

Annual Report 2017-18  
**CLARIANT CHEMICALS (INDIA)  
LIMITED**





## the essence of **DISCOVER VALUE**

Clariant is discovering value through innovation and is meeting the growing demands with its state-of-the-art technology. The image on the cover represents a dynamic pattern of vibrant colors, constantly evolving and moving forward with an intent to create fascinating forms! That is Clariant – always in a state of continuous evolution and momentum – driven by innovative and sustainable products and solutions.

Because only when we understand what is precious to our customers in today's changing market, can we present a better tomorrow in a new paradigm.

Our Annual Report this year tries to encapsulate some of our innovations which are increasingly important to tap the growing opportunities. This is the essence of Discover Value which for us is at the heart of everything we do to offer competitive solutions to all of our stakeholders.

# Content

|     |                                    |
|-----|------------------------------------|
| 02  | Board of Directors                 |
| 04  | The Essence of Discover Value      |
| 07  | Discover Value in India            |
| 09  | Community Outreach                 |
| 10  | Awards & Accolades                 |
| 11  | Financial Performance              |
| 13  | Notice                             |
| 18  | Directors' Report                  |
| 43  | Management Discussion and Analysis |
| 49  | Report on Corporate Governance     |
| 62  | Auditors' Report                   |
| 68  | Balance Sheet                      |
| 69  | Statement of Profit and Loss       |
| 70  | Statement of Changes in Equity     |
| 71  | Cash Flow Statement                |
| 73  | Notes                              |
| 111 | 10 Years' Highlights               |

# Board of **DIRECTORS**



**KEWAL HANDA**  
Chairman



**ADNAN AHMAD**  
Vice - Chairman &  
Managing Director



**SUNIRMAL TALUKDAR**  
Director



**DR. (MRS.) INDU SHAHANI**  
Director

**CHIEF FINANCIAL OFFICER**  
Sanjay Ghadge

**COMPANY SECRETARY**  
Amees Joshi

**AUDITORS**  
Price Waterhouse  
Chartered Accountants LLP

**BANKERS**  
Standard Chartered Bank  
Citibank N.A.

**SOLICITORS & ADVOCATES**  
Crawford Bayley & Co

**REGISTRAR &  
TRANSFER AGENTS**  
Link Intime India Private Limited  
C - 101, 247 Park, L.B.S. Marg  
Vikhroli (West), Mumbai - 400 083  
Phone: +91 22 4918 6000  
Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

**REGISTERED OFFICE**  
Reliable Tech Park, Gut No. 31  
Village Elthan, Off Thane - Belapur Road  
Airoli, Navi Mumbai - 400 708  
Maharashtra  
Phone: +91 22 7125 1000  
Email: [investor.relations\\_India@clariant.com](mailto:investor.relations_India@clariant.com)



**KARL HOLGER DIERSSEN**  
Director



**ALFRED MUENCH**  
Director



**MARIO BROCCHI**  
Director

## WORKS

113/114, M.I.D.C. Industrial Area  
A.V.P.O. Dhatav, Taluka Roha  
District Raigad – 402 116  
Maharashtra

WA - 6, Renaissance Industrial  
& Warehousing Park  
Kalyan - Padgha Road  
Village Vashere  
Post Amne, Taluka Bhiwandi  
District Thane – 421 302  
Maharashtra

Shed Nos. 18, 19, 20, 21, 22  
GIDC Kalol  
District Panchmahal  
Vadodara – 389 330  
Gujarat

Survey No. 344/1-2-3  
Sakarda - Bhadarva Road  
Village Rania, Taluka Savli  
Vadodara – 391 780  
Gujarat

A1 - 47/2 & 47/3, GIDC  
Nandesari, Vadodara – 391 340  
Gujarat

Plot/Phase No. 378/2/2  
Durgapura Colony Road  
Birlagram, Nagda – 456 331  
Madhya Pradesh

Kudikadu, SIPCOT Post  
Cuddalore – 607 005  
Tamil Nadu

# The essence of **DISCOVER**

---

# **VALUE**

At Clariant, Discover Value lies at the heart of everything we do! It is an important aspect of the business model which is based on the three value creating dimensions of Performance, People & Planet; transforming diverse resources into innovative solutions, sustainable products that create value for all stakeholders and build stronger relationships. It is the driving force that is motivating us to look deeper and discover something new for ourselves, for our customers, for our shareholders and for the world around us; by focusing on Performance, commitment to invest in People with ethical and sustainable operations that care for our Planet.

Discovering and bringing new solutions to the market helps drive Clariant's growth. We are constantly developing new products and services that cater to our client's ever-changing needs. In this dynamic market, we constantly innovate to stay ahead of the curve and focus on manufacturing and creating value in India – for India and for global.

## The market segments that we cater to:



### HEALTHCARE

Our healthcare polymer solution - Mevopur® standard color range helps reduce development time and supports risk management by avoiding color matching process and creates pre-evaluated ingredients for masterbatches.

Standard color range include colors for needle hubs and ophthalmic closure colors.

Our range of Remafin®, white masterbatches are targeted for the use in production of

pharmaceutical containers for parenteral, ocular, and nasal drugs.

Many of our PV Fast™ and Graphtol® range of pigments are FDA approved and used in coloration of healthcare packaging.

Clariant and SICPA jointly developed – Plastiward™, a complete in-plastic solution that effectively protects from counterfeiting and dilution.



### INFRASTRUCTURE

Clariant offers a comprehensive range of organic pigments and pigment preparations for indoor and outdoor coatings, allowing us to deliver tailor-made solutions for the building and construction industries, using products with an improved environmental profile.

Our masterbatches are used in solar panels, ensuring their longevity and durability.

By using thinner insulation boards made possible with our masterbatches technology, buildings ensure maximum living space, which results in saving of material used and the production cost too.

Our non-halogenated flame retardants provide environmentally more compatible protection for buildings, as well as for materials used in airplanes, trains, buses and ships. Clariant's flame retardants are all marketed under the trade name Exolit®.



### AGRICULTURE

Our range of Agrocer® organic pigments in powder form provide high color strength and extraordinary fastness that is recommended for the coloration of seeds. It is highly suitable for use in seed treatment pesticide formulations.

Our CESA® range of UV and light stabilizer additives are used for agricultural films, lawn and garden equipment and many other products used outdoors.

Also, PVC irrigation pipes become more durable and strong with our additives and masterbatches.



### CONSUMER GOODS

Clariant's comprehensive line of additive masterbatches offers unprecedented opportunities to improve the properties, performance and quality of finished products, while optimizing productivity and costs in washing machines, dryers, fridges/freezers, dishwashers, small household electrical appliances, computers, consumer electronics/ power tools.

Our product line include an exceptionally broad selection of standard additive masterbatches for use with all commercially available polymers.

We offer Low Halogen Controlled (LHC) colorants for the electronics industry.

Our combimasterbatches enhance the performance of color by taking care of the functional requirements, such as UV stability and anti-static requirements.



### PRINTING AND PACKAGING

We offer liquid inkjet ink dispersion, which helps customers to offer suitable and cost effective product in the market.

Our range of pigments used for packaging of sensitive application like food or cosmetics follow all the global as well as local regulations. We are committed to eco-friendly processes and product safety for food packaging.

Our masterbatches ensure safe and compliant packaging solutions for all products.

Ceridust™ range of micronized waxes are specially designed for efficient and durable printing on packaging films and our special additive 'Addworks™ PKG' range helps to improve productivity in packaging films.



### TRANSPORTATION

Our Phthalate free pigments are used in synthetic leather applications for automotive interiors. Our colored masterbatches provide attractive surface effects and higher process efficiency.

Additionally, our anti-static solutions minimize dust accumulation on surfaces hence maintaining the aesthetics of automobiles.

Our masterbatches are used in interiors that prevent the plastics degrading due to temperature fluctuation or hydrocarbon exposures.



### FIBERS

Our range of additives and masterbatches for various fiber application like carpets, clothing and automotive interior offer excellent fastness to weathering, easy to handle granular form, improved process ability and fibers spin ability with no fibers discoloration.

Our Exolit® range of organic non-halogenated phosphorus flame retardant, specially designed for incorporation into viscose fibers gives low

impact on whiteness and light stability for treated textiles.

Our range of waxes enables processing of sole carrier for better and faster dispersion of colorants, additives and fillers, high loadings and outstanding dispersion when used as a carrier for masterbatches resulting in low energy input with excellent adhesion properties combined with insignificant residual tack and maximum cohesion.



### HOME AND PERSONAL CARE

Clariant offers colorants for use in personal care formulation, fulfilling the specific needs for rinse-off applications: liquid and bar soap, shower and bath, shampoo and conditioner; for oral care applications: toothpaste, mouth re-freshener and for leave-on applications: skin cleansing, creams, masks and decorative cosmetics.

Our whitening dyes find application in detergent, offering whiter, brighter, long lasting

clothes with less usage of water. Our solutions are excellent corrosion inhibitor offering excellent protection of steel and aluminum.

Our functional waxes – Licowax™ are used in shoe shines and offer greater water repellence, with good paste-forming properties with organic hydrocarbon solvents.

# Discover Value IN INDIA

## ANTIBACTERIAL PACKAGING FOR EDIBLE OIL

We partnered with multiple Indian edible oil companies for providing packaging solutions. Clariant developed antibacterial packaging using our **Remafin®** and **CESA®** brands of Masterbatches. Clariant also enabled the different brands to achieve visual differentiation by color-matching of the packaging. These Masterbatches are manufactured at our Vashere site in Maharashtra.

**CESA®** antimicrobial Masterbatches inhibit the growth of micro-organisms, thereby helping prevent unpleasant odors, discoloration and surface degradation of the packaging. Our product helps in extending the shelf life of the product, by offering long-lasting safety features of the packaging material. Also, the inorganic antimicrobial variant is non-toxic, non-corrosive and has zero impact on plastic processing, during the fabrication of the packaging. This enables the brand to offer a truly sustainable and safe product to the consumers.



## NON-STAINING SOLUTIONS FOR DETERGENT

Clariant continues to maximize the opportunities in detergent business in India. BU Pigments' dedicated effort is to continuously explore the laundering transition within India by providing solutions tailored for varied brands.

A leading detergent bar brand partnered with Clariant to replace polymeric dyes by offering a localized product solution **Sanolin™ Blue AS NBL liq IN**. This helps the customers to have a cost efficient product that is locally produced. This product is manufactured at our Roha site in Maharashtra.

The **Sanolin™ Blue AS NBL liq IN** is based on water soluble dyes. Most importantly, our product is positively listed in Bureau of Indian Standard (IS 4707 part 1). These have a non-staining effect, thus leaving the fabric brighter and whiter.



## COLORANTS FOR TRANSPARENT SOAPS

An Indian FMCG major brand entered the soap industry with the launch of transparent gel bars. Clariant's BU Pigments partnered with this brand and helped revolutionize this product with its **Cosmenyl™** grants range of pigment preparations.

Our customized solution overcame the challenges and offered colors having better light and weather fastness (as compared to dyes), without disturbing the transparency feature of soaps. In addition, our range of **Cosmenyl™** grants can be offered for pigment dispersions, thereby replacing dyes and maintaining the product chemistry.

Sustainability and safety being at the core of Clariant's priorities, all the pigments used in this application are positively listed in Indian Standard IS 4707 - Part I and also qualify for use under the EU Cosmetic regulations. They meet strict specifications for heavy metal and aromatic amine contents, as well as for microbiological purity.



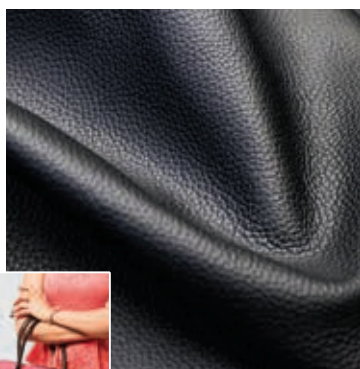


## SAFE COLORS FOR SOAP BARS

The Bureau of Indian Standards (BIS) recently issued a regulatory update, aimed at safe and compliant colors in personal care products. Following this, a leading beauty soap manufacturer is now integrated with Clariant's pigment dispersions from the **Flexonyl®** range.

Clariant's **Flexonyl®** Orange R replaces two different colorants earlier used by them. With this, they achieved cost benefits as the color dosage has now reduced. This versatile product can also be applied to shower gels as well as shampoo applications, making it possible to partner with a large number of brands and yet offer tailored products.

The **Flexonyl®** range of pigment dispersions are sustainable, free of heavy metals and other banned primary aromatic amines. Most importantly, our **Flexonyl®** range consists of those colors that are positively listed on IS 4707 (Part 1), i.e. deemed safe and compliant by the BIS. This product is manufactured at our Roha site in Maharashtra.

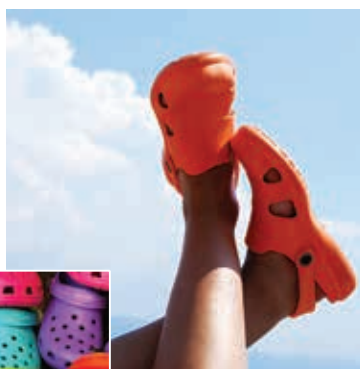


## POLYFAST PIGMENTS FOR COLORATION OF SYNTHETIC LEATHER

Clariant offers a range of **PolyFast** pigment preparations for coloration of PVC plasticized, PVC artificial leather cloth, PU foam or sole. Our range of products have been developed for synthetic leather industry to offer a sustainable & eco-friendly product range.

Clariant Pigment preparations range **PolyFast** ensures compliance with the environment. It also supports Swachh Bharat Abhiyan (Clean India Mission), that aims at having a clean environment and reducing the pollutants.

**PolyFast** pigment preparations are a dust free solution to the customer's coloring needs. They improve energy efficiency and help in waste reduction. Our products are free from phthalates, heavy metals and banned aromatic amines. They are compliant with ROHS & Oeko Tech. They are used in fabrics, footwear, clothing, upholstery and other areas where leather is required but the material is unsuitable or cost excessive. Our product is easily dispersible, ensures high speed production with dust reduction, improving the waste reduction and further getting more markets in our Clariant product portfolio.



## POLYBOND PREPARATIONS FOR COLORATION OF EVA FOOTWEAR

**Polybond** pigment preparations are dust free solutions for customer's coloring needs. It improves energy efficiency and helps waste reduction. Our products are organic pigment concentrates based on EVA polymer. It is used across the categories of EVA footwear and EVA molded article.

Clariant pioneered a new concept with organic pigment concentrates based on EVA polymer. These products are compatible with each other and thereby offer possibility to create a huge pallet of shades. They offer an advantage of high throughput for new generation injection molding machines.

This is an example of value addition of a product to fulfill the customers' needs. Our product is easily dispersible, facilitates convenient handling, ensures high speed production in molding machines with dust reduction, enabling waste reduction and further penetrating into more market areas thereby widening Clariant's product portfolio.

# Giving back to our society

## COMMUNITY WELFARE INITIATIVES

At Clariant, we have increased the momentum of our CSR projects across all sites with the help of our CSR committee. The major focus remains on education, health and community. During the financial year 2017-18, we have fortified our commitments through the following events and initiatives:

- » Continued our annual tradition and organized Sports Day for Vatsalya in Mahalaxmi. A total of 102 children participated in various sports and games. In another activity at Vatsalya, we celebrated Children's Day wherein the paint for the painting activities was sponsored by our Coatings Team from BU Pigments.
- » Continued association with Reach Education Action Programme (REAP) Foundation, by organizing a stationery donation drive for a month.
- » Participated in a tree plantation drive at Munar nursery and Tetavli, in co-ordination with Hariyali Foundation.
- » Conducted several workshops on road safety, awareness on personal hygiene and sanitization and awareness about Safety, Environment & Health for children and their mothers in three Zilla Parishad schools in Roha.
- » Colleagues from our Vashere site helped in housekeeping of school premises and surrounding areas, and tree plantation for three schools, along with donating mats, chairs and computers to Zilla Parishad schools in Arjuli village.
- » Cuddalore site was involved in several infrastructure development projects to mitigate prevailing drought situation and to increase the water storage capacity in tanks and reservoir. The colleagues were also involved in projects that helped the local fisherfolk community.
- » A month long campaign was held for collecting clothes, utensils, grains and books in HQ for contribution to Goonj Foundation, involved in flood relief operations across India.
- » To further strengthen our association with Ma Niketan and Vatsalaya, we invited children to our HQ to enlighten them with the world of chemistry. This was followed by a lab tour and presentation on Clariant.
- » Organized blood donation drive at all our sites in India along with HQ, with enthusiastic participation from our colleagues.
- » Aided the infrastructure development of two municipal schools in Roha.
- » Provided water coolers along with UV water purifiers and storage cupboards to schools near our Roha and Vashere sites.
- » Distributed school uniforms and notebooks to 84 underprivileged students from Krushnaji Sambhaji Gorivale Madhyamik School, Tise, Roha.
- » Encouraged students to pursue their careers in chemistry and related fields by organizing lectures and industrial visits for college students in Roha.
- » Provided uniforms, shoes and socks to children and repair of floorings, painting of doors and pipeline work for sanitization in schools in Kalol.
- » Provided benches and tables to Shaskiya Prathamik Vidyalaya, Makla in the rural area of Nagda.



## Awards & ACCOLADES



### CLARIANT WINS SUSTAINABLE EMPLOYER OF THE YEAR

Clariant in India was recognized and awarded the second prize in the 'Sustainable Employer of the Year' category for the consecutive year at the 4<sup>th</sup> Annual HSE Congress organized by the Occupational Safety and Health Association of India (OSHA). This award proves that Clariant is continuing on the right path towards Sustainable Performance among peer companies in the industry by undertaking initiatives like reduction of its environmental footprints, energy saving campaigns, rain water harvesting, continuously improving its safety culture, developing sustainable products and CSR initiatives.

### HUL RECOGNIZES CLARIANT FOR EXCELLENT COLLABORATION

Clariant in India was recognized and awarded for the excellent contribution by Hindustan Unilever Limited (HUL). Clariant was recognized amongst peer companies for offering innovative customized solutions. This award also signifies Clariant's crucial contribution in Unilever's journey towards competitive growth.



### CLARIANT AWARDED FOR EXCELLENT PARTNERSHIP

Consumer Care major - ITC Limited's Personal Care Products Business (PCPB) division recognized Clariant's Pigments Team for Service Excellence with ITC as a sustainable business partner.

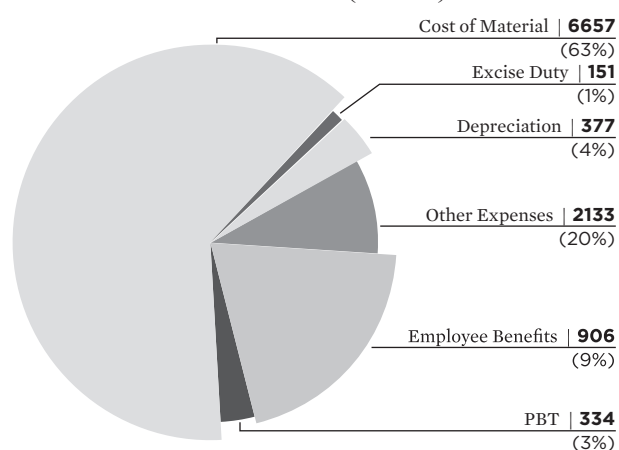
### ITC AWARDS CLARIANT FOR VALUED PARTNERSHIP

Consumer Care major - ITC Limited's Personal Care Products Business (PCPB) division recognized Clariant's Pigments Team for valued association with ITC as a sustainable business partner. Clariant and ITC both prioritize sustainability and this collaboration has resulted in the launch of an array of market-leading products in the personal care sector.

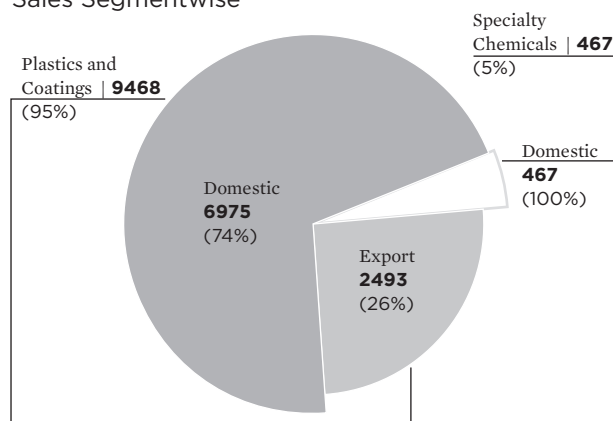


# Financial PERFORMANCE

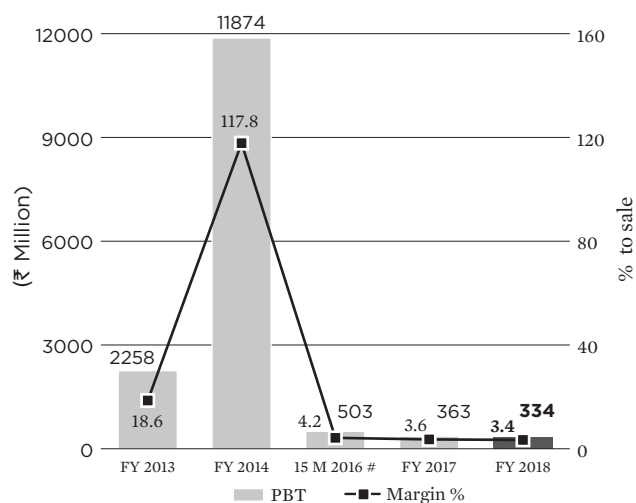
### Distribution of Revenue (₹ Million)



### Composition of Sales (₹ Million) Sales Segmentwise

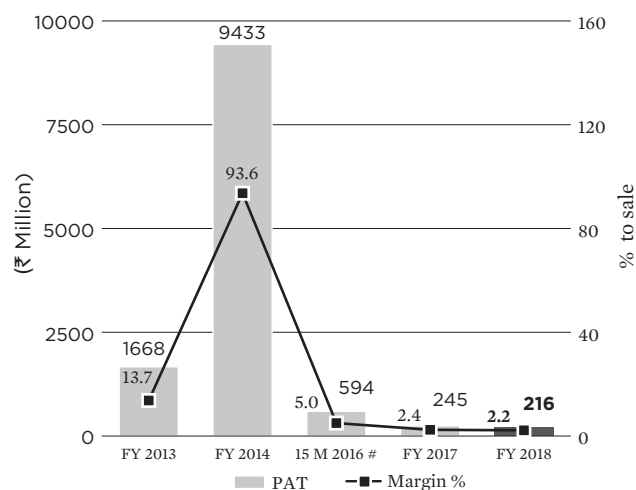


### PBT with % of Sales

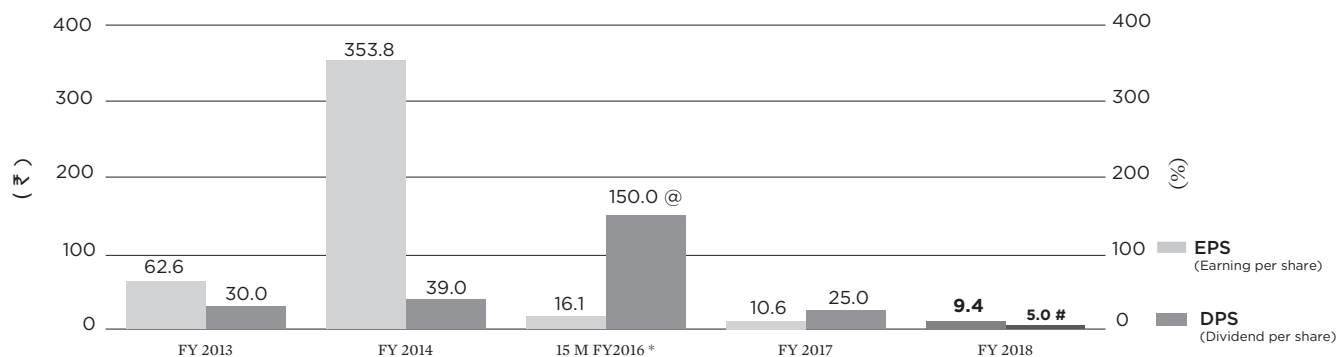


# Financial figures are for 15 months period ended March 31, 2016.

### PAT with % of Sales



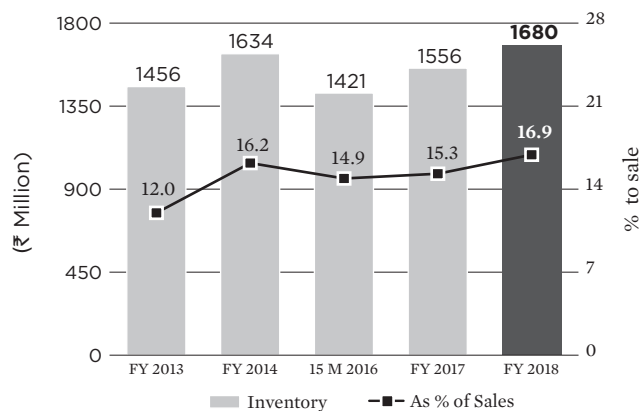
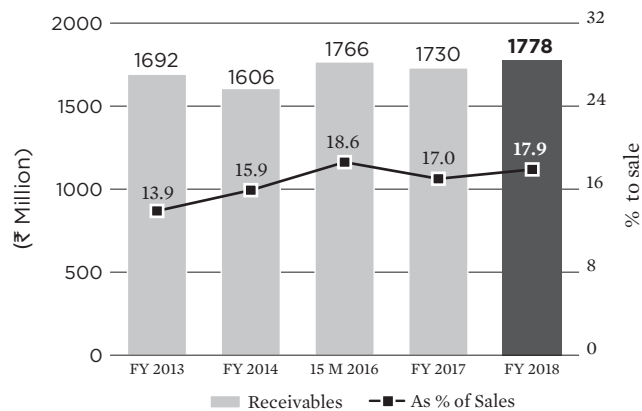
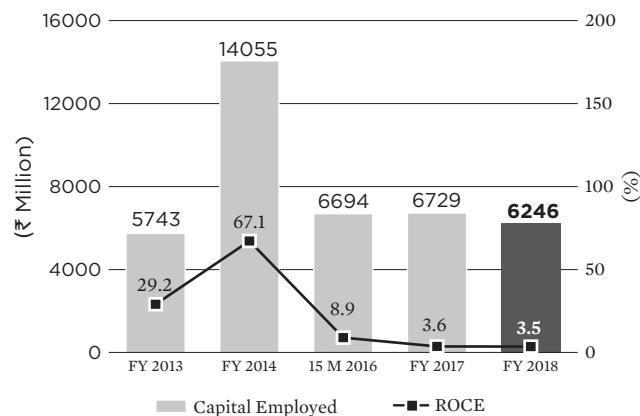
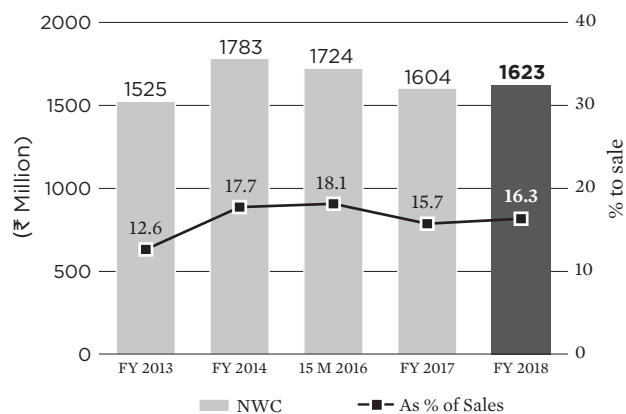
# Financial figures are for 15 months period ended March 31, 2016.

**EPS and DPS**

# Proposed Dividend

\* On continuous operations only.

@ Include interim DPS of 140 paid out of prior period profits from Sale of Kolshet site.

**Inventory with % to Sales****Receivables with % to Sales****Capital Employed and ROCE****Net Working Capital (NWC) with % to Sales**

## NOTICE

**NOTICE** is hereby given that the **Sixty First** Annual General Meeting of the Company will be held at 04:00 p.m. on Thursday, August 9, 2018, at Registered Office of the Company at Reliable Tech Park, Gut No. 31, Village Elthan, Off 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 of the Company for the year ended March 31, 2018, together with the Reports of the Directors and Auditors thereon.
2. To declare Final Dividend on Equity Shares for the year ended March 31, 2018.
3. To appoint a Director in place of Mr. Mario Brocchi (DIN 07091950) who retires by rotation and being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS:

4. To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s. RA & Co., Cost Accountants, appointed as Cost Auditors for the Financial year 2018-19 to conduct audit of Cost Accounts of the Company be hereby paid the Fees of ₹ 2 Lakhs plus service tax and reimbursement of out of pocket expenses at actuals.

RESOLVED FURTHER THAT the Board of Directors and the Key Managerial Personnel 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

**Ms. Ameet Joshi**  
Company Secretary  
ACS 22502

Date: May 15, 2018

### Registered Office:

Reliable Tech Park, Gut No. 31,  
Village Elthan, Off Thane - Belapur Road,  
Airoli, Navi Mumbai - 400 708

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

#### Item No. 4

The Board of Directors, on the recommendation of Audit Committee, considered and approved re-appointment of M/s. RA & Co., Cost Accountants, for the conduct of the audit of the Cost Accounts of the Company for the Financial year 2018-19, at a remuneration of ₹ 2 Lakhs per annum exclusive of service tax and out of pocket expenses, to be reimbursed at actuals.

In pursuance of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors is required to be ratified by the Shareholders.

The Board recommends the passing of resolution as set out at Item no. 4 as an Ordinary Resolution.

None of 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

**Ms. Ameet Joshi**  
Company Secretary  
ACS 22502

Date: May 15, 2018

### Registered Office:

Reliable Tech Park, Gut No. 31,  
Village Elthan, Off 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 business set out under Item No. 4 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**

Notice

Directors' Report

Management Discussion &  
Analysis Report

Report on Corporate Governance

Financial Report

**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 Friday, August 3, 2018 to Thursday, August 9, 2018 (Both Days Inclusive).
4. The detail of Directors seeking appointment / re-appointment at this Annual General Meeting as required under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed hereto.
5. The Final Dividend on Equity Shares as recommended by the Board of Directors, if declared at the meeting, will be paid on or after August 13, 2018.
  - i. In respect of shares held in demat form, to the Beneficial Owners as per the details furnished by Depositories as at the end of business hours on August 2, 2018;
  - ii. In respect of shares held in physical form, to the shareholders whose names appear on the Register of Members as at the end of business hours on August 2, 2018.
6. The amount outstanding in the Unpaid Dividend Account in respect of Final Dividend for Financial year 2010 and Interim Dividend for Financial year 2011 will be transferred to Investor and Education Protection Fund after June 1, 2018 and September 2, 2018 respectively. 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 Registrar & Share Transfer Agents of the Company i.e., Link Intime India Private Limited at following address:

Link Intime India Private Limited  
C 101, 247 Park, L. B. S. Marg, Vikroli (West),  
Mumbai - 400 083, Maharashtra.

8. Members / proxies are requested to bring their copies of Annual Report & duly filled attendance slips 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 year ended March 31, 2018 is displayed on the website of the Company i.e. [www.clariant.com](http://www.clariant.com).
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 Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company is pleased to provide the members to exercise their right to vote at 61<sup>st</sup> Annual General Meeting of the Company by electronic means through remote e-voting facility provided by Central Depository Services (India) Limited (CDSL). Members who are holding shares in physical or dematerialized form as on August 2, 2018 shall exercise their vote by electronic means.
14. **REMOTE 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 Monday, August 6, 2018 (09:00 a.m.) to Wednesday, August 8, 2018 (05:00 p.m.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) August 2, 2018 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](http://www.evotingindia.com).
- (iii) Click on Shareholders/ Members.
- (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](http://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 | <p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Proxy Form/ Attendance Slip indicated in the PAN field.</li> </ul> |

### For Members holding shares in Demat Form and Physical Form

|                                                        |                                                                                                                                                        |
|--------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|
| Dividend Bank Details<br><b>OR</b> Date of Birth (DOB) | Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login. |
|--------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|

- If both 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 a print of the votes cast by clicking on “Click here to print” option on the Voting page.

(xvii) If a demat account holder has forgotten the changed 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) **Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.**

**(xix) 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](http://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](mailto: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 linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto: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.

(xx) 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](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto: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 remote e-voting, 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 remote e-voting 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. Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e., August 2, 2018 may obtain the login ID and password by sending an email to [investor.relations.India@clariant.com](mailto:investor.relations.India@clariant.com) or [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in) or [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) by mentioning their Folio No. / DP ID and Client ID.
17. Mr. Bhadresh Shah, Proprietor of Bhadresh Shah & Associates, Practising Company Secretary (CP No. 15957) has been appointed as the Scrutinizer to scrutinize the remote 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.
18. The Scrutinizer shall, immediately after the conclusion of voting at general meeting, count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company. Scrutinizer shall within 48 hours of conclusion of the meeting submit a consolidated scrutinizer report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing.
19. The results declared along with the Scrutinizer’s report shall be communicated to BSE and NSE and made available on the Company’s website : [www.clariant.com](http://www.clariant.com) and on the website of CDSL : [www.cdslindia.com](http://www.cdslindia.com).

**PARTICULARS OF DIRECTOR SEEKING RE-APPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING PURSUANT TO REGULATION 36 OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

|                                                                                   |                                                                                                                                                    |
|-----------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Name of Director</b>                                                           | <b>Mr. Mario Brocchi</b>                                                                                                                           |
| Type                                                                              | Non-Executive Director                                                                                                                             |
| Date of Birth                                                                     | 11/01/1979                                                                                                                                         |
| Date of Appointment                                                               | 12/02/2015                                                                                                                                         |
| Qualification                                                                     | MBA (Enterprise Management), Brazil, Graduate in Political Science with minor in Business Administration & Public Relations from Indianapolis, USA |
| No. of Equity Shares held                                                         | NIL                                                                                                                                                |
| Expertise in Specific Functional area                                             | Corporate Finance, Treasury, Tax, Corporate Controlling, Strategic M&A, Divestments and Strategic Integration Projects                             |
| Directorships held in other Listed Companies                                      | NIL                                                                                                                                                |
| Particulars of Committee Chairmanship / Membership held in other Listed Companies | NIL                                                                                                                                                |
| Relationship with other Directors inter-se                                        | None                                                                                                                                               |

**Note:** Only two Committees viz. Audit Committee and Stakeholders' Relationship Committee have been considered.

Notice

Directors' Report

Management Discussion &amp; Analysis Report

Report on Corporate Governance

Financial Report

## DIRECTORS' REPORT

### Dear Members,

Your Directors are pleased to present the 61<sup>st</sup> Annual Report together with the Audited Statement of Accounts for the Year ended March 31, 2018.

### 1. Financial performance of the Company

| Particulars                                                             | (₹ in Lakhs)             |                          |
|-------------------------------------------------------------------------|--------------------------|--------------------------|
|                                                                         | Year ended<br>31.03.2018 | Year ended<br>31.03.2017 |
| Sales (Gross - including excise duty)                                   | <b>99345.41</b>          | 101986.16                |
| Less: Excise duty                                                       | <b>1511.23</b>           | 7872.76                  |
| Sales (Net of excise duty )                                             | <b>97834.18</b>          | 94113.40                 |
| <b>Profit before tax</b>                                                | <b>3341.40</b>           | 3628.77                  |
| Less: Tax expenses (Incl. deferred tax)                                 | <b>1181.33</b>           | 1180.73                  |
| <b>Profit after tax</b>                                                 | <b>2160.07</b>           | 2448.04                  |
| Add: Balance brought forward from previous period                       | <b>53143.64</b>          | 52360.56                 |
| Amount available for appropriation                                      | <b>55303.71</b>          | 54808.60                 |
| <b>Appropriations</b>                                                   |                          |                          |
| Final dividend                                                          | <b>5770.45</b>           | 2308.18                  |
| Corporate tax on dividend                                               | <b>1174.75</b>           | 469.90                   |
| Transfer to equity instruments through Other comprehensive income (OCI) | -                        | (1187.10)                |
| Other comprehensive income (OCI)                                        | <b>54.42</b>             | 73.98                    |
| <b>Balance carried forward to the Balance Sheet</b>                     | <b>48304.09</b>          | 53143.64                 |

### 2. Review of operations

The Company's continued operations reported sales for the year ended March 31, 2018 stood at ₹ 97834.18 lakhs as against ₹ 94113.40 lakhs for the previous year ended March 31, 2017, thereby recording marginal growth of 4% in sales. Of the total sales revenue for the year under review, 24% is contributed by exports. The Company remains

committed and focused on its drive for sustainable growth in all segments it operates, through better material and cost management, targeting new markets and introducing innovative products.

### 3. Dividend

The Board of Directors are pleased to recommend a Final Dividend of ₹ 5/- per share (50%).

The Final Dividend together with tax thereon entails cash outflow of ₹ 1391.30 Lakhs and a payout of 53% of Profit for the year ended 31st March, 2018.

The total dividend for the period under review amounts to ₹ 5/- per share (50%) as compared to ₹ 25/- per share (250%) paid for the previous year.

Pursuant to the requirement of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company have formulated and adopted Dividend Distribution Policy which is available on the website of the Company at [www.clariant.com](http://www.clariant.com) and also annexed as "Annexure A".

### 4. Corporate Governance, Management Discussion and Analysis Report

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 SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, 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.

### 5. Significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future

During the year under review, there has been no such significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

## 6. Material changes between the date of the Board report and end of financial year

There have been no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

## 7. Subsidiary Company

As on March 31, 2018, the Company does not have any subsidiary.

## 8. Details of Directors and Key Managerial Personnel

During the year under review, Mr. Adnan Ahmad was appointed as Vice-Chairman and Managing Director effective from June 1, 2017 in place of Dr. Deepak Parikh who was appointed as Head of Region, North America within the Clariant Group.

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Mario Brocchi retires by rotation at the forthcoming Annual General Meeting, and being eligible, he offers himself for re-appointment.

The above re-appointment forms part of the Notice of the 61<sup>st</sup> Annual General Meeting and the respective Resolution is recommended for your approval.

All Independent Directors of the Company have given declarations that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

There were no other changes in the Key Managerial Personnel of the Company during the year under review.

## 9. Audit Committee

The details on the composition, meeting, attendance, etc. of the Audit Committee are provided in the Corporate Governance Section of the Annual Report. The Board has accepted all the recommendations of the Audit Committee during the Financial year under review.

## 10. Number of meeting of the Board

During the year under review, the Board of Directors met 4 times on May 23, 2017, August 11, 2017, November 13, 2017, and February 13, 2018.

## 11. Conservation of energy, technology absorption, foreign exchange earnings and outgo

As required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, the relevant information and data for the year ended March 31, 2018 are annexed to this report as “Annexure B”.

## 12. Corporate Social Responsibility

In terms of the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors of your Company has constituted a Corporate Social Responsibility (“CSR”) Committee which constitutes of following members:

| Name                     | Category                             |
|--------------------------|--------------------------------------|
| Dr. (Mrs.) Indu Shahani  | Chairperson,<br>Independent Director |
| Mr. Kewal Handa          | Independent Director                 |
| Mr. Adnan Ahmad          | Vice-Chairman &<br>Managing Director |
| Mr. Karl Holger Dierssen | Non-Executive Director               |

Your Company also has in place a CSR policy and the same is available on the website of the Company at [www.clariant.com](http://www.clariant.com). A detailed report as per Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed as “Annexure C”.

## 13. Nomination and Remuneration Policy

The Board has, on the recommendation of Nomination and Remuneration Committee, framed a policy on Nomination and Remuneration of its Directors and Key Managerial Personnel, which is annexed as “Annexure D”.

## 14. Board Evaluation and Familiarisation programme

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Board has carried out the annual evaluation of its own performance and Board Committees by seeking the inputs of Directors on various aspects of the Board / Committee Governance. The Board have reviewed the performance of the Individual Directors and the Chairperson. The manner in which the evaluation has been carried out is stated in the Corporate Governance Report.

The details of programme for familiarization of the Independent Directors of your Company is available on the Company’s website at [www.clariant.com](http://www.clariant.com).

**15. Particulars of Employee**

As per provisions of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, disclosure pertaining to the particulars of employees who are in receipt of remuneration as prescribed under the said Section is annexed as “**Annexure E**”.

The statement of particulars of employees pursuant to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Annual Report. However, pursuant to provisions of Section 136 (1) of the Companies Act, 2013, the report and accounts are being sent to members excluding this 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.

**16. Directors’ Responsibility Statement**

Pursuant to the requirement under Section 134(3)(c) of the Companies Act, 2013 with respect to Directors’ Responsibility Statement, it is hereby confirmed that:

- (i) In the preparation of the annual accounts for the year ended March 31, 2018, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) The Directors 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 March 31, 2018 and of the profit and loss of the Company for that period;
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The Directors have prepared the annual accounts on a going concern basis;
- (v) The Directors have laid down Internal Financial Controls to be followed by the Company and that such Internal Financial Controls are adequate and were operating effectively; and
- (vi) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**17. Statutory Audit Report**

M/s. Price Waterhouse Chartered Accountants LLP, Statutory Auditors, in their report, have commented that the backup of the books of accounts and other books and papers maintained in electronic mode has not been maintained on servers physically located in India. The Company would like to clarify that the Company’s SAP is centralized in global Data Centers outside India where the backup storage is maintained. The Company is reviewing the maintenance of backup of SAP data in India as required under Rule 3 of the Companies (Account) Rules, 2014.

**18. Cost Audit**

The Board of Directors, in pursuance of order under Section 148 of the Companies Act, 2013, appointed M/s. RA & Co., Cost Accountants, as Cost Auditors of the Company to carry out the audit of the cost accounts relating to the Company for the Financial year 2018-19, subject to approval of Central Government, if any. The cost audit report for the 12 months ended March 31, 2017 has been filed on due date.

**19. Secretarial Audit Report**

Pursuant to provisions of Section 204 of the Companies Act, 2013, and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board have appointed M/s J. R. Ahuja & Co., Company Secretary, as Secretarial Auditor to carry out the Secretarial Audit for the Financial year 2017-18.

The Secretarial Audit Report is annexed herewith as “**Annexure F**”. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark and is self-explanatory and thus does not require any further comments.

**20. Internal Financial Controls and their Adequacy**

The details in respect of Internal Financial Controls and their adequacy are included in the Management Discussion & Analysis Report, which forms part of this Report.

**21. Extract of Annual Return**

Pursuant to the provisions of Section 92(3) of the Companies Act, 2013, an extract of the Annual Return in Form MGT-9 is annexed herewith as “**Annexure G**”.

**22. Risk management policy**

The Company has a robust Risk Management to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company’s

competitive advantage. Many risks identified by the business and functions are systematically addressed through mitigating actions on a continuing basis. The Company has framed a Risk Management Policy to manage the risks involved in all activities of the Company, to maximize opportunities and minimize adversities.

## 23. Related Party Transactions

In line with the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has framed a Policy on Material Related Party Transactions which is available on Company's website at [www.clariant.com](http://www.clariant.com).

All the Related Party Transactions entered during the year under review were in ordinary course of business and on arm's length basis. All the Related Party Transactions are placed before Audit Committee for review and approval. Prior omnibus approval are granted by Audit Committee for Related Party Transactions which are of repetitive nature, entered in the ordinary course of business and are on arm's length basis.

The disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules 2014 in the Form AOC-2 is annexed as "Annexure H".

## 24. Particulars of loans, guarantees or investments

The details of loans, guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013, is given in the notes forming part of Financial Statements.

## 25. Public Deposits

During the year under review, the Company has not accepted any deposits from the public falling under Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 and as such no amount of principal or interest was outstanding as on the Balance Sheet date.

## 26. Vigil Mechanism

The Company believes in upholding professional integrity and ethical behavior in the conduct of its business. To uphold and promote these standards, the Company has adopted Group's Integrity Line Policy which is akin to Whistle Blower Policy or Vigil Mechanism Policy for its Directors and Employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of the Code of Conduct without fear of reprisal.

## 27. Prevention of Sexual Harassment of Women at Workplace

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year under review, there was one instance of an allegation of Sexual Harassment which stands addressed.

## 28. Details in respect of frauds reported by auditors under sub-section (12) of Section 143 "other than those which are reportable to the Central Government"

No matters of actual or alleged fraud has been reported by the auditors under sub-section (12) of Section 143 of the Companies Act, 2013.

## 29. 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

**Mr. Kewal Handa**

Chairman  
DIN (00056826)

**Mr. Adnan Ahmad**

Vice-Chairman & Managing Director  
DIN (00046742)

Navi Mumbai, May 15, 2018

## ANNEXURE A

### DIVIDEND DISTRIBUTION POLICY

#### 1. PREAMBLE

The Securities Exchange Board of India vide its Notification No. SEBI/LADNRO/ GN/2016 17/008 dated July 08, 2016, inserted Regulation 43A in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [LODR] mandating the formulation of a Dividend Distribution Policy for the top 500 listed entities based on their market capitalisation calculated on March 31 of every financial year.

#### 2. OBJECTIVE

In compliance with Regulation 43A of the LODR, the Company is required to frame a Dividend Distribution Policy. The objective of this policy is to ensure the right balance between the quantum of Dividend paid and amount of adequate financial resources available for various business purposes.

#### 3. EFFECTIVE DATE

The Policy shall become effective from the date of its adoption by the Board i.e. February 10, 2017.

#### 4. DEFINITIONS

- a) 'Act' means the Companies Act, 2013 and Rules made thereunder, including any amendments or modifications thereof.
- b) 'Board of Directors' or 'Board' means the collective body of the Directors of the Company.
- c) 'Company' means CLARIANT CHEMICALS (INDIA) LIMITED.
- d) 'Dividend' shall mean Dividend as defined under Companies Act, 2013.
- e) 'Policy' means 'Dividend Distribution Policy'.

#### 5. PARAMETERS FOR DISTRIBUTION OF DIVIDEND

- The Company shall pay dividend in compliance with the provisions of Section 123 of the Act and Companies (Declaration and Payment of Dividend) Rules, 2014.
- The Board of Directors of the Company shall declare dividends at its own discretion and at such periodicity as they may deem fit. The Board will consider the following parameters for declaration of Dividend:

#### Financial Parameters / Internal Factors:

The Board of Directors of the Company would consider the Free Cash Flow projections for the year under consideration for declaring or recommending dividend to shareholders.

#### External Factors:

The Board of Directors of the Company would consider the prevailing legal requirements, regulatory conditions or restrictions laid down under the Applicable Laws including tax laws for declaring or recommending dividend to shareholders.

#### 6. UTILISATION OF RETAINED EARNINGS

The Company may declare dividend out of the profits of the Company for the year or out of the profits for any previous year or years or out of the Free Reserves available for distribution for Dividend, after having due regard to the parameters laid down in this policy.

#### 7. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS OF THE COMPANY MAY OR MAY NOT EXPECT DIVIDEND

The shareholders of the Company may not expect Dividend under the following circumstances:

- a. In the event of inadequate Free Cash Flows for the year or for future years.
- b. In the event of Force Major events outside the control of the Company.
- c. If the prevailing regulatory environment does not permit declaration or payment of dividend.

#### 8. PARAMETERS TO BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES

Company has issued only one class of shares i.e equity shares. The policy shall be suitably revisited at the time of issue of any new class of shares depending upon the nature and guidelines thereof.

#### 9. POLICY REVIEW

The Board of Directors of the Company are authorised to amend, modify or review this Policy in whole or in part, at any point of time, as may be deemed necessary.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

## 10. PUBLICATION ON WEBSITE

The Policy will be available on the Company's website at [www.clariant.com](http://www.clariant.com).

## 11. DISCLAIMER

- (a) The above Policy does not constitute a commitment regarding the future dividends of the Company,

but only represents a general guidance regarding dividend policy. The statement of the Policy does not in any way restrict the right of the Board to use its discretion in the recommendation of the Dividend to be distributed in the year and the Board reserves the right to depart from the policy as and when circumstances so warrant.

- (b) No part of this Policy, nor the fact of its distribution, should form the basis of, or be relied on in connection with, any contract or commitment or investments decision whatsoever. Investor/prospective advisors must be sought on specific situation from well-informed legal, investment, tax, financial, and management professionals.

## ANNEXURE B

**Information under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) the Companies (Accounts) Rules, 2014 and forming part of the Report of the Directors**

### A. Conservation of Energy

#### (i) Steps taken or impact on conservation of energy:

- Installation of membrane diffusers for better aeration surface area which led to reduction in electricity consumption
- Usage of advanced continuous drying equipment for pigments has reduced steam and electricity consumption thereby improving the quality of the products
- Replacement of existing pumps with optimized energy efficient pumps
- Optimization of batch sizes to reduce overall energy cost
- Installation of washing machine for filter cloth washing resulting in reduced water consumption and cycle time
- Reduction of water usage through water recycling/zero leak/membrane filter press
- Water conservation through rain water harvesting
- Use of LED lights in place of existing lighting system

#### (ii) Steps taken by the company for utilizing alternate sources of energy:

- Agro mass briquettes, being the most economical fuel, are used to produce 95% of steam required on site
- Use of transparent roof sheets and Solar Tubes for natural lights thereby leading to reduction in energy consumption
- Use of turbo ventilators for extraction of heat from the building

#### (iii) Capital investment on energy conservation equipment: ₹ 1.74 Crores

### B. Technology Absorption

#### (i) The efforts made towards technology absorption:

- Efforts were initiated by Company's Product Development and Innovation Group to work on top line innovations and life cycle innovation projects
- A specific Filtration Technology is being deployed for effective and faster filtration to reduce process time cycle

#### (ii) The benefits derived like product improvement, cost reduction, product development or import substitution:

- Use of specific Filtration Technology led to reduction in process time cycle and thereby resulting in cost reduction

#### (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year): Nil

#### (iv) The expenditure incurred on Research and Development: Nil

### C. Foreign exchange earnings and outgo:

The particulars of foreign exchange earned and used during the year is given below:

The Foreign Exchange earned ₹ **25,312 Lakhs** (previous period ₹ 23,131 Lakhs).

Foreign exchange used ₹ **27,993 Lakhs** (previous period ₹ 21,542 Lakhs).

For and on behalf of the Board of Directors

**Mr. Kewal Handa**  
Chairman  
DIN (00056826)

**Mr. Adnan Ahmad**  
Vice-Chairman & Managing Director  
DIN (00046742)

Navi Mumbai, May 15, 2018

## ANNEXURE C

### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES

(Particulars required as per the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended, from time to time)

#### 1. Overview of Corporate Social Responsibility:

##### a. Philosophy and Policy

Clariant considers sustainability as its economic, environmental and social responsibility, which is why it also forms one of the key pillars of the Company's strategy globally. Clariant strives to foster sustainable local development as well as add value to the local economy in which it operates. From the time Clariant set its foot into India years ago, the Company has been actively involved in reaching out to the communities around its sites, be it via aiding infrastructure development in local schools or undertaking reforestation measures.

Following Clariant International's initiatives of having Corporate Citizenship Activities (CCA), the Social Charter by the Government of India and the CSR Policy framed under the Companies (Corporate Social Responsibility Policy) Rules, 2014, Clariant continues to work towards enhancing allocation of resources and employee engagement to the marginalized groups in the Society. Clariant has identified and is working effectively to make a difference to the society in following focus areas:

- Health Care and Community support
- Education
- Environment protection

The CSR Policy of Clariant in India has been framed in accordance with Section 135 of the Companies Act, 2013 ("Act") read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 ("CSR Rules") and amended as required. The Policy is applicable to all our sites and the Headquarters in India and for all the CSR Projects undertaken by the Company in accordance with Schedule VII of the Act.

At Clariant in India, CSR has been led by a principled approach by governing itself in an ethical, accountable and transparent manner. The Company caters to projects that have a focus towards an inclusive growth and sustained progress.

Clariant in India has been actively involved in several such projects in the vicinity of its site and aims to achieve a long term, positive impact on society. A glimpse into the undertaken social projects:

- Bettering infrastructure towards improved health care facilities
- Creating awareness on health, safety and nutrition among children and adults
- Enhancing infrastructure development at schools
- Promoting environment sustainability

##### b. Activities

The Company, as part of its CSR strategy, has positioned senior representatives within Clariant in India, to drive the projects effectively. The CSR Projects are initiated through:

- NGO Partners
- Direct employee engagement

With CSR themes clearly outlined, Clariant in India works towards achieving these through the implementation of long as well as short term projects. These projects are identified across various operational units of the Company, based on the needs of the society and the philosophy of maximizing impact.

##### c. Governance

Clariant has a dynamic structure in place for effective implementation of CSR projects and activities. The implementation of all CSR activities is taken under guidance of the Board of Directors. The Board has empowered the CSR Committee to closely monitor and report about the progress.

Clariant adopts a comprehensive approach towards creating, monitoring and utilizing the CSR budgets. The commitment is ensured at the beginning of the year and the CSR budgets are allocated as per the long term and short term projects at each site.

**2. Composition of CSR Committee:**

The composition of the CSR Committee is in compliance with the Act and the CSR Rules.

The composition of the CSR Committee is as follows:

| Name                     | Category                             |
|--------------------------|--------------------------------------|
| Dr. (Mrs.) Indu Shahani  | Chairperson,<br>Independent Director |
| Mr. Kewal Handa          | Independent Director                 |
| Mr. Adnan Ahmad          | Vice-Chairman &<br>Managing Director |
| Mr. Karl Holger Dierssen | Non-Executive Director               |

**3. Average Net Profit of the Company for the last three Financial years** (Average Net Profit calculated in accordance with the provisions of Section 198 of the Companies Act, 2013): ₹ 2581.29 Lakhs

**4. Prescribed CSR Expenditure** (2% of the amount as in Item 3. above): ₹ 51.63 Lakhs

**5. Details of CSR spent during the financial period April 1, 2017 to March 31, 2018:**

- Total amount to be spent for the Financial year: ₹ 51.63 Lakhs
- Amount unspent, if any: ₹ 21.44 Lakhs
- Manner in which the amount spent during the Financial year is detailed below:

| Sr. No. | CSR Project or Activity identified                                                        | Sector in which the Project is covered | Projects or programs (1) Local area or other (2) Specify the State and district where the Projects or programs was undertaken | Amount outlay (budget) Project or program wise (₹) | Amount spent on Project or program wise (₹) | Cumulative expenditure up to the reporting period (₹) | Amount spent: Direct or through implementing Agency |
|---------|-------------------------------------------------------------------------------------------|----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|---------------------------------------------|-------------------------------------------------------|-----------------------------------------------------|
| 1       | Visit to Asha Sadan – 40 Girl children were sponsored for clothes.                        | Education                              | Airoli (Maharashtra)                                                                                                          | 40000                                              | 40000                                       | 40000                                                 | Indirect                                            |
| 2       | Visit of Children from MA Niketan and Vatsalaya to our office.                            | Education                              | Airoli (Maharashtra)                                                                                                          | 23835                                              | 23835                                       | 23835                                                 | Direct                                              |
| 3       | Sponsorship to a girl child to participate at Karatenomichi World Federation - June 2017. | Education                              | Airoli (Maharashtra)                                                                                                          | 15000                                              | 15000                                       | 15000                                                 | Indirect                                            |
| 4       | A sapling making activity was conducted at Murar Nursery, Mulund.                         | Community/ Environment                 | Airoli (Maharashtra)                                                                                                          | 1993                                               | 1993                                        | 1993                                                  | Direct                                              |
| 5       | Visit to MA Niketan to interact and to motivate the children.                             | Education                              | Airoli (Maharashtra)                                                                                                          | 3000                                               | 3000                                        | 3000                                                  | Direct                                              |
| 6       | Organised blood donation campaign on World Blood Donation Day at all sites and HQ.        | Health                                 | Airoli (Maharashtra)                                                                                                          | 1324                                               | 1324                                        | 1324                                                  | Indirect                                            |
| 7       | Participated actively to mitigate prevailing drought situation in Cuddalore.              | Community                              | Cuddalore (Tamil Nadu)                                                                                                        | 743000                                             | 743000                                      | 743000                                                | Indirect                                            |
| 8       | Visit to Z.P. School Arjuli Village for cleaning awareness among students and teachers.   | Education                              | Vashere (Maharashtra)                                                                                                         | 1110                                               | 1110                                        | 1110                                                  | Direct                                              |
| 9       | Tree plantation drive was organised at Tetavli in collaboration with Hariyali Foundation. | Community/ Environment                 | Airoli (Maharashtra)                                                                                                          | 2603                                               | 2603                                        | 2603                                                  | Direct                                              |
| 10      | Organised a movie show on subject “Swachha Bharat Campaign” for children of MA Niketan.   | Education                              | Airoli (Maharashtra)                                                                                                          | 60090                                              | 60090                                       | 60090                                                 | Direct                                              |

| Sr. No. | CSR Project or Activity identified                                                                                                                                         | Sector in which the Project is covered | Projects or programs (1) Local area or other (2) Specify the State and district where the Projects or programs was undertaken | Amount outlay (budget) Project or program wise (₹) | Amount spent on Project or program wise (₹) | Cumulative expenditure up to the reporting period (₹) | Amount spent: Direct or through implementing Agency |
|---------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|---------------------------------------------|-------------------------------------------------------|-----------------------------------------------------|
| 11      | Contribution of NoteBooks and Uniforms to poor and needy students at Shikshan Maharshi Dinabhai More Shikshan Mandal's Krushnaji Sambhaji Gorivale Madhyamik School, Tise. | Education                              | Roha (Maharashtra)                                                                                                            | 47135                                              | 47135                                       | 47135                                                 | Direct                                              |
| 12      | Contribution to Talaghar High School for their basic infrastructure.                                                                                                       | Education                              | Roha (Maharashtra)                                                                                                            | 202056                                             | 202056                                      | 202056                                                | Indirect                                            |
| 13      | Contribution to Shaskiya Prathamik Vidyalaya, Makla for their basic furniture requirement.                                                                                 | Education                              | Nagda (Madhya Pradesh)                                                                                                        | 47530                                              | 47530                                       | 47530                                                 | Direct                                              |
| 14      | Tree Plantation at Amane School.                                                                                                                                           | Community/ Environment                 | Vashere (Maharashtra)                                                                                                         | 6000                                               | 6000                                        | 6000                                                  | Direct                                              |
| 15      | Organised a movie show and provided toiletries and sweets to Inmates of Prem Daan during Diwali.                                                                           | Community                              | Airoli (Maharashtra)                                                                                                          | 12565                                              | 12565                                       | 12565                                                 | Direct                                              |
| 16      | Contribution to local ZP Marathi School, Talavali for water filter, Electric meter and storage cupboard.                                                                   | Health / Education                     | Vashere (Maharashtra)                                                                                                         | 33839                                              | 33839                                       | 33839                                                 | Direct                                              |
| 17      | Contribution to local ZP Marathi School, Arjuli for Computers, Chairs, Sitting mats, Water storage tank, etc.                                                              | Health / Education                     | Vashere (Maharashtra)                                                                                                         | 47300                                              | 47300                                       | 47300                                                 | Direct                                              |
| 18      | Visit to Vatsalaya Foundation and conducted sports activity.                                                                                                               | Education                              | Airoli (Maharashtra)                                                                                                          | 18578                                              | 18578                                       | 18578                                                 | Direct                                              |
| 19      | Distribution of dustbins to citizens of Roha in collaboration with Roha Municipal Corporation.                                                                             | Community                              | Roha (Maharashtra)                                                                                                            | 100000                                             | 100000                                      | 100000                                                | Direct                                              |
| 20      | Provided drinking Water Facility in Tahasil Office premises to general citizens.                                                                                           | Community                              | Roha (Maharashtra)                                                                                                            | 60000                                              | 60000                                       | 60000                                                 | Direct                                              |
| 21      | Contribution towards the Shri Jagannath Rathi Charity Trust for Rathi school.                                                                                              | Education                              | Roha (Maharashtra)                                                                                                            | 500000                                             | 500000                                      | 500000                                                | Direct                                              |
| 22      | Deslitting of sea back water sand accumulation to facilitate smooth movement of fisherman boat of Thazhankuda village.                                                     | Community                              | Cuddalore (Tamil Nadu)                                                                                                        | 495000                                             | 495000                                      | 495000                                                | Indirect                                            |
| 23      | Contribution to Kudikadu School by providing toilets.                                                                                                                      | Health                                 | Cuddalore (Tamil Nadu)                                                                                                        | 210000                                             | 210000                                      | 210000                                                | Direct                                              |
| 24      | Provided Gokulpura Primary School with basic requirement and infrastructural requirement.                                                                                  | Education                              | Kalol (Gujarat)                                                                                                               | 133530                                             | 133530                                      | 133530                                                | Direct                                              |
| 25      | Lunch Boxes given to nearby ZP School.                                                                                                                                     | Education                              | Roha (Maharashtra)                                                                                                            | 25000                                              | 25000                                       | 25000                                                 | Direct                                              |
| 26      | Administrative Costs                                                                                                                                                       |                                        | -                                                                                                                             | 189000                                             | 189000                                      | 189000                                                | -                                                   |
|         | <b>Spend ₹</b>                                                                                                                                                             |                                        |                                                                                                                               | <b>3019488</b>                                     | <b>3019488</b>                              | <b>3019488</b>                                        |                                                     |

Notice

Directors' Report

Management Discussion &amp; Analysis Report

Report on Corporate Governance

Financial Report

**6. Reason for not spending the amount at 5(b):**

As a global leader in Specialty Chemicals, we take our social responsibility very seriously. This was demonstrated in the year 2017-18 through our CSR initiatives and with a consistent and meaningful contribution. During the year 2017-18, our major focus was on Education and Community welfare. In Health sector, last year too, the Company conducted a blood donation campaign for children suffering from Thalassemia across its Sites and Headquarter (HQ). More than 300 employees, both Company and Contract, donated blood. We completed 27 projects on Education, 4 projects in Health of which one was blood donation Campaign across sites and 12 projects in Community welfare. Our Employees' continued support and active involvement in Company's CSR drive have added value to the lives of the people in the community that we operate in. This year we had around 588 employees participating in CSR activities near their Sites and HQ and devoted roughly 958 hours of their personal time. Our Senior Management too has participated in some of our projects. The Company continues doing the good work and promotes initiative that are Sustainable, Healthy, Inspirational, Nurturing and Empowering.

The Company has devoted time in structuring its CSR projects and enhanced governance, in line with Schedule VII of Companies Act, 2013 and rules made thereunder and has laid foundation for CSR initiatives in the coming years. While during the period under review, the Company has not met the recommended spend of 2% of Average Net Profits for the last three years, the Company's thrust continues to increase the Company's CSR spend on the basis of merit of the CSR projects both monetary as well as non-monetary terms.

**7. Responsibility Statement:**

Pursuant to the Companies (Corporate Social Responsibility Policy) Rules, 2014, it is confirmed that the CSR Committee has implemented and monitored the CSR initiatives in line with the CSR Objectives and Policy of the Company.

For and on behalf of the Board of Directors

**Dr. (Mrs.) Indu Shahani**  
Chairperson - CSR Committee  
DIN (00112289)

**Mr. Adnan Ahmad**  
Vice-Chairman & Managing Director  
DIN (00046742)

Navi Mumbai, May 15, 2018

## ANNEXURE D

### NOMINATION AND REMUNERATION POLICY

#### 1. Objective:

##### The objective of the policy is

- a. To ensure that Whole Time Directors, Key Managerial Personnel and Senior Executives of high caliber are being attracted and retained and are sufficiently compensated for their performance. The Policy seeks to provide criteria for determining qualifications and positive attributes of the employees.
- b. To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down herein after.
- c. To evaluate the performance of the Whole time Directors, Key Managerial Personnel and Senior Executives.
- d. To recommend to the Board on Remuneration payable to the Whole time Directors, Key Managerial Personnel and Senior Executives.
- e. To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Whole time Directors, Key Managerial Personnel and Senior Executives.

#### 2. Criteria for Board Membership and Board Diversity:

- a. The Director must have relevant experience in Finance/Law/Management/Sales/Marketing/Administration/Research/Corporate Governance/Technical Operations/ Human Resources or the other disciplines related to Company's business.
- b. The Director should possess the highest personal and professional ethics, integrity and values.
- c. The Independent Director shall not have any material financial interest with the Company or through any of its officers, other than as a Director or shareholder of the Company. Wherever required a Director should disclose the nature of his interest, if there are reasons to believe there is or a likelihood of potential conflict of interest.

- d. The Independent Directors shall fulfill the criteria specified in Schedule IV and Section 149(7) of the Companies Act, 2013 and rules made thereunder and Clause 49 of the Listing Agreement.

#### 3. Remuneration criteria:

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 and Commission. For the Key Managerial Personnel and Senior Executives:

- The remuneration of other KMP and other Senior Executives largely consists of basic salary, perquisites, and allowances (both fixed and variable). Perquisites and retirement benefits are paid according to the Company policy.
- They are also entitled to customary non-monetary benefits such as Company car and Company health care, telephone & accommodation on case to case basis.
- The components of the total remuneration vary for different grades and are governed by the industry pattern, qualification & experience/merits,

performance of each employee. The Company while deciding the remuneration package takes into consideration current employment scenario and remuneration package of the industry and its peer group.

**4. Performance evaluation of Directors:**

The Companies Act, 2013 and Listing Agreement with Stock Exchanges mandate that the Independent Directors shall bring an objective view in the evaluation of the performance of the Board and Management. As per Clause VII of the Schedule IV to the Companies Act, 2013, the Independent Directors shall (a) review the performance of the Non-Independent Directors and the Board as a whole and (b) also review the performance of the Chairman of the Company, taking into account the views of Executive and Non-Executive Directors. The performance evaluation of the Independent Directors shall be done by the entire Board of Directors, excluding the Director being evaluated.

The purpose of a Board evaluation is to improve Board and Company performance. It allows the Board to identify problems and highlight areas where performance can be enhanced. As a first step, it is proposed to have a combined review of Board's performance.

The Evaluation Questionnaire for Independent Directors, Non Independent Directors and Chairman is given in Annexure 1.

**5. Amendment:**

This policy shall remain in force unless modified by the Nomination & Remuneration Committee.

**6. Note:**

The provisions of the Companies Act, 2013 and rules thereto and the Listing Agreement (including any amendment thereto from time to time) to the extent applicable, shall apply in addition to this policy.

## ANNEXURE E

### Details pertaining to remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

**i. The ratio of the remuneration of each Executive Director to the median remuneration of the employees of the Company for the Financial year:**

(₹ in Lakhs)

| Sr. No. | Particulars                                             | Remuneration for the 12 months ended March 31, 2018 | Ratio of Remuneration to median remuneration of employees |
|---------|---------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------------|
| 1.      | Mr. Adnan Ahmad<br>Vice-Chairman & Managing Director    | 371                                                 | 58.6                                                      |
| 2.      | Dr. Deepak Parikh*<br>Vice-Chairman & Managing Director | 67                                                  | 10.5                                                      |

\*For April & May 2017

**Note:** The Non-Executive Non Independent Directors of the Company are not paid any remuneration by the Company. The Independent Directors of the Company are entitled to sitting fees and commission as per the statutory provisions and within the limits approved by the shareholders. The details of remuneration of Independent Directors are provided in the Corporate Governance Report.

**ii. The percentage increase in remuneration of each Executive Director, Chief Executive Officer, Chief Financial Officer, Company Secretary in the Financial year:**

| Executive Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary | % increase/(decrease) in remuneration in the financial year |
|---------------------------------------------------------------------------------------------|-------------------------------------------------------------|
| Mr. Adnan Ahmad<br>Vice-Chairman & Managing Director                                        | Nil                                                         |
| Mr. Sanjay Ghadge<br>Chief Financial Officer                                                | Nil                                                         |
| Ms. Amee Joshi<br>Company Secretary                                                         | 18%                                                         |

**iii. The percentage increase in the median remuneration of employees in the financial year:** 15%.

**iv. The number of permanent employees on the rolls of Company as on March 31, 2018:** 800.

**v. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last Financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

Average Percentile Increase for other than managerial personnel: 11.6%

Average Percentile Increase for managerial personnel: 1%

**vi. It is affirmed that the remuneration paid during the year under review is as per the remuneration policy of the Company.**

For and on behalf of the Board of Directors

**Mr. Kewal Handa**  
Chairman  
DIN (00056826)

**Mr. Adnan Ahmad**  
Vice-Chairman & Managing Director  
DIN (00046742)

Navi Mumbai, May 15, 2018

## ANNEXURE F

### FORM NO. MR-3

#### Secretarial Audit Report

#### For the Financial year ended March 31, 2018

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
Clariant Chemicals (India) Limited  
Reliable Tech Park, Gut No. 31, Village Elthan,  
Off Thane-Belapur Road, Airoli,  
Navi Mumbai - 400 708, Maharashtra.  
CIN: L24110MH1956PLC010806

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Clariant Chemicals (India) Limited, (hereinafter called as the 'Company'). This Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial year ended on March 31, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other returns maintained by the Company for the financial year ended March 31, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (Act) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) The other laws that are applicable specifically to the Company are as follows:
  - a) Factories Act, 1948;
  - b) Environment Protection Act, 1986 and other applicable environmental laws;

- c) Hazardous Waste (Management and Handling) Rules, 1989 and Amendment Rules, 2003;
- d) All applicable labour laws including Industrial Disputes Act, 1947, Minimum Wages Act, 1948, Employees' Provident Fund & Miscellaneous Provisions Act, 1952, etc.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the year under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under

review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

This Report is to be read with our letter of even date which is annexed as Annexure and forms an integral part of this Report.

**For J R Ahuja & Co.**  
Company Secretary

(Jagdish Ahuja)  
Proprietor

Place: Mumbai  
Date: May 7, 2018

FCS No. 9079; C.P. No. 10563

To,  
The Members,  
Clariant Chemicals (India) Limited  
Reliable Tech Park, Gut No. 31, Village Elthan,  
Off Thane-Belapur Road, Airoli,  
Navi Mumbai-400 708, Maharashtra.  
CIN: L24110MH1956PLC010806

My report of even date is to be read along with this letter:

1. Maintenance of secretarial record is responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my Audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about correctness of the contents of the secretarial records. The verification was done on test basis to ensure that the correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.

3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I obtained management representation about the compliance of laws, rules, regulations, norms and standards and happening of events.
5. The compliance of the provisions of the corporate and other laws, rules, regulations, norms and standards is the responsibility of the management. My examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For J R Ahuja & Co.**  
Company Secretary

(Jagdish Ahuja)  
Proprietor

Place: Mumbai  
Date: May 7, 2018

FCS No. 9079; C.P. No. 10563

## ANNEXURE G

### FORM NO. MGT-9

#### Extract of Annual Return

#### For the Financial year ended on March 31, 2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

### I. REGISTRATION AND OTHER DETAILS:

|    |                                                                           |                                                                                                                                                                                                                                                                                                                                                        |
|----|---------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | CIN                                                                       | L24110MH1956PLC010806                                                                                                                                                                                                                                                                                                                                  |
| 2. | Registration Date                                                         | 27/12/1956                                                                                                                                                                                                                                                                                                                                             |
| 3. | Name of the Company                                                       | Clariant Chemicals (India) Limited                                                                                                                                                                                                                                                                                                                     |
| 4. | Category/Sub-Category of the Company                                      | Public Company Limited by Shares                                                                                                                                                                                                                                                                                                                       |
| 5. | Whether listed Company (Yes/No)                                           | Yes                                                                                                                                                                                                                                                                                                                                                    |
| 6. | Address of Registered Office and Contact details                          | Reliable Tech Park, Gut No. 31, Village Elthan,<br>Off Thane-Belapur Road, Airoli,<br>Navi Mumbai - 400 708, Maharashtra.<br>Tel: 022 7125 1000<br>Fax: 022 7125 1201<br>Email id: <a href="mailto:investor.relations.India@clariant.com">investor.relations.India@clariant.com</a><br>Website: <a href="http://www.clariant.com">www.clariant.com</a> |
| 7. | Name, Address and Contact details of Registrar and Transfer Agent, if any | Link Intime India Private Limited<br>C-101, 247 Park,<br>L. B. S. Marg, Vikhroli (West),<br>Mumbai - 400 083, Maharashtra.<br>Tel: 022 49186000<br>Fax: 022 49186060<br>Email id: <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a>                                                                                     |

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

| Sr. No. | Name and Description of Main Product / Services | NIC Code of the Product | % to total turnover of the Company |
|---------|-------------------------------------------------|-------------------------|------------------------------------|
| 1.      | Synthetic organic coloring matter               | 20114                   | 59                                 |
| 2.      | Colours, Dyes and Pigments                      | 20224                   | 25                                 |

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES: NOT APPLICABLE

| Sr. No. | Name and Address of Company | CIN/GIN | Holding/ Subsidiary of the Company | % of shares held | Applicable Section |
|---------|-----------------------------|---------|------------------------------------|------------------|--------------------|
| -       | -                           | -       | -                                  | -                | -                  |

**IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY):****A. Category-wise Share Holding:**

| Sr. No.   | Category of Shareholders                                                  | No. of Shares held at the beginning of the year April 1, 2017 |             |                 |                   | No. of Shares held at the end of the year March 31, 2018 |             |                 |                   | % Change during the year |
|-----------|---------------------------------------------------------------------------|---------------------------------------------------------------|-------------|-----------------|-------------------|----------------------------------------------------------|-------------|-----------------|-------------------|--------------------------|
|           |                                                                           | Demat                                                         | Physical    | Total           | % of total shares | Demat                                                    | Physical    | Total           | % of total shares |                          |
| <b>A</b>  | <b>Promoters</b>                                                          |                                                               |             |                 |                   |                                                          |             |                 |                   |                          |
| <b>1)</b> | <b>Indian</b>                                                             |                                                               |             |                 |                   |                                                          |             |                 |                   |                          |
| a         | Individuals/ HUF                                                          | 0                                                             | 0           | 0               | 0.00              | 0                                                        | 0           | 0               | 0.00              | 0.00                     |
| b         | Central Government                                                        | 0                                                             | 0           | 0               | 0.00              | 0                                                        | 0           | 0               | 0.00              | 0.00                     |
| c         | State Government                                                          | 0                                                             | 0           | 0               | 0.00              | 0                                                        | 0           | 0               | 0.00              | 0.00                     |
| d         | Bodies Corporate                                                          | 0                                                             | 0           | 0               | 0.00              | 0                                                        | 0           | 0               | 0.00              | 0.00                     |
| e         | Banks/ Financial Institution                                              | 0                                                             | 0           | 0               | 0.00              | 0                                                        | 0           | 0               | 0.00              | 0.00                     |
| f         | Any other (specify)                                                       |                                                               |             |                 |                   |                                                          |             |                 |                   |                          |
|           | i) Trusts                                                                 | 0                                                             | 0           | 0               | 0.00              | 0                                                        | 0           | 0               | 0.00              | 0.00                     |
|           | <b>Sub-Total (A) (1)</b>                                                  | <b>0</b>                                                      | <b>0</b>    | <b>0</b>        | <b>0.00</b>       | <b>0</b>                                                 | <b>0</b>    | <b>0</b>        | <b>0.00</b>       | <b>0.00</b>              |
| <b>2)</b> | <b>Foreign</b>                                                            |                                                               |             |                 |                   |                                                          |             |                 |                   |                          |
| a         | NRI Individuals                                                           | 0                                                             | 0           | 0               | 0.00              | 0                                                        | 0           | 0               | 0.00              | 0.00                     |
| b         | Other Individuals                                                         | 0                                                             | 0           | 0               | 0.00              | 0                                                        | 0           | 0               | 0.00              | 0.00                     |
| c         | Bodies Corporate                                                          | 11772050                                                      | 0           | 11772050        | 51.00             | 11772050                                                 | 0           | 11772050        | 51.00             | 0.00                     |
| d         | Banks/ Financial Institution                                              | 0                                                             | 0           | 0               | 0.00              | 0                                                        | 0           | 0               | 0.00              | 0.00                     |
| e         | Any other (specify)                                                       |                                                               |             |                 |                   |                                                          |             |                 |                   |                          |
|           | <b>Sub-Total (A) (2)</b>                                                  | <b>11772050</b>                                               | <b>0</b>    | <b>11772050</b> | <b>51.00</b>      | <b>11772050</b>                                          | <b>0</b>    | <b>11772050</b> | <b>51.00</b>      | <b>0.00</b>              |
|           | <b>Total holding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)</b> | <b>11772050</b>                                               | <b>0</b>    | <b>11772050</b> | <b>51.00</b>      | <b>11772050</b>                                          | <b>0</b>    | <b>11772050</b> | <b>51.00</b>      | <b>0.00</b>              |
| <b>B</b>  | <b>Public Shareholding</b>                                                |                                                               |             |                 |                   |                                                          |             |                 |                   |                          |
| <b>1)</b> | <b>Institutions</b>                                                       |                                                               |             |                 |                   |                                                          |             |                 |                   |                          |
| a         | Mutual Funds / UTI                                                        | 2706203                                                       | 125         | 2706328         | 11.72             | 2013280                                                  | 50          | 2013330         | 8.72              | - 3.00                   |
| b         | Alternate Investment Funds                                                | 0                                                             | 0           | 0               | 0.00              | 342956                                                   | 0           | 342956          | 1.49              | 1.49                     |
| c         | State Government                                                          | 0                                                             | 0           | 0               | 0.00              | 0                                                        | 0           | 0               | 0.00              | 0.00                     |
| d         | Venture Capital Funds                                                     | 0                                                             | 0           | 0               | 0.00              | 0                                                        | 0           | 0               | 0.00              | 0.00                     |
| e         | Foreign Portfolio Investor                                                | 868154                                                        | 0           | 868154          | 3.76              | 151858                                                   | 0           | 151858          | 0.66              | -3.10                    |
| f         | Financial Institutions / Banks                                            | 290616                                                        | 3395        | 294011          | 1.27              | 292340                                                   | 2335        | 294675          | 1.28              | 0.01                     |
| g         | Insurance Companies                                                       | 0                                                             | 0           | 0               | 0.00              | 0                                                        | 0           | 0               | 0.00              | 0.00                     |
| h         | Foreign Institutional Investors                                           | 1257                                                          | 0           | 1257            | 0.01              | 0                                                        | 0           | 0               | 0.00              | - 0.01                   |
| i         | Foreign Venture Capital Funds                                             | 0                                                             | 0           | 0               | 0.00              | 0                                                        | 0           | 0               | 0.00              | 0.00                     |
| j         | Others (specify)                                                          |                                                               |             |                 |                   |                                                          |             |                 |                   |                          |
|           | i. Foreign Banks                                                          | 1021                                                          | 0           | 1021            | 0.00              | 971                                                      | 0           | 971             | 0.00              | 0.00                     |
|           | <b>Sub-Total (B) (1)</b>                                                  | <b>3867251</b>                                                | <b>3520</b> | <b>3869750</b>  | <b>16.77</b>      | <b>2801405</b>                                           | <b>2385</b> | <b>2803790</b>  | <b>12.15</b>      | <b>- 4.62</b>            |
| <b>2)</b> | <b>Non-Institutions</b>                                                   |                                                               |             |                 |                   |                                                          |             |                 |                   |                          |
| a         | Bodies Corporates                                                         |                                                               |             |                 |                   |                                                          |             |                 |                   |                          |
|           | i. Indian                                                                 | 751401                                                        | 0           | 751401          | 3.26              | 916193                                                   | 0           | 916193          | 3.97              | 0.71                     |
|           | ii. Overseas                                                              | 0                                                             | 0           | 0               | 0.00              | 0                                                        | 0           | 0               | 0.00              | 0.00                     |

| Sr. No.                                               | Category of Shareholders                                                    | No. of Shares held at the beginning of the year April 1, 2017 |               |                 |                   | No. of Shares held at the end of the year March 31, 2018 |               |                 |                   | % Change during the year |
|-------------------------------------------------------|-----------------------------------------------------------------------------|---------------------------------------------------------------|---------------|-----------------|-------------------|----------------------------------------------------------|---------------|-----------------|-------------------|--------------------------|
|                                                       |                                                                             | Demat                                                         | Physical      | Total           | % of total shares | Demat                                                    | Physical      | Total           | % of total shares |                          |
| b                                                     | Individuals                                                                 |                                                               |               |                 |                   |                                                          |               |                 |                   |                          |
| i.                                                    | Individual Shareholders holding nominal share capital upto ₹ 1 lakh         | 5002402                                                       | 645631        | 5648033         | 24.47             | 5657501                                                  | 530967        | 6188468         | 26.81             | 2.34                     |
| ii.                                                   | Individual Shareholders holding nominal share capital in excess of ₹ 1 lakh | 232416                                                        | 32395         | 264811          | 1.15              | 332600                                                   | 32395         | 364995          | 1.58              | 0.43                     |
| c                                                     | Others (specify)                                                            |                                                               |               |                 |                   |                                                          |               |                 |                   |                          |
| i.                                                    | Non-Resident Indian                                                         | 237693                                                        | 4435          | 242128          | 1.05              | 467757                                                   | 2210          | 469967          | 2.04              | 0.99                     |
| ii.                                                   | Overseas corporate Bodies                                                   | 0                                                             | 0             | 0               | 0.00              | 0                                                        | 0             | 0               | 0.00              | 0.00                     |
| iii.                                                  | IEPF                                                                        | 0                                                             | 0             | 0               | 0.00              | 90125                                                    | 0             | 90125           | 0.39              | 0.39                     |
| iv.                                                   | Clearing Members                                                            | 96401                                                         | 0             | 96401           | 0.42              | 104204                                                   | 0             | 104204          | 0.45              | 0.03                     |
| v.                                                    | Trust                                                                       | 167379                                                        | 2090          | 169469          | 0.73              | 38145                                                    | 2090          | 40235           | 0.17              | - 0.56                   |
| vi.                                                   | Foreign National                                                            | 370                                                           | 0             | 370             | 0.00              | 370                                                      | 0             | 370             | 0.00              | 0.00                     |
| vii.                                                  | HUF                                                                         | 264560                                                        | 0             | 264560          | 1.15              | 329647                                                   | 0             | 329647          | 1.43              | 0.28                     |
| viii.                                                 | Office Bearers                                                              | 0                                                             | 1804          | 1804            | 0.01              | 0                                                        | 1754          | 1754            | 0.01              | 0.00                     |
| <b>Sub-Total (B) (2)</b>                              |                                                                             | <b>6752622</b>                                                | <b>686355</b> | <b>7438977</b>  | <b>32.23</b>      | <b>7936542</b>                                           | <b>569416</b> | <b>8505958</b>  | <b>36.85</b>      | <b>4.62</b>              |
| <b>Total Public Shareholding (B)= (B)(1) + (B)(2)</b> |                                                                             | <b>10619873</b>                                               | <b>689875</b> | <b>11309748</b> | <b>49.00</b>      | <b>10737947</b>                                          | <b>571801</b> | <b>11309748</b> | <b>49.00</b>      | <b>0.00</b>              |
| <b>C</b>                                              | <b>Shares held by Custodian for GDRs &amp; ADRs</b>                         | <b>0</b>                                                      | <b>0</b>      | <b>0</b>        | <b>0.00</b>       | <b>0</b>                                                 | <b>0</b>      | <b>0</b>        | <b>0.00</b>       | <b>0.00</b>              |
| <b>Grand Total (A+B+C)</b>                            |                                                                             | <b>22391923</b>                                               | <b>689875</b> | <b>23081798</b> | <b>100.00</b>     | <b>22509997</b>                                          | <b>571801</b> | <b>23081798</b> | <b>100.00</b>     | <b>0.00</b>              |

**B) Shareholding of Promoters:**

| Sr. No.      | Shareholders Name                                                                            | Shareholding at the beginning of the year - April 1, 2017 |                                  |                                                  | Shareholding at the end of the year - March 31, 2018 |                                  |                                                  | % change in shareholding during the year |
|--------------|----------------------------------------------------------------------------------------------|-----------------------------------------------------------|----------------------------------|--------------------------------------------------|------------------------------------------------------|----------------------------------|--------------------------------------------------|------------------------------------------|
|              |                                                                                              | No. of Shares                                             | % of total shares of the Company | % of shares Pledged / encumbered to total shares | No. of shares                                        | % of total Shares of the Company | % of shares Pledged / encumbered to total shares |                                          |
| 1            | Clariant International Limited                                                               | 5329186                                                   | 23.09                            | 0.00                                             | 0                                                    | 0.00                             | 0.00                                             | -23.09                                   |
| 2            | Ebito Chemiebeteteiligungen AG                                                               | 4109426                                                   | 17.80                            | 0.00                                             | 4109426                                              | 17.80                            | 0.00                                             | 0.00                                     |
| 3            | Clariant Plastics & Coatings Limited<br>(Erstwhile known as Clariant Participations Limited) | 2333438                                                   | 10.11                            | 0.00                                             | 7662624                                              | 33.20                            | 0.00                                             | 23.09                                    |
| <b>Total</b> |                                                                                              | <b>11772050</b>                                           | <b>51.00</b>                     | <b>0.00</b>                                      | <b>11772050</b>                                      | <b>51.00</b>                     | <b>0.00</b>                                      | <b>0.00</b>                              |

**C) Change in Promoters' Shareholding:**

| Sr. No.   | Name of Promoter                                                                                        | Shareholding                                                           |                                  | Date     | Increase / Decrease in shareholding | Reason   | Cumulative Shareholding during the year (April 1, 2017 to March 31, 2018) |                                  |
|-----------|---------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|----------------------------------|----------|-------------------------------------|----------|---------------------------------------------------------------------------|----------------------------------|
|           |                                                                                                         | No. of Shares at the beginning (01-04-17) / end of the year (31-03-18) | % of total Shares of the Company |          |                                     |          | No. of Shares                                                             | % of total Shares of the Company |
| <b>1.</b> | <b>Ebito Chemiebetteilungen AG</b>                                                                      | <b>4109426</b>                                                         | <b>17.80</b>                     |          |                                     |          |                                                                           |                                  |
|           | Changes during the year                                                                                 |                                                                        |                                  | -        | -                                   | -        | -                                                                         | -                                |
|           | <b>At the end of the year</b>                                                                           | <b>4109426</b>                                                         | <b>17.80</b>                     |          |                                     |          |                                                                           |                                  |
| <b>2.</b> | <b>Clariant International Limited</b>                                                                   | <b>5329186</b>                                                         | <b>23.09</b>                     |          |                                     |          |                                                                           |                                  |
|           | Changes during the year                                                                                 |                                                                        |                                  | 21/04/17 | -5329186                            | Transfer | 0                                                                         | 0.00                             |
|           | <b>At the end of the year</b>                                                                           | <b>0</b>                                                               | <b>0.00</b>                      |          |                                     |          |                                                                           |                                  |
| <b>3.</b> | <b>Clariant Plastics &amp; Coatings Limited</b><br>(Erstwhile known as Clariant Participations Limited) | <b>2333438</b>                                                         | <b>10.11</b>                     |          |                                     |          |                                                                           |                                  |
|           | Changes during the year                                                                                 |                                                                        |                                  | 21/04/17 | 5329186                             | Transfer | 7662624                                                                   | 33.20                            |
|           | <b>At the end of the year</b>                                                                           | <b>7662624</b>                                                         | <b>33.20</b>                     |          |                                     |          |                                                                           |                                  |

**D) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

| Sr. No.  | Shareholders Name                                | Shareholding                                                           |                                  | Date       | Increase / Decrease in shareholding | Reason   | Cumulative Shareholding during the year (April 1, 2017 to March 31, 2018) |                                  |
|----------|--------------------------------------------------|------------------------------------------------------------------------|----------------------------------|------------|-------------------------------------|----------|---------------------------------------------------------------------------|----------------------------------|
|          |                                                  | No. of Shares at the beginning (01-04-17) / end of the year (31-03-18) | % of total Shares of the Company |            |                                     |          | No. of Shares                                                             | % of total Shares of the Company |
| <b>1</b> | <b>SBI MAGNUM MIDCAP FUND</b>                    | <b>946500</b>                                                          | <b>4.10</b>                      |            |                                     |          |                                                                           |                                  |
|          | Changes during the year                          |                                                                        |                                  | 18/08/2017 | 3065                                | Transfer | 949565                                                                    | 4.11                             |
|          |                                                  |                                                                        |                                  | 25/08/2017 | 935                                 | Transfer | 950500                                                                    | 4.12                             |
|          |                                                  |                                                                        |                                  | 27/10/2017 | -4000                               | Transfer | 946500                                                                    | 4.10                             |
|          | <b>At the end of the year</b>                    | <b>946500</b>                                                          | <b>4.10</b>                      |            |                                     |          |                                                                           |                                  |
| <b>2</b> | <b>DSP BLACKROCK MICRO CAP FUND</b>              | <b>865400</b>                                                          | <b>3.75</b>                      |            |                                     |          |                                                                           |                                  |
|          | Changes during the year                          |                                                                        |                                  | 07/07/2017 | -97027                              | Transfer | 768373                                                                    | 3.33                             |
|          |                                                  |                                                                        |                                  | 14/07/2017 | -64373                              | Transfer | 704000                                                                    | 3.05                             |
|          | <b>At the end of the year</b>                    | <b>704000</b>                                                          | <b>3.05</b>                      |            |                                     |          |                                                                           |                                  |
| <b>3</b> | <b>BAJAJ ALLIANZ LIFE INSURANCE COMPANY LTD.</b> | <b>285450</b>                                                          | <b>1.24</b>                      |            |                                     |          |                                                                           |                                  |
|          | Changes during the year                          |                                                                        |                                  | 07/04/2017 | 20000                               | Transfer | 305450                                                                    | 1.32                             |
|          |                                                  |                                                                        |                                  | 28/04/2017 | 5000                                | Transfer | 310450                                                                    | 1.34                             |
|          |                                                  |                                                                        |                                  | 14/07/2017 | 75000                               | Transfer | 385450                                                                    | 1.67                             |
|          |                                                  |                                                                        |                                  | 26/01/2018 | 25000                               | Transfer | 410450                                                                    | 1.78                             |
|          |                                                  |                                                                        |                                  | 02/02/2018 | 25000                               | Transfer | 435450                                                                    | 1.89                             |
|          |                                                  |                                                                        |                                  | 09/02/2018 | 5000                                | Transfer | 440450                                                                    | 1.91                             |
|          | <b>At the end of the year</b>                    | <b>440450</b>                                                          | <b>1.91</b>                      |            |                                     |          |                                                                           |                                  |

| Sr. No.  | Shareholders Name                                          | Shareholding                                                           |                                  | Date       | Increase / Decrease in shareholding | Reason   | Cumulative Shareholding during the year (April 1, 2017 to March 31, 2018) |                                  |
|----------|------------------------------------------------------------|------------------------------------------------------------------------|----------------------------------|------------|-------------------------------------|----------|---------------------------------------------------------------------------|----------------------------------|
|          |                                                            | No. of Shares at the beginning (01-04-17) / end of the year (31-03-18) | % of total Shares of the Company |            |                                     |          | No. of Shares                                                             | % of total Shares of the Company |
| <b>4</b> | <b>SUNDARAM MUTUAL FUND A/C SUNDARAM EQUITY MULTIPLIER</b> | <b>366016</b>                                                          | <b>1.59</b>                      |            |                                     |          |                                                                           |                                  |
|          | Changes during the year                                    |                                                                        |                                  | 07/04/2017 | -1000                               | Transfer | 365016                                                                    | 1.58                             |
|          |                                                            |                                                                        |                                  | 19/05/2017 | 3232                                | Transfer | 368248                                                                    | 1.60                             |
|          |                                                            |                                                                        |                                  | 26/05/2017 | 41818                               | Transfer | 410066                                                                    | 1.78                             |
|          |                                                            |                                                                        |                                  | 02/06/2017 | 10000                               | Transfer | 420066                                                                    | 1.82                             |
|          |                                                            |                                                                        |                                  | 09/06/2017 | 3000                                | Transfer | 423066                                                                    | 1.83                             |
|          |                                                            |                                                                        |                                  | 16/06/2017 | 7000                                | Transfer | 430066                                                                    | 1.86                             |
|          |                                                            |                                                                        |                                  | 14/07/2017 | 3000                                | Transfer | 433066                                                                    | 1.88                             |
|          |                                                            |                                                                        |                                  | 28/07/2017 | 46                                  | Transfer | 433112                                                                    | 1.88                             |
|          |                                                            |                                                                        |                                  | 25/08/2017 | 2408                                | Transfer | 435520                                                                    | 1.89                             |
|          |                                                            |                                                                        |                                  | 01/09/2017 | 2592                                | Transfer | 438112                                                                    | 1.90                             |
|          |                                                            |                                                                        |                                  | 05/01/2018 | -2760                               | Transfer | 435352                                                                    | 1.89                             |
|          |                                                            |                                                                        |                                  | 12/01/2018 | -52431                              | Transfer | 382921                                                                    | 1.66                             |
|          |                                                            |                                                                        |                                  | 19/01/2018 | -34809                              | Transfer | 348112                                                                    | 1.51                             |
|          |                                                            |                                                                        |                                  | 02/02/2018 | -6365                               | Transfer | 341747                                                                    | 1.48                             |
|          |                                                            |                                                                        |                                  | 09/02/2018 | -58300                              | Transfer | 283447                                                                    | 1.23                             |
|          |                                                            |                                                                        |                                  | 16/02/2018 | -13679                              | Transfer | 269768                                                                    | 1.17                             |
|          | <b>At the end of the year</b>                              | <b>269768</b>                                                          | <b>1.17</b>                      |            |                                     |          |                                                                           |                                  |
| <b>5</b> | <b>VANTAGE EQUITY FUND</b>                                 | <b>0</b>                                                               | <b>0.00</b>                      |            |                                     |          |                                                                           |                                  |
|          | Changes during the year                                    |                                                                        |                                  | 19/01/2018 | 169000                              | Transfer | 169000                                                                    | 0.73                             |
|          |                                                            |                                                                        |                                  | 26/01/2018 | 25000                               | Transfer | 194000                                                                    | 0.84                             |
|          |                                                            |                                                                        |                                  | 02/02/2018 | 46000                               | Transfer | 240000                                                                    | 1.04                             |
|          |                                                            |                                                                        |                                  | 23/02/2018 | 11000                               | Transfer | 251000                                                                    | 1.09                             |
|          | <b>At the end of the year</b>                              | <b>251000</b>                                                          | <b>1.09</b>                      |            |                                     |          |                                                                           |                                  |
| <b>6</b> | <b>NIHAR NILEKANI</b>                                      | <b>45619</b>                                                           | <b>0.20</b>                      |            |                                     |          |                                                                           |                                  |
|          | Changes during the year                                    |                                                                        |                                  | 21/04/2017 | 75000                               | Transfer | 120619                                                                    | 0.52                             |
|          |                                                            |                                                                        |                                  | 12/05/2017 | 18000                               | Transfer | 138619                                                                    | 0.60                             |
|          |                                                            |                                                                        |                                  | 19/05/2017 | 29893                               | Transfer | 168512                                                                    | 0.73                             |
|          |                                                            |                                                                        |                                  | 07/07/2017 | 11000                               | Transfer | 179512                                                                    | 0.78                             |
|          |                                                            |                                                                        |                                  | 16/02/2018 | 32500                               | Transfer | 212012                                                                    | 0.92                             |
|          | <b>At the end of the year</b>                              | <b>212012</b>                                                          | <b>0.92</b>                      |            |                                     |          |                                                                           |                                  |
| <b>7</b> | <b>GENERAL INSURANCE CORPORATION OF INDIA</b>              | <b>173061</b>                                                          | <b>0.75</b>                      |            |                                     |          |                                                                           |                                  |
|          | Changes during the year                                    |                                                                        |                                  | -          | -                                   | -        | -                                                                         | -                                |
|          | <b>At the end of the year</b>                              | <b>173061</b>                                                          | <b>0.75</b>                      |            |                                     |          |                                                                           |                                  |
| <b>8</b> | <b>NATIONAL INSURANCE COMPANY LTD</b>                      | <b>96551</b>                                                           | <b>0.42</b>                      |            |                                     |          |                                                                           |                                  |
|          | Changes during the year                                    |                                                                        |                                  | -          | -                                   | -        | -                                                                         | -                                |
|          | <b>At the end of the year</b>                              | <b>96551</b>                                                           | <b>0.42</b>                      |            |                                     |          |                                                                           |                                  |

| Sr. No. | Shareholders Name                                                                                              | Shareholding                                                           |                                  | Date       | Increase / Decrease in shareholding | Reason   | Cumulative Shareholding during the year (April 1, 2017 to March 31, 2018) |                                  |
|---------|----------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|----------------------------------|------------|-------------------------------------|----------|---------------------------------------------------------------------------|----------------------------------|
|         |                                                                                                                | No. of Shares at the beginning (01-04-17) / end of the year (31-03-18) | % of total Shares of the Company |            |                                     |          | No. of Shares                                                             | % of total Shares of the Company |
| 9       | <b>ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUNLIFE MANUFACTURING EQUITY FUND</b>        | <b>67542</b>                                                           | <b>0.30</b>                      |            |                                     |          |                                                                           |                                  |
|         | Changes during the year                                                                                        |                                                                        |                                  | -          | -                                   | -        | -                                                                         | -                                |
|         | <b>At the end of the year</b>                                                                                  | <b>67542</b>                                                           | <b>0.30</b>                      |            |                                     |          |                                                                           |                                  |
| 10      | <b>EMERGING MARKETS CORE EQUITY PORTFOLIO (THE PORTFOLIO) OF DFA INVESTMENT DIMENSIONS GROUP INC. (DFAIDG)</b> | <b>68182</b>                                                           | <b>0.30</b>                      |            |                                     |          |                                                                           |                                  |
|         | Changes during the year                                                                                        |                                                                        |                                  | 14/04/2017 | -1088                               | Transfer | 67094                                                                     | 0.29                             |
|         |                                                                                                                |                                                                        |                                  | 26/01/2018 | -5573                               | Transfer | 61521                                                                     | 0.27                             |
|         | <b>At the end of the year</b>                                                                                  | <b>61521</b>                                                           | <b>0.27</b>                      |            |                                     |          |                                                                           |                                  |

**E) Shareholding of Director and Key Managerial Personnel:**

| Sr. No. | Name of Director / KMP | Shareholding                                                           |                                  | Date | Increase / Decrease in shareholding | Reason | Cumulative Shareholding during the year (April 1, 2017 to March 31, 2018) |                                  |
|---------|------------------------|------------------------------------------------------------------------|----------------------------------|------|-------------------------------------|--------|---------------------------------------------------------------------------|----------------------------------|
|         |                        | No. of Shares at the beginning (01-04-17) / end of the year (31-03-18) | % of total Shares of the Company |      |                                     |        | No. of Shares                                                             | % of total Shares of the Company |
| NIL     |                        |                                                                        |                                  |      |                                     |        |                                                                           |                                  |

**V. INDEBTEDNESS: NIL**

Indebtedness of the Company including interest outstanding / accrued but not due for payment for the year ended March 31, 2018

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL FOR THE YEAR ENDED MARCH 31, 2018:****A. Remuneration of Managing Director, Whole-Time Directors and / or Manager:**

(₹ in Lakhs)

| Sr. No. | Particulars of Remuneration                                                                                             | Dr. Deepak Parikh<br>Vice-Chairman &<br>Managing Director<br>(From April 1, 2017 to<br>May 31, 2017) | Mr. Adnan Ahmad<br>Vice-Chairman &<br>Managing Director<br>(From April 3, 2017) |
|---------|-------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|
| 1.      | Gross Salary                                                                                                            |                                                                                                      |                                                                                 |
|         | (a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961                                     | 65.00                                                                                                | 157.00                                                                          |
|         | (b) Value perquisites under Section 17(2) Income Tax Act, 1961                                                          | 12.00                                                                                                | 68.00                                                                           |
|         | (c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961                                                  | -                                                                                                    | -                                                                               |
| 2.      | Share based payments                                                                                                    | (14.00)*                                                                                             | 9.00                                                                            |
| 3.      | Sweat Equity                                                                                                            | -                                                                                                    | -                                                                               |
| 4.      | Commission<br>- As % of Profit<br>- Others, Specify                                                                     | -                                                                                                    | -                                                                               |
| 5.      | Others                                                                                                                  |                                                                                                      |                                                                                 |
|         | Provident Fund & Superannuation Fund                                                                                    | 3.00                                                                                                 | 30.00                                                                           |
|         | Performance Bonus                                                                                                       | 1.00                                                                                                 | 107.00                                                                          |
|         | <b>Total (A)</b>                                                                                                        | <b>67.00</b>                                                                                         | <b>371.00</b>                                                                   |
|         | Ceiling as per the Act (Being 5% of the Net Profit of the Company calculated as per Section 198 of Companies Act, 2013) |                                                                                                      | <b>68.91</b>                                                                    |

\*Amount is negative mainly due to forfeiture.

**B. Remuneration of other Directors:**

(₹ in Lakhs)

| Sr. No.   | Name of the Director                                                                                                                   | Fee for attending Board / Committee Meetings | Commission   | Others   | Total        |
|-----------|----------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|--------------|----------|--------------|
| <b>1.</b> | <b>Independent Directors</b>                                                                                                           |                                              |              |          |              |
|           | Mr. Kewal Handa                                                                                                                        | 8.25                                         | 5.40         | -        | 13.65        |
|           | Mr. Sunirmal Talukdar                                                                                                                  | 9.40                                         | 4.05         | -        | 13.45        |
|           | Dr. (Mrs.) Indu Shahani                                                                                                                | 6.35                                         | 4.05         | -        | 10.40        |
|           | <b>Total (1)</b>                                                                                                                       | <b>24.00</b>                                 | <b>13.50</b> | <b>-</b> | <b>37.50</b> |
| <b>2.</b> | <b>Other Non-Executive Directors</b>                                                                                                   |                                              |              |          |              |
|           | Mr. Alfred Muench                                                                                                                      | -                                            | -            | -        | -            |
|           | Mr. Karl Holger Dierssen                                                                                                               | -                                            | -            | -        | -            |
|           | Mr. Mario Brocchi                                                                                                                      | -                                            | -            | -        | -            |
|           | <b>Total (2)</b>                                                                                                                       | <b>-</b>                                     | <b>-</b>     | <b>-</b> | <b>-</b>     |
|           | <b>Total (B)=(1+2)</b>                                                                                                                 | <b>24.00</b>                                 | <b>13.50</b> | <b>-</b> | <b>37.50</b> |
|           | Ceiling for Commission as per the Act (Being 1% of the Net Profit of the Company calculated as per Section 198 of Companies Act, 2013) |                                              |              |          | <b>13.78</b> |

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD.:**

(₹ in Lakhs)

| Sr. No. | Particulars of Remuneration                                                                | Name of the KMP                              |                                      | Total Amount  |
|---------|--------------------------------------------------------------------------------------------|----------------------------------------------|--------------------------------------|---------------|
|         |                                                                                            | Mr. Sanjay Ghadge<br>Chief Financial Officer | Ms. Ameet Joshi<br>Company Secretary |               |
| 1.      | Gross Salary                                                                               |                                              |                                      |               |
|         | (a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961        | 194.00                                       | 18.00                                | 212.00        |
|         | (b) Value perquisites under Section 17(2) Income Tax Act, 1961 of the Income Tax act, 1961 | 66.00                                        | -                                    | 66.00         |
|         | (c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961                     | -                                            | -                                    | -             |
| 2.      | Share based payments                                                                       | 10.00                                        | -                                    | 10.00         |
| 3.      | Sweat Equity                                                                               | -                                            | -                                    | -             |
| 4.      | Commission<br>- As % of Profit<br>- Others, Specify                                        | -                                            | -                                    | -             |
| 5.      | Others                                                                                     |                                              |                                      |               |
|         | Contribution to Provident Fund & Superannuation Fund                                       | -                                            | 2.00                                 | 2.00          |
|         | Performance Bonus                                                                          | 40.00                                        | 2.00                                 | 42.00         |
|         | <b>Total (C)</b>                                                                           | <b>310.00</b>                                | <b>22.00</b>                         | <b>332.00</b> |

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES (UNDER THE COMPANIES ACT): NONE**

For and on behalf of the Board of Directors

Navi Mumbai, May 15, 2018

**Mr. Kewal Handa**  
Chairman  
DIN (00056826)

**Mr. Adnan Ahmad**  
Vice-Chairman & Managing Director  
DIN (00046742)

Notice

Directors' Report

Management Discussion &amp; Analysis Report

Report on Corporate Governance

Financial Report

## ANNEXURE H

### FORM AOC-2

Pursuant to Clause (h) of Sub-Section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014

- Details of contracts or arrangements or transactions not at arm's length basis: **Not Applicable**
- Details of material contracts or arrangement or transactions at arm's length basis for the year ended March 31, 2018:

(₹ in Lakhs)

| Name(s) of the related party and nature of relationship | Nature of contracts/ arrangement/ transactions                         | Duration of the contracts / arrangements/ transactions | Salient terms of the contracts or arrangements or transactions | Date(s) of approval by the Board, if any: | Amount paid as advances, if any | Value     |
|---------------------------------------------------------|------------------------------------------------------------------------|--------------------------------------------------------|----------------------------------------------------------------|-------------------------------------------|---------------------------------|-----------|
| Clariant (Singapore) Pte. Ltd.                          | Sale of finished goods as per purchase order raised from time to time. | On Going                                               | Ordinary course of business and at arm's length price          | -                                         | NIL                             | 22,486.87 |

For and on behalf of the Board of Directors

Navi Mumbai, May 15, 2018

**Mr. Kewal Handa**  
Chairman  
DIN (00056826)

**Mr. Adnan Ahmad**  
Vice-Chairman & Managing Director  
DIN (00046742)

## MANAGEMENT DISCUSSION & ANALYSIS

### Economic Overview

Global economic activity continues to firm up. Global output is estimated to have grown by 3.7 % in 2017, which is 0.1 percentage point faster than projected in the fall and ½ percentage point higher than in 2016. The pickup in growth has been broad based, with notable upside surprises in Europe and Asia. Global growth forecasts for 2018 and 2019 have been revised upward by 0.2 percentage point to 3.9 %. The revision reflects increased global growth momentum and the expected impact of the recently approved U.S. tax policy changes. Within this scenario, the Indian economy continued to be one of the fastest growing major economies with the IMF estimating that the country would grow at 7.4% in 2018 and 7.8% in 2019.

### Industry Overview: Specialty Chemicals

Specialty chemicals comprise low volume, high value chemicals with specific applications. They constitute a significant part of the Indian chemical industry. These chemicals add functionality to the working of various products and add value to them. Due to the increasing demand for value added high performance products in all spheres of life of Indian consumers today, the demand for specialty chemicals is expected to grow. Side by side, with a shift in manufacturing to the East and India's export competitiveness, India's position as a manufacturing hub for specialty chemicals is expected to strengthen. This trend is already becoming apparent in segments such as agrochemicals and colorants, in which a significant part produced in India is exported.

Globally, the specialty chemicals industry is differentiated from bulk chemicals by extensive R&D and innovation. However, such a demarcation does not exist in India due to the generic nature of the products of the specialty chemicals industry. Nevertheless, the specialty chemicals space is an amalgamation of many unique sub-segments, which witness different industry dynamics.

The Indian Chemical Industry is the third largest producer in Asia and the sixth largest producer globally, according to the Ministry of Commerce, FICCI and CII. It accounts for about 2.11% of GDP and has an estimated market size of USD 142 Billion, within which, specialty chemicals accounts for about USD 28 Billion.

The domestic market for specialty chemicals is expected to be buoyed by the increased adoption of specialty chemicals and their increased usage in different products categories. Paints coating and construction chemicals, colorants, Active Pharmaceutical Ingredients (APIs), personal care chemicals and

flavors & fragrances are the specific segments that are expected to do well in the Indian market.

With talented and low cost manpower alongwith low cost of production, India has gained a strong foothold in Export market. India is abreast of global regulations and competitive manufacturing practices. These measures have enhanced the competitiveness and cost effectiveness of the manufacturers in the local market.

Pigments are used as colorant in Paints, Packaging, Printing Inks, Plastics, etc. With a rise in consumer spend, demand for organic colorants in printing ink and plastics is expected to grow, while growth in construction activity would aid demand for paints and coatings. Though the local demand for organic pigments is expected to grow 5.0% per year, however overall Pigment industry in India is growing by 12-13% on account of strong export demand. Consumer preference have skewed towards products with bright, good quality and radiant colors which command premium over typical white/black colors. Exterior paints with vibrant colors, bright colored magazines pages, colorful advertising on hoardings, banners, pamphlets with vivid colors, evocative packaging, etc. are some of the examples of changing consumer preferences.

The Indian masterbatch industry is estimated to grow at 12% year on year for next 5 years. Long term market growth potential is immense as our current per capita consumption of plastics is estimated to be 11kg which is far below the world consumption level of 28 kgs. Lot of fresh investments are coming in packaging segment (flexible & rigid) as protection & shelf life of the food articles & beverage is a growing demand of the consumers. Our extensive portfolio provides multiple solutions for flexible & rigid packaging. We have combination masterbatches to impart the necessary enhanced performance to meet the unmet needs of this segment.

Recycling of Polymers is a key topic for contemporary policy being rolled out by Government in the country. Our current portfolio offers selective solution to meet these emerging requirements. India continues to grow as a hub for medical tourism thereby increasing the local production of medical devices. Our Pharma & Health Care product line offers tailor made solutions with necessary stringent global compliance norms for various end applications. Our tailor-made engineering polymers & high temperature masterbatch solutions meets the growing demand & complex designs in Automotive & Electrical & Electronics industry.

## Company Profile and Performance

Clariant Chemicals (India) Limited manufactures and sells specialty chemicals. Its product range has been classified into two business segments: Plastics and Coatings (Pigments, Additives and Masterbatches) and Specialty Chemicals (Dyestuff, Synthetic Resin, Functional Effect and Coatings, Auxiliaries and Chemicals). The Company's products & solutions are used in various sectors of the economy, such as agriculture, infrastructure, home and personal care, packaging, consumer goods, fibers, transportation and healthcare.

Clariant is one of the world's leading specialty chemical Company. It contributes to value creation with innovative and sustainable solutions for customers from many industries. Its portfolio is designed to meet very specific needs with as much precision as possible. At the same time, its research and development is focused on addressing the mega trends of today, such as energy efficiency, renewable raw materials, emission-free mobility, and conserving finite resources.

At Clariant, 'Discover Value' lies at the heart of everything. It guides the Company's research and is the driving force motivating its people to look deeper and discover value for itself, its clients and shareholders and for the world at large.

## Financial and Operational Performance Review

These financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the 'Act') read with the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the 'Act'.

The Company's continued operations reported sales for the year ended March 31, 2018 stood at ₹ 97834.18 lakhs as against ₹ 94113.40 lakhs for the previous year ended March 31, 2017, thereby recording marginal growth of 4%. Of the total sales revenue for the year under review 24% is contributed by exports. The Company remains committed and focused on its drive for sustainable growth in all segments it operates, through better material and cost management, targeting new markets and introducing innovative products.

## Comparative Financial Performance of continuing operations

| Particulars                           | Year ended<br>31-03-2018 | Year ended<br>31-03-2017 |
|---------------------------------------|--------------------------|--------------------------|
| Sales (net of excise duty) growth (%) | 4.0                      | 7.8                      |
| Domestic sales growth (%)             | 5.2                      | 9.2                      |
| Export sales growth (%)               | 9.3                      | 3.4                      |

| Particulars                                                           | Year ended<br>31-03-2018 | Year ended<br>31-03-2017 |
|-----------------------------------------------------------------------|--------------------------|--------------------------|
| Operational PBDIT before other income (% to sales net of excise duty) | 4.5                      | 7.1                      |
| PAT (% to sales)                                                      | 2.2                      | 2.6                      |
| ROCE (%)                                                              | 3.5                      | 3.6                      |
| Earnings Per Share (₹)                                                | 9.4                      | 10.6                     |
| Cash earnings per share (₹)                                           | 25.7                     | 27.7                     |
| Book value per share (₹)                                              | 270.6                    | 291.5                    |

\*Growth numbers have been calculated based on previous Indian GAAP and hence are not strictly comparable.

The Company remains a zero debt company with no long-term borrowings. The credit rating for the Company has been revised to 'CARE AA+' from 'CARE AAA' for long term bank facilities, however for short term non fund based bank facilities credit rating is reaffirmed as 'CARE A1+'. This endorses the confidence on the financial standing of the Company. Short-term bank borrowings are restricted to the need based working capital requirements. The Company has sustained its performance in efficient management of working capital. The year-end ratio of inventory to sales of 17% (net of excise duty), receivables to sales of 18% (net of excise duty) and the net working capital to sales (net of excise duty) of 17% is one of the best in the specialty chemical industry. Net cash from operations during the year before the tax payments was ₹ 2114.25 Lakhs (previous year ₹ 9137.73 Lakhs). Funds surplus to the operational needs have been prudently invested to earn reasonable returns with a high degree of safety. A sum of ₹ 4074.27 Lakhs (previous year ₹ 11247.82 Lakhs) stands invested in debt schemes of mutual funds at the end of the year.

## Business segments and performance

Information reported to the Chief Operating Decision Maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods and services delivered or provided.

The Company's reportable segments are a) Plastics and Coatings and b) Specialty Chemicals.

## Plastics and Coatings

This segment comprises of pigments, additives and masterbatches.

**Pigments** are used for coloring paint, ink, plastic, fabric, cosmetics and other materials.

Clariant is a leading global provider of organic pigments, pigment preparations and dyes used in coating, paints, printing, plastics and other specialty applications. The Company's pigments make a difference to a whole host of products that touch everyday lives. 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. We have a significant presence in paints, coating ink and plastic applications and have positioned ourselves as the preferred supplier to major players in the domestic market.

Innovation at BU pigments include ED Pigments for coatings: Dissolver dispersible pigments for major paint systems, saving manufacturing costs; Halogen free pigments for plastics: Guaranteed limits of halogen in pigments for electronic industry applications and Colorants for color filters for printing: Higher brightness and contrast for LCD and W-OLED displays.

This business contributes 58% to the total sales in the Plastics and Coatings segment and the ratio of the domestic to export sales is 61:39. During the year, the pigment business has recorded sales of ₹ 587.70 crores, marking a growth of 6.8%, on a like to like comparable period basis of 12 months.

**Additives** are performance chemicals, which are used to enhance the efficiency, safety, protection, durability and appearance of products such as plastics, coatings and printing ink. Clariant is a leading provider of non-halogenated (environmentally safe) flame retardants, waxes and polymer additives and serves customers across a wide range of applications and sectors including electronic, construction and automotive, textiles, printing and packaging. The additives business of the Company is evolving by outsourcing high technology products from Clariant affiliates to meet the demand of the domestic markets.

During the year, the additives business contributed ₹ 20.80 crores to sales. This translates into a growth of 10.1% over the previous 12 months period, on a like to like comparable period basis. With our rich product portfolio and a growing demand for additives in the domestic market, the Company foresees wide scope for growth in this business.

**Masterbatches** is a concentrated mixture of pigments and/or additives dispersed in a polymer medium.

Clariant Masterbatch in India has a diverse product portfolio and multiple production sites to serve the market better. Knowledge of color, pigments, additives and polymer chemistry has enabled the Company to develop a collection of proven

masterbatches that cater to different industry segments such as Fiber, Automotive, Consumer Goods, Electrical & Electronics, Packaging and Pharma & Health Care. Clariant Masterbatch products, technology and service deliver major advantages by adding color and functionality to plastics enabling our customers to experience superior performance. A robust product stewardship process enables Clariant to deliver responsible and sustainable products.

The masterbatches business contributed 35.4% to sales in the Pigments and Colors segment. It recorded sales of ₹ 358.40 crore during the year, posting a 4.7% increase over previous year 12 month period ended March 2017, on a like to like comparable period basis.

### Specialty Chemicals

The Specialty chemicals segment includes products which have application in textile, paper, emulsion and leather industry.

Post divestment of textile, paper and emulsion (TPE) business and leather services business in the prior years, the Company has entered into supply agreements with Archroma India Pvt. Ltd. and Stahl India Pvt. Ltd., to manufacture and supply certain products which have application in TPE and leather industry respectively. The sales as part of supply agreements post divestment of these businesses for the period under review amounts to ₹ 46.70 crores and is included in this segment.

### Internal Financial Control Systems

The Company has Internal Control Systems commensurate with the size and nature of its business. Corporate policies, management information and reporting systems for key operational areas form part of overall control mechanisms. In order to supplement the internal control process, the Company has engaged the services of independent firms of professionals to function as auditors. Being authorized by the Audit Committee to assess the adequacy and compliance of internal control process, they provide their report which includes their 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.

Further, in compliance with the Companies Act, 2013, and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company has laid down a system of internal financial controls over financial reporting and adequacy and operating effectiveness of such controls. These controls are designed to provide a reasonable assurance regarding:

- Adherence to the Company's policies and procedures
- Safeguarding assets
- Prevention and detection of fraud and error
- Reliability, completeness and accuracy of accounts
- Timely reporting of information (financial, non-financial, internal and external)

The internal financial controls and governance processes are duly reviewed for adequacy and effectiveness by an Independent Chartered Accountant. Based on its evaluation, the Audit Committee has concluded that, as of March 31, 2018, the internal financial controls were adequate and operating effectively.

### Human Resources

The Company acknowledges that its committed and talented workforce is the key factor driving sustainable performance and growth. As one of the most critical assets of the Company, its people are responsible for its competitive advantage. In line with its business imperatives, emphasis continues to be on recruiting and retaining the most relevant talent. These resources are then nurtured, developed, motivated and empowered so that their performance is optimized.

The Company continuously conducts various growth and development enhancing initiatives for entry level and mid-level managers. It also follows a reward and recognition philosophy and its policies have always been instrumental in retaining and motivating employees. It also constantly endeavors to ensure that compensations and rewards are offered for exceptional efforts made and benefits are flexible and market aligned. Industrial Relations remained cordial at all plants during the year. The total number of employees on the rolls of the Company, as on March 31, 2018 was 800 as against 817 on March 31, 2017.

### Environment, Corporate Sustainability and Social Responsibility

Clariant in India commits itself to ethical and sustainable operations and development in all business activities. We strive for continuous improvement in our business culture as well as sustainable competitiveness and top performance. Accordingly, we have many sustainability initiatives that monitor and communicate their progress on a regular basis. Clariant is committed to the Responsible Care® Global Charter and Clariant Chemicals (India) limited is a Responsible Care® holder since 2013. Our commitment to Responsible Care® underlines our focus on sustainable value creation.

Sustainability is one of the five strategic pillars of Clariant's business strategy. It helps us identify and provide value adding

solutions with outstanding economic, environmental and social performance. It is an integral part of the way we work and this helps us to position ourselves in the market; build a competitive advantage through differentiation; support profitable growth; create added value for our stakeholders; build a brand image and reputation and also anticipate and mitigate risk. Sustainability is becoming more and more an integral part of the way we work. Many of the newly developed products coming from our innovation pipeline are a result of our focus on sustainability and enable us to stand out among the competitive portfolio in the marketplace. Clariant implements initiatives to reduce environment, health and safety risks during production, storage, distribution and the disposal of waste. These include efficient use of energy and resources and continuous improvement of our processes to minimize the impact of our activities on the environment. There are many ongoing programs at our manufacturing sites designed to meet the desired objectives, including operational improvement initiatives driven by Clariant Excellence, activities to support National Safety Day and World Environment Day, and various sustainability awareness campaigns.

### Initiatives under the Together for Sustainability (TfS) and Nicer Globe programs

Clariant as a member of the TfS initiative continues to drive audits and assessments with its suppliers, supporting them towards higher sustainable performance. As a Responsible Care® Company, we take responsibility to support medium and small sized chemical Companies which are our raw material suppliers, to help them improve their Environmental Safety and Health (ESH) performance as sustainable partners for our future. Clariant is also a founder member of 'Nicer Globe', a transportation safety initiative of the Indian Chemical Council, where we are actively involved with other member Companies to help improve safe transportation of hazardous chemicals in India.

### Clariant listing in the Dow Jones Sustainability Index (DJSI):

Clariant has been successfully listed for the fifth consecutive year in the DJSI and is ranked in the top four percentile in the chemical sector. The Company also 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 2025. In terms of its sustainability strategy, Clariant is committed to international initiatives and partnerships within the chemical industry and broader stakeholder community and incorporates the 10 principles of the UN Global Compact into its policies and procedures. We attach particular importance to product stewardship and that our products can be used over their entire life cycle in a safe manner for employees, customers, the public and the environment.

Corporate Social Responsibility continues to be an integral part of our corporate philosophy. In line with our Corporate Guideline and our CSR Policy, framed under the Companies (Corporate Social Responsibility Policy) Rules, 2014, Clariant continues to contribute in the focus areas of education, health care and community support to have a positive impact on the communities around its sites in India.

## Outlook, Opportunities and Challenges

### Outlook & Opportunities

- The Indian specialty chemicals market is growing at almost twice the global average. India's large population base with lower per capita consumption of chemicals and relatively strong GDP growth outlook (78% over the next few years) suggests untapped potential.
- The Government's 'Make in India' initiative will facilitate the industry with common infrastructure and a consequent rapid flow of FDI into the sector which will accelerate growth.
- The Indian specialty chemicals industry continues to be benefited due to low labour costs.
- The Company has an added advantage of product development capabilities, branding and distribution, in addition to having a parent Company with strong research capabilities, which can be applied in domestic products as well.

### Challenges

- Competition: The performance of the pigment industry is always likely to invite more competition – both domestic and international and the Company is always upgrading itself to face such challenges.
- Commoditization: Only niche products enable Companies to protect their margins. Focusing more on this segment would be of greater benefit.
- Regulations: The cost of compliance could make operations increasingly economically unviable for small players. Ability to scale up, offering differentiated products through innovations, implementing an effective sales and marketing strategy and maintaining high levels of regulatory standards will clearly separate winners from the crowds in this space.

### Risks and its Mitigation

Clariant follows Enterprise Risk Management (ERM) tools to define, identify and assess, report and drive the mitigation

of risk throughout the group. The tool is designed to provide risk score measures for each of the potential risks as well as its financial, reputational and operational impact. It also provides risk improvement plans, critical success factors and target dates to control risks.

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

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

The Company continues its focus on compliance in all areas of its business operations by rationalizing and strengthening 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 standards and to provide employees with a good understanding Anti Trust / Competition laws, Clariant has launched and imparted trainings on the aforesaid topics.

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 a 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.

### 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 law 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 for 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

**Mr. Kewal Handa**

Chairman

DIN (00056826)

Navi Mumbai, May 15, 2018

**Mr. Adnan Ahmad**

Vice-Chairman & Managing Director

DIN (00046742)

## REPORT ON CORPORATE GOVERNANCE

### Principles of Corporate Governance

The Corporate Governance policy in the Company encompasses the simple tenets of integrity, transparency, accountability and fairness in whatever the Company does. Clariant is ordained to set the highest standards of corporate governance right from its inception, benchmarked with the best in class practices across the globe. In defining the management structure, organisation and processes of the Clariant group, the corporate governance principles aim to provide shareholder value and transparency to promote sustainable long-term success. The entire governance system is supported by well-structured systems and procedures that ensure well informed decision making across different levels of management.

#### 1. Group Structure

Clariant AG, a global leader in the field of Specialty Chemicals and headquartered in Muttentz near Basel, is an Ultimate Holding of the Company, which directly or indirectly owns group Companies / affiliates worldwide. The Group conducts its business through seven business units namely Additives, Catalysts, Functional Materials, Industrial & Consumer Specialties, Masterbatches, Oil & Mining Services and Pigments.

#### 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 Regulation 17 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

The Company has 7 Directors out of which 3 are Independent Directors, 3 are Non-Executive Directors and 1 in whole time employment, being the Vice-Chairman and Managing Director. The Company has an active and independent Board of Directors that provide supervisory and strategic advice and direction.

The Chairman of the Board is a Non-executive 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 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 Board does not have any Nominee Director representing any institution.

**The composition and category of the Board of Directors for the year ended March 31, 2018, the number of other Directorships / Committee memberships held by them and also their attendance at the Board meetings of the Company are as under:**

| Name of the Director                                                              | Category                  | Particulars of Attendance                                       |          |                                  | No. of other Directorships* and Committee Memberships/ Chairmanships in Indian Public Companies# as on March 31, 2018 |                       |                         |
|-----------------------------------------------------------------------------------|---------------------------|-----------------------------------------------------------------|----------|----------------------------------|-----------------------------------------------------------------------------------------------------------------------|-----------------------|-------------------------|
|                                                                                   |                           | Number of Board Meetings held during the tenure of the Director |          | Last AGM held on August 11, 2017 | Other Directorships                                                                                                   | Committee Memberships | Committee Chairmanships |
|                                                                                   |                           | Held                                                            | Attended |                                  |                                                                                                                       |                       |                         |
| Mr. Kewal Handa<br>DIN 00056826<br>Chairman                                       | Non-Executive Independent | 4                                                               | 4        | Attended                         | 4                                                                                                                     | 4                     | 3                       |
| Mr. Adnan Ahmad <sup>1</sup><br>DIN 00046742<br>Vice-Chairman & Managing Director | Executive                 | 4                                                               | 4        | Attended                         | 2                                                                                                                     | 3                     | None                    |

Notice

Directors' Report

Management Discussion &amp; Analysis Report

Report on Corporate Governance

Financial Report

| Name of the Director                                                                | Category                  | Particulars of Attendance                                       |          |                                  | No. of other Directorships* and Committee Memberships/ Chairmanships in Indian Public Companies# as on March 31, 2018 |                       |                         |
|-------------------------------------------------------------------------------------|---------------------------|-----------------------------------------------------------------|----------|----------------------------------|-----------------------------------------------------------------------------------------------------------------------|-----------------------|-------------------------|
|                                                                                     |                           | Number of Board Meetings held during the tenure of the Director |          | Last AGM held on August 11, 2017 | Other Directorships                                                                                                   | Committee Memberships | Committee Chairmanships |
|                                                                                     |                           | Held                                                            | Attended |                                  |                                                                                                                       |                       |                         |
| Dr. Deepak Parikh <sup>2</sup><br>DIN 06504537<br>Vice-Chairman & Managing Director | Executive                 | 1                                                               | 1        | NA                               | NA                                                                                                                    | NA                    | NA                      |
| Mr. Sunirmal Talukdar<br>DIN 00920608                                               | Non-Executive Independent | 4                                                               | 4        | Attended                         | 4                                                                                                                     | 3                     | 2                       |
| Dr. (Mrs.) Indu Shahani<br>DIN 00112289                                             | Non-Executive Independent | 4                                                               | 3        | Absent                           | 4                                                                                                                     | 7                     | 1                       |
| Mr. Alfred Muench <sup>3</sup><br>DIN 03092351                                      | Non-Executive             | 4                                                               | None     | Absent                           | 2                                                                                                                     | 2                     | None                    |
| Mt Karl Holger Dierseen<br>DIN 06739356                                             | Non-Executive             | 4                                                               | 2        | Attended                         | None                                                                                                                  | None                  | None                    |
| Mr. Mario Brocchi<br>DIN 07091950                                                   | Non-Executive             | 4                                                               | 3        | Attended                         | None                                                                                                                  | 1                     | None                    |

\*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 held in Clariant Chemicals (India) Limited.

<sup>1</sup> Appointed as Executive Director w.e.f. April 3, 2017 and later as Vice-Chairman and Managing Director w.e.f. June 1, 2017.

<sup>2</sup> Resigned from the Directorship of the Company w.e.f. closing working hours of May 31, 2017.

<sup>3</sup> Re-appointed as Director liable to retire by rotation at the 60<sup>th</sup> Annual General Meeting held on August 11, 2017.

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

The brief profile and 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:

The Board provides the strategic directions to the Company and evaluates management policies and their effectiveness to ensure that the long-term interests of the shareholders are being served.

In accordance with the law 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 4 meetings on May 23, 2017, August 11, 2017, November 13, 2017 and February 13, 2018.

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. Where it is not practicable 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 Part A of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is 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.

## 2.4 Familiarization Programme:

The Company has put in place a well-structured induction and familiarization programme for its Independent Directors. The details of familiarization programme is available on Company's website at:

<http://www.clariant.com/en/Investors/Investor-Relations-India/Policies>

## 2.5 Independent Directors' Meeting:

In accordance with the provisions of Schedule IV of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of Independent Directors was held on February 13, 2018 and attended by Mr. Kewal Handa and Mr. Sunirmal Talukdar. Leave of absence was granted to Dr. (Mrs.) Indu Shahani. The Independent Directors, inter alia, reviewed the following;

- the performance of Non-Independent Directors and the Board as a whole;
- the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

## 2.6 Performance evaluation:

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Board has carried out the annual evaluation of its own performance and Board Committees by seeking the inputs of Directors on various aspects of the Board / Committee Governance. The Board have reviewed the performance of the individual Directors and the Chairperson.

The performance evaluation of the Directors was done based on criteria which included leadership qualities, contribution in strategic planning, balanced decision

making, safeguard of confidential information, adherence to code of conduct, transparency, attendance, etc. In a separate meeting of Independent Directors, performance evaluation of Non-Independent Directors and the Board as a whole was evaluated. The performance evaluation of Independent Directors was done by the entire Board except for the Independent Director subjected to evaluation at the Board Meeting held on May 15, 2018.

## 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 taken note 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 and Meetings:

The composition of the Audit Committee is in conformity with Regulation 18 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. During the year under review, five meetings were held on April 12, 2017, May 23, 2017, August 11, 2017, November 13, 2017 and February 13, 2018. 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. Sunirmal Talukdar   | Chairman      | 5                                                | 5        |
| Mr. Kewal Handa         | Member        | 5                                                | 5        |
| Dr. (Mrs.) Indu Shahani | Member        | 5                                                | 4        |
| Mr. Mario Brocchi       | Member        | 5                                                | 3        |

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. Sunirmal Talukdar, Chairman of the

Committee was present at the Annual General Meeting held on August 11, 2017.

The Vice-Chairman & Managing Director, Statutory Auditors, Internal Auditors and Cost Auditors are invitees to the meetings of the Audit Committee. Ms. Amee Joshi acts as Secretary to the Committee.

### 3.1.2 Terms of reference:

The Terms of reference for the Audit Committee is in line with the requirements of Section 177 of the Companies Act, 2013 and the Rules framed thereunder and Regulation 18 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. 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 auditors' 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, reappointment 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 there on;
- 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 Composition and Meetings:

The composition of the Nomination and Remuneration Committee is in conformity Regulation 19 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

During the year under review, two meetings were held on May 23, 2017 and August 11, 2017. The details 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. Sunirmal Talukdar | Chairman      | 2                                                | 2        |
| Mr. Kewal Handa       | Member        | 2                                                | 2        |
| Mr. Alfred Muench     | Member        | 2                                                | None     |

Ms. Amee Joshi acts as Secretary to the Committee.

### 3.2.2 Terms of reference:

The brief terms of reference of the Nomination and Remuneration Committee are as under:

- (1) Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board of Directors a policy relating to, the remuneration of the Directors, Key Managerial Personnel and other employees;
- (2) Formulation of criteria for evaluation of performance of Independent Directors, other Directors and Key Managerial Personnel;
- (3) Devising a policy on diversity of Board of Directors;
- (4) Identifying persons who are qualified to become Directors in accordance with the criteria laid down and recommend to the Board of Directors their appointment and removal;
- (5) Identifying persons who are qualified to become Key Managerial Personnel (KMP) in accordance with the criteria laid down and recommend to the Board of Directors their appointment and removal;
- (6) Identifying persons who may be appointed in Senior Management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment or removal;
- (7) Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors;
- (8) To recommend to the Board on Remuneration payable to the Whole Time Directors, Key Managerial Personnel and Senior Executives.

### 3.2.3 Remuneration Policy:

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

A brief outline of the Nomination & Remuneration Policy is mentioned in the Directors' Report forming part of the Annual Report.

### 3.2.4 Remuneration paid to the Directors:

The Independent Directors are remunerated by way of sitting fees for attending each meeting of the Board and Committee thereof. They 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.

The details of remuneration paid / payable to the Directors for the year ended March 31, 2018 is given as under:

₹ In Lakhs

| Name of Director                            | Sitting fees* | Salary, benefits & perquisites, performance bonus, Pension & Other Funds etc. | Commission | Total  | No. of shares held as on March 31, 2018 |
|---------------------------------------------|---------------|-------------------------------------------------------------------------------|------------|--------|-----------------------------------------|
|                                             |               |                                                                               |            |        |                                         |
| Mr. Kewal Handa                             | 8.25          | -                                                                             | 5.40       | 13.65  | NIL                                     |
| Mr. Sunirmal Talukdar                       | 9.40          | -                                                                             | 4.05       | 13.45  | NIL                                     |
| Dr. (Mrs.) Indu Shahani                     | 6.35          | -                                                                             | 4.05       | 10.40  | NIL                                     |
| Mr. Adnan Ahmad                             | -             | 371.00                                                                        | -          | 371.00 | NIL                                     |
| Dr. Deepak Parikh<br>(For April & May 2017) | -             | 67.00                                                                         | -          | 67.00  | NIL                                     |

\* Exclusive of service tax.

During the year under review, the Company had availed the consultancy service of Conexus Social Responsibility Private Limited, wherein Mr. Kewal Handa is a Director and a Shareholder (holding 30%), for developing Corporate Social Responsibility (CSR) strategy for Clariant in India. The Company had paid ₹ 1,89,000/- as Consultancy fees during Financial year 2017-18. The said service was provided by Mr. Manish Handa, son of Mr. Kewal Handa, who is also a Director of Conexus Social Responsibility Private Limited.

Other than this, none of the Non-executive Directors have any other pecuniary interest in the Company.

The Company has not framed any scheme / plan to grant Stock Option to its employees. However, few of the employees under senior management level including Vice-Chairman and Managing Director have right to participate in Clariant Stock Option Plan introduced by the Ultimate Holding Company, Clariant AG.

### 3.3. Stakeholders' Relationship Committee

#### 3.3.1 Composition and Meetings:

During the year under review, three meetings were held on August 11, 2017, November 13, 2017 and February 13, 2018. 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 | Chairperson   | 3                                                | 3        |
| Mr. Adnan Ahmad         | Member        | 3                                                | 3        |
| Mr. Sunirmal Talukdar   | Member        | 3                                                | 3        |

Ms. Amee Joshi acts as Secretary to the Committee.

#### 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 Link Intime India Private Limited (the Share Transfer Agent) attends 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 Practising 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.

Ms. Amee Joshi, Company Secretary is the compliance officer pursuant to the requirement of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Pursuant to Regulation 13 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, investors' grievance redressal status and the number of pending complaints are reported every quarter to the Stock Exchanges. There were no investor complaint pending as on March 31, 2018. Detail of Investors' Complaint received and resolved during the year ended March 31, 2018 is given below;

| Nature of Complaints              | Number of Complaints Received | Number of Complaints Resolved |
|-----------------------------------|-------------------------------|-------------------------------|
| Non-receipt of Share Certificates | 2                             | 2                             |
| Non-receipt of Annual Reports     | 4                             | 4                             |
| Non-receipt of Declared Dividend  | 3                             | 3                             |
| Others                            | 1                             | 1                             |
| <b>Total</b>                      | <b>10</b>                     | <b>10</b>                     |

### 3.4 Corporate Social Responsibility (CSR) Committee

#### 3.4.1 Composition & Meetings:

The composition of the Corporate Social Responsibility Committee is in conformity with the provisions of Section 135 of the Companies Act, 2013.

During the year under review, one meeting was held on May 23, 2017. The composition and details of the meeting 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  | Chairperson   | 1                                                | Absent   |
| Mr. Adnan Ahmad          | Member        | 1                                                | 1        |
| Mr. Karl Holger Dierssen | Member        | 1                                                | Absent   |
| Mr. Kewal Handa          | Member        | 0                                                | NA       |

Mr. Kewal Handa was co-opted as Chairman of the CSR meeting held on May 23, 2017. He was then nominated as a

Member of the CSR committee at the Board Meeting held on May 23, 2017.

Ms. Amee Joshi acts as 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 under review.

### 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                                                                                                                                                                                                                                                        |
|------------------|------------------------------|------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 58 <sup>th</sup> | April 24, 2015<br>10.30 a.m. | Airoli HQ - Reliable Tech Park, Thane - Belapur Road, Airoli, Navi Mumbai 400 708. | i) Payment of remuneration to Dr. Deepak Parikh, Vice-Chairman & Managing Director;<br>ii) Payment of remuneration to Mr. B. L. Gaggar, Executive Director-Finance and Company Secretary;<br>iii) Approval of Material Related Party Transactions for Financial year 2014 & 2015. |
| 59 <sup>th</sup> | August 12, 2016<br>4.00 p.m. | Airoli HQ - Reliable Tech Park, Thane - Belapur Road, Airoli, Navi Mumbai 400 708. | i) Shifting of Registers and Index of Members.                                                                                                                                                                                                                                    |
| 60 <sup>th</sup> | August 11, 2017<br>4.00 p.m. | Airoli HQ - Reliable Tech Park, Thane - Belapur Road, Airoli, Navi Mumbai 400 708. | i) Approval of appointment and remuneration payable to Mr. Adnan Ahmad, Vice-chairman and Managing Director for a period of three years w.e.f April 3, 2017.                                                                                                                      |

During the year under review, no Postal Ballot was conducted in accordance with Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014.

No special resolution is proposed to be conducted through postal ballot at the AGM to be held on August 9, 2018.

## 6. Disclosures

### 6.1 Related party transactions:

Related party transactions have been disclosed under Note 41 of Significant accounting policies & notes forming part of the Financial Statements of Audited Accounts in accordance with “Accounting Standard 18” and pursuant to Regulation 23 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. 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 Material Related Party Transactions. The Policy is available on the website of the Company i.e. <http://www.clariant.com/en/Investors/Investor-Relations-India/Policies>

None of the transactions with related parties were in conflict with the interest of the Company. Company’s major related party transactions, during the year under review, 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.

### 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 <http://www.clariant.com/en/Investors/Investor-Relations-India/Policies>

The Vice-Chairman & Managing Director has confirmed the compliance of code of conduct as required under Regulation 17(5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and provided a declaration as under:

I, Mr. Adnan Ahmad, Vice Chairman & Managing Director of the Company do hereby give this declaration pursuant to Regulation 17(5) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015;

The Board has laid down code of conduct for all Board Members and Senior Management of the Company and the same is posted on the website of the Company i.e., [www.clariant.com](http://www.clariant.com). All the Board Members and Senior Management Personnel have affirmed compliances with the code for the year ended March 31, 2018.

### 6.3 Prohibition of Insider Trading:

The Company has framed a Code of Conduct for Prohibition of Insider Trading as per the amended SEBI (Prohibition of Insider Trading) Regulations, 2015. 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 March 31, 2018 are prepared in conformity with the Indian Accounting Standards (Ind AS).

### 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, 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:

The Company has adopted Group’s Integrity Line Policy which is akin to Whistle Blower Policy or Vigil Mechanism 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.

## 6.9 Commodity Risk and Hedging Activities:

Specialty Chemical industry is exposed to high risk of volatile prices, stringent government regulations and availability of raw materials / traded goods. Clariant mitigates / hedges the said risks by its sustainable strategy consisting of structured approach to reduce cost and controls price fluctuation by quarterly price contracts, volume bundling and deployment of new vendors.

## 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 SEBI Regulations 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:

**Day, Date & Time :** Thursday, August 9, 2018 at 04.00p.m.

**Venue :** Registered Office

### 8.2 Financial Calendar:

- Financial Year April 1 to March 31.  
Proposed Calendar for FY 2018-19

|                        |                             |
|------------------------|-----------------------------|
| 1st Quarter Results    | August 9, 2018              |
| 2nd Quarter Results    | November 12, 2018           |
| 3rd Quarter Results    | February 14, 2019           |
| Annual Results         | On or before May 30, 2019   |
| Annual General Meeting | In the month of August 2019 |

### 8.3 Dates of Book Closure:

|                    |                                                           |
|--------------------|-----------------------------------------------------------|
| Book Closure dates | August 3, 2018 to August 9, 2018<br>(Both days inclusive) |
|--------------------|-----------------------------------------------------------|

### 8.4 Listing of Shares:

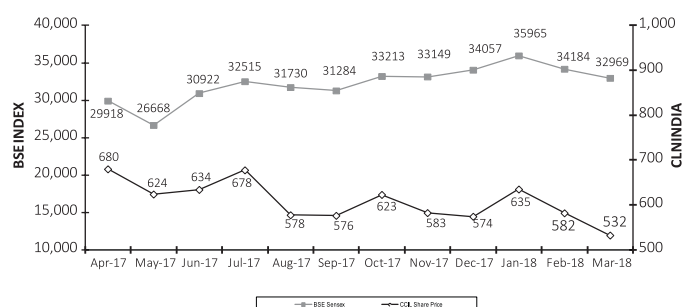
Shares of the Company are listed on BSE Ltd. (BSE) under Stock ID 'CLNINDIA' and National Stock Exchange of India Limited (NSE) under the code 'CLNINDIA'. The Company has paid the listing fees up to March 31, 2019 to both the Stock Exchanges.

### 8.5 Corporate Identification Number (CIN) of the Company: L24110MH1956PLC010806

## 8.6 Stock Market Data - Price per share:

| Month     | Bombay Stock Exchange (BSE) |        |               | National Stock Exchange (NSE) |        |               |
|-----------|-----------------------------|--------|---------------|-------------------------------|--------|---------------|
|           | High ₹                      | Low ₹  | Volume (Nos.) | High ₹                        | Low ₹  | Volume (Nos.) |
| 2017-18   |                             |        |               |                               |        |               |
| April     | 725.10                      | 672.50 | 70,227        | 723.95                        | 672.40 | 463974        |
| May       | 683.70                      | 595.00 | 1,43,067      | 683.65                        | 594.00 | 886853        |
| June      | 648.00                      | 615.00 | 98,202        | 648.65                        | 616.70 | 554207        |
| July      | 687.70                      | 635.00 | 1,46,786      | 683.95                        | 633.05 | 596605        |
| August    | 681.75                      | 563.00 | 91,161        | 680.00                        | 563.25 | 415478        |
| September | 613.20                      | 560.10 | 74,057        | 614.50                        | 563.50 | 368439        |
| October   | 637.80                      | 566.00 | 67,456        | 638.00                        | 570.20 | 433403        |
| November  | 630.85                      | 572.60 | 59,680        | 634.75                        | 570.50 | 284491        |
| December  | 584.90                      | 553.50 | 70,302        | 584.85                        | 552.65 | 352646        |
| January   | 667.00                      | 575.00 | 3,47,640      | 668.00                        | 571.50 | 1172762       |
| February  | 656.80                      | 568.00 | 1,21,492      | 659.00                        | 570.00 | 449233        |
| March     | 586.00                      | 512.85 | 90,311        | 585.05                        | 523.00 | 218333        |

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



## 8.8 Address for correspondence:

### A) Share Transfer Agents:

Link Intime India Private Limited  
C 101, 247 Park, L B S Marg, Vikhroli (West),  
Mumbai - 400 083, Maharashtra.  
Tel: 022 - 4918 6000  
Email id.: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)  
Contact Person: Miss Sujata Poojary  
**E-mail ID for Investor Services:**  
[investor.relations\\_India@clariant.com](mailto:investor.relations_India@clariant.com)

### B) Company's Registered Office:

Reliable Tech Park, Gut No. 31, Village Elthan,  
Off Thane-Belapur Road, Airoli,  
Navi Mumbai - 400 708, Maharashtra.  
Tel : 022 - 7125 1000

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 Aadhar Card, 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 (i.e., 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. Ameer Joshi, Company Secretary, at the registered office of the Company.**

#### 8.9 Shareholding pattern as on March 31, 2018:

| Sr. No.  | Category                                | No of Shares held | Percentage of Shareholding |
|----------|-----------------------------------------|-------------------|----------------------------|
| <b>A</b> | <b>Promoters' Holding</b>               |                   |                            |
|          | <b>Foreign Promoters</b>                |                   |                            |
| (a)      | Ebita Chemiebetteilungen AG             | 4109426           | 17.80                      |
| (b)      | Clariant Plastics And Coatings Limited  | 7662624           | 33.20                      |
|          | <b>Sub-Total</b>                        | <b>11772050</b>   | <b>51.00</b>               |
| <b>B</b> | <b>Institutional Investors</b>          |                   |                            |
| (a)      | Mutual Funds                            | 2013330           | 8.72                       |
| (b)      | Financial Institutions/ Banks           | 294675            | 1.28                       |
| (c)      | Insurance Companies                     | 0                 | 0.00                       |
| (d)      | Foreign Portfolio Investors (Corporate) | 151858            | 0.66                       |
| (e)      | Foreign Institutional Investors         | 0                 | 0.00                       |
|          | <b>Sub-Total</b>                        | <b>2459863</b>    | <b>10.66</b>               |
| <b>C</b> | <b>Others</b>                           |                   |                            |
| (a)      | Domestic Companies                      | 1363353           | 5.91                       |
| (b)      | Non Resident Indians/Trusts             | 510202            | 2.21                       |
| (c)      | Indian Public                           | 6884864           | 29.83                      |
| (d)      | Foreign Banks                           | 971               | 0.00                       |
| (e)      | Foreign Nationals                       | 370               | 0.00                       |
| (f)      | Government Companies                    | 90125             | 0.39                       |
|          | <b>Sub-Total</b>                        | <b>8849885</b>    | <b>38.34</b>               |
| <b>D</b> | <b>Total Public Shareholding (B+C)</b>  | <b>11309748</b>   | <b>49.00</b>               |
|          | <b>TOTAL (A+D)</b>                      | <b>23081798</b>   | <b>100.00</b>              |

22,509,997 equity shares of the Company are held in dematerialized form constituting 97.52% of the paid up capital as on March 31, 2018. The total number of shareholders as on March 31, 2018 is 39,823\*.

\*No. of Shareholders are not clubbed as per their PAN.

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

| Sr. No. | Name                                                | As at March 31, 2018 |       | As at March 31, 2017 |       |
|---------|-----------------------------------------------------|----------------------|-------|----------------------|-------|
|         |                                                     | No. of shares        | %     | No. of shares        | %     |
| 1.      | Clariant Plastics And Coatings Ltd                  | 7662624              | 33.20 | 2333438              | 10.11 |
| 2.      | Ebita Chemiebetteilungen AG                         | 4109426              | 17.80 | 4109426              | 17.80 |
| 3.      | SBI Magnum Midcap Fund                              | 946500               | 4.10  | 946500               | 4.10  |
| 4.      | DSP Blackrock Small Cap Fund                        | 704000               | 3.05  | 704000               | 3.05  |
| 5.      | Bajaj Allianz Life Insurance Company Ltd            | 440450               | 1.91  | 285450               | 1.24  |
| 6.      | Sundaram Mutual Fund A/C Sundaram Equity Multiplier | 269768               | 1.17  | 366016               | 1.59  |
| 7.      | Vantage Equity Fund                                 | 251000               | 1.09  | 0                    | 0.00  |

#### 8.11 Distribution of shareholdings as at March 31, 2018:

| No. of equity shares held | Shareholders  |               | Equity Shares held |               |
|---------------------------|---------------|---------------|--------------------|---------------|
|                           | Numbers       | %             | No. of shares      | %             |
| 1-500                     | 36958         | 92.81         | 3295399            | 14.28         |
| 501-1000                  | 1664          | 4.18          | 1236238            | 5.36          |
| 1001-2000                 | 724           | 1.82          | 1039402            | 4.50          |
| 2001-3000                 | 179           | 0.45          | 447686             | 1.94          |
| 3001-4000                 | 93            | 0.23          | 323980             | 1.40          |
| 4001-5000                 | 52            | 0.13          | 238902             | 1.04          |
| 5001-10000                | 91            | 0.23          | 646753             | 2.80          |
| 10001 & above             | 62            | 0.15          | 15853438           | 68.68         |
| <b>Total</b>              | <b>39823*</b> | <b>100.00</b> | <b>23081798</b>    | <b>100.00</b> |

\*No. of Shareholders are not clubbed as per their PAN.

#### 8.12 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, M.I.D.C. Industrial Area, A.V.P.O. Dhatav, Taluka Roha, District Raigad – 402 116 Maharashtra
- WA - 6, Renaissance Industrial & Warehousing Park, Kalyan - Padgha Road, Village Vashere, Post Amne, Taluka Bhiwandi, District Thane – 421 302 Maharashtra
- Shed Nos. 18, 19, 20, 21, 22, GIDC Kalol, District Panchmahal, Vadodara – 389 330 Gujarat
- Survey No. 344/1-2-3, Sakarda - Bhadarva Road, Village Rania, Taluka Savli, Vadodara – 391 780 Gujarat
- A1 - 47/2 & 47/3, GIDC, Nandesari, Vadodara – 391 340 Gujarat
- Plot/Phase No. 378/2/2, Durgapura Colony Road, Birlagram, Nagda – 456 331 Madhya Pradesh
- Kudikadu, SIPCOT Post, Cuddalore – 607 005 Tamil Nadu

## 9. Additional Information

### 9.1 Unpaid / Unclaimed Dividend and Shares:

In terms of the provisions of Section 124 & 125 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), the Company is obliged to transfer dividends which remain unpaid or unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account to the credit of the Investor Education and Protection Fund ("IEPF") established by the Central Government.

Further, in addition to the unpaid or unclaimed Dividend required to be transferred by the Company to IEPF, equity shares relating to such unclaimed/unpaid Dividend and lying unpaid/unclaimed for seven consecutive years or more are also required to be transferred to the Investor Education and Protection Fund Suspense Account ("IEPF Suspense Account").

In accordance with the requirements as set out in the IEPF Rules, the Company have transferred 90,125 Shares to IEPF Suspense Account during the year ended March 31, 2018. The Company has uploaded the details of such shareholders on its website [www.clariant.com](http://www.clariant.com).

Members are hereby informed that the 7 years period pertaining to Final Dividend for the Financial year 2010 and Interim Dividend for the Financial year 2011 will expire on June 1, 2018 and September 2, 2018 respectively and thereafter the amount standing to the credit in the said accounts and the shares in respect of such unclaimed dividend 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.

Due date of completion of 7 years for various outstanding Dividend accounts is given below;

| Financial Year/<br>period | Date of<br>Declaration | Date of completion<br>of seven years |
|---------------------------|------------------------|--------------------------------------|
| 2010 (Final)              | 26.04.2011             | 01.06.2018                           |
| 2011 (Interim)            | 28.07.2011             | 02.09.2018                           |
| 2011 (Final)              | 26.04.2012             | 02.06.2019                           |
| 2012 (Interim)            | 27.07.2012             | 02.09.2019                           |
| 2012 (Final)              | 26.04.2013             | 01.06.2020                           |
| 2013 (Interim)            | 30.07.2013             | 04.09.2020                           |
| 2013 (Final)              | 06.05.2014             | 11.06.2021                           |
| 2014 (Interim)            | 18.07.2014             | 23.08.2021                           |
| 2015-16 (Interim)         | 12.01.2015             | 17.02.2022                           |
| 2015-16(Final)            | 12.08.2016             | 17.09.2023                           |
| 2016-17 (Final)           | 11.08.2017             | 16.09.2024                           |

Please note that no claim shall lie against the Company in respect of the unclaimed dividend amount and equity shares transferred to IEPF, pursuant to IEPF Rules. Shareholders can however claim both the unclaimed dividend amount and the equity shares transferred to IEPF Suspense Account from IEPF Authority by making an Application in Form IEPF-5 online and sending the physical copy of the same duly signed (as per registered signature) along with requisite documents enumerated in the said Form IEPF-5 to the Company at its registered office or to Link Intime for verification of the claim.

### 9.2 Detail of Unclaimed Shares:

The detail of unclaimed shares is given below;

|                                                                                                    |                                    |
|----------------------------------------------------------------------------------------------------|------------------------------------|
| Aggregate number of shareholders and the outstanding unclaimed shares at the beginning of the year | 1277 shareholders<br>156605 shares |
| Number of shareholders who approached the issuer for transfer of unclaimed shares during the year  | 31 shareholders                    |

|                                                                                             |                                  |
|---------------------------------------------------------------------------------------------|----------------------------------|
| Number of unclaimed shares were transferred during the year                                 | 3834 shares                      |
| Number of shareholders involved in IEPF4                                                    | 877 shareholders                 |
| Number of shares involved in IEPF4                                                          | 89376 shares                     |
| Aggregate number of shareholders and the outstanding unclaimed shares as at end of the year | 369 shareholders<br>63395 shares |

The voting rights on the outstanding unclaimed shares shall remain frozen till the rightful owner of such shares claims the 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.com](http://www.clariant.com).

### 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 in demat form 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:

The status of compliance with non-mandatory recommendations under Part E, Schedule II of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 is provided below:

- 9.7.1 The Board: There is no separate Chairperson's office maintained by Non Executive Chairman of the Company.
- 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 Modified Opinion(s) in the Audit Report and Audit Qualifications: There are no modified opinion in the Audit Report and the Company's Financial Statement for the year ended March 31, 2018 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 Chief Financial Officer have provided annual certificate on financial reporting and internal controls to the Board pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The said certificate was placed and taken on record at the Board Meeting held on May 15, 2018. They have also provided quarterly certificates on Financial Results while placing the Financial Results before the Board.

For and on behalf of the Board of Directors

**Mr. Kewal Handa**  
Chairman  
(DIN 00056836)

**Mr. Adnan Ahmad**  
Vice-Chairman & Managing Director  
(DIN 00046742)

Navi Mumbai, May 15, 2018

# 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 March 31, 2018 as stipulated in Regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI Listing Regulations, 2015").

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, 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 SEBI Listing Regulations, 2015.

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: 012754/N500016

## Priyanshu Gundana

Partner

Membership Number: 109553

Place: Navi Mumbai

Date: May 15, 2018

Notice

Directors' Report

Management Discussion &  
Analysis ReportReport on Corporate  
Governance

Financial Report

## INDEPENDENT AUDITORS' REPORT

### To the Members of Clariant Chemicals (India) Limited

### Report on the Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying financial statements of Clariant Chemicals (India) Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements to give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS 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 Ind AS financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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, of the state of affairs of the Company as at March 31, 2018, and its total comprehensive income (comprising of profit and other comprehensive loss), its cash flows and the changes in equity for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("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 B a statement on the matters specified in paragraphs 3 and 4 of the Order.

10. As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books, except that the back up of books of accounts and other books and papers maintained in electronic mode has not been maintained over servers physically located in India.
- (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the maintenance of accounts and other matters connected therewith, reference is made to our comment in Paragraph 10 (b) above that the back up of the books of accounts and other books and papers maintained in the electronic mode has not been maintained on servers physically located in India.

- (g) With respect to the adequacy of the internal financial controls with reference to Ind AS financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

- (h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:

- i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2018 on its financial position in its Ind AS financial statements - Refer Note 34.
- ii. The Company has long-term contracts including derivative contracts as at March 31, 2018 for which there were no material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2018.
- iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2018.

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

**Priyanshu Gundana**

Partner

Place : Navi Mumbai

Date : May 15, 2018

Membership Number: 109553

Notice

Directors' Report

Management Discussion & Analysis Report

Report on Corporate Governance

Financial Report

## ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

**Referred to in paragraph 10(g) of the Independent Auditors' Report of even date to the members of Clariant Chemicals (India) Limited on the Ind AS Financial Statements for the year ended March 31, 2018.**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act**

1. We have audited the internal financial controls over financial reporting of Clariant Chemicals (India) Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS Financial Statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

6. A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over

financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Place : Navi Mumbai  
Date : May 15, 2018

**Priyanshu Gundana**  
Partner  
Membership Number: 109553

Notice

Directors' Report

Management Discussion &  
Analysis Report

Report on Corporate Governance

Financial Report

## ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

**Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Clariant Chemicals (India) Limited on the Ind AS Financial Statements as of and for the year ended March 31, 2018.**

- 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) The title deeds of immovable properties, as disclosed in Note 3A on property, plant and equipment to the financial statements, are held in the name of the Company.
- ii. The physical verification of inventory excluding stocks with third parties have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, 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.
- vii. (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 generally regular in depositing undisputed statutory dues in respect of income tax though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, sales tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax with effect from July 1, 2017 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, there are no dues of duty of customs and goods and service tax which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, service tax, duty of excise and value added tax as at March 31, 2018 which have not been deposited on account of a dispute, are as follows:

| Name of the statute                        | Nature of dues                                            | Amount (₹ in lacs) # | Period to which the amount relates   | Forum where the dispute is pending               |
|--------------------------------------------|-----------------------------------------------------------|----------------------|--------------------------------------|--------------------------------------------------|
| Central Sales Tax 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                         |
|                                            |                                                           | 628.91               | 1999-00, 2002-03, 2004-05            | Sales Tax Appellate Tribunals of Maharashtra     |
|                                            |                                                           | 2,243.18             | 1992-93, 1998-99, 2001-02 to 2012-13 | Appellate Authority - up to Commissioner's level |
| The Central Excise Act, 1944               | Excise duty including interest and penalty, as applicable | 415.63               | 2000-01 to 2008-09                   | Tribunals of various states                      |
|                                            |                                                           | 211.52               | 1994-95 to 1997-98, 2000-01          | Appellate Authority - up to Commissioner's level |

| Name of the statute                 | Nature of dues                                            | Amount (₹ in lacs) # | Period to which the amount relates                                                           | Forum where the dispute is pending               |
|-------------------------------------|-----------------------------------------------------------|----------------------|----------------------------------------------------------------------------------------------|--------------------------------------------------|
| Service Tax under Finance Act, 1994 | Service Tax including interest and penalty, as applicable | 131.77               | 1997-98, 2006-07 to 2010-11                                                                  | High Court                                       |
|                                     |                                                           | 11.75                | 2005-06 to 2009-10                                                                           | Tribunals of various states                      |
|                                     |                                                           | 59.78                | 1996-97, 2002-03 to 2004-05, 2007-08 to 2011-12                                              | Appellate Authority - up to Commissioner's level |
| Income Tax Act, 1961                | Income Tax including interest and penalty, as applicable  | 2,041.54             | 1982-83 to 1986-87, 1989-90, 1991-92, 1993-94, 1995-96, 1997-98 to 2001-02, 2011-12, 2013-14 | Income Tax Appellate Tribunal                    |
|                                     |                                                           | 24.85                | 2001-02 to 2002-03                                                                           | Appellate Authority - up to Commissioner's level |
|                                     |                                                           | 565.77               | 2007-08                                                                                      | Deputy Commissioner of Income Tax (TDS)          |

# net of amounts paid under protest.

- viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. 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 by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

- xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the Ind AS financial statements as required under Indian Accounting Standard 24- Related Party Disclosures specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

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

**Priyanshu Gundana**

Place : Navi Mumbai

Date : May 15, 2018

Partner

Membership Number: 109553

Notice

Directors' Report

Management Discussion & Analysis Report

Report on Corporate Governance

Financial Report

**BALANCE SHEET** as at March 31, 2018

|                                               | Notes | 31-03-18<br>₹ Lakhs | 31-03-17<br>₹ Lakhs |
|-----------------------------------------------|-------|---------------------|---------------------|
| <b>Assets</b>                                 |       |                     |                     |
| <b>Non-current assets</b>                     |       |                     |                     |
| (a) Property, plant and equipment             | 3A    | 27509.88            | 29350.14            |
| (b) Capital work-in-progress                  |       | 1041.26             | 986.54              |
| (c) Investment property                       | 4     | -                   | 1.23                |
| (d) Goodwill                                  | 3B    | 4023.65             | 4023.65             |
| (e) Other intangible assets                   | 3C    | 789.80              | 941.47              |
| (f) Financial assets                          |       |                     |                     |
| (i) Loans                                     | 5     | 927.42              | 967.52              |
| (g) Other non-current assets                  | 6     | 1597.88             | 1098.05             |
| (h) Non-current tax assets (net)              |       | 6327.44             | 4978.07             |
|                                               |       | 42217.33            | 42346.67            |
| <b>Current assets</b>                         |       |                     |                     |
| (a) Inventories                               | 7     | 16798.62            | 15561.00            |
| (b) Financial assets                          |       |                     |                     |
| (i) Investments                               | 8     | 4074.27             | 11247.82            |
| (ii) Trade receivables                        | 9     | 17784.34            | 17295.68            |
| (iii) Cash and cash equivalents               | 10    | 2014.11             | 2428.87             |
| (iv) Bank balances other than (iii) above     | 10    | 765.01              | 755.26              |
| (v) Loans                                     | 11    | 90.95               | 48.27               |
| (vi) Other financial assets                   | 12    | 205.02              | 119.16              |
| (c) Other current assets                      | 13    | 4575.95             | 3517.65             |
| (d) Assets classified as held for sale        | 14    | 733.01              | -                   |
|                                               |       | 47041.28            | 50973.71            |
| <b>Total assets</b>                           |       | 89258.61            | 93320.38            |
| <b>Equity and liabilities</b>                 |       |                     |                     |
| <b>Equity</b>                                 |       |                     |                     |
| (a) Equity share capital                      | 15    | 2308.18             | 2308.18             |
| (b) Other equity                              | 16    | 60152.67            | 64984.19            |
|                                               |       | 62460.85            | 67292.37            |
| <b>Liabilities</b>                            |       |                     |                     |
| <b>Non-current liabilities</b>                |       |                     |                     |
| (a) Provisions                                | 17    | 1252.18             | 904.30              |
| (b) Deferred tax liabilities (net)            | 18    | 2057.96             | 1795.63             |
|                                               |       | 3310.14             | 2699.93             |
| <b>Current liabilities</b>                    |       |                     |                     |
| (a) Financial liabilities                     |       |                     |                     |
| (i) Trade payables                            | 19    |                     |                     |
| - Dues of micro and small enterprises         |       | 344.74              | 546.88              |
| - Dues other than micro and small enterprises |       | 18008.61            | 16278.07            |
| (ii) Other financial liabilities              | 20    | 2746.36             | 3259.99             |
| (b) Other current liabilities                 | 21    | 364.54              | 1228.95             |
| (c) Provisions                                | 22    | 746.60              | 765.62              |
| (d) Current tax liabilities (net)             |       | 1276.77             | 1248.57             |
|                                               |       | 23487.62            | 23328.08            |
| <b>Total equity and liabilities</b>           |       | 89258.61            | 93320.38            |

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

**Priyanshu Gundana**  
Partner  
Membership No. 109553

For and on behalf of the Board,  
**K. Handa**  
Chairman  
DIN:00056826

**A. Ahmad**  
Vice-Chairman & Managing Director  
DIN:00046742

**S. Talukdar**  
Director  
DIN:00920608

**Dr. I. Shahani**  
Director  
DIN:00112289

**S. Ghadge**  
Chief Financial Officer

**A. Joshi**  
Company Secretary  
Membership No. A22502

Navi Mumbai, 15th May, 2018

Navi Mumbai, 15th May, 2018

# STATEMENT OF PROFIT AND LOSS for the year ended March 31, 2018

|                                                                               | Notes | Year ended<br>31-03-18<br>₹ Lakhs | Year ended<br>31-03-17<br>₹ Lakhs |
|-------------------------------------------------------------------------------|-------|-----------------------------------|-----------------------------------|
| <b>Revenue :</b>                                                              |       |                                   |                                   |
| Revenue from operations                                                       | 23    | 102866.54                         | 105971.09                         |
| Other income                                                                  | 24    | 2774.96                           | 909.82                            |
| <b>Total revenue</b>                                                          |       | <b>105641.50</b>                  | 106880.91                         |
| <b>Expenses :</b>                                                             |       |                                   |                                   |
| Cost of materials consumed                                                    | 25    | 59228.33                          | 53918.65                          |
| Purchase of stock-in-trade                                                    |       | 8576.67                           | 7524.69                           |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 26    | (1239.64)                         | 107.78                            |
| Excise duty                                                                   |       | 1511.23                           | 7872.76                           |
| Employee benefits expense                                                     | 27    | 9060.38                           | 9060.09                           |
| Finance costs                                                                 | 28    | 59.76                             | 46.28                             |
| Depreciation and amortisation expense                                         | 29    | 3772.23                           | 3947.99                           |
| Other expenses                                                                | 30    | 21331.14                          | 20773.90                          |
| <b>Total expenses</b>                                                         |       | <b>102300.10</b>                  | 103252.14                         |
| <b>Profit before tax</b>                                                      |       | <b>3341.40</b>                    | 3628.77                           |
| <b>Tax expense :</b>                                                          |       |                                   |                                   |
| Current tax                                                                   | 31    | 833.49                            | 1444.50                           |
| Deferred tax                                                                  | 18    | 291.14                            | (263.77)                          |
| Tax adjustments of prior years (net)                                          |       | 56.70                             | -                                 |
|                                                                               |       | <b>1181.33</b>                    | 1180.73                           |
| <b>Profit for the year</b>                                                    |       | <b>2160.07</b>                    | 2448.04                           |
| <b>Other comprehensive (loss) / income (net of tax)</b>                       |       |                                   |                                   |
| (Items that will not be reclassified to profit or loss)                       |       |                                   |                                   |
| Remeasurement of the defined benefit plans                                    |       | (83.23)                           | (113.14)                          |
| Equity Instruments through other comprehensive income                         |       | -                                 | 687.05                            |
| Income tax relating to Items that will not be reclassified to profit or loss  |       | 28.81                             | 39.16                             |
|                                                                               |       | <b>(54.42)</b>                    | 613.07                            |
| <b>Total comprehensive income for the year</b>                                |       | <b>2105.65</b>                    | 3061.11                           |
| Basic and diluted earnings per share (of ₹ 10/-each) (in ₹)                   | 36    | 9.36                              | 10.61                             |

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

**Priyanshu Gundana**  
Partner  
Membership No. 109553

Navi Mumbai, 15th May, 2018

For and on behalf of the Board,  
**K. Handa**  
Chairman  
DIN:00056826

**A. Ahmad**  
Vice-Chairman & Managing Director  
DIN:00046742

**S. Talukdar**  
Director  
DIN:00920608

**Dr. I. Shahani**  
Director  
DIN:00112289

**S. Ghadge**  
Chief Financial Officer

**A. Joshi**  
Company Secretary  
Membership No. A22502

Navi Mumbai, 15th May, 2018

Notice

Directors' Report

Management Discussion &  
Analysis Report

Report on Corporate Governance

Financial Report

## STATEMENT OF CHANGES IN EQUITY

| <b>Equity share capital and other equity</b>        |                      |                      |                            |                            |                 |                                 |                   |                    |
|-----------------------------------------------------|----------------------|----------------------|----------------------------|----------------------------|-----------------|---------------------------------|-------------------|--------------------|
| <b>For the year ended 31-03-18</b>                  |                      |                      |                            |                            |                 |                                 |                   |                    |
| Particulars                                         | Equity share capital | Reserves and surplus |                            |                            |                 |                                 | OCI               | Total other equity |
|                                                     |                      | Capital reserve      | Securities premium reserve | Capital redemption reserve | General reserve | Deemed contribution from parent | Retained earnings |                    |
| <b>Balance as at 01-04-17</b>                       | <b>2308.18</b>       | <b>730.11</b>        | <b>-</b>                   | <b>495.39</b>              | <b>10492.29</b> | <b>122.76</b>                   | <b>53143.64</b>   | <b>-</b>           |
| Profit for the year                                 | -                    | -                    | -                          | -                          | -               | -                               | 2160.07           | -                  |
| Other comprehensive (loss) for the year             | -                    | -                    | -                          | -                          | -               | -                               | (54.42)           | -                  |
| <b>Total comprehensive income for the year</b>      | <b>-</b>             | <b>-</b>             | <b>-</b>                   | <b>-</b>                   | <b>-</b>        | <b>-</b>                        | <b>2105.65</b>    | <b>-</b>           |
| Final dividend paid (₹ 25 per share)                | -                    | -                    | -                          | -                          | -               | -                               | (5770.45)         | -                  |
| Tax on final dividend                               | -                    | -                    | -                          | -                          | -               | -                               | (1174.75)         | -                  |
| Recognition of share based expenses during the year | -                    | -                    | -                          | -                          | -               | 8.03                            | -                 | -                  |
| <b>Balance as at 31-03-18</b>                       | <b>2308.18</b>       | <b>730.11</b>        | <b>-</b>                   | <b>495.39</b>              | <b>10492.29</b> | <b>130.79</b>                   | <b>48304.09</b>   | <b>-</b>           |

| <b>For the year ended 31-03-17</b>                                           |                      |                      |                            |                            |                 |                                 |                   |                    |
|------------------------------------------------------------------------------|----------------------|----------------------|----------------------------|----------------------------|-----------------|---------------------------------|-------------------|--------------------|
| <b>For the year ended 31-03-17</b>                                           |                      |                      |                            |                            |                 |                                 |                   |                    |
| Particulars                                                                  | Equity share capital | Reserves and surplus |                            |                            |                 |                                 | OCI               | Total other equity |
|                                                                              |                      | Capital reserve      | Securities premium reserve | Capital redemption reserve | General reserve | Deemed contribution from parent | Retained earnings |                    |
| <b>Balance as at 01-04-16</b>                                                | <b>2308.18</b>       | <b>730.11</b>        | <b>-</b>                   | <b>495.39</b>              | <b>10492.29</b> | <b>56.10</b>                    | <b>52360.56</b>   | <b>500.05</b>      |
| Profit for the year                                                          | -                    | -                    | -                          | -                          | -               | -                               | 2448.04           | -                  |
| Other comprehensive income for the year                                      | -                    | -                    | -                          | -                          | -               | -                               | (73.98)           | 613.07             |
| <b>Total comprehensive income for the year</b>                               | <b>-</b>             | <b>-</b>             | <b>-</b>                   | <b>-</b>                   | <b>-</b>        | <b>-</b>                        | <b>2374.06</b>    | <b>3061.11</b>     |
| Final dividend paid (₹ 10 per share)                                         | -                    | -                    | -                          | -                          | -               | -                               | (2308.18)         | -                  |
| Tax on final dividend                                                        | -                    | -                    | -                          | -                          | -               | -                               | (469.90)          | -                  |
| Recognition of share based expenses during the year                          | -                    | -                    | -                          | -                          | -               | 66.66                           | -                 | 66.66              |
| Transfer to retained earnings from reserve for equity instrument through OCI | -                    | -                    | -                          | -                          | -               | -                               | 1187.10           | (1187.10)          |
| <b>Balance as at 31-03-17</b>                                                | <b>2308.18</b>       | <b>730.11</b>        | <b>-</b>                   | <b>495.39</b>              | <b>10492.29</b> | <b>122.76</b>                   | <b>53143.64</b>   | <b>-</b>           |

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

**Priyanshu Gundana**  
Partner  
Membership No. 109553

Navi Mumbai, 15th May, 2018

For and on behalf of the Board,  
**K. Handa**  
Chairman  
DIN:00056826

**A. Ahmad**  
Vice-Chairman & Managing Director  
DIN:00046742

**S. Talukdar**  
Director  
DIN:00920608

**Dr. I. Shahani**  
Director  
DIN:00112289

**S. Ghadge**  
Chief Financial Officer

**A. Joshi**  
Company Secretary  
Membership No. A22502

Navi Mumbai, 15th May, 2018

## CASH FLOW STATEMENT for the year ended March 31, 2018

|                                                                          | Year ended<br>31-03-18<br>₹ Lakhs | Year ended<br>31-03-17<br>₹ Lakhs |
|--------------------------------------------------------------------------|-----------------------------------|-----------------------------------|
| <b>A. Cash flow from operating activities :</b>                          |                                   |                                   |
| <b>Profit before tax</b>                                                 | <b>3341.40</b>                    | 3628.77                           |
| Adjustments for :                                                        |                                   |                                   |
| Depreciation and amortisation expense                                    | <b>3772.23</b>                    | 3947.99                           |
| Impairment on assets held for sale                                       | <b>146.23</b>                     | -                                 |
| Unrealised foreign exchange loss/(gain) (net)                            | <b>42.24</b>                      | (43.00)                           |
| Interest income                                                          | <b>(63.26)</b>                    | (66.47)                           |
| Dividend income from Investments                                         | <b>(209.22)</b>                   | (414.69)                          |
| Net gain on disposal of property, plant and equipment                    | <b>(277.81)</b>                   | (20.03)                           |
| Net gain on disposal of investment properties                            | <b>(1752.78)</b>                  | -                                 |
| Net (gain) / loss on financial assets mandatorily measured at FVTPL      | <b>(116.32)</b>                   | 107.09                            |
| Employee share based payment expenses                                    | <b>8.03</b>                       | 66.66                             |
| Allowances for credit losses                                             | <b>77.76</b>                      | 109.74                            |
| Finance costs                                                            | <b>59.76</b>                      | 46.28                             |
| Property, plant and equipment written-off                                | <b>12.16</b>                      | 33.00                             |
| <b>Operating profit before working capital changes</b>                   | <b>5040.42</b>                    | 7395.34                           |
| Adjustments for (Increase)/Decrease in working capital :                 |                                   |                                   |
| Trade receivables                                                        | <b>(439.35)</b>                   | 169.73                            |
| Other current assets                                                     | <b>(1058.30)</b>                  | 368.26                            |
| Other non current assets                                                 | <b>(564.49)</b>                   | (184.40)                          |
| Other financial assets                                                   | <b>(57.99)</b>                    | 184.11                            |
| Inventories                                                              | <b>(1237.62)</b>                  | (1348.13)                         |
| Trade payables                                                           | <b>1359.08</b>                    | 2329.23                           |
| Non current provisions                                                   | <b>264.65</b>                     | 89.31                             |
| Current provisions                                                       | <b>(19.02)</b>                    | (95.59)                           |
| Other current liabilities                                                | <b>(864.41)</b>                   | (214.46)                          |
| Other financial liabilities                                              | <b>(308.72)</b>                   | 444.33                            |
| <b>Cash generated from operations</b>                                    | <b>2114.25</b>                    | 9137.73                           |
| Direct taxes paid- (net of refunds) (refer note at the end of cash flow) | <b>(2211.36)</b>                  | (979.55)                          |
| <b>Net cash generated (used in) / from operating activities</b>          | <b>(97.11)</b>                    | 8158.18                           |

Notice

Directors' Report

Management Discussion &  
Analysis Report

Report on Corporate Governance

Financial Report

|                                                                               | Year ended<br>31-03-18<br>₹ Lakhs | Year ended<br>31-03-17<br>₹ Lakhs |
|-------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|
| <b>B. Cash flow from investing activities :</b>                               |                                   |                                   |
| Purchase of property, plant and equipment                                     | (2909.47)                         | (2234.90)                         |
| Sale of property, plant and equipment                                         | 317.28                            | 25.22                             |
| Sale of investment properties                                                 | 1757.25                           | -                                 |
| Sale of non current investments                                               | -                                 | 1854.19                           |
| Purchase of current investments                                               | (114243.23)                       | (110160.27)                       |
| Sale of current investments                                                   | 121533.10                         | 105035.43                         |
| Interest received                                                             | 32.92                             | 66.47                             |
| Dividend received                                                             | 209.22                            | 414.69                            |
| <b>Net cash generated from / (used in) investing activities</b>               | <b>6697.07</b>                    | <b>(4999.17)</b>                  |
| <b>C. Cash flow from financing activities :</b>                               |                                   |                                   |
| Finance costs                                                                 | (59.77)                           | (39.86)                           |
| Dividend / dividend tax paid                                                  | (6945.20)                         | (2824.43)                         |
| <b>Net Cash used in financing activities</b>                                  | <b>(7004.97)</b>                  | <b>(2864.29)</b>                  |
| <b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>           | <b>(405.01)</b>                   | <b>294.72</b>                     |
| <b>CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE YEAR</b>                  | <b>3184.13</b>                    | <b>2889.41</b>                    |
| <b>CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR</b><br>(Refer note 10) | <b>2779.12</b>                    | <b>3184.13</b>                    |

Note : Direct taxes paid are treated as arising from operating activities and are not bifurcated between investing and financing activities.

In terms of our report attached  
For **Price Waterhouse Chartered Accountants LLP**  
Firm Registration Number: 012754N / N500016

**Priyanshu Gundana**  
Partner  
Membership No. 109553

Navi Mumbai, 15th May, 2018

For and on behalf of the Board,  
**K. Handa**  
Chairman  
DIN:00056826

**A. Ahmad**  
Vice-Chairman & Managing Director  
DIN:00046742

**S. Talukdar**  
Director  
DIN:00920608

**Dr. I. Shahani**  
Director  
DIN:00112289

**S. Ghadge**  
Chief Financial Officer

**A. Joshi**  
Company Secretary  
Membership No. A22502

Navi Mumbai, 15th May, 2018

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended March 31, 2018

### Company Information:

Clariant Chemicals (India) Limited (the 'Company') is a public limited Company domiciled in India and is listed on the Bombay Stock Exchange Limited ('BSE') and the National Stock Exchange of India Limited ('NSE'). Its registered office is situated at Reliable Tech Park, Gut no. 31, Village Elthan, off Thane-Belapur road, Airoli, Navi Mumbai – 400 708, Maharashtra, India. The Company is engaged inter alia, in manufacturing and selling Specialty Chemicals. The Company has its own manufacturing sites in the State of Maharashtra, Tamil Nadu, Gujarat and Madhya Pradesh.

### Note 1: Significant accounting policies

#### (a) Basis of preparation of financial statements:

##### Compliance with Ind AS

These financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the 'Act') [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the 'Act'.

##### Historical cost convention

These financial statements have been prepared on historical cost basis, except for the following:

- certain financial assets and liabilities that are measured at fair value;
- assets held for sale – measured at fair value less cost to sale
- defined benefit plans – plan assets measured at fair value and
- share-based payments

New and amended standards and interpretations not yet effective and have not been early adopted by the Company.

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective for annual periods beginning on or after April 1, 2018:

1. Ind AS 115 – Revenue from Contracts with Customers  
Ind AS 115, is effective for periods beginning on or after April 01, 2018. Ind AS 115 sets out the

requirements for recognising revenue that apply to all contracts with customers (except for contracts that are within the scope of the Standards on leases, insurance contracts and financial instruments). Ind AS 115 replaces the previous revenue Standards: Ind AS 18 Revenue and Ind AS 11 Construction Contracts, and the related appendices.

The standard establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise. Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. The core principle in that framework is that a Company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the fair value of consideration to which the Company expects to be entitled in exchange for those goods or services.

Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligation in contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The Company is evaluating the impact of the standard on the financial position and results of operations. As per the transitional provision of the standard, the Company shall apply this Standard using one of the following two methods

- (a) Retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors. The standard is applied retrospectively only to contracts that are not completed contracts at the date of initial application;

- (b) Retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application.

2. Ind AS 21 – The effect of changes in Foreign Exchange rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. Company is evaluating the impact of this amendment on its financial statements.

There are no other standards, changes in standards and interpretations that are not in force up to reporting period that the Company expects to have a material impact arising from its application in its financial statements.

**(b) Segment reporting**

Information reported to the Chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods delivered or provided. No operating segments have been aggregated in arriving at the reportable segments of the Company.

The Company's reportable segments under Ind AS 108 are as follows:

Plastics and Coatings: Includes pigments, pigment preparations, additives and masterbatches.

Specialty Chemicals: Includes dyestuff, synthetic resins, functional effects and coating, auxiliaries and chemicals.

During the previous year the Company has renamed its Segment names from "Pigments and Colors" to "Plastics and Coatings" and "Dyes and Specialty Chemicals" to "Specialty Chemicals". Company has four Business Units (BU) for reporting purposes, grouped into two Business Areas (BA) (reportable segments), in accordance with Ind AS 108, Operating Segments:

- Plastics and Coatings (BU Additives, BU Masterbatches, BU Pigments)
- Specialty Chemicals (BU ICS)

**(c) Foreign currency translation**

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency viz. Indian Rupee, are recognised at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in statement of profit or loss in the period in which they arise. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

**(d) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable.

**Sale of goods:** Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to customers as per terms of contract. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade discounts, rebates, value added taxes, goods and service taxes and amounts collected on behalf of third parties. The Company recognises revenue when it is probable that future economic benefits will flow to the Company and the amount of revenue can be reliably measured.

**Sale of services:** In contracts involving the rendering of services, revenue is measured using the proportionate completion method and is recognised net of service tax and provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

**Interest:** Interest income is accrued on a time basis, by reference to the amortised cost and at the effective interest rate applicable. Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

**Dividend:** Dividend income from investments is recognised when the right to receive dividend has been established provided that it is probable that the economic benefits will flow to the Company and income can be measured reliably.

**(e) Income tax**

Income tax expense represents the sum of current tax and deferred tax.

The current tax expense or credit for the year is the tax payable on the current period's taxable income based on the applicable enacted income tax rate in accordance with the Income Tax Act, 1961, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, items that are never taxable/deductible and unused tax losses/ tax credits.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction (other than in a business combination) that affects neither accounting profit nor taxable profit. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable profits will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current and deferred tax is recognised in statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

#### (f) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. All leasing arrangements of the Company as a lessee or a lessor are assessed and classified as operating leases.

As a lessee

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease.

Rent expenses under operating leases (net of any incentives received from the lessor) are charged to statement of profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

As a lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

#### (g) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes are indicative in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment.

#### (h) Cash and bank balances

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash, cheques/ drafts on hand and balances with banks of current and term deposit account. Other bank balances include balances earmarked for unclaimed dividends and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown in current liabilities in the balance sheet.

**(i) Assets held for sale**

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell except for assets such as deferred tax assets, assets arising from employee benefits financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement. An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition. Assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognized. Assets classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities for assets held for sale are presented separately from other liabilities in the balance sheet.

**(j) Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowances for credit losses.

**(k) Inventories**

Cost is determined on weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Raw materials, packing materials, work in progress, finished goods, stock-in-trade and stores and spares are stated at the lower of cost and net realisable value. Cost of raw materials and stock-in-trade include cost of purchases. Cost of work-in-progress and finished goods include direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure (allocated on the basis of normal operating capacity).

**(l) Investments and other financial assets****Classification**

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through statement of profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in statement of profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income or through statement of profit or loss account.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

**Measurement**

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

**Debt instruments**

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

- **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method.
- **Fair value through profit or loss(FVTPL):** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit or loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

### Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain / (losses) in the statement of profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

### Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether

there has been a significant increase in credit risk. Note 32 details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed

### Derecognition of financial assets

A financial asset is derecognised only when the Company

- has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

### Embedded derivatives

Derivatives embedded in a host contract that is an asset within the scope of Ind AS 109 are not separated. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Notes forming part of the financial statements for the year ended March 31, 2018

Derivatives embedded in all other host contract are separated only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and are measured at fair value through profit or loss. Embedded derivatives closely related to the host contracts are not separated.

#### (m) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

#### (n) Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

#### Depreciation methods, estimated useful lives and residual value

Depreciation is provided on a pro-rata basis on the straight line method ('SLM') over the estimated useful lives of the assets specified in Schedule II of the Companies Act, 2013, except in case of certain assets, wherein based on technical evaluation, a different useful life has been considered. The estimated useful lives of assets is as follows:

| Asset                           | Useful Life |
|---------------------------------|-------------|
| Factory building                | 30 Years    |
| Office building                 | 60 Years    |
| Roads                           | 10 Years    |
| Plant and equipment             | 10 Years    |
| Hardware mainframes and Servers | 6 Years     |

| Asset                 | Useful Life  |
|-----------------------|--------------|
| Computers             | 3 Years      |
| Furniture and fixture | 10 Years     |
| Office equipment      | 5 Years      |
| Vehicles              | 5 to 8 Years |

The residual values are not more than 5% of the original cost of the asset. The assets' residual values and useful lives are re-viewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in statement of profit or loss.

#### (o) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties are depreciated using the straight-line method over their estimated useful lives. Investment properties have a useful life of 60 years.

#### (p) Goodwill

Goodwill on acquisitions of business is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances are indicative of impairment and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business

combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, which is Pigment and Masterbatches.

## (q) Intangible assets

### Trademarks

Directly acquired trademarks are shown at historical cost. Trademarks acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses, if any.

### Amortisation methods and periods

The Company amortises intangible assets with a finite useful life using the straight-line method over the following periods:

| Asset            | Useful Life |
|------------------|-------------|
| Trademarks       | 10 Years    |
| Non-compete fees | 3 Years     |

## (r) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid as at the end of balance sheet date. The amounts are unsecured and are generally paid within 60 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

## (s) 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 period 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.

## (t) Employee benefits

### Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

### Other long-term employee benefit obligations

These liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The Company presents provision for leave salaries as current and non-current based on actuarial valuation considering estimates of avilment of leave, separation of employee, etc. An employee is entitled to be paid the entire accumulated leave balance immediately on separation from the Company, as per the policy of the Company.

### Post-employment obligations

The Company operates the following post-employment schemes:

- defined benefit plans such as gratuity, ex-gratia gratuity, provident fund; and
- defined contribution plans such as superannuation fund, employee state insurance and other funds.

### Defined Benefit Plans

The Company has Defined Benefit Plans for post employment benefits in the form of Provident Fund (treated as a Defined Benefit Plan on account of guaranteed interest

benefit) and Gratuity. Provident Fund and Gratuity fund are recognised by the Income-tax authorities and administered through trustees and/or LIC. Liability for Defined Benefit Plans is provided on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary.

The liability or asset recognised in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit or loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

### **Defined contribution plans**

The Company's contribution to superannuation fund, employee state insurance and other funds are considered as defined contribution plans, as the Company does not carry any further obligations apart from the contributions made on a monthly basis and are charged as an expense based on the amount of contribution required to be made. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

### **Share-based payments**

Group share-based payments benefits are provided to few employees under senior management level settled by ultimate holding Company, Clariant AG, Switzerland and accordingly classified as equity settled share based payments.

Equity-settled share-based payments to employees are recognised as an employee benefit expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in statement of profit or loss, with a corresponding adjustment to equity. The fair value of shares granted is calculated based on, market value of shares, as at grant date.

### **Bonus plans**

The Company recognises a liability and an expense for bonuses. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

### **Termination benefits**

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

### **(u) Contributed equity**

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### **(v) Dividends**

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

**(w) Earnings per share****Basic earnings per share**

Basic earnings per share is calculated by dividing:

- the profit attributable to equity holders of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

**Diluted earnings per share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

**(x) Rounding of amounts**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest Rupee in Lakh as per the requirement of Schedule III of the 'Act', unless otherwise stated.

**Note 2: Critical estimates and judgements**

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgements are:

- Estimation of taxes - Note 31
- Estimated goodwill impairment - Note 3B.
- Estimation for the accounting of employee benefits - Note 39
- Allowance for credit losses on trade receivable - Note 1 (l) and 9
- Measurement of useful lives for property, plant and equipment and intangible assets - Note 1 (n) (p) and (q).
- Estimation of Provision for Inventory - Note 7

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

Notes forming part of the financial statements for the year ended March 31, 2018

**3 Property, plant and equipment / goodwill / other intangible assets**

| Description                             |                   |                |                           |                                                               |                   |                   |                             |                |                                                               | ₹ Lakhs           |                   |
|-----------------------------------------|-------------------|----------------|---------------------------|---------------------------------------------------------------|-------------------|-------------------|-----------------------------|----------------|---------------------------------------------------------------|-------------------|-------------------|
|                                         | As at<br>01-04-17 | Additions      | Gross block<br>Deductions | Asset<br>classified<br>as held for<br>sale (Refer<br>Note 14) | As at<br>31-03-18 | As at<br>01-04-17 | Depreciation / Amortisation |                | Asset<br>classified<br>as held for<br>sale (Refer<br>Note 14) | As at<br>31-03-18 | As at<br>31-03-18 |
| <b>3A Property, plant and equipment</b> |                   |                |                           |                                                               |                   |                   |                             |                |                                                               |                   |                   |
| Land freehold                           | 2513.75           | 10.86          | -                         | -                                                             | <b>2524.61</b>    | -                 | -                           | -              | -                                                             | -                 | <b>2524.61</b>    |
| Land leasehold                          | 1393.36           | -              | -                         | 622.49                                                        | <b>770.87</b>     | 40.53             | -                           | 14.75          | 28.75                                                         | <b>26.53</b>      | <b>744.34</b>     |
| Buildings                               | 12296.11          | 485.56         | 26.08                     | 349.70                                                        | <b>12405.89</b>   | 1545.55           | 2.23                        | 632.86         | 64.21                                                         | <b>2111.97</b>    | <b>10293.92</b>   |
| Plant and equipment                     | 17919.92          | 1767.23        | 89.95                     | -                                                             | <b>19597.20</b>   | 5361.55           | 62.65                       | 2315.96        | -                                                             | <b>7614.86</b>    | <b>11982.34</b>   |
| Furniture and fixtures                  | 1101.41           | 8.00           | 15.46                     | -                                                             | <b>1093.95</b>    | 180.56            | 14.70                       | 122.83         | -                                                             | <b>288.69</b>     | <b>805.26</b>     |
| Office equipment                        | 2041.19           | 311.17         | 51.82                     | -                                                             | <b>2300.54</b>    | 1211.94           | 49.22                       | 392.91         | -                                                             | <b>1555.63</b>    | <b>744.91</b>     |
| Vehicles                                | 639.01            | 131.62         | 5.71                      | -                                                             | <b>764.92</b>     | 214.48            | 5.31                        | 141.25         | -                                                             | <b>350.42</b>     | <b>414.50</b>     |
| <b>Total</b>                            | <b>37904.75</b>   | <b>2714.44</b> | <b>189.02</b>             | <b>972.19</b>                                                 | <b>39457.98</b>   | <b>8554.61</b>    | <b>134.11</b>               | <b>3620.56</b> | <b>92.96</b>                                                  | <b>11948.10</b>   | <b>27509.88</b>   |
| <b>3B Goodwill</b>                      |                   |                |                           |                                                               |                   |                   |                             |                |                                                               |                   |                   |
| <b>Total</b>                            | <b>4023.65</b>    | -              | -                         | -                                                             | <b>4023.65</b>    | -                 | -                           | -              | -                                                             | -                 | <b>4023.65</b>    |
| <b>3C Other intangible assets</b>       |                   |                |                           |                                                               |                   |                   |                             |                |                                                               |                   |                   |
| Trademarks                              | 1214.52           | -              | -                         | -                                                             | <b>1214.52</b>    | 293.07            | -                           | 131.65         | -                                                             | <b>424.72</b>     | <b>789.80</b>     |
| Non compete fees                        | 53.00             | -              | -                         | -                                                             | <b>53.00</b>      | 32.98             | -                           | 20.02          | -                                                             | <b>53.00</b>      | -                 |
| <b>Total</b>                            | <b>1267.52</b>    | -              | -                         | -                                                             | <b>1267.52</b>    | <b>326.05</b>     | -                           | <b>151.67</b>  | -                                                             | <b>477.72</b>     | <b>789.80</b>     |

| Description                             |                   |                |                           |                                            |                   |                   |                             |                |                                            | ₹ Lakhs           |                   |
|-----------------------------------------|-------------------|----------------|---------------------------|--------------------------------------------|-------------------|-------------------|-----------------------------|----------------|--------------------------------------------|-------------------|-------------------|
|                                         | As at<br>01-04-16 | Additions      | Gross block<br>Deductions | Asset<br>classified<br>as held for<br>sale | As at<br>31-03-17 | As at<br>01-04-16 | Depreciation / Amortisation |                | Asset<br>classified<br>as held for<br>sale | As at<br>31-03-17 | As at<br>31-03-17 |
| <b>3A Property, plant and equipment</b> |                   |                |                           |                                            |                   |                   |                             |                |                                            |                   |                   |
| Land freehold                           | 2513.75           | -              | -                         | -                                          | 2513.75           | -                 | -                           | -              | -                                          | -                 | 2513.75           |
| Land leasehold                          | 1393.36           | -              | -                         | -                                          | 1393.36           | 22.46             | -                           | 18.07          | -                                          | 40.53             | 1352.83           |
| Buildings                               | 12057.14          | 246.09         | 7.12                      | -                                          | 12296.11          | 954.97            | 3.77                        | 594.35         | -                                          | 1545.55           | 10750.56          |
| Plant and equipment                     | 16969.27          | 1275.48        | 324.83                    | -                                          | 17919.92          | 3196.17           | 289.58                      | 2454.96        | -                                          | 5361.55           | 12558.37          |
| Furniture and fixtures                  | 1096.84           | 4.57           | -                         | -                                          | 1101.41           | 56.33             | -                           | 124.23         | -                                          | 180.56            | 920.85            |
| Office equipment                        | 1867.83           | 179.80         | 6.44                      | -                                          | 2041.19           | 742.38            | 7.05                        | 476.61         | -                                          | 1211.94           | 829.25            |
| Vehicles                                | 558.80            | 132.91         | 52.70                     | -                                          | 639.01            | 141.30            | 52.50                       | 125.68         | -                                          | 214.48            | 424.53            |
| <b>Total</b>                            | <b>36456.99</b>   | <b>1838.85</b> | <b>391.09</b>             | -                                          | <b>37904.75</b>   | <b>5113.61</b>    | <b>352.90</b>               | <b>3793.90</b> | -                                          | <b>8554.61</b>    | <b>29350.14</b>   |
| <b>3B Goodwill</b>                      |                   |                |                           |                                            |                   |                   |                             |                |                                            |                   |                   |
| <b>Total</b>                            | <b>4023.65</b>    | -              | -                         | -                                          | <b>4023.65</b>    | -                 | -                           | -              | -                                          | -                 | <b>4023.65</b>    |
| <b>3C Other intangible assets</b>       |                   |                |                           |                                            |                   |                   |                             |                |                                            |                   |                   |
| Trademarks                              | 1214.52           | -              | -                         | -                                          | 1214.52           | 161.42            | -                           | 131.65         | -                                          | 293.07            | 921.45            |
| Non compete fees                        | 53.00             | -              | -                         | -                                          | 53.00             | 10.60             | -                           | 22.38          | -                                          | 32.98             | 20.02             |
| <b>Total</b>                            | <b>1267.52</b>    | -              | -                         | -                                          | <b>1267.52</b>    | <b>172.02</b>     | -                           | <b>154.03</b>  | -                                          | <b>326.05</b>     | <b>941.47</b>     |

**Notes : Property , plant and equipment**

Buildings include ₹ 450/- (31-03-17 : ₹ 450/- ) being the cost of shares in co-operative housing society

**Note : Goodwill**

Goodwill has been allocated for impairment testing purposes to the cash-generating units as follows :

| Cash generating unit (CGU) | 31-03-18<br>₹ Lakhs | 31-03-17<br>₹ Lakhs |
|----------------------------|---------------------|---------------------|
| Pigment business           | <b>894.11</b>       | 894.11              |
| Masterbatches business     | <b>3129.54</b>      | 3129.54             |
| <b>TOTAL</b>               | <b>4023.65</b>      | 4023.65             |

The recoverable amount of both the CGU are determined based on a value in use calculation which uses cash flow projections covering a five-year period and a discount rate of **13.13%** per annum (31-03-17 : 12.60% per annum). For both the CGU, cash flow projections during the five year period are based on the historical growth rate and margins. The cash flows beyond that five-year period have been extrapolated using a steady **5%** per annum ( 31-03-17 : 5% per annum) growth rate which is the projected long-term average growth rate.

The Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

#### 4 Investment properties

₹ Lakhs

| Description  | Gross block       |           |             | Depreciation / Amortisation |                   |             |                 | Net block         |                   |
|--------------|-------------------|-----------|-------------|-----------------------------|-------------------|-------------|-----------------|-------------------|-------------------|
|              | As at<br>01-04-17 | Additions | Deductions  | As at<br>31-03-18           | As at<br>01-04-17 | Deductions  | For the<br>year | As at<br>31-03-18 | As at<br>31-03-18 |
| Buildings    | 1.35              | -         | 1.35        | -                           | 0.12              | 0.18        | 0.06            | -                 | -                 |
| <b>Total</b> | <b>1.35</b>       | <b>-</b>  | <b>1.35</b> | <b>-</b>                    | <b>0.12</b>       | <b>0.18</b> | <b>0.06</b>     | <b>-</b>          | <b>-</b>          |

| Description  | Gross block       |           |            | Depreciation / Amortisation |                   |            |                 | Net block         |                   |
|--------------|-------------------|-----------|------------|-----------------------------|-------------------|------------|-----------------|-------------------|-------------------|
|              | As at<br>01-04-16 | Additions | Deductions | As at<br>31-03-17           | As at<br>01-04-16 | Deductions | For the<br>year | As at<br>31-03-17 | As at<br>31-03-17 |
| Buildings    | 1.35              | -         | -          | 1.35                        | 0.06              | -          | 0.06            | 0.12              | 1.23              |
| <b>Total</b> | <b>1.35</b>       | <b>-</b>  | <b>-</b>   | <b>1.35</b>                 | <b>0.06</b>       | <b>-</b>   | <b>0.06</b>     | <b>0.12</b>       | <b>1.23</b>       |

#### Notes:

|   |                                                                       |                                            |                                            |
|---|-----------------------------------------------------------------------|--------------------------------------------|--------------------------------------------|
| 1 | <b>Amount recognised in profit and loss for investment properties</b> | <b>Year ended<br/>31-03-18<br/>₹ Lakhs</b> | <b>Year ended<br/>31-03-17<br/>₹ Lakhs</b> |
|   | Rental Income                                                         | 24.31                                      | 40.19                                      |
|   | Direct operating expenses from property that generated rental income  | (4.10)                                     | (2.44)                                     |
|   | <b>Profit from investment properties before depreciation</b>          | <b>20.21</b>                               | <b>37.75</b>                               |
|   | Net Gain on disposal of investment properties                         | 1752.78                                    | -                                          |
|   | Depreciation                                                          | (0.06)                                     | (0.06)                                     |
|   | <b>Profit from investment properties</b>                              | <b>1772.93</b>                             | <b>37.69</b>                               |

During the current year the Company has sold above investment property and recognised profit of ₹ 1752.78 lakhs.

|   |                       |                             |                             |
|---|-----------------------|-----------------------------|-----------------------------|
| 2 | <b>Fair Value</b>     | <b>31-03-18<br/>₹ Lakhs</b> | <b>31.03.17<br/>₹ Lakhs</b> |
|   | Investment properties | Not Applicable              | 1060.00                     |
|   | Fair value hierarchy  |                             | Level 3                     |

The fair values of investment properties for previous year have been arrived at on the basis of a valuation carried out on the respective dates by an accredited independent valuer. The fair value for previous year was determined based on the market comparable approach based on market prices without any significant adjustments being made to the market observable data.

Notice

Directors' Report

Management Discussion &  
Analysis Report

Report on Corporate Governance

Financial Report

Notes forming part of the financial statements for the year ended March 31, 2018

|                                                        | 31-03-18<br>₹ Lakhs | 31-03-17<br>₹ Lakhs |
|--------------------------------------------------------|---------------------|---------------------|
| <b>5 Non-current financial assets : Loans</b>          |                     |                     |
| (Unsecured, considered good)                           |                     |                     |
| Security and other deposits                            | 915.81              | 947.34              |
| Loans to employees                                     | 11.61               | 20.18               |
|                                                        | 927.42              | 967.52              |
| <b>6 Other non-current assets</b>                      |                     |                     |
| Capital advances                                       | 8.31                | 72.97               |
| Indirect taxes recoverable                             | 1563.83             | 980.45              |
| Prepayments                                            | 25.74               | 44.63               |
|                                                        | 1597.88             | 1098.05             |
| <b>7 Current assets : Inventories</b>                  |                     |                     |
| (Valued at the lower of cost and net realisable value) |                     |                     |
| Raw materials                                          | 5996.78             | 6117.59             |
| Packing materials                                      | 196.58              | 141.51              |
| Work-in-progress                                       | 2404.66             | 2021.29             |
| Finished goods                                         | 5882.75             | 5571.47             |
| Stock-in-trade                                         | 1819.85             | 1274.86             |
| Stores and spares                                      | 498.00              | 434.28              |
|                                                        | 16798.62            | 15561.00            |
| <b>Included above , goods in transit</b>               |                     |                     |
| Raw materials                                          | 301.23              | 590.26              |
| Stock-in-trade                                         | 838.65              | 552.15              |
|                                                        | 1139.88             | 1142.41             |

|                                                                        | 31-03-18<br>₹ Lakhs | 31-03-17<br>₹ Lakhs |
|------------------------------------------------------------------------|---------------------|---------------------|
| <b>8 Current financial assets : Investments</b>                        |                     |                     |
| Unquoted Investments (All fully paid)                                  |                     |                     |
| <b>Investments in Mutual funds</b>                                     |                     |                     |
| Baroda Pioneer Mutual Fund Liquid Fund - Plan A - DDR                  | -                   | 1031.39             |
| Baroda Pioneer Treasury Advantage Fund - Plan A - DDR                  | -                   | 1470.52             |
| Birla Sun Life Cash Plus - Regular Plan - DDR                          | 819.31              | 230.59              |
| DHFL Pramerica Mutual Fund - Insta Cash Plus Fund - DDR                | -                   | 689.19              |
| DSP BlackRock Mutual Fund - Liquidity Fund Institutional Plan - DDR    | 1012.37             | 1268.84             |
| ICICI Prudential Money Market Fund - DDR                               | -                   | 1252.69             |
| JM Financial Mutual Fund - High Liquidity Fund - daily dividend option | -                   | 652.26              |
| L & T Liquid Fund - DDR                                                | 922.27              | 625.26              |
| Reliance Liquid Fund - Treasury Plan - DDR                             | 818.24              | 985.08              |
| Axis Mutual Fund - DDR                                                 | 502.08              | -                   |
| LIC Mutual Fund - Liquid Fund - DDR                                    | -                   | 1530.71             |
| Taurus Liquid Fund -super Institutional - DDR                          | -                   | 1511.29             |
|                                                                        | 4074.27             | 11247.82            |
| DDR stands for Daily dividend reinvestment                             |                     |                     |
| Of the above, investments mandatorily measured at FVTPL                | 4074.27             | 11247.82            |
| <b>9 Current financial assets :Trade receivables</b>                   |                     |                     |
| Secured, considered good                                               | 456.00              | 296.50              |
| Unsecured, considered good                                             | 17499.32            | 17045.98            |
| Unsecured, considered doubtful                                         | 150.87              | 197.29              |
|                                                                        | 18106.19            | 17539.77            |
| Less: Allowances for credit losses                                     | 321.85              | 244.09              |
|                                                                        | 17784.34            | 17295.68            |
| <b>10 Current financial assets : Cash and bank balances</b>            |                     |                     |
| <b>Cash and cash equivalents :</b>                                     |                     |                     |
| Cash on hand                                                           | 1.38                | 1.78                |
| Cheques, drafts on hand                                                | 39.77               | 84.36               |
| Balances with banks                                                    |                     |                     |
| In current accounts                                                    | 896.15              | 1701.91             |
| Term deposits with original maturity of less than three months         | 1076.81             | 640.82              |
|                                                                        | 2014.11             | 2428.87             |
| <b>Other bank balances :</b>                                           |                     |                     |
| Earmarked current account : Unclaimed dividend                         | 765.01              | 755.26              |
|                                                                        | 765.01              | 755.26              |

Notice

Directors' Report

Management Discussion &  
Analysis Report

Report on Corporate Governance

Financial Report

Notes forming part of the financial statements for the year ended March 31, 2018

|                                              | 31-03-18<br>₹ Lakhs | 31-03-17<br>₹ Lakhs |
|----------------------------------------------|---------------------|---------------------|
| <b>11 Current financial assets : Loans</b>   |                     |                     |
| (Unsecured, considered good)                 |                     |                     |
| Security and other deposits                  | 74.11               | 24.90               |
| Loans to employees                           | 16.84               | 23.37               |
|                                              | 90.95               | 48.27               |
| <b>12 Current financial assets : Others</b>  |                     |                     |
| Accrued service revenue                      | 42.21               | 116.47              |
| Others                                       | 162.81              | 2.69                |
|                                              | 205.02              | 119.16              |
| <b>13 Other current assets</b>               |                     |                     |
| Advances to suppliers                        | 426.38              | 394.46              |
| Indirect taxes recoverable                   | -                   | 819.89              |
| Balance with Government authorities          | 3246.67             | 1677.16             |
| Prepayments                                  | 161.68              | 140.14              |
| Export incentives receivable                 | 631.10              | 384.82              |
| Other current assets                         | 110.12              | 101.18              |
|                                              | 4575.95             | 3517.65             |
| <b>14 Assets classified as held for sale</b> |                     |                     |
| Leasehold Land and Buildings                 | 879.24              | -                   |
| Less: Impairment                             | (146.23)            | -                   |
|                                              | 733.01              | -                   |

In November 2017, the directors of Clariant Chemicals (India) Limited decided to sale a site. The sell is expected to be completed before the end of June 30, 2018. The asset is presented within total asset of the Plastics and Coatings segment. Site classified as held for sale during the reporting period was measured at the lower of its carrying amount or fair value less cost to sale at the time of reclassification, resulting in the recognition of write down of INR 146.23 lakhs as impairment loss in the statement of profit and loss. The fair value of site was determined using the sales comparision approach. This is level 2 measurement as per the fair value hierarchy.

|                                                                                     | 31-03-18<br>₹ Lakhs | 31-03-17<br>₹ Lakhs |
|-------------------------------------------------------------------------------------|---------------------|---------------------|
| <b>15 Share Capital</b>                                                             |                     |                     |
| <b>Authorised</b>                                                                   |                     |                     |
| 3,00,00,000 equity shares of ₹ 10/- each                                            | <b>3000.00</b>      | 3000.00             |
| <b>Issued, subscribed and paid up</b>                                               |                     |                     |
| 2,30,81,798 equity shares of ₹ 10/- each fully paid up<br>(31-03-17 : 2,30,81,798 ) | <b>2308.18</b>      | 2308.18             |

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

|                                             | 31-03-18           |                | 31-03-17    |         |
|---------------------------------------------|--------------------|----------------|-------------|---------|
|                                             | Number             | ₹ Lakhs        | Number      | ₹ Lakhs |
| <b>Equity shares :</b>                      |                    |                |             |         |
| Outstanding as at the beginning of the year | <b>2,30,81,798</b> | <b>2308.18</b> | 2,30,81,798 | 2308.18 |
| Outstanding as at the end of the year       | <b>2,30,81,798</b> | <b>2308.18</b> | 2,30,81,798 | 2308.18 |

**15 b Shares held by subsidiaries of the ultimate holding Company Clariant AG, Switzerland :**

| Name of Shareholder                                                                  | 31-03-18         |               | 31-03-17  |            |
|--------------------------------------------------------------------------------------|------------------|---------------|-----------|------------|
|                                                                                      | Number           | Percentage    | Number    | Percentage |
| EBITO Chemiebeteteiligungen AG. *                                                    | <b>41,09,426</b> | <b>17.80%</b> | 41,09,426 | 17.80%     |
| Clariant International AG. * #                                                       | -                | -             | 53,29,186 | 23.09%     |
| Clariant Plastic & Coating AG * #<br>(Erstwhile known as Clariant Participations AG) | <b>76,62,624</b> | <b>33.20%</b> | 23,33,438 | 10.11%     |

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

# Pursuant to demerger of Clariant International AG into Clariant Plastic & Coating AG, shares held by Clariant International AG have been acquired by Clariant Plastic & Coating AG.

**15 c The Company has not allotted any equity shares for consideration other than cash and bonus shares during the period of five financial years immediately preceding the Balance Sheet date****15 d Shares bought back (during 5 financial years immediately preceding March 31, 2018)**

|                           | 31-03-18 | 31-03-17 | 31-03-16  | 31-12-14 | 31-12-13 |
|---------------------------|----------|----------|-----------|----------|----------|
| Equity Shares bought back | -        | -        | 35,78,947 | -        | -        |

**Shares bought back during the 15 months period ended March 31, 2016:**

The Board of Directors at its meeting held on April 22, 2015 approved the proposal of buyback of 35,78,947 equity shares of ₹ 10 each from shareholders of the Company in accordance with the relevant provisions of Companies Act, 2013 and Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1988 at a price of ₹ 950 per equity share, aggregating to ₹ 34000 Lakhs. Consequently, a sum of ₹ 3545.65 Lakhs and ₹ 30096.45 Lakhs has been utilised in respect of the buy back from Securities premium account and General reserve respectively. Further a sum of ₹ 357.89 Lakhs has been appropriated from General reserve to Capital redemption reserve and the same has been reduced from the paid up share capital.

**15 e 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.

**15 f Dividend on equity shares**

The Board of Directors at its meeting held on May 23, 2017, recommended the payment of final dividend of ₹ 25 per equity share for the financial year ended March 31, 2017. The same was approved by the shareholders at the Annual general meeting held on August 11, 2017 and paid during the year, resulting in a cash outflow of ₹ 6945.20 Lakhs (including corporate dividend tax of ₹ 1174.75 Lakhs).

The Board of Directors at its meeting held on May 15, 2018, have recommended the payment of final dividend of ₹ 5 per equity share for the financial year ended March 31, 2018. The same is subject to approval by the shareholders at the forth coming Annual general meeting and if approved would result in a cash outflow of approximately ₹ 1391.32 Lakhs (including corporate dividend tax of ₹ 237.23 Lakhs).

|                                                         | 31-03-18<br>₹ Lakhs | 31-03-17<br>₹ Lakhs |
|---------------------------------------------------------|---------------------|---------------------|
| <b>16 Other equity</b>                                  |                     |                     |
| Capital reserve                                         | 730.11              | 730.11              |
| Capital redemption reserve                              | 495.39              | 495.39              |
| General reserve                                         | 10492.29            | 10492.29            |
| Deemed contribution from parent (See Note 40)           | 130.79              | 122.76              |
| Retained earnings                                       | 48304.09            | 53143.64            |
|                                                         | <b>60152.67</b>     | 64984.19            |
| <b>17 Non - current liabilities : Provisions</b>        |                     |                     |
| <b>Provision for employee benefits</b>                  |                     |                     |
| Compensated absences                                    | 848.09              | 767.12              |
| Gratuity                                                | 393.09              | 95.60               |
| Ex-gratia gratuity                                      | 11.00               | 41.58               |
|                                                         | <b>1252.18</b>      | 904.30              |
| <b>18 Deferred tax liabilities (Net)</b>                |                     |                     |
| <b>Deferred tax liabilities</b>                         |                     |                     |
| Property, plant and equipment and investment properties | 2722.29             | 2303.03             |
| Intangible assets                                       | 118.54              | 119.43              |
|                                                         | <b>2840.83</b>      | 2422.46             |
| <b>Deferred tax assets</b>                              |                     |                     |
| Allowance credit losses and doubtful receivables        | 111.39              | 84.48               |
| Impairment on assets held for sale                      | 50.61               | -                   |
| Financial assets at fair value through profit or loss   | -                   | 37.57               |
| Provision for employee benefits                         | 563.85              | 446.95              |
| Other provisions                                        | 54.50               | 54.50               |
| Others                                                  | 2.52                | 3.33                |
|                                                         | <b>782.87</b>       | 626.83              |
|                                                         | <b>2057.96</b>      | 1795.63             |

**Movements in deferred tax liabilities (net) for the year ended 31-03-18**

₹ Lakhs

| Particulars                                             | Opening Balance | Recognised in profit and Loss | Recognised in OCI | Closing balance |
|---------------------------------------------------------|-----------------|-------------------------------|-------------------|-----------------|
| Property, plant and equipment and investment properties | 2303.03         | 419.26                        | -                 | 2722.29         |
| Impairment on assets held for sale                      | -               | (50.61)                       | -                 | (50.61)         |
| Intangible assets                                       | 119.43          | (0.89)                        | -                 | 118.54          |
| Financial assets at fair value through profit or loss   | (37.57)         | 37.57                         | -                 | -               |
| Allowance credit losses and doubtful receivables        | (84.48)         | (26.91)                       | -                 | (111.39)        |
| Provision for employee benefits                         | (446.95)        | (88.09)                       | (28.81)           | (563.85)        |
| Other provisions                                        | (54.50)         | -                             | -                 | (54.50)         |
| Others                                                  | (3.33)          | 0.81                          | -                 | (2.52)          |
| Net Deferred tax Asset / (Liabilities)                  | 1795.63         | 291.14                        | (28.81)           | 2057.96         |

**Movements in deferred tax liabilities (net) for the year ended 31-03-17**

₹ Lakhs

| Particulars                                             | Opening Balance | Recognised in profit and Loss | Recognised in OCI | Closing balance |
|---------------------------------------------------------|-----------------|-------------------------------|-------------------|-----------------|
| Property, plant and equipment and investment properties | 2489.60         | (186.57)                      | -                 | 2303.03         |
| Intangible assets                                       | 105.04          | 14.39                         | -                 | 119.43          |
| Financial assets at fair value through profit or loss   | -               | (37.57)                       | -                 | (37.57)         |
| Allowance credit losses and doubtful receivables        | (46.50)         | (37.98)                       | -                 | (84.48)         |
| Provision for employee benefits                         | (391.81)        | (15.98)                       | (39.16)           | (446.95)        |
| Other provisions                                        | (54.50)         | -                             | -                 | (54.50)         |
| Others                                                  | (3.27)          | (0.06)                        | -                 | (3.33)          |
| Net Deferred tax Asset / (Liabilities)                  | 2098.56         | (263.77)                      | (39.16)           | 1795.63         |

|                                                         | 31-03-18<br>₹ Lakhs | 31-03-17<br>₹ Lakhs |
|---------------------------------------------------------|---------------------|---------------------|
| <b>19 Current financial liabilities :Trade payables</b> |                     |                     |
| Trade payables (Refer note 37)                          | 18353.35            | 16824.95            |
|                                                         | 18353.35            | 16824.95            |
| <b>20 Current financial liabilities : Others</b>        |                     |                     |
| Security and other deposits                             | 686.50              | 495.71              |
| Employee benefits payable                               | 953.19              | 1278.61             |
| Payables for capital expenditure                        | 62.28               | 267.19              |
| Accrued liabilities for expenses                        | 279.38              | 463.22              |
| Unclaimed dividend *                                    | 765.01              | 755.26              |
|                                                         | 2746.36             | 3259.99             |

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

Notes forming part of the financial statements for the year ended March 31, 2018

|                                                                                                                                                         | 31-03-18<br>₹ Lakhs | 31-03-17<br>₹ Lakhs |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| <b>21 Other current liabilities</b>                                                                                                                     |                     |                     |
| Advances from customers                                                                                                                                 | 112.79              | 151.56              |
| Statutory dues (including provident fund and withholding taxes)                                                                                         | 223.26              | 1045.46             |
| Other liabilities                                                                                                                                       | 28.49               | 31.93               |
|                                                                                                                                                         | <b>364.54</b>       | 1228.95             |
| <b>22 Current liabilities : Provisions</b>                                                                                                              |                     |                     |
| <b>Provision for employee benefits</b>                                                                                                                  |                     |                     |
| Compensated absences                                                                                                                                    | 125.87              | 125.37              |
| Gratuity                                                                                                                                                | 250.00              | 250.00              |
| Ex-gratia gratuity                                                                                                                                      | 1.11                | 11.71               |
| <b>Other Provisions</b>                                                                                                                                 |                     |                     |
| Provision for indirect tax matters                                                                                                                      | 369.62              | 378.54              |
|                                                                                                                                                         | <b>746.60</b>       | 765.62              |
| <b>22a Movements in provision for indirect tax matters</b>                                                                                              |                     |                     |
| Opening balance                                                                                                                                         | 378.54              | 431.00              |
| Provision during the period                                                                                                                             | 54.68               | -                   |
| Amount utilised                                                                                                                                         | (63.60)             | (52.46)             |
| <b>Closing balance</b>                                                                                                                                  | <b>369.62</b>       | 378.54              |
| The provision for indirect tax matters is an estimated amount to be paid to various government authorities on settlement of disputes at various forums. |                     |                     |

|                                                   | Year ended<br>31-03-18<br>₹ Lakhs | Year ended<br>31-03-17<br>₹ Lakhs |
|---------------------------------------------------|-----------------------------------|-----------------------------------|
| <b>23 Revenue from operations</b>                 |                                   |                                   |
| <b>Sale of products (including excise duty )*</b> | <b>99345.41</b>                   | 101986.16                         |
| <b>Sale of services</b>                           | <b>2326.27</b>                    | 2282.43                           |
| <b>Other operating revenue</b>                    |                                   |                                   |
| Export incentives                                 | 748.56                            | 995.40                            |
| Commission income                                 | 330.52                            | 578.15                            |
| Scrap sale                                        | 115.78                            | 128.95                            |
|                                                   | <b>102866.54</b>                  | 105971.09                         |

\* Sale of products of current year is not strictly comparable with previous year as sale of products in previous year is inclusive of excise duty, whereas current year sales of products for the period April 1, 2017 to June 30, 2017 only, is inclusive of excise duty. Further pursuant to introduction of Goods and Services Tax (GST) with effect from July 1, 2017, sale of products from July 1, 2017 to March 31, 2018 is net of Goods and Services Tax (GST).

|                                                               | Year ended<br>31-03-18<br>₹ Lakhs | Year ended<br>31-03-17<br>₹ Lakhs |
|---------------------------------------------------------------|-----------------------------------|-----------------------------------|
| <b>24 Other income</b>                                        |                                   |                                   |
| <b>Interest income on financial assets at amortised cost</b>  |                                   |                                   |
| Fixed deposits                                                | 6.24                              | 8.14                              |
| Others                                                        | 57.02                             | 58.33                             |
| <b>Dividend Income from :</b>                                 |                                   |                                   |
| Financial assets mandatorily measured at FVTPL                | 209.22                            | 414.69                            |
| <b>Rental income</b>                                          |                                   |                                   |
| Sublease of office premises                                   | 331.26                            | 299.16                            |
| Investment properties                                         | 24.31                             | 40.19                             |
| <b>Other gains and losses</b>                                 |                                   |                                   |
| Net Gain on disposal of property, plant and equipment         | 277.81                            | 20.03                             |
| Net Gain on disposal of investment properties (refer note 4 ) | 1752.78                           | -                                 |
| Foreign exchange gain (net)                                   | -                                 | 61.19                             |
| Net gain on financial assets mandatorily measured at FVTPL    | 116.32                            | -                                 |
| Miscellaneous income                                          | -                                 | 8.09                              |
|                                                               | <b>2774.96</b>                    | <b>909.82</b>                     |
| <b>25 Cost of materials consumed *</b>                        |                                   |                                   |
| Raw materials consumed                                        | 57628.29                          | 52104.70                          |
| Packing materials consumed                                    | 1600.04                           | 1813.95                           |
|                                                               | <b>59228.33</b>                   | <b>53918.65</b>                   |
| * Cost of materials consumed is based on derived values.      |                                   |                                   |
| <b>26 Changes in inventories</b>                              |                                   |                                   |
| <b>Opening inventories</b>                                    |                                   |                                   |
| Finished goods                                                | 5571.47                           | 5549.36                           |
| Stock-in-trade                                                | 1274.86                           | 1361.66                           |
| Work - in - progress                                          | 2021.29                           | 2064.38                           |
|                                                               | <b>8867.62</b>                    | <b>8975.40</b>                    |
| <b>Less: Closing inventories</b>                              |                                   |                                   |
| Finished goods                                                | 5882.75                           | 5571.47                           |
| Stock-in-trade                                                | 1819.85                           | 1274.86                           |
| Work - in - progress                                          | 2404.66                           | 2021.29                           |
|                                                               | <b>10107.26</b>                   | <b>8867.62</b>                    |
| Changes in inventories                                        | <b>(1239.64)</b>                  | <b>107.78</b>                     |

Notes forming part of the financial statements for the year ended March 31, 2018

|                                                              | Year ended<br>31-03-18<br>₹ Lakhs | Year ended<br>31-03-17<br>₹ Lakhs |
|--------------------------------------------------------------|-----------------------------------|-----------------------------------|
| <b>27 Employee benefits expense</b>                          |                                   |                                   |
| Salaries, wages, bonus, etc.                                 | 7005.77                           | 7243.25                           |
| Gratuity and Ex gratia gratuity                              | 332.60                            | 148.22                            |
| Provident fund                                               | 315.63                            | 291.45                            |
| Contribution to superannuation fund                          | 157.75                            | 163.81                            |
| Share based payments (See note 40)                           | 8.03                              | 66.66                             |
| Staff welfare expenses                                       | 1240.60                           | 1146.70                           |
|                                                              | 9060.38                           | 9060.09                           |
| <b>28 Finance costs</b>                                      |                                   |                                   |
| Interest expenses - on financial liability at amortised cost | 59.76                             | 46.28                             |
|                                                              | 59.76                             | 46.28                             |
| <b>29 Depreciation and amortisation expenses</b>             |                                   |                                   |
| Depreciation of property, plant and equipment                | 3620.50                           | 3793.90                           |
| Depreciation on investment properties                        | 0.06                              | 0.06                              |
| Amortisation of intangible assets                            | 151.67                            | 154.03                            |
|                                                              | 3772.23                           | 3947.99                           |
| <b>30 Other expenses</b>                                     |                                   |                                   |
| Stores and spare parts etc. consumed                         | 424.53                            | 566.50                            |
| Repairs and maintenance :                                    |                                   |                                   |
| Plant and machinery                                          | 1593.41                           | 1512.47                           |
| Buildings                                                    | 236.79                            | 380.22                            |
| Others                                                       | 283.93                            | 281.69                            |
| Impairment on assets held for sale                           | 146.23                            | -                                 |
| Power and fuel                                               | 5208.73                           | 5113.58                           |
| Rent (including lease payments) (Refer note 35)              | 1136.15                           | 1076.04                           |
| Rates and taxes (including water charges)                    | 858.83                            | 1059.01                           |
| Insurance                                                    | 233.99                            | 244.29                            |
| Clearing, forwarding and transport                           | 2183.85                           | 1884.57                           |
| Travelling and conveyance                                    | 1012.59                           | 1015.65                           |
| Commission                                                   | 56.72                             | 213.34                            |
| Royalty                                                      | 76.09                             | 106.54                            |
| Legal and consultancy                                        | 516.38                            | 372.86                            |
| Information technology services                              | 1062.59                           | 1098.01                           |

|                                                                          | Year ended<br>31-03-18<br>₹ Lakhs | Year ended<br>31-03-17<br>₹ Lakhs |
|--------------------------------------------------------------------------|-----------------------------------|-----------------------------------|
| Payment to statutory auditors :                                          |                                   |                                   |
| As auditors                                                              | 28.30                             | 28.30                             |
| For other services                                                       | 27.45                             | 26.70                             |
| For reimbursement of expenses                                            | 2.51                              | 4.23                              |
| Property, plant and equipment written-off                                | 12.16                             | 33.00                             |
| Net loss on financial assets mandatorily measured at FVTPL               | -                                 | 107.09                            |
| Allowances for credit losses                                             | 77.76                             | 109.74                            |
| Foreign exchange loss (Net)                                              | 234.98                            | -                                 |
| Expenditure towards corporate social responsibility (CSR) activities     | 30.19                             | 33.77                             |
| Miscellaneous expenses                                                   | 5886.98                           | 5506.30                           |
|                                                                          | 21331.14                          | 20773.90                          |
| <b>31 Reconciliation of income tax expenses with accounting profit</b>   |                                   |                                   |
| Profit before tax                                                        | 3341.40                           | 3628.77                           |
| Income tax using the Company's domestic tax rate @ 34.61%                | 1156.46                           | 1255.92                           |
| Effect of expenses that are not deductible in determining taxable profit | 21.07                             | 16.42                             |
| Effect of income that is not taxable                                     | (52.90)                           | (91.61)                           |
| Income tax expense recognised in statement of profit or loss             | 1124.63                           | 1180.73                           |

## 32 Financial instruments and risk review

### Capital management

The Company's objectives when managing capital are to :

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders; and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The capital structure of the Company consists of equity of the Company (comprising issued capital, reserves and retained earnings as detailed in notes 15 and 16). The Company is a zero debt Company with no long-term borrowings as at 31-03-2018. The Company is not subject to any externally imposed capital requirements.

**Categories of financial instruments**

| <b>Particulars</b>                                            | <b>31-03-18<br/>₹ Lakhs</b> | <b>31-03-17<br/>₹ Lakhs</b> |
|---------------------------------------------------------------|-----------------------------|-----------------------------|
| <b>Financial assets</b>                                       |                             |                             |
| <b>Measured at amortised cost</b>                             |                             |                             |
| Cash and bank balances                                        | <b>2779.12</b>              | 3184.13                     |
| Trade receivables                                             | <b>17784.34</b>             | 17295.68                    |
| Loans                                                         | <b>1018.37</b>              | 1015.79                     |
| Other financial assets                                        | <b>205.02</b>               | 119.16                      |
| <b>Measured at fair value through profit and loss (FVTPL)</b> |                             |                             |
| Mandatorily measured - Investments in mutual funds            | <b>4074.27</b>              | 11247.82                    |
| <b>Financial liabilities</b>                                  |                             |                             |
| Measured at amortised cost                                    |                             |                             |
| Trade payables                                                | <b>18353.35</b>             | 16824.95                    |
| Other financial liabilities                                   | <b>2746.36</b>              | 3259.99                     |

At the end of the reporting period, there are no significant concentrations of credit risk for financial assets measured at FVTPL. The carrying amount reflected above represents the Company's maximum exposure to credit risk for such Financial assets.

**Financial risk management framework**

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and price risk), credit risk, liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to reduce potential adverse effects on the Company's financial performance at reasonable hedging costs. The Company uses derivative financial instruments to hedge risks on net exposure basis.

Management identifies, evaluates and hedges financial risks under approved policies to manage overall foreign exchange risk, credit risk and investing surplus liquidity (counterparty risk).

**Market risks****Foreign exchange risk**

The Company has exports to other countries and is exposed to foreign exchange risks arising from various currency exposures, primarily with respect to the Euro and the US-dollar. Foreign exchange risks arise from recognized assets and liabilities, when they are denominated in a currency other than Indian Rupee.

To manage the foreign exchange risk arising from recognized assets and liabilities, the Company uses spot transactions and foreign exchange forward contracts, on net exposure basis in major foreign currencies.

Forward Exchange Contracts outstanding as at 31st March, 2018

| <b>Currency</b> | <b>Amount in<br/>Foreign Currency</b> |          | <b>Amount<br/>₹ Lakhs</b> |          |
|-----------------|---------------------------------------|----------|---------------------------|----------|
|                 | <b>31-03-18</b>                       | 31-03-17 | <b>31-03-18</b>           | 31-03-17 |
| EUR / USD       | <b>3,00,000</b>                       | NIL      | <b>241.57</b>             | NIL      |

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting year are as follows:

| Particulars                       | 31-03-18    | 31-03-17    |
|-----------------------------------|-------------|-------------|
| <b>Amount receivable</b>          |             |             |
| USD (Amount in foreign currency)  | 7332978.98  | 7142716.00  |
| ₹ in Lakhs                        | 4770.86     | 4643.02     |
| EURO (Amount in foreign currency) | 67537.95    | 46343.00    |
| ₹ in Lakhs                        | 54.12       | 32.17       |
| <b>Amount payable</b>             |             |             |
| USD (Amount in foreign currency)  | 2536778.74  | 4731672.00  |
| ₹ in Lakhs                        | 1651.54     | 3075.85     |
| EURO (Amount in foreign currency) | 2631408.31  | 3117864.00  |
| ₹ in Lakhs                        | 2108.45     | 2164.24     |
| CHF (Amount in foreign currency)  | 241891.00   | 330596.59   |
| ₹ in Lakhs                        | 164.27      | 214.39      |
| JPY (Amount in foreign currency)  | 16200000.00 | 16200000.00 |
| ₹ in Lakhs                        | 98.96       | 94.15       |

Following is the analysis of foreign exchange risk sensitivity impacting the profit where the Indian Rupee strengthens and weakens by 1% against the relevant currency. A positive number below indicates an increase in profit and negative number below indicates a decrease in profit.:

| Foreign currency | Year ended 31-03-18 |              | Year ended 31-03-17 |              |
|------------------|---------------------|--------------|---------------------|--------------|
|                  | 1% strengthening    | 1% weakening | 1% strengthening    | 1% weakening |
|                  |                     |              |                     |              |
| USD              | (31.19)             | 31.19        | (15.98)             | 15.98        |
| EURO             | 20.54               | (20.54)      | 21.64               | (21.64)      |
| CHF              | 1.64                | (1.64)       | 2.14                | (2.14)       |
| JPY              | 0.99                | (0.99)       | 0.94                | (0.94)       |

### Credit risk

Credit risk arises from entering into derivative financial instruments, from deposits with banks and financial institutions, as well as from credit exposures to customers, including outstanding receivables.

Customer credit risk exposure is triggered by customer default risk and country risk. As at balance sheet date, the Company does not have significant concentration of credit risk either due to size of customers or due to country risk.

Company has a credit risk policy in place to ensure that sales are made to customers only after an appropriate credit risk rating and credit line allocation process. Procedures are standardized within credit risk policy and supported by the IT system with respective credit management tools. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining collaterals viz Security Deposit or Bank Guarantee as per Credit Policy, as a means of mitigating the risk of financial loss from defaults. The average credit period on sales of goods is 60 to 90 days. The credit risk on Cash & cash equivalents and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by credit-rating agencies.

**Ageing of the receivables**

₹ Lakhs

| <b>Particulars</b>                                                | <b>31-03-18</b> | 31-03-17 |
|-------------------------------------------------------------------|-----------------|----------|
| Within credit period                                              | <b>16250.44</b> | 15992.94 |
| Past dues:                                                        |                 |          |
| upto 60 days                                                      | <b>1296.13</b>  | 1093.94  |
| 61 to 180 days                                                    | <b>101.01</b>   | 113.54   |
| more than 180 days                                                | <b>458.61</b>   | 339.35   |
| Allowance for life time expected credit Loss on trade receivables | <b>321.85</b>   | 244.09   |

| <b>Movement in the credit loss allowance</b>                                                                 |                                | ₹ Lakhs                |
|--------------------------------------------------------------------------------------------------------------|--------------------------------|------------------------|
| <b>Particulars</b>                                                                                           | <b>Year ended<br/>31-03-18</b> | Year ended<br>31-03-17 |
| Balance at the beginning of the year                                                                         | <b>244.09</b>                  | 134.35                 |
| Movement in expected credit loss allowance on trade receivable calculated at lifetime expected credit losses | <b>77.76</b>                   | 109.74                 |
| Balance at the end of the year                                                                               | <b>321.85</b>                  | 244.09                 |

**Liquidity risk****Liquidity risk management:**

The Company is currently debt free having no long term financial liabilities. Management monitors the forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet its operational needs while maintaining sufficient headroom on its undrawn borrowing facilities. Considering the liquidity advantage, funds surplus to the operational needs are invested in the liquid and liquid plus schemes of mutual funds and bank deposits. The cash & cash equivalents & investments in mutual funds are highly liquid and are readily available for payment of liabilities.

The following table analyze the maturity profile of the Company's financial liabilities. The amounts disclosed are the contractual undiscounted cash flows. The contractual maturity is based on the earliest date on which the Company may be required to pay.

|                             | ₹ Lakhs                 |                     |                          |
|-----------------------------|-------------------------|---------------------|--------------------------|
| <b>Particulars</b>          | <b>Less than 1 year</b> | <b>1 to 5 years</b> | <b>5 years and above</b> |
| <b>As at 31-03-18</b>       |                         |                     |                          |
| Trade payables              | 18353.35                | -                   | -                        |
| Other financial liabilities | 2746.36                 | -                   | -                        |
| <b>As at 31-03-17</b>       |                         |                     |                          |
| Trade payables              | 16824.95                | -                   | -                        |
| Other financial liabilities | 3259.99                 | -                   | -                        |

### 33 Fair value measurement and related disclosures

#### Fair value of the Company's financial assets that are measured at fair value on a recurring basis:

Some of the Company's financial assets are measured at fair value at the end of each reporting period.

The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

| Financial assets                                                      | Fair value as at |          | Fair value hierarchy | ₹ Lakhs                                 |
|-----------------------------------------------------------------------|------------------|----------|----------------------|-----------------------------------------|
|                                                                       | 31-03-18         | 31-03-17 |                      | Valuation technique(s) and key input(s) |
| Financial assets at fair value through profit or loss<br>Mutual funds | 4074.27          | 11247.82 | Level 2              | Net assets value of Mutual Funds        |

#### Fair value of financial assets that are not measured at fair value (but fair value disclosures are required):

The management consider that the carrying amounts of financial assets and financial liabilities recognised in the balance sheet approximate at their fair values.

### 34 Contingent liabilities and commitments (to the extent not provided for)

|                                                                                                                                               | ₹ Lakhs  |          |
|-----------------------------------------------------------------------------------------------------------------------------------------------|----------|----------|
|                                                                                                                                               | 31-03-18 | 31-03-17 |
| <b>(a) Contingent liabilities :</b>                                                                                                           |          |          |
| (i) in respect of income tax matters                                                                                                          | 3625.35  | 4340.16  |
| (ii) in respect of sales tax / VAT matters                                                                                                    | 3506.01  | 6014.78  |
| (iii) in respect of excise / service tax matters                                                                                              | 1190.98  | 1214.31  |
| (iv) Other matters in dispute                                                                                                                 | 284.82   | 209.82   |
| In respect of above items, future cash outflows, if any are determinable only on receipt of judgements pending at various forums/authorities. |          |          |
| <b>(b) Commitments :</b>                                                                                                                      |          |          |
| (i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)                  | 367.09   | 392.93   |
| (ii) Others - amount of future minimum lease payments under non-cancellable operating leases (Refer note 35)                                  | 5096.37  | 5455.50  |

**35 Operating Leases :**

|                                                                                                                                                                     | ₹ Lakhs                |                        |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|
|                                                                                                                                                                     | Year ended<br>31-03-18 | Year ended<br>31-03-17 |
| <b>As Lessee :</b>                                                                                                                                                  |                        |                        |
| (a) Lease payments recognised as rent in the Statement of Profit and Loss for the year in respect of (Refer note 30) :                                              |                        |                        |
| Premises, vehicles and computers                                                                                                                                    |                        |                        |
| [includes minimum lease payments ₹ 763.37 Lakhs (Previous year ₹ 704.05 Lakhs)]                                                                                     | <b>1136.15</b>         | 1076.04                |
| (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                                                                                                                                | <b>763.37</b>          | 763.37                 |
| For a period later than one year and not later than five years                                                                                                      | <b>3362.88</b>         | 3229.93                |
| Later than five years                                                                                                                                               | <b>970.12</b>          | 1462.20                |
| Total [Refer note 34 (b) (ii)]                                                                                                                                      | <b>5096.37</b>         | 5455.50                |

**As Lessor :**

The Company has given certain buildings on operating lease to third parties. The lease arrangements ranging from 11 months to 4 years are cancellable and are generally renewable by mutual consent or mutually agreeable terms. The rental income of ₹ 355.57 Lakhs (including ₹ 24.31 Lakhs relating to investment property) (Previous year ₹ 339.35 Lakhs, including ₹ 40.19 Lakhs relating to investment property) on such lease is included in Other Income (Refer note 24).

**36 Earnings per share :**

|                                                                         | Year ended<br>31-03-18 | Year ended<br>31-03-17 |
|-------------------------------------------------------------------------|------------------------|------------------------|
| (a) Basic and diluted earnings per share ( Amount in Rupees)            | <b>9.36</b>            | 10.61                  |
| (b) Profit attributable to the equity holder of the Company ( ₹ Lakhs ) | <b>2160.07</b>         | 2448.04                |
| Weighted average number of equity shares (Numbers)                      | <b>2,30,81,798</b>     | 2,30,81,798            |

Company does not have any dilutive potential ordinary shares and therefore diluted earning per share is the same as basic earning per share.

**37 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.**

|                                                                                                                                                    | ₹ Lakhs        |          |
|----------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------|
|                                                                                                                                                    | 31-03-18       | 31-03-17 |
| (a) Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end                                           | <b>344.74</b>  | 546.88   |
| (b) Interest thereon due to suppliers registered under the MSMED Act and remaining unpaid as at year end                                           | <b>0.30</b>    | 0.23     |
| (c) Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year                                   | <b>2019.95</b> | 2881.81  |
| (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                                               | <b>5.96</b>    | 6.11     |
| (g) Further interest remaining due and payable for earlier years                                                                                   | <b>44.20</b>   | 37.86    |

**38 Corporate Social responsibility**

(a) Gross amount required to be spent by the Company during the year ₹ **51.63 Lakhs** ( Previous year : ₹ 99.83 Lakhs)

(b) Amount spent during the year on :

| Particulars                               | Year ended 31-03-2018 |                                      |                  | Year ended 31-03-2017 |                                      |                  |
|-------------------------------------------|-----------------------|--------------------------------------|------------------|-----------------------|--------------------------------------|------------------|
|                                           | In Cash<br>₹ Lakhs    | Yet to be<br>paid in cash<br>₹ Lakhs | Total<br>₹ Lakhs | In Cash<br>₹ Lakhs    | Yet to be<br>paid in cash<br>₹ Lakhs | Total<br>₹ Lakhs |
| (i) Construction/acquisition of any asset | -                     | -                                    | -                | -                     | -                                    | -                |
| (ii) On purpose other than (i) above      | <b>30.19</b>          | -                                    | <b>30.19</b>     | 33.77                 | -                                    | 33.77            |

|                                                                                      | Year ended 31-03-18<br>₹ Lakhs |          | Year ended 31-03-17<br>₹ Lakhs |          |
|--------------------------------------------------------------------------------------|--------------------------------|----------|--------------------------------|----------|
|                                                                                      | Funded                         | Unfunded | Funded                         | Unfunded |
| <b>39 Employee benefits :</b>                                                        |                                |          |                                |          |
| <b>(1) Defined benefits plans - As per actuarial valuation</b>                       |                                |          |                                |          |
| <b>(a) Gratuity and Ex-Gratia gratuity</b>                                           |                                |          |                                |          |
| <b>(i) Expenses recognised in the statement of profit and loss for the year</b>      |                                |          |                                |          |
| 1 Current service cost                                                               | 153.83                         | 1.40     | 135.97                         | 1.23     |
| 2 Past service cost                                                                  | 199.50                         | (41.84)  | -                              | -        |
| 3 Interest cost                                                                      | 16.22                          | 3.49     | 7.17                           | 3.85     |
| 4 Expense recognised in statement of profit and loss                                 | 369.55                         | (36.95)  | 143.14                         | 5.08     |
| <b>(ii) Expenses recognised in other comprehensive income</b>                        |                                |          |                                |          |
| 1 Return on plan assets                                                              | (34.16)                        | -        | (13.65)                        | -        |
| 2 Loss / (Gain) from change in financial assumptions                                 | 0.67                           | (0.60)   | 134.37                         | 3.00     |
| 3 (Gain)/ Loss from change in demographic assumptions                                | (6.40)                         | 0.41     | -                              | -        |
| 4 Experience loss / (gain)                                                           | 123.30                         | 0.01     | (10.69)                        | 0.11     |
| 5 Expense / (income) recognised in Other comprehensive income                        | 83.41                          | (0.18)   | 110.03                         | 3.11     |
| <b>(iii) Actual return on plan assets for the year</b>                               |                                |          |                                |          |
| 1 Expected return on plan assets                                                     | 142.24                         | -        | 153.74                         | -        |
| 2 Actuarial gain on plan assets                                                      | 34.16                          | -        | 13.65                          | -        |
| 3 Actual return on plan assets                                                       | 176.40                         | -        | 167.39                         | -        |
| <b>(iv) Net asset/(liability) recognised in the balance sheet as at the year end</b> |                                |          |                                |          |
| 1 Present value of the defined benefit obligation                                    | 2656.37                        | 12.11    | 2310.91                        | 53.29    |
| 2 Fair value of plan assets                                                          | 2013.28                        | -        | 1965.31                        | -        |
| 3 Net asset/(liability) recognised in the balance sheet                              | 643.09                         | (12.11)  | (345.60)                       | (53.29)  |
| <b>(v) Change in defined benefit obligation during the year</b>                      |                                |          |                                |          |
| 1 Present value of obligation at the beginning of the year                           | 2310.91                        | 53.29    | 2117.23                        | 54.40    |
| 2 Current service cost                                                               | 153.83                         | 1.40     | 135.97                         | 1.23     |
| 3 Past service cost                                                                  | 199.49                         | (41.84)  | -                              | -        |
| 4 Interest cost                                                                      | 158.46                         | 3.49     | 160.91                         | 3.85     |
| 5 Benefits paid                                                                      | (265.68)                       | (4.05)   | (166.01)                       | (9.30)   |

|               |                                                                                                                                                                             | Year ended 31-03-18<br>₹ Lakhs |          | Year ended 31-03-17<br>₹ Lakhs |           |
|---------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|----------|--------------------------------|-----------|
|               |                                                                                                                                                                             | Funded                         | Unfunded | Funded                         | Unfunded  |
| 6             | Actuarial (gain)/loss on obligation                                                                                                                                         | 117.57                         | (0.18)   | 123.68                         | 3.11      |
| 7             | Transfer (out)                                                                                                                                                              | (18.21)                        | -        | (60.87)                        | -         |
| 8             | Present value of obligation as at the end of the year                                                                                                                       | 2656.37                        | 12.11    | 2310.91                        | 53.29     |
| <b>(vi)</b>   | <b>Changes in fair value of plan asset during the year</b>                                                                                                                  |                                |          |                                |           |
| 1             | Fair value of plan assets as at the beginning of the year                                                                                                                   | 1965.31                        | -        | 1829.21                        | -         |
| 2             | Expected return on plan assets                                                                                                                                              | 142.24                         | -        | 153.74                         | -         |
| 3             | Contributions made                                                                                                                                                          | 155.46                         | -        | 195.59                         | -         |
| 4             | Transfer (out) on account of business acquisition / sale and employees transfer                                                                                             | (18.21)                        | -        | (60.87)                        | -         |
| 5             | Benefits paid                                                                                                                                                               | (265.68)                       | -        | (166.01)                       | -         |
| 6             | Actuarial gain on plan assets                                                                                                                                               | 34.16                          | -        | 13.65                          | -         |
| 7             | Fair value of plan assets as at the end of the year                                                                                                                         | 2013.28                        | -        | 1965.31                        | -         |
| <b>(vii)</b>  | <b>Major categories of plan assets as a percentage of total plan assets</b>                                                                                                 |                                |          |                                |           |
| 1             | Government debt instruments                                                                                                                                                 | 37.20%                         | -        | 39.41%                         | -         |
| 2             | Other debt instruments                                                                                                                                                      | 19.56%                         | -        | 24.27%                         | -         |
| 3             | Insurer managed funds                                                                                                                                                       | 33.23%                         | -        | 35.61%                         | -         |
| 4             | Others                                                                                                                                                                      | 10.01%                         | -        | 0.71%                          | -         |
| <b>(viii)</b> | <b>Actuarial assumptions</b>                                                                                                                                                |                                |          |                                |           |
| 1             | Discount rate                                                                                                                                                               | 8.10%                          | 8.10%    | 7.35%                          | 7.35%     |
| 2             | Expected rate of return on plan assets                                                                                                                                      | 8.10%                          | -        | 7.35%                          | -         |
| 3             | Salary escalation                                                                                                                                                           | 6.0%-9.0%                      | 9.0%     | 6.0%-8.0%                      | 6.0%-8.0% |
| <b>(ix)</b>   | The Company expects to contribute ₹ 250.00 Lakhs (Previous year : ₹ 250.00 Lakhs) to the funded gratuity plans in the next year.                                            |                                |          |                                |           |
| <b>(x)</b>    | <b>The unfunded defined benefit plan represents "Ex-gratia gratuity".</b>                                                                                                   |                                |          |                                |           |
|               | * Gratuity :                                                                                                                                                                |                                |          |                                |           |
|               | i) change in ceiling limit from Rs.10 lakhs to Rs.20 lakhs pursuant to "The payment of Gratuity (Amendment) Act, 2018 notified by the Central Government on 29 March 2018 & |                                |          |                                |           |
|               | ii) change in gratuity and ex-gratia benefit for certain employees                                                                                                          |                                |          |                                |           |
|               | * Exgratia : on account of change in gratuity and ex-gratia benefit for certain employees                                                                                   |                                |          |                                |           |

Notice

Directors' Report

Management Discussion &  
Analysis Report

Report on Corporate Governance

Financial Report

Notes forming part of the financial statements for the year ended March 31, 2018

|                                            | 31-03-18      | 31-03-17 |
|--------------------------------------------|---------------|----------|
| <b>(b) Sensitivity analysis</b>            |               |          |
| <b>Impact of increase in 25 bps on DBO</b> |               |          |
| 1 Discount Rate Gratuity                   | <b>-1.81%</b> | -1.89%   |
| 2 Discount Rate Ex-gratia                  | <b>-1.57%</b> | -1.82%   |
| 3 Salary Escalation Gratuity               | <b>1.86%</b>  | 1.92%    |
| 4 Salary Escalation Ex-gratia              | <b>0.08%</b>  | 0.58%    |
| <b>Impact of decrease in 25 bps on DBO</b> |               |          |
| 1 Discount Rate Gratuity                   | <b>1.87%</b>  | 1.95%    |
| 2 Discount Rate Ex-gratia                  | <b>1.73%</b>  | 1.91%    |
| 3 Salary Escalation Gratuity               | <b>-1.81%</b> | -1.87%   |
| 4 Salary Escalation Ex-gratia              | <b>0.00%</b>  | -0.60%   |

- (c) The weighted average duration of the defined benefit obligation is **7.68** years for gratuity and **6.55** years for ex-gratia (previous year : 8.14 years for gratuity and 7.46 years for ex-gratia).

The expected maturity analysis is as follows:

|                                         | Year ended 31-03-18 |              | Year ended 31-03-17 |           |
|-----------------------------------------|---------------------|--------------|---------------------|-----------|
|                                         | ₹ Lakhs             |              | ₹ Lakhs             |           |
|                                         | Gratuity            | Ex-gratia    | Gratuity            | Ex-gratia |
| Expected benefits for year 1            | <b>304.27</b>       | <b>1.11</b>  | 310.09              | 11.71     |
| Expected benefits for year 2            | <b>166.10</b>       | <b>0.90</b>  | 157.40              | 2.57      |
| Expected benefits for year 3            | <b>273.60</b>       | <b>2.17</b>  | 107.64              | 4.66      |
| Expected benefits for year 4            | <b>204.85</b>       | <b>2.07</b>  | 214.98              | 4.17      |
| Expected benefits for year 5            | <b>371.02</b>       | <b>1.67</b>  | 139.04              | 6.27      |
| Expected benefits for year 6            | <b>259.57</b>       | <b>1.00</b>  | 300.84              | 4.70      |
| Expected benefits for year 7            | <b>280.30</b>       | <b>2.11</b>  | 228.85              | 2.13      |
| Expected benefits for year 8            | <b>289.59</b>       | <b>1.43</b>  | 204.83              | 6.65      |
| Expected benefits for year 9            | <b>280.48</b>       | <b>0.54</b>  | 205.24              | 7.05      |
| Expected benefits for year 10 and above | <b>3174.48</b>      | <b>10.68</b> | 2736.20             | 59.75     |

- (d) Gratuity is administered through duly constituted and approved independent trusts and also through Group gratuity scheme with Life Insurance Corporation of India.
- (e) Future salary increases considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- (f) 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.

|                                                                     | Year ended<br>31-03-18<br>₹ Lakhs | Year ended<br>31-03-17<br>₹ Lakhs |
|---------------------------------------------------------------------|-----------------------------------|-----------------------------------|
| <b>(2) Other long term benefits</b>                                 |                                   |                                   |
| Compensated absences                                                | <b>973.96</b>                     | 892.49                            |
| <b>(3) Provident fund</b>                                           |                                   |                                   |
|                                                                     | Year ended<br>31-03-18<br>₹ Lakhs | Year ended<br>31-03-17<br>₹ Lakhs |
| Defined benefit obligation                                          | <b>2659.58</b>                    | 2461.45                           |
| Fund assets                                                         | <b>2659.58</b>                    | 2461.45                           |
| Net liability                                                       | -                                 | -                                 |
| Actuarial assumptions                                               |                                   |                                   |
| 1 Discount rate                                                     | <b>8.10%</b>                      | 7.35%                             |
| 2 Average historic yield on the portfolio                           | <b>9.14%</b>                      | 9.25%                             |
| 3 Discount rate for the remaining term to maturity of the portfolio | <b>7.65%</b>                      | 6.65%                             |
| 4 Expected investment return                                        | <b>9.59%</b>                      | 9.95%                             |
| 5 Guaranteed rate of return                                         | <b>8.55%</b>                      | 8.65%                             |

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.

#### 40 Share based payments

Few of the employees under senior management level have right to participate in Clariant Stock Option Plans introduced by the ultimate holding Company, Clariant AG, Switzerland.

Under the Group Senior Management – Long Term Incentive Plan (GSM-LTIP) a certain percentage of the actual bonus is granted to the plan participants in the form of registered shares of Clariant (investment shares). These shares vest immediately upon grant, but are subject to a 3-year blocking period. The plan participants receive an additional share free of cost (matching share) for each investment share held at the end of the blocking period.

Performance Share Unit (PSU) plan is a three-year vesting period plan. The vesting is conditional upon achievement of the performance targets at the end of the vesting period. If the performance targets are achieved, each PSU will be converted into one Clariant share and the plan participants receive Clariant share free of cost.

The total amount to be expensed in the statement of profit or loss is determined by reference to the fair value of the options granted and is recognised over the vesting period. Assumptions are made concerning the forfeiture rate which is adjusted during the vesting period so that at the end of the vesting period there is only a charge for the vested amounts.

Notes forming part of the financial statements for the year ended March 31, 2018

Set out below is the summary of shares granted under the plans:

| Number of shares                                                                           | 31-03-18   |            | 31-03-17   |            |
|--------------------------------------------------------------------------------------------|------------|------------|------------|------------|
|                                                                                            | GSM-LTIP   | PSU        | GSM-LTIP   | PSU        |
| Outstanding at the beginning of the year                                                   | 7320       | 12390      | 4253       | 6804       |
| Granted during the year                                                                    | -          | 4251       | 5144       | 5586       |
| Forfeited during the year                                                                  | -          | (3407)     | -          | -          |
| Exercised and vested during the year                                                       | -          | -          | (2077)     | -          |
| Outstanding at the end of the year                                                         | 7320       | 13234      | 7320       | 12390      |
| Weighted average fair value of the shares granted during the year ended (in CHF per share) | -          | 22.11      | 17.78      | 16.84      |
| Weighted average remaining contractual life                                                | 1.17 years | 1.35 years | 2.04 years | 1.64 years |

The weighted average share price at the date of exercise of options during the previous year ended on 31-03-18 was **NIL** per share (31-03-17 CHF 19 per share).

The fair value of shares granted is calculated based on market value of shares as at the grant date.

#### 41 Related party disclosures as required by Ind AS-24 “Related Party Disclosures” are given below :

|                                                                                                |                                                        |
|------------------------------------------------------------------------------------------------|--------------------------------------------------------|
| <b>(a) Enterprises where control exists:</b>                                                   |                                                        |
| (i) Ultimate Holding Company                                                                   |                                                        |
| - Clariant AG, Switzerland                                                                     |                                                        |
| (ii) Principal Shareholders (subsidiaries of the Ultimate Holding Company) :                   |                                                        |
| - Clariant Plastic & Coating AG (Erstwhile known as Clariant Participations AG)                |                                                        |
| - EBITO Chemieeteiligungen AG                                                                  |                                                        |
| - Clariant International AG (upto 17-04-17)                                                    |                                                        |
| <b>(b) Other related parties in the Clariant group with whom the Company has transactions:</b> |                                                        |
| <b>Fellow subsidiary companies :</b>                                                           |                                                        |
| Clariant (China) Ltd.                                                                          | Clariant Masterbatches (Shanghai) Ltd.                 |
| Clariant (New Zealand) Ltd.                                                                    | Clariant Plastics & Coatings (UK) Ltd                  |
| Clariant Plastics & Coatings (Österreich) GmbH                                                 | Clariant Medical Specialties India Limited             |
| Clariant (Singapore) Pte. Ltd.                                                                 | Clariant Plastics & Coating USA Inc                    |
| Clariant (Türkiye) Boya Kimyevi Maddeler ve Madencilik Sanayi ve Ticaret A.S.                  | Clariant Plastics & Coatings (Argentina) SA            |
| Clariant Chemicals (China) Ltd.                                                                | Clariant Plastics & Coatings (Deutschland) GmbH        |
| Clariant Plastics & Coatings (Taiwan) Co., Ltd.                                                | Clariant Plastics & Coatings (Japan) K.K.              |
| Clariant Chemicals Pakistan (Pvt.) Ltd.                                                        | Clariant Plastics & Coatings México, S.A. de C.V       |
| Clariant India Limited                                                                         | Clariant Plastics & Coatings Polska Sp.z o.o.          |
| Clariant International AG ( with effect from 18-04-17 )                                        | Clariant Plastics & Coatings Southern Africa (Pty) Ltd |
| Clariant Masterbatches (Italia) S.p.A.                                                         | Clariant Polska, Sp. z.o.o.                            |
| Clariant Masterbatches (Malaysia) Sdn Bhd                                                      | Clariant Produkte (Deutschland) GmbH                   |
| Clariant Masterbatches (Saudi Arabia) Ltd.                                                     | Clariant Services (Poland) Sp.z.o.o.                   |
| Clariant Plastics & Coatings (Thailand) Ltd                                                    |                                                        |
| Clariant Turkey Plastik, Boya ve Kimyevi Maddeler Sanayi ve Ticaret Anonim Sirketi             |                                                        |

**(c) Key management personnel:****Executive Directors**

Dr. Deepak Parikh ( upto 31-05-17)

Adnan Ahmad ( with effect from 03-04-17)

**Non-Executive Directors**

Kewal Handa

Sunirmal Talukdar

Indu Shahani

Alfred Muench

Karl Holger Dierssen

Mario Brocchi

**Transactions entered into with related parties during the year and balances as at the year end:**

|                                                                                          | Year ended<br>31-03-18<br>₹ Lakhs | Year ended<br>31-03-17<br>₹ Lakhs |
|------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|
| <b>(i) Principal Shareholders :</b>                                                      |                                   |                                   |
| <b>Transactions during the year :</b>                                                    |                                   |                                   |
| <b>Clariant Plastic &amp; Coating AG (Esrtwhile known as Clariant Participations AG)</b> |                                   |                                   |
| Purchase of goods                                                                        | 5804.71                           | 5512.91                           |
| Indenting commission received                                                            | 290.17                            | 432.16                            |
| Royalty expenses                                                                         | 76.09                             | 106.54                            |
| Expenses recovered                                                                       | 2.09                              | 5.86                              |
| Dividend paid                                                                            | 1915.66                           | 233.34                            |
| <b>EBITO Chemiebeteteiligungen AG</b>                                                    |                                   |                                   |
| Dividend paid                                                                            | 1027.36                           | 716.44                            |
| Expenses recovered                                                                       | 0.17                              | 12.85                             |
| <b>Clariant International AG</b>                                                         |                                   |                                   |
| Indenting commission                                                                     | -                                 | 4.43                              |
| Other services received                                                                  | -                                 | 747.19                            |
| Expenses recovered                                                                       | -                                 | 442.64                            |
| Dividend paid                                                                            | -                                 | 532.92                            |

Notes forming part of the financial statements for the year ended March 31, 2018

|                                                  | Year ended<br>31-03-18<br>₹ Lakhs | Year ended<br>31-03-17<br>₹ Lakhs |
|--------------------------------------------------|-----------------------------------|-----------------------------------|
| <b>(ii) Fellow subsidiaries :</b>                |                                   |                                   |
| <b><u>Transactions during the year :</u></b>     |                                   |                                   |
| <b>Sales of goods</b>                            |                                   |                                   |
| Clariant (Singapore) Pte. Ltd.                   | 22486.87                          | 20182.46                          |
| Others                                           | 219.52                            | 101.73                            |
| <b>Purchase of goods</b>                         |                                   |                                   |
| Clariant (Singapore) Pte. Ltd.                   | 1754.71                           | 1727.28                           |
| Others                                           | 223.61                            | 196.40                            |
| <b>Sale of property, plant and equipment</b>     |                                   |                                   |
| Clariant India Limited                           | 16.17                             | -                                 |
| Clariant Medical Specialties India Limited       | 31.79                             | -                                 |
| <b>Purchase of property, plant and equipment</b> |                                   |                                   |
| Clariant Plastics & Coatings (Deutschland) GmbH  | 82.13                             | 46.73                             |
| Clariant (Österreich) GmbH                       | -                                 | 1.27                              |
| <b>Rental income</b>                             |                                   |                                   |
| Clariant India Limited                           | 261.48                            | 243.62                            |
| Clariant Medical Specialties India Limited       | 49.31                             | 49.31                             |
| <b>Security deposit received for rent</b>        |                                   |                                   |
| Clariant India Limited                           | -                                 | 16.23                             |
| Clariant Medical Specialties India Limited       | -                                 | 0.23                              |
| <b>Services rendered</b>                         |                                   |                                   |
| Clariant India Limited                           | 1376.47                           | 1330.66                           |
| Clariant Medical Specialties India Limited       | 230.48                            | 158.84                            |
| <b>Indenting commission received</b>             |                                   |                                   |
| Clariant (China) Ltd.                            | -                                 | 51.55                             |
| Clariant Masterbatches (Thailand) Ltd.           | -                                 | 42.84                             |
| Clariant (Singapore) Pte. Ltd.                   | 42.60                             | 44.67                             |
| Clariant International AG                        | 37.88                             | -                                 |
| Others                                           | 0.07                              | 2.51                              |
| <b>Commission paid</b>                           |                                   |                                   |
| Clariant Chemicals Pakistan (Pvt.) Ltd.          | 18.70                             | 25.47                             |

|                                                                                | Year ended<br>31-03-18<br>₹ Lakhs | Year ended<br>31-03-17<br>₹ Lakhs |
|--------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|
| <b>Fellow subsidiaries : (contd.)</b>                                          |                                   |                                   |
| <b>Expenses recovered</b>                                                      |                                   |                                   |
| Clariant India Limited                                                         | 59.49                             | -                                 |
| Clariant International AG                                                      | 0.30                              | -                                 |
| Clariant Medical Specialties India Limited                                     | 31.56                             | -                                 |
| Others                                                                         | 2.44                              | 0.07                              |
| <b>Services received</b>                                                       |                                   |                                   |
| Clariant India Limited                                                         | 249.63                            | 316.12                            |
| Clariant International AG                                                      | 858.03                            | -                                 |
| Clariant Polska, Sp. z o.o.                                                    | 41.97                             | 925.92                            |
| Clariant Services (Poland) Sp. z o.o.                                          | 953.51                            | 132.58                            |
| Others                                                                         | -                                 | 13.56                             |
| <b>(iii) Key management personnel :</b>                                        |                                   |                                   |
| <b>Executive Directors</b>                                                     |                                   |                                   |
| Short-term employee benefits                                                   | 409.41                            | 620.83                            |
| Post-employment benefits                                                       | 33.36                             | 20.85                             |
| Employee share-based payment *                                                 | (5.38)                            | 56.90                             |
| <b>Total Remuneration</b>                                                      | <b>437.39</b>                     | <b>698.58</b>                     |
| * amount is negative due to forfeiture of Performance Share Unit Plan of 2014. |                                   |                                   |
| <b>Non-Executive Directors</b>                                                 |                                   |                                   |
| Sitting fees                                                                   | 24.00                             | 23.55                             |
| Commission                                                                     | 20.00                             | 20.00                             |
| <b>Total Remuneration</b>                                                      | <b>44.00</b>                      | <b>43.55</b>                      |
| <b>(iv) Balances outstanding as at the year end :</b>                          |                                   |                                   |
| <b>Principal Shareholders :</b>                                                |                                   |                                   |
| Trade payables                                                                 | 1776.38                           | 1980.82                           |
| Trade receivables                                                              | 68.88                             | 490.86                            |
| <b>Fellow Subsidiaries :</b>                                                   |                                   |                                   |
| Trade payables                                                                 | 1084.00                           | 1699.77                           |
| Trade receivables                                                              | 5444.78                           | 4457.76                           |
| <b>Key Management Personnel :</b>                                              |                                   |                                   |
| Payable balance                                                                | 106.95                            | 128.49                            |

Notice

Directors' Report

Management Discussion &  
Analysis Report

Report on Corporate Governance

Financial Report

Notes forming part of the financial statements for the year ended March 31, 2018

## 42 Segment Information :

- (a) Information reported to the Chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. No operating segments have been aggregated in arriving at the reportable segments of the Company.

The Company's reportable segments under Ind AS 108 are as follows:

(i) **Plastics & Coatings :**

Includes pigments, pigment preparations, additives and masterbatches.

(ii) **Specialty Chemicals :**

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

- (b) During the previous year the Company has renamed it's Segment names from "Pigments and Colors" to "Plastics and Coatings" and "Dyes and Specialty Chemicals" to "Specialty Chemicals".
- (c) The following is an analysis of the Company's revenue and results from continuing operations by reportable segment and reconciliation of segment revenue and Segment profit with total revenue and profit before tax respectively:

| Particulars                                   | Year ended 31-03-18<br>₹ Lakhs |                     |           | Year ended 31-03-17<br>₹ Lakhs |                     |           |
|-----------------------------------------------|--------------------------------|---------------------|-----------|--------------------------------|---------------------|-----------|
|                                               | Plastics and Coatings          | Specialty Chemicals | Total     | Plastics and Coatings          | Specialty Chemicals | Total     |
| <b>Revenue</b>                                |                                |                     |           |                                |                     |           |
| External sales                                | 98201.71                       | 4664.83             | 102866.54 | 99002.43                       | 6968.66             | 105971.09 |
| <b>Results</b>                                |                                |                     |           |                                |                     |           |
| Segment results                               | 2364.00                        | 69.38               | 2433.38   | 5205.37                        | 498.78              | 5704.15   |
| Unallocated corporate income/(expenses) (net) |                                |                     | 904.52    |                                |                     | (2095.57) |
| <b>Operating profits</b>                      |                                |                     | 3337.90   |                                |                     | 3608.58   |
| Interest Income                               |                                |                     | 63.26     |                                |                     | 66.47     |
| Finance costs                                 |                                |                     | (59.76)   |                                |                     | (46.28)   |
| <b>Profit before tax</b>                      |                                |                     | 3341.40   |                                |                     | 3628.77   |
| <b>Tax expense</b>                            |                                |                     |           |                                |                     |           |
| Current tax                                   |                                |                     | 833.49    |                                |                     | 1444.50   |
| Deferred tax                                  |                                |                     | 291.14    |                                |                     | (263.77)  |
| Tax adjustments of prior years (net)          |                                |                     | 56.70     |                                |                     | -         |
|                                               |                                |                     | 1181.33   |                                |                     | 1180.73   |
| <b>Profit for the year</b>                    |                                |                     | 2160.07   |                                |                     | 2448.04   |

- (d) Segment revenue reported above represents revenue generated from external customers. There were no inter -segment sales.

- (e) The accounting policies of the reportable segments are the same as the Company's accounting policies described in Note 1. Segment results represents the profit before tax earned by each reportable segment without allocation of central administration costs, other income, finance costs as well as exceptional items. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

| <b>Segment Assets and liabilities</b> | <b>31-03-18<br/>₹ Lakhs</b>  |                            |                 | <b>31-03-17<br/>₹ Lakhs</b>  |                            |              |
|---------------------------------------|------------------------------|----------------------------|-----------------|------------------------------|----------------------------|--------------|
| <b>Particulars</b>                    | <b>Plastics and Coatings</b> | <b>Specialty Chemicals</b> | <b>Total</b>    | <b>Plastics and Coatings</b> | <b>Specialty Chemicals</b> | <b>Total</b> |
| Segment assets                        | <b>73600.22</b>              | <b>963.47</b>              | <b>74563.69</b> | 71799.38                     | 1118.34                    | 72917.72     |
| Unallocated corporate assets          |                              |                            | <b>14694.92</b> |                              |                            | 20402.66     |
| <b>Total assets</b>                   |                              |                            | <b>89258.61</b> |                              |                            | 93320.38     |
| Segment liabilities                   | <b>22698.00</b>              | -                          | <b>22698.00</b> | 21201.40                     | -                          | 21201.40     |
| Unallocated corporate liabilities     |                              |                            | <b>4099.76</b>  |                              |                            | 4826.61      |
| <b>Total liabilities</b>              |                              |                            | <b>26797.76</b> |                              |                            | 26028.01     |

- (f) For the purposes of monitoring segment performance and allocating resources between segments:

All assets are allocated to reportable segments other than investments, loans, certain financial assets and current and deferred tax assets. Goodwill is allocated to reportable segments; and

All liabilities are allocated to reportable segments other than borrowings, other financial liabilities, current and deferred tax liabilities.

- (g) The secondary segments of the Company are geographical segments mainly:

- (i) India
- (ii) Outside India

| <b>Geographical segment information</b> | <b>Year ended 31-03-18<br/>₹ Lakhs</b> |                      |                  | <b>Year ended 31-03-17<br/>₹ Lakhs</b> |                      |              |
|-----------------------------------------|----------------------------------------|----------------------|------------------|----------------------------------------|----------------------|--------------|
| <b>Particulars</b>                      | <b>India</b>                           | <b>Outside India</b> | <b>Total</b>     | <b>India</b>                           | <b>Outside India</b> | <b>Total</b> |
| External sales from opertaions          | <b>77938.68</b>                        | <b>24926.86</b>      | <b>102865.54</b> | 83522.62                               | 22448.47             | 105971.09    |
| Non-current assets                      | <b>41288.97</b>                        | -                    | <b>41288.97</b>  | 41379.15                               | -                    | 41379.15     |

- (h) Non-current assets exclude financial assets.

- (i) Revenues of approximately **₹ 22486.87 Lakhs** (31.03.2017 : ₹ 20182.46 Lakhs) is arising from sales to the Company's largest customer of Plastics and Coatings segment. No other single customers contributed 10% or more to the Company's revenue.

Notes forming part of the financial statements for the year ended March 31, 2018

**43 Details of Specified Bank Notes (SBN) and other SBNs held and transacted in the previous year during the period from November 08, 2016 to December 30, 2016.**

| Particulars                           | SBNs | Other denomination notes | ₹ Lakhs |
|---------------------------------------|------|--------------------------|---------|
|                                       |      |                          | Total   |
| Cash balance as on 08.11.2016         | 1.52 | 1.33                     | 2.85    |
| (+) Permitted receipts                | -    | 5.78                     | 8.63    |
| (-) Permitted payments                | -    | 4.88                     | 3.75    |
| (-) Amount deposited in Bank          | 1.52 | -                        | 2.23    |
| Closing cash in hand as on 30.12.2016 | -    | 2.23                     | 2.23    |

In terms of our report attached  
For **Price Waterhouse Chartered Accountants LLP**  
Firm Registration Number: 012754N / N500016

**Priyanshu Gundana**  
Partner  
Membership No. 109553

Navi Mumbai, 15th May, 2018

For and on behalf of the Board,  
**K. Handa**  
Chairman  
DIN:00056826

**A. Ahmad**  
Vice-Chairman & Managing Director  
DIN:00046742

**S. Talukdar**  
Director  
DIN:00920608

**Dr. I. Shahani**  
Director  
DIN:00112289

**S. Ghadge**  
Chief Financial Officer

**A. Joshi**  
Company Secretary  
Membership No. A22502

Navi Mumbai, 15th May, 2018

# FINANCIAL PERFORMANCE 10 Years' Highlights

₹ Million

|                                                             | Financial Year<br>Ended 31st March |         |          | Financial Year Ended 31st December |          |          |         |         |         |         |
|-------------------------------------------------------------|------------------------------------|---------|----------|------------------------------------|----------|----------|---------|---------|---------|---------|
|                                                             | 2018                               | 2017    | ## 2016  | 2014                               | 2013     | 2012     | 2011    | 2010    | 2009    | 2008    |
| <b>I OPERATING RESULT</b>                                   |                                    |         |          |                                    |          |          |         |         |         |         |
| Net Sales                                                   | 9,783.0                            | 9,412.0 | 10,958.0 | 10,082.0                           | 12,132.0 | 10,712.0 | 9,561.0 | 9,748.0 | 9,213.0 | 9,164.0 |
| Gross Earning Before Depreciation/Impairment and Taxation + | 711.4                              | 757.7   | 1,237.3  | 370.6                              | 1,369.8  | 1,547.1  | 1,722.0 | 1,895.1 | 2,079.4 | 1,375.7 |
| Profit Before Taxation #                                    | 334.1                              | 362.9   | 736.8    | 11,874.1                           | 2,257.8  | 1,423.1  | 3,954.1 | 1,653.2 | 1,631.1 | 1,072.9 |
| Profit After Taxation                                       | 216.0                              | 244.8   | 593.7    | 9,433.2                            | 1,667.7  | 1,013.0  | 3,040.4 | 1,124.2 | 1,081.4 | 674.8   |
| Equity Dividend                                             | 115.4                              | 577.1   | 3,963.3  | 1,039.8                            | 799.8    | 733.2    | 1,599.6 | 799.8   | 666.5   | 506.6   |
| <b>II FINANCIAL POSITION</b>                                |                                    |         |          |                                    |          |          |         |         |         |         |
| Gross fixed Assets @                                        | 3,714.5                            | 3,932.4 | 4,199.6  | 5,520.4                            | 4,051.8  | 4,088.3  | 3,944.1 | 3,554.8 | 3,556.6 | 3,985.1 |
| Net Fixed Assets @                                          | 3,337.3                            | 3,537.6 | 3,699.0  | 3,640.9                            | 2,041.7  | 1,879.7  | 1,853.8 | 1,592.4 | 1,527.3 | 1,646.0 |
| Investments                                                 | 407.4                              | 1,124.8 | 739.7    | 330.1                              | 2,674.0  | 2,346.5  | 2,665.1 | 1,918.4 | 1,245.0 | 578.4   |
| Net Current Assets                                          | 2,501.4                            | 2,066.9 | 2,255.5  | 10,187.6                           | 1,100.2  | 842.8    | 383.0   | 159.8   | 698.5   | 1,008.3 |
| Equity                                                      | 230.8                              | 230.8   | 230.8    | 266.6                              | 266.6    | 266.6    | 266.6   | 266.6   | 266.6   | 266.6   |
| Reserves                                                    | 6,015.3                            | 6,498.4 | 6,463.5  | 13,693.6                           | 5,476.9  | 4,748.5  | 4,587.7 | 3,404.4 | 3,211.3 | 2,909.8 |
| Shareholders' Fund                                          | 6,246.1                            | 6,729.2 | 6,694.3  | 13,960.2                           | 5,743.5  | 5,015.1  | 4,854.3 | 3,671.0 | 3,477.9 | 3,176.4 |
| Loans and Deferred Payment Credits                          | -                                  | -       | -        | 94.5                               | -        | -        | 2.0     | 10.5    | 20.5    | 30.9    |
| Capital Employed                                            | 6,246.1                            | 6,729.2 | 6,694.3  | 14,054.7                           | 5,743.5  | 5,015.1  | 4,856.3 | 3,681.5 | 3,498.4 | 3,207.3 |
| <b>III PER EQUITY SAHRES</b>                                |                                    |         |          |                                    |          |          |         |         |         |         |
| Earning ₹ #                                                 | 9.36                               | 10.61   | 23.42    | 353.82                             | 62.55    | 38.00    | 114.04  | 42.16   | 40.56   | 25.31   |
| Interim & Proposed Dividend                                 | 5.0                                | 25.0    | 150.0    | 39.0                               | 30.0     | 27.5     | 60.0    | 30.0    | 25.0    | 19.0    |

# After exceptional items.

+ Before exceptional items.

@ Include capital advance

## Figures are for 15 months ended March 31, 2016 and hence are not directly comparable.

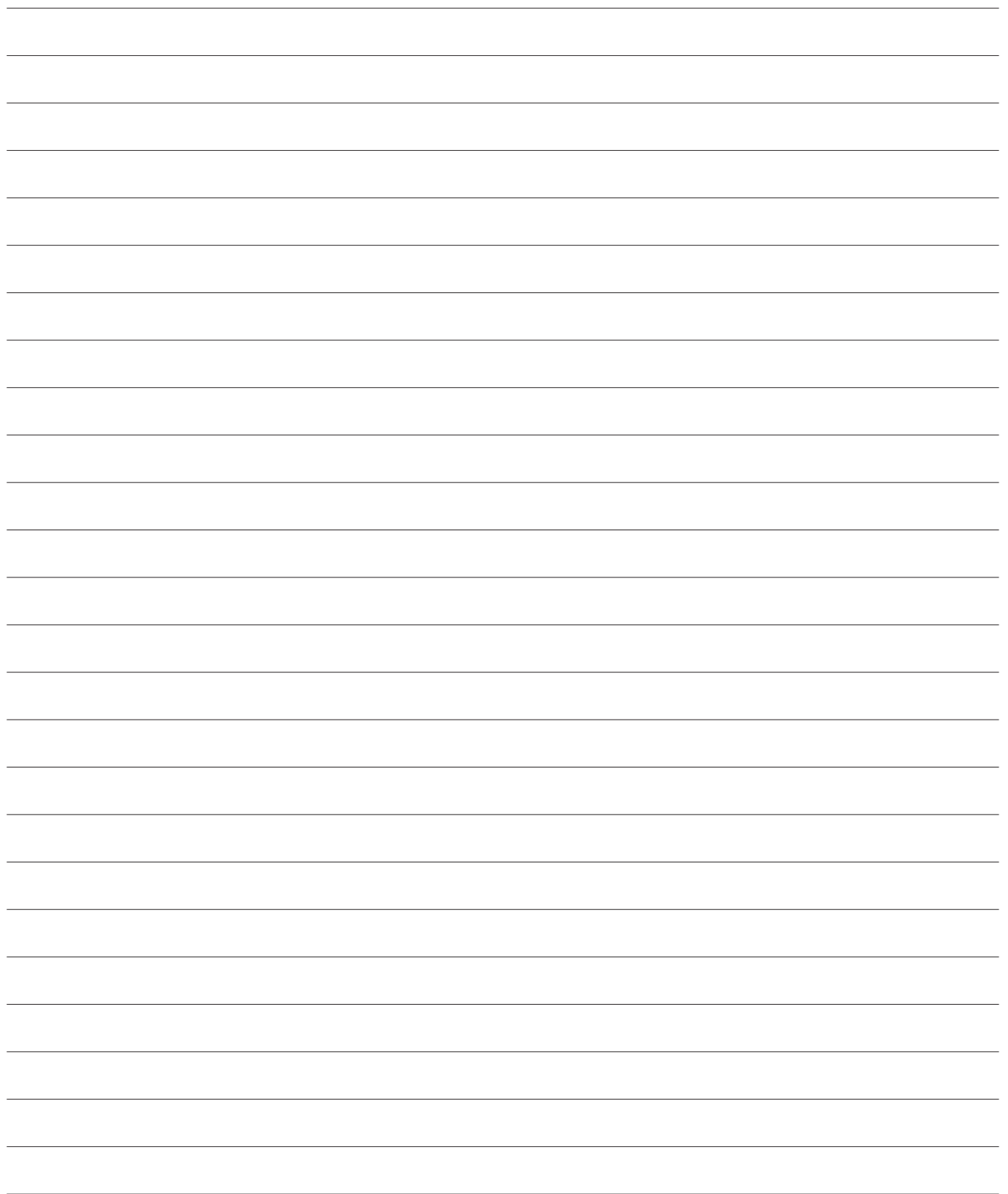
Notice

Directors' Report

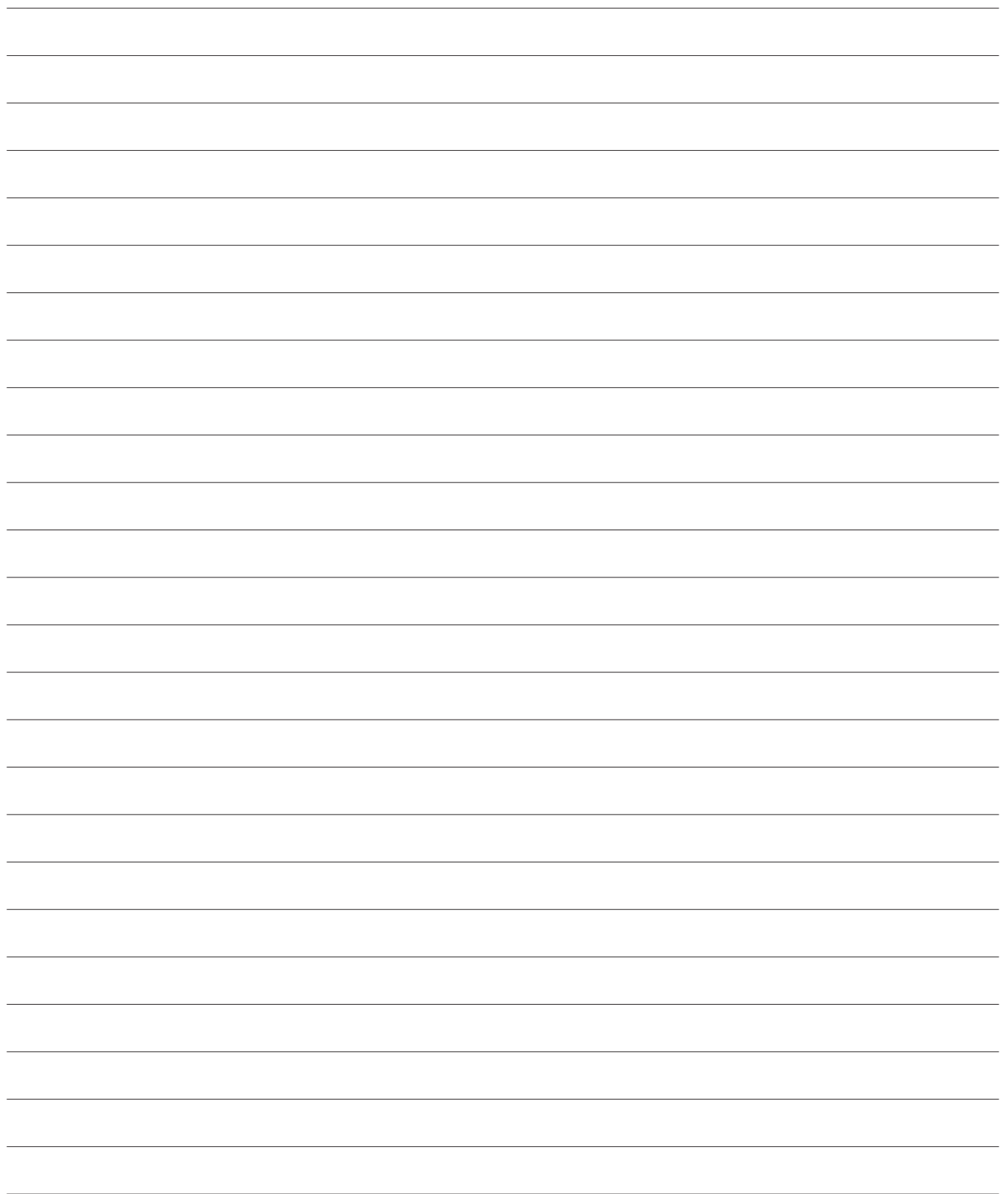
Management Discussion &amp; Analysis Report

Report on Corporate Governance

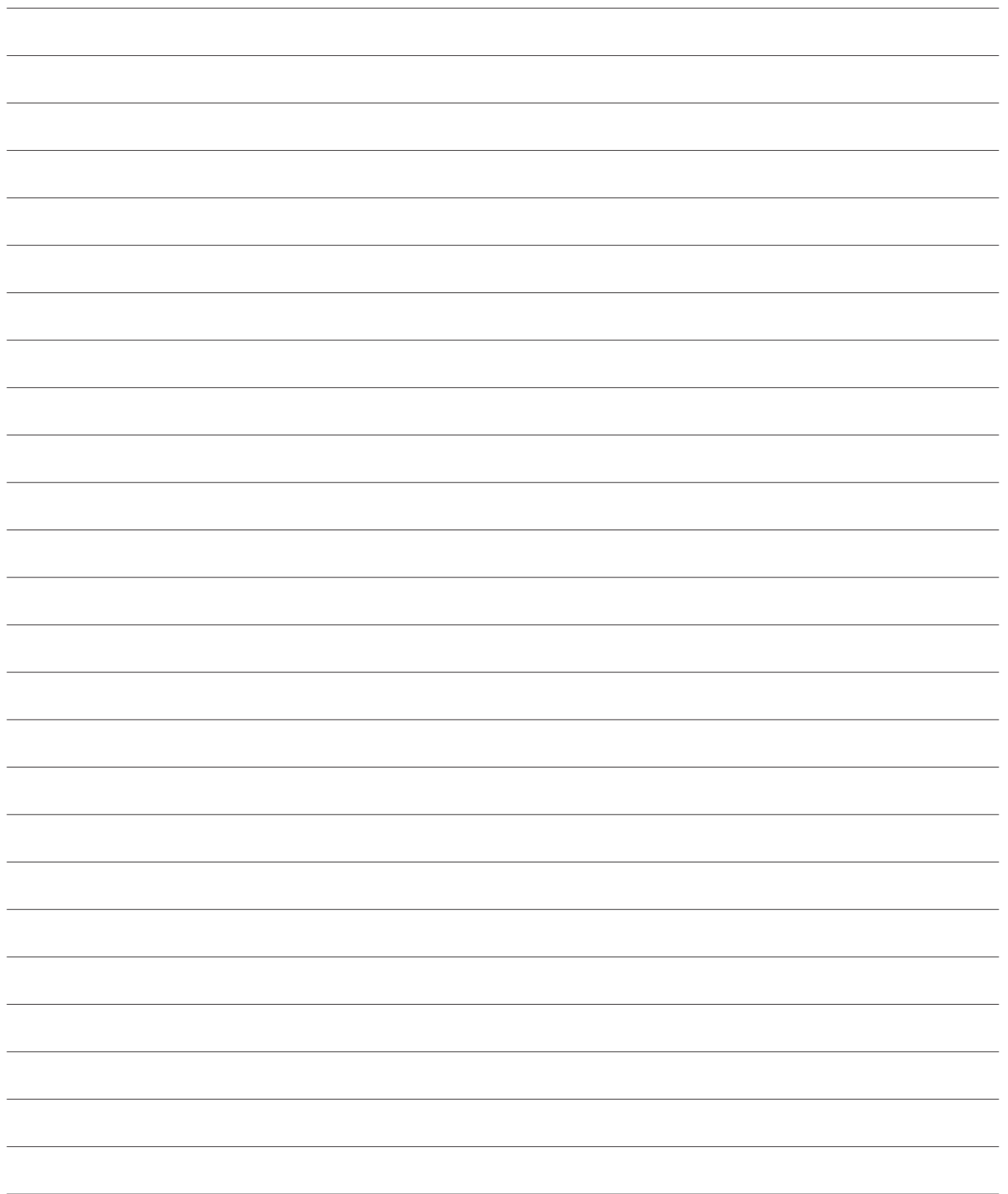
Financial Report











Our energy source  
for the future:  
**APPRECIATION.**



**THIS IS CLARIANT:  
SPECIALTY CHEMICALS  
CREATING VALUE**

We engage with the issues of the future. This approach is deeply rooted in our brand: we focus on appreciation – in all areas in which we are active. The result is innovative solutions to lower emissions, reduce raw material consumption, and create sustained added value. This is precious to us.

# DISCOVER VALUE in INDIA

**CLARIANT CHEMICALS (INDIA) LIMITED**

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

**[WWW.CLARIANT.COM](http://WWW.CLARIANT.COM)**