine expected rate of return on plan assets: The expected rate of return on plan assets is based on market expectation, at the beginning of the year, for returns over the entire life of the related obligation.		
(e) During the year the Company has recognised the following amounts in the Profit and Loss Account in Schedule 15:		
Salaries, wages, bonus includes compensated absences	17.0	
Contribution/Provision for provident fund, superannuation scheme, gratuity fund etc. includes:		
Provident Fund & Family Pension	30.7	
Superannuation Fund	25.7	
Gratuity Fund	19.4	
Other funds	0.5	
(f) This being the first year in which the Company has adopted the Accounting Standard 15 (Revised) on Employee benefits, figures for the previous period have not been included.		
25. During the year, the Company has changed the rate of depreciation for certain assets from 4.75% to 20% which has resulted in increase of depreciation of Rs. 4.8 Million . As a result of the change in rate of depreciation, the depreciation charge for the period is higher and profit before tax for the period is lower, each by Rs. 4.8 Million .		
26. During the year the Company has changed its policy in respect of accounting for voluntary retirement expenses by charging it in the year when incurred as against the earlier policy of amortising the same over a period of three years. As a result expenses for the period is higher and profit before tax for the period is lower, each by Rs. 212.6 Million .		
27. Exceptional items in Profit & Loss Account include:		
	January 07 to December 07 Rs. Million	April 06 to December 06 Rs. Million
Termination benefits to Employees/Contractors	267.2	1.0
Write off of assets (net of recovery of Rs. 14.1 Million) due to restructuring	46.2	—
Recovery of Remnant Cost on termination of Toll Manufacturing agreement	—	(22.0)
Non Compete Fees to ex-Managing Director	—	15.4
	313.4	(5.6)
28. Figures for the previous period have been regrouped wherever necessary to conform to the current year's classification. Figures for the previous period are for nine months ending December 31, 2006 and hence are not strictly comparable with those of the current year.		
29. The figures in brackets are those in respect of the previous accounting year.		

For and on behalf of the Board,

R. A. Shah *Chairman*

H. Meier *Vice-Chairman & Managing Director*

B. S. Mehta } *Directors*

Diwan A. Nanda }

Sunil K. Nayak *Chief Financial Officer & Company Secretary*

Mumbai, 21st February, 2008

Statement pursuant to Part IV of Schedule VI to The Companies Act, 1956
Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.
 State Code
 Balance Sheet Date
 Date Month Year

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

Public Issue
 Bonus Issue
 Right Issue
 Private Placement

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Million)

Total Liabilities*
 Sources of Funds
 Paid-up Capital
 Secured Loans
 Application of Funds
 Net Fixed Assets
 Investments
 Miscellaneous Expenditure
 Total Assets
 Reserves and Surplus
 Unsecured Loans
 Net Current Assets**
 Accumulated Losses

* Including Shareholders' funds

** Includes Deferred tax liabilities (Net) Rs. 43.3 Million

IV. Performance of Company (Amount in Rs. Million)

Turnover (Gross Revenue) @
 @ Includes Other Income Rs. 243.9 Million
 + - Profit Before Tax
 Earnings Per Share in Rs.**
 Total Expenditure
 + - Profit After Tax
 Dividend Rate %

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

V. Generic Names of Three Principal Products of Company

Item Code No.
 Product Description
 Item Code No.
 Product Description
 Item Code No.
 Product Description

For and on behalf of the Board,

R. A. Shah *Chairman*

H. Meier *Vice-Chairman & Managing Director*

B. S. Mehta } *Directors*

Diwan A. Nanda }

Sunil K. Nayak *Chief Financial Officer & Company Secretary*

Mumbai, 21st February, 2008

Statement Pursuant to Section 212 of the Companies Act, 1956

Name of the Subsidiary Company	Chemtreat Composites India Private Ltd.
1. Financial year of the Subsidiary Company	January 2007 to December 2007
2. Total issued and paid-up share capital of the Subsidiary Company :	
(a) Issued	500,000 equity shares of Rs.10/- each
(b) Subscribed and Paid-up	500,000 equity shares of Rs.10/- each
3. Extent of Interest of Clariant Chemicals (India) Limited at the end of the financial year :	500,000 equity shares of Rs.10/- each
4. Net aggregate amount of profits :	
(a) Post-tax profit/(loss) for the year	Rs. (22.8) Million
(b) Profit/(Loss) carried to its balance sheet	Rs. 4.9 Million

No adjustment has been made in the accounts of the Company in respect of the profit/(loss) of the Subsidiary Company.

For and on behalf of the Board,

R. A. Shah *Chairman*

H. Meier *Vice-Chairman & Managing Director*

B. S. Mehta
Diwan A. Nanda } *Directors*

Sunil K. Nayak *Chief Financial Officer & Company Secretary*

Mumbai, 21st February, 2008

Auditors' Report to the Members

Auditors' Report to the Board of Directors of Clariant Chemicals (India) Limited on the Consolidated Financial Statements of Clariant Chemicals (India) Limited

1. We have audited the attached Consolidated Balance Sheet of Clariant Chemicals (India) Limited and its subsidiary (the Clariant Chemicals (India) Limited Group), as at December 31, 2007 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of Clariant Chemicals (India) Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material 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.
3. We report that the consolidated financial statements have been prepared by the Clariant Chemicals (India) Limited's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India.
4. In our opinion and to the best of our information and according to the explanations given to us, the attached Consolidated Financial

Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Clariant Chemicals (India) Limited Group as at December 31, 2007;
- (ii) in the case of the Consolidated Profit and Loss Account, of the profit of the Clariant Chemicals (India) Limited Group for the year ended on that date; and
- (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Clariant Chemicals (India) Limited Group for the year ended on that date.

For A. F. Ferguson & Co.
Chartered Accountants

A. C. Khanna
Partner

Membership No.: 17814

Mumbai, 21st February, 2008

Consolidated Balance Sheet

as at 31st December 2007

	Schedule	31-12-07 Rs. Million	31-12-06 Rs. Million
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	266.6	266.6
Reserves and surplus	2	2832.5	2863.5
		3099.1	3130.1
Loan funds			
Secured loans	3	—	14.2
Unsecured loans	4	40.7	47.9
		40.7	62.1
Deferred tax liability - Net (See note 5, Schedule 18)		49.7	102.5
		3189.5	3294.7
APPLICATION OF FUNDS			
Fixed assets			
Gross block	5	3740.4	3844.4
Less: Accumulated depreciation		2108.5	2181.1
Net block		1631.9	1663.3
Capital work-in-progress and advances, etc.		178.3	81.3
		1810.2	1744.6
Investments	6	261.8	432.5
Current assets, loans and advances			
Inventories	7	1145.7	1293.5
Sundry debtors	8	1353.8	1422.3
Cash and bank balances	9	133.0	396.5
Loans and advances	10	647.8	603.6
		3280.3	3715.9
<i>Less:</i>			
Current liabilities and provisions			
Liabilities	11	1664.3	1876.3
Provisions	12	498.5	739.7
		2162.8	2616.0
Net current assets		1117.5	1099.9
Miscellaneous expenditure-Voluntary retirement scheme (To the extent not written off or adjusted)		—	17.7
		3189.5	3294.7
Notes on balance sheet and profit and loss account	18		

Per our report attached
For A. F. Ferguson & Co.
Chartered Accountants

A. C. Khanna
Partner

For and on behalf of the Board,

R. A. Shah *Chairman*

H. Meier *Vice-Chairman & Managing Director*

B. S. Mehta
Diwan A. Nanda } *Directors*

Sunil K. Nayak *Chief Financial Officer & Company Secretary*

Mumbai, 21st February, 2008

Mumbai, 21st February, 2008

Consolidated Profit and Loss Account

for the year ended 31st December 2007

	Schedule	January 07 to December 07 Rs. Million	April 06 to December 06 Rs. Million
INCOME			
Sales – Gross		9527.9	7589.9
Less: Excise duty recovered on sales		902.7	668.5
Sales – Net		8625.2	6921.4
Other income	13	244.2	221.2
		8869.4	7142.6
EXPENDITURE			
Cost of materials	14	5526.3	4556.9
Personnel cost	15	711.6	533.0
Interest (Net)	16	12.0	(0.7)
Depreciation/Amortisation	5	221.4	154.6
Other expenditure	17	1676.2	1411.2
		8147.5	6655.0
Less: Service charges recovered		64.1	47.0
		8083.4	6608.0
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAXATION		786.0	534.6
Exceptional items (See note 15, Schedule 18)		313.4	(5.6)
PROFIT AFTER EXCEPTIONAL ITEMS AND BEFORE TAXATION		472.6	540.2
Provision for taxation			
Current tax		219.5	125.0
Deferred tax		(52.8)	49.9
Fringe benefit tax		10.8	8.5
PROFIT AFTER TAXATION		295.1	356.8
Balance brought forward from previous period		162.8	386.2
Available for appropriation		457.9	743.0
APPROPRIATED AS FOLLOWS			
General reserve		31.8	33.0
Proposed dividend		266.6	479.9
Corporate tax on proposed dividend		45.3	67.3
Corporate tax on dividend of previous period		14.2	—
Balance carried to the Balance Sheet		100.0	162.8
		457.9	743.0
Notes on balance sheet and profit and loss account	18		
Basic and Diluted earnings per share (in Rupees)		11.07	13.38
(See note 4, Schedule 18)		(Annualised)	(Not annualised)
Face value per share (in Rupees)		10.00	10.00

Per our report attached to the Balance Sheet
For A. F. Ferguson & Co.
Chartered Accountants

A. C. Khanna
Partner

For and on behalf of the Board,

R. A. Shah *Chairman*
H. Meier *Vice-Chairman & Managing Director*

B. S. Mehta } *Directors*
Diwan A. Nanda }

Sunil K. Nayak *Chief Financial Officer & Company Secretary*

Mumbai, 21st February, 2008

Mumbai, 21st February, 2008

Consolidated Cash Flow Statement

for the year ended 31st December 2007

	January 07 to December 07 Rs. Million	April 06 to December 06 Rs. Million
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Profit after exceptional items and before taxation	472.6	540.2
<i>Adjustments for :</i>		
Depreciation/Amortisation	221.4	154.6
Unrealised foreign exchange (gain)/loss (Net)	1.8	1.3
Interest income	(23.9)	(21.2)
Dividend income	(18.4)	(6.1)
Loss/(profit) on sale of assets (Net)	(19.1)	(3.3)
Loss/(profit) on sale of investments (Net)	(0.1)	(4.3)
Amortisation/Charge of voluntary retirement scheme compensation	17.80	1.0
Provision for doubtful debts written back (Net)	—	(7.2)
Provision for leave encashment	(16.6)	(9.2)
Provision for ex-gratia gratuity	(1.0)	0.3
Provision for gratuity	—	0.1
Interest expenses	35.9	20.5
Assets written-off	66.4	12.2
Operating profit before working capital changes	736.8	678.9
<i>Adjustments for :</i>		
Trade and other receivables	87.3	161.9
Payment of voluntary retirement scheme compensation	—	(18.8)
Inventories	147.8	(40.6)
Trade, other payables and provisions	(230.2)	16.8
Cash generated from operations	741.7	798.2
Direct taxes paid (Net of refunds)	(281.8)	(152.1)
Net cash from operating activities	459.9	646.1
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	(387.7)	(241.9)
Sale of fixed assets	46.8	13.6
Purchase of investments	(3807.8)	(1362.4)
Investment in subsidiaries		(6.0)
Sale of investments	3978.6	2040.2
Interest received	39.0	7.0
Dividend received	18.4	6.1
Net Cash from/(used in) investing activities	(112.7)	456.6

	January 07 to December 07 Rs. Million	April 06 to December 06 Rs. Million
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Cash credit and packing credit (Net)	(14.2)	(333.0)
Repayment of borrowings	(7.2)	(164.2)
Interest paid	(30.7)	(20.8)
Dividend/dividend tax paid	(558.6)	(332.4)
Net Cash used in financing activities	(610.7)	(850.4)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(263.5)	252.3
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE PERIOD	396.5	144.2
CASH AND CASH EQUIVALENTS AS AT THE END OF THE PERIOD (Refer Schedule 9)	133.0	396.5

Notes:

- The Cash Flow has been prepared under the "Indirect Method" as set out in Accounting Standard-3 on Cash flow statement issued by the Institute of Chartered Accountants of India.
- Direct taxes paid are treated as arising from operating activities and are not bifurcated between investing and financing activities.
- Figures for the previous period have been regrouped wherever necessary to conform to the current year's classification. Figures for the previous period are for nine months ending December 31, 2006 and hence are not strictly comparable with those of the current year.

Per our report attached to the Balance Sheet

For A. F. Ferguson & Co.
Chartered Accountants

A. C. Khanna
Partner

For and on behalf of the Board,

R. A. Shah *Chairman*
H. Meier *Vice-Chairman & Managing Director*

B. S. Mehta } *Directors*
Diwan A. Nanda }

Sunil K. Nayak *Chief Financial Officer & Company Secretary*

Mumbai, 21st February, 2008

Mumbai, 21st February, 2008

Schedules forming part of the Consolidated Balance Sheet

SCHEDULE 1 : SHARE CAPITAL

	31-12-07 Rs. Million	31-12-06 Rs. Million
Authorised		
30000000 equity shares of Rs. 10/- each	300.0	300.0
Issued and subscribed		
26660745 equity shares of Rs. 10/- each fully paid	266.6	266.6

Notes :

Of the above :

- 15010745 equity shares issued as fully paid up pursuant to a contract for a consideration other than cash.
- 8167080 equity shares are held by EBITO Chemieeteiligungen AG.
6075000 equity shares are held by Clariant International AG.
2660000 equity shares are held by Clariant Participations AG.
The ultimate holding company being Clariant AG, Switzerland.
- 6690610 equity shares were allotted as fully paid up bonus shares by capitalisation of Rs.66.9 Million from general reserve.

SCHEDULE 2 : RESERVES AND SURPLUS

	31-12-07 Rs. Million	31-12-06 Rs. Million
Capital reserve		
As per last Balance sheet	73.0	73.0
Capital redemption reserve		
As per last Balance sheet	13.7	13.7
Securities premium account		
As per last Balance sheet	354.6	354.6
Investment allowance reserve		
As per last Balance sheet	2.0	2.0
General reserve		
As per last Balance sheet	2257.4	2224.4
Add: Transfer from Profit and loss account	31.8	33.0
	2289.2	2257.4
Profit and loss account		
	100.0	162.8
	2832.5	2863.5

SCHEDULE 3 : SECURED LOANS

	31-12-07 Rs. Million	31-12-06 Rs. Million
From banks :		
Short term loans :	—	14.2
Rs. NIL (Previous year : Rs. 14.2 Million secured by hypothecation of present and future stock-in-trade and spare parts, loose tools, book debts, outstanding monies, receivables, claims, bills, right to or in movable properties and movable assets, etc.)		
	—	14.2

SCHEDULE 4 : UNSECURED LOANS

	31-12-07 Rs. Million	31-12-06 Rs. Million
From others:		
Interest-free sales tax deferral scheme granted by State Industries Promotion Corporation of Tamil Nadu Limited	40.7	47.9
	40.7	47.9

SCHEDULE 5 : FIXED ASSETS

										Rs. Million	
GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK			
	As at 31-12-06	Additions/ Adjustments (See note 2)	Deductions/ Adjustments (See note 2)	As at 31-12-07	As at 31-12-06	Deductions/ Adjustments (See note 2)	For the period (See note 13, Schedule 18)	As at 31-12-07	As at 31-12-07	As at 31-12-06	
Intangible Assets											
Goodwill on consolidation	22.5	—	—	22.5	—	—	—	—	22.5	22.5	
Software license fees	37.9	—	37.9	—	37.9	37.9	—	—	—	—	
Tangible Assets											
Land freehold	8.3	7.2	—	15.5	—	—	—	—	15.5	8.3	
Land leasehold	1.5	—	—	1.5	0.4	—	#	0.4	1.1	1.1	
Buildings	637.5	15.6	31.0	622.1	201.3	10.2	15.8	206.9	415.2	436.2	
Plant, machinery, equipment etc.	2887.4	153.4	276.5	2764.3	1802.9	273.8	166.6	1695.7	1068.6	1084.5	
Furniture , fixtures and office appliances	157.6	100.6	24.6	233.6	86.6	(41.9)	22.4	150.9	82.7	71.0	
Vehicles	91.7	7.3	18.1	80.9	52.0	14.0	16.6	54.6	26.3	39.7	
Total	3844.4	284.1	388.1	3740.4	2181.1	294.0	221.4	2108.5	1631.9		
Previous period	3815.3	273.8	244.7	3844.4	2248.6	222.1	154.6	2181.1		1663.3	
Capital work-in-progress									175.6	65.4	
Advances against capital orders									2.7	15.9	
									178.3	81.3	
									1810.2	1744.6	

Notes:

- Buildings include Rs. 0.01 Million (Previous year : Rs. 0.01 Million) being the cost of shares and bonds in co-operative housing societies.
- Adjustments are mainly on account of reclassification of certain assets.
- # Indicates amount less than Rs. 50,000

SCHEDULE 6 : INVESTMENTS (AT COST)

	31-12-07 Rs. Million	31-12-06 Rs. Million
Long Term		
Non-trade-Unquoted		
NIL (Previous year : 38250) 5.15% Rural Electrification Corporation Limited Bonds of Rs. 10000 each fully paid up	—	382.5
	—	382.5
Total Long Term	—	382.5
Current		
Non Trade - Unquoted		
In fully paid units of Rs. 10/- each		
8094818 (Previous Year : NIL) HDFC Liquid Fund Premium Plan – Dividend – Daily Reinvest	99.2	—
5521028 (Previous Year : NIL) Kotak Liquid (Institutional Premium) – Daily Dividend	67.5	—
9488974 (Previous Year : NIL) Birla Cash Plus – Instl. Prem. – Daily Dividend – Reinvestment	95.1	—
NIL (Previous Year : 4493133) Reliance Liquid Fund – Cash Plan – Dividend Reinvestment	—	50.0
Total Current	261.8	50.0
Total Investments - Unquoted	261.8	432.5

SCHEDULE 7 : INVENTORIES

	31-12-07 Rs. Million	31-12-06 Rs. Million
At lower of cost and net realisable value (As certified by the Management)		
Stores and spare parts	33.9	40.1
Raw materials	310.9	420.2
Packing materials	10.2	13.2
Finished goods	671.6	689.2
Work-in-progress	119.1	130.8
	1145.7	1293.5

SCHEDULE 8 : SUNDRY DEBTORS

	31-12-07 Rs. Million	31-12-06 Rs. Million
Secured (Considered good)		
Over six months	6.0	8.3
Other debts	96.9	94.8
	102.9	103.1
Unsecured		
Over six months (Including doubtful debts Rs. 8.1 Million; Previous year : Rs. 8.1 Million; balance considered good)	34.9	36.2
Other debts (Considered good)	1224.1	1291.1
	1259.0	1327.3
	1361.9	1430.4
<i>Less: Provision for doubtful debts</i>	8.1	8.1
	1353.8	1422.3

SCHEDULE 9 : CASH AND BANK BALANCES

	31-12-07 Rs. Million	31-12-06 Rs. Million
Cash on hand	0.5	1.4
Cheques on hand	34.7	277.7
With scheduled banks:		
On current accounts	61.6	75.0
On fixed deposit accounts	36.2	42.4
	97.8	117.4
	133.0	396.5

SCHEDULE 10 : LOANS AND ADVANCES

	31-12-07 Rs. Million	31-12-06 Rs. Million
(Unsecured — considered good, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	315.1	331.5
VAT set off admissible	20.1	18.8
Advance payment of Income tax (Net of Provision for taxation)	252.0	172.8
Balances with customs and excise on current account	60.6	80.5
	647.8	603.6

SCHEDULE 11 : CURRENT LIABILITIES

	31-12-07 Rs. Million	31-12-06 Rs. Million
Sundry creditors		
Due to micro enterprises and small enterprises	—	—
Due to others	1519.3	1733.9
	1519.3	1733.9
Deposits	129.8	129.7
Interest accrued but not due on loans	—	#
Unpaid dividends*	15.1	12.3
Unclaimed fixed deposits*	#	0.1
Unpaid interest on matured fixed deposits*	0.1	0.3
	1664.3	1876.3

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

Indicates amount less than Rs. 50,000

SCHEDULE 12 : PROVISIONS

	31-12-07 Rs. Million	31-12-06 Rs. Million
Retirement Benefits:		
Leave encashment	48.7	65.3
Gratuity	12.0	28.0
Ex-gratia gratuity	8.0	9.0
Others:		
Provision for taxation (Net of advance payment of Income tax)	117.9	90.2
Proposed dividend	266.6	479.9
Corporate tax on proposed dividend	45.3	67.3
	498.5	739.7

Schedules forming part of the Consolidated Profit and Loss Account

SCHEDULE 13 : OTHER INCOME

	January 07 to December 07 Rs. Million	April 06 to December 06 Rs. Million
Dividend on current non-trade investments	18.4	6.1
Export incentives	35.4	25.4
Profit on sale of fixed assets (Net)	19.1	3.3
Cash discounts	2.5	2.5
Rental income	34.8	25.6
Indenting commission	46.8	27.9
Exchange Gain (Net)	—	4.8
Provision for doubtful debts written back (Net)	#	7.2
Profit on sale of current investments (Net)	0.1	1.0
Profit on sale of long term investments (Net)	—	3.3
Miscellaneous	87.1	114.1
	244.2	221.2

Indicates amount less than Rs. 50,000

SCHEDULE 14 : COST OF MATERIALS

	January 07 to December 07 Rs. Million	April 06 to December 06 Rs. Million
Raw materials consumed	3956.5	2997.0
Packing materials consumed	220.0	166.5
Purchases of finished goods	1320.5	1360.0
Opening stock		
Finished goods	689.2	678.1
Work-in-progress	130.8	175.3
	820.0	853.4
Less: Closing stock		
Finished goods	671.6	689.2
Work-in-progress	119.1	130.8
	790.7	820.0
	29.3	33.4
	5526.3	4556.9

SCHEDULE 15 : PERSONNEL COST

	January 07 to December 07 Rs. Million	April 06 to December 06 Rs. Million
Salaries, wages, bonus, etc.	545.0	413.4
Contribution/Provision for provident fund, superannuation scheme, gratuity fund, etc.	76.3	58.3
Welfare expenses	90.3	61.3
	711.6	533.0

SCHEDULE 16 : INTEREST (NET)

	January 07 to December 07 Rs. Million	April 06 to December 06 Rs. Million
Interest Paid		
On loans for fixed period	—	0.5
Others	35.9	20.0
	35.9	20.5
Less: Interest received (Gross) :		
(Tax deducted at source Rs. 1.9 Million; Previous period : Rs. 1.5 Million)		
On Investments – Long term Non trade	7.6	14.8
Others	16.3	6.4
	23.9	21.2
	12.0	(0.7)

SCHEDULE 17 : OTHER EXPENDITURE

	January 07 to December 07 Rs. Million	April 06 to December 06 Rs. Million
Stores and Spare parts etc. consumed	76.0	62.7
Repairs and maintenance:		
Plant and machinery	91.9	56.9
Buildings	20.8	24.8
Others	18.3	17.7
Power and fuel	420.4	341.3
Rent (including lease payments) (See note 6, Schedule 19)	52.7	37.4
Rates and taxes (including water charges)	74.4	39.5
Insurance	19.1	19.8
Clearing, forwarding and transport	166.3	139.1
Travelling and conveyance	111.7	94.3
Commission	19.2	28.2
Cash discount	8.3	61.9
Other discounts on sales	207.7	144.9
Assets written-off	20.2	12.2
Bad debts and advances written-off	4.1	10.9
Excise duty (Net)	2.3	17.2
Exchange loss (Net)	2.5	0.8
Miscellaneous	360.3	301.6
	1676.2	1411.2

Notes to the Consolidated financial statements

Schedule 18

Notes on the Consolidated Balance Sheet and Profit and Loss Account for the year ended 31st December, 2007

1. Significant Accounting Policies

Basis of preparation

The Consolidated Financial Statements are prepared in accordance with Accounting Standard (AS) 21 on Consolidated Financial Statements issued by The Institute of Chartered Accountants of India. The Consolidated Financial Statements comprise the financial statements of Clariant Chemicals (India) Limited and its subsidiary viz. Chemtreat Composites India Private Limited (voting power-100%). The said Company became subsidiary on and from February 13, 2006. This subsidiary company is incorporated in India.

The financial statements are prepared at historical cost on the accrual basis of accounting and in accordance with the standards on accounting issued by the Institute of Chartered Accountants of India and referred to in Section 211(3C) of the Companies Act, 1956. The significant accounting policies are as follows:

I. Sales

The Company recognises sale of goods on despatch to customers. Sales are net of excise duty, sales tax and trade discounts, wherever applicable.

II. Excise Duty

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

III. Research and Development

Revenue expenditure on research and development is written off in the Profit and Loss Account in the year in which it is incurred. Capital expenditure on research and development is treated in the same way as expenditure on fixed assets.

IV. Retirement Benefits

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

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

Defined contribution plans :

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

Defined benefit plans and compensated absences :

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

V. Voluntary Retirement Scheme

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

VI. Fixed Assets and Depreciation/Amortisation

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

(b) The cost of leasehold land is amortised over the period of the lease. Freehold land is not amortised/depreciated.

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

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

(i) certain items of plant, machinery and equipment on which a depreciation rate of 20% on straight line method is applied;

- (ii) vehicles and electronic data processing (EDP) hardware such as servers on which a depreciation rate of 20% and for other EDP equipments including personal computers and printers on which depreciation rate of 25% on straight line method is applied.

VII. Impairment of Assets

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

VIII. Inventories

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

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

IX. Sundry Debtors/Loans and Advances

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

X. Investments

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

XI. Leases

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

XII. Foreign Currency Translations

- (a) Monetary items denominated in foreign currency are translated at the exchange rate prevailing on the last day of the accounting year. In respect of items covered by forward contracts, the premium or discount arising at the inception of such a forward exchange contract is amortised as expense or income over the life of the contract. Any profit or loss arising on cancellation of such a forward exchange contract is recognised as income or expense for the period. Foreign currency transactions are accounted at the rate prevailing on the date of transaction.
- (b) Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction.
- (c) Gain or loss arising out of translation/conversion is taken credit for or charged to the Profit and Loss Account.

XIII. Income Tax

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

XIV. Contingencies/Provisions

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

2. Segment Information for the years ended 31st December, 2007 (As required by Accounting Standard (AS) - 17 Segment Reporting)

- (a) The Company is organised into three primary business segments mainly :
- (i) Intermediates and Colours :
Consist of pigment dyestuffs and their dispersion, Intermediates for dyes, pesticides and pharmaceuticals.
 - (ii) Dyes and Specialty Chemicals :
Includes dyestuff synthetic resins, binder materials, auxiliaries and chemicals.
 - (iii) Masterbatches :
Covers commodity and speciality Masterbatches for Plastics and nylon fibers.
- (b) The secondary segments of the Company are geographical segments mainly :
- (i) India.
 - (ii) Outside India.
- (c) Segments have been identified and reported taking into account the nature of products and services, the differing risk and returns, the organisation structure, and the internal financial reporting system.
- (d) (i) Segment Revenue and Results :
The expenses which are not directly attributable to the business segment are shown as unallocated corporate cost.
- (ii) Segment assets and liabilities :
Segment assets include all operating assets used by the business segment and consist principally of fixed assets, debtors and inventories. Segment liabilities primarily include creditors and other liabilities.
- (iii) Assets and liabilities that cannot be allocated among the segments are shown as a part of unallocable corporate assets and liabilities respectively.

Information about Primary Business Segments :

	January 07 to December 07 Rs. Million				April 06 to December 06 Rs. Million			
	Inter- mediates & Colours	Dyes and Specialty Chemicals	Master- batches	Total	Inter- mediates & Colours	Dyes and Specialty Chemicals	Master- batches	Total
Revenue								
External Sales/Revenue	3258.2	5079.1	287.9	8625.2	2607.3	4135.1	179.0	6921.4
Total Revenue (Net)	3258.2	5079.1	287.9	8625.2	2607.3	4135.1	179.0	6921.4
Results								
Segment Results	90.3	751.0	33.5	874.8	118.3	480.8	24.5	623.6
Unallocated Corporate Expenses (Net)				(95.2)				(95.8)
Operating profits				779.6				527.8
Interest income/Dividend income				42.3				27.3
Interest Expenses				(35.9)				(20.5)
Profit Before Exceptional Items and Taxation				786.0				534.6
Exceptional Items (See note 15, Schedule 18)				(313.4)				5.6
Profit Before Taxation (after exceptional items)				472.6				540.2
Current Tax/Deferred Tax				(166.7)				(174.9)
Fringe Benefit Tax				(10.8)				(8.5)
Profit After Tax				295.1				356.8

Information about Primary Business Segments : (Continued)

	January 07 to December 07 Rs. Million				April 06 to December 06 Rs. Million			
	Inter- mediates & Colours	Dyes and Specialty Chemicals	Master- batches	Total	Inter- mediates & Colours	Dyes and Specialty Chemicals	Master- batches	Total
Other Information								
Segment Assets	2124.3	2163.5	176.7	4464.5	2109.1	2242.1	135.6	4486.8
Unallocated Corporate Assets				635.9				1233.4
Total Assets				5100.4				5720.2
Segment Liabilities	817.0	679.9	52.3	1549.2	812.9	977.3	33.6	1823.8
Unallocated Corporate Liabilities				183.8				154.8
Total Liabilities				1733.0				1978.6
Capital Expenditure	147.2	194.1	36.0	377.3	130.8	101.8	12.2	244.8
Unallocated Corporate Capital Expenditure				3.8				6.1
Total capital expenditure				381.1				250.9
Depreciation	133.3	77.2	8.7	219.2	88.1	57.0	5.6	150.7
Unallocated Corporate Depreciation				2.2				3.9
Total depreciation/amortisation				221.4				154.6
Non cash expenses other than								
Depreciation/Amortisation	2.6	6.5	0.3	9.4	—	5.6	0.4	6.0
Unallocated Corporate Non cash expenses other than depreciation/Amortisation				0.3				0.8
Total Non cash expenses other than Depreciation/Amortisation				9.7				6.8

Information about Secondary Segments :

	January 07 to December 07 Rs. Million			April 06 to December 06 Rs. Million		
	India	Outside India	Total	India	Outside India	Total
Revenue by Geographical Market						
External Sales	6829.8	1795.4	8625.2	5230.3	1691.1	6921.4
Segment Assets	4141.6	322.9	4464.5	4057.8	429.0	4486.8
Additions to Fixed Assets	377.3	—	377.3	244.8	—	244.8

Notes :

- (a) Total assets do not include :
- Advance income tax **Rs. 252.0 Million** (Rs. 172.8 Million).
 - Miscellaneous Expenditure **Rs. NIL** (Rs. 17.7 Million).
- (b) Total Liabilities exclude the following:
- Proposed dividend **Rs. 266.6 Million** (Rs. 479.9 Million).
 - Tax on dividend **Rs. 45.3 Million** (Rs. 67.3 Million).
 - Provision for Taxation **Rs. 117.9 Million** (Rs. 90.2 Million).
 - Deferred Tax liability (Net) **Rs. 49.7 Million** (Rs. 102.5 Million).

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

Relationship :

(a) Holding Company :

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

(b) Other related parties in the Clariant group where common control exists :

Fellow Subsidiary Companies :

BTP Insurance Company Ltd	Clariant Life Science Molecules (Florida) Inc.
BTP Ltd.	Clariant Life Science Molecules (Italia) SpA.
BTP World S.A.	Clariant LSM (France) Holding EURL
Clariant (Argentina) S.A	Clariant Masterbatch Huningue
Clariant (Australia) Pty. Ltd.	Clariant Masterbatch Ibérica S.A.
Clariant (Canada) Inc	Clariant Masterbatches (Beijing) Ltd.
Clariant (China) Ltd.	Clariant Masterbatches (Deutschland) GmbH
Clariant (Colombia) S.A.	Clariant Masterbatches (Finland) Oy
Clariant (Danmark) AS	Clariant Masterbatches (France)
Clariant (Egypt) S.A.E.	Clariant Masterbatches (Guangzhou) Ltd.
Clariant (Finland) Oy	Clariant Masterbatches (Italia) SpA.
Clariant (Guatemala) S.A.	Clariant Masterbatches (Korea) Ltd.
Clariant (Gulf) FZE	Clariant Masterbatches (Malaysia) Sdn. Bhd.
Clariant (Honduras) S.A. de C.V.	Clariant Masterbatches (Saudi Arabia) Ltd.
Clariant (Japan) K.K.	Clariant Masterbatches (Shanghai) Ltd.
Clariant (Korea) Ltd.	Clariant Masterbatches (St. Jeoire)
Clariant (Malaysia) Sdn. Bhd.	Clariant Masterbatches (Thailand) Ltd.
Clariant (Maroc) S.A.	Clariant Masterbatches Benelux S.A
Clariant (Mexico) S.A. de C.V.	Clariant Masterbatches Ireland Ltd.,
Clariant (New Zealand), Ltd.	Clariant Masterbatches Norden AB
Clariant (Norge) AS	Clariant Masterbatches UK Ltd.
Clariant (Oesterreich) GmbH	Clariant Participations (The Netherlands) B.V.
Clariant (Pakistan) Ltd.	Clariant Pigments (Korea) Ltd.
Clariant (Perú) S.A.	Clariant Pigments (Tianjin) Ltd.
Clariant (Singapore) Pte. Ltd.	Clariant Prodotti (Italia) S.p.A.
Clariant (Sverige) AB	Clariant Production (France)
Clariant (Sverige) Holding AB	Clariant Production UK Ltd.
Clariant (Tianjin) Ltd.	Clariant Productos Químicos S.A. de C.V.
Clariant (Uruguay) S.A.	Clariant Produkte (Deutschland) GmbH
Clariant (Venezuela) S.A.	Clariant Produkte (Schweiz) AG
Clariant Administração de Bens Ltda.	Clariant Químicos (Portugal) Lda
Clariant Advanced Materials GmbH	Clariant Reinsurance Ltd.
Clariant Business Services GmbH	Clariant S.A.
Clariant Chemicals (China) Ltd.	Clariant Service (Schweiz) AG
Clariant Chemicals (Guangzhou) Ltd.	Clariant Services (Belgium) S.A.
Clariant Chemicals (Taiwan) Co., Ltd.	Clariant Services (France)
Clariant Chemicals (Thailand) Ltd.	Clariant Services UK Ltd.
Clariant Chemieeteiligungen AG	Clariant Servizi (Italia) S.p.A.
Clariant Colorquímica (Chile) Ltda	Clariant Southern Africa (Pty) Ltd.
Clariant Consulting AG	Clariant Specialty Chemicals (Zhenjiang) Co. Ltd
Clariant Corporation	Clariant Specialty Fine Chemicals (France)

(b) Other related parties in the Clariant group where common control exists : (Continued)**Fellow Subsidiary Companies : (Continued)**

Clariant Distributie (Nederland) BV	Clariant Trading (China) Ltd.
Clariant Distribution (Belgium) S.A.	Clariant Türkiye A.S.
Clariant Distribution (France)	Clariant Vertrieb (Deutschland) GmbH & Co. KG
Clariant Distribution UK Ltd.	Clariant Verwaltungs GmbH
Clariant Distribuzione (Italia) S.p.A.	Dia Fine K.K.
Clariant Export AG	Dick Peters B.V.
Clariant Finance (BVI) Ltd.	Egyptian German Company for Dyes & Resins S.A.E.
Clariant Finance (Luxembourg) S.A.	Industriepark Griesheim GmbH & Co. KG
Clariant Finanz AG	K.J. Quinn
Clariant Horsforth Ltd.	Lancaster Synthesis Inc.
Clariant Ibérica Comercial S.L.	PT Clariant Indonesia
Clariant Ibérica Producción S.A.	Technische Services Gersthofen GmbH
Clariant Ibérica Servicios S.L.	UK dormant BTP – Companies
Clariant Insurance AG, Liechtenstein	UK dormant Clariant – Companies
Clariant Life Science Molecules (America) Inc.	US dormant BTP – Companies

(c) Key Management Personnel :

H. Meier : Vice-Chairman & Managing Director

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

(i) Holding Company and Fellow Subsidiaries :

	January 07 to December 07 Rs. Million	April 06 to December 06 Rs. Million
Holding Company :		
Transactions during the period :		
Sales of goods		
Clariant International AG	120.8	91.0
Services rendered and others		
Clariant International AG	25.4	8.5
Purchase of goods		
Clariant International AG	736.3	506.5
Services received and others		
Clariant International AG	56.4	34.5
Dividend paid		
Clariant International AG	109.3	89.8
EBITO Chemieeteiligungen AG	147.0	66.8
Clariant Participations AG	47.9	—
Balances outstanding as at the period end :		
Amount payable	115.3	162.8
Amount receivable	19.1	15.3
Fellow Subsidiaries :		
Transactions during the period :		
Sales of goods		
Clariant Produkte (Deutschland) GmbH	352.0	322.2
Clariant Corporation	202.9	211.7
Clariant (China) Ltd	199.3	144.5
Clariant UK Ltd	22.0	138.7
Others	473.3	452.6

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

During the period following transactions were entered into with related parties : (Continued)

(i) Holding Company and Fellow Subsidiaries : (Continued)

	January 07 to December 07 Rs. Million	April 06 to December 06 Rs. Million
Services rendered and others		
Clariant Produkte (Deutschland) GmbH	6.6	7.9
Clariant Export AG	24.0	13.3
Clariant Specialty Fine Chemicals	4.5	1.3
Others	2.8	3.9
Purchase of goods		
Clariant China Ltd	78.7	25.6
Clariant UK Ltd.	—	37.5
Clariant Huningue	—	21.3
Clariant Corporation	10.4	17.5
Others	26.5	61.2
Purchase of capital goods		
Clariant MasterBatch GmbH	25.3	—
Clariant Produkte (Deutschland) GmbH	5.3	—
Services received and others		
PT Clariant Indonesia	0.9	—
Clariant (Singapore) PTE	2.4	0.3
Clariant Productkte (Deutschland) GmbH	1.5	0.3
Clariant SA Brazil	1.7	2.1
Clariant Southern Africa (PTY) Ltd	0.2	0.4
Others	2.1	0.8
Dividend paid		
BTP Ltd., UK	—	29.3
Balances outstanding as at the period end :		
Amount payable	38.4	40.7
Amount receivable	215.8	302.3
(ii) Key Management Personnel :		
Remuneration paid	15.3	11.2
Commission payable	2.1	1.6
	January 07 to December 07	April 06 to December 06
4. Earnings per share :		
(a) Net profit after taxation (Rs. Million)	295.1	356.8
(b) Number of equity shares outstanding	26660745	26660745
(c) Basic and Diluted earnings per share (In Rupees)	11.07 (Annualised)	13.38 (Not annualised)
(d) Face value per share (In Rupees)	10.0	10.0

	31-12-07 Rs. Million	31-12-06 Rs. Million
5. Deferred Taxes :		
The major components of deferred tax assets and deferred tax liabilities are set out below :		
Deferred Tax Assets		
(a) Provision for doubtful debts	2.7	2.7
(b) Provision for retirement benefits	19.3	33.2
(c) Expenses allowable for tax purposes when paid	5.4	5.3
(d) Integration expenses	14.2	20.3
(e) Payment/Provision for Voluntary retirement scheme	83.2	50.8
(f) Others	0.1	0.1
	124.9	112.4
Deferred Tax Liabilities		
Depreciation/Amortisation	174.6	214.9
Deferred Tax Assets/(Liabilities) – Net	(49.7)	(102.5)
	January 07 to December 07 Rs. Million	April 06 to December 06 Rs. Million
6. In respect of all assets taken on lease on or after 1st April, 2001 :		
(a) In respect of Operating leases, where lease agreements have been formally entered into, minimum lease payments recognised in the Profit and loss account for the period are as follows.		
Residential flats, office premises, vehicles, equipment and machinery, computers etc.	32.7	15.9
(b) There are no restrictions such as those concerning dividends, additional debt and further leasing, imposed by the lease agreements entered into by the Company.		
(c) Contingent rent payments in respect of vehicles are dependent upon the excess of actual usage, if any, over stipulated usage.		
(d) The total of future minimum lease payments under non-cancellable operating leases are as follows :		
For a period not later than one year	32.2	27.4
For a period later than one year and not later than five years	40.6	48.9
Total	72.8	76.3
7. Expenditure on Research and Development		
(a) Capital expenditure	0.5	2.4
(b) Revenue expenditure charged to Profit and loss account	33.8	33.0
	34.3	35.4
	31-12-07 Rs. Million	31-12-06 Rs. Million
8. Estimated amount of contracts remaining to be executed on capital account and not provided for	15.7	31.6
	31-12-07 Rs. Million	31-12-06 Rs. Million
9. Contingent liabilities not provided for :		
(a) (i) in respect of income tax matters		
decided against the Company, in respect of which the Company is in further appeal	115.2	109.6
decided in favour of the Company against which the department is in appeal.	1.5	1.5
(ii) in respect of sales tax matters	123.0	29.8
(iii) in respect of excise matters	52.7	82.0
(iv) in respect of bills of exchange discounted with banks [since realised Rs. 130.8 Million (Rs.140.2 Million)]	175.3	255.6
(v) Other matters in dispute	—	0.7
(vi) Disputed Labour matters - Amount not ascertained.		

9. Contingent liabilities not provided for : (Continued)

In respect of items (a) to (c) & (f) future cash outflows in respect of contingent liabilities is determinable only on receipt of judgements pending at various forums/authorities.

- (b) On 15th February 2005, the Company had received an order of the Tahsildar, Thane demanding Rs.12.1 Million for the lease of land to Thane Municipal Corporation, Fire Brigade and Maharashtra State Electricity Board without obtaining prior permission in writing against which the Company had filed a writ petition on 23rd February 2005 before the Bombay High Court. The Hon'ble High Court has granted interim stay in terms of the petition on 14th July 2005.

	January 07 to December 07 Rs. Million (Excluding Service Tax)	April 06 to December 06 Rs. Million (Excluding Service Tax)
10. Miscellaneous Expenses in Schedule 17: Other Expenditure include :		
Auditors' remuneration and expenses :		
(a) Audit fees	2.3	2.2
(b) Company law matters	0.1	—
(c) Taxation services	0.1	—
(d) Other services - miscellaneous reports	4.7	2.6
(e) Out-of-pocket expenses	0.2	0.1
	7.4	4.9
	January 07 to December 07 Rs. Million	April 06 to December 06 Rs. Million
11. Amount paid / payable by the Company to Directors (including Managing Director) as remuneration for services rendered in any capacity :		
Directors' sitting fees	0.1	0.1
Salaries	13.2	9.6
Commission	2.9	2.4*
Other perquisites and benefits in cash or in kind	#	#
	16.2	12.1

Note:

Provision for leave encashment and gratuity benefit which is based on actuarial valuation done on an overall Company basis is excluded from above.

* Actual paid during the year Rs. 2.0 Million and Rs. 0.4 Million reversed during the year and excludes Non Compete fees of **Rs. NIL** (Previous Year: Rs. 15.4 Million) paid to ex - Managing Director

Indicates amount is less than Rs. 50,000

12. Employee Benefits**(a) Defined benefit Plans - As per Actuarial valuation as on December 31, 2007**

		Rs. Million	
		Funded	Unfunded
Gratuity			
A	Expenses recognised in the statement of Profit and Loss Account for the year ended December 31, 2007		
	1. Current service cost	20.1	0.3
	2. Interest cost	16.9	0.5
	3. Expected return on plan assets	(21.7)	—
	4. Net actuarial(gain)/loss recognised during the year	4.1	(1.5)
	5. Expense /(Income) recognised in Profit and Loss Account	19.4	(0.7)
	[Gratuity expense/(income) have been recognised in Contribution /Provision for provident fund, superannuation scheme, gratuity fund etc in "Personnel Cost" under Schedule 15]		
B	Actual return on plan assets for the year ended December 31, 2007		
	1. Expected return on plan assets	21.7	—
	2. Actuarial gain/(loss) on plan assets	(5.8)	—
	3. Actual return on plan assets	15.9	—
C	Net Asset/(Liability) recognised in the Balance Sheet as at December 31, 2007		
	1. Present value of the Defined Benefit obligation	255.2	8.0
	2. Fair value of plan assets	243.2	—
	3. Net Asset/(Liability) recognised in the Balance Sheet	(12.0)	(8.0)
D	Change in Defined Benefit Obligation during the year ended December 31, 2007		
	1. Present value of defined benefit obligation as at January 1, 2007	294.6	9.0
	2. Current service cost	20.1	0.3
	3. Interest cost	16.9	0.5
	4. Benefits Paid	(74.7)	(0.3)
	5. Actuarial (gain)/loss on obligation	(1.7)	(1.5)
	6. Present value of obligation as at December 31, 2007	255.2	8.0
E	Changes in Fair Asset during the year ended December 31, 2007		
	1. Fair value of plan assets as at January 1, 2007	271.0	—
	2. Expected return on plan assets	21.7	—
	3. Contributions made	31.0	—
	4. Benefits paid	(74.7)	—
	5. Actuarial gain/(loss) on plan assets	(5.8)	—
	6. Fair value of plan assets as at December 31, 2007	243.2	—
F	Major categories of plan assets as a percentage of total plan assets		
	1. Central Government securities	25.1%	—
	2. State Government securities	9.9%	—
	3. Private Sector bonds	13.6%	—
	4. Special deposit scheme	22.8%	—
	5. Cash at Bank	2.0%	—
	6. Investment in Insurance companies	22.3%	—
	7. Others	4.4%	—

(a) **Defined benefit Plans - As per Actuarial valuation as on December 31, 2007 (Continued)**

		Rs. Million	
		Funded	Unfunded
Gratuity (Continued)			
G Actuarial assumptions			
1. Discount rate		8.0%	8.0%
2. Expected rate of return on plan assets		8.0%	—
3. Salary Escalation		4.0-6.0%	4.0%-6.0%
Other long term benefits:			
The defined benefit obligations which are provided for but not funded as on 31.12.2007 are as under:			
Compensated absence/Leave salary			48.7

		Rs. Million
(b)	Gratuity is administered through duly constituted and approved independent trusts and also through Group gratuity scheme with Life Insurance Corporation of India.	
(c)	Future salary increases considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.	
(d)	Basis used to determine expected rate of return on plan assets: The expected rate of return on plan assets is based on market expectation, at the beginning of the year, for returns over the entire life of the related obligation.	
(e)	During the year the Company has recognised the following amounts in the Profit and Loss account in Schedule 15 -	
	Salaries, wages, bonus includes compensated absences	17.0
	Contribution/Provision for provident fund, superannuation scheme, gratuity fund etc includes -	
	Provident Fund & Family Pension	30.7
	Superannuation Fund	25.7
	Gratuity Fund	19.4
	Other funds	0.5
(f)	This being the first year in which the Company has adopted the Accounting Standard 15 (Revised) on Employee benefits, figures for the previous period have not been included.	

13. During the year, the Company has changed the rate of depreciation for certain assets from 4.75% to 20% which has resulted in increase of depreciation of **Rs. 4.8 Million**. As a result of the change in rate of depreciation, the depreciation charge for the period is higher and profit before tax for the period is lower, each by **Rs. 4.8 Million**.
14. During the year the Company has changed its policy in respect of accounting for voluntary retirement expenses by charging it in the year when incurred as against the earlier policy of amortising the same over a period of three years. As a result expenses for the period is higher and profit before tax for the period is lower, each by **Rs. 212.6 Million**.

	January 07 to December 07 Rs. Million	April 06 to December 06 Rs. Million
15. Exceptional items in Profit & Loss Account include:		
Termination benefits to Employees / Contractors	267.2	1.0
Write off of assets (net of recovery of Rs. 14.1 Million) due to restructuring	46.2	—
Recovery of Remnant Cost on termination of Toll Manufacturing agreement	—	(22.0)
Non compete Fees to ex-Managing Director	—	15.4
	313.4	(5.6)
16. Figures for the previous period have been regrouped wherever necessary to conform to the current year's classification. Figures for the previous period are for nine months ending December 31, 2006 and hence are not strictly comparable with those of the current year.		
17. The figures in brackets are those in respect of the previous accounting year.		

For and on behalf of the Board,

R. A. Shah *Chairman*

H. Meier *Vice-Chairman & Managing Director*

B. S. Mehta } *Directors*
Diwan A. Nanda }

Sunil K. Nayak *Chief Financial Officer & Company Secretary*

Mumbai, 21st February, 2008

Financial Performance — 10 Years' Highlights

(Rs. Million)

	FINANCIAL YEAR ENDED 31ST DECEMBER		FINANCIAL YEAR ENDED 31ST MARCH								
	2007	****2006	***2006	2005	2004	2003	2002	2001	2000	1999	
I. OPERATING RESULTS											
GROSS SALES	9517.1	7538.9	9246.5	4035.2	4083.4	3821.7	3310.1	3301.9	3143.8	3176.7	
NET SALES	8614.4	6870.4	8479.1	3656.1	3746.8	3492.8	2990.1	2991.8	2817.9	2814.0	
GROSS EARNINGS BEFORE DEPRECIATION AND TAXATION	+1021.3	+655.7	893.1	472.5	380.0	343.7	273.0	236.8	401.7	+409.8	
PROFIT BEFORE TAXATION	#493.3	#507.8	648.4	*357.8	249.5	214.7	141.6	114.8	281.5	#26.0	
PROFIT AFTER TAXATION	317.9	328.7	403.9	155.9	335.7	149.7	90.6	89.8	211.5	23.0	
EQUITY DIVIDEND	266.6	479.9	293.3	69.9	69.9	69.9	58.3	46.6	75.7	75.7	
II. FINANCIAL POSITION											
GROSS FIXED ASSETS	3819.6	3831.7	3850.2	2105.6	1934.0	1973.8	1930.3	1912.7	1843.7	1818.8	
NET FIXED ASSETS	1719.1	1651.8	1601.6	837.2	737.7	804.8	862.9	935.0	961.6	993.5	
INVESTMENTS	294.3	465.0	1132.6	464.5	204.5	85.0	85.0	87.4	187.8	87.8	
NET CURRENT ASSETS	1164.8	1128.2	1198.7	743.5	741.5	843.3	982.1	1017.2	788.8	867.7	
EQUITY	266.6	266.6	**266.6	116.5	116.5	116.5	116.5	116.5	116.5	116.5	
RESERVES	2827.6	2835.8	3054.4	1605.7	1529.6	1272.7	1200.6	1303.9	1268.4	1142.4	
SHAREHOLDERS' FUNDS	3094.2	3102.4	3321.0	1722.2	1646.1	1389.2	1317.1	1420.4	1384.9	1258.9	
LOANS AND DEFERRED PAYMENT CREDITS	40.7	62.1	559.4	339.4	110.4	236.4	474.0	619.2	553.3	690.1	
CAPITAL EMPLOYED	3134.9	3164.5	3880.4	2061.6	1756.5	1733.1	1791.1	2039.6	1938.2	1949.0	
III. PER EQUITY SHARE @											
EARNING	Rs.	#11.92	#12.33 (Not Annualised)	15.15	13.38	28.82	12.96	7.97	7.45	180	#21
DIVIDEND	Rs.	10	18	11	6	6	6	5	4	65	65

After exceptional items

+ Before exceptional items

@ Face value sub-divided to Rs. 10/- in October 2000

* Before prior period items

** Including Share Capital suspense account

*** In view of the amalgamation w.e.f. April 1, 2005, the figures of the year 2006 are not directly comparable to those of earlier years.

**** Figures are for nine month ended December 31, 2006.

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