

**Minutes of the Fifty- seventh Annual General Meeting of Clariant Chemicals (India) Ltd. held at Hotel Satkar Residency Thane, on Tuesday, May 6, 2014 at 4.00 p.m.**

**Present:**

Mr. R.A. Shah	-	Chairman
Dr. D. Parikh	-	Vice-Chairman & Managing Director
Dr.(Mrs.) I. Shahani-		Director
Mr. H. Dierssen	-	Director
Mr. A. Muench	-	Director
Mr. V. Bernhardt	-	Director
Mr. B. L. Gagar	-	Executive Director- Finance & Company Secretary
Mr. U. Neogi	-	Partner, M/s. Deloitte Haskins & Sells Chartered Accountants, Statutory Auditor

EBITO Chemieeteiligungen AG, Clariant International Ltd and Clariant Participations Limited by their representative Mr. A. Muench and 111 members present in person and/or through their proxies.

**Statutory Records:**

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

- ◆ Minute Book of Annual General Meeting
- ◆ Register of Proxies with Proxies
- ◆ Register of Directors' Shareholding
- ◆ Signed copy of the
  - Balance Sheet as at December 31, 2013
  - Statement of Profit and Loss for the year ended December 31, 2013
  - Directors' Report
  - Auditors' Report
- ◆ Report on Corporate Governance
- ◆ Memorandum & Articles of Association of the Company

The Chairman welcomed the members to the 57<sup>th</sup> Annual General Meeting of the Company and informed that the Company has received representations and proxies for 1,73,44,303 shares representing approx. 65.05% of the paid up capital of the Company and called the meeting to order as the requisite quorum for the meeting was present.



### **Notice and Auditors' Report**

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

### **Chairman's Statement**

The Chairman highlighted on 13.3% absolute growth in sales from 2012 to 2013 and informed that during the year, the Company divested the Textile, Paper and Emulsion (TPE) business that contributed approximately 35% to net sales, at a consideration of Rs. 209 crore.

He further informed that considering the long-term strategy and overall objective to deliver sustainable growth and profit, the Company decided to sell the leather services to M/s. Stahl India Private Limited, an affiliate of Stahl Holdings B.V. Group, for a consideration of Rs. 156 crores.

After divesting the cyclical and non-strategic business, the Company will continue to remain focused on core specialty chemicals businesses, including Pigments, Industrial and Consumer Specialties, Masterbatches, Additives, and Mining Services.

To increase the foothold in the growing business of Masterbatches, the Company acquired M/s. Plstichemix Industries for Rs. 135 crores. With this acquisition the Company is now one of the leading Masterbatches producer in India, with manufacturing operations in Nandesari, Kalol and Rania in Gujarat, in addition to Vashere in Maharashtra.

With a view to unlock the value of the real estate, the Company entered into an agreement to sell the land located in Kolshet, Thane aggregating to about 87 acres to M/s Ishwer Realty and Technologies Private Limited (a subsidiary of Lodha Developers Private Limited) for an aggregate consideration of Rs.1154.25 crores.

In order to enhance the production capacity, the Company proposes to make capital investment of about Rs. 100 crore which include the expansion of production capacity in Roha and Cuddalore by approx.50%.

The Company relocated its manufacturing operations for Masterbatches from Kolshet, Thane to Renaissance Warehouse Park situated at village Vashere, Bhiwandi, in December 2013.



In view of the proposed shifting of its offices from Kolshet to Airoli, the Company also plans to shift its registered office to Reliable Tech Park, Airoli in Navi Mumbai.

**Some of the business performance highlights for 2013 include:**

- Domestic sales grew by 10%, whereas exports sales were up by 23%.
- Increase in the cost of raw materials and escalation in other operating costs resulted in lower Profit before Depreciation, Interest and Taxes (PBDIT) from 15% to 11%.
- The Company remains a zero-debt company.
- Efficient management of working capital resulted in a net working capital (NWC) to sales ratio of 12%.
- A sum of Rs. 261 crores stands invested in debt schemes of mutual funds as at the year end.

The results for 2013 reflect the strength of the company despite a highly competitive and challenging economic environment.

Mr. Shah stated that during the year, the directors had declared an interim dividend of Rs. 10/- per and considering sustained performance for the year, the Board of Directors recommended a final dividend of Rs. 20/- per share. Total dividend together with the interim dividend, for the year amounts to a record Rs. 30.00 per share (300%)

Addressing the shareholders, Dr. Deepak Parikh, the Vice-Chairman and Managing Director informed and touched upon the following:

Clariant is an organization focused on performance. 2013 was the year of hyper-growth for Clariant in India.

- The TPE business contributing approximately 35% to net sales was divested during the year..
- On a like-to-like basis, growth in sales was a record 25.3% over the previous year. Our core business units all showed tremendous results:
- Industrial and consumer specialties saw 22.9% growth



- Masterbatches grew 25.9% to nearly Rs. 110 crore in sales
- Pigments saw more than 27.3% growth to sales of Rs.407 crore

Aggressive pursuit of growth widened the horizon in terms of product offerings and the topline growth increase at a rate more than 5 times of the GDP.

Dr. Parikh stressed upon the six pillars of achievements in 2013 that have strengthened long-term growth strategy of the Company in India:

- The Company has been able to make up the resulting decline in sales from divestment of TPE business by focusing on growth in our core business units.
- The move to sale leather business to Stahl India Pvt. Ltd. for Rs. 156 crores strategically aligns our long-term strategy and consolidate our overall place in the market with strong, future-oriented perspective and growth.
- With a view to unlocking the market value of our real estate, the Company executed agreement to sell the Kolshet land for Rs. 1,154 crore, generating considerable profit for the company as well as the shareholders.
- The Company has invested heavily into pigments, masterbatches and Industrial Consumer Specialties. In masterbatches, it has completed the acquisition of Plasticemix, expanding Clariant's geographic reach into Gujarat and making it one of the largest specialty masterbatches providers.
- In addition, by strategically investing approximately Rs.100 crore, Clariant is looking to enhance its production capacity in Roha and Cuddalore by approximately 50%.
- The commitment to global best practices in safety, productivity and innovation has helped to deliver sustainable results.

Dr. Parikh explained that the top 10 priorities for the coming year include

- Improve margins and net profits.
- Pursue efficiency through cost control.



- Increase safety awareness.
- Further enhance productivity.
- Effectively integrate new projects as the Company continues to add capacity at facilities across India.
- Think Clariant Global, act Local for organic growth.
- Expand the geographical sales reach across the country.
- Live the values of creativity and innovativeness.
- Performance, People and Planet will continue to remain the top areas of focus for Clariant in 2014.

The Company is committed to follow make in India and sell in India, while simultaneously focusing on growing exports.

Dr. Parikh stated that he is very proud of highly talented and motivated set of people inside the company. He explained various activities undertaken during the last year to motivate and empower them.

Dr. Parikh informed that diversity of people is crucial and adds the much needed boost to the internal chemistries at work and that the Company has embarked on a drive to ensure a fair representation of female employees. Dr. Parikh welcomed Dr.(Mrs.) Indu Shahani as first lady director on the Board. Clariant employees represent more than 20 different states across India.

While highlighting the performance of the Company for the first quarter of the year 2014, he was happy to inform that the Company had a reasonably good performance, in spite of higher input costs, slow-down in demand and the impact of the divestment of the TPE businesses:

- Sales for the quarter was Rs. 274 crores as against Rs. 277 crores for the corresponding quarter of the previous year. Last year's Rs. 277 crores include the sales revenue from divested TPE businesses. On a like-to-like basis, the Sales recorded a growth of 48% over the previous year's quarter and thus the Company has recovered the loss of revenue due to the divestment of the TPE businesses.
- The Profit before Taxes and exceptional items is Rs.21.3 crores as against Rs. 4.3 crores in last quarter of the year 2013, a nearly fourfold increase in profit in one quarter.



He stated that the Company anticipates sustainable profitable growth and remains poised to seize opportunities that exist in the specialty chemical industry in India. Over the last year, the Company introduced a range of new products, which helped in generating sales revenue.

The Roha site was awarded with Cosmetics Good Manufacturing Practice (CGMP) certification. This signifies the plant's commitment to ensuring dependable products, processes and service at the local level. This is a testament of commitment to globally consistent products and processes that support efficient product development.

Dr. Parikh announced that the Company's core Business Units of Pigments, ICS and Masterbatches are on the ascent with more goals and growth opportunities. The Company will soon be operating out of new India headquarters in Airoli. The Company is convinced that Responsible Care is a combination of safer products, people, processes and environment and thus decided to move out of Kolshet which is fast becoming a residential hub.

Dr. Parikh was delighted to state that the production facilities for Masterbatches were seamlessly and perfectly shifted to Vashere (near Bhiwandi) without interruption of deliveries to any of key customers.

He highlighted that the Company will be guided by the shareholders and their expectations and along those lines, will continue to explore both organic and inorganic growth.

Given this scenario, Dr. Parikh hoped that the Company must continue to focus on profitably growing its core business units, while maximizing productivity

In conclusion, he thanked the fellow members of the Board, and colleagues, and all of the people for their continued support to Clariant in India.

#### **Resolution No. 1**

##### **Approval of Accounts**

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

"RESOLVED THAT Audited statement of Profit and Loss of the company for the financial year January to December 2013, the Balance Sheet as at December 31, 2013, the Auditors' Report and the Directors' Report thereon be and are hereby adopted and approved".



The Resolution proposed by the Chairman was seconded by Mr. R.V. Chari.

Before the Resolution was put to vote, the Chairman invited questions and comments from the members relevant to the Accounts of the Company for the year ended December 31, 2013.

Mr. Nilesh Sheode, Mr. R.V. Chari, Mr. Beruz Pouredehi, Mr. Vinod Dadlani, Mr. Kaushik Shahukar, Mr. Kisan R. Choksey, Mr. Ashok Shah, Mr. Prakash Raikar, and Mr. Rajagopal Ramanathan offered comments/raised queries on the statement of accounts of the Company.

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

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

- Proposed divestment of businesses
- Business prospectus of the Company in future especially in view of sale of businesses
- Unpaid dividend amount
- Profit on sale of business & land
- Shifting of registered office and venue for next AGM
- Distribution of dividend or special reward to shareholders
- Proposal for utilisation of surplus funds
- Dividend policy of the Company
- Any proposal for buy-back of shares
- Future prospects and business growth estimates

The Chairman Mr. Shah, the Vice Chairman and Managing Director Dr. Parikh and Executive Director Mr. Gaggar responded to the comments and replied to the questions raised by the members.

Since there were no further comments/questions, the Chairman put the resolution regarding the adoption of the Annual Report and Financial statements for the year ended December 31, 2013 to vote by show of hands and was carried with requisite majority.

## **Resolution No. 2**

### **Approval of Dividend**

The following resolution was proposed by Mr. R. V. Chari as an **ordinary** resolution and seconded by Mr. Nilesh Sheode.

"RESOLVED THAT an Interim dividend of ₹ 10.00 (Rupees Ten) per equity share on 2,66,60,745 fully paid equity shares of face value of ₹ 10/- each declared by the Board of Directors on



July 20, 2013 and paid to the members whose names appeared on the register of members on August 6, 2013 be approved as Interim Dividend for the year 2013.

RESOLVED FURTHER THAT a Final dividend of ₹ 20.00 (Rupees Twenty) per equity share on 2,66,60,745 fully paid equity shares of face value of ₹ 10/- each be paid to the members whose names appear on the register of members on April 21, 2014."

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

### **Resolution No. 3**

#### **Re-appointment of A. Muench**

The following resolution was proposed by Mr. Kaushik Shahukar as an **ordinary** resolution and seconded by Mr. Sunil Kothari

"RESOLVED THAT Mr. Alfred Muench who retires by rotation in accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company and is eligible for re-appointment, be and is hereby re-appointed as a Director of the Company".

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

### **Resolution No. 4**

#### **Appointment of Auditors**

The following resolution was proposed by Mr. R. V. Chari as an **ordinary** resolution and seconded by Mr. Nilesh Sheode.

"RESOLVED that pursuant to the provisions of Section 225 of the Companies Act 1956 M/s. Price Waterhouse, Chartered Accountants (Firm Regn No. 012754N) be and are hereby appointed as statutory auditors of the company in place of retiring auditors M/s Deloitte Haskins and Sells, to hold the office from the conclusion of the AGM until the conclusion of the next AGM on such remuneration and reimbursement of out of pocket expenses, as the Board of Directors may decide".

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





**Resolution No. 5**

The following resolution was proposed by Mr. R. V. Chari as an ordinary resolution and seconded by Mr. Rajagopal Ramanathan.

**APPOINTMENT OF DIRECTOR- MR. Y.H. MALEGAM**

"RESOLVED THAT Mr. Y.H. Malegam, who was appointed as a Director of the Company by the Board with effect from July 16, 2013 in the casual vacancy caused by the resignation of Mr. B.S. Mehta and who holds office up to the day of this Annual General Meeting under section 262 of the Companies Act, 1956 and being eligible, offers himself for re-appointment and in respect of whom the Company has received notice in writing under section 257 of the Companies Act, 1956 signifying her intention to propose Mr. Y.H. Malegam as a candidate for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

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

**Resolution No. 6**

**REMUNERATION PAYABLE TO VICE CHAIRMAN AND MANAGING DIRECTOR – Dr. Deepak Parikh**

The following resolution was proposed by Mr. R. V. Chari as a Special resolution and seconded by Mr. Sunil Kothari.

"RESOLVED THAT pursuant to provisions of section 198, 309, 310 and other applicable provisions, if any of the Companies Act, 1956 and the corresponding provisions of Companies Act, 2013 including any amendment, modification, variation or re-enactment thereof read with Schedule XIII of the Act, and in accordance with the resolution passed at the Annual General Meeting held on 26<sup>th</sup> April, 2013, the Company hereby approves the revision in the remuneration, benefits and perquisites approved by the Board from time to time and paid or payable to Dr. Deepak Parikh, Vice Chairman and Managing Director for the financial year 2013.

REOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to increase, alter, modify or change the terms and remuneration including benefits and perquisites payable to Dr. Parikh within the overall limit of Rs. 800 lakhs per year.



RESOLVED FURTHER THAT subject to the applicable provisions, wherein any financial year during the tenure of the office of Dr. Deepak Parikh, the Company has no profits or if the profits are inadequate, the Company shall pay remuneration, benefits and perquisites to Dr. Parikh as specified in the explanatory statement hereto as minimum remuneration, subject to the approval of the Central Government, if any and to the extent necessary. "

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

Upon Chairman's declaration of passing of resolution by requisite majority, a person from the floor, without identifying his credentials (whether he is a shareholder in person or by a proxy or otherwise) made some noise which vaguely suggested that probably he was demanding a poll. However, he did neither disclose his identity nor his shareholding and also did not disclose any reasons for his purported opposition to the resolution. Circumstantially it appeared that he was primarily interested in disrupting the proceedings. Taking all factors into consideration, Chairman ruled that his purported opposition was frivolous, out of order and not maintainable.

#### **Resolution No. 7**

#### **APPOINTMENT AND REMUNERATION PAYABLE TO EXECUTIVE DIRECTOR – Mr. B.L.Gaggar**

The following resolution was proposed by Mr. R. V. Chari as a Special resolution and seconded by Mr. Edwin Lewis.

"RESOLVED THAT subject to provisions of sections 198, 269, 309, 310 read with schedule XIII and other applicable provisions of the Companies Act, 1956 and corresponding provisions of Companies Act, 2013, including any statutory modifications or reenactment thereof, the approval of the members be and is hereby accorded to the appointment of Mr. Bankatlal Gaggar as Executive Director of the Company effective from July 16, 2013, on the terms and conditions as set out in the agreement entered into between the Company and Mr. Gaggar, an extract of which is as set out in the explanatory statement annexed hereto.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to increase, alter, modify or change the terms and remuneration including benefits and perquisites payable to Mr. Gaggar within the overall limit of Rs. 200 lakhs per year.

RESOLVED FURTHER THAT subject to the applicable provisions, where in any financial year during the tenure of the



office of Mr. Gaggar, the Company has no profits or if the profits are inadequate, the Company shall pay remuneration, benefits and perquisites to Mr. Gaggar as specified in the explanatory statement hereto as minimum remuneration, subject to the approval of the Central Government, if any, and to the extent necessary."

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

#### **Resolution No. 8**

#### **SHIFTING OF REGISTERED OFFICE- KOLSHET TO AIROLI**

The following resolution was proposed by Mr.Pritam Ghanshamnani as a Special resolution and seconded by Mr.Sunil Kothari.

"RESOLVED THAT pursuant to Section 146 (2) of the Companies Act, 1956 and corresponding provisions of Section 12 (5) of the Companies Act, 2013, the registered office of the Company be shifted from Kolshet Road, P.O. Sandoz Baug, Thane 400607 to Reliable Tech Park, Gut No. 31, Village Elthan, off Thane Belapur Road, Airoli, District Thane, Navi Mumbai - 400708 within the state of Maharashtra, effective from the date when the new premises is ready for occupation.

RESOLVED FURTHER that for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things and to execute all such deeds, documents, instruments and writings and in its absolute discretion and necessary or desirable in the best interests of the Company.

RESOLVED FURTHER that Mr. B. L. Gaggar, Executive Director Finance & Company Secretary be and is hereby authorized to notify the said change in the situation of the Registered Office of the Company to the Registrar of Companies, Maharashtra".

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

*Vote of thanks to the Chair*

There being no other business to transact, the meeting was declared as concluded with vote of thanks to the Chair.



  
Chairman