

CLARIANT CHEMICALS (INDIA) LTD.

Registered Office :
Reliable Tech Park
Thane-Belpur Road
Airoli, Navi Mumbai
India 400 708
Tel. : +91-22-71251000
www.clariant.in
CIN: L24110MH1956PLC010806

CLARIANT

FORM A

1	Name of the Company	Clariant Chemicals (India) Limited
2	Annual financial statements for the year ended	December 31, 2014
3	Type of Audit observation	Un-qualified
4	Frequency of observation	Not Applicable

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/ N500016
(Formerly Price Waterhouse, Firm Registration Number: 012754N)

Pradip Kanakia

Pradip Kanakia
Partner
Membership No. 39985

For Clariant Chemicals (India) Limited

Deepak Parikh

Dr. Deepak Parikh
Vice-Chairman & Managing Director



B. L. Gaggar

Mr. B. L. Gaggar
Executive Director Finance & Company
Secretary

Mumbai, 12th February 2015

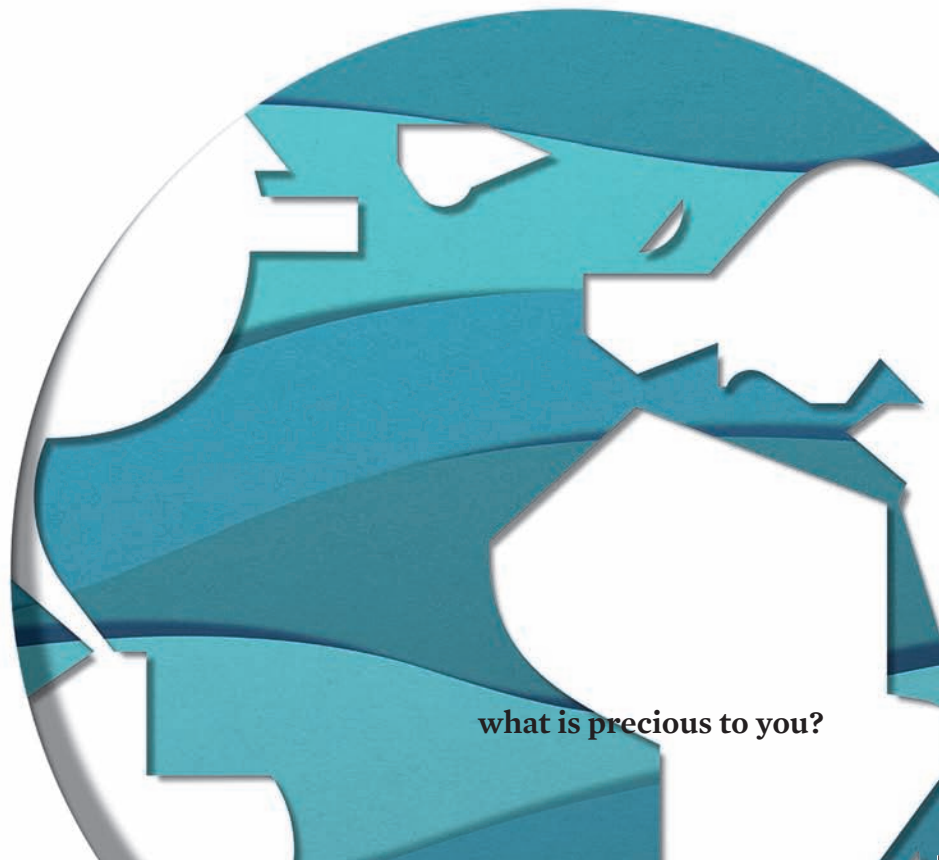
Bharat V. Patel

Mr. Bharat V. Patel
Chairman of Audit Committee



Annual Report 2014
Clariant Chemicals (India) Limited

DISCOVER
VALUE



what is precious to you?

INDEX

From the Desk of VC & MD	1
Board of Directors	2
Touching Lives Everyday	4
Discover Value	5
Performance	6
People	8
Planet	10
Financial Performance	11
Notice	13
Directors' Report	21
Management Discussion and Analysis	24
Report on Corporate Governance	30
Auditors' Report	41
Balance Sheet	44
Statement of Profit and Loss	45
Cash Flow Statement	46
Notes	48
10-years' Highlights	69

From the desk of **Vice-Chairman & Managing Director**



To us, Discover Value are more than just two words joined together, it is the essence behind everything we do, everything we create and every solution we devise. It guides us as scientists, aids us as explorers, and inspires us as innovators. It is the driving force motivating us to look deeper and discover something new for ourselves, for our customers, for our shareholders, and for the world around us.

And for Clariant, India means more than just a country on the map. It means commitment. Commitment towards creating opportunities which lie unchallenged. Commitment to deliver tangibility than mere ideation. Commitment to offer solutions with newer perspectives.

Clariant is making large strides towards unlocking the immense untapped potential that India has in the Specialty Chemicals sector. An industry that makes its mark visible in every facet of our everyday lives.

For Clariant India holds a special place, a center of profitability and excellence. With significant investments in Pigments, Masterbatches and innovation platforms in India, we took leading steps forward in 2014, re-invigorating the commitment to India.

While our Prime Minister says – Make In India, we believe in adapting the message: We will Make In India and Sell In India! With the emergent energy and focused strategy, we will make India a global investment destination and consequently, the leader in the Specialty Chemicals industry.

We are constantly innovating ourselves to deliver more, deliver fast, deliver the best and deliver ethically.

DR. DEEPAK PARIKH

Vice-Chairman & Managing Director
Clariant Chemicals (India) Ltd.

BOARD OF DIRECTORS



(standing l-r) B. L. Gaggar | Mario Brocchi | Alfred Muench | Y. H. Malegam | Karl Holger Dierssen
(seated l-r) Deepak Parikh | Bharat V. Patel | Indu Shahani

BOARD OF DIRECTORS

Bharat V. Patel – Chairman

Deepak Parikh – Vice Chairman & Managing Director

B. L. Gaggar – Executive Director Finance & Company Secretary

Y. H. Malegam

Indu Shahani

Alfred Muench

Mario Brocchi

Karl Holger Dierssen

AUDITORS

Price Waterhouse LLP
Chartered Accountants

BANKERS

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

SOLICITORS & ADVOCATES

Crawford Bayley & Co.

REGISTRAR & SHARE TRANSFER AGENTS

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

REGISTERED OFFICE

Reliable Tech Park
Thane-Belapur Road, Airoli
Navi Mumbai – 400 708.
Phone: +91 22 7125 1000

WORKS

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

Kudikadu, SIPCOT
Dist. Cuddalore – 607 005.

Renaissance Industrial & Warehousing Complex
Vashere, Taluka Bhiwandi
Dist. Thane – 421 101.

Shed no 18, 19, 20, 21, 22, GIDC Kalol
Dist. Panchmahal – 389 330.

Survey no 344/ I-3, Sakarda
Bhadarva Road Rania, Taluka Savli
Dist. Vadodara – 391 780.

A-1, 47/2&3, GIDC Estate, Nandesari
Dist. Vadodara – 391 340.

Touching Lives Every Day WITH INNOVATIVE SOLUTIONS



» PIGMENTS

Whenever you see color on or in a product, there is a great chance that we played a part in it! Our range of color solutions – pigments, pigment preparations, intermediates and special dyes are the preferred products in a wide variety of applications. This year we launched five new color solutions in India, and are concentrating more on the sustainable and efficiency features of our products.

» MASTERBATCHES

We offer functional properties to the world of plastics and fibers around you. We are the preferred partners for colors, additives, black & white Masterbatches, MOCs and engineering plastics. Leading brand owners, product manufacturers, designers and plastics & fiber processors in India trust our expertise. Our broad portfolio of high-quality, cost-effective Masterbatches provide cost efficient processing, advanced functionality and diverse aesthetic possibilities.



» ADDITIVES

Think of us when you come across efficient, safe, durable and aesthetically appealing products in the Electrical & Electronics, Automobile, Packaging, Healthcare, Agriculture, Construction and Textile industries! Our Additives business is a major supplier of flame retardants, polymer additives and waxes for functional effects in plastics, coatings, inks and other special applications.

» MINING SOLUTIONS

We have proven ourselves to be a reliable partner for the top names in the mining industry in India. Our reliable emulsifiers provide long term stability against thermal stress while our pelletization solutions enhance the quality of pellets for the metal industry. Our expertise in innovative floatation reagents in the processing of a wide variety of ores makes us the go-to name for mining solutions.



» INDUSTRIAL & CONSUMER SPECIALTIES

We touch your daily lives by way of the products in your homes and environment around you! This year we introduced three new products in India and are actively addressing wide range of unmet needs in the Home & Personal Care, Industrial Lubricants, Paints, Crop Solutions, Solvent Recovery, Waste Management and Pharmaceutical industries. Our innovative product line combines market trends with high-performance ingredients and formulation expertise.

DISCOVER VALUE

CHEMISTRY IS THE SCIENCE OF CHANGE

» We change the undiscovered into the indispensable.

No matter which shape the change takes, there is only one direction. Head-first, into the new.

As friends of chemistry it is clear that we love change.

We are explorers looking for more, in search of new impulses, ideas and perspectives. We open our eyes, ears and minds, to see the conventional in a new light. We look for change in us, and the world around us. And in our customers.

We ask – **What Is Precious To You?**

And through it all, we stay curious. We dig deeper to understand what is beneath the surface. And we do not accept what is, just because it always was. It is like they say –

» We turn the invisible into the tangible.

Only if you change, can you remain a true discoverer.

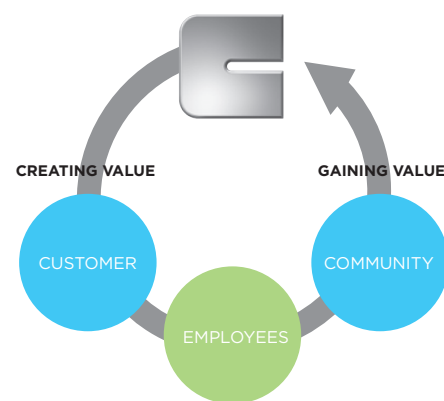
A true discoverer that locates unknown energies and powers, or taps into resources we passed over completely. Or finds the answers to the big questions facing our world.

And through change we become the discoverers of true values. Values found in each of us. Values that help our customers reach their goals. And values based on the needs of everyone.

We keep searching as we set off on our journey of discovery. To re-discover yesterday. To be the first to discover tomorrow.

And always, to **Discover Value.**

» And we even make the unbelievable a part of the everyday life.



The goal of each of our activities is to create sustainable value – for all of our stakeholders

PERFORMANCE



- At PaintIndia Trade Fair. (1), (2)
- Presenting innovative solutions for the Home & Personal Care industry at HPCI Trade Fair (3)
- The Medical Specialties Team showcasing technologies at CPhI. (4)
- Successful closure signing ceremony of Platichemix acquisition, making us one of the leaders in the Masterbatches industry. (5)
- Expansion of the Roha facility, doubling capacity to expand market presence in Sri Lanka and Bangladesh, along with India. (6)



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» In our drive towards excellence, we focus on attending to the unmet needs and challenges of our customers. Our aim is to deliver tailor-made, sustainable and innovative solutions using cutting edge technology. Our strong innovation platforms, robust production facilities and wide network across the country offer unparalleled capability and value addition to everything that our stakeholders need. «



12

- Dr. Deepak Parikh, VC & MD, Clariant Chemicals (India) Ltd. and Dr. Hariolf Kottmann, CEO, Clariant International inaugurating the new HQ at Airoli. (7)
- Interfacing with top industry leaders. (8)

- Bringing Plastics to Life at Indian Polyester Conference. (9)
- Partnering with our Masterbatches distributors. (10)

- Interaction with our customers, at the Innovation Day Workshop, co-creating solutions for the industry. (11)
- Inauguration of the Mining Solutions Lab at Roha, designed to suit the unique requirements. (12)

PEOPLE



- Dr. Hariolf Kottmann's visit to India. (1)
- Dr. Deepak Parikh motivating colleagues at the newly acquired facility at Rania, Gujarat. (2), (3)
- Visit of Swiss Ambassador and Consul General with other prominent delegates from the Swiss Embassy. (4)
- An open forum discussion with colleagues about the Talent Management process at Clariant. (5)
- Welcoming delegates from the IMEA region Masterbatches team. (6)



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» At Clariant, our philosophy of appreciation is central to our Corporate success and vision for the future. We value our employees and invest actively in their development. Our workforce diversity in terms of culture helps create a multifaceted and dynamic organization with a healthy exchange of ideas and perspectives. Also, encouraging women as part of our workforce is our ongoing initiative. It is our prime responsibility to promote rewarding careers for our employees while cherishing meaningful moments with their families. «



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- Employees at Cuddalore site receiving Long Service Awards. (7)
- Celebrating successes of 2014 together at our annual cultural event - Udaan. (8)

- Celebrating Employees' Day at Roha site. (9)
- Celebrating the spirit of womanhood at Clariant on the occasion of Women's Day. (10), (11)

PLANET

» At Clariant, we try to ensure that our support to the community is there, where it is needed the most. In doing so, we apply high management standards and strategically focus our corporate citizenship activities in areas where our company competencies, resources and employee volunteering can make a meaningful difference. From health, education, culture to environment, the sustainability initiatives of Clariant in India have touched many needy lives. «



- At the donation ceremony of furniture, lab apparatus and other utilities, when we evacuated the Kolshet premises. (1)
- Inaugurating OUTREACH - the quarterly internal newsletter that highlights our efforts towards community initiatives. (2)

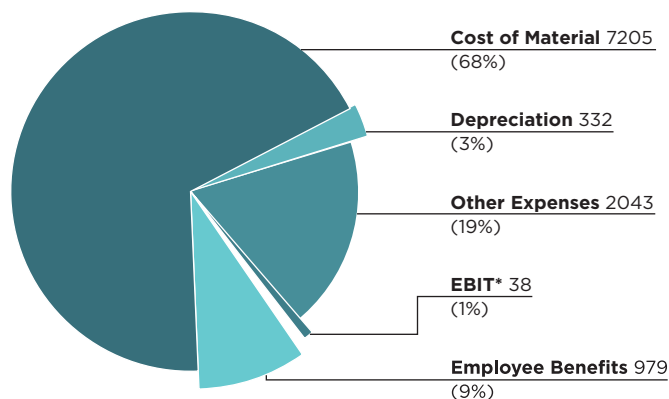
- Presentation ceremony conferring the Responsible Care logo to Clariant. (3)
- Visit to girls' home - Ma Niketan on the occasion of Women's Day. (4)
- Children from Vatsalya Foundation performing at our Annual Event - Udaan. (5)

- Achievement: Zero Accidents in 2014, by Cuddalore site. (6)
- Celebrating Children's Day together with young kids from REAP Foundation. (7)
- Visit to Vatsalya Foundation. (8), (9)

FINANCIAL PERFORMANCE

Distribution of EBIT* 2014

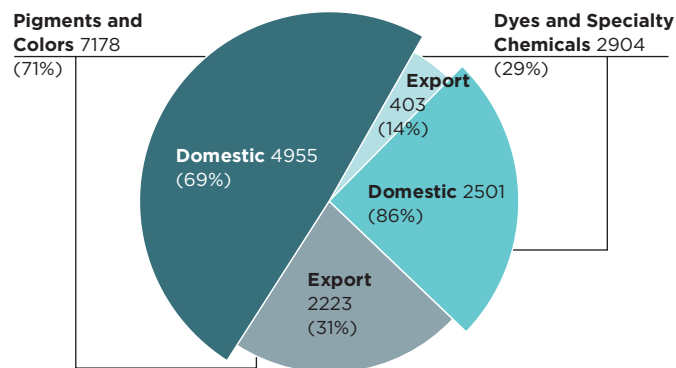
(₹ million)



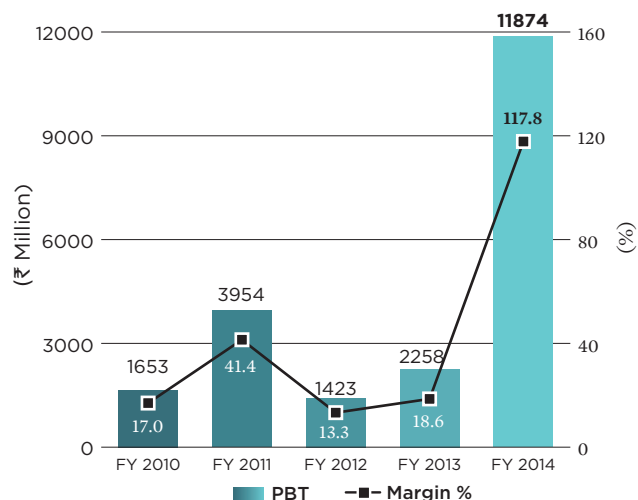
*Before exceptional items

Composition of Sales 2014

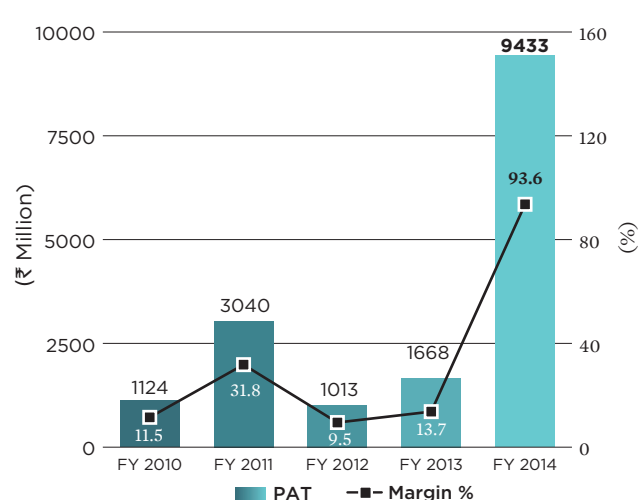
Sales Segmentwise (₹ million)



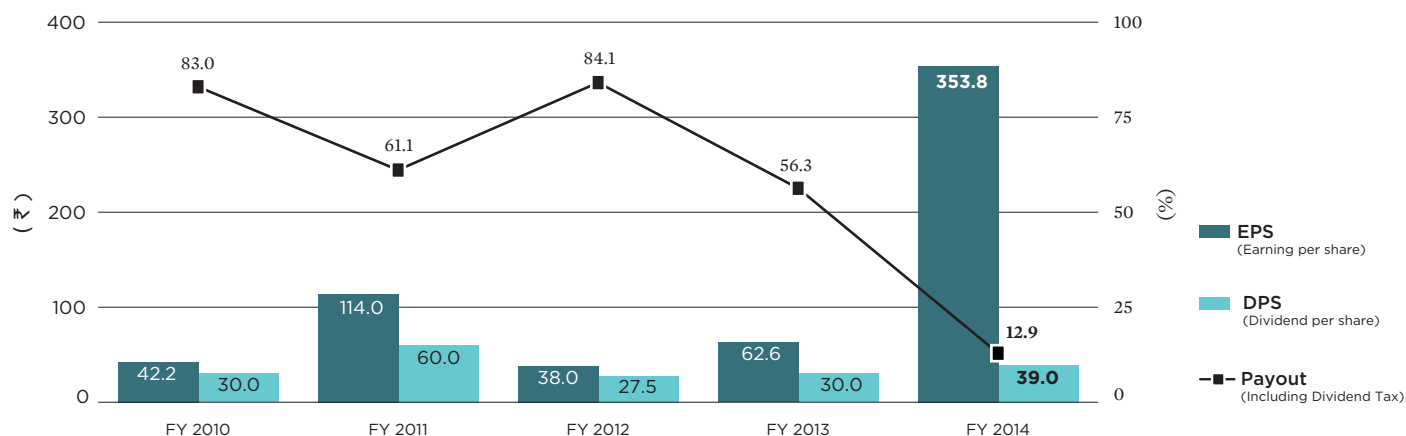
PBT and Margin



PAT and Margin

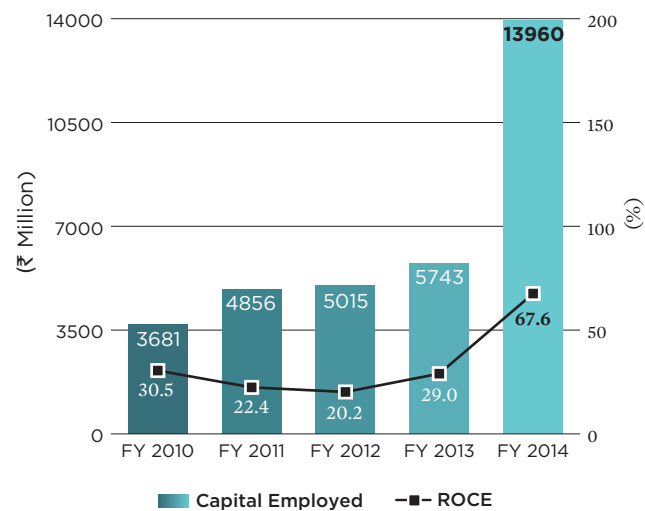


EPS, DPS and Payout

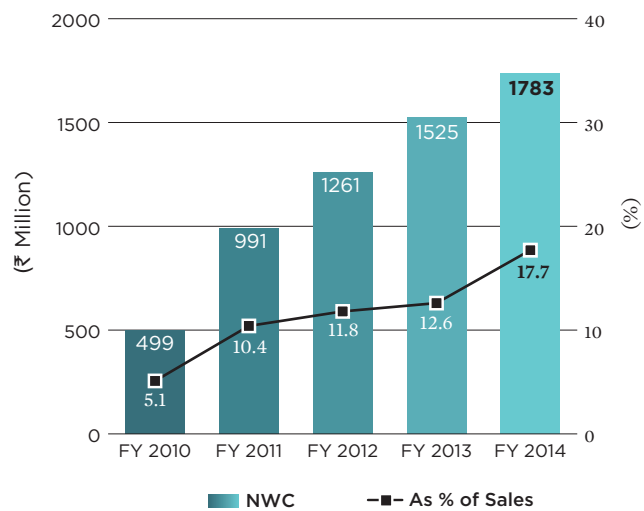


FINANCIAL PERFORMANCE

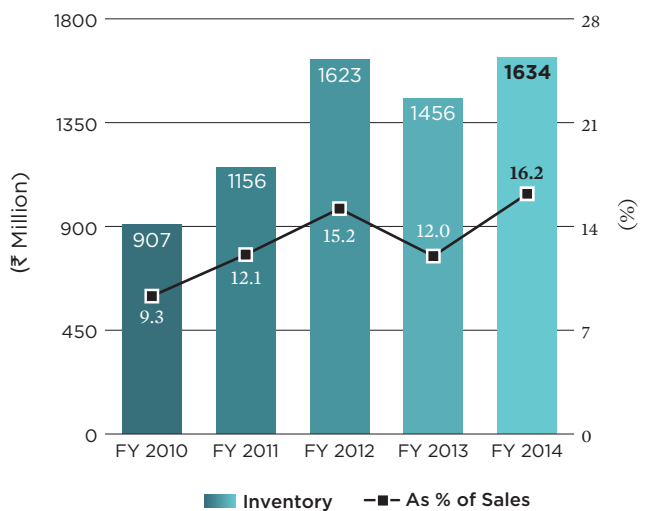
Capital Employed and ROCE



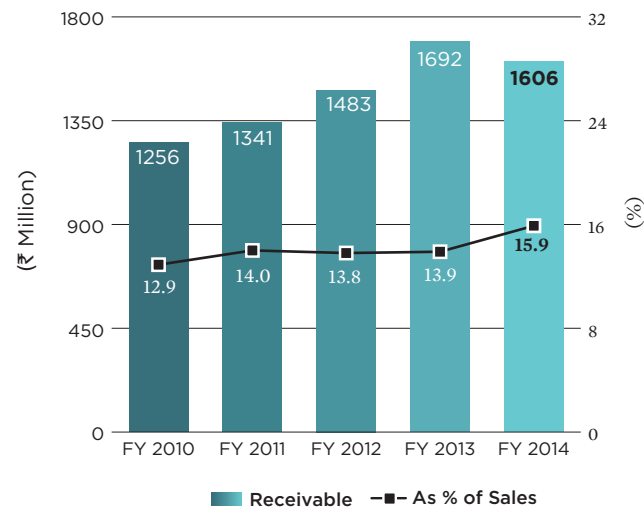
Net Working Capital to Sales



Inventory to Sales



Receivables to Sales



NOTICE

NOTICE is hereby given that the **Fifty-Eighth** Annual General Meeting of the Members of **Clariant Chemicals (India) Limited** will be held at 10:30 a.m. on Friday, April 24, 2015, at Reliable Tech Park, Thane-Belapur Road, Airoli, Navi Mumbai 400 708, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements for the year ended 31st December, 2014, together with the Reports of the Directors and Auditors thereon.
2. To confirm the payment of Interim Dividend for the year ended December 31, 2014.
3. To consider and if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 139 of the Companies Act, 2013 and any other applicable provisions and rules made thereunder and subject to Articles of Association, M/s Price Waterhouse LLP, Chartered Accountants (Firm Registration No. 012754N/N500016) be and are hereby appointed as Statutory Auditors of the Company to hold office for a term of 4 (four) years from the conclusion of this Annual General Meeting (subject to ratification of such appointment by the Members at every Annual General Meeting) till the conclusion of the 62nd Annual General Meeting of the Company.”

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT Mr. Mario Brocchi (DIN 07091950), who was appointed by the Board of Directors of the Company w.e.f. February 12, 2015 to fill up the casual vacancy caused by resignation of Mr. Viktor Bernhardt, and who holds office as such upto the date of this Annual General Meeting pursuant to the provisions of Section 161 of the Companies Act, 2013 (hereinafter referred to as Act) read with Article 113 of Articles of Association of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Act, from a member proposing his candidature for the office of a Director and being eligible, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

5. To consider and if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 149 and 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement (including any statutory modification(s) or

re-enactment thereof for the time being in force), Mr. Bharat V. Patel (DIN 00060998) who was appointed as Director in place of Mr. R. A. Shah, and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Independent Director be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, for a period of 4 years with effect from April 1, 2015.”

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

“RESOLVED THAT pursuant to the provisions of Section 149 and 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Y. H. Malegam (DIN 00092017), who continues to be the Director of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, for a period of four years with effect from April 1, 2015”

7. To consider and if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 149 and 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement (including any statutory modification(s) or re-enactment thereof for the time being in force) Dr. (Mrs.) Indu Shahani (DIN 00112289), who continues to be the Director of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, for a period of four years with effect from April 1, 2015.”

8. To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 197, 198 and Schedule V of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Articles of Association of the Company and in accordance with the Special Resolution passed at the Annual General Meeting

held on May 6, 2014; subject to the approval of Central Government, the approval of the members be and is hereby accorded for payment of remuneration including commission, benefits, perquisites, contribution to social security benefits and any other allowance or benefit to Dr. Deepak Parikh, Vice-Chairman & Managing Director, not exceeding ₹ 800 Lakhs for the Financial year 2015, payable monthly or otherwise, which in the eventuality may exceed the overall limit of 5% of the Net Profits of the Company for the Financial year calculated in the manner prescribed under Section 198 read with Schedule V of the Act, and that any amount paid or payable in excess of the maximum limit so prescribed under Section 197 of the Act, shall be waived.”

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized severally to do all such acts, deeds or things, as may be necessary, to give effect to the aforesaid resolution including but not limited to making application for approval of Central Government for payment of remuneration during the Financial year 2015 which may exceed the overall limits prescribed under Section 197 read with Schedule V of the Act and for waiver of excess remuneration so paid / payable by making representation and or filing of required applications, returns, forms with Ministry of Corporate Affairs (MCA) and with such other authorities, as may be prescribed, in this regard.”

9. To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 197, 198 and Schedule V of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Articles of Association of the Company and in accordance with the Special Resolution passed at the Annual General Meeting held on May 6, 2014; subject to the approval of Central Government, the approval of the members be and is hereby accorded for payment of remuneration including commission, benefits, perquisites and any other allowance or commission to Mr. B. L. Gaggar, Executive Director, not exceeding ₹ 200 Lakhs for the Financial year 2015, payable monthly or otherwise, which in the eventuality may exceed the overall limit of 5% of the Net Profits of the Company for the Financial year calculated in the manner prescribed under Section 198 read with Schedule V of the Act, and that any amount paid or payable in excess of the maximum limit so prescribed under Section 197 of the Act, shall be waived”

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized severally to do all such acts, deeds or things, as may be necessary, to give effect to the aforesaid resolution including but not limited to making application for approval of Central Government for payment of remuneration during the Financial year 2015 which may exceed the overall limits prescribed under Section 197 read with Schedule V of the Act and for waiver of excess remuneration so paid / payable by making representation and or filing of required applications, returns, forms with Ministry of Corporate Affairs (MCA) and with such other authorities, as may be prescribed, in this regard.”

10. To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 188 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014 and Clause 49 of the Listing Agreement (including any statutory modification(s) or re-enactment thereof for the time being in force), the approval of the members be and is hereby accorded to the material related party transaction entered into and carried out in ordinary course of business and at arm’s length price with Clariant (Singapore) Pte. Ltd., a related party as per the Accounting Standards AS 18, for sale of finished goods during the Financial year 2014, on terms and conditions recorded in the Supply agreement dated 29th June, 2011 executed between the Company and Clariant (Singapore) Pte. Ltd., for an aggregate amount of ₹ 234.74 Crore, which exceeds the threshold limit of 10 percent of annual consolidated turnover of the Company of the last Financial year 2013.

RESOLVED FURTHER THAT pursuant to the provisions of Section 188 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014 and Clause 49 of the Listing Agreement (including any statutory modification(s) or re-enactment thereof for the time being in force) the approval of the members be and is hereby accorded to material related party transaction to be entered into and carried out in ordinary course of business and at arm’s length price with Clariant (Singapore) Pte. Ltd., a related party as per the Accounting Standards AS 18, for sale of finished goods from time to time, on terms and conditions as set out in the Explanatory Statement annexed hereto, during the Financial year 2015, for an aggregate amount, which may exceed the threshold limit of 10 percent of annual consolidated turnover of the Company of the Financial year 2014.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to do all such acts, deeds or things, as may be necessary and expedient, to give effect to the aforesaid resolutions.”

11. To consider and if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 148 of Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) M/s. N. I. Mehta & Co., Cost Accountants, appointed as Cost Auditors for the Financial year 2015 to conduct audit of Cost Accounts of the Company be hereby paid the Fees of ₹ 1.5 Lakhs plus service tax and reimbursement of out of pocket expenses at actuals.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to do all such acts, deeds or things, as may be necessary and expedient, to give effect to the aforesaid resolution.”

For and on Behalf of the Board

Mr. B. L. Gaggar
Executive Director-Finance & Company Secretary

Date: February 12, 2015

Registered Office:

Reliable Tech Park, Thane-Belapur Road,
Airoli, Navi Mumbai – 400 708.

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

Item No. 4

Mr. Mario Brocchi (DIN 07091950) was appointed as Director of the Company to fill in the casual vacancy caused by the resignation of Mr. Viktor Bernhardt with effect from February 12, 2015. Pursuant to the provisions of Section 161 of the Companies Act, 2013 read with Article 113 of Articles of Association of Company he holds office as such upto the date of this Annual General Meeting since the Director in place of whom he is appointed in the casual vacancy, would have retired if he had not vacated the office. The Company has received a notice in writing from one of its members along with a requisite deposit proposing the candidature of Mr. Mario Brocchi for the office of Directorship pursuant to Section 160 of the Companies Act, 2013. The Company has received the requisite Form 'DIR 8' from Mr. Mario Brocchi, in terms of Section 164 (2) of the Companies Act, 2013 read with The Companies (Appointment and Qualification of Directors) Rules, 2014, conforming his eligibility for such appointment.

Brief profile covering the details of his qualification and experience, as required pursuant to Clause 49(VIII)(E) of the Listing Agreement, is annexed to this Notice.

Considering his experience and expertise, the Board recommends the passing of the resolution set forth under Item no. 4 as Ordinary Resolution. None of the Directors, Key Managerial Personnel and / or their relatives, except Mr. Mario Brocchi and his relatives are interested and / or concerned in passing of this resolution.

Item No. 5 to 7

In terms of the provisions of Section 149 of the Companies Act, 2013, every listed Company shall have at least 1/3rd of the total number of Directors as Independent Directors who shall not be liable to retire by rotation and who shall hold office for a term of five consecutive years and Section 149(6) of the Act and Clause 49 II B (1) of Listing Agreement lays down the criteria for Independence.

Mr. Bharat V. Patel, Mr. Yezdi H. Malegam and Dr. (Mrs.) Indu R. Shahani, Directors of the Company, have furnished declarations to the Company under Section 149(7) of the Act, confirming that they meet the criteria prescribed for Independent Directors under Section 149(6) of the Act as well as Clause 49 of the Listing Agreement. The Company has also received from each of the Independent Directors, (1) Consent to act as Director in "DIR 2" pursuant to Rule 8 of Companies (Appointment and Qualification of Directors) Rules, 2014 and (2) Declaration of Non-Disqualification in "DIR 8" pursuant to Section 164 of Companies Act, 2013.

In the opinion of the Board, these individuals are persons of integrity, possess the relevant expertise and experience, fulfill the conditions specified in the Act and the Rules framed there under and Clause 49 and are independent of the management of the Company.

In terms of Section 149(11) of the Act, an Independent Director can hold office for two terms of upto five consecutive years each on the Board of the company. Whereas, explanation to Section 149(10) and (11) further provides that any tenure of an Independent Director before commencement of the Act shall

not be reckoned while calculating maximum terms of office of Independent Directors under the Act.

Accordingly, it is proposed to appoint Mr. Bharat V. Patel, Mr. Yezdi H. Malegam and Dr. (Mrs.) Indu R. Shahani as Independent Directors of the Company for a period of four consecutive years with effect from April 1, 2015, as set out at Item No. 5 to 7 of this Notice. Notices, as required under Section 160 of the Act, have been received from certain Members proposing the candidature of the said Directors as Independent Directors of the Company. Upon the approval of the Members of the Company on the said resolutions, the appointment shall be formalized by way of issuance of the letter of appointment by the Company to the said Independent Directors.

Brief profiles of the said Directors, in terms of Clause 49 of the Listing Agreement are provided at the end of this Notice.

The Board accordingly recommends the resolutions set forth under Item No. 5 to 7 of this Notice for the approval of the Members. None of the said Directors are related to any of the Director of the Company. None of the Directors or Key Managerial Personnel of the Company other than those mentioned in the respective resolutions and their relatives, are in any way concerned and / or interested, financially or otherwise, in the resolutions at Item No. 5 to 7 of this Notice.

Item No. 8 and 9

Pursuant to provisions of Section 198, 269, 309, 310 read with Schedule XIII of the Companies Act, 1956, the shareholders, at the Annual General Meeting held on May 6, 2014, have approved by way of Special Resolution the remuneration payable to Dr. Deepak Parikh, Vice-Chairman & Managing Director and Mr. B. L. Gaggar, Executive Director-Finance & Company Secretary within the overall limit of ₹ 800 Lakhs & ₹ 200 Lakhs respectively. It was also resolved that in the case of inadequacy of profits, the remuneration so approved shall be construed as minimum remuneration. In view of Circular no. 46 dated July 14, 2011, approval of the Central Government is not required for payment of managerial remuneration, if the managerial person is not having any interest in the capital of the Company or its holding company, directly or through any other statutory body, etc.

Pursuant to the provisions of Section 197 of the Companies Act, 2013, the total remuneration paid to Directors including Managing Director, Executive Director and Independent Directors shall not exceed 11% of the Net Profit for that Financial year in the manner calculated as per Section 198 of the Act, except with the prior approval of Central Government. The section also provides that except with the approval of the Company in general meeting, the remuneration payable to an individual managing director or whole time director shall not exceed 5% of the net profit and if there is more than one such director, remuneration shall not exceed 10% of the net profit to all such directors taken together. The Board recommends to seek approval of Central Government for payment of remuneration and for waiver of remuneration paid / payable in excess of the limits prescribed under Section 197 read with Schedule V of the Companies Act, 2013, if any, to Dr. Deepak Parikh & Mr. B. L. Gaggar for the Financial year 2015.

The Statement containing information as required under Schedule V of the Companies Act, 2013 is given below:

Statement under Schedule V of the Companies Act, 2013

I. General Information

(1) Nature of Industry:

The Company is engaged in the business of manufacture and marketing of Pigments and Colors and Dyes and Specialty Chemicals.

(2) Date or expected date of commencement of commercial production: December 1956

(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not Applicable

(4) Financial Performance based on given indicators:

	₹ In Lakhs	
	2014	2013
Net Sales	1,008,20.49	1,213,20.25
Profit before exceptional items & tax	3,87.62	113,53.18
Add: Exceptional items	1,183,58.50	112,24.63
Profit before tax	1,187,41.25	225,77.81
Less: Tax expenses (incl. deferred tax)	244,09.70	59,00.97
Profit after tax	943,31.55	166,76.84

(5) Foreign Investments or collaborations, if any : Not Applicable

II. Information about the appointee:

(1) Background details:

a) Dr. Deepak Parikh is Vice-Chairman and Managing Director of the Company. He is the holder of about 40 US patents and has over 25 years of experience in general administration, M&A, divestiture, creating new platforms, driving change management and delivering business growth in emerging markets in the chemicals and plastics industry. He joined Clariant Chemicals (India) Limited from Lion Copolymer (USA), where he held dual roles as the Chief Vice President of Asia Pacific Business and Chief Technology Officer. Prior to joining Lion Copolymer, he worked with Dow Chemical and DuPont in USA and Asia for almost 20 years where he held various global and regional leadership roles in commercial, R&D and business development functions.

b) Mr. B. L. Gaggar is Executive Director-Finance & Company Secretary of the Company. He has held the position of Chairman of the Institute of Company Secretaries of India (WIRC), member of Accounting Standard Board of India. He joined Clariant in 1996 when it was demerged from Sandoz in India. He carried professional experience of over 18 years in the area of Finance, Accounts, Tax, Audit & M&A activities before joining Clariant.

(2) Past Remuneration:

During the Financial year ended 2014, a sum of ₹ 793.31 Lakhs and ₹ 173.49 Lakhs was paid as remuneration to Dr. Deepak Parikh and Mr. B. L. Gaggar respectively.

(3) Recognition and awards:

a) Dr. Deepak Parikh holds about 40 US patents in his name. He is a member of American Chemical Society and a position holder of Society of Plastic Engineers (SPE). He has developed "Artificial Heart" made of Plastic and have won recognition for this development.

b) Mr. B. L. Gaggar holds certifications for 'Mastering of Change Management' by Clariant, 'People & Performance Management' by Indian Institute of Management and 'Leadership Skills for Top Management' by Indian School of Business. He has authored / co-authored several books on professional subjects, written articles on topical subjects for finance and accounting profession and presented papers at conference and seminars of professional bodies.

(4) Job profile and their suitability:

a) Dr. Deepak Parikh has played pivotal role in total restructuring of the Company during last two years. He is responsible for entire management of the Company and business development. He is a Chemical Engineer from Bombay University (UIC) and holds a Ph.D. in Polymer Science and Engineering from the University of Tennessee, USA.

b) Mr. B. L. Gaggar has been associated with the Company for more than 17 years and is heading the Finance department of the Company. He is responsible for overall Finance function which includes Accounting, Controlling, Reporting, Taxation, Treasury and Investor Services. As Company Secretary, he is also a compliance officer of the Company. He is a Bachelor of Commerce and holds professional qualification as Chartered Accountant and Company Secretary.

(5) Remuneration Proposed:

As provided in Explanatory statement for Item No. 8 and 9 of the Notice.

(6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin):

Considering the size of the Company, the profile, knowledge, skills and responsibility shouldered by Dr. Deepak Parikh and Mr. B. L. Gaggar, the remuneration paid is commensurate with the remuneration packages paid to their similar counterparts in other companies.

(7) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:

None

III. Other Information:

(1) Reason for Loss:

Highly competitive market segment, low turnover due to divestment of businesses, higher raw material costs, rent, facilitation, depreciation and amortization costs associated with shifting of registered office and operations from Kolshet to Reliable Tech Park, Airoli and Vashere, in Bhiwandi District and one time write-off of inventories etc. have affected the operational profits of the Company for the year 2014.

(2) Steps taken or proposed to be taken for improvement:

There is drive to improve turnover to regain sales lost due to divestment of businesses. Sales prices are being reviewed to provide adequate profits commensurate with the competitive market situation. Raw Material prices are being further negotiated to reduce costs. All controllable costs are being reviewed constantly to improve overall profitability.

(3) Expected increase in productivity and profits in measurable terms:

Net Sales are expected to increase by 10% and EBIT by about 4% of net sales.

IV. Disclosures:

The information and disclosures of the remuneration package of the managerial personnel have been mentioned in the Annual Report in the Report on Corporate Governance under the heading “Nomination & Remuneration Committee”.

The Board of Directors recommends the passing of resolutions set out under Item No. 8 & 9 as Special Resolutions. None of the Directors, Key Managerial Personnel and / or their relatives, except Dr. Deepak Parikh & Mr. B. L. Gaggar, are interested and / or concerned in passing of the resolutions.

Item No. 10

The Company's exports accounts for approximate 26% of its total turnover in 2014. In order to reduce the currency risk involved in exports, to secure the payment on time and also to utilize its capacity by committed demand, the Company has entered into a Supply agreement whereby all its exports are routed through a single customer Clariant (Singapore) Pte. Ltd. All transactions are done in the ordinary course of the business and at an arm's length price.

Clariant (Singapore) Pte. Ltd. is a related party as defined under Accounting Standard AS 18. However, it is not covered under the definition of related party provided under Section 2(76) of the Companies Act, 2013.

The provisions of Section 188 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014 exempts any transactions entered into by the Company in its ordinary course of business and done at arm's length price, from the requirement of prior approval of the shareholders by way of a special resolution.

However, revised Clause 49 of the Listing Agreement, which became effective from October 1, 2014, provides that material related party transaction, i.e. a transaction to be entered into which individually or together with previous transactions in a given financial year with a related party exceeds 10% of the annual consolidated turnover as per the last audited financial statements of the Company, requires the approval of the shareholders of the Company by way of a special resolution.

The details of transaction entered with Clariant (Singapore) Pte. Ltd. is provided hereunder:

1. Name of the Related Party	Clariant (Singapore) Pte. Ltd.
2. Name of the Director or Key Managerial Personnel who is related, if any	None
3. Nature of relationship	Affiliate Company under AS 18
4. Nature of Transaction	Sale of Finished Goods, from time to time, as per purchase order
5. Value of Transaction	Total ₹ 234.74 Crore during FY 2014
6. Course of Transaction	Done in ordinary course of business and at arm's length price

The annual consolidated turnover as per the last audited financial statements for the year 2013 was ₹ 1213.20 Crore. As such, the transactions with Clariant (Singapore) Pte. Ltd., during the Financial year 2014, is material pursuant to Clause 49 of the Listing Agreement.

The transactions entered with Clariant (Singapore) Pte. Ltd., during the Financial year 2014, were placed before the Audit Committee every quarter for their review and recommendation to the Board. The Audit Committee have reviewed and recommended all the transactions entered with Clariant (Singapore) Pte. Ltd. to the Board of Director for their approval at their meetings held in the year 2014.

Currently, it cannot be ascertained the transactions to be entered in the current Financial year 2015 that would exceed the threshold of 10% of annual consolidated turnover as per the latest audited financial results. The approval of the Shareholders for the transactions to be entered into and carried out with Clariant (Singapore) Pte. Ltd., from time to time, in the ordinary course of business and at arm's length price, during the Financial year 2015, is being sought by way of abundant caution and as a proactive measure.

Further, Clause 49 of the Listing Agreement requires the entities falling under the definition of related party to abstain from voting irrespective of whether the entity is a party to the transaction or not. Accordingly, the promoters of the Company who are (or could potentially be considered) as related party i.e., (1) Ebita Chemiebeteteiligungen AG, holding 30.63% of the paid up capital; (2) Clariant International Ltd., holding 22.79% of the paid up capital; and (3) Clariant Participations Ltd., holding 9.98% of the paid up capital, are required to abstain from voting on this resolution of the Notice.

The Board, therefore, recommends the passing of the resolutions set out under Item no. 10 as Special Resolutions. None of Directors, other than those representing the Clariant, Key Managerial Personnel and / or their relatives, are interested and / or concerned in passing of the said resolutions.

Item No. 11

In pursuance of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Board shall appoint an individual who is a cost accountant in practise on the recommendations of the Audit Committee, which shall also recommend remuneration for such cost auditor. The remuneration recommended by Audit Committee shall be considered and approved by the Board of Directors and ratified by the shareholders.

On recommendation of Audit Committee at its meeting held on February 12, 2015, the Board has considered and approved appointment of M/s. N. I. Mehta & Co., Cost Accountants, for the conduct of the audit of the cost records of the Company at a remuneration of ₹ 1.5 lac per annum exclusive of service tax and out of pocket expenses, to be reimbursed at actuals, for the Financial year 2015.

The Board recommends the passing of resolution as set out at Item no. 11 as an Ordinary Resolution. None of the Directors, Key Managerial Personnel and / or their relatives, are interested and / or concerned in passing of the said resolution.

For and on Behalf of the Board

Mr. B. L. Gaggar

Executive Director-Finance & Company Secretary

Date: February 12, 2015

Registered Office:

Reliable Tech Park, Thane-Belapur Road,
Airoli, Navi Mumbai – 400 708.

NOTES:

1. The relative explanatory statement pursuant to Section 102 of the Companies Act, 2013 for the businesses set out under Item No. 4 to 11 is annexed to the Notice.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE THEREAT INSTEAD OF HIMSELF, ON A POLL. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORMS IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT THE REGISTERED OFFICE AT LEAST 48 HOURS BEFORE THE MEETING. A PROXY / PROXIES SO APPOINTED SHALL HAVE NO RIGHT TO SPEAK AT THE MEETING. A person can act as a proxy on behalf of a member not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person / shareholder.**
3. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, April 15, 2015 to Friday, April 24, 2015 (Both Days Inclusive).
4. The detail of Directors seeking appointment / re-appointment at this Annual General Meeting as required under Clause 49 of the Listing Agreement is annexed hereto.
5. In terms of Section 149 and 152 read with Schedule IV of the Companies Act, 2013, Independent Directors are required to be appointed for a term upto five consecutive years and are not liable to retire by rotation. Accordingly, the resolutions proposing the appointment of Independent Directors are given at Item no. 5 to 7 of this Notice.
6. The amount outstanding in unpaid dividend account in respect of Financial year 2007 will be transferred to the 'Investor Education and Protection Fund' maintained with the Central Government after the end of seven years i.e., after April 16, 2015. Members who have still not claimed/encashed their dividends are requested to claim / encash the same at the earliest.
7. Change of particulars including address, bank mandate & 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 be able to 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/Proxies are requested to bring their copies of Annual Report & duly filled admission / attendance slips sent herewith along with the copies of annual report at the meeting and produce the same at the entrance where the Annual General Meeting is held.
9. Corporate Members are requested to send a certified copy of the Board Resolution / Power of Attorney authorizing their representative to attend and vote at the Annual General Meeting.
10. Members desirous of getting any information about the accounts and operations of the Company are requested to send their query to the Registered Office well in advance so that the same may reach the office at least seven days before the date of the meeting to enable the management to keep the information required readily available at the meeting.
11. The Annual Report of your Company for the Financial year 2014 is displayed on the website of the Company i.e. www.clariant.in.
12. Members are requested to register their E-mail address with the Company / Registrar & Transfer Agents so as to receive Annual Report and other communication electronically.
13. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement, the Company is pleased to provide the members to exercise their right to vote at the 58th Annual General Meeting of the Company by electronic means through e-voting facility provided by Central Depository Services (India) Limited (CDSL). Members who are holding shares in physical or dematerialized form as on March 20, 2015 shall exercise their vote by electronic means.
14. **E-VOTING:** The e-voting instructions for members receiving an e-mail or a physical copy of this notice of Annual General Meeting are as under:

The instructions for shareholders voting electronically are as under:
 - (i) The voting period begins on Wednesday, April 15, 2015 at 09:00 a.m. and ends on Thursday, April 16, 2015 at 09:00 p.m. During this period the shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date March 20, 2015 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
 - (iii) Click on Shareholders.
 - (iv) 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.
 - (v) Next enter the Image Verification as displayed and Click on Login.
 - (vi) 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.

(vii) 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)
	<ul style="list-style-type: none"> 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.
	<ul style="list-style-type: none"> 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.
	<ul style="list-style-type: none"> 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 (iv)

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) 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.

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

(xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.

(xii) 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.

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

(xiv) 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.

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

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

(xvii) 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.

(xviii) Note, for Non - Individual Shareholders and Custodians

- 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.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- 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.
- 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.
- 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.

(xix) 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.

15. In case of Members who are attending the Annual General Meeting and are entitled to vote but have not exercised their right to vote by electronic means, the Chairman of the Company will order a poll on his own motion for all businesses specified in the accompanying Notice. **For clarity, please note that the Members who have exercised their right to vote by electronic means shall not vote by way of poll at the Meeting.** The voting rights of the Members shall be in proportion to their shares of the paid-up equity share capital of the Company. The poll process shall be conducted and scrutinized and report thereon will be prepared in accordance with Section 109 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014.

16. Mr. Drumil M. Shah & Co., Practising Company Secretary (Membership No. A22541, COP 8978) has been appointed as the Scrutinizer to scrutinize the e-voting process as well as the voting by way of Poll, to be conducted at the Annual General Meeting, in a fair and transparent manner.

17. The Scrutinizer shall within a period not exceeding three working days from the date of close of e-voting unblock the votes in the presence of at least two witnesses, not in the employment of the Company and make Scrutinizer Report of the votes cast in favour of or against, if any, forthwith to the Chairman of the Company.

18. The results of e-voting and poll on resolutions shall be aggregated and these resolutions will be deemed to be passed on the Annual General Meeting date, subject to receipt of the requisite numbers of votes in favour of the said resolutions.
19. The results declared along with the Scrutinizer's report shall be communicated to BSE Limited and NSE Limited and made available on the Company's website : www.clariant.in and on the website of CDSL : www.cdslindia.com, within two days of passing of the resolutions at the Annual General Meeting of the Company.

Particulars of Directors seeking Appointment / Reappointment at the ensuing Annual General Meeting pursuant to Clause 49 of the Listing Agreement:

Name of Director	Mario Brocchi	Bharat V. Patel	Y. H. Malegam	Dr. Indu Shahani
Type	Non-Executive Director	Independent Director	Independent Director	Independent Director
Date of Birth	11/01/1979	25/09/1944	24/09/1933	17/07/1951
Date of Appointment	12/02/2015	30/10/2014	16/07/2013	16/07/2013
Qualification	MBA (Enterprise Management), Brazil, Graduate in Political Science with minor in Business Administration & Public Relations from Indianapolis, USA	MBA in Marketing from University of Michigan, USA and MA from University of Notre Dame, Indiana, USA	FCA, India, England & Wales	B. Com from Sydenham College & holds Ph.D in Commerce from Mumbai University
No. of Equity Shares held	NIL	NIL	NIL	NIL
Expertise in Specific Functional area	Corporate Finance, Treasury, Tax, Corporate Controlling, Strategic M&A, Divestments and strategic integration projects	Marketing and Management Expert with wide experience in OTC and FMCG.	Corporate Finance, Companies Act, Tax, Advisory expert on Corporate Laws.	Leadership, Teaching and Academics.
Directorships held in other Companies	NIL	Sasken Communication Technologies Limited, Sistema Shyam Teleservices Limited, Pantaloons Fashion & Retail Limited, Birla Sun Life Asset Management Co. Limited	National Stock Exchange of India Limited, Siemens Limited, Bharatiya Reserve Bank Note Mudran Private Limited, Firstsource Solutions Limited Western India Plywoods Limited	Octopus Steel Private Limited, Bajaj Electricals Limited, Eureka Forbes Ltd, Franklin Templeton Trustee Services Private Limited, Colgate-Palmolive (India) Limited, Lafarge India Private Limited, United Spirits Limited
Particulars of Committee Chairmanship / Membership held in other Companies	NIL	Sistema Shyam Teleservices Limited Member – Audit Committee Chairman – Stakeholders' Relationship Committee Pantaloons Fashion & Retail Limited Chairman – Audit Committee Stakeholders' Relationship Committee	National Stock Exchange of India Limited Chairman – Audit Committee Siemens Limited Chairman – Audit Committee Bharatiya Reserve Bank Note Mudran Private Limited Chairman – Audit Committee Firstsource Solutions Limited Chairman – Audit Committee Western India Plywoods Limited Member- Audit Committee	NIL
Relationship with other Directors inter-se	None	None	None	None

Note:

1. Pursuant to Clause 49 of the Listing Agreement, only two Committees viz. Audit Committee and Stakeholders' Relationship Committee have been considered.

DIRECTORS' REPORT

Your Directors are pleased to present the 58th annual report and audited statement of accounts for the year ended December 31, 2014. As per clarification provided by the Ministry of Corporate Affairs vide Circular No. 08/2014 dated 4th April, 2014 the financial statements and the documents required to be attached thereto, the auditor's and directors' report in respect of the financial year under reference shall continue to be governed by the relevant provisions of the Companies Act, 1956, schedules and rules made there under.

Financial Performance

The financial performance of the Company for the year ended December 31, 2014 is summarized below:

	₹ in Lakhs	
	2014	2013
Sales (Gross- including excise duty)	1,082,48.16	1,290,00.62
Net sales	1,008,20.49	1,213,20.25
Profit before exceptional items & tax	3,82.75	113,53.18
Add : Exceptional items	1,183,58.50	112,24.63
Profit before tax	1,187,41.25	225,77.81
Less: Tax expenses (incl. deferred tax)	244,09.70	59,00.97
Profit after tax	943,31.55	166,76.84
Add: Balance brought forward from previous year	188,42.04	132,26.44
Amount available for appropriation	1,131,73.59	299,03.28
Appropriations :		
General reserve	9433.16	16,67.68
Interim dividend	103,97.69	26,66.07
Proposed dividend (final)	-	53,32.15
Tax on dividend (interim, final proposed & incl. previous period)	17,67.09	13,95.34
Balance carried forward to balance sheet	91,575.65	188,42.04

Review of operations

2014 was the year of transformation for the Company. The year witnessed major events in the form of sale of leather service business, acquisition of masterbatches business, shifting of registered office and sale of Kolshet site. In spite of revenue loss arising out of sale of textile, paper and emulsion business effective from October 1, 2013 and leather service business effective from May 1, 2014, the Company has been able to grow significantly in continued businesses. Despite negative business sentiments, high inflation and depreciation of Indian currency against major currencies during first half of the year, the Company has been able to minimize the revenue loss. Thanks to the acquisition of masterbatches business which provided support in recouping the revenue loss and improved Company's market place for this business, sustained drive by marketing, resulted into record sales growth throughout the year. The performance in terms of net profit was affected by higher raw material prices and associated costs of restructuring the business.

The Company registered sales of ₹ 1,008.20 crores as compared to ₹ 1,213.20 crores, negative growth of 16.9% in sales. Out of the total

sales revenue of the Company for the year, 26% is contributed by exports. After considering the impact of sale of Textile, Paper and Emulsion business (TPE business) effective from October 1, 2013, and sale of leather services business effective from May 1, 2014, the growth in sales on like to like basis was a record 43.6% over the previous year. The increased cost of raw materials and inflationary rise in other expenses resulted into lowering of PBDIT margin before exceptional items from 11.4% to 3.8%. Exceptional items for the current year mainly represent profit from sale of leather business (net of transfer of assets and other liabilities) ₹ 104.09 crores and profit from sale of Kolshet site ₹ 1085.48 crores. Exceptional item for previous year mainly represents sale of TPE business. Considering the exceptional items, the net profit after provision for tax is significantly higher over the previous year. The Company remains focused to improve its core business and look for higher market share in the business segments in which it operates.

Dividend

During the year, your Directors had declared an interim dividend of ₹ 39/- per share (390%) for Financial year 2014 and the same was paid in August 2014 as compared to ₹30.00 per share (300%) paid for the previous Financial year. The dividend together with tax thereon for the year entails cash outflow of ₹ 121.65 crores (previous year ₹ 93.57crores) and pay out of 12.9 % of the net profits for the year.

Based on the exceptional income arising from the sale of Kolshet land, the interim dividend of ₹ 140/- per share for the Financial year 2015 was declared and paid in January 2015. The interim dividend together with tax thereon for the year entails cash outflow of ₹ 447.88 crores and pay out of 41.3 % of the net profits from sale of Kolshet site.

The two interim dividends paid for FY 2014 and FY 2015 together amounts to ₹ 179 per share (1790%). The Board of Directors do not recommend final dividend for 2014.

Sale of Leather Service Business

In accordance with the approval of shareholders granted pursuant to provisions of Section 293(1) (a) of the Companies Act, 1956 and as per value of business arrived at by M/s. Ernst & Young LLP, considered and approved by the Board, the Company executed Business Transfer Agreement with Stahl India Pvt. Ltd. and sold its Leather service business as going concern on slump sales basis for a total consideration of ₹ 156 crores, on May 1, 2014. The profit arising from the sale of business, net of assets and liabilities transferred to Stahl India Pvt. Ltd. and after considering the provisions for various expenses incurred or to be incurred for transfer the business as going concern, the net profit of ₹ 104.09 crores has been included in the exceptional income for the year.

Acquisition of M/s. Plasticemix Industries

In terms of agreement signed between the Company and M/s. Plasticemix Industries, a partnership firm owned by Sheth family, the Company acquired the business of Masterbatches including manufacturing facilities set up at Nandesari, Rania and Kalol in Gujarat as going concern effective from April 10, 2014 for an aggregate consideration of ₹ 131 crores, net of adjustment.

The acquisition helped the Company in improving its sales and improving market share in the business of Masterbatches.

Sale of Kolshet Site

In accordance with approval granted by the shareholders pursuant to provision of Section 293(1)(a) of the Companies Act, 1956, the Company executed agreement for sale of about 87 acres of land together with the buildings and structures standing thereon situated at Kolshet, Balkum and Dhokali village of Thane with M/s. Ishwar Realty and Technologies Pvt. Ltd. (a subsidiary of Lodha Developers Private Limited). As per terms of the agreement, on receipt of total consideration of ₹ 1102.25 crores, the transaction was concluded and the possession of the land was handed over to the buyers as of December 31, 2014.

Relocation to New office

The Company has leased out about 142,000 sq. ft. of office space in Reliable Tech Park, Airoli, Navi Mumbai for a term of 20 years from M/s. Reliable Exports. All offices and laboratories were moved out of Kolshet and relocated to the new premises on July 1, 2014 and October 1, 2014 respectively. A sum of ₹ 65 crores was incurred in creating facilities at new office.

Registered Office

In view of change in office location, the registered office of the Company shifted from Sandoz baug, Kolshet Road, Thane to Reliable Tech Park, Airoli, Navi Mumbai effective from July 1, 2014.

Fixed Deposits

The Company did not accept any fixed deposit during the year under review. There were no overdue or unclaimed deposits outstanding as on December 31, 2014.

Corporate Governance, Management Discussion and Analysis

The Company is committed to compliance standards, ensuring checks and balances between the Board and Management, as well as a sustainable approach to create value for all stakeholders. As stipulated under clause 49 of the listing agreement, report on corporate governance, management discussion and analysis as well as auditor's certificate confirming the compliance with the conditions of corporate governance are attached herewith and forms part of this annual report.

Particulars of Employees

As per provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, Boards' report shall include a statement providing the particulars of employees who are in receipt of remuneration as prescribed under the Section. However, pursuant to provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the report and accounts are being sent to members excluding the statement of particulars of employees. Any member interested in obtaining a copy of this statement, may write to Company Secretary at the registered office of the Company.

Directors

During the year, Mr. R. A. Shah resigned as member of the Board effective from September 30, 2014. The Board considered and appointed Mr. Bharat V. Patel as Director and Chairman of the Company. The Board of Directors wishes to place on record its sincere appreciation for the valuable services rendered by Mr. Shah since formation of Clariant in India as Director and Chairman of the Company. During the year, Mr. Viktor Bernhardt was appointed as Director to fill up the casual vacancy caused by resignation of Mr. Philipp Hammel who resigned as Director effective from February 26, 2014. Mr. Viktor Bernhardt resigned from the Directorship of the Company effective from February 12, 2015, Mr. Mario Brocchi was appointed as Director to fill up the casual vacancy caused by the resignation of Mr. Viktor Bernhardt with effect from February 12, 2015. The Board of Directors places on record its sincere appreciation for the contribution and valuable service rendered by Mr. Philipp Hammel and Mr. Viktor Bernhardt during their tenure.

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Mario Brocchi retire by rotation at the forthcoming Annual General Meeting, since the Director in place of whom he is appointed in the casual vacancy, would have retired if he had not vacated the office. Being eligible, he offers himself for re-appointment.

Pursuant to Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr. Y. H. Malegam, Dr. (Mrs.) Indu Shahani and Mr. Bharat V. Patel are proposed to be re-appointed as Independent Directors for a period of 4 years from April 1, 2015 and they shall not be liable to retire by rotation. In the opinion of the Board of Directors, these Directors are independent of management and they fulfilled the conditions specified in the Companies Act and the Rules made thereunder. The above appointments and re-appointments form part of the Notice of the 58th Annual General Meeting and the respective Resolutions are recommended for your approval.

As per provisions of Section 198 read with Section 309 of the Companies Act, 1956, the remuneration payable to an individual managing or whole time director shall not exceed individually 5% and collectively 10%. However, the managerial remuneration paid to Vice-Chairman & Managing Director and Executive Director - Finance & Company Secretary of the Company for the Financial year 2014 was approved by shareholders at the Annual General Meeting held on May 6, 2014, pursuant to provisions of Section 198, 269, 309, 310 read with other applicable provisions and schedule XIII of the Companies Act, 1956 and the same was approved as minimum remuneration, if the Company has no profits or profits are inadequate. In view of circular no. 46 dated July 14, 2011, approval of the Central Government is not required for payment of managerial remuneration, if the managerial person is not having any interest in the capital of the Company or its holding company, directly or through any other statutory body etc.

Pursuant to provisions of Section 197(1) of Companies Act, 2013, which is applicable effective from April, 1, 2014, total managerial remuneration payable by the Company to its directors, including managing director and whole time directors shall not exceed 11% of the net profits of the Company for the financial year, computed in accordance with provisions of Section 198 of the Act, provided that the Company in general meeting may, with the approval of Central Government, authorise the payment of remuneration exceeding 11 percent of the net profits of the Company. Considering the business projections for 2015, the management feels that as an abundant caution, the Company may seek approval of Central Government for payment of remuneration to Dr. Deepak Parikh, Vice-Chairman and Managing Director and Mr. B. L. Gaggar, Executive Director-Finance & Company Secretary for the Financial year 2015, which may exceed the limits prescribed under Section 197 read with Schedule V of the Companies Act, 2013 and for waiver of remuneration payable / paid in excess, if any.

The Board commends the passing of resolution for payment of remuneration to managing director and executive director.

Profiles of the directors proposed for reappointment, as required under Clause 49 of the Listing Agreement, are given in the Notice of the 58th Annual General Meeting.

Directors' Responsibility Statement

In terms of Section 217 (2AA) of the Companies Act, 1956 your Directors confirm that-

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed and have provided proper explanation relating to material departures;
- (b) they have selected such accounting policies and applied them consistently and made judgments 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, 2014 and of the profit of the Company for year ended on that date;

- (c) they have 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; and

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

Conservation of Energy, Research and Development, Technology Absorption, Foreign Exchange Earnings and Outgo

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is annexed hereto and forms part of the report.

Auditors

M/s. Price Waterhouse LLP, Chartered Accountants (Firm Regn. No 012754N/ N500016), retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Cost Audit

The Board of Directors, in pursuance of order under Section 233B (2) of the Companies Act, 1956, appointed M/s. Nalin I. Mehta, Cost Accountants, as cost auditors of the Company to carry out the audit of the cost accounts relating to organic and inorganic chemicals of the Company for the Financial year 2015, subject to approval of Central Government, if any. The cost audit report for the Financial

year 2013 has been filed on due date.

Secretarial Audit

Pursuant to provisions of Section 204 of the Companies Act, 2013, the Board appointed Mr. Jagdish Ahuja, Practising Company Secretary, as Secretarial Auditor to carry out the secretarial audit for the Financial year 2014. Since the provisions relating to the disclosures are not applicable for the year under review, the secretarial audit report is not enclosed to the Boards' report for the year ended December 31, 2014.

Acknowledgement

The Board of Directors wish to place on record its sincere appreciation for the support received from its stakeholders including shareholders, bankers, distributors, suppliers and business associates. The Directors recognize and appreciate the sincere and hard work, loyalty, dedicated efforts and contribution of all the employees that ensured sustained performance in a challenging business environment.

The Directors also express their appreciation of the assistance and unstinted support received from Clariant group companies.

For and on behalf of the Board of Directors

Bharat V. Patel
Chairman

Mumbai, February 12, 2015

ANNEXURE TO 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, 2014.

A. Conservation of Energy:

The rising energy cost has laid great emphasis on conservation of energy. The Company has taken various measures, including regular monitoring of consumption, reduction of losses and improved maintenance to increase the efficiency and reduce the power cost.

The particulars with respect to power and fuel consumption are provided below:

	2014	2013
1. Electricity		
a) Purchased:		
Units (in '000 Kwh)	37297	29907
Total amount (₹ lakhs)	2761	2329
Rate per unit (₹)	7.40	7.79
b) Own Generation:		
i) Through diesel generator		
Units (KL)	497	901
Units per litre of diesel oil	3	3
Cost per unit (₹)	19.11	18.01
ii) Through steam turbine/ generator	Nil	Nil
2. Coal		
Quantity (MT)	-	139
Total cost (₹ lakhs)	-	9
Average rate (₹ per Kg.)	-	6.82
3. Furnace Oil (including L.S.H.S.)		
Quantity (MT)	1682	2222
Total cost (₹ lakhs)	721	931
Average rate (₹ per Kg.)	42.86	41.90
4. Other internal generation	Nil	Nil

	2014	2013
5. Agro mass briquettes		
Quantity (MT)	19617	19444
Total cost (₹ lakhs)	1205	1183
Average rate (₹ per Kg.)	6.14	6.09

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.

B. Technology Absorption, Research & Development (R&D):

Research & Development:

The Company during the year 2014 has not carried out any activity which can be construed as Research & Development and as of now there is no specific plan for engaging into such activities. As such, there is nothing to report under this section.

Technology absorption, adaptation and innovation:

The know-how and technology for the product is made available to the Company from Clariant. The adaptation of know-how and development to cater to the locally available raw materials and suit the requirement of customers for domestic or export markets is done by the Company at technical laboratories set up at various locations with world class facilities. The Company has paid royalty for know-how and technology received from Clariant.

C. Foreign exchange earnings and outgo:

The particulars of foreign exchange earned and used during the year are given in Note 32 to 35 in the notes forming part of the financial statements.

For and on behalf of the Board of Directors

Bharat V. Patel
Chairman

Mumbai, February 12, 2015

MANAGEMENT DISCUSSION & ANALYSIS

Financial and Operational Performance Overview

India's macro-economic scenario remained gloomy during the first half of the Financial year 2014. The interest rates remained high resulting in subdued demand and investments, delayed decision-making due to the uncertain political and economic conditions further stalled major infrastructure and power projects. With the National Elections having resulted in a resounding majority to a single political party, general sentiment has since improved substantially and there is considerable hope that the new Government will create an environment conducive to business and industry. Initial steps taken by the Government have been positive, however it will take some time before projects put on hold in the past are cleared and start contributing to the economy.

Overall though, the macro-economic situation is still challenging and policy measures taken by the new Government are yet to impact business, the Company registered record growths of **43.6%** in sales over previous year on like to like basis.

Total sales revenue for the continued business of the Company for the year comprises domestic sales of ₹ **745.6** crores (PY ₹ 475.9 crores) and export sales of ₹ **262.6** crores (PY ₹ 226.3 crores). In view of rising cost of raw materials and inflation led upsurge in other operating costs, profit before depreciation, interest, exceptional items and tax (PBDIT) is lower as compared to the previous year. After considering the exceptional income including those arising from divestment of leather service business and sale of Kolshet site in the current year and divestment of TPE business in the previous year, the profit after tax (PAT) is higher from ₹ 166.8 crores to ₹ **943.3** crores. The following table exhibits, in summary, the financial performance of the company for the year in relation to the previous year.

	2014	2013
Sales growth, like to like basis (%)	43.60	25.30
Domestic sales growth, like to like basis (%)	56.70	24.20
Export sales growth, like to like basis (%)	16.00	28.20
PBDIT (% to sales)	3.80	11.40
PAT (% to sales)	93.60	13.70
ROCE (%)	67.60	29.00
Earnings per share (₹)	353.82	62.55
Cash earnings per share (₹)	366.30	71.30
Book value per share (₹)	523.60	215.40

The Company remains a zero debt company with no long-term borrowings. The credit rating for the Company is reaffirmed 'CARE AAA' for long term bank facilities and 'CARE A1+' for short term bank facilities. This endorses the confidence on the financial

standing of the Company. Short-term bank borrowings are restricted to the need based working capital requirements. In spite of challenging business environment, the net working capital to sales of 17.7% (PY 12.6%) is one of the best in the specialty chemical industry. Net cash flow from operating activities during the year was ₹ -59.68 (PY ₹ -31.81) crores. Funds surplus to the operational needs have been prudently invested to earn reasonable returns with a high degree of safety. A sum of ₹ 1027.87 crores (PY ₹ 267.07 crores) stands invested in fixed deposits with banks and debt schemes of mutual funds at the end of the year.

During the year under review, all the plants had smooth operations and the capacity utilisation was better than the previous year.

Business Segments and Performance

In accordance with the Accounting Standard 17 notified by Companies (Accounting Standards) Rules, 2006 and based on characteristics of products, production processes and the class of customers, the Company has classified its range of products into two reportable business segments as under:

1. Pigments and Colors:

The segment comprises of pigments, additives and masterbatches.

Pigment is a material that changes the color of reflected or transmitted light as the result of wavelength-selective absorption. A pigment must have a high tinting strength relative to the materials it colors. Pigments are used for coloring paint, ink, plastic, fabric, cosmetics, food and other materials. Most pigments used in manufacturing and the visual arts are dry colorants, usually ground into a fine powder. This powder is added to a vehicle (or binder), a relatively neutral or colorless material that suspends the pigment and gives the paint its adhesion. A distinction is usually made between a pigment, which is insoluble in its vehicle (resulting in a suspension), and a dye, which either is itself a liquid or is soluble in its vehicle (resulting in a solution). A colorant can act as either a pigment or a dye depending on the vehicle involved.

Clariant is a leading global provider of organic pigments, pigment preparations and dyes used in coatings, paints, printing, plastics and other specialty applications. Clariant's pigments make a difference to a whole host of products that touch everyday life. Based on extensive experience and expertise in color, our pigments provide vibrant and safe colors to the world. The product portfolio meets the demands for key market segments that include automotive, industrial, decorative and architectural paints and coatings, plastic applications including films, fibers, detergent coloration, cosmetics, aluminum finishing, traditional and non impact

printing and electronic displays. The Company has significant presence in paints, coating, ink and plastic applications and positioned itself as preferred supplier to major players in domestic market. The pigment business has recorded sales of ₹ 464.9 crores and growth of 14.2% over previous year. During the year, the Company has increased the capacities by 50% at its Azo pigments and pigment preparations plants in Roha, underlining the company's commitment to provide customers with high quality products specifically tailored to their needs and to increase its market presence.

Additives are substances added for improving the quality and physical property to enhance the performance and add value to a product.

Clariant's additives business creates value by improving the efficiency, safety, protection, durability and appearance of products such as plastics, coatings and printing inks. Clariant is a leading provider of flame retardants, waxes and polymer additives and serves customers across a wide range of applications and sectors including electronic, construction and automotive, textiles and packaging. The additives business of the Company is evolving by outsourcing the high technology products that meets the demand of local markets from Clariant affiliates. Additives business has contributed sales of ₹ 10.8 crores during the year. Looking at the product portfolio and the demand in Indian market, the Company foresees wide scope for this business to grow in future in the niche applications.

Masterbatch is a concentrated mixture of pigments and/or additives dispersed in a polymer medium. Masterbatch is produced by encapsulating minimum 2 or more ingredients in a polymer medium with an equipment called as "extruder". The strands coming out of an extruder are then cooled and cut into a granular shape. Masterbatch manufacturing is simply a physical mixing process of ingredients carried under heat and shear. There is no chemical reaction or process involved in making a masterbatch.

Clariant Masterbatches is a leading manufacturer of color and additive concentrates and technical compounds for the plastics industry. Knowledge of color, pigments, additives, and polymer chemistry has enabled the Company to develop a collection of proven masterbatches that serve a variety of applications and markets like packaging, consumer goods, medical, textile and automotive industries. Clariant is committed to responsible, sustainable, product stewardship. It is our assurance that our formulations will meet all applicable regulatory requirements, fulfill local laws, and satisfy customer and industry standards for product hazard communications.

The Company has established itself as a reliable partner & solution provider for specialty Masterbatches in plastic and fiber segment. The acquisition of business earlier carried out by M/s. Plasticemix Industries, during the year, provided opportunity to increase the range of products and market share in all segments. The Masterbatches business has contributed sales of ₹ 242.1 crores and recorded a growth of 120.5% over previous year. The plant located at Vashere in Bhiwandi is in operation with almost full capacity and the Company is in process to create its own facility within the same complex. Once the facilities are ready the Company will

relocate its masterbatch manufacturing facilities to its own premises.

The Company focuses on global standards for quality and provides broad portfolio of high-quality, cost-effective pigments, performance additives and masterbatches.

The ratio of domestic sales to export sales under this segment is 91 : 9 The segment has contributed 71.2% to the total sales and registered a growth of 35.4 % over the previous year.

2. Dyes and Specialty Chemicals:

The dyes and specialty segment includes dyestuffs, synthetic resins, binder materials, functional effects and coatings, auxiliaries and chemicals, comprising of specialty chemicals, emulsions and dyes for the textile, leather and paper industry, performance chemicals for personal care and industrial applications and Oil and mining services.

Post divestment of textile, paper and emulsion (TPE) business effective from October 1, 2013 and leather service business effective from May 1, 2014, the Company has entered into supply agreements with Archroma India Pvt. Ltd., to manufacture and supply certain products which have application in textile, paper and emulsion industry and with Stahl India Pvt. Ltd. to manufacture and supply certain products which have application in leather industry. Direct sale of leather service products till April 30, 2014 contributed sales of ₹ 84.7 crores recording a growth of 30.3% over the same period in previous year. The sale of textile, paper, emulsion and leather products as part of supply agreements post divestment of these businesses for the year amounts to ₹ 118.1 crores and is included in this segment. The sales from Oil and mining services amounted to ₹ 0.3 crores.

Industrial & Consumer Specialties business offers specialty chemicals and application solutions for Industry segments like Personal care, Industrial and home care, Crop protection, Paints and coating, Construction chemicals, Industrial lubricants and engineering.

With a strong focus on ecologically sustainable solutions, Clariant's key market segments include additives for concrete and mortar; dispersing agents, defoamers, biocides for Paints and emulsifiers for emulsion polymerization, many ingredients for skin & hair care cosmetics, wet wipes and pharmaceutical applications, specialty ingredients for household and industrial cleaning solutions, ingredients for hydraulic, metal working and other performance fluids, special solvents and fluids for heat transfer, gas scrubbing, formulations for fungicides, herbicides and seed treatments.

Growing middle class population & increasing affordability in the country drives the consumption of wide range of cosmetic chemicals, health care products as well as hygiene products which demands specialty chemicals, polymers and oleo chemicals. To meet the growing demands for innovative and tailor made products suited for local requirements, the Company has set up new state of art laboratories specialized for each industry segment and adding more people into customer service. The manufacturing facility in Roha has passed the cosmetic Good Manufacturing Audit (cGMP) and Sedex Member's Ethical Trade Audit (SMETA), which confirms Clariant's commitment to the highest quality

standards and Sustainability principles. The manufacturing facilities for biocides set up at Kanchipuram were transferred to Stahl India Pvt. Ltd., as part of divestment of leather service business. The Company has entered into supply agreement to source these products from Stahl India Pvt. Ltd. Due to restriction on import of certain raw materials used for biocide products, the manufacturing of some of these products have been discontinued effective from May 2014 and this has hugely impacted the sales. The Industrial and consumer specialties business of the Company has recorded sales of ₹ 87.3 crores with negative growth of 11.9 % over previous year.

In view of divestment of TPE and Leather service business, the performance of the segment is not comparable with the previous year. The ratio of domestic sales to export sales was 86:14. The segment has contributed 28.8% to the total sales and registered a negative growth of 42.5 % over the previous year.

The segment-wise financial performance of the Company is summarised below:

(₹ in Lakhs)				
Segments	2014	% to Total Sales	2013	% to Total Sales
Pigments & colors	717,83	71%	530,09	44%
Dyes & specialty chemicals	290,37	29%	683,11	56%
Total	1008,20	100%	1213,20	100%

Internal Control Systems

The Company has adequate system of internal controls and risk management. These systems enable integrity of financial reporting and adherence to guidelines defined for the Company. Internal controls are regularly reviewed by both internal and external agencies for its efficiency and effectiveness. Corporate policies, management information and reporting system for key operational areas form part of overall control mechanism. Additionally, in order to supplement the internal control process, the Company has engaged the services of independent firms of professionals to function as internal auditors who are authorised by the audit committee to assess the adequacy and compliance of internal control process and provide their report covering observations and recommendations. The annual internal audit plan is approved by the Company's Audit Committee and its coverage includes business operations as well as support function activities. The key audit results and recommended management actions are presented to the Audit Committee on a quarterly basis.

Human Resources

The Company considers its committed and talented workforce as one of its most critical assets and key to driving sustainable performance and developing competitive advantage. In line with its business imperatives, the emphasis has been given to recruit the best talent, nurture, motivate and empower. To achieve its objective of attracting, retaining and developing its committed workforce, the Company sustained its various growth and development initiatives for entry-level and midlevel managers. Compensation and benefits packages have always been pivotal to retaining and motivating employees. To remain competitive in compensation and rewards offered, continual efforts were made to make compensation and benefits flexible and market-linked. The Company launched Global Performance Management System for

the senior managers emphasizing on target setting, performance dialogue, talent management and potential assessment. The second wave of management training for key potential managers with the support of Indo German Training Center (IGTC) was concluded during the year.

Industrial relations remained cordial at all the plants. The Company signed a wage agreement with its workers at Cuddalore factory. The productivity link wage agreement with its workers at Roha continues to motivate the workforce and resulted into significant improvement in productivity during the year. The employees related to leather services business were amicably transferred to Stahl. The total number of employees on the rolls of the Company as on 31st December, 2014 was 943 as against 884 on 31st December, 2013.

Industry Structure & Development

The chemical industry is critical for the economic development of any country, providing products and enabling technical solutions in virtually all sectors of the economy. The industry has changed over time to meet the dynamic needs of the emerging economy. Strong economic growth and rise in per-capita income has caused steady increases in demand for chemicals. The industry has moved from a low-growth and regulated environment to an increasingly mature core industry. As one of the largest and most diversified industries in the world, it is critical for economic sustenance and empowerment.

Facilitating India's march from being an agrarian to an industrialised economy, while providing huge employment opportunities, the chemical industry - one of the oldest in India - a significant contributor to the economic development of the country, has evolved from basic chemical producer to knowledge intensive industry with healthy growth. As per the Ministry of Chemicals & Fertilisers, the Indian chemical industry including fertilizers and petrochemicals is estimated at \$144 billion, which is about 4% of global market of \$3.6 trillion. With Asia's increasing contribution to the global chemical industry, India emerges as one of the focus destinations for chemical companies worldwide. The industry accounts 15.95% of India's manufacturing and 2.51% of overall GDP. The industry already making major contribution to "Made in India" is expected to grow at a rate of 15% per annum over the next few years. Indian chemical industry enjoys the advantage of being highly diversified, manufacturing more than 80,000 chemicals. This serves a strong foundation for specialty chemicals manufacturing which is future of industry world wide. Specialty chemicals, also known as effect chemicals, are chemicals which provide different effect when added to different chemical or substances and known for their end use applications and performance enhancing properties. Asia-Pacific leads the global specialty chemicals market followed by North America and Europe. Increasing industrial activities in developing countries such as India and China will increase the demand for specialty chemicals in these countries.

According to the report by Tata Strategic Management Group, Indian chemical industry is likely to touch \$ 190 billion by 2017-18 and specialty chemicals market, which is currently valued at approximately \$ 23 billion, is estimated to reach \$ 60-70 billion by 2020. Indian specialty chemicals market has shown a strong growth at 14% per annum over the last 5 years. While the growth rate is encouraging due to small base, the consumption and overall penetration levels of specialty chemicals are still very low in India.

With increasing consumption and high growth in end use industries several specialty chemicals would see a point of inflection in next 3-7 years. As per McKinney's report, India's specialty chemicals industry is highly fragmented. Out of approx. 700 companies in the specialty chemicals market in the country, the top 20 companies have almost 48% market share. The huge potential of domestic demand and low per capita consumption in each of its industry segments compared to world average provide a strong potential for overall performance.

As per ASSOCHAM, India is second largest consumer of paints in Asia. The ₹ 40,600 crores paint industry is likely to see a compound annual growth of 20 percent until 2016. This is due to increasing demand from retail consumers on rapid urbanization and development of rural market. The industry will reach the level of ₹ 62,000 crores in the next two years. The overall per capita consumption of paints is estimated to be 2.6 kgs a year, of which 2 kgs are the per capita consumption in decorative paints and balance is for industrial use. The Indian paint industry has seen gradual shift in the preferences of people from the traditional whitewash to higher quality paints like emulsions and enamel paints. The Indian middle-class is expected to grow from 31 million households in 2008 to 148 million households by 2030. A rise in disposable income of the average middle class coupled with increasing investment on education, urbanization, and development of rural markets and various launches of many innovative products will lead the demand of specialty chemicals in the automotive, personal care, water treatment, and construction industries. Construction chemicals are yet another segment for driver of growth with a predicted CAGR of 16.1% from 2011 to 2017.

Pigments and colorants are important segment of specialty chemical industry. The major driving factors of colorants market are growth in end user industries, rising demand for high performance pigments (HPP), and rising preference towards environment-friendly products. Dyes and pigments have a large number of applications ranging from paints & coatings, textile, construction, printing inks, and plastics. The pigments industry is dominant in the worldwide chemical market with collective revenues of over USD 5 billion. In the colorants market, Asia-Pacific accounts for the largest share and is one of the key markets for dyes and pigments production. In the Asia-Pacific, India and China are the important countries contributing towards the growth of colorants market. India has emerged as a global supplier of dyes, dyes intermediates, pigments and pigments preparations. The pigment market in India is estimated at USD 1.1 billion, having grown at 10 per cent per annum for past 5 years. India is the second largest market in terms of demand for dyes and pigments and contributes around 6% globally. There has been remarkable growth in the exports of colorants during the last 2 decades. The factors restraining the growth of colorants market are raw material price volatility, its global over capacity, and environmental concerns. As per Index of Industrial Products (IIP), the Chemical and Chemical products registered a negative growth of 1.92% during April-Oct. 2014 period. However, during the same period the Chemical and Chemical products registered growth of 7.9% in exports and 8.0% in imports. Export growth was led by strong growth of Dyes 34.4% and Dye Intermediates 16.4%. Growth in imports of Dyes was 8.5% and Dye Intermediates 12.6%.

Masterbatches find widespread use in various industries such as packaging, construction, automotive, appliances and consumer durables. Masterbatches are primarily classified into four

categories- black, white, colour and additives depending upon the colour or certain functional properties they impart to the base polymer. The Indian plastic industry is one of the significant in the world and promises a steady double digit growth for next few years. The domestic per capita consumption of polymers is one of the lowest as compared to the global average. Plastic industry will be a direct beneficiary of increasing per capita income, rising consumer base and improvement in living standards. Demand for polymer products from key user industry is expected to remain robust. The beverages, consumer durables and pharma industries are expected to register healthy growth. As per paper co-authored by FICCI and Tata Strategic management, domestic plastic processing industry is expected to grow by more than 50% driven by higher plastic usage in existing applications and end use industries to ₹ 1.37 lac crores by 2017-18. Growth of masterbatches is related to the quantity of polymer consumption. Polymer consumption is expected to double by 2020 and with increased demand for polymer across the country; India is expected to become the seventh largest consumer of polymer by 2025. Given the rising demand for polymer products, Masterbatch industry is set to grow at rapid pace from the current level. With increasing use of plastic the global masterbatch market is expected to grow at CAGR of 5.3 percent during 2014-19. Emergence of large scale infrastructure projects in Middle East and growth in Asia-Pacific construction industry are expected to emerge as major drivers for black Masterbatches. Additives is fastest growing segment of masterbatch due to preference for customized plastic products in packaging, automotive, appliances, textile, pharmaceutical and consumer goods industries. The report points out that market dynamics in developing regions like Asia-Pacific and Africa is different where several small scale domestic players offering low cost Masterbatches and high end user industry demand. The business in developed regions is being downsized and presence in Asia-Pacific region is increasing.

Personal care ingredients market has grown at 12.5 per cent per annum in the period from FY2005 to FY2012 to reach -US\$485 million. Active and inactive ingredients account for 40% and 60% by value of the total personal care ingredients market respectively. The market is extremely competitive with more than 1,500 manufacturers of personal care ingredients in India. It is dominated by small and medium scale domestic companies which account for more than 50% of the market. Similar growth and competition was seen in many other industry segments like Construction and Lubricants, which the ICS business represents in India.

Outlook, Opportunities and Challenges

General outlook about the global economy appears to be driven by weak economic conditions in the Eurozone and the slowing of GDP growth in China. With India expected to 'turn the corner' on the back of structural reforms, its economy outlook looks to be more positive. India's economic growth was below 5 per cent in the last two financial years. The Reserve Bank of India forecast the economy to grow at 5.5 per cent in 2014-15 and at 6.3 per cent in next financial year 2015-16. 'Global Economic Prospects' released by the World Bank projects India to clock 7% rise in GDP in 2017.

Overall, the business sentiment showed moderate improvement in the second half of the financial year 2014 but announcements of major new projects are yet to materialise. The outlook is expected to improve once the new Government takes concrete measures to resolve the coal and iron ore mining issue as well as stalled

investments in the power, steel and mining segments. The Government's '**Make in India**' campaign aimed at facilitating investment, foster innovation, enhance skill development, protect intellectual property, build best-in-class manufacturing infrastructure, curtailment of the discretionary powers of labour inspectors and implementation of a single-window compliance process on labour related issues and implementation of the Goods and Services Tax (GST) is expected to accelerate growth in the manufacturing sector and generate new opportunities. Initiatives taken by various industry verticals for modernising their manufacturing systems may contribute to increase in demand for solutions that improve productivity and efficiency while saving energy consumption. Both trade and fiscal deficit for India is under a course correction. India is also entering a sustained period of low inflation, which will inverse the interest rate trends of last four years. This will also trigger domestic flows into equities. The Industry sector will continue to tap new opportunities in the product business as well as value-added services.

Indian manufacturers are looking for the government to simplify export import (EXIM) policies and related documentation, and to facilitate access to low-cost finance for exporters. Rationalisation of the tax structure and implementation of GST will help improve the competitiveness. Modification of land acquisition rules, speedier clearances and licensing, and amendments to labour laws are factors which will facilitate investments by manufacturers in setting up operations of global scale and competitiveness. Some manufacturers were also looking for the government to take a critical look at free trade agreements (FTAs), as the agreements for certain target markets are unfavorable to Indian exporters as compared to other countries. The key to remain competitive in such a scenario is to invest more in R&D activities on a continuous basis. In terms of efficiency and advancement, the domestic chemical industry in India will have to put in concerted efforts to make some prominent headway in the future and to remain competitive.

The chemical industry is a very important constituent of the growing Indian economy. In terms of size, Indian chemical sector ranks sixth in the world and third in Asia. It is not only one of the largest industrial sector but also important employment generator. The positive business environment, surging consumer demands, technological up gradation and several other factors have positioned the Indian chemical industry to scale new highs. Per-capita consumption of most of the finished products under chemicals sector is far below the world average and this reflects the vast potential for growth in the industry. The Department of Chemicals and Petrochemicals has undertaken the formulation of the national chemical policy in order to facilitate rapid growth of chemical sector, support inclusive growth and improve employment opportunities. The policy aims to achieve an optimal growth of 10% CAGR over the next 10 years, enhance global competitiveness, create conducive environment to attract large investment, strive towards making India a reliable hub for quality chemicals and also an R & D hub by harnessing trained technical manpower, ensure availability of necessary feedstock and quality infrastructure, leverage significant export potential, facilitate access to latest technologies, focus on green chemicals.

The specialty chemical segment is major driver of growth in chemical industry and is expected to grow at ~15 % p.a. The demand for specialty chemicals is driven by a wide range of end user industries. The critical success factors for the industry is its

capability to provide product / application development at a favorable price-performance ratio. Compared to developed markets, current usage of specialty chemicals in India is very low and with focus on improving products and usage intensity of specialty chemicals, the industry is poised for strong growth. In order to boost the demand of specialty chemicals in domestic markets, there is need to improve the quality parameters and in-house capabilities. Quality standards are important for driving the industry towards higher efficiency and better safety. Developed Regions (Europe, USA) have implemented stringent consumption standards across various end-use markets. India still uses enamel paints with high volatile organic compound (VOC) content. Mandating the usage of water-based paints will help ensure health and safety of consumers and encourage the consumption of higher cost water based paints. This will result in consumption-led growth in key end markets over the next decade and an increased need for better products and services. It is imperative to look at ways to enhance the performance of products and services in sustainable manner. Higher efficiency has direct impact on energy, resource utilization and conservation. Industries need to address the emerging trends in user industry which require development of unique environment friendly local products / solutions based on an understanding of Indian customers. Innovation and sustainability initiatives are expected to be major factors for domestic and global competitiveness. Development of processes / products which eliminate or reduce the use of hazardous substances could become the key priority of producers. Consumers would be expected to pay premium for green chemistry and environmental preservation initiatives. Moreover, stringent regulatory norms could further push the need to innovate cost effective green chemicals. This is critical for companies supplying to the whole spectrum of end user industries and offer opportunities to innovate and move up the value chain and compete effectively with global players both in the domestic and export markets and bring the Indian specialty chemical industry on the global map while meeting the needs of enhanced quality of life for growing affluent population of India. Availability of large pool of technical man-power, scientists and researchers offers immense potential for investment as well as employment generation in specialty chemical industry.

The domestic specialty chemical industry also face challenges related to feedstock availability, higher operational costs, outdated technology / process, limited investment in R&D & a negative perception amongst end consumers. Apart from depending on regulatory interventions, Indian players should come together and pro-actively work towards collaborative investment to avert global competition.

Risks & Compliance

Clariant follows Enterprise Risk Management (ERM) tool to define, identify, assess, report and drive the mitigation of risks throughout the Group. The tool is designed to provide the risk score measures for each of the potential risk as well as its financial, reputational and operational impact by way of quarterly report. The report provides for categorization of risk into threat or opportunity and provides its cause, impact, treatment, control measures, level of confidence in the controls, acceptability of identified risks, potential improvements, risk improvement plans critical success factors and target dates to control the risk. The risk assessment is done annually with quarterly updates.

The Company has aligned its policy on risk assessment in line with global approach and risk assessment reports are reviewed on regular intervals. The Company has adopted a focused approach towards risk management in the form of a corporate insurance program which has the goal of optimizing the financing of insurable risks by using a combination of risk retention and risk transfer. The program covers all potential risks relating to business operations of the Company at its various locations.

As part of a global policy, the relevant parameters for all manufacturing sites are analyzed to minimize risk associated with protection of environment, safety of operations and health of people at work and monitored regularly with reference to statutory regulations prescribed by the government authorities and guidelines defined by Clariant. The Company fulfills its legal requirements concerning emission, waste water and waste disposal. Improving work place safety continued to be top priority at all manufacturing sites.

The Company continued its focus on compliance in all areas of its business operations by rationalizing and strengthening the controls. This is also an important component of Clariant's code of conduct. The Company has set in place the requisite mechanism for meeting with the compliance requirements and periodic monitoring to avoid any deviation. Clariant aims to set exemplary and sustainable standards, not only through products, services and performance, but also through integrity and behavior. As part of continuing efforts to ensure that we maintain such exemplary and sustainable standards and to provide employees with a good understanding of the demands of anti-bribery and corruption laws, Clariant has launched internet-based training modules on the topic of Preventing Bribery and Corruption.

The business operations of the Company are exposed to a variety of financial risks such as market risk (foreign exchange risk, interest rate risk and price risk), credit risk, liquidity risk etc. The risk management program focuses on unpredictability of financial markets and seeks to reduce potential adverse effects on the financial performance. The Company's business critical software is operated on a server with regular maintenance and back-up of data and is connected to centralized computer center with physically separated server parks operated by the Clariant group. The system's parallel architecture overcomes failures and breakdowns. The global communication network is managed centrally and is equipped to deal with failures and breakdowns.

Environment, Corporate Sustainability and Social Responsibility

Clariant commits itself to ethical and sustainable operation and development in all business activities according to the principles of Responsible Care® and the Clariant Code of Conduct. In the words of Dr. Hariolf Kottmann, Global CEO of Clariant, "For us sustainability means to bring in balance environmental, social and economic performance. Sustainability enhances innovative ways to do our business. This is a necessary prerequisite for value creation. Sustainability at Clariant is an integral part of the way we work and this helps the company to position itself in the sustainable market; build a competitive advantage through differentiation; support profitable growth; create added value for stakeholders;

build brand image and reputation and anticipate and mitigate risk. Our ability to treat customers, employees, neighbors and environment in a responsible way is not only ethically correct but also strengthens our partnership with those stakeholders upon whom our success as a Company ultimately depends.

Clariant takes initiatives to reduce environment, health and safety risks in the production, storage, distribution, use of products and disposal of waste. These include efficient use of energy and resources and continuous improvement of our processes to minimise the impact of our activities on the environment. The Company places significant importance on reducing environment impact and carbon footprint and has set itself ambitious environment goals regarding quality and quantity to be reached by 2020. In terms of its sustainability strategy, Clariant undertakes to comply with higher standards such as Responsible Care Global Charter, Global product strategy or the 10 principles of the UN Global Compact. Clariant is included in European Dow Jones Sustainability Index (DJSI Europe). This index listing recognizes the outstanding and sustainable performance of Clariant in the economic, environmental and social dimension. Recognising the commitments, Indian Chemical Council has granted use of Responsible Care® logo to Clariant India.

Corporate social responsibility is an integral component of our corporate philosophy. A new Corporate Citizenship Activities (CCA) policy, SOP, guidelines and application format for implementing CSR projects was rolled out during the year. Based on the valuable inputs from the CSR Committee of the Board, the Company is focusing to enhance its contribution in the area of healthcare, education, skill improvement and environment protection and continue its efforts to improve the life of the people surrounded by its manufacturing sites and offices.

Clariant's certified management system complies with ISO 9001, ISO 14001, OHSAS 18001 and Responsible Care® and this reflects the Company's continued commitment towards Quality, Environment, Occupational Health and Safety approaches.

Cautionary Statement

Certain statements under "Management Discussion & Analysis" describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statement within the meaning of applicable securities laws and regulations. Although the expectations are based on reasonable assumptions, the actual results could materially differ from those expressed or implied, since the Company's operations are influenced by many external and internal factors beyond the control of the Company. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

For and on behalf of the Board of Directors

Mumbai, February 12, 2015

Bharat V. Patel
Chairman

REPORT ON CORPORATE GOVERNANCE

Principles of Corporate Governance

Clariant is committed to international compliance standards to ensure checks and balances between the Board and Management as well as a sustainable approach to value creation. Adopting the highest standards of corporate governance based on the principles of accountability, transparency, responsibility and fairness in all aspects of its operations, is the corner stone of the business philosophy. Continuous maintenance and enhancement of Stakeholders' value is always at the helm of Company's objective. The Company has an active and independent Board of Directors that provide supervisory and strategic advice and direction. The entire governance system is supported by well-structured systems and procedures that ensure well informed decision making across different levels of management. The procedures, policies and practices followed by the Company reflect sound governance principles.

1. Group Structure

Clariant's business operations are conducted through its group companies / affiliates. Clariant Ltd., ultimate holding company organised under Swiss Law, directly or indirectly owns group companies / affiliates world wide. Clariant Chemicals (India) Ltd. is affiliate of Clariant, a global leader in the field of specialty chemicals with a spread of over 130 companies in five continents, headquartered in Muttensz near Basel. The Group conducts its business through seven business units namely Additives, Catalysts, Functional Materials, Industrial & Consumer Specialties, Masterbatches, Oil & Mining Services and Pigments.

The business operations of Clariant India are conveniently

grouped into two reportable segments viz. Pigments & Colors and Dyes & Specialty Chemicals.

2. Board of Directors

2.1. Composition and Changes:

The Board has an optimum combination of Executive and Non-executive Directors, which is in conformity with the requirement of Clause 49 of the Listing Agreement with the Stock Exchanges. The Chairman of the Board is a Non-executive and Independent Director. The directors on the Board are eminent professionals in business, law, finance, academic and corporate management and have vast experience in their respective fields which enable them to contribute effectively to the Company in their capacity as members of the Board.

The Company has six Non-executive Directors out of which three are Independent Directors. There are two Directors in whole-time employment of the Company, one being the Managing Director and other the Executive Director. The necessary disclosures regarding committee positions have been made by all the Directors. None of the Directors on the Board is a Member of more than 10 committees and Chairman of more than 5 committees across all companies in which they are Directors.

None of the independent directors has any material pecuniary relationships or transactions with the company, its promoters, directors, associates which in their judgment would affect their independence. There is no relationship between the Directors inter-se.

The composition and category of the Board of Directors for the year ended December 31, 2014, the number of other Directorships / Committee memberships held by them and also their attendance at the Board meetings of the Company are as under:

		Particulars of Attendance		No. of other Directorships and Committee memberships/ Chairmanships in Indian Public Companies#			
Name of the Director	Category	Number of Board Meetings held during the tenure of the Director	Last AGM held on May 6, 2014	Other Directorships* as on December 31, 2014	Committee Memberships	Committee Chairmanships	
		Held	Attended				
Mr. R. A. Shah DIN 00009851 Chairman (upto 30.09.2014)	Non-Executive Independent	4	4	Attended	10	4	3
Mr. Bharat V. Patel DIN 00060998 Chairman (from 30.10.2014)	Non-Executive Independent	2	1	NA	4	1	4

		Particulars of Attendance			No. of other Directorships and Committee memberships/ Chairmanships in Indian Public Companies#		
Name of the Director	Category	Number of Board Meetings held during the tenure of the Director		Last AGM held on May 6, 2014	Other Directorships* as on December 31, 2014	Committee Memberships	Committee Chairmanships
		Held	Attended				
Dr. Deepak Parikh DIN 06504537 Vice-Chairman & Managing Director	Executive	6	6	Attended	None	1	None
Mr. B. L. Gaggar DIN 00701484	Executive	6	6	Attended	None	None	None
Mr. Y. H. Malegam DIN 00092017	Non-Executive Independent	6	3	Absent	4	2	3
Dr. (Mrs.) Indu Shahani DIN 00112289	Non-Executive Independent	6	5	Attended	4	1	1
Mr. Alfred Muench DIN 03092351	Non-Executive	6	2	Attended	None	None	None
Mr. Philipp Hammel DIN 05131391 (upto 26.02.2014)	Non-Executive	1	1	NA	NA	NA	NA
Mr. Karl Holger Dierssen DIN 06739356	Non-Executive	6	1	Attended	None	None	None
Mr. Viktor Bernhardt DIN 00908890 (from 26.02.2014 to 12.02.2015)	Non-Executive	6	2	Attended	None	1	None
Mr. Mario Brocchi DIN 07091950 (from 12.02.2015)	Non-Executive	NA	NA	NA	NA	NA	NA

* Directorship held in Private Limited Companies, Foreign Companies and Section 8 Companies of the Companies Act, 2013 is not included.

It excludes committees other than Audit Committee & Stakeholders Relationship Committee, companies other than public limited company and includes Committee membership/chairmanship in Clariant Chemicals (India) Ltd.

2.2 Profile of the Directors proposed to be appointed / re-appointed:

The brief profile and other information pertaining to directorship held in other companies, shareholding, etc. of the directors proposed to be appointed / re-appointed at the ensuing Annual General Meeting of the Company forms part of the Notice of Annual General Meeting.

2.3 Board Meetings and Agenda:

In accordance with the legal position and the Articles of Association of the Company, the Board of Directors is the ultimate decision making authority for the Company in all matters except those decisions reserved by law or the Articles of Association for shareholders. The Board has complete and unrestricted access to any information required by them to perform its supervisory duties and make decisions on the matters reserved for the Board of Directors. The Board generally meets once in a quarter to review among other

things quarterly performance of the Company and financial results. During the year under review, the Board of Directors held six meetings in person on February 26, March 20, May 6, July 18, October 30 & November 3, 2014.

The compliance reports in respect of applicable laws are placed before the Board periodically. Agenda papers containing the necessary information / documents are made available to the Board in advance to enable the Board to discharge its responsibilities effectively and take informed decisions. Whenever it is not practical to attach or send the relevant information as a part of agenda papers, the same are tabled at the meeting and / or the presentations are made in respect thereof. The information as specified in Annexure IA to Clause 49 of the Listing Agreement is regularly made available to the Board, whenever applicable, for discussion and consideration. Considerable time is spent by the Directors on discussions and deliberations at the Board Meetings.

3. Board Committees

The Board of Directors has constituted / reconstituted four committees viz., Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility 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 reviewed and noted by the Board. The details as to the composition, terms of reference, number of meetings and related attendance etc. of these committees are provided below:

3.1 Audit Committee:

3.1.1 Composition of the Audit Committee, particulars of meetings held and attended during the year 2014:

The composition of the Audit Committee is in conformity with Clause 49 of the Listing Agreement. During the year 2014, four meetings were held on February 26, May 5, July 17 and November 3, 2014. The detail of composition and the number of meetings attended by the members is given below:

Name	Position Held	No. of Meetings held during the tenure of member	
		Held	Attended
Mr. R. A. Shah (upto 30.09.2014)	Chairman	3	3
Mr. Bharat V. Patel (from 30.10.2014)	Chairman	1	1
Mr. Y. H. Malegam	Member	4	3
Dr. (Mrs.) Indu Shahani	Member	4	4
Mr. Viktor Bernhardt (from 30.10.2014)	Member	1	None

All the members of the Audit Committee are financially literate and considering their professional background and experience, have acquired respective management, financial, accounting and legal expertise. The Chairman of the Audit Committee is a Non-Executive Independent Director. Mr. R. A. Shah, Chairman of the committee till September 30, 2014 was present at the Annual General Meeting held on May 6, 2014.

The Vice-Chairman & Managing Director, Statutory Auditors, Internal Auditors and Cost Auditors are invitees to the meetings of the Audit Committee. Mr. B. L. Gaggar, Executive Director-Finance & Company Secretary represents as CFO and acts as the Secretary to the Committee.

3.1.2 Terms of Reference:

The Board of Directors at their Meetings held on October 30, 2014 amended the Terms of Reference for the Audit Committee in line with the requirements of Section 177 of the Companies Act, 2013 and the rules framed thereunder as also revised Clause 49 of the Listing Agreement. The terms of reference is briefly described as under:

- a) Overseeing the Company's financial reporting process to ensure disclosure of financial information as per the requirements of Stock Exchange and the Company Law

and to ensure that the financial statements are correct, sufficient and credible.

- b) Review and examination of quarterly, half yearly and annual financial statements and the auditor's report thereon before submission to the Board for approval.
- c) Review of Management Discussion & Analysis of financial condition and results of operations, statement of significant related party transactions.
- d) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditors, Internal Auditors and Cost Auditor and the fixation of audit fees and terms of appointment.
- e) Review and monitor the auditor's independence and performance and effectiveness of audit process.
- f) Approval and subsequent modification of transactions of the company with related parties.
- g) Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
- h) Scrutiny of inter-corporate loans and investments.
- i) Valuation of undertakings or assets of the company, wherever it is necessary.
- j) Evaluation of internal financial controls and risk management systems.
- k) Review the appointment, removal and terms of remuneration of Internal Auditors.
- l) Review, with the management, performance of statutory and Internal Auditors, adequacy of the internal control systems.
- m) Review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- n) Review of reports of Statutory and Internal Auditors and replies of the management thereon.
- o) Review of the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- p) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer documents / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.
- q) Discussion with Internal Auditors of any significant findings and follow up thereon.
- r) Review, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to :

- i) Matters required to be included in the Directors' Responsibility Statement, forming part of the Board's report in terms of Clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013.
- ii) Changes, if any, in accounting policies and practices and reasons for the same.
- iii) Major accounting entries involving estimates based on exercise of judgment of management.
- iv) Significant adjustments made in the financial statements arising out of audit findings.
- v) Compliance with listing and other legal requirements relating to financial statements.
- vi) Disclosures of any related party transactions.
- vii) Qualifications in the draft audit report.
- s) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern and review of management representation letters to be issued to the Statutory Auditors.
- t) Looking into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- u) Reviewing compliances as regards the Company's Whistle Blower Policy.
- v) Approval of the appointment of the Chief Financial Officer (CFO) of the Company after assessing the qualifications, experience & background, etc. of the Candidate.
- w) Carrying out any other function as may be referred by the Board, from time to time.

3.2 Nomination and Remuneration Committee:

3.2.1 Constitution of the Committee:

The Board of Directors, at their meeting held on March 20, 2014, constituted Nomination and Remuneration Committee pursuant to the provisions of Section 178 of the Companies Act, 2013 read with applicable rules made thereunder and to comply with the provisions of the Listing Agreement.

3.2.2 Composition and Meetings:

During the year 2014, two meetings were held on July 18, 2014 and October 30, 2014. The Composition and details of the meetings attended by the members are given below:

Name	Position Held	No. of Meetings held during the tenure of member	
		Held	Attended
Mr. R. A. Shah (upto 30.9.2014)	Chairman	1	1
Mr. Bharat V. Patel (from 30.10.2014)	Chairman	None	NA
Mr. Y. H. Malegam	Member	2	2
Mr. Alfred Muench	Member	2	None

Dr. Deepak Parikh is permanent invitee to the Committee and has attended all the meetings. Mr. B. L. Gaggar acts as Secretary to the Committee and has attended all the meetings.

3.2.3 Terms of reference:

The brief Terms of Reference of the Nomination and Remuneration Committee are as under:

- a) To make recommendations to the Board on the remuneration packages of individual, Managing Director or Executive Directors, including, without limitation, base salaries, bonus, deferred compensation, stock options, share awards, benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- b) To make recommendations to the Board for the remuneration of non-executive directors;
- c) To consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;
- d) To review and approve the management's remuneration proposals with reference to the board's corporate goals and objectives;
- e) To review and approve compensation payable to Managing Director or Executive Directors for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- f) To review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- g) To ensure that no director or any of his associates is involved in deciding his own remuneration;
- h) When the occasion arises, to advise shareholders with respect to any service contracts of directors that require shareholders' approval under the Listing Agreement;
- i) To review from time to time as appropriate the Terms of Reference and the effectiveness of the Nomination and Remuneration Committee and recommend to the Board any necessary changes; and
- j) To address and deal with such other matters as may be delegated by the Board to the Nomination and Remuneration Committee.

Remuneration Policy:

The remuneration policy of the Company is performance driven and is structured to motivate employees, recognize their merits & achievements and promote excellence in their performance.

For Managing / Whole-time Directors:

The Board of Directors / the Nomination and Remuneration Committee of Directors is authorised to decide the remuneration of the Whole-time Directors, subject to the approval of the Members and Central Government, if required. The remuneration structure

comprises of Salary, Perquisites, Retirement benefits as per the law / rules, Performance Linked Incentive / Commission and other emoluments. Annual increments are decided by the Nomination and Remuneration Committee within the salary grade approved by the Members. In addition to the above remuneration, Expatriate Directors are paid Overseas Allowance / Special Allowance and certain other Perquisites as per the Rules of the Company.

For Non-executive Directors:

The Non-executive Directors other than those representing the majority shareholders are remunerated by way of sitting fees for attending each meeting of the Board and / Committee thereof. Each of these Directors are also paid commission on an annual basis in accordance with the approval granted by the members at the Annual General Meeting held on April 26, 2013 pursuant to the provisions of Section 198 and 309 of the Companies Act, 1956.

The Board of Directors at their Meeting held on January 12, 2015, revised the Sitting Fees payable to the Independent Directors for attending Board as well as Committee Meetings. The revised sitting fee for Board Meeting is ₹ 75,000 and for Committee Meeting is ₹ 50,000.

The details of remuneration paid / payable to the Directors for the year ended December 31, 2014 are as under (also refer Note 45 in the Financial Statements for the year ended December 31, 2014):

(₹ In Lakhs)

Name of Director	Sitting fees*	Salary, benefits & perquisites, performance bonus etc.	Commission	Total
Mr. R. A. Shah (Upto 30.09.2014)	1.20	-	-	1.20
Mr. Bharat V. Patel (From 30.10.2014)	0.30	-	-	0.30
Dr. Deepak Parikh	-	791.31	-	793.31
Mr. B.L. Gagggar	-	173.49	-	173.49
Mr. Y.H. Malegam	1.50	-	-	1.50
Dr. (Mrs.) Indu Shahani	2.10	-	-	2.10

* Exclusive of service tax.

As informed to the Company, none of the Non-executive Directors have any other pecuniary interest in the Company.

The Company has not framed any scheme nor does it has any plan to grant stock option to its employees. However, few of the employees under senior management level including Vice-Chairman and Managing Director and Executive Director have right to participate in Clariant Stock Option Plan introduced by the ultimate holding company, Clariant Ltd.

Except Mr. B. L. Gagggar who holds 550 shares, which is not material and does not constitute significant interest in the Company, none of the other Directors hold any shares of the company as on December 31, 2014.

3.3. Stakeholders Relationship Committee:

Nomenclature

In line with the provisions of Section 178 of the Companies Act, 2013 and revised Clause 49 of the Listing Agreement, the nomenclature of the Investors Grievance Committee was changed to "Stakeholders Relationship Committee" with effect from October 30, 2014.

3.3.1 Composition and Meetings:

During the year under review, the committee met thrice on February 26, May 6, and November 3, 2014. The Composition and details of the meetings attended by the members are given below

Name	Position Held	No. of Meetings held during the tenure of member	
		Held	Attended
Dr. (Mrs.) Indu Shahani	Chairman	3	3
Dr. Deepak Parikh	Member	3	3

Mr. B. L. Gagggar, Executive Director - Finance & Company Secretary is compliance officer pursuant to the requirement of the Securities and Exchange Board of India (SEBI) Regulations and Listing Agreement.

3.3.2 Terms of reference:

The committee, inter alia, reviews all matters connected with transfer of shares, redressal of shareholders' complaints, oversees the performance of the share transfer agents and recommends measures for overall improvement in the quality of investor services.

Details of Investors' Complaints

The Company and M/s. Sharepro services, the share transfer agent attend to all grievances of the investors received directly or through SEBI, Stock Exchanges, Ministry of Corporate Affairs, Registrar of Companies, etc.

The Company has retained the services of a practicing Company Secretary to perform audit of reconciliation of share capital and provide the report on quarterly basis. No non-compliance from established procedures is reported.

Pursuant to Clause 41 of the listing agreement, investors' grievance redressal status and the number of pending complaints are reported every quarter to the stock exchanges and are also published in the newspaper along with financial results. There was no investor complaint pending as on December 31, 2014. Detail of Investors' Complaint received and resolved during the year ended December 31, 2014 is given below;

Nature of Complaints	Number of Complaints Received	Number of Complaints Resolved
Non-receipt of Share Certificates	NIL	NIL
Non-receipt of Annual Report	1	1

Nature of Complaints	Number of Complaints Received	Number of Complaints Resolved
Non-receipt of Declared Dividend	5	5
Others	NIL	NIL
Total	6	6

3.4 Corporate Social Responsibility (CSR) Committee:

The Board of Directors, at their meeting held on March 20, 2014, constituted "Corporate Social Responsibility Committee" pursuant to the provisions of Section 135 of the Companies Act, 2013.

3.4.1 Composition & Meeting:

During the year 2014, the Committee met twice on July 18, 2014 and August 26, 2014. The Composition and details of the meetings attended by the members are given below:

Name	Position Held	No. of Meetings held during the tenure of member	
		Held	Attended
Dr. (Mrs.) Indu Shahani	Chairman	2	2
Mr. Y. H. Malegam	Member	2	2
Dr. Deepak Parikh	Member	2	2

Mr. B. L. Gaggar, Executive Director-Finance & Company Secretary acts as the Secretary to the Committee.

3.4.2 Terms of Reference:

The brief Terms of Reference of the CSR Committee are as under:

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of Companies Act, 2013;
- Recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- Monitor the Corporate Social Responsibility Policy of the Company from time to time.

4. Subsidiary Company

The Company did not have any subsidiary company during the year 2014.

5. General Body Meetings

The details of Annual General Meetings of the Company held during preceding 3 years are as follows:

AGM	Date and Time	Venue	Special Resolutions Passed
55 th	April 26, 2012 4.00 p.m.	J.K. Auditorium TMA House, Plot No. 6, Main Road, Wagle Estate, Thane (West) - 400 604	None

AGM	Date and Time	Venue	Special Resolutions Passed
56 th	April 26, 2013 4.00 p.m.	Hotel Satkar Residency, Next to Cadbury, Pokhran Road No. 1, Thane (West) - 400 606	i) Increase in remuneration of Mr. Peter Palm, Vice-Chairman & Managing Director; ii) Appointment and remuneration of Dr. Deepak Parikh, Vice-Chairman & Managing Director; iii) Approval of the Commission payable to the Directors.
57 th	May 6, 2014 4.00 p.m.	Hotel Satkar Residency, Next to Cadbury, Pokhran Road No. 1, Thane (West) - 400 606	i) Increase in remuneration of Dr. Deepak Parikh, Vice-Chairman & Managing Director; ii) Appointment and remuneration of Mr. B. L. Gaggar, Executive Director-Finance; iii) Shifting of Registered office of the Company from Kolshet, Thane to Airoli, Navi Mumbai.

All resolutions including special resolutions at AGMs are generally passed by show of hands.

During the year 2014, one Postal Ballot was conducted in accordance with Section 192A of the Companies Act, 1956 read with The Companies (Passing of Resolutions through Postal Ballot) Rules, 2001, as per the details given below:

Passing of Special Resolution for sale of company's business of leather services to M/s. Stahl India Private Limited or any other entity in India being affiliate of Stahl Holdings B.V. Group.

The Board of Directors had appointed Ms. Ragini Chokshi, Practising Company Secretary as Scrutinizer for conducting the Postal Ballot Process. The result of Postal Ballot process as per the Scrutinizer's Report is given below:

Promoter/ Public	No. of shares held	No. of votes polled	% of Votes Polled on outstanding shares	No. of Votes – in favour	No. of Votes – against	% of Votes in favour on votes polled	% of Votes against on votes polled
	(1)	(2)	(3)=[(2)/ (1)]*100	(4)	(5)	(6)=[(4)/ (2)]*100	(7)=[(5)/(2)]* 100
Promoter and Promoter Group	16902080	16902080	100	16902080	NIL	100	NIL
Public – Institutional holders	2305390	544274	23.61	438837	105437	80.63	19.37
Public -Others	7453275	311176	4.18	248512	21339	79.86	6.86
Total	26660745	17757530	66.61	17589429	126776	99.05	0.71

The above resolution was passed by the requisite majority and results were announced as required by law.

6. Disclosures

6.1 Related party transactions

Related party transactions have been disclosed under Note 37 of Significant accounting policies & notes forming part of the financial statements of Audited Accounts in accordance with “Accounting Standard 18”. A statement in summary form of transactions with related parties in the ordinary course of business is periodically placed before the Audit Committee for review and recommendation to the Board for their approval.

The Company has formulated a policy on dealing with Related Party Transactions and material Related Party Transactions. The Policy is available on the website of the Company i.e. www.clariant.in.

None of the transactions with related parties were in conflict with the interest of the Company. The Company's major related party transactions, during the year, are with the affiliates of Clariant operating worldwide. All these transactions 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 value.

6.2 Code of Conduct

The Board of Directors has adopted the Code of Conduct for directors and senior management personnel and the compliance of the same is affirmed by them annually. In addition, code of business conduct formulated by Clariant group is applicable to all employees of the Company. The Code of conduct is available on Company's website www.clariant.in.

The Vice-Chairman & Managing Director has confirmed the compliance of code of conduct and as required under Sub-clause II (E) of Clause 49 of the listing agreements and provided a declaration as under:

“In accordance with Sub-clause II (E) 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 the code of conduct applicable to them, for the year January to December, 2014”.

6.3 Prohibition of Insider Trading

The Company has framed a code of conduct for prevention of insider trading as per the amended SEBI (Prohibition of Insider Trading) Regulations 1992. The code is applicable to all Directors and such employees of the Company who 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.

6.4 Disclosure of Accounting Treatment

The financial statements of the Company for the year ended December 31, 2014 are prepared in conformity with the Accounting Standards.

6.5 Proceeds from public issues, rights issues, preferential issues, etc.

During the year under review, the Company has not raised any proceeds through public issues, rights issues, preferential issues, etc.

6.6 Management

- Management Discussion & Analysis report forms part of Directors' Report.
- There were no material financial and commercial transactions by Senior Management as defined in Clause 49 of the Listing Agreement where they have personal interest that may have a potential conflict with the interests of the Company at large.

6.7 Compliance

The Company has complied with all regulatory requirements. 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 last three years.

6.8 Whistle Blower Policy

In line with Clariant Group policy, the Company has formulated Whistle Blower Policy for employees to report to the management about the unethical behaviour, fraud or violation of Company's code of conduct. The mechanism

provides for adequate safeguard to the victimized employees and spreads the way to curb those practices being followed in the office premises. None of the personnel of the Company has been denied access to the Audit Committee.

7. Means of Communication

All important information relating to the Company, its performance, shareholding pattern, quarterly results, press releases and other information as per the Listing Agreement are regularly posted on Company's website and also forwarded to the stock exchanges. The quarterly, half-yearly and annual financial results of the Company are published in newspapers like Business Standard and Sakaal circulating in the local area. These results are also available on the websites of the Company, BSE Limited and National Stock Exchange of India Limited.

8. General shareholder information

8.1 Annual General Meeting

Date & Time : Friday, April 24, 2015 at 10:30 a.m.

Venue : Reliable Tech Park, Airoli,
Navi Mumbai - 400 708

8.2 Financial Calendar

The Company's financial year is period of twelve months from January to December.

Dates for Audited / Unaudited Results:

	Financial Year January-December 2014	Financial Year January - December 2015 (Proposed)
January – March	May 6, 2014	April 24, 2015
April – June	July 18, 2014	August 3, 2015
July – September	November 3, 2014	October 29, 2015
October- December	February 12, 2015	February 12, 2016
Annual General Meeting	April 24, 2015	April 2016

8.3 Dates of Book Closure

Book Closure dates	April 15, 2015 to April 24, 2015 (Both days inclusive)
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8.4 Listing of Shares

Shares of the Company are listed on Bombay Stock Exchange Ltd. (BSE) under stock ID 'CLNINDIA' and National Stock Exchange of India Limited (NSE) under the code 'CLNINDIA'. The Company has paid the listing fees upto March 31, 2015 to both the Stock Exchanges.

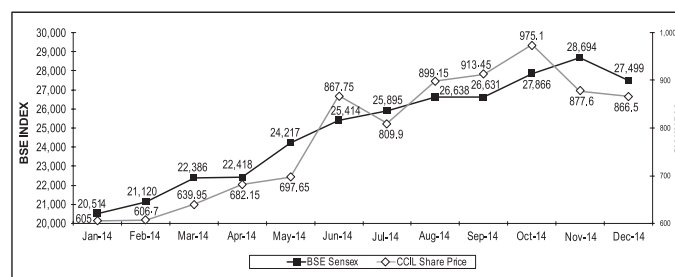
8.5 Company Registration No. with ROC / Ministry of Corporate Affairs

CIN: L24110MH1956PLC010806

8.6 Stock Market Data – Price ₹ per share

Month	Bombay Stock Exchange (BSE)			National Stock Exchange (NSE)		
2014	High ₹	Low ₹	Volume (Nos.)	High ₹	Low ₹	Volume (Nos.)
January	630.00	594.00	114659	628.45	593.55	285549
February	650.00	594.45	258452	650.00	488.40	510213
March	647.45	604.00	94283	649.40	602.00	254745
April	741.90	636.00	383907	744.00	634.05	664185
May	727.45	662.65	209515	727.90	661.25	561860
June	881.80	698.10	292635	883.90	699.00	602424
July	984.00	799.30	274571	984.60	795.10	600665
August	935.00	800.05	182103	936.80	800.00	425653
September	957.35	882.00	143929	957.50	888.00	338503
October	1055.00	909.05	150498	1059.35	905.00	384456
November	1000.00	858.00	133649	999.40	860.10	367076
December	928.30	836.15	109123	929.00	837.05	257546

8.7 Performance in comparison to broad based indices (Taken BSE Index)



8.8 Address for correspondence

A) Share Transfer Agents:

M/s Sharepro Services (India) Pvt. Limited

1) 13-AB, Samhita Warehousing Complex,
Gala No. 52-56
2nd Floor, Sakinaka Tel. Exchange Lane,
off Andheri- Kurla Road
Sakinaka, Mumbai – 400 072.

Tel: 022- 6772 0400/6772 0300

Fax: 022 -2859 1568, 2850 8927

Email: sharepro@shareproservices.com

**Contact Person : Mrs. Indira Karkera/
Miss Geeta Khanna**

E-mail ID under Clause 47(f) of the Listing Agreement:
Clariant@shareproservices.com

- 2) Investor Relations:
912, Raheja Centre, Free Press Journal Road,
Nariman Point, Mumbai 400 021.
Tel.: 022- 2282 5163 / 6613 4700
Fax 022 - 22825484

B) Company's Registered Office:

Reliable Tech Park, Thane Belapur Road
Airoli, Navi Mumbai – 400 708
Tel.: 022 – 7125 1245

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 and supported by the documents such as Telephone or Electricity Bill in the name of shareholder or a family member along with a copy of PAN card.

In case shares of the Company are held in electronic form (that is, in dematerialized 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 Agent. This is because once the shares are dematerialized the data is maintained by the DPs and the Company cannot alter the details and has to act on the basis of the details downloaded from NSDL or CDSL as the case may be.**

For any assistance from the Company, members may contact Ms. Amee Joshi, Assistant Company Secretary, at the registered office of the Company.

Tel No. 022-7125 1245

8.9 Shareholding pattern as on December 31, 2014

Sr. No.	Category	No of Shares held	Percentage of Shareholding
A	PROMOTERS' HOLDING:		
1	Promoters		
	Foreign Promoters		
	i) Ebita Chemiebeteteiligungen AG	8167080	30.63
	ii) Clariant International Ltd.	6075000	22.79
	iii) Clariant Participations Ltd.	2660000	9.98
	Sub-Total	16,902,080	63.40

Sr. No.	Category	No of Shares held	Percentage of Shareholding
B	Institutional Investors		
(a)	Mutual Funds	1331389	4.99
(b)	Financial Institutions	12823	0.05
(c)	General Insurance Corporation of India & its subsidiaries	358153	1.34
(d)	Nationalised Bank	11341	0.04
(e)	Foreign Institutional Investors	711171	2.67
	Sub-Total	2,424,877	9.09
C	Others		
(a)	Domestic Companies	723914	2.72
(b)	Non Resident Indians/Overseas Corporate Bodies/ Foreign Financial Banks	130792	0.49
(c)	Indian Public	6479082	24.30
	Sub-Total	7,333,788	27.51
D	Non-Promoters' Holding		
	Sub-Total (B+C)	9,758,665	36.60
	TOTAL	26,660,745	100.00

25,898,776 equity shares of the Company are held in dematerialised form constituting 97.14% of the paid-up capital, as on December 31, 2014. The total number of shareholders as on December 31, 2014 is 32880.

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

Sr. No.	Name	As at December 31, 2014		As at December 31, 2013	
		No. of shares	%	No. of shares	%
1.	Ebita Chemiebeteteiligungen AG	8167080	30.63	8167080	30.63
2.	Clariant International Ltd.	6075000	22.79	6075000	22.79
3.	Clariant Participations Ltd.	2660000	9.98	2660000	9.98
4.	UTI Dividend Yield Fund – Clubbed through other schemes	776050	2.91	1081472	4.06

Sr. No.	Name	As at December 31, 2014		As at December 31, 2013	
		No. of shares	%	No. of shares	%
5.	SWISS Finance Corporation (Mauritius) Ltd	397902	1.49	55008	0.21
6.	HDFC Trustee Company Ltd – A/C- HDFC MID – CAP OPPORTUNITIES FUND	358234	1.34	362035	1.36

8.11 Distribution of shareholdings as at December 31, 2014

No. of equity shares held	Shareholders		Equity Shares held	
	Numbers	%	No. of shares	%
1-500	30284	92.105	2793478	10.478
501-1000	1471	4.474	1088298	4.082
1001-2000	626	1.904	891848	3.345
2001-3000	199	0.605	506407	1.899
3001-4000	94	0.286	328690	1.233
4001-5000	71	0.216	327194	1.227
5001-10000	77	0.234	536761	2.013
10001 & above	58	0.176	20188069	75.722
Total	32880	100.00	26660745	100.00

8.12 Dematerialisation of shares and liquidity

Names of Depositories for dematerialisation of equity shares:

Name of the Depository	ISIN No.
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.

8.13 ADRs/ GDRs/ Warrants

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

8.14 Plant Locations

The Company's current manufacturing facilities are located at:

- 113 / 114, MIDC Industrial Area, PO Dhatav, Roha, Dist. Raigad – 402 116 (Maharashtra)
- Kudikadu, SIPCOT, Cuddalore – 607 005 (Tamil Nadu)
- Renaissance Industrial & Warehousing Complex Vashere, Taluka Bhivandi, Dist Thane 421 101
- Shed no. 18,19,20,21,22, GIDC, Kalol, 389330 Dist. Panchmahal
- Survey No. 344/1-3, Sakarda Bhadarva Road, Rania – 391 780, Taluka Savli, District Vadodara
- A-1-47/2 & 3, GIDC Estate, Nandesari – 391 340, District Vadodara

9. Additional Information

9.1 Unpaid / Unclaimed Dividend

In terms of the provisions of Section 124 of the Companies Act, 2013 the Company is obliged to transfer dividends which remain unpaid or unclaimed for period of seven years from the date of transfer to Unpaid Dividend Account to the credit of the Investor Education and Protection Fund established by the Central Government. Accordingly, the Company has transferred unclaimed dividend upto the Financial year 2006 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 seven years period for payment of the dividend pertaining to Financial year 2007 will expire on April 16, 2015 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 Declaration	Date of completion of seven years
2007	17.04.2008	16.05.2015
2008	29.04.2009	28.05.2016
2009 (Interim)	24.07.2009	23.08.2016
2009 (Final)	24.04.2010	23.05.2017
2010 (Interim)	06.08.2010	05.09.2017
2010 (Final)	27.04.2011	26.05.2018
2011 (Interim)	09.08.2011	08.09.2018
2011 (Final)	27.04.2012	26.05.2019
2012 (Interim)	08.08.2012	07.09.2019
2012 (Final)	26.04.2013	25.05.2020
2013 (Interim)	30.07.2013	29.08.2020
2013 (Final)	06.05.2014	05.06.2021
2014 (Interim)	18.07.2014	17.08.2021

9.2 Details of Unclaimed shares

The detail of Shares lying in Unclaimed Suspense Account is given below;

Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year	1261 Shareholders 95180 Shares
Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year	NIL
Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year	NIL
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year	1261 Shareholders 95180 Shares

9.3 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.

9.4 Nomination Facility

A member can nominate a person who shall have rights to shares and/or amount payable in respect of shares registered in his name in the event of his death. The nomination form can be obtained from the Company's Share Transfer Agent or downloaded from the website of the Company at www.clariant.in

9.5 Consolidation of folios and avoidance of multiple folios

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

9.6 Communication

In order to save the environment and in order to initiate e-communication, the Company requests all shareholders to register their email address with the depository, in case of shares held through depository or with the share transfer agents for shares held in physical form. This will facilitate the Company and share transfer agents to send the

communication through electronic mail which is faster and cost effective.

9.7 Non-Mandatory requirements under Clause 49 of the Listing Agreement

The status of compliance with non-mandatory recommendations of the Clause 49 of the Listing Agreement with Stock Exchanges is provided below:

9.7.1 Non-Executive Chairman's Office: Chairman's office is separate from that of the Managing Director & CEO.

9.7.2 Shareholders' Rights: As the quarterly and half yearly financial performance are published in the newspapers and are also posted on the Company's website, the same are not being sent to the shareholders.

9.7.3 Audit Qualifications: The Company's financial statement for the year 2014 does not contain any audit qualification.

9.7.4 Separate posts of Chairman and CEO: The Chairman of the Board is a Non-executive Director and his position is separate from that of the Managing Director & CEO.

9.7.5 Reporting of Internal Auditor: The Internal Auditor reports to the Audit Committee.

10. CEO / CFO Certification

The Vice-Chairman & Managing Director and the Executive Director Finance & Company Secretary have provided annual certificate on financial reporting and internal controls to the Board pursuant to Clause 49. The said certificate was placed and taken on record at the Board Meeting held on February 12, 2015. They have also provided quarterly certificates on financial results while placing the financial results before the Board pursuant to Clause 41.

On behalf of the Board of Directors

Bharat V. Patel
Chairman

Mumbai, February 12, 2015

AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF 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, 2014 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned 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 Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N / N500016
(Formerly Price Waterhouse, Firm Registration Number: 012754N)

Pradip Kanakia
Partner
Membership Number 39985

Mumbai
February 12, 2015

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CLARIANT CHEMICALS (INDIA) LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of Clariant Chemicals (India) Limited (the "Company"), which comprise the Balance Sheet as at December 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 (the "Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matter

7. The financial statements of the Company as at December 31, 2013 and for the year then ended were audited by another firm of chartered accountants who, vide their report dated February 26, 2014, expressed an unmodified opinion on those financial statements.

Report on Other Legal and Regulatory Requirements

8. As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
9. As required by section 227(3) of the Act, 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 purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
 - (e) On the basis of written representations received from the directors as on December 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/ N500016
(Formerly Price Waterhouse, Firm Registration Number: 012754N)

Pradip Kanakia
Partner

Mumbai, February 12, 2015

Membership Number: 39985

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 8 of the Independent Auditors' Report of even date to the members of Clariant Chemicals (India) Limited on the Financial Statements as of and for the year ended December 31, 2014)

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- ii. (a) The inventory excluding stocks with third parties has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4(iii)[(b),(c), (d),(f) and (g)] of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, having regard to the explanation that, except for certain items of inventory which are of special nature for which suitable alternative sources do not exist, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, sales tax, service tax and excise duty as at December 31, 2014 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ in lakhs)	Period to which the amount relates	Forum where the dispute is pending
Central Sales Tax Act and Local Sales Tax Acts	Sales Tax including interest and penalty, as applicable	2.27	1996-97 to 1998-99	High Court of Tamil Nadu
		8,395.88	1999-00 and 2004-05	Sales Tax Appellate Tribunals of various states
		5,082.12	1996-97 to 1998-99	Appellate Authority – up to Commissioner's level

Name of the statute	Nature of dues	Amount (₹ in lakhs)	Period to which the amount relates	Forum where the dispute is pending
The Central Excise Act, 1944	Excise duty including interest and penalty, as applicable	437.58	1999-00 to 2008-09	Tribunals of various states
		213.37	1994-95 to 1997-98, 2000-01	Appellate Authority – up to Commissioner's level
Service Tax under Finance Act, 1994	Service Tax including interest and penalty, as applicable	33.00	2002-03 to 2004-05, 2007-08 to 2012-13	Tribunals of various states
		161.47	2005-06 to 2010-11	Appellate Authority – up to Commissioner's level
Income Tax Act, 1961	Income Tax including interest and penalty, as applicable	729.96	1983-84 to 1987-88, 1990-91, 1992-93, 1994-95, 1996-97, 1999-00, 2001-02 to 2005-06 and 2007-08	Income Tax Appellate Tribunal
		112.21	1995-96, 1998-99 to 2003-04, 2005-06	Appellate Authority – up to Commissioner's level

- x. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.
- xiii. As the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable

to the Company, 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 guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 4(xv) of the Order are not applicable to the Company.
- xvi. The Company has not raised any term loans. Accordingly, the provisions of Clause 4(xvi) of the Order are not applicable to 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 the no funds raised on short-term basis have been used for long-term investment.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.
- xix. The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
- xx. The Company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.
- xxi. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/ N500016
(Formerly Price Waterhouse, Firm Registration Number: 012754N)

Pradip Kanakia
Partner

Mumbai, February 12, 2015

Membership Number: 39985

BALANCE SHEET

as at 31st December, 2014

	Notes	31-12-2014 ₹ Lakhs	31-12-2013 ₹ Lakhs
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	2666.07	2666.07
(b) Reserves and surplus	3	136935.54	54768.77
		139601.61	57434.84
2 Non-current liabilities			
(a) Deferred tax liabilities (Net)	4	1040.21	723.83
(b) Other long-term liabilities	5	67.67	-
(c) Long-term provisions	6	2378.44	2588.78
		3486.32	3312.61
3 Current liabilities			
(a) Short term borrowing	7	945.45	-
(b) Trade payables	8	14564.26	16239.40
(c) Other current liabilities	9	4792.34	7445.70
(d) Short-term provisions	10	20850.29	6722.64
		41152.34	30407.74
TOTAL		184240.27	91155.19
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11	29184.46	16599.35
(ii) Intangible assets	11	4318.35	-
(iii) Capital work-in-progress		1318.01	2548.81
(b) Non-current investments	12	717.09	667.09
(c) Long-term loans and advances	13	7426.68	4604.37
		42964.59	24419.62
2 Current assets			
(a) Current investments	14	2584.37	26072.77
(b) Inventories	15	16334.70	14563.21
(c) Trade receivables	16	16058.57	16922.50
(d) Cash and bank balances	17	101145.34	2259.57
(e) Short-term loans and advances	18	4738.59	6159.55
(f) Other current assets	19	414.11	757.97
		141275.68	66735.57
TOTAL		184240.27	91155.19

The accompanying notes are an integral part of these financial statements

In terms of our report attached

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N / N500016

(Formerly Price Waterhouse, Firm Registration Number: 012754N)

Pradip Kanakia

Partner

Membership No. 39985

Mumbai, 12th February, 2015

For and on behalf of the Board,

B. Patel

Chairman

D. Parikh

Vice- Chairman & Managing Director

Y. H. Malegam

Director

I. Shahani

Director

B. L. Gaggar

Executive Director Finance & Company Secretary

Mumbai, 12th February, 2015

STATEMENT OF PROFIT AND LOSS

for the year ended 31st December, 2014

	Notes	2014 ₹ Lakhs	2013 ₹ Lakhs
1 Revenue from operations :			
Sales - Gross		108248.16	129000.62
Less : Excise duty		7427.67	7680.37
Sales (Net)	20	100820.49	121320.25
Other operating revenues	21	3779.85	3465.51
		104600.34	124785.76
2 Other income	22	1365.30	1791.59
3 Total revenue		105965.64	126577.35
4 Expenses :			
Cost of materials consumed	23	59465.67	59857.89
Purchase of stock-in-trade	24	14910.47	23533.98
Changes in inventories	25	(2329.64)	(2303.97)
Employee benefits expense	26	9790.65	10115.62
Finance costs	27	112.80	179.94
Depreciation and amortisation expense	11	3323.74	2344.68
Other expenses	28	20309.20	21496.03
Total expenses		105582.89	115224.17
5 Profit before exceptional items and tax		382.75	11353.18
6 Exceptional items, credit (net)	29	(118358.50)	(11224.63)
7 Profit before tax		118741.25	22577.81
<i>of which discontinuing operations</i>		1160.89	5321.89
8 Tax expense :			
Current tax		25008.15	5715.00
Deferred tax		316.38	185.97
Tax adjustments of prior years (net)		(914.83)	-
		24409.70	5900.97
<i>of which discontinuing operations</i>		395.00	1767.00
9 Profit for the year		94331.55	16676.84
<i>of which discontinuing operations</i>		765.89	3554.89
Basic and diluted earnings per share (of ₹ 10/-each) (in ₹)	40		
(i) Continuing operations		350.95	49.22
(ii) Total operations		353.82	62.55

The accompanying notes are an integral part of these financial statements

In terms of our report attached

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N / N500016

(Formerly Price Waterhouse, Firm Registration Number: 012754N)

Pradip Kanakia

Partner

Membership No. 39985

Mumbai, 12th February, 2015

For and on behalf of the Board,

B. Patel

Chairman

D. Parikh

Vice- Chairman & Managing Director

Y. H. Malegam

Director

I. Shahani

Director

B. L. Gaggar

Executive Director Finance & Company Secretary

Mumbai, 12th February, 2015

CASH FLOW STATEMENT

for the year ended 31st December, 2014

	2014 ₹ Lakhs	2013 ₹ Lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Profit before tax	118741.25	22577.81
Adjustments for :		
Depreciation and amortisation expense	3323.74	2344.68
Unrealised foreign exchange (gain) / loss (Net)	(42.33)	36.59
Interest income	(120.87)	(135.49)
Dividend income	(808.86)	(1264.87)
Loss / (Profit) on sale of fixed assets (Net)	(108381.53)	(30.82)
Profit on sale of business	(10408.63)	(11444.52)
Profit on sale of investments (Net)	(53.32)	(289.88)
Non compete fees in relation to business acquisition	73.90	-
Provision / (write back) for doubtful debts / advances (Net)	(0.39)	2.12
Finance costs	112.80	179.94
Assets / CWIP written-off	132.91	360.39
Operating profit before working capital changes	2568.67	12335.95
Adjustments for (Increase)/Decrease in working capital :		
Trade receivables	1339.76	(7345.08)
Short - term loans and advances	(258.90)	(2175.20)
Long - term loans and advances	(105.59)	(500.03)
Other current assets	432.47	(910.30)
Inventories	(2153.96)	(3555.31)
Trade payables	372.79	2155.18
Long - term provisions	(43.51)	(225.70)
Short - term provisions	155.62	37.17
Other current liabilities	(3311.94)	64.19
Other Long - term liabilities	67.67	3112.66
Cash (used in) / generated from operations	(936.92)	2993.53
Direct taxes paid- (Net of refunds)	(5030.97)	(6174.94)
Net cash used in operating activities	(5967.89)	(3181.41)

	2014 ₹ Lakhs	2013 ₹ Lakhs
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of tangible / intangible assets	(13607.83)	(6670.88)
Sale of tangible assets	109084.95	57.61
Purchase of non current investments	(50.00)	-
Sale of non current investments	-	-
Purchase of current investments	(173548.12)	(145507.33)
Sale of current investments	197089.84	142522.58
Proceed from sale of business	15600.00	20915.00
Acquisition of Masterbatches business	(13102.20)	-
Interest received	106.83	135.49
Dividend received	808.86	1264.87
Net cash generated from investing activities	122382.33	12717.34
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Finance costs	(161.47)	(173.54)
Dividend / dividend tax paid	(18312.65)	(8530.21)
Proceeds from short term borrowing	945.45	-
Net Cash used in financing activities	(17528.67)	(8703.75)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	98885.77	832.18
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE YEAR	2259.57	1427.39
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR (Refer note 17 and Note (e) below)	101145.34	2259.57

Notes :

- The Cash flow has been prepared under the “Indirect Method” as set out in Accounting Standard-3 on Cash flow statement notified by the Companies (Accounting Standards) Rules, 2006.
- The Cash Flow Statement reflects the combine cash flows pertaining to continuing and discontinuing operations (Refer note 42).
- The working capital changes for the year have been determined after adjustment of the assets and liabilities transferred on sale and acquisition of business.
- Direct taxes paid are treated as arising from operating activities and are not bifurcated between investing and financing activities.
- Cash and cash equivalents at the end of the year include current account balances with banks of ₹ 583.16 Lakhs (Previous Year : ₹ 492.68 Lakhs) which are restricted in use on account of unclaimed dividend.
- Figures for the previous year have been regrouped wherever necessary to conform to the current year’s classification.

In terms of our report attached

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N / N500016

(Formerly Price Waterhouse, Firm Registration Number: 012754N)

Pradip Kanakia

Partner

Membership No. 39985

Mumbai, 12th February, 2015

For and on behalf of the Board,

B. Patel

Chairman

D. Parikh

Vice- Chairman & Managing Director

Y. H. Malegam

Director

I. Shahani

Director

B. L. Gaggar

Executive Director Finance & Company Secretary

Mumbai, 12th February, 2015

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st December, 2014

Company Information:

Clariant Chemicals (India) Limited (the 'company') is a public limited company domiciled in India and is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The company is engaged inter alia, in manufacturing and selling of Specialty Chemicals. The Company has its own manufacturing sites in the State of Maharashtra, Tamil Nadu and Gujarat.

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of financial statements

These financial statements have been prepared in accordance with generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to Circular 15/ 2013 dated 13th September, 2013 read with Circular 08/ 2014 dated 4th April, 2014, till the standards of Accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 (the Act) shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Act.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/ non-current classification of assets and liabilities.

(b) Revenue recognition

The Company recognises sale of goods on transfer of significant risks and rewards of ownership of the goods to the buyer as per the terms of contract. Sales are net of excise duty, sales tax and trade discounts, wherever applicable.

Income from services rendered is recognised based on agreements/ arrangements with the customers as the service is performed using the proportionate completion method and is recognised net of service tax, as applicable.

Interest Income is accounted on time proportion basis taking into account the amounts invested and the rate of interest. Dividend income on investments is accounted for when the right to receive the dividend is established.

Income from export incentives such as duty drawback etc. are recognised on accrual basis to the extent the ultimate realisation is reasonably certain.

Indenting commission is recognised based on the terms of agreement, when the right to receive the commission is established.

Rental income is recognised on accrual basis.

(c) Excise duty

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

Excise Duty related to the difference between the closing stock and opening stock of finished goods has been recognised separately in Note 28 "Other expenses".

(d) Employee benefits

(i) 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 the Statement of Profit and Loss. The Company has no further obligation under such plans.

Defined benefit plans and compensated absences :

In respect of certain employees, provident fund contributions are made to a trust administered by the company. The interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company. The liability in respect of the shortfall of interest earnings of the Fund is determined on the basis of an actuarial valuation. The 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 the Statement of Profit and Loss. The classification of the company's net obligation into current and non-current is as per the actuarial valuation report.

(ii) Voluntary retirement scheme:

Expenditure incurred on voluntary retirement scheme is charged to the Statement of Profit and Loss in the year in which it is incurred.

(e) Tangible Assets

- (i) All tangible assets are stated at acquisition cost net of accumulated depreciation and impairment losses, if any.
- (ii) Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.
- (iii) Items of tangible assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements under "Other Current Assets". Any expected loss is recognised immediately in the Statement of Profit and Loss.
- (iv) Losses arising from the retirement of, and gains or losses from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.
- (v) The cost of leasehold land is amortised over the primary period of the lease.
- (vi) Depreciation is provided on a pro-rata basis on the straight line method over the estimated useful lives of the assets or at the rates prescribed under Schedule XIV to the Companies Act, 1956, whichever is higher, as follows :

Factory Buildings	30 Years
Office Buildings	60 Years
Plant and Equipment	10 to 21 Years
Furniture and Fixtures	5 to 16 Years
Office Equipment	5 to 10 Years
Vehicles	4 Years

(f) Intangible Assets

Intangible assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over their estimated useful lives, as follows:

Goodwill	10 Years
Trademarks	10 Years

(g) Impairment of assets

The carrying amounts of assets are reviewed at each Balance Sheet date to assess whether there is any indication of impairment based on internal / external factors. An impairment loss is 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.

(h) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is computed on a weighted average basis. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale. Finished goods and work-in-progress include all costs of purchases, conversion costs and other costs incurred in bringing the inventories to their present location and condition.

(i) Trade receivables / Loans and advances

Trade receivables and loans and advances are stated after making adequate provision for doubtful debts / advances.

(j) Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as non-current investments.

Non-current 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.

(k) Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. The company is both a lessee and a lessor under such arrangements. Payments and receipts under such leases are charged or credited to the Statement of Profit and Loss on a systematic basis over the primary period of the lease.

(l) Foreign currency translations

- (i) Foreign currency transactions are accounted at the rate prevailing on the date of the transaction. Monetary items denominated in foreign currency outstanding as at year end 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.
- (ii) 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.
- (iii) Gain or loss arising out of settlement of such transactions or from translation/conversion is taken credit for or charged to the Statement of Profit and Loss.

(m) 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 at the Balance Sheet date. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only if there is virtual certainty of realization. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. The carrying amount of deferred tax assets/liabilities are reviewed at each Balance Sheet date for any write-down or reversal, as considered appropriate.

(n) Provisions and Contingent Liabilities

Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the balance sheet date and are not discounted to its present value. These are reviewed at each year end date and adjusted to reflect the best current estimate.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

(o) Cash and cash equivalents

In the cash flow statement, cash and cash equivalents include cash in hand, term deposits with banks and other short-term highly liquid investments with original maturities of three months or less.

(p) Earnings per share

Basic earnings per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

(q) Use of estimates

The presentation of the financial statements in conformity with the generally accepted accounting principles requires that the management makes certain estimates and assumptions. These estimates and assumptions affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates if any, is recognised in the period in which the results are known / materialised.

	31-12-14 ₹ Lakhs	31-12-13 ₹ Lakhs
2 SHARE CAPITAL		
Authorised		
3,00,00,000 equity shares of ₹ 10/- each	3000.00	3000.00
Issued, subscribed and paid up		
2,66,60,745 equity shares of ₹ 10/- each fully paid up	2666.07	2666.07

2a Reconciliation of the number of equity shares outstanding as at the beginning and at the end of the year

	31-12-14		31-12-13	
	Number	₹ Lakhs	Number	₹ Lakhs
Equity shares :				
Outstanding as at the beginning of the year	2,66,60,745	2666.07	2,66,60,745	2666.07
Add : Issued during the year	-	-	-	-
Outstanding as at the end of the year	2,66,60,745	2666.07	2,66,60,745	2666.07

2b Shares held by subsidiaries of the ultimate holding company Clariant AG, Switzerland :

	31-12-14		31-12-13	
Name of Shareholder	Number	Percentage	Number	Percentage
EBITO Chemiebeteteiligungen AG *	81,67,080	30.63%	81,67,080	30.63%
Clariant International AG *	60,75,000	22.79%	60,75,000	22.79%
Clariant Participations AG *	26,60,000	9.98%	26,60,000	9.98%

* There are no shareholders holding more than 5% of the aggregate equity shares of the Company except those marked above.

2c The company has not allotted any equity shares for consideration other than cash, bonus shares, nor have any shares been bought back during the period of five years immediately preceding the Balance Sheet date.

2d Rights, preferences and restrictions attached to shares

The Company has one class of equity share having a par value of ₹ 10/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining asset of the Company after distribution of all preferential amounts, in proportion to their shareholding.

	31-12-14 ₹ Lakhs	31-12-13 ₹ Lakhs
3 RESERVES AND SURPLUS		
Capital reserve		
As per last Balance sheet	730.11	730.11
Capital redemption reserve		
As per last Balance sheet	137.50	137.50
Securities premium account		
As per last Balance sheet	3545.65	3545.65
General reserve		
As per last Balance sheet	31513.47	29845.79
Add : Transfer from surplus in the statement of profit and loss	9433.16	1667.68
	40946.63	31513.47
Surplus in the statement of profit and loss		
As per last Balance sheet	18842.04	13226.44
Add : Profit for the year	94331.55	16676.84
Less : Interim dividend	(10397.69)	(2666.07)
Less : Proposed dividend (Final)	-	(5332.15)
Less : Tax on dividend (Interim and Final)	(1767.09)	(1359.30)
Less : Tax on dividend of previous year	-	(36.04)
Less : Transfer to general reserve	(9433.16)	(1667.68)
	91575.65	18842.04
	136935.54	54768.77
4 DEFERRED TAX LIABILITIES (NET)		
Deferred tax liabilities		
Depreciation and amortisation	1607.51	1374.31
Deferred tax assets		
Provision for doubtful debts / advances	28.33	22.88
Provision for employee benefits	473.35	437.38
Expenses allowable for tax purposes when paid	53.52	87.14
Payment for voluntary retirement scheme	12.10	103.08
	567.30	650.48
	1040.21	723.83
5 OTHER LONG TERM LIABILITIES		
Security deposits	67.67	-
	67.67	-
6 LONG TERM PROVISIONS		
Provision for employee benefits		
Compensated absences	731.86	696.24
Gratuity	328.50	161.86
Ex-gratia gratuity	43.74	45.39
Provision for indirect tax matters (Refer note 6a)	259.80	358.69
Tax provisions less payments	1014.54	1326.60
	2378.44	2588.78

	31-12-14 ₹ Lakhs	31-12-13 ₹ Lakhs
6a MOVEMENTS IN PROVISION FOR INDIRECT TAX MATTERS		
Opening balance	358.69	282.86
Provision during the year	-	75.83
Amount utilised	(98.89)	-
Closing balance	259.80	358.69
7 SHORT TERM BORROWINGS		
(Unsecured)		
Pre-shipment credit in foreign currency from a bank	945.45	-
(These borrowings were given under a running account at an interest rate of Libor plus spread of 1 % p.a)		
	945.45	-
8 TRADE PAYABLES		
Trade payables (Refer note 41)	14564.26	16239.40
	14564.26	16239.40
9 OTHER CURRENT LIABILITIES		
Security and other deposits	617.78	517.48
Advances from customers	192.89	72.88
Unpaid dividend *	583.16	492.68
Employee benefits payable	884.38	946.73
Statutory dues (including provident fund and withholding taxes)	1037.54	1025.18
Liability for capital expenditure	1102.89	1017.83
Other payables	373.70	3372.92
	4792.34	7445.70
* There is no amount due and outstanding to be credited to Investor Education and Protection Fund.		
10 SHORT TERM PROVISIONS		
Provision for employee benefits		
Compensated absences	202.56	165.52
Gratuity	215.05	200.00
Ex-gratia gratuity	16.15	17.80
Provision - others		
Tax Provisions less payments	20416.53	100.97
Proposed dividend (Final)	-	5332.15
Tax on proposed dividend (Final)	-	906.20
	20850.29	6722.64

11 FIXED ASSETS

₹ Lakhs										
Description	Gross block			Depreciation / Amortisation					Net block	
	As at 31-12-13	Additions (Refer note 2 below)	Deductions (Refer note 3 below)	As at 31-12-14	As at 31-12-13	Deductions (Refer note 3 below)	For the year	As at 31-12-14	As at 31-12-14	As at 31-12-13
(i) Tangible assets										
Land freehold	137.42	1263.31	64.70	1336.03	-	-	-	-	1336.03	137.42
Land leasehold	502.90	906.20	-	1409.10	24.63	-	14.89	39.52	1369.58	478.27
Buildings	7358.54	5671.87	1701.26	11329.15	2509.26	719.66	471.51	2261.11	9068.04	4849.28
Plant and equipment	25878.40	7960.12	5129.53	28708.99	15935.66	3448.77	1914.60	14401.49	14307.50	9942.74
Furniture and fixtures	716.87	727.54	144.48	1299.93	364.23	57.32	65.95	372.86	927.07	352.64
Office equipment	1161.59	1868.22	391.49	2638.32	771.54	283.71	343.58	831.41	1806.91	390.05
Vehicles	944.40	174.26	210.78	907.88	495.45	119.97	163.07	538.55	369.33	448.95
Total tangible assets	36700.12	18571.52	7642.24	47629.40	20100.77	4629.43	2973.60	18444.94	29184.46	16599.35
Total tangible assets previous year	39517.06	3828.67	6645.61	36700.12	22086.10	4330.01	2344.68	20100.77		
(ii) Intangible assets										
Goodwill (Refer note 43)	-	3383.29	-	3383.29	-	-	253.75	253.75	3129.54	-
Trademarks (Refer note 43)	-	1285.20	-	1285.20	-	-	96.39	96.39	1188.81	-
Total intangible assets	-	4668.49	-	4668.49	-	-	350.14	350.14	4318.35	-
Total Intangible assets previous year	-	-	-	-	-	-	-	-		
Total	36700.12	23240.01	7642.24	52297.89	20100.77	4629.43	3323.74	18795.08	33502.81	16599.35
Total previous year	39517.06	3828.67	6645.61	36700.12	22086.10	4330.01	2344.68	20100.77		

Notes :

- Buildings include ₹ 450/- (Previous year : ₹ 450/-) being the cost of shares in co-operative housing societies
- Additions include assets acquired on acquisition of Plastichemix Industries (Refer note 43)
- Deductions include fixed assets transferred on sale of Leather business (Refer note 42)

		31-12-14 ₹ Lakhs	31-12-13 ₹ Lakhs
12 NON-CURRENT INVESTMENTS			
(At cost)			
Trade (Quoted) :			
Investment in equity instruments of ₹ 10 each :			
Equity shares in Asahi Songwon Colors Limited		667.09	667.09
(No of equity shares : 718600 [Previous year : 718600])			
(Market value : ₹ 1000.65 Lakhs ; [Previous year : ₹ 486.85 Lakhs])			
		667.09	667.09
Other investments (Unquoted) :			
Investments in Bonds of ₹ 10000 each :			
6% Rural Electrification Corporation Limited Bonds		50.00	-
(No of Units : 500 [Previous year : Nil])			
		50.00	-
		717.09	667.09
13 LONG TERM LOANS AND ADVANCES			
(Unsecured, considered good)			
Capital advances		1588.58	1268.80
Security and other deposits		1250.17	1062.98
VAT and service tax recoverable		601.21	546.42
Prepaid expenses		8.69	15.92
Tax payments less provisions		3919.81	1631.22
Other loans and advances (staff loans)		58.22	79.03
		7426.68	4604.37

	31-12-14 ₹ Lakhs	31-12-13 ₹ Lakhs
14 CURRENT INVESTMENTS		
Current portion of long term investments (At cost) :		
Investments in Bonds of ₹ 10000 each : (Unquoted)		
6% Rural Electrification Corporation Limited Bonds	-	100.00
(No of Units : Nil [Previous year : 1000])		
	-	100.00
Other current investments		
(At lower of cost and fair value)		
Investment in mutual funds : (Unquoted)		
AXIS mutual fund	-	900.33
Baroda Pioneer mutual fund	676.75	957.46
Birla Sun Life mutual fund	-	1892.28
Canara Robeco mutual fund	-	980.44
Deutsche mutual fund	-	992.31
Franklin Templeton mutual fund	-	1767.30
HDFC mutual fund	907.62	1984.90
HSBC mutual fund	-	966.91
ICICI Prudential mutual fund	-	971.21
IDFC mutual fund	-	966.75
IDBI mutual fund	-	966.73
JM Financial mutual fund	-	926.71
JP Morgan mutual fund	-	1932.57
L & T mutual fund	-	967.97
LIC mutual fund	500.00	966.73
Reliance mutual fund	-	1899.35
SBI mutual fund	-	1945.18
Sundaram mutual fund	500.00	2017.23
Tata mutual fund	-	966.79
Taurus mutual fund	-	1003.62
	2584.37	25972.77
	2584.37	26072.77
15 INVENTORIES		
(Valued at the lower of cost and net realisable value)		
Raw materials (includes goods in transit ₹ 338.72 Lakhs [Previous year ₹ 199.13 Lakhs])	5253.94	4783.97
Packing materials	134.42	157.79
Work-in-progress		
Pigments and Colors	2287.67	2149.66
Dyes and Specialty Chemicals	4.21	193.99
	2291.88	2343.65
Finished goods		
Pigments and Colors	6282.26	4057.91
Dyes and Specialty Chemicals	289.01	1037.45
	6571.27	5095.36
Stock-in-trade (includes goods in transit ₹ 316.10 Lakhs [Previous year ₹ 560.77 Lakhs])		
Pigments and Colors	1199.18	891.64
Dyes and Specialty Chemicals	452.33	956.44
	1651.51	1848.08
Stores and spares	431.68	334.36
	16334.70	14563.21

	31-12-14 ₹ Lakhs	31-12-13 ₹ Lakhs
16 TRADE RECEIVABLES		
Outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	4.04	1.68
Unsecured, considered good	144.35	33.11
Unsecured, considered doubtful	78.27	61.83
	226.66	96.62
Less: Provision for doubtful debts	78.27	61.83
	148.39	34.79
Other trade receivables		
Secured, considered good	213.83	481.39
Unsecured, considered good	15696.35	16406.32
	15910.18	16887.71
	16058.57	16922.50
17 CASH AND BANK BALANCES		
Cash and cash equivalents :		
Cash on hand	1.88	1.62
Cheques on hand	151.47	88.05
Balances with banks		
In current accounts	206.03	1043.45
Term deposits with original maturity of less than three months	100202.80	633.77
Other bank balances :		
Unpaid dividend accounts	583.16	492.68
	101145.34	2259.57
18 SHORT TERM LOANS AND ADVANCES		
(Unsecured, considered good unless otherwise stated)		
Security and other deposits	154.88	290.53
Prepaid expenses	73.51	86.77
Advances to suppliers	416.39	302.33
VAT credit receivable	166.32	237.70
Excise and customs duty recoverable	912.96	913.02
Balance with excise authorities	2100.53	1866.58
Tax payments less provisions	-	1347.44
Advances recoverable in cash or in kind or for value to be received		
Considered good	914.00	1115.18
Considered doubtful	14.34	5.48
	928.34	1120.66
Less: Provision for doubtful advances	14.34	5.48
	914.00	1115.18
	4738.59	6159.55
19 OTHER CURRENT ASSETS		
(Unsecured, considered good)		
Export incentives receivable	267.26	363.00
Accrued service revenue	129.79	391.95
Interest accrued on investments / Fixed deposits	17.06	3.02
	414.11	757.97

	2014 ₹ Lakhs	2013 ₹ Lakhs
20 SALES (NET)		
Manufactured goods:		
Pigments and Colors	64322.18	46315.72
Dyes and Specialty Chemicals	20848.42	47796.19
	85170.60	94111.91
Traded goods:		
Pigments and Colors	7460.63	6693.77
Dyes and Specialty Chemicals	8189.26	20514.57
	15649.89	27208.34
	100820.49	121320.25
21 OTHER OPERATING REVENUES		
Export incentives	542.56	861.47
Indenting commission	910.42	1185.53
Provision for doubtful debts /advances written back (Net)	0.39	-
Scrap sales	445.75	251.89
Services rendered	1880.73	1166.62
	3779.85	3465.51
22 OTHER INCOME		
Interest Income		
On bank deposits	72.87	38.17
Others (Includes interest on delayed payments, etc.)	48.00	97.32
Dividend income from investments		
Current investments	783.71	1239.72
Non-current investments	25.15	25.15
Profit on sale of investments (Net)		
Current investments	53.32	47.23
Non-current investments	-	242.65
Cash discounts	31.56	38.50
Rental income (Refer note 39)	195.04	25.86
Profit on sale of fixed assets (Net)	-	30.82
Exchange gain (Net)	108.48	-
Miscellaneous income	47.17	6.17
	1365.30	1791.59
23 COST OF MATERIALS CONSUMED *		
Raw materials consumed	56771.91	55867.21
Packing materials consumed	2693.76	3990.68
	59465.67	59857.89

* Cost of materials consumed is based on derived values.

	2014 ₹ Lakhs	2013 ₹ Lakhs
23a CATEGORY OF RAW MATERIALS CONSUMED		
Pigments	12596.48	9926.97
Ethoxylates and polyglycoles	2379.70	4075.29
Polymers	6965.48	3924.28
Phenol and its derivatives	2850.98	3440.39
Monomers	62.86	2109.93
Biocides	2094.70	3167.39
Others	29821.71	29222.96
	56771.91	55867.21
Indigenous	35671.90	36083.74
%	62.83	64.59
Imported	21100.01	19783.47
%	37.17	35.41
Total	56771.91	55867.21
%	100.00	100.00
24 PURCHASE OF STOCK-IN-TRADE		
Pigments and Colors	6128.74	6173.75
Dyes and Specialty Chemicals	8781.73	17360.23
	14910.47	23533.98
25 CHANGES IN INVENTORIES		
Opening inventories		
Finished goods	5095.36	5055.23
Stock-in-trade	1848.08	2719.27
Work - in - progress	2343.65	2209.95
	9287.09	9984.45
Less: On sale of business (Refer note 42)		
Finished goods	362.70	1239.91
Stock-in-trade	1277.71	1608.72
Work - in - progress	208.92	152.70
	1849.33	3001.33
Add: On acquisition of business (Refer note 43)		
Finished goods	747.26	-
	747.26	-
Less: Closing inventories		
Finished goods	6571.27	5095.36
Stock-in-trade	1651.51	1848.08
Work - in - progress	2291.88	2343.65
	10514.66	9287.09
	(2329.64)	(2303.97)
26 EMPLOYEE BENEFITS EXPENSE		
Salaries, wages, bonus, etc.	7717.72	7973.87
Contribution to provident and other funds [Refer note 36(b)]	771.58	908.58
Staff welfare expenses	1301.35	1233.17
	9790.65	10115.62

	2014 ₹ Lakhs	2013 ₹ Lakhs
27 FINANCE COSTS		
Interest - others	112.80	179.94
	112.80	179.94
28 OTHER EXPENSES		
Stores and spare parts etc. consumed	674.45	736.59
Repairs and maintenance :		
Plant and machinery	1157.75	1063.08
Buildings	278.17	243.92
Others	254.71	207.60
Power and fuel	5495.77	5409.51
Rent (including lease payments) (Refer note 39)	1357.50	662.43
Rates and taxes (including water charges)	524.61	447.28
Insurance	211.74	238.06
Clearing, forwarding and transport	2153.98	3181.28
Travelling and conveyance	1343.46	1900.21
Commission	298.54	149.37
Other discounts on sales	127.87	1038.44
Royalty	129.49	131.02
Legal and consultancy	633.51	659.93
Information technology services	1545.81	1479.79
Payment to statutory auditors * :		
As auditors	20.00	28.00
For other services	26.06	27.55
For reimbursement of expenses	1.04	0.90
Loss on sale of fixed assets (Net)	166.99	-
Fixed assets / CWIP written-off	132.91	140.50
Provision for doubtful debts/advances (Net)	-	2.12
Excise duty (Refer note 1(c))	81.51	(20.19)
Exchange loss (Net)	-	191.85
Miscellaneous expenses	3693.33	3576.79
	20309.20	21496.03

* Includes ₹ 11.01 Lakhs paid to previous auditors for other services.

29 EXCEPTIONAL ITEMS, CREDIT (NET)		
One time compensation to consultants of the acquired business	140.00	-
IT infrastructure set up costs	384.75	-
Profit on sale of Kolshet site (Refer note 44)	(108548.52)	-
Profit on sale of Leather business (Refer note 42)	(10408.63)	-
Profit on sale of TPE business (Refer note 42)	-	(11444.52)
Non compete fees in relation to business acquisition	73.90	-
Abandoned project write offs	-	219.89
	(118358.50)	(11224.63)

	31-12-2014 ₹ Lakhs	31-12-2013 ₹ Lakhs
30 CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)		
(a) Contingent liabilities :		
(i) in respect of income tax matters	665.97	1681.25
(ii) in respect of sales tax / VAT matters	13687.01	5366.10
(iii) in respect of excise / service tax matters	1024.86	1107.99
(iv) in respect of bills of exchange discounted with banks (since realised ₹ 506.89 Lakhs [₹ 581.62 Lakhs])	506.89	581.62
(v) Other matters in dispute	209.82	186.77
In respect of above items, future cash outflows, if any are determinable only on receipt of judgements pending at various forums/authorities.		
(b) Commitments :		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	984.53	1924.74
(ii) Others - amount of future minimum lease payments under non-cancellable operating leases (Refer note 39)	6884.56	3580.22

31 DISCLOSURE IN RESPECT OF DERIVATIVE INSTRUMENTS :

The Company uses forward contracts to hedge against its foreign currency exposure in respect of purchases, as and when considered appropriate. The company does not enter into any forward contracts which are intended for trading or speculative purposes. There are no forward contracts outstanding as at the year end. The year end foreign currency exposures that have not been hedged are as given below :

	31-12-2014		31-12-2013	
	Amount in foreign currency	Amount ₹ Lakhs	Amount in foreign currency	Amount ₹ Lakhs
(i) Amount receivable on account of export of goods and services				
Currency				
USD	5255520	3311.59	8145335	5038.78
EUR	64203	49.32	17865	15.22
CHF	-	-	1976	1.37
		3360.91		5055.37
(ii) Amount payable on account of import of goods and services				
Currency				
USD	1898866	1196.64	3485833	2156.36
EUR	1762149	1349.72	1905577	1623.25
CHF	580868	369.94	313652	217.78
JPY	16200000	85.56	16200000	95.41
		3001.86		4092.80

	2014 ₹ Lakhs	2013 ₹ Lakhs
32 VALUE OF IMPORTS ON CIF BASIS :		
(a) Raw materials	20416.50	18653.57
(b) Components and spare parts	146.62	54.94
(c) Capital goods	2092.61	531.23

33 EXPENDITURE IN FOREIGN CURRENCY (subject to deduction of tax where applicable) :		
(a) Commission	19.81	20.33
(b) Interest	18.78	44.66
(c) Information technology services (Includes capitalised ₹ 586.50; Previous year: ₹ 780.73)	1973.36	2246.49
(d) Royalty	129.49	131.02
(e) Legal and consultancy	219.55	993.36
(f) Other expenses	268.93	303.08

		2014 ₹ Lakhs	2013 ₹ Lakhs
34	EARNINGS IN FOREIGN EXCHANGE :		
	(a) Exports (FOB)	25501.15	32157.75
	(b) Others (services rendered, commission, insurance, freight, etc.)	2263.62	3299.04
35	REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND :		
	Number of non-resident shareholders where direct remittances have been made by the Company	3	3
	Number of shares of ₹ 10/- each on which dividend is remitted	1,69,02,080	1,69,02,080
	Year to which dividend relates		
	2014 (Interim)	6591.81	-
	2013 (Final)	3380.42	-
	2013 (Interim)	-	1690.21
	2012 (Final)	-	2957.86
36	EMPLOYEE BENEFITS :		
		2014 ₹ Lakhs	2013 ₹ Lakhs
		Funded	Unfunded
(1)	Defined benefits plans - As per actuarial valuation as on 31st December, 2014		
(a)	Gratuity		
(i)	Expenses recognised in the Statement of Profit and Loss for the year		
	1. Current service cost	127.00	7.49
	2. Interest cost	207.21	14.26
	3. Expected return on plan assets	(157.26)	-
	4. Net actuarial (gain)/loss recognised during the year	1.58	7.34
	5. Past service cost	-	-
	6. Expense recognised in Statement of Profit and Loss	178.53	29.09
	[Gratuity expense has been recognised in Contribution to provident and other fund in Note 26 “Employee benefits expense”]		
(ii)	Actual return on plan assets for the year		
	1. Expected return on plan assets	157.26	-
	2. Actuarial gain/(loss) on plan assets	44.05	-
	3. Actual return on plan assets	201.31	-
(iii)	Net Asset/(Liability) recognised in the Balance Sheet as at the year end		
	1. Present value of the defined benefit obligation	2200.11	209.62
	2. Fair value of plan assets	1806.29	-
	3. Net Asset/(Liability) recognised in the balance sheet	(393.82)	(209.62)
(iv)	Change in defined benefit obligation during the year		
	1. Present value of obligation at the beginning of the year	2432.48	63.19
	2. Current service cost	127.00	7.49
	3. Interest cost	207.21	14.26
	4. Benefits Paid	(375.14)	(11.89)
	5. Actuarial (gain)/loss on obligation	45.63	7.34
	6. Transfer out on sale of Business (Refer note 42)	(237.07)	-
	7. Transferred on account of business acquisition (Refer note 43)	-	129.23
	8. Past service cost	-	-
	9. Present value of obligation as at the end of the year	2200.11	209.62

		2014 ₹ Lakhs		2013 ₹ Lakhs	
		Funded	Unfunded	Funded	Unfunded
36	EMPLOYEE BENEFITS (contd.)				
(v)	Changes in fair value of plan asset during the year				
	1. Fair value of plan assets as at the beginning of the year	2070.62	-	2501.51	-
	2. Expected return on plan assets	157.26	-	191.89	-
	3. Contributions made	146.57	-	305.06	-
	4. Transfer out to be made on sale of Business (Refer note 42)	(237.07)	-	(746.47)	-
	5. Benefits paid	(375.14)	-	(224.82)	-
	6. Actuarial gain/(loss) on plan assets	44.05	-	43.45	-
	7. Fair value of plan assets as at the end of the year	1806.29	-	2070.62	-
(vi)	Major categories of plan assets as a percentage of total plan assets				
	1. Central government securities	30.16%	-	27.89%	-
	2. State government securities	14.45%	-	12.62%	-
	3. Private sector bonds	37.09%	-	34.22%	-
	4. Cash at bank	0.03%	-	2.46%	-
	5. Insurer managed funds	25.64%	-	32.14%	-
	6. Others*	-7.37%	-	-9.33%	-
	*Represents transfer out to be made on sale of Business net of other assets.				
(vii)	Actuarial assumptions				
	1. Discount rate	8.20%	8.20%	8.80%	8.80%
	2. Expected rate of return on plan assets	8.00%	-	8.00%	-
	3. Salary escalation	6.0%-8.0%	6.0%-8.0%	6.0%-8.0%	6.0%-8.0%
(viii)	The company expects to contribute ₹ 215.05 Lakhs (Previous year : ₹ 200.00 Lakhs) to the funded gratuity plans in the next year.				
(ix)	Net assets/(liability) recognised in the balance sheet as at respective year ends and experience adjustments:				
	Particulars	(₹ in Lakhs)			
	Funded	2014	2013	2012	2011
	1. Present value of defined benefit obligation	2200.11	2432.48	2942.99	2405.14
	2. Fair value of plan assets	1806.29	2070.62	2501.51	2257.68
	3. Funded status [surplus/(deficit)]	(393.82)	(361.86)	(441.48)	(147.46)
	4. Experience adjustment arising on:				
	a. Plan liabilities	(41.41)	155.53	119.00	(165.16)
	b. Plan assets	44.05	43.45	13.03	52.95
	Unfunded				
	1. Present value of defined benefit obligation	209.62	63.19	45.57	43.58
	2. Fair value of plan assets	-	-	-	-
	3. Funded status [surplus/(deficit)]	(209.62)	(63.19)	(45.57)	(43.58)
	4. Experience adjustment arising on:				
	a. Plan liabilities	(19.94)	3.32	0.41	(23.31)
	b. Plan assets	-	-	-	-
(x)	Gratuity is administered through duly constituted and approved independent trusts and also through Group gratuity scheme with Life Insurance Corporation of India.				
(xi)	Future salary increases considered in actuarial valuation take in to account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.				
(xii)	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.				

	2014 ₹ Lakhs	2013 ₹ Lakhs
36 EMPLOYEE BENEFITS (contd.)		
(b) Other long term benefits		
The defined benefit obligations which are provided for but not funded are as under:		
Compensated Absences	934.42	861.76
(c) As per the actuarial valuation report, there is no liability as at the balance sheet date towards the Company's obligation to make good the shortfall in interest rate as compared to statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952.		
(2) During the year the Company has recognised the following amounts in Note 26 "Employee benefits expense"		
Salaries, wages, bonus includes compensated absences	275.39	179.29
Contribution/Provision for provident fund, superannuation scheme, gratuity fund etc. includes :		
Provident fund & family pension	310.37	332.18
Superannuation fund	246.28	316.09
Gratuity fund	207.62	254.76
Other funds	7.31	5.55
Total	771.58	908.58

37 RELATED PARTY DISCLOSURES AS REQUIRED BY AS-18 "RELATED PARTY DISCLOSURES" ARE GIVEN BELOW :-

(a) **Enterprises where control exists:**

- (i) Ultimate Holding Company
 - Clariant AG, Switzerland
- (ii) Principal Shareholders (subsidiaries of the ultimate holding Company) :
 - EBITO Chemiebetteilungen AG
 - Clariant Participations AG
 - Clariant International AG

(b) **Other related parties in the Clariant group with whom the Company has transactions:**

Fellow subsidiary companies :

Clariant (China) Ltd.	Clariant Masterbatches (Deutschland) GmbH
Clariant (Japan) K.K.	Clariant Masterbatches (Italia) S.p.A.
Clariant (Malaysia) Sdn Bhd	Clariant Masterbatches (Saudi Arabia) Ltd.
Clariant (Mexico) S.A. de C.V.	Clariant Masterbatches (Shanghai) Ltd.
Clariant (Pakistan) Ltd. (Related Party till 30.09.2013)	Clariant Masterbatches (Thailand) Ltd.
Clariant (Singapore) Pte. Ltd.	Clariant Masterbatches Benelux SA
Clariant (Thailand) Ltd.	Clariant Masterbatches Norden AB
Clariant (Tianjin) Ltd. (Related Party till 30.09.2013)	Clariant Masterbatches (France)
Clariant (Türkiye) Boya ve Kimyevi Maddeler Sanayi ve Ticaret A.S.	Clariant Prodotti (Italia) S.p.A.
Clariant Chemicals (China) Ltd.	Clariant Produkte (Deutschland) GmbH
Clariant Chemicals (Huizhou) Co., Ltd.	Clariant Produkte (Schweiz) AG
Clariant Chemicals (Taiwan) Co., Ltd.	Clariant S.A.
Clariant Chemicals Pakistan (Pvt) Ltd.(New Company wef 30.09.2013)	Italtinto S.r.l.
Clariant Corporation	PT Clariant Indonesia
Clariant Ibérica Producción S.A.	Clariant India Private Limited
Clariant Masterbatch Ibérica S.A.	

(c) **Key management personnel :**

Executive Directors

- P. Palm (upto 26.04.2013)
- Dr. D. Parikh (from 01.02.2013)
- B.L. Gaggar (from 16.07.2013)

	2014 ₹ Lakhs	2013 ₹ Lakhs
Transactions entered into with related parties during the year and balances as at the year end:		
(i) Principal Shareholders :		
Transactions during the year :		
Clariant International AG		
Purchase of goods	6938.86	8424.71
Indenting commission received	460.94	583.24
Services rendered	469.89	490.02
Information technology service charges	1019.04	1162.95
Royalty expense	129.49	131.02
Expenses recovered	124.34	11.12
Dividend paid	3584.25	1670.63
EBITO Chemiebeteteiligungen AG		
Dividend paid	4818.58	2245.95
Clariant Participations AG		
Dividend paid	1569.40	731.50
Balances outstanding as at the year end :		
Trade payables	1387.12	1760.10
Trade receivables	181.51	108.31
(ii) Fellow subsidiaries :		
Transactions during the year :		
Sales of goods		
Clariant (Singapore) Pte. Ltd.	23473.88	32433.44
Clariant (Pakistan) Ltd.	-	360.68
Others	121.29	22.97
Purchase of goods		
Clariant (China) Ltd.	2271.24	2545.79
PT Clariant Indonesia	56.32	382.15
Others	449.41	922.49
Rental income		
Clariant India Private Limited	146.31	-
Security deposit received for rent		
Clariant India Private Limited	57.87	-
Services rendered		
Clariant Produkte (Schweiz) AG	-	4.45
PT Clariant Indonesia	2.40	50.14
Clariant (Singapore) Pte. Ltd.	-	44.78
Clariant Produkte (Deutschland) GmbH	-	105.35
Clariant India Private Limited	118.11	-
Others	0.77	3.07
Indenting Commission received		
Clariant (China) Ltd.	133.19	15.79
PT Clariant Indonesia	-	6.54
Clariant Masterbatches (Thailand)	11.32	11.50
Clariant (Singapore) Pte. Ltd.	2.82	1.58
Others	14.24	12.51

	2014 ₹ Lakhs	2013 ₹ Lakhs
Transactions entered into with related parties during the year and balances as at the year end: (contd.)		
(ii) Fellow subsidiaries : (contd.)		
Transactions during the year : (contd.)		
Commission Paid		
Clariant SA	-	3.90
Clariant (Pakistan) Ltd.	0.75	5.55
Clariant Chemicals Pakistan (Pvt.) Ltd.	2.06	-
Expenses recovered		
Clariant Corporation	-	24.06
Clariant (China) Ltd.	17.43	40.53
Clariant Masterbatches (France)	2.47	-
Clariant India Private Limited	1224.77	-
Others	0.99	0.74
Reimbursement of IT infrastructure set up cost		
Clariant India Private Limited	266.42	-
Balances outstanding as at the year end :		
Trade payables	394.90	653.40
Trade receivables	4225.84	4849.13
(iii) Key management personnel :		
Remuneration		
Dr. D. Parikh	793.31	488.78
B. L. Gaggar	173.49	71.91
P. Palm	-	75.89
Payable balance :	174.44	20.57

38 SEGMENT INFORMATION :

(As required by Accounting Standard (AS) - 17 Segment Reporting) :

(a) The Company is organised into two primary business segments as follows:

(i) **Pigments and Colors :**

Includes pigments, pigment preparations, additives and masterbatches.

(ii) **Dyes and Specialty Chemicals :**

Includes dyestuff, synthetic resins, binder materials, functional effects and coating, auxiliaries and chemicals.

(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 risks and returns, the organisation structure, and the internal financial reporting system.

(d) (i) **Segment revenue and results :**

Segment revenue and expenses are directly attributable to segments. It does not include interest income, interest expense and income tax. Revenue and expenses which relate to the company as a whole and are not allocable to segments on a reasonable basis have been included under "Unallocated corporate expenses (Net)".

(ii) **Segment assets and liabilities :**

Segment assets include all operating assets used by the business segments and consist principally of fixed assets, trade receivable and inventories. Segment liabilities primarily include trade payables and other current and non-current liabilities.

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:						
	2014 ₹ Lakhs			2013 ₹ Lakhs		
	Pigments and Colors	Dyes and Specialty Chemicals	Total	Pigments and Colors	Dyes and Specialty Chemicals	Total
Revenue (net)						
External sales	71782.81	29037.68	100820.49	53009.49	68310.76	121320.25
Results						
Segment results	1073.02	1202.00	2275.02	5075.58	6624.79	11700.37
Unallocated corporate expenses (net)			(1900.34)			(302.74)
Operating profits			374.68			11397.63
Interest Income			120.87			135.49
Finance costs			(112.80)			(179.94)
Profit before exceptional items and taxation			382.75			11353.18
Exceptional items (Refer note 29)			118358.50			11224.63
Profit before taxation and after exceptional items			118741.25			22577.81
Current tax			(25008.15)			(5715.00)
Deferred tax			(316.38)			(185.97)
Tax adjustments of prior years (net)			914.83			-
Profit after tax			94331.55			16676.84
Other information						
Segment assets	66733.02	6202.25	72935.27	36552.78	17940.54	54493.32
Unallocated corporate assets			111305.00			36661.87
Total assets			184240.27			91155.19
Segment liabilities	18374.73	1119.02	19493.75	11708.98	9151.42	20860.40
Unallocated corporate liabilities			25144.91			12859.95
Total liabilities			44638.66			33720.35
Capital expenditure	21606.17	1495.38	23101.55	4344.72	2941.24	7285.96
Unallocated corporate capital expenditure			19.32			6.20
Total capital expenditure			23120.87			7292.16
Depreciation / Amortisation	3094.65	207.16	3301.81	1408.90	918.89	2327.79
Unallocated corporate depreciation			21.93			16.89
Total depreciation/amortisation			3323.74			2344.68
Non cash expenses other than						
Depreciation/amortisation	328.56	23.41	351.97	340.21	139.51	479.72
Unallocated corporate non cash expenses other than depreciation/amortisation			11.88			47.08
Total Non cash expenses other than depreciation/amortisation			363.85			526.80

Information about secondary segments:

	2014 ₹ Lakhs			2013 ₹ Lakhs		
	India	Outside India	Total	India	Outside India	Total
External sales	74556.20	26264.29	100820.49	87884.58	33435.67	121320.25
Carrying amount of segment assets	69574.36	3360.91	72935.27	49437.95	5055.37	54493.32
Additions to tangible and intangible assets	23101.55	-	23101.55	7285.96	-	7285.96

	2014 ₹ Lakhs	2013 ₹ Lakhs
39 OPERATING LEASES :		
As Lessee :		
(a) Lease payments recognised as rent in the Statement of Profit and Loss for the year in respect of (Refer note 28) :		
Premises, vehicles and computers		
[includes minimum lease payments ₹ 898.55 Lakhs (Previous year ₹ 348.31 Lakhs)]	1357.50	662.43
(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) Some of the agreements provide for increase in rent.		
(d) Some of the agreements provide for early termination by either party with a notice period which varies from 1 month to 9 months.		
(e) Under some of the agreements, refundable interest free deposits have been given.		
(f) Contingent rent payments in respect of vehicles are dependent upon the excess of actual usage, if any, over stipulated usage.		
(g) The total of future minimum lease payments under non-cancellable operating leases are as follows:		
For a period not later than one year	651.01	885.27
For a period later than one year and not later than five years	2873.29	2694.95
Later than five years	3360.26	-
Total [Refer note 30 (b) (ii)]	6884.56	3580.22

As Lessor :

The company has given certain buildings on operating lease to third parties. The lease arrangements are for 11 months to 4 years are cancellable and are generally renewable by mutual consent or mutually agreeable terms. The rental income of ₹ 195.04 (Previous year ₹ 25.86) on such lease is included in Other Income (Refer note 22).

40 EARNINGS PER SHARE :		
(a) Number of equity shares outstanding	2,66,60,745	2,66,60,745
(b) Face value per share (In ₹)	10.00	10.00
(c) Net profit for the year (Total operations) (₹ Lakhs)	94331.55	16676.84
(d) Basic and diluted earnings per share (In ₹) (Total operations)	353.82	62.55
(e) Net profit for the year from continuing operations (₹ Lakhs)	93565.66	13121.95
(f) Basic and diluted earnings per share (In ₹) (Continuing operations)	350.95	49.22

41 Disclosures as required under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act). This information has been determined to the extent such parties have been identified on the basis of intimations received from suppliers. This has been relied upon by the auditors.

	31-12-2014 ₹ Lakhs	31-12-2013 ₹ Lakhs
(a) Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	665.15	200.96
(b) Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	28.87	-
(c) Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	1934.82	-
(d) Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
(e) Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
(f) Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	-
(g) Further interest remaining due and payable for earlier years	-	-

42 DISCONTINUING OPERATIONS

- (a) In accordance with the approval of the shareholders, the Company has executed the Business Transfer Agreement dated April 30, 2014 and has sold/transferred on May 01, 2014 the business of Leather Services included in the Dyes and Specialty Chemicals Segment, including production facility at Kanchipuram in Tamil Nadu and laboratories, along with employees, assets and liabilities on a going concern basis by way of a slump sale to Stahl India Private Ltd. for an aggregate consideration of ₹ 15600 Lakhs. The profit on sale of the Leather Services business amounting to ₹ 10408.63 Lakhs is shown as an Exceptional Item (Refer note 29). The Capital gains tax arising from the transaction is included in "Tax Expense".
- (b) The company has sold its Textile Chemicals, Paper Specialities and Emulsions business (TPE business), relating to Dyes and Specialty Chemicals Segment to Archroma India Private Ltd. on September 30, 2013.
- (c) Necessary information relating to the discontinuing operations is as follows

	31.12.2014		31.12.2013	
	₹ Lakhs		₹ Lakhs	
	TPE	Leather	TPE	Leather
Revenue	-	8470.56	32244.29	22751.06
Expenditure	-	7309.67	28468.50	21204.96
Profit before tax	-	1160.89	3775.79	1546.10
Tax Expense	-	395.00	1247.00	520.00
Profit after tax	-	765.89	2528.79	1026.10
Total Assets	-	-	-	6496.03
Total Liabilities	-	-	-	5884.60
Net cash from operating activities	-	(2994.65)	1194.30	2782.34
Net cash from investing activities	-	(606.55)	(1407.34)	(978.85)
Net cash from financing activities	-	-	-	-

- 43** The Company after obtaining necessary approval from the Board of Directors acquired all assets and liabilities including Intangible assets such as trademarks, skilled manpower, contracts, processes and methodologies of the Masterbatches business from a partnership firm "M/s Plasticchemix Industries" vide Business Transfer agreement dated April 30, 2014 with effect from May 01, 2014, on a going concern basis for a total consideration of ₹ 13102.20 Lakhs. The excess of consideration paid to M/s Plasticchemix Industries, over the fair value of the net assets taken over, has been accounted as Goodwill (Refer note 11) which is amortised over its estimated useful life of 10 years.
- 44** In accordance with the approval of the shareholders, the Company has entered into an Agreement dated April 15, 2014 to sell land aggregating about 87 acres, together with the buildings and structures standing thereon, located at Thane, on an "as is where is" basis to M/s Ishwer Realty and Technologies Private Limited (a subsidiary of Lodha Developers Private Limited) for a full and final consideration of ₹ 110250 Lakhs (as against originally agreed consideration of ₹ 115425 Lakhs). The company has concluded the sale and has received the full and final consideration on the closing date December 31, 2014. The profit of ₹ 108548.52 Lakhs arising on sale of Land is shown as an Exceptional Item (Refer note 29). The Capital gains tax arising from the transaction is included in "Tax Expense".
- 45** The Company is legally advised, that the provisions of Section 196, 197, 203 and Schedule V of the Companies Act, 2013 in respect of managerial remuneration do not apply to the Company for the year ended December 31, 2014 as the current financial year commenced prior April 1, 2014. Accordingly, based on the provisions of Section 198 and 310 of the Companies Act, 1956 and read with Notification GSR 534 (E) dated July 14, 2011 issued by Ministry of Corporate Affairs, the Company has not considered it necessary to make an application to Central Government for managerial remuneration paid during the year [Refer note 37(iii)] which is in excess of the limits specified in Schedule XIII to the Companies Act, 1956.
- 46** Pursuant to the sale of Leather Services business in the current year and sale of TPE Business in the previous year (Refer note 42) and acquisition of Masterbatches business in current year (Refer note 43), the figures of the current year are not strictly comparable with those of the previous year. Figures for the previous year have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

In terms of our report attached

For Price Waterhouse Chartered Accountants LLP
 Firm Registration Number: 012754N / N500016
 (Formerly Price Waterhouse, Firm Registration Number: 012754N)

Pradip Kanakia
 Partner
 Membership No. 39985

Mumbai, 12th February, 2015

For and on behalf of the Board,

B. Patel Chairman
 D. Parikh Vice- Chairman & Managing Director
 Y. H. Malegam Director
 I. Shahani Director
 B. L. Gaggar Executive Director Finance & Company Secretary

Mumbai, 12th February, 2015

FINANCIAL PERFORMANCE

10 Years' Highlights

(₹ Million)

		Financial Year Ended 31st December									Financial Year Ended 31st March
		2014	2013	2012	2011	2010	2009	2008	2007	****2006	***2006
I	OPERATING RESULT										
	Gross Sales	10824.8	12900.1	11459.9	10158.6	10347.6	9732.2	10014.5	9517.1	7538.9	9246.5
	Net Sales	10082.0	12132.0	10712.3	9560.8	9747.1	9213.4	9163.9	8614.4	6870.4	8479.1
	Gross Earning Before Depreciation/ Impairment and Taxation	+370.6	+1369.8	+1547.1	+1722.0	+1895.1	+2079.4	+1375.7	+1021.3	+655.7	893.1
	Profit Before Taxation	#11874.1	#2257.8	#1423.1	#3954.1	#1653.2	#1631.1	#1072.9	#493.3	#507.8	648.4
	Profit After Taxation	9433.2	1667.7	1013.0	3040.4	1124.2	1081.4	674.8	317.9	328.7	403.9
	Equity Dividend	1039.8	799.8	733.2	1599.6	799.8	666.5	506.6	266.6	479.9	293.3
II	FINANCIAL POSITION										
	Gross fixed Assets@	5520.4	4051.8	4088.3	3944.1	3554.8	3556.6	3985.1	3819.6	3831.7	3850.2
	Net Fixed Assets@	3640.9	2041.7	1879.7	1853.8	1592.4	1527.3	1646.0	1719.1	1651.8	1601.6
	Investments	330.1	2674.0	2346.5	2665.1	1918.4	1245.0	578.4	294.3	465.0	1132.6
	Net Current Assets	10187.6	1100.2	842.8	383.0	159.8	698.5	1008.3	1164.8	1128.2	1198.7
	Equity	266.6	266.6	266.6	266.6	266.6	266.6	266.6	266.6	266.6	**266.6
	Reserves	13693.6	5476.9	4748.5	4587.7	3404.4	3211.3	2909.8	2827.6	2835.8	3054.4
	Shareholders' Fund	13960.2	5743.5	5015.1	4854.3	3671.0	3477.9	3176.4	3094.2	3102.4	3321.0
	Loans and Deferred Payment Credits	94.5	-	-	2.0	10.5	20.5	30.9	40.7	62.1	559.4
	Capital Employed	13960.2	5743.5	5015.1	4856.3	3681.5	3498.4	3207.3	3134.9	3164.5	3880.4
III	PER EQUITY SAHRES										
	Earning ₹	#353.82	#62.55	#38.00	#114.04	#42.16	#40.56	#25.31	#11.92	#12.33 Not Annualised	15.15
	Dividend	39.0	30.0	27.5	60.0	30.0	25.0	19.0	10.0	18.0	11.0

After exceptional items.

+ Before exceptional items.

** Including share capital suspense account.

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

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

@ Include Capital Advances.

CLARIANT CHEMICALS (INDIA) LIMITED

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