

Minutes of the Fifty-sixth Annual General Meeting of Clariant Chemicals (India) Ltd. held at Hotel Satkar Residency Thane, on Friday April 26, 2013 at 4.00 p.m.

Present:

Mr. R.A. Shah	-	Chairman
Mr. P.Palm	-	Vice-Chairman & Executive Director
Dr. D. Parikh	-	Managing Director Director
Dr. H. Schloemer	-	Director
Mr. A. Muench	-	Director
Mr. P. Hammel	-	Director
Mr. B. L. Gaggar	-	Director Finance & Company Secretary
Mr. U. Neogi	-	Partner - M/s. Deloitte Haskins & Sells Chartered Accountants, Statutory Auditor

EBITO Chemiebeteiligungen AG, Clariant International Ltd and Clariant Participations Limited by their representative Dr H. Schloemer and 72 members in person and/or through their proxies.

Statutory Records:

The following Registers/books/documents were laid on the table:

- ◆ Minute Book of Annual General Meeting
- ◆ Register of Proxies with Proxies
- ◆ Register of Directors' Shareholding
- ◆ Signed copy of the
 - Balance Sheet as at December 31, 2012
 - Statement of Profit and Loss for the year ended December 31, 2012
 - Directors' Report
 - Auditors' Report
- ◆ Report on Corporate Governance
- ◆ Memorandum & Articles of Association of the Company

The Chairman welcomed the members to the 56th Annual General Meeting of the Company.

The Chairman informed the members that the requisite quorum for the meeting was present and called the meeting to order.

The Chairman informed that the Company has received representations and proxies for 18,136,763 shares representing approx. 68.00% of the paid up capital of the Company.

Notice and Auditors' Report

With the consent of the members present, the Notice of the Meeting was taken as read. The report of auditors to the members of the Company was read by Mr. B.L.Gaggar, Director Finance & Company Secretary.

Chairman's Statement

Mr. R.A. Shah, Chairman - Clariant Chemicals (India) Limited said that, the Company was able to sustain positive business performance and in spite of negative business sentiments, challenging market conditions and slow down in demand. Both in domestic and international markets, it has registered record growth in sales during the year ended 2012.

Some of the performance highlights for 2012 are as follows:

- The Company registered sales of ₹ 1071.23 crores, growth of 12% over previous year
- Domestic sales grew by 9.6%, whereas export sales were up by 19.9%
- Exports contributed 25.3% of total sales compared to 23.6 % in the previous year
- Increase in the cost of raw materials and escalation in other operating costs resulted in lower profit before depreciation, interest and taxes from 17.7 % to 14.6%
- After considering exceptional income from sale of residential premises, net profit after tax (PAT) for the year was ₹ 101.30 crores as against ₹ 304.04 crores last year, which included profit from sale of land at Balkum
- The company remains zero debt company
- Efficient management of working capital resulted in a net working capital (NWC) to sales ratio of 11.8%
- A sum of ₹ 226.98 crores stands invested in debt schemes of mutual funds as at the year end
- The company had smooth operations at all its plants and capacity utilization has improved over previous year
- This has resulted in a highly competitive and challenging economic environment reflecting the strength of the company.

Mr. Shah stated that during the year, the directors had declared an interim dividend of ₹ 10/- per share and that considering the policy of the Company and sustained performance for the year, the Board of Directors recommends a final dividend of ₹ 17.50

per share. Together with the interim dividend, the total dividend for the year amounts to a record ₹ 27.50 per share (275 %) The dividend pay-out ratio for the year is 84 % of the Net Profit for the year.

Concerning the proposal for sale of businesses, Mr. Shah clarified as under:

- At meeting held on 26th March 2013, the Board of Directors approved the proposal to sell the Textile Chemicals, Paper Specialties and Emulsions business
- The decision to sell the businesses under review was arrived at by Clariant International, the major shareholder, considering its long-term strategy and overall objective to serve markets with future perspective and strong growth rates
- Clariant wants to serve those markets with businesses that have competitive market positions, resulting in strong pricing power and this is expected to result in higher profitability and stronger growth – a pre-requisite for the long-term competitiveness of our company.
- Clariant has followed a stringent bidding process at the global level to realise the true potential of its businesses under divestments.
- Clariant International is also considering divesting its business in Leather Services, Detergents and Intermediates, and is looking for a potential buyer for these businesses.
- The Leather Services business that is under consideration for divestment by Clariant Group contributed about 18% of the net sales for India in 2012. However, no decision has been taken by the Board of Directors of Clariant in India to divest the Leather Services business as yet. As and when the decision is taken, the same will be communicated to shareholders.
- After divesting its cyclical and non-strategic business, the Company will continue to remain focused on its specialty chemicals business comprised of Pigments, Additives, Industrial and Personal Care, Masterbatches, Oil and Mining Services, etc.
- The businesses under divestment by Clariant in India have generated about 35% of the net sales for India in 2012, and contributed almost the same percent in business unit EBIT.

- The Company will hand over the businesses to the acquiring company on a going concern basis by way of slump sale, in running condition and with all utilities and services put in place.
- All assets currently used by the textile, paper and emulsion business as well as their laboratory equipment, computers, mobile phones, etc. will be transferred to the acquirer.
- The net value of the assets for businesses under divestment as of December 2012 is about INR 17.5 crores as against total assets under business operation of INR146.3 crores
- The sale of the businesses will include the plant at Roha dedicated and currently operated by Textile Chemicals and other assets connected to operation of the plant. A small portion of land measuring about 6% of the total land area is identified to be carved out and leasehold rights in respect thereof are proposed to be transferred in favour of the acquiring company for the operation of the textile chemicals plant within the Company's site at Roha. The land is leased out by MIDC.
- The Company will provide requisite infrastructure and services for power and water connections, warehousing of goods and support for transfer of licences, permits and approvals. All services will be provided on arm's length basis.
- The services of about 200 managers and workers currently dedicated for the operations of the Textile Chemicals, Paper Specialties and Emulsions businesses including marketing and laboratories and from various support services and administrative functions will be transferred to the acquiring company.
- The intellectual property rights with respect to the brand, trade names, technical know-how, etc. related to the products of businesses under divestment are owned by Clariant International, the major shareholder.
- The operations of the textile plant located at Roha under divestment has limited flexibility, as the plant is situated within the site of the Company with right of access, and as such, the acquiring company will depend upon the Company for provision of various support services such as safety and security, effluent treatment and disposal of waste water, warehousing, canteen, weighbridge, site services, etc. This will be covered through service agreements.

- Keeping in mind all these impediments, it would not have been possible for the Company to sell these businesses through a direct bidding process or otherwise.
- After considering the various scenarios under which the Company and the acquiring Company will cooperate and continue their respective operations within the Roha site, and based on the valuation report submitted by an independent professional firm of chartered accountants of repute, the consideration of ₹ 209.15 crores for the divestment of businesses was considered and accepted by the Board.
- The postal ballot papers for shareholder approval under the provisions of section 293(1) (a) of the Companies Act of 1956 has been mailed to all the shareholders. Shareholders are requested to send their votes either by postal ballot or through electronic vote, the facility for which is provided by the Company.

Highlighting the performance for the first quarter of 2013, Dr. Deepak Parikh, the Vice-Chairman and Managing Director informed that the Company has recorded the sales turnover of ₹ 278 crore during the quarter ended March 31, 2013 as against ₹ 239 crore in the same quarter of previous year. The profit before tax and exceptional items of ₹ 35.4 crore up from ₹ 34.2 crores in the first quarter of the year 2012.

The financial performance of the Company for the first quarter of 2013, reflects substantial improvement in sales growth, however, margins are under pressure due to prices of raw materials.

Resolution No. 1

Approval of Accounts

The Chairman then moved the following Resolution as an **Ordinary** Resolution:

“RESOLVED THAT Audited statement of Profit and Loss of the Company for the financial year January to December, 2012 the Balance Sheet as at December 31, 2012 and the Auditors’ Report and the Directors’ Report thereon be and are hereby adopted and approved”.

The Resolution proposed by Mr. Ballabh Lal Bagri and seconded by Mr. Yogesh Doshi

Before the Resolution was put to vote, the Chairman invited questions and comments from the members relevant to the Accounts of the Company for the year ended December 31, 2012.

Mr. Beruz Pouredahi, Mr. Amal Poddar, Mr. Yogesh Doshi Dr. P Subramaniam, Mr. Himanshu Upadhyay and Mr. Ballabhlal Bagri offered comments/raised queries on the statement of accounts of the Company.

The members expressed their compliments and satisfaction on the performance of the Company particularly in view of the industry environment in which the Company operates.

Generally, the comments were made and attention was drawn on the following:

- Proposed sale of businesses
- Business prospectus of the Company in future especially in view of sale of business units
- Unpaid dividend amount
- Profit on sale of assets
- Salary and allowances of Managing Director

The Chairman responded to the comments and replied to the questions raised by the members.

Since there were no further comments/questions, the Chairman put the resolution regarding the adoption of the Annual Report and Financial statements for the year ended December 31, 2012 to vote by show of hands and was carried unanimously.

Resolution No. 2

Approval of Dividend

The following resolution was proposed by Mr. Jayaraman K.N. as an **ordinary** resolution and seconded by Mr. Sunil Kothari

“RESOLVED THAT an Interim dividend of ₹ 10.00 (Rupees Ten) per equity share on 2,66,60,745 fully paid equity shares of face value of ₹ 10/- each declared by the Board of Directors on July 27, 2012 and paid to the members whose names appeared on the register of members on August 8, 2012 be approved as Interim Dividend for the year 2012.

RESOLVED FURTHER THAT a Final dividend of ₹ 17.50 (Rupees Seventeen and paise fifty) per equity share on 2,66,60,745 fully paid equity shares of face value of ₹ 10/- each

be paid to the members whose names appear on the register of members on April 26, 2013.”

The Chairman put the resolution to vote by show of hands and was carried unanimously.

Resolution No. 3

Re-appointment of Diwan A. Nanda

The following resolution was proposed by Mr. Himanshu Upadhyay as an **ordinary** resolution and seconded by Mr. Jayaraman K.N.

“RESOLVED THAT Diwan A. Nanda who retires by rotation in accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company and is eligible for re-appointment, be and is hereby re-appointed as a Director of the Company”.

The Chairman put the resolution to vote by show of hands and was carried unanimously.

Resolution No. 4

Re-appointment of Dr. H. Schloemer

The following resolution was proposed by Mr. Amal Poddar as an **ordinary** resolution and seconded by Mr. Yogesh Doshi

“RESOLVED THAT Dr. H. Schloemer who retires by rotation in accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company and is eligible for re-appointment, be and is hereby re-appointed as a Director of the Company”.

The Chairman put the resolution to vote by show of hands and was carried unanimously.

Resolution No. 5

Re-appointment of Auditors

The following resolution was proposed by Mr. Edwin Lewis, as an **ordinary** resolution and seconded by Mr. Sunil Kothari

“RESOLVED THAT M/s. Deloitte Haskins & Sells, Chartered Accountants, Mumbai, (Firm Regn. No. 117365W) the retiring Auditors of the Company, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting of the Company, on a remuneration to be fixed by the Board of Directors of the Company and reimbursement of service tax and other applicable taxes, such as traveling and other out-of-pocket expenses as may be authorized by the Board of Directors.”

The Chairman put the resolution to vote by show of hands and was carried unanimously.

Resolution No. 6

Re-Appointment of Managing Director – Mr. Peter Palm

The following resolution was proposed by Mr. K.N. Jayaraman, as an special resolution and seconded by Mr. Sunil Kothari

“RESOLVED THAT pursuant to the provisions of sections 198, 269, 309, 310, 311 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to all the applicable statutory approvals, approval of the Company be and is hereby accorded to the re-appointment of Mr. Peter M. Palm as Vice-Chairman and Managing Director of the Company for the period from January 1, 2013 to February 28, 2013, as Vice-Chairman and Executive Director for the period from March 1, 2013 to April 26, 2013 on such terms and conditions including remuneration, benefits and perquisites payable, as set out in the agreement executed with Mr. Palm which shall be deemed to form part of hereof.

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to alter and revise the terms as to the remuneration including benefits and perquisites payable to Mr. Palm within the maximum limit in that behalf laid down in Schedule XIII to the Companies Act, 1956, as in force from time to time and to do all such acts, deeds and things and execute all such documents, instruments and writing as may be required and to delegate all or any of its power herein conferred

to a Director and Company Secretary to give effect to the aforesaid resolution.”

The Chairman put the resolution to vote by show of hands and was carried unanimously.

Resolution No. 7

Appointment of Managing Director – Dr. Deepak Parikh

After permission was granted by the Chairman, Mr. Gaggar moved motion of amendment to the proposed resolution under item No. 7 of the Notice and requested that the details provided in explanatory statement under item No. 7 of the Notice be amended as under:

Para (v) under head “Special Allowance” currently reading as “ Rs.2,45,250 (Rupees Two lakh forty five thousand two hundred & fifty only) per month, be corrected and the revised para be read as under:

“Rs.8,11,090 (Rupees eight lakh eleven thousand ninety only) per month”

Mr. Gaggar clarified the reasons for the amendment.

The motion for amendment to resolution under item No. 7 was proposed by Mr. Himanshu Upadhyay as an **ordinary** resolution and seconded by Mr. Sunil Kothari

The Chairman put the motion to vote by show of hands and was carried unanimously.

After the motion for amendment of resolution under item No. 7 was duly approved by the members, the Chairman placed before the members the resolution after amendment for consideration of members.

The following resolution was then proposed by Mr.K.N. Jayayaraman, as an special resolution and seconded by Mr. Ballabh Lal Bagri

“RESOLVED THAT pursuant to the provisions of sections 198, 269, 309, 310, 311 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to all the applicable statutory approvals, approval of the Company be and is hereby accorded to the appointment of Dr. Deepak Parikh as Executive Director of the Company for the period from February 1, 2013 to February 28, 2013,

as Managing Director for the period from March 1 2013 and as Vice Chairman of the Board of Directors from April 27, 2013 onwards for a period of four years, on such terms and conditions including remuneration, benefits and perquisites as set out in the explanatory statement annexed hereto which shall be deemed to form part of hereof.

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

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to alter and vary the terms and the remuneration including benefits and perquisites within the maximum limit in that behalf laid down in Schedule XIII to the Companies Act, 1956 as in force from time to time including but not restricted to the increase to cover his contribution to home country Pension Plan and to further include the change in tax liability due to change in surcharge proposed in the Finance Budget 2013.

RESOLVED FURTHER THAT Dr. Deepak Parikh shall not be subject to retirement by rotation in terms of Articles 127 of the Articles of Association of the Company during his tenure as Vice-Chairman & Managing Director.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

Resolution No. 8

Commission to Directors

The following resolution was proposed by Mr. Himanshu Upadhyay as an special resolution and seconded by Mr. Mr Jayaraman K.N.

“RESOLVED that subject to the provisions of Section 309 of the Companies Act, 1956 and the Articles of Association of the Company, the Company be and is hereby authorised to pay remuneration by way of commission to the Non-executive

Directors of the Company in respect of each of the five financial years, subject to the overall limit 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 or any amendment, modification, variation or re-enactment thereof.

RESOLVED FURTHER that the Board of Directors may, at its discretion, decide the exact amount to be disbursed for each financial year by way of commission within the maximum limit and its allocation among the eligible Directors”.

Vote of thanks to the Chair

There being no other business to transact, Mr. Yogesh Doshi proposed a vote of thanks to the chair and the meeting was declared as concluded.

Chairman

Date : May 3, 2013