CLARIANT CHEMICALS (INDIA) LIMITED

CIN:L24110MH1956PLC010806
Registered Office: Reliable Tech Park, Airoli, Navi Mumbai - 400708; Tel.: 022 7125 1000 ; Fax: 022 7125 1201
Website: www.clariant.in ; E-mail: investor.relations_India@clariant.com

NOTICE OF POSTAL BALLOT TO THE EQUITY SHAREHOLDERS

Dear Member(s)

NOTICE is hereby given pursuant to Section 110 of the Companies Act, 2013, as amended (the "Companies Act'), read with the Companies (Management and Administration) Rules, 2014, as amended (the "Rules") containing the procedure to be followed for conducting business through Postal Ballot, for the consent of the Members of Clariant Chemicals (India) Limited (hereinafter referred to as the 'Company' or 'CCIL ') for the proposed Special Resolution set out below, which is sought to be obtained by means of Postal Ballot. The Explanatory Statement stating all material facts and the reasons for the proposal is also appended hereto for your consideration.

The Board of Directors at their meeting held on April 22, 2015 has, subject to the approval of the members of the company by way of Special Resolution and subject to such necessary approval as may be required from the concerned authority, approved the Buyback of equity shares of the Company. Therefore, pursuant to the provisions of Section 110 of the Companies Act read with the Rules and Clause 35B of the Listing Agreement, the consent of the members for the aforesaid proposal is sought to be obtained by Postal Ballot / E-Voting ("Postal Ballot"). An explanatory statement pursuant to Section 102 of the Companies Act pertaining to the resolution setting out all material facts and the reasons therefore, along with the postal ballot form, is enclosed for your consideration.

SPECIAL RESOLUTION

Buyback of Equity Shares

To consider and, if thought fit, to pass the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 68, 69 and 70 and all other applicable provisions, if any, of the Companies Act, 2013, as amended (the "Companies Act") and in accordance with Article 8 A of the Articles of Association of the Company, the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998, as amended ("Buy-Back Regulations") and subject to such other approvals, permissions and exemptions as may be required, from time to time, from BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") where the equity shares of the Company are listed and from any other statutory and/or regulatory authority, as may be required and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any committee which the Board may have constituted or hereinafter constituted to exercise the powers including the powers conferred hereunder); the approval of the shareholders be and is hereby accorded to the proposal of buy back, on a proportionate basis, from shareholders/beneficial owner of the equity shares of the Company as on the record date, up to 35,78,947 (Thirty Five Lakhs Seventy Eight Thousand Nine Hundred Forty Seven only) equity shares of the face value of Rs.10/- each (representing 13.42 % of the total number of the equity share capital of the Company) at the price of Rs. 950/- (Rupees Nine Hundred Fifty Only) per equity share ("Buy Back Price") aggregating to Rs. 340 Crore (Rupees Three Hundred Forty Crore only) which is less than 25% of the aggregate of equity share capital and free reserves of the Company as per audited accounts of the Company for the financial year ended December 31, 2014 through "Tender Offer" route as prescribed under the Buy-Back Regulations (hereinafter referred to as the "Buyback").

RESOLVED FURTHER THAT the proposed Buyback be implemented from the shareholders (as on the record date) including the Promoters and Promoter Group (as defined under the Securities and Exchange Board of India (Issue of Capital and Disclosures Requirements) Regulations, 2009, as amended) out of current surplus and/or cash and cash equivalents and/or internal accruals of the Company and/or such other sources or by such mechanisms as may be permitted by law, and on such terms and conditions as the Board may decide from lime lo time, and in the absolute discretion of the Board, as it may deem fit.

RESOLVED FURTHER THAT Buyback from shareholders who are persons resident outside India including the Foreign Institutional Investors, Overseas Corporate Bodies, if any, shall be. subject to such approvals, if, and to the extent necessary or required including approvals from Reserve Bank of India under Foreign Exchange Management Act, 1999 and the Rules and Regulations framed thereunder, if any.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the power(s) conferred hereinabove as it may in its absolute discretion deem fit, to any Director(s) / Officer(s) / Authorised Representative(s) / Committee ("Buyback Committee") of the Company in order to give effect to the aforesaid resolutions, including but not limited to appointment of managers, bankers, brokers, registrars, solicitors, depository participants, advertising agencies and other advisors / consultants / intermediaries / agencies, as may be required, for the implementation of the Buyback; and to make applications to the appropriate authorities for their approvals including approvals as may be required from the Securities and Exchange Board of India, Reserve Bank of India under the Foreign Exchange Management Act, 1999 and the rules, regulations framed thereunder; and to initiate all necessary actions for preparation and issue of various documents, opening of accounts, entering into agreements, release of public announcement, filing of declaration of solvency, extinguishment of share certificates, and such other undertakings, agreements, papers, documents and correspondence, under the common seal of the Company, as may be required to be filed in connection with the Buyback with the Securities and Exchange Board of India, Reserve Bank of India, BSE, NSE, Registrar of Companies, depositories and / or other regulators and statutory authorities as may be required from time to time.

RESOLVED FURTHER THAT nothing contained herein shall confer any right on the part of any shareholder to offer and / or any obligation on the part of Company or the Board or the Buyback Committee to buyback any shares, and / or impair any power of the Company or the Board or the Buyback Committee to terminate any process in relation to such Buyback, if so permissible by law.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to accept and make any alteration(s), modification(s) to the terms and conditions as it may deem necessary, concerning any aspect of the Buyback, in accordance with the statutory requirements as well as to give such directions as may be necessary or desirable, to settle any questions, difficulties or doubts that may arise and generally, to do all acts, deeds, matters and things as it may, in absolute discretion deem necessary, expedient, usual or proper in relation to or in connection with or for matters consequential to the Buyback without seeking any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

By order of the Board
For Clariant Chemicals (India) Limited

Date : May 18, 2015
Place: Navi Mumbai

Amee Joshi
Company Secretary & Compliance Officer

Notes:

1) Explanatory statement pursuant to applicable provisions of Section 102 of the Companies Act read with Section 110 of the Companies Act setting out the material facts pertaining to the resolution are annexed hereto along with a postal ballot form for your consideration.

2) The postal ballot notice is being sent to all the members whose names would appear in the Register of Members as received from National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) on May 29, 2015.

3) The postal ballot form and self addressed, pre-paid postage envelopes, are enclosed for use of the equity shareholders and it bears the address to which the duly completed Postal Ballot Form is to be sent.

4) The equity shareholders are requested to read carefully the instructions printed on the reverse of the postal ballot form and return the duly completed and signed postal ballot form (original) in the attached self addressed, pre-paid postage envelopes so as to reach the scrutinizer on or before the **close of the working hours at 05:00 p.m. on July 6, 2015.**

5) The Board of Directors of the Company has appointed Ms. Geeta Canabar, Practising Company Secretary as the scrutinizer for conducting postal ballot process in a fair and transparent manner. After completion of her scrutiny of postal ballot forms, She will submit her report to the Chairman and in his absence to the Managing Director of the Company. The results of the postal ballot will be announced in accordance with the provisions of Section 110 of the Companies Act read with the Companies (Management and Administration) Rules, 2014 on July 8, 2015. Members who wish to be present at the venue at the time of declaration of the results are welcome to do so. The resolution shall be deemed to be passed on the date of declaration of the results of the postal ballot, if approved by the requisite majority. The results will be displayed at the registered office of the Company and will also be published in newspapers and communicated to BSE and NSE, where the equity shares of the Company are listed. The results of the postal ballot will also be displayed on the Company's website: www.clariant.in

6) The Company is pleased to offer E-Voting facility as an alternate for its equity shareholders to enable them to cast their votes electronically instead of dispatching postal ballot forms. The equity shareholders are requested to follow the procedure as stated in the notes and instructions for casting of votes by e-voting. The equity shareholders have two options of voting i.e. by e-voting or through postal ballot form. Kindly note that while exercising their vote, the equity shareholders can opt for only one of the two modes of voting i.e. either through postal ballot form or e-voting. If you are opting for e-voting, then do not vote through postal ballot form and vice versa.

7) A copy of all the documents referred to in the accompanying explanatory statement are open for inspection at the registered office of the Company on all working days, except Saturdays, Sundays and holidays, between 10.00 am to 5.00 pm up to the date of declaration of the results of the postal ballot.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

With an objective of rewarding the equity shareholders, through return of surplus cash, pursuant to sale of the Company's Kolshet land, the Board at its meeting held on April 22, 2015 has approved the proposal of recommending buyback of equity shares as contained in the resolution in the Notice. As per the requirements of Section 102 of the Companies Act and other applicable provisions of the Companies Act and Buyback Regulations, the Explanatory Statement contains relevant and material information to enable the equity shareholders to consider and approve the special resolution on the Buyback.

Requisite details relating to the Buyback are given below:

(a) Rationale of Buyback:

Share buyback is the acquisition by a company of its own shares. The objective of the Buyback is to return surplus cash to the equity shareholders of the Company. The Buyback through Tender Offer route gives an option to all the equity shareholders, including the promoter shareholders, to receive the surplus cash by participating in the Buyback.

Subsequent to the sale of the Company's Kolshet land, the board at its meeting held on April 22, 2015 considered various alternatives for rewarding the equity shareholders. After considering several factors and benefits to the equity shareholders, the Board of Directors decided to recommend Buyback of up to 35,78,947 (Thirty Five Lakhs Seventy Eight Thousand Nine Hundred Forty Seven only) equity shares of the face value of Rs.10/- each (representing 13.42% of the total number of the equity share capital of the Company) at the price of Rs. 950/- (Rupees Nine Hundred Fifty Only) per equity share ("Buy Back Price") aggregating to Rs. 340 Crore (Rupees Three Hundred Forty Crore only). Buyback is a more efficient form of distributing surplus cash to the equity shareholders compared to other alternatives including interim dividend, inter-alia, for the following reasons:

I. The Buyback gives an option to the equity shareholders, who can choose to participate and get cash in lieu of Equity Shares to be accepted under the Buyback Offer or they may choose not to participate thereby and enjoy a resultant increase in their percentage shareholding, post the Buyback Offer, without additional investment;

II. Since the Buyback Offer proceeds will be taxed as capital gains, as applicable, in the hands of the shareholders, the Buyback Offer would enable the Company to distribute the entire amount so allocated to the equity shareholders in a more efficient manner as compared to dividend distribution which would involve payment of dividend distribution tax and thereby resulting in lower amount being distributed to the equity shareholders;

III. The Buyback would help in improving certain key financial ratios of the Company;

IV. The Buyback, which is being implemented through the Tender Offer route as prescribed under the Buyback Regulations, would involve allocation of 15% of the outlay to small shareholders. The Company believes that this reservation of 15% for small shareholders would benefit public shareholders, who would get classified as "small shareholder".

(b) Approval of the Board of Directors of the Company for the Buyback:

With the intent of distribution of surplus cash to the equity shareholders and also taking into account the factors set out in point(a) above, the Board at its meeting held on April 22, 2015 approved the proposal of recommending for the buy back on a proportionate basis from the equity shareholders/beneficial owner of the equity shares of the Company as on the record date, up to 35,78,947 (Thirty Five Lakhs Seventy Eight Thousand Nine Hundred Forty Seven only) equity shares of the face value of Rs.10/- each (representing 13.42% of the total number of the equity share capital of the Company) at the price of Rs. 950/- (Rupees Nine Hundred Fifty Only) ("Buy Back Price") aggregating to Rs. 340 Crore (Rupees Three Hundred Forty Crore only) which is less than 25% of the aggregate of equity share capital and free reserves of the Company as per audited accounts of the Company for the financial year ended December 31, 2014 through tender offer route as prescribed under the Buyback Regulations hereinafter referred to as the **("Buyback")** in accordance with the provisions of Articles 8A of the Articles of Association of the Company and subject to the provisions of pursuant to the provisions of Sections 68, 69 and 70 and all other applicable provisions, if any, of the Companies Act.

(c) Method to be adopted for the Buyback:

The Buyback shall be on a proportionate basis from all the equity shareholders of the Company through the "Tender Offer" route, as prescribed under the Buyback Regulations.

As required under the Buyback Regulations, the Company will announce a record date **(the "Record Date")** for determining the names of the equity shareholders who will be eligible to participate in the Buyback.

In due course, each equity shareholder as on the Record Date will receive a Letter of Offer along with a Tender / Offer Form indicating the entitlement of the equity shareholder for participating in the Buyback.

The equity shares to be bought back as a part of the Buyback is divided in two categories:
(a) Reserved category for small shareholders; and
(b) General category for all other shareholders.

As defined in the Buyback Regulations, a "small shareholder" is a shareholder who holds equity shares having market value, on the basis of closing price on the stock exchange having highest trading volume as on Record Date, of not more than Rs. 2,00,000 (Rupees Two Lakhs).

In accordance with Regulation 6 of the Buyback Regulations, 15% (fifteen percent) of the number of equity shares which the Company proposes to buyback or number of equity shares entitled as per the shareholding of small shareholders, whichever is higher, shall be reserved for the small shareholders as part of this Buyback. The Company believes that this reservation of 15% for small shareholders would benefit the public shareholders, who would get classified as "small shareholder".

On the Basis of the holding on the Record Date, the Company will determine the entitlement of each shareholder to tender their shares in the Buyback. This entitlement for each shareholder will be calculated based on the number of equity shares held by the respective shareholder as on the Record Date and the ratio of Buyback applicable in the category to which such shareholder belongs.

Equity shareholders' participation in Buyback will be voluntary. Equity shareholders can choose to participate and get cash in lieu of shares to be accepted under the Buyback or they may choose to not participate and enjoy a resultant increase in their percentage shareholding, post Buyback, without additional investment. Equity shareholders may also accept a part of their entitlement. Equity shareholders also have the option of tendering additional shares (over and above their entitlement) and participate in the shortfall created due to non-participation of some other equity shareholders, if any.

The maximum tender under the Buyback by any equity shareholder cannot exceed the number of equity shares held by the equity shareholder as on the Record Date.

The equity shares tendered as per the entitlement by the equity shareholders as well as additional shares tendered, if any, will be accepted as per the procedure laid down in Buyback Regulations.

Detailed instructions for participation in the Buyback (tender of equity shares in the Buyback) as well as the relevant time table will be included in the Letter of Offer which will be sent in due course to the equity shareholders as on Record Date.

(d) Maximum amount required under the Buyback and the sources of funds from which the Buyback would be financed:

The maximum amount required under the Buyback will be Rs. 340 Crore (Rupees Three Hundred Forty Crore only). The Buyback would be financed out of internal accruals of the Company. The Company shall transfer from its free reserves a sum equal to the nominal value of the equity shares bought back through the Buyback to the Capital Redemption Reserve Account and the details of such transfer shall be disclosed in its subsequent audited Balance Sheet.

The Company confirms that as required under Section 68(2) of the Companies Act, the ratio of the total debt owed by the Company shall not be more than twice the equity share capital and free reserves after the Buyback.

(e) Buyback Price and the basis of arriving at the Buyback Price:

The equity shares of the Company are proposed to be bought back at a price of Rs. 950/- per equity share (the "Buyback Offer Price"). The Buyback Offer Price has been arrived at after considering various factors, such as the average closing prices of the equity shares of the Company on BSE and NSE where the equity shares of the Company are listed, the net worth of the Company and the impact of the Buyback on the earnings per equity share of the Company. The Buyback price of Rs. 950/- per equity share represents a premium of 8.87% and 8.84% over the average closing prices of the Company's equity shares on BSE and NSE respectively for 3 months preceding the date of intimation to the BSE and NSE for the Board Meeting to consider the proposal of the Buyback and 10.12% and 10.12% over the average closing prices of the Company's equity shares on BSE and NSE respectively for 2 weeks preceding the date of intimation to the BSE and NSE for the Board Meeting to consider the proposal of the Buyback.

(f) Number of shares that the Company proposes to buyback and the time limit for completing the Buyback:

The Company proposes to Buyback not exceeding 35,78,947 (Thirty Five Lakhs Seventy Eight Thousand Nine Hundred Forty Seven only) equity shares of face value of Rs.10/- each of the Company. The Buyback is proposed to be completed within 12 months of the date of special resolution approving the proposed Buyback.

(g) Compliance with Section 68(2) (c) of the Companies Act:

The aggregate paid-up share capital and free reserves as at December 31, 2014 is Rs. 1,387.34 crores. Under the provisions of the Companies Act, the funds deployed for the Buyback cannot exceed 25% of the total paid-up capital and free reserves of the Company i.e. Rs. 346.83 crores. The maximum amount proposed to be utilized for the Buyback, is Rs. 340 crores (Rupees Three Hundred Forty crore only) and is therefore within the limit of 25% of the Company's total paid-up equity capital and free reserves as per the audited Balance Sheet as at December 31, 2014.

Further, under the Companies Act, the number of equity shares that can be bought back in any financial year cannot exceed 25% of the total paid-up equity capital of the Company in that financial year. Accordingly, the maximum number of equity shares that can be bought back in the current financial year is 66,65,186 equity shares. Since the Company proposes to Buyback up to 35,78,947 (Thirty Five Lakhs Seventy Eight Thousand Nine Hundred Forty Seven only) equity shares, the same is within the aforesaid 25% limit.

(h) The aggregate shareholding of the Promoters, the directors of the Promoter companies holding shares in the Company and of Persons who are in Control of the Company as on the date of this Notice:

1) Shareholding of the companies / entities forming part of the Promoter Group and Persons in Control:

Sr. No.	Name	Equity Shares	% of Shareholding
1	EBITO Chemiebeteiligungen AG	81,67,080	30.63
2	Clariant International Limited	60,75,000	22.79
3	Clariant Participations Limited	26,60,000	9.98
	Total	**1,69,02,080**	**63.40**

2) Shareholding of the Directors of the Promoter Group Companies:

None of the Directors of the companies forming part of the Promoter Group hold any shares of the Company.

3) Shareholding of the Directors of the Company:

Sr. No.	Name of the Director	Equity Shares held	% of shareholding
1	Mr. B. L. Gaggar	1000	0.004

(I) Details of transactions - purchase / sale / transfer - undertaken by persons referred to in (h) above during the period of last six months preceding the date of the Board Meeting at which the Buyback was approved up to the date of this Notice:

Except for Mr. B. L. Gaggar, there were no transactions either purchase / sale / transfer - undertaken by persons referred to in (h) above during the period of last six months preceding the date of the Board Meeting at which the Buyback was approved up to the date of this Notice

Details of transaction undertaken by Mr. B. L. Gaggar

Sr. no.	Date of acquisition / sale	Number of Equity Shares acquired / sold	Cost of Acquisition / Sale (Rs. in lakhs)	Remarks
1	January 29, 2015	50	0.45	Sale
2	April 30, 2015	500	4.31	Purchase

(j) Details of the date and price of acquisition of the equity shares that promoter, promoter group intend to tender are set-out below:

EBITO Chemiebeteiligungen AG, Clariant International Ltd and Clariant Participations Ltd vide their letters dated April 22, 2015, have expressed their intention to participate in the Buyback to such an extent that the combined shareholding of Promoter/Promoter Group in the Company post Buyback remains atleast 51.00% of the post Buyback equity share capital of the Company.

The detail of acquisition of their shares in the Company is as follows:

1) EBITO Chemiebeteiligungen AG

Sr. no.	Date of acquisition	Number of Equity Shares acquired	Cost of Acquisition (Rs. in lakhs)	Remarks
1	October 13, 2000	5,83,708	10,974.60	Acquisition pursuant to Stock Purchase Agreement executed between Hoechst AG & EBITO. (Refer Note 1)
2	October 24, 2000	58,37,080	-	Sub-division of Face Value of shares of Rs. 100/- each to Rs. 10/- each.
3	July 12, 2005	23,30,000	9,704.80	Acquisition pursuant to Open Offer dated May 31, 2005 (Refer Note 2)

Note 1:Pursuant to Stock Purchase Agreement executed by and between Hoechst AG & EBITO on June 16, 2000, 5,83,708 shares of Rs. 100/- each held by Hoechst AG in Clariant Chemicals (India) Limited were transferred to EBITO for a consideration of DEM 50,620,861, indicating an price of DEM 86.72 per share. Cost = DEM 86.72 or INR 1,880.15 (Exchange rate 1 DEM= INR 21.68).

Note 2: Pursuant to Letter of Offer dated May 31, 2005 made by EBITO, Clariant International Limited and Clariant AG to the shareholders of the Company, EBITO acquired 23,30,000 shares for a consideration of Rs. 9,704.80 lakhs i.e., at an average price of Rs. 416.52/- per share on July 12, 2005.

2) Clariant International Limited

Sr. no.	Date of acquisition	Number of Equity Shares acquired	Cost of Acquisition (Rs. in lakhs)	Remarks
1	May 2, 2006	60,75,000	18,619.27	Acquisition pursuant to Scheme of amalgamation in the ratio of 1:1 determined by Valuation report. (Refer Note1)

Note 1:Pursuant to Scheme of Amalgamation between Clariant (India) Limited, Vanavil Dyes and Chemicals Limited, BTP India Private Limited and Kundalika Investments Limited with Colour-Chem Limited approved by High Court vide order dated March 17, 2006, the shareholders of Clariant (India) Limited were issued 1 equity share in the Company for every 1 equity share held in Clariant (India) Limited. Post amalgamation, Colour Chem Limited was renamed to Clariant Chemicals (India) Limited. Clariant International Limited held 60,75,000 shares in Clariant (India) Limited and thus vide swap ratio of 1:1, were issued 60,75,000 shares in the Company based on the Valuation Report dated September 16, 2005 which determined the Fair Value of per share of the Company as Rs. 306.49/-.

3) Clariant Participations Limited

Sr. no.	Date of acquisition	Number of Equity Shares acquired	Cost of Acquisition (Rs. in lakhs)	Remark
1	December 29, 2006	26,60,000	8,564.93	Acquisition pursuant to purchase of shares from BTP Limited through Block Deal through BSE at a price of Rs. 321.99 per share.

(k) Confirmation that there are no defaults subsisting in the repayment of deposits, redemption of debentures or preference shares or repayment of term loans to any financial institutions or banks:

The Company confirms that there are no defaults subsisting in the repayment of deposits, redemption of debentures or preference shares or repayment of term loans to any financial institution or banks.

(l) Confirmation that the Board has made full enquiry into the affairs and prospects of the Company and that they have formed the opinion to the effect that the Company, after Buyback will continue to be able to meet its liabilities and will not be rendered insolvent:

Board has confirmed that it has made a full enquiry into the affairs and prospects of the Company and has formed the opinion:

(I) That immediately following the date of the Board Meeting held on April 22, 2015 and the date on which the results of the postal ballot will be declared, there will be no grounds on which the Company can be found unable to pay its debts;

(ii) That as regards the Company's prospects for the year immediately following the date of the board meeting as well as the year immediately following the date on which the results of the postal ballot will be declared, approving the Buyback and having regards to the Board's intentions with respect to the management of the Company's business during that year and to the amount and character of the financial resources, which will, in the Board's view, be available to the Company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from the date of the board meeting approving the Buyback or within a period of one year from the date on which the results of the postal ballot will be declared, as the case may be;

(iii) In forming its opinion aforesaid, the Board has taken into account the liabilities as if the Company were being wound up under the provisions of the Companies Act (including prospective and contingent liabilities).

(m) Report addressed to the Board of Directors by the Company's Auditors on the permissible capital payment and the opinion formed by directors regarding insolvency:

Quote

"April 22, 2015

The Board of Directors
Clariant Chemicals (India) Limited
Reliable Tech Park, Reliable Plaza, Behind Reliable Plaza,
Thane Belapur –Road, Airoli, Navi Mumbai – 400 708.

Auditors' Report on Buy Back of Shares pursuant to the requirement of Schedule II to Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998

1. This report is issued in accordance with our agreement dated April 21, 2015.

2. We have been engaged by Clariant Chemicals (India) Limited (the "Company") to perform a reasonable assurance engagement on determination of the amount of permissible capital payment in connection with the proposed buy back by the Company of its equity shares in pursuance of Section 68 and 70 of the Companies Act, 2013 (the "Act") and regulations as specified in the 'Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998' and amendments thereto (the "Regulations") and on the opinions expressed by the Board of Directors of the Company, as required under the Regulations.

Board of Directors Responsibility

3. The Board of Directors of the Company is responsible for the following:

   i) The amount of capital payment for the buy-back is properly determined; and

   ii) It has made a full inquiry into the affairs and prospects of the Company and has formed the opinion that the Company will not be rendered insolvent within a period of one year from the date on which the results of the postal ballot will be declared.

Auditor's Responsibility

4. Pursuant to the requirement of the Regulations, it is our responsibility to obtain reasonable assurance on the following "Reporting Criteria":

   i. whether the amount of capital payment for the buy-back is within the permissible limit computed in accordance with the provisions of Section 68 of the Act; and

   ii. whether the Board of Directors has formed the opinion, as specified in Clause (x) of Schedule II to the Regulations, on reasonable grounds that the Company having regard to its state of affairs will not be rendered insolvent within a period of one year from date on which the results of the postal ballot will be declared.

5. A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence on the Reporting Criteria. The procedures selected depend on the auditor's judgment, including the assessment of the risks associated with the Reporting Criteria. Within the scope of our work, we performed the following procedures:

   i) Examined authorisation for buy back from the Articles of Association of the Company;

   ii) Examined that the amount of capital payment for the buy-back is within the permissible limit computed in accordance with the provisions of Section 68 of the Act;

   iii) Examined that the ratio of the debt owned by the Company, if any, is not more than twice the capital and its free reserves after such buy-back;

   iv) Examined that all the shares for buy-back are fully paid-up;

   v) Inquired into the state of affairs of the Company with reference to the audited financial statements of the Company as at and for the year ended December 31, 2014 (the "Audited Financial Statements") which has been prepared by the Management of the Company; and examined budgets and projections prepared by the Management;

   vi) Examined minutes of the meetings of the Board of Directors;

   vii) Examined Directors' declarations for the purpose of buy-back and solvency of the Company; and

   viii) Obtained appropriate representations from the Management of the Company.

6. We conducted our examination in accordance with the Guidance Note on Special Purpose Audit Reports and Certificates.

7. The financial statements referred to in paragraph 5 (v) above, have been audited by us on which we issued an unmodified audit opinion vide our report dated February 12, 2015.

   Our audit of these financial statements was conducted in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of 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. Our audits were not planned and performed in connection with any transactions to identify matters that may be of potential interest to third parties.

Opinion

8. As a result of our performance of aforementioned procedures, we report that:

   i. The amount of capital payment of Rs. 34,000 Lakhs for the shares in question, as stated in the accompanying certified extract of the minutes of the Board of Directors' meeting held on April 22, 2015, which we have initialled for identification, is within the permissible capital payment of Rs. 34,683.50 Lakhs calculated based on the Audited Financial Statements, which, in our opinion, is properly determined; and

   ii. The Board of Directors in their meeting held on April 22, 2015 has formed the opinion, as specified in Clause (x) of Schedule II to the Regulations, on reasonable grounds that the Company having regard to its state of affairs will not be rendered insolvent within a period of one year from date on which the results of the postal ballot for buyback will be declared.

Restrictions on Use

9. Our work was performed solely to assist you in meeting your responsibilities with reference to the Regulations. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of the Company.

10. This report is addressed to and provided to the Board of Directors of the Company pursuant to the requirements of the Regulations solely to enable the Board of Directors of the Company to include in (a) Explanatory statement to be included in the postal ballot notice to be circulated to the shareholders and (b) the Public Announcement to be made to the shareholders of the Company, both of which will be filed with (a) Securities and Exchange Board of India, (b) the BSE Limited, (c) the National Stock Exchange of India Limited, (d) the Registrar of Companies as required by the Regulations, (e) the National Securities Depository Limited and the Central Depository Services (India) Limited for the purpose of extinguishment of equity shares, (f) the merchant bankers for the purpose of buyback (g) Reserve Bank of India (along with documents to be filled for obtaining necessary clearance for buy back from Non Resident Indian) and with (h) other regulatory agency with our prior approval and should not be used for any other purpose. Price Waterhouse Chartered Accountants LLP does not accept or assume any liability or duty of care for any other purpose or to any other person to whom this report, explanatory statement to be included in the postal ballot notice or Public Announcement which includes our report, is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Pradip Kanakia
Partner
Membership Number: 39985

Place : Mumbai
Date: April 22, 2015"

Unqote

(n) As per the provisions of the Buyback Regulations and the Companies Act:

(i) The Company shall not issue any equity shares or other securities (including by way of bonus) till the date of closure of the Buyback;

(ii) The Company shall not raise further capital for a period of one year from the closure of Buy-back Offer, except in discharge of its subsisting obligations. or such period as may be applicable under extant regulations (as per the provisions of the Companies Act, issue of shares by way of bonus shares or in the discharge of subsisting obligations into equity shares are not covered by this restriction);

(iii) The special resolution approving the Buyback will be valid for a maximum period of twelve months from the date of passing the said special resolution (or such extended period as may be permitted under the Companies Act or the Buyback Regulations or by the appropriate authorities). The exact time table for the Buyback shall be decided by the Board (or its duly constituted Committee) within the above time limits;

(iv) The equity shares bought back by the Company will be compulsorily cancelled and will not be held for re-issuance;

(v) The Company shall not withdraw the Buyback Offer after the draft letter of offer is filed with SEBI or public announcement of the Buyback Offer is made; and

(vi) The Company shall not buyback locked-in equity shares and non-transferable equity shares till the pendency of the lock-in or till the equity shares become transferable.

For any clarifications related to the Buyback process, the equity shareholders may contact any one of the following:

1. Company: Ms. Amee Joshi, Company Secretary & Compliance Officer,
   Tel: +91-22-7125 1245 ; Email: amee.joshi@clariant.com

2. Axis Capital Limited (Manager to the Buyback): Ms. Simran Gadh, Asst. Vice President,
   Tel: +91-22-4325 2183; Email: ccil@axiscap.in

All the material documents referred to in the Explanatory Statement such as the Memorandum and Articles of Association of the Company, relevant Board resolution for the Buyback, the Auditors Report dated April 22, 2015 and the audited accounts for the period from January 1, 2014 to December 31, 2014 are available for inspection by the members of the Company at its registered office on any working day between 10 am and 5 pm up to the last date of receipt of postal ballot form specified in the accompanying Notice.

In the opinion of the Board, the proposal for Buyback is in the interest of the Company and its equity shareholders. The Directors, therefore, recommend passing of the **Special Resolution** as set out in the accompanying Notice.

None of the Directors and / or Key Managerial Personnel and their relatives are, in anyway, concerned or interested, either directly or indirectly in passing of the said resolution, save and except to the extent of their shareholding in the Company.

By order of the Board
For Clariant Chemicals (India) Limited

Date: May 18, 2015
Place: Navi Mumbai

Amee Joshi
Company Secretary & Compliance Officer

CLARIANT

CLARIANT CHEMICALS (INDIA) LIMITED

CIN:L24110MH1956PLC010806
Registered Office: Reliable Tech Park, Airoli, Navi Mumbai - 400708; Tel.: 022 7125 1000 ; Fax: 022 7125 1201
Website: www.clariant.in ; E-mail: investor.relations_India@clariant.com

POSTAL BALLOT FORM

(Please read the instructions printed overleaf carefully before completing this form)

Sr. No.

1. Name and Registered Address of the Sole/First Named Shareholder (in block letters) :

2. Name(s) of the Joint holder (s), If any (in block letters) :

3. Registered Folio No./DP ID No./ Client ID No.* (*Applicable to investors holding shares in dematerialized form) :

4. Number of equity shares held :

5. I / We hereby exercise my/our vote in respect of the special resolution to be passed through postal ballot for business as stated in the Notice of the Company dated May 18, 2015 by conveying my/our assent or dissent to the said resolution by placing the tick (√) mark in the appropriate box below:

Resolution No.	Description	No. of Equity shares held	I / We assent to the Resolution (FOR)	I / We dissent to the Resolution (AGAINST)
1	Special resolution pursuant to the provisions of Sections 68,69 & 70 of the Companies Act, 2013 as amended, for the Buy Back of equity shares of the Company.			

Place:

Date: (Signature of the Equity Shareholder)

Notes:

1. Last Date for Receipt of Postal Ballot Form by the Scrutinizer: **Close of working hours at 5.00 p.m. on July 6, 2015.**
2. For e-voting, please refer the instructions appended herewith.

Following Particulars to be used only in case Member opts for e-voting

ELECTRONIC VOTING PARTICULARS

EVSN (Electronic Voting Sequence Number)	USER ID	PAN / SEQUENCE NO.

Note: Please read carefully the instructions printed overleaf before exercising your vote.

INSTRUCTIONS FOR POSTAL BALLOT FORM

1. A member desiring to exercise vote by postal ballot may complete this Postal Ballot Form in all respects and send it to the scrutinizer in the enclosed self- addressed postage prepaid envelope / business reply envelope. Postage will be borne and paid by the Company. However, envelopes containing Postal Ballot Forms, if deposited in person or sent by courier or registered post at the expense of the registered members will also be accepted.
2. This form should be completed and signed by the member. In case of joint holding, this form should be completed and signed (as per the specimen signature registered with the Company) by the first named member and in his absence, by the next named member. The signature of the member on this Postal Ballot Form should be as per the specimen signature registered with the Company in respect of shares held in the physical form or furnished by National Securities Depository Limited / Central Depository Services (India) Limited to the Company, in respect of shares held in the dematerialized form. Unsigned Postal Ballot Form will be rejected.
3. In case shares are held by companies, trusts, societies, etc., the duly completed Postal Ballot Form should be accompanied by a certified copy of the board resolution / authority together with attested specimen signature(s) of the duly authorized signatory(ies). Postal Ballot Form signed by the holder of power of attorney for and on behalf of a shareholder of the company must be accompanied by the copy of power of attorney duly certified by Magistrate, Notary Public or Special Executive Magistrate or a similar authority holding a Public Office and authorized to use the Seal of his office. If the same is already registered with the Company, please quote the Registration No. beneath the signature.
4. Members are requested not to send any other paper / document along with the Postal Ballot Form. They are also requested not to write anything on the Postal Ballot Form except giving their assent or dissent and putting their signature.
5. A tick (√) mark should be placed in the relevant box signifying assent / dissent for the resolution, as the case may be, before mailing the Postal Ballot Form.
6. There will be only one Postal Ballot Form for every folio irrespective of the number of joint member(s).
7. Duly completed Postal Ballot Form (no other form or photocopy of the Postal Ballot Form is permitted) should reach the scrutinizer not later than the **close of working hours at 05:00 p.m. on July 6, 2015.** The self addressed envelope bears the address of the scrutinizer appointed by the Board of Directors of the Company. The Postal Ballot Forms received after the due date will be treated as if the reply from the member has not been received. Incomplete, unsigned or incorrect Postal Ballot Forms will be rejected. The Scrutinizer's decisions on the validity of the Postal Ballot Form shall be final and binding.
8. Votes will be considered invalid on the following grounds:
   - if the member's signature does not tally.
   - if the member has marked all his shares both in favor and also against the respective resolution.
   - if the Postal Ballot Form is unsigned.
   - if the Postal Ballot Form is received torn or defaced or mutilated to an extent that it is difficult for the scrutinizer to identify either the member or the number of votes or as to whether the votes are in favor or against or if the signature could not be checked or on one or more of the above grounds.
   - if the information filled in the form is incomplete.
9. Duplicate copy of the Postal Ballot Form can be obtained on written request from Sharepro Services (India) Private Limited, Registrar and Share Transfer Agents from their office at 13 AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Off. Andheri-Kurla Road, Sakinaka, Andheri (East), Mumbai–400702. However, the duly filled in duplicate Postal Ballot Form should reach the Scrutinizer not later than the date specified under instruction above. Members can download the postal ballot form from the link **http://www.clariant.in**
10. The Scrutinizer will submit her report to the Chairman or in his absence to the Managing Director of the Company after completion of the scrutiny of Postal Ballot Forms and the results of the postal ballot will be announced by the Chairman or in his absence by the Managing Director.
11. The Company is pleased to offer e-voting facility as an alternate to all the members of the Company to enable them to cast their votes electronically instead of dispatching Postal Ballot Form. E-voting is optional.

The instructions for shareholders voting electronically are as under:

1. The voting period begins on **Saturday, June 6, 2015 (09:00 a.m.) and ends on Monday, July 6, 2015 (05:00 p.m.).** During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the **cut-off date (record date) of May 29, 2015,** may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

2. The shareholders should log on to the e-voting website www.evotingindia.com

3. Click on Shareholders.

4. Now Enter your User ID
   a. For CDSL: 16 digits beneficiary ID,
   b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
   c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

5. Next enter the Image Verification as displayed and Click on Login.

6. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

7. If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (4)

8. After entering these details appropriately, click on "SUBMIT" tab.

9. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

10. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

11. Click on the EVSN for "Clariant Chemicals (India) Limited" on which you choose to vote.

12. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

13. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

14. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

15. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

16. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

17. If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

18. **Note for Non – Individual Shareholders and Custodians**

    a. Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
    b. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com
    c. After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
    d. The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
    e. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

19. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com

20. **Kindly note that the members can opt for only one mode for voting i.e. either by Physical Ballot or e-voting. If you are opting for e-voting, then do not vote by Physical Ballot and vice versa. However, in case member(s) cast their vote both via Physical Ballot and e-voting, then voting done through Physical Ballot shall prevail and voting done by e-voting will be treated as invalid/ ignored.**