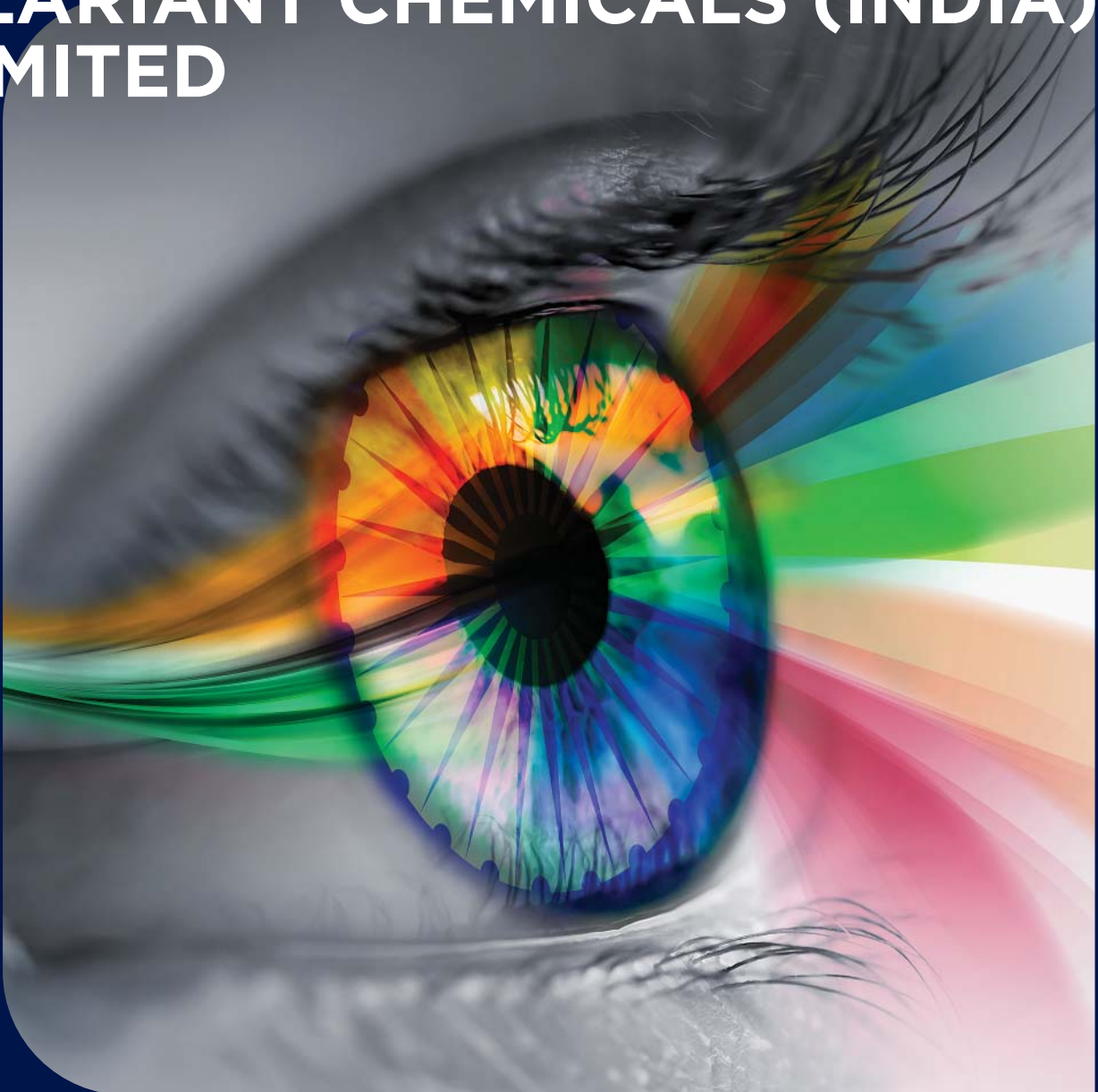


Annual Report 2019-20
**CLARIANT CHEMICALS (INDIA)
LIMITED**



what is precious to you?



Converging on the future THROUGH SUCCESSFUL VALUE CREATION

Clariant has always been in the pursuit of successful value creation for its stakeholders and this quest continues. The cover image is a symbolic representation of this unwavering focus, wherein a ray of opportunity passing through a prism diverges into a spectrum of innovative possibilities and sustainable solutions.

With a sharp focus we see the world through our customers’ eyes. This helps us in garnering a better understanding of the challenges they face in today’s competitively evolving market scenario. We consider our customer’s challenges as opportunities to offer niche products and solutions that help them differentiate amongst the crowd. We see through our customer’s eye the exponential diversity and opportunities that we can create and add value to their businesses and in turn our own.

The eye envisions the future where sustainability, innovation, resource optimization and excellence in execution hold the key to the success of our company. The colors of our national flag denote that India remains at the heart of our operations and would drive our growth story ahead into the future.

Content

02	Board of Directors
04	Vision, Mission and Values
06	Discovering Value in India
08	Community Service
10	Reaching out to the Community during Covid times
11	Awards
12	Financial Performance
13	Notice
28	Directors’ Report
51	Management Discussion and Analysis
57	Report on Corporate Governance
74	Business Responsibility Report
81	Auditors’ Report
88	Balance Sheet
89	Statement of Profit and Loss
90	Statement of Changes in Equity
91	Cash Flow Statement
93	Notes
132	10 Years’ Highlights

Board of DIRECTORS



(seated from l-r)
SUNIRMAL TALUKDAR
Director

KEWAL HANDA
Chairman

DR. (MRS.) INDU SHAHANI
Director

ADNAN AHMAD
Vice - Chairman &
Managing Director

(standing from l-r)
ALFRED MUENCH
Director

SANJAY GHADGE
Director

THOMAS WENGER
Director

CHIEF FINANCIAL OFFICER (INTERIM)
Ashish Agarwal

COMPANY SECRETARY
Amees Joshi

AUDITORS
Price Waterhouse
Chartered Accountants LLP

BANKERS
Standard Chartered Bank
Citibank N.A.

**REGISTRAR &
TRANSFER AGENTS**
Link Intime India Private Limited
C - 101, 247 Park, L.B.S. Marg, Vikhroli (West)
Mumbai - 400 083, Maharashtra
Phone: +91 22 4918 6000
Email: 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

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

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

Kudikadu, SIPCOT Post
Cuddalore - 607 005, Tamil Nadu

Building on VISION, MISSION AND VALUES

Clariant is defined by a guiding vision, well-defined mission, and a culture that encourages every employee to capitalize on their ability to create value for all stakeholders.

VISION AND MISSION FOCUSED ON VALUE CREATION

Clariant is focused on becoming the globally leading company for specialty chemicals and standing out by achieving above-average value creation for its stakeholders.

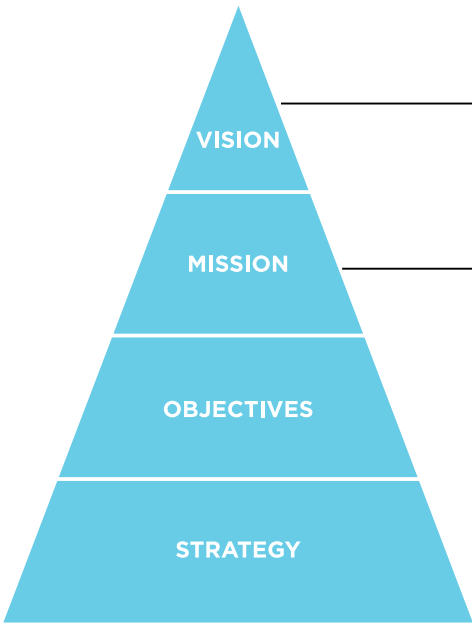
To bring this vision to fruition, the company builds and maintains leading positions in all its businesses and strives for functional excellence in innovation, commercialization, and operations as a defining part of its corporate culture. Clariant's vision is supported by its mission to create value by appreciating the needs of:

CUSTOMERS: by providing competitive and innovative solutions

EMPLOYEES: by adhering to corporate values

SHAREHOLDERS: by achieving above-average returns

THE ENVIRONMENT: by acting sustainably



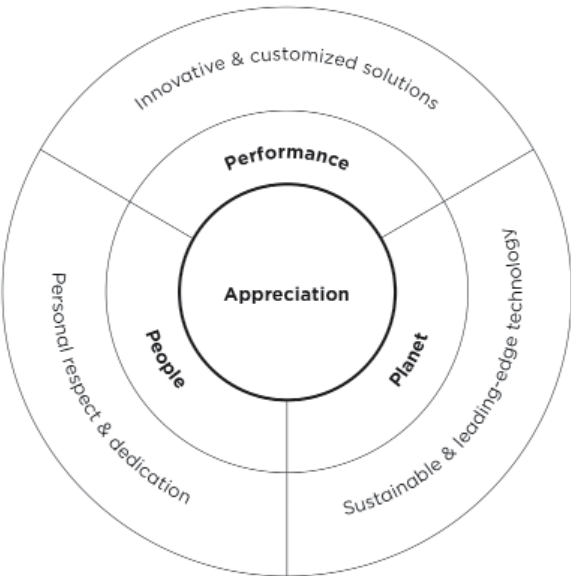
APPRECIATION, CULTURE, AND REPUTATION AS DRIVERS FOR SUCCESS

Clariant believes strongly that its brand essence of appreciation is a key driver for successful value creation. For Clariant, appreciation means putting values at the center of everything the company does in each area where it has an influence: performance, people, and the planet.

PERFORMANCE: Clariant appreciates its customers by striving for exceptional performance and offering innovative, customized, high-quality solutions.

PEOPLE: Clariant expresses appreciation of its stakeholders and employees with an unflinching commitment to transparency and integrity, and by fostering a culture of dialog and mutual respect.

PLANET: Clariant embodies appreciation of the planet by protecting the environment and safeguarding natural resources. By using sustainable, cutting-edge technologies, Clariant meets the most stringent standards and sets new industry benchmarks.



CORPORATE VALUES FOR SUSTAINABLE VALUE CREATION

Cultivating a corporate culture that balances business performance, social commitments, and environmental targets while also supporting stakeholder priorities is essential to generate value and sustainable growth.

Therefore, appreciation is embedded throughout the company's culture and corporate values, defining the expectations of employee behavior and building the company's reputation and brand.

These values include:

1. **Drive for Excellence**
2. **Disciplined Performance Management**
3. **Deliver to Promise**
4. **Courageous and Decisive Leadership**
5. **Lived Appreciation**
6. **Corporate Responsibility**



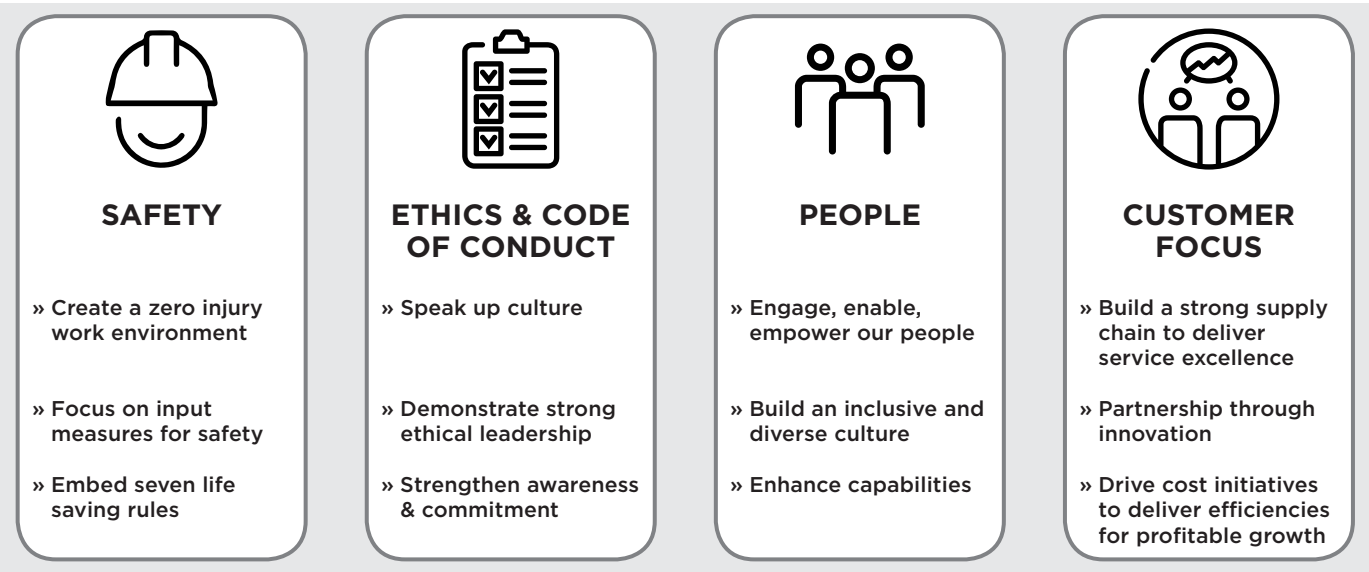
CLARIANT'S STRATEGY WITH ENHANCED PRODUCT AND SOLUTION OFFERINGS TO INCREASE PERFORMANCE

OUR WAY TO MEET OUR OBJECTIVES



PEOPLE EXCELLENCE

EXCELLENCE IN EXECUTION - CLARIANT IN INDIA PRIORITIES



Discovering Value in India



FRAGRANCE FOR PACKAGING

Clariant continues to support the unprecedented opportunities to improve the properties, performance and quality of finished plastic products in India. This story highlights our BU Masterbatches unparalleled creativity and expertise to help our customers make their products the very best for varied brands. Creating innovative and appealing designs that distinguish products from

competitors is a constant challenge for companies in the packaging industry.

Clariant has developed CESA®-Scent Masterbatches specifically for this market. Consumers choose a product they could smell and see, over one that they could only see. Scented packaging allows customers to try before they purchase.



FUNCTIONAL MASTERBATCHES FOR RIGID PACKAGING

Clariant partnered with multiple Indian consumer goods packaging companies to providing packaging solutions with less polymer thus offering an environment friendly product.

Clariant offers solutions to fulfill multiple needs of the rigid packaging market in a broad variety

of applications, such as polyolefin bottles, thermoformed trays, injection moulded containers, caps and closures. Our Masterbatches help personal care, home care and food packaging industries to stand out on crowded store/supermarket shelves while meeting cost, recyclability and sustainability objectives.



PERFECT LASER MARKING OF CONSUMER DURABLES

Clariant developed CESA®- laser for durable markings that are resistant to chemicals, long-term weathering and challenging environments.

Water purifier manufacturers are constantly looking to innovate and come up with sustainable solutions to gain a competitive edge in the market. One of the noticeable results of increasing research and development activities has been the introduction

of water purifiers equipped with candle filtration, activated carbon, ultra-filtration, ultra-violet, ozone, and reverse osmosis (RO) technologies, to name a few.

Laser technology helps water purifier manufacturers to reduce duplication of spare parts thus giving consumers 100% pure & natural mineral rich water.



LIQUID MASTERBATCHES FOR SOLID SURFACES

Exploring new and innovative dimensions in design, flexibility and performance with brand owners and plastics processors, Clariant developed Liquid Masterbatches for application in solid artificial marble.

An emerging market for solid surface in commercial and industrial settings, where its non-porous characteristics, combined with durability, renewability and formability make it the material

of choice for many designers and architects. Also appealing is the wide range of colors and textures, as well as the ability to custom-color the material for large projects.

Solid surfaces are non-porous low-maintenance material used for surfaces such as countertops. It can mimic the appearance of granite, marble, stone, and other naturally occurring materials, and can be joined nearly invisibly by a trained craftsman.



ANTIBACTERIAL PACKAGING FOR EDIBLE OIL

Clariant partnered with multiple Indian edible oil companies for providing packaging solutions; we developed Masterbatches with antibacterial additives, thus offering a truly safe product. Clariant partnered with multiple large edible oil brands

and developed antibacterial packaging using our Remafin® and CESA® brands of Masterbatches.

Clariant also enabled the different brands to achieve visual differentiation by colormatching of the packaging.



HEALTHCARE POLYMER SOLUTIONS FOR MEDICAL AND PHARMACEUTICAL APPLICATION

Clariant offers trusted colours and performance-oriented healthcare products regulated by a variety of bodies and standards of this segment. This example highlights BU Masterbatches Healthcare Polymer solutions range of products Mevopur® including brand name Remafin®- EP.

A study conducted by Indian Pharmaceutical Alliance (IPA) states that the Indian pharmaceutical industry is aspiring to touch USD

120-130 billion by 2030 from the current USD 38 billion.

The reason for this robust growth in the Medical & Pharma sector is being attributed to committed health insurance, improved healthcare facilities, a growing economy, FDIs and world's largest Pradhan Mantri Jan Arogya Yojana (PM-JAY) from Central Government. Healthcare in India contributes to almost 6% of the nation's GDP.



NON-STAINING SOLUTIONS FOR DETERGENT

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

Laundry detergents have commoditized over the years. Laundering with hand instead of a washing machine still remains the most prevalent mode of

wash in India, with the products accounting for a 74% share of laundry-care sales. 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.



COLORANTS FOR TRANSPARENT SOAPS

BU Pigments partnered with an Indian FMCG major brand to launch their premium transparent gel bars in exciting colors.

The soap industry in India is a mature category, which witnesses new product launches

frequently. A major Indian FMCG brand entered this category with the launch of transparent gel bars. Clariant's BU Pigments partnered with this brand and helped revolutionize this product with its Cosmenyl™ grans range of pigment preparations.



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 partnered with the third largest soap selling brand in the country.



WHITENING SOLUTION FOR DETERGENTS

BU Pigments developed a special range of Duasyn dyes for a leading detergent brand.

Laundry detergent – an essential item in every household have undergone commoditization over

the years. For this sector, Clariant has developed a unique solution to offer whiter, brighter clothes after the very first wash.

Clariant in India COMMUNITY SERVICE

Our CSR programmes aim to keep the well-being of the communities around us at the core; we focus on activities revolving around Education, Health & Safety, Community Welfare, Environment Protection. These activities are implemented in partnership with local governments, NGOs and other relevant stakeholders.



- Organized a blood donation drive, supporting the children suffering from Thalassemia. Close to 370 employees donated blood. Clariant has been organizing this drive at its sites and HQ for four consecutive years.
- Supporting the digital drive, Clariant donated around 128 desktop computers and tables to the underprivileged students, in the local schools across all the sites. The IT team further supported with technical support, building upon the knowledge to use the technology.
- Roha site conducted three industrial site visits for the students of M. B. More Foundation's Arts, Science & Commerce Women College, Dhatav; Government Polytechnic, Pen-

Raigad and G.M. Vedak Institute of Technology, Tala during the academic year 2019-20. The students were given an overview of the operations and a site tour.

- Highlighting the importance of Science, Chemistry and Environment safety, the Roha site conducted various awareness sessions for the local schools.
- Helping students learn via practicals, the Roha team donated basic laboratory equipment to Tatkar Charitable Trust for Dr. Shree Nanasaheb Dharmadhikari Arts, Commerce and Science college and extended financial support to J.M. Rathi School for laboratory requirements. The team conducted a brief session on Skygazing, explaining the blackholes and galaxies, for the students of D.G. Tatkar Madhyamik Vidyalaya, Bhalgav.



- In another activity, the Roha team conducted an interschool competition on Science Quiz, Elocution and Essay Writing at M.B. Patil English School, Varse for children of the local ZP schools.
- During the floods in 2019, the Roha team supported flood relief in co-ordination with local government authorities – SDO, Tahsildar, RIA for relief work at Kolhapur, Satara, Sangli and nearby areas.
- As part of women empowerment, Clariant provided 25 sewing machines to the local village women, all living below the poverty line, of



Roth Khurd gram panchayat, Kolad gram panchayat and Malsai taluka, Roha.

- The team in Nagda, purchased and distributed school bags and stationery to the children of the nearby ZP schools.
- For the Government Primary School, Nandvasala (nearby village), Nagda site provided a 500 litres water tank, wash basin with internal fittings and installation for the girl's washroom. A concrete platform for lunchtime use was also made for the children of Kishor Nav-Jeevan Shantha. Additionally, a session on road safety was also provided to students at the local ZP School.



- The Cuddalore team provided laboratory chemicals and apparatus to the higher secondary school students of local government schools. Additionally, the team supported in renovation of Sothikuppam School building.
- To help the neighbouring community get clean drinking water, the Cuddalore team provided a total of 316 PVC pipes to the local authorities (each pipe measuring 6 meters; totaling to 1896 meters).
- The Rania team conducted an awareness session on Science and Chemistry for over 400 boys and girls at the local ZP school. To help empower the local women community at Rania anganwadi, the team also organized a three months tailoring training through Vibrant Chance agency. Sewing machines were gifted to the best performers after the training was concluded.



- The Vashere team gave Science models to the local ZP Schools. The team also organized and conducted a Science exhibition in collaboration with Birla college for local school and colleges.

- Kalol colleagues donated lab equipments and water coolers to a few local schools.

- Every year, Airoli employees conduct a stationery collection drive, for REAP Foundation; this time in addition, 20 litres of paint was sponsored by BU Pigments for painting their premises.

- A 90 minute Science & Chemistry session for children of MA Niketan and Vatsalya was organized in collaboration with Science Utsav by Clariant for 70 children including a sponsored lunch.

- The children of NGOs – MA Niketan and Vatsalya enjoyed their annual movie date with Clariant. The team also organized a separate screening for the Prem Daan inmates.

- To help rebuild and restore nature in a small way, our employees supported the Hariyali Foundation with a sapling making activity at their Murar Nursery.

- Many states were badly affected by floods in 2019. Apart from the contribution made by the Company to the relief, the employees generously donated grains, utensils and clothes as relief for affected areas through support of the NGO-Goonj.

- Cancer is one disease that needs frequent monetary support for the marginalized. As a support to this cause, Clariant supported the Indian Cancer Society.



- As part of environment awareness program, beach cleaning is one area which needs serious attention. To help spread this awareness and to support this cause our employees on two occasions volunteered with the NGO's in helping to clean the city beaches during the year.



Clariant in India REACHING OUT TO THE COMMUNITY DURING COVID TIMES

We are in the midst of an unprecedented situation with the COVID-19 pandemic. Clariant in India team is focussed on employee safety, community support and ensuring business continuity. Our teams are committed towards supporting the neighbourhood around our sites, to ensure that they are safe too.

Clariant has in the past months initiated the production of sanitizer solutions from its facilities in India to help curb the spread of COVID-19. Clariant's sites across Roha in Maharashtra; Vadodara in Gujarat and Cuddalore in Tamil Nadu have committed to supplying the necessary products that are required for the healthcare facilities.

Clariant in India contributed to Chief Minister's Relief Funds for COVID-19 of Maharashtra (₹ 10 lakh) and Telangana (₹ 5 lakh). Our employees voluntarily contributed a day's salary and an equal amount was topped up by the management, totalling ₹ 16 lakh towards the PM CARES (Prime Minister's Citizen Assistance and Relief in Emergency Situations) Fund. In addition to this, our Roha Employees & the Union, jointly contributed ₹ 1.50 lakhs for the Maharashtra Chief Minister's Relief Fund.



Roha in Maharashtra has been producing sanitizers for local and in-house use. The site team handed over 100 fogging hand pumps for sanitization purposes and nearly 1500 face masks to support the safety of local authorities. The team donated 300 litres of handwash liquid soap to the Tahsildar office and 2000 litres of the same to the Raigad District Collector's office. The local authorities acknowledged and appreciated the quick support by Clariant at Roha.



Cuddalore site in Tamil Nadu produced a total of 180,000 litres of sodium hypochlorite solution for sterilization. This is being used by local hospitals and healthcare centers in 683 panchayats in Cuddalore and around 250 panchayats in Virudunagar district. The site also distributed 5 MT of rice and handed over 890 masks and sanitizers to the local community.



Rania site distributed 111 dry food ration kits to the needy from the nearby villages.

Clariant in India AWARDS



- At the 69th annual presentation ceremony of Dyestuffs Manufacturers' Association of India (DMAI), Clariant Chemicals (India) Limited was recognized and awarded for sustainable performance, in Mumbai. Clariant received 5 awards during the ceremony for the year 2018-2019. The awards conferred to
 - First Award for excellent performance in Energy Conservation by a Large-Scale Unit for 2018-2019
 - Award for excellent performance in Water Conservation by a Large-Scale Unit for 2018-2019

- Clariant include:
- Certificate of Merit in recognition of excellent performance in the field of exports of Pigments by a Large-Scale Unit for 2018-2019
 - Second Award for the outstanding performance in Domestic Market by Large Scale Unit for 2018-2019
 - Second Award in recognition of excellent performance in Safety & Hazards Control by a Large-Scale Unit for 2018-2019

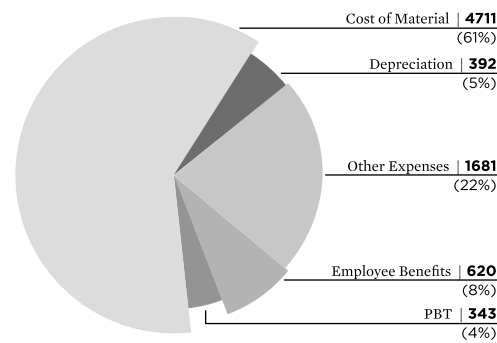


- The Pigments site in Cuddalore was awarded with a 4 Stars rating for commitment to EHS practices at the annual Confederation of Indian Industry (CII) Southern Region (SR) Excellence Awards in Environment, Health & Safety (EHS) for the year 2019. The CII-SR EHS Excellence awards are designed to provide a bench marking tool to compare best practices in Environment, Health and Safety across Southern Region and to assist in continuous process improvements. The aim of this award is to sensitize, facilitate, motivate and recognize corporates who adopt innovative practices in EHS.

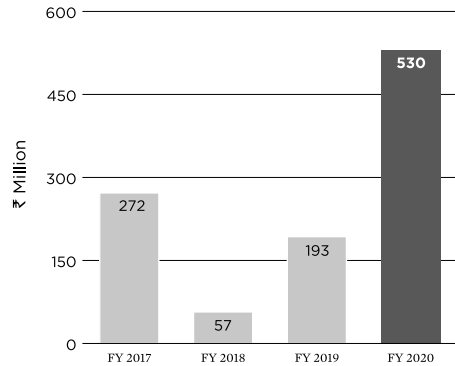


Financial
PERFORMANCE

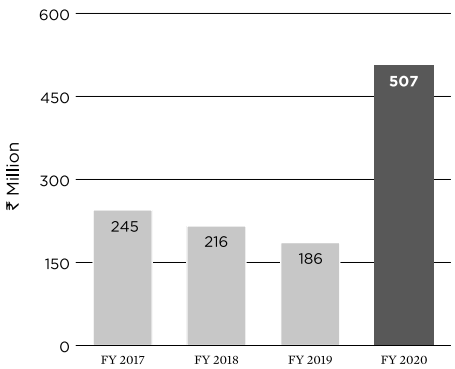
Distribution of Revenue from continuing operations (₹ Million)



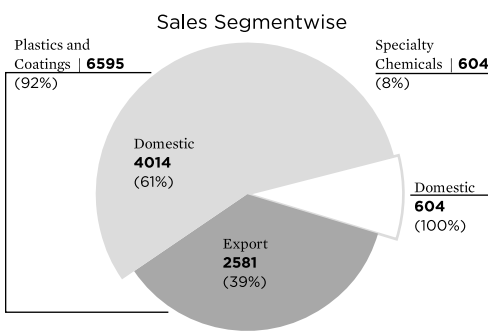
Operational Profit before tax from continuing and discontinued operations



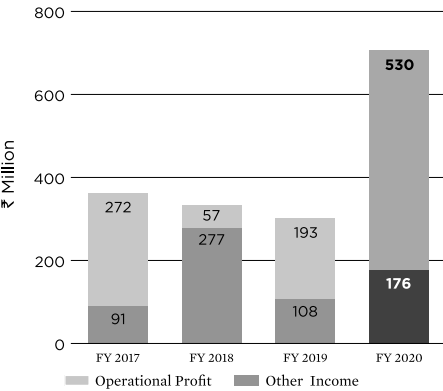
PAT from continuing and discontinued operations



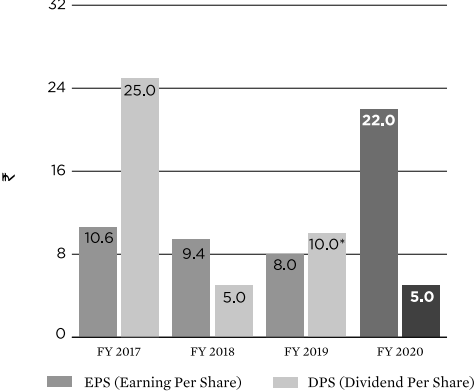
Composition of Sales from continuing operations (₹ Million)



PBT split from continuing and discontinued operations



EPS from continuing and discontinued operations and DPS



* Interim and final Dividend | DPS is based on actual payout

NOTICE

NOTICE is hereby given that the **Sixty Third** Annual General Meeting of the Company will be held at 4:00 p.m. on Thursday, August 20, 2020, through Video Conferencing (‘VC’)/Other Audio-Visual Means (‘OAVM’), to transact the following business:

ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Financial Statements of the Company for the year ended March 31, 2020, together with the Reports of the Directors and Auditors thereon.
- To declare Final Dividend on Equity Shares for the Financial year 2019-20.
- To appoint a Director in place of Mr. Thomas Wenger (DIN 08350960) who retires by rotation and being eligible, offers himself for re-appointment.
- To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

‘RESOLVED THAT pursuant to the provisions of Section 139 of the Companies Act, 2013 and any other applicable provisions and rules made thereunder and subject to Articles of Association, M/s MSKA & Associates, Chartered Accountants (Firm Registration No. 105047W), who were appointed by the Board of Directors, at their meeting held on June 17, 2020 in casual vacancy, and who holds office till the conclusion of this Annual General Meeting, be and are hereby appointed as Statutory Auditors of the Company in place of M/s Price Waterhouse Chartered Accountants LLP, to hold office for a term of 5 (five) years from the conclusion of this Annual General Meeting till the conclusion of the 68th Annual General Meeting of the Company.’

SPECIAL BUSINESS:

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

‘RESOLVED THAT Mr. Sanjay Ghadge (DIN 08455742), who was appointed by the Board of Directors of the Company w.e.f. August 8, 2019 as an Additional Director, and who holds office as such upto the date of this Annual General Meeting pursuant to the provisions of Section 161 of the Companies Act, 2013 (hereinafter referred to as Act) read with Article 113 of Articles of Association of

the Company and in respect of whom the Company has received a notice under Section 160 of the Act, proposing his candidature for the office of a Director and being eligible be and is hereby appointed as a Director of the Company liable to retire by rotation.’

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

‘RESOLVED THAT pursuant to the provisions of Section 188 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 23 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), the approval of the members be and is hereby accorded to material related party transactions to be entered into and carried out in ordinary course of business and at arm’s length price with Colorants Solutions Singapore Pte. Ltd., a related party as per the Indian Accounting Standard 24, for sale of finished goods, from time to time, on terms and conditions as set out in the Explanatory Statement annexed hereto, during the Financial year 2020-21 and subsequent Financial years, for an aggregate amount not exceeding ₹ 500 Crore per annum, which may exceed the threshold limit of 10 percent of annual consolidated turnover of the Company for the 12 months ended March 31, 2021 and of subsequent Financial years.

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

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

‘RESOLVED THAT pursuant to the provisions of Section 188 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 23 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (the Regulations) (including any statutory modification(s) or re-enactment thereof for the time being in force), the approval of members be and is hereby given to enter into a License Agreement with Colorants International AG (hereinafter referred to as ‘the Licensor’) (a related party as per Indian Accounting Standard 24) for taking on license all the proprietary rights,

Notice
Directors' Report
Management Discussion & Analysis Report
Report on Corporate Governance
Business Responsibility Report
Financial Report

proprietary information and trademarks belonging to the Licensor, as defined under the said License Agreement, effective from January 1, 2020 till December 31, 2021;

RESOLVED FURTHER THAT approval of members be and is hereby accorded for payment of Royalty at a rate of 5% of Net Sales value of own production for domestic market and export to third parties;

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

8.
- 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 Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s. RA & Co., Cost Accountants, appointed as Cost Auditors for the Financial year 2020-21 to conduct audit of Cost Accounts of the Company be hereby paid the Fees of ₹ 2.50 Lakhs plus service tax and reimbursement of out of pocket expenses at actuals.’

For and on Behalf of the Board

Amee Joshi

Company Secretary
ACS 22502

Date: June 17, 2020

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 members of the Company at their 62nd Annual General Meeting, held on August 8, 2019, had approved the appointment of M/s. Price Waterhouse Chartered Accountant LLP as the Statutory Auditors of the Company for a second term of five years starting from conclusion of 62nd Annual General Meeting till the conclusion of 67th Annual General Meeting. M/s. Price Waterhouse Chartered Accountant LLP, vide their letter dated June 17, 2020, intimated the Company that they would resign as the Statutory Auditors of the Company post issuance of their Limited Review Report (LRR) for the Quarter ending June 30, 2020.

They informed that Price Waterhouse Network of Firms in India announced of the decision to not provide non audit related services to their audit clients in India which are governed by National Financial Reporting Authority (NFRA). There are certain ongoing non-audit services that are provided by a Price Waterhouse Network licensee entity in India (not being audit firms) to the Company. Due to this voluntary action by Price Waterhouse India Firms as above, the Company chose to avail the non audit related services.

M/s. Price Waterhouse Chartered Accountant LLP have submitted their latest audit report on the annual financial results of the Company for the year ended March 31, 2020 on June 17, 2020. As per the amended regulations of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, M/s. Price Waterhouse Chartered Accountant LLP would resign as Statutory Auditors of the Company post issuance of their Limited Review Report (LRR) for the Quarter ending June 30, 2020.

The Audit Committee, at their meeting held on June 17, 2020, took on record the intimation letter from M/s. Price Waterhouse Chartered Accountant LLP and also placed on record their sincere appreciation to M/s. Price Waterhouse Chartered Accountant LLP for their commendable service to the Company during their tenure.

The management recommended the appointment of M/s. MSKA & Associates, Chartered Accountants, as Statutory Auditors of the Company. MSKA & Associates is a Chartered Accountancy Firm registered with Institute of Chartered Accountants of India (ICAI) having Firm Registration No. 105047W. It has head office at Mumbai and 9 branches in Pune, Bengaluru, Hyderabad, Gurgaon, Kolkata, Goa, Kochi, Chennai and Ahmedabad. It provides Audit and Assurance, Tax and Consultancy Services.

The Company has received consent letter and confirmation of eligibility under Section 139 and 141 of the Companies Act, 2013

from M/s. MSKA & Associates to act as the Statutory Auditor of the Company and confirmation that their appointment, if considered and approved, will be within the limit specified under the Companies Act, 2013, along with the Certificate stating that they have subjected themselves to the Peer Review Board of ICAI, pursuant to Regulation 33 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Considering the market standing of the firm, clientele served, technical knowledge, eligibility and recommendation of the Audit Committee, the Board of Directors, at their meeting held on June 17, 2020, appointed M/s. MSKA & Associates, Chartered Accountants (ICAI Firm Registration No. 105047W), as Statutory Auditors of the Company in the casual vacancy to be caused by the aforesaid proposed resignation of M/s. Price Waterhouse Chartered Accountants LLP. As per the provisions of Section 139 of the Companies Act, 2013, M/s. MSKA & Associates, Chartered Accountants, holds office till the conclusion of this Annual General Meeting. The Board of Directors, at their meeting held on Jun 17, 2020, further approved their appointment as Statutory Auditors of the Company for a term of five years starting from conclusion of this Annual General Meeting till the conclusion of 68th Annual General Meeting.

As per the provisions of Section 140 of the Companies Act, 2013, a Special Notice shall be required for a resolution at an annual general meeting appointing as auditor a person other than a retiring auditor, or providing expressly that a retiring auditor shall not be re-appointed. Kindly treat this explanatory statement as a Special notice.

M/s. MSKA & Associates, if appointed as Statutory Auditors of the Company, shall be paid Audit fees for the Financial year 2020-21 as below:

(In ₹)	
Nature of Engagement	FY 2020 – 21
Statutory Audit including IFC	10,30,000
Limited Review (3 quarters)	5,55,000
Corporate Governance	23,000
Tax audit	1,12,000
Total	17,20,000

The Board of Directors of the Company recommends the passing of the resolution set forth under Item no. 4 as an Ordinary Resolution for appointment of M/s. MSKA & Associates. None of the Directors, Key Managerial Personnel and/or their relatives are interested and/or concerned in passing of this resolution.

Item No. 5

The Board of Directors, on recommendation of Nomination and Remuneration Committee, had appointed Mr. Sanjay Ghadge (DIN: 08455742) as Additional Director and later as Director

Finance & Chief Financial Officer of the Company w.e.f. August 8, 2019, which was approved by the members of the Company vide Special Resolution dated October 7, 2019 passed through Postal Ballot.

Consequent to his transfer to leadership role within Clariant group, globally, Mr. Sanjay Ghadge tendered his resignation from the post of Chief Financial Officer of the Company w.e.f. January 1, 2020. Mr. Sanjay Ghadge is acting as Non-Executive Director of the Company since January 1, 2020.

Pursuant to the provisions of Section 161 of the Companies Act, 2013 read with Article 113 of Articles of Association of Company, he holds office as such upto the date of this Annual General Meeting. The Company has received the requisite Form ‘DIR 8’ from Mr. Sanjay Ghadge, in terms of Section 164 (2) of the Companies Act, 2013 read with The Companies (Appointment and Qualification of Directors) Rules, 2014, conforming his eligibility for such appointment. Brief profile covering the details of his qualification and experience, as required pursuant to the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, is annexed to this Notice. The Company has received a notice, as required, under Section 160 of the Companies Act, 2013, from one of the members proposing the candidature of Mr. Sanjay Ghadge for appointment as Non-Executive Director of the Company.

Considering his experience and expertise, the Board recommends the passing of the resolution set forth under Item no. 5 as an Ordinary Resolution. None of the Directors, Key Managerial Personnel and/or their relatives, except Mr. Sanjay Ghadge and his relatives are interested and/or concerned in passing of this resolution.

Item No. 6

Considering a significant contribution of exports in total turnover of the Company and to hedge the currency risk involved in exports, the Company had entered into a supply agreement whereby all its exports are routed through a single customer Clariant (Singapore) Pte. Ltd., which was duly approved by the members of the Company at Annual General Meeting held on August 12, 2016. Consequent to the divestment plan for Business Unit - Pigments globally, Clariant (Singapore) Pte. Ltd. demerged its Business Unit – Pigments to Colorants Solutions Singapore Pte. Ltd, belonging to Clariant Group.

Colorants Solutions Singapore Pte. Ltd., is an Affiliate Company and is a ‘Related Party’ as per the definition under Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘SEBI LODR Regulations’).

SEBI LODR Regulations provides that material related party transaction, i.e. a transaction to be entered into which

individually or together with previous transactions in a given financial year with a related party exceeds 10% of the annual consolidated turnover as per the last audited financial statements of the Company, requires the approval of the shareholders of the Company by way of an ordinary resolution.

The annual consolidated turnover as per the last audited financial statements for the year ended March 31, 2020 was ₹ 77,478.13 Lakhs. The value of transactions entered with Colorants Solutions Singapore Pte. Ltd. during the period of January 1, 2020 till March 31, 2020 was ₹ 6220.79 Lakhs.

The transactions with Colorants Solutions Singapore Pte. Ltd. will certainly exceed 10% of the consolidated annual turnover and will be material pursuant to SEBI LODR Regulations.

By way of abundant caution and as a protective measure, the Board of Directors, based on the approval of the Audit Committee, recommends the approval for the transactions to be entered into and carried out with Colorants Solutions Singapore Pte. Ltd., from time to time, in the ordinary course of business and at arm’s length price, during the Financial year 2020-21 and subsequent Financial years for an amount not exceeding ₹ 500 Crore per annum. The previous agreement entered with Clariant Singapore Pte. Ltd. stands terminated effective January 1, 2020. The resolution is proposed as an enabling resolution for operational efficiency.

The terms and conditions of the transactions to be entered with Colorants Solutions Singapore Pte. Ltd. is provided hereunder:

1.	Name of the Related Party	Colorants Solutions Singapore Pte. Ltd.
2.	Name of the Director or Key Managerial Personnel who is related, if any	Mr. Thomas Wenger, being a common Director
3.	Nature of relationship	Affiliate Company under Ind AS 24
4.	Nature of Transaction	Sale of Finished Goods, from time to time, as per purchase order
5.	Course of Transaction	Done in ordinary course of business and at arm’s length price
6.	Value of Transaction	₹ 500 Crore per annum

As required under Regulation 23 of SEBI LODR Regulations, the promoters of the Company, who are (or could potentially be considered) as related party, shall not vote to approve this resolution.

The Board, therefore, recommends the passing of the resolution set out under Item no. 6 as an Ordinary Resolution. None of Directors, Key Managerial Personnel and/or their relatives, except Mr. Thomas Wenger and his relatives (in capacity of being a common Director), are interested and/or concerned in passing of the said resolution.

Item No. 7

All the intellectual property rights under the brand name of Clariant are owned by Clariant AG and its affiliates which is used by the Clariant group Companies on payment of License fees as per the terms and conditions of License Agreement. License Agreement allows the Company to use the intellectual property rights including global portfolio of brands, proprietary technology, proprietary information, including numerous patents, extensive research and development capabilities and expertise in best practices.

The members of the Company, at the Annual General Meeting held on August 8, 2019, had approved the License Agreement between the Company and Clariant Plastics & Coatings AG. Previously, all the products manufactured and/or sold by the Company, were on the basis of the Licenses provided by Clariant Plastics & Coatings AG.

Consequent to the divestment plan for Business Unit – Pigments, globally, Clariant Plastics & Coatings AG demerged its Pigments business into a entity named Colorants International AG. Consequently, all the benefits of Intellectual Property Rights of Clariant have been vested with Colorants International AG.

Colorants International AG is an affiliate Company and is a ‘Related Party’ as per the definition under Regulation 23 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (hereinafter referred to as ‘LODR Regulations’).

The Board of Directors, on recommendation of Audit Committee, approved a separate License Agreement to be entered into with Colorants International AG w.e.f. January 1, 2020 for payment of License Fees against usage of the Proprietary Rights, Proprietary Information and Trademarks at a rate of 5% of Net Sales value of finished goods of own production for domestic market and export to third parties after deducting value added tax as per the Profit & Loss Statement of the Company.

Under LODR Regulations, a transaction involving payments made to a related party with respect to Brand usage or Royalty, if the transaction(s) to be entered into individually, or taken together with previous transactions during a Financial year, exceeds 5% of the annual consolidated turnover of the Company as per its last Audited Financial Statements, shall be considered as material and shall be approved by the Shareholders through a resolution.

By way of abundant caution and as a protective measure, the Board of Directors recommends the approval for the transactions to be entered into and carried out with Colorants International AG.

The brief terms and conditions of the agreement are provided hereunder:

1.	Name of Related Party	Colorants International AG
2.	Name of Director or Key Managerial Personnel who is related	Mr. Alfred Muench, being a common Director
3.	Nature of relationship	Affiliate Company under Ind AS 24
4.	Nature of Transaction	Payment of license fees for using Proprietary rights, Proprietary information and Trademarks
5.	Course of Transaction	Done in ordinary course of business and at arm’s length price
6.	Value of Transaction	5% of Net Sales value.

As required under Regulation 23 of LODR Regulations, the promoters of the Company, who are (or could potentially be considered as) related party, shall not vote to approve this resolution.

The Board recommends the passing of resolution as set out at Item no. 7 as an Ordinary Resolution.

None of Directors, Key Managerial Personnel and/or their relatives, except Mr. Alfred Muench and his relatives (in capacity

of being a common Director) are interested and/or concerned in passing of the said resolution.

Item No. 8

The Board of Directors, on the recommendation of Audit Committee, considered and approved reappointment of M/s. RA & Co., Cost Accountants, for the conduct of the audit of the cost records of the Company for the Financial year 2020-21, at a remuneration of ₹ 2.50 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. 8 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

Amee Joshi
Company Secretary
ACS 22502

Date: June 17, 2020

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