

## Report on Corporate Governance

### Company's Philosophy

The Company considers that Corporate Governance aims to nurture the spirit of enterprise whilst ensuring transparency, accountability, probity, integrity, equity and responsibility. The Company is committed to foster a culture of prompt & innovative service provider with customer focus, reliable business partner to derive consistent all round growth in all facets of its operations and to maximize the value for all its stakeholders. The Company has a responsible and efficiently structured organization and value-driven and transparent management to make solid foundation for promoting sustainable long-term success. Being part of the Clariant group operating globally, the Company is committed to the international standards of corporate governance. These standards are delivered through the management structure and processes and demonstrate to all our stakeholders that we operate in an open transparent manner.

### 1. Group Structure:

Clariant Chemicals (India) Limited is an affiliate of Switzerland based Clariant Limited a global leader in the field of fine and specialty chemicals with a spread of more than 100 companies in five continents and headquartered in Muttenz near Basel. In the restructured business Clariant is conducting its business through ten Businesses: Textile chemicals, pigments, leather services, industrial and consumer specialities, paper specialities, masterbatches, additives, emulsions, detergents & intermediates, oil & mining services and based on the product and process similarities, the Company has conveniently grouped these businesses into two

reportable segments viz. Intermediates and colours and Dyes and specialty chemicals.

### 2. Board of Directors:

#### 2.1 Composition and Changes:

One of the well-known institutions of Corporate Governance is the Board of Directors. The Board of the Company consists of non-executive independent Chairman, Vice-Chairman and Managing Director and five eminent members with proven track record of their professional and strategic competencies in different field of industry, legal, finance, and marketing of which two are independent. None of the Directors is related to each other. All the Directors except the Vice-Chairman and Managing Director are liable to retire by rotation as per Article 128 of the Article of association. All retiring Directors are eligible for re-election.

Mr. Peter Palm led the team of management as Vice-Chairman & Managing Director for the year. Dr. Andreas Walde resigned during the year and Mr. Alfred Muench was appointed in the casual vacancy caused by the resignation.

The composition and category of the Board of Directors as at December 31, 2010, the number of other Directorships / Committee memberships held by them and also the attendance of the Directors 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#		
		Number of Board Meetings		Last AGM held on April 23, 2010	Other Directorships* as on December 31, 2010	Committee Memberships	Committee Chairmanships
		Held	Attended				
Mr. R. A. Shah DIN 00009851	Non-Executive Independent	6	6	Attended	14	10	5
Mr. Peter Palm DIN 02857378	Executive	6	6	Attended	None	1	None
Mr. B.S. Mehta DIN 00035019	Non-Executive Independent	6	5	Attended	14	10	5
Diwan A. Nanda DIN 00034744	Non-Executive Independent	6	4	Attended	5	3	1
Mr. H. Meier DIN 00726512	Non-Executive	6	5	Attended	None	None	None
Dr. A. Walde DIN 01417867	Non-Executive	1	—	NA	None	None	None
Dr. H. Schloemer DIN 02848180	Non-Executive	6	2	Attended	None	None	None
Mr. Alfred Muench DIN 03092351	Non-Executive	4	—	NA	None	None	None

\* This excludes alternate Directorships/Directorships in private limited companies, foreign companies and companies governed by Section 25 of the Companies Act, 1956 wherever applicable.

# It excludes Committees other than Audit Committee, Shareholders/Investor Grievance Committee and companies other than public limited company but includes Committee membership/chairmanship in Clariant Chemicals (India) Ltd.

### Profile of the members of the Board of Directors being appointed/re-appointed:

**Mr. B. S. Mehta** is a graduate in commerce and a Fellow of the Institute of Chartered Accountants of India. Mr. Mehta is an accountant in practice dealing with taxation, accountancy and valuation of mergers and acquisitions. He is a Director on the Boards of several prominent companies in India. He has been a Director of the Company since 2006.

Mr. B.S. Mehta is a Director of Atul Limited, Bharat Bijlee Limited, Ceat Limited, Century Enka Limited, Gillette India Limited, Housing Development Finance Corporation Limited, IL&FS Investment Managers Limited, J B Chemicals & Pharmaceuticals Limited, National Securities Depository Limited, Pidilite Industries Limited, Procter and Gamble Hygiene and Health Care Limited, Sasken Communication Technologies Limited, SBI Capital Markets Limited and Sudarshan Chemicals Industries Limited. He is also an alternate Director of Uhde India Private Limited.

Mr. Mehta is the chairman of Audit Committee of IL&FS Investment Managers Limited, J B Chemicals & Pharmaceuticals Limited, Pidilite Industries Limited, Sasken Communication Technologies Limited, and Sudarshan Chemicals Industries Limited. He is also a member of Audit Committee of Atul Limited, Century Enka Limited, Gillette India Limited, Housing Development Finance Corporation Ltd. and Procter and Gamble Hygiene and Health Care Limited."

#### Mr. Alfred Muench

Mr. Alfred Muench, Swiss national, studied in the legal faculty at Basel University and graduated in 1986. He qualified as an Attorney at Law in Basel in 1988. He joined Clariant on May 1, 2010 from Treuco AG, a firm specializing in business, tax and legal services where he had been a partner since 2005. From 1997 to 2004, Alfred Muench was Chief Administrative Officer and General Counsel of the Bally group, in 1996-97, Secretary to the Board of Directors of Clariant AG and from 1989 to 1996 General Counsel of Sandoz Division Construction and Environmental Technology.

## 2.2 Board Meetings and Agenda:

The Board of Directors of the Company formulates the strategy, reviews the performance, keeps check on utilisation of authorities and ensures that the corporate objectives are met on consistent and transparent basis. As provided in the Companies Act, 1956 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 in the matters which require approval of shareholders. The day to day management of the affairs of the Company is conducted by the Vice-Chairman and Managing Director subject to supervision and control of the Board of Directors.

In compliance with Clause 49 of the listing agreement, the Board meets at least once every quarter to review the performance and to deliberate and consider other items on the agenda. During the year under review, six meetings were

held in 2010 on February 19, April 23, April 27, May 24, July 26 and October 25. All the matters required to be placed before the board, as required under the Companies Act and the listing agreement, were included in the agenda.

### 3. Board Committees:

The Board has constituted two Committees viz., Audit Committee and Investor Grievance Committee. The roles and responsibilities assigned to these Committees covered under the terms of reference approved by the Board are subject to review by the Board from time to time and the minutes of the meetings of these Committees are reviewed and noted by the Board. The details as to the composition, terms of reference, number of meetings and related attendance etc. of these Committees are provided below:

#### 3.1 Audit Committee:

##### 3.1.1 Composition:

Mr. R. A. Shah, Diwan A. Nanda and Dr. H. Schloemer are the members of the Audit Committee. Mr. R. A. Shah chairs the Committee. The statutory auditors, internal auditors and cost auditors are also invited to attend the Audit Committee meetings from time to time. Mr. Peter Palm the Vice-Chairman & Managing Director is the permanent invitee and Mr. B. L. Gaggar, Director-Finance & Company Secretary represents as CFO and also acts as Secretary to the Committee.

##### 3.1.2 Scope and Meetings:

The terms of reference of the Audit Committee are in accordance with Clause 49(II) of the listing agreements with the stock exchanges read with Section 292A of the Companies Act, 1956. These broadly include approval of annual internal audit plan, review of financial reporting systems, internal control systems, review and discussions on quarterly, half yearly and annual financial results, interaction with statutory, internal and cost auditors, recommendation for appointment of internal, statutory and cost auditors and their remuneration and the significant related party transactions.

During the year four meetings of the Audit Committee were held on February 19, 2010, April 23, 2010, July 26, 2010 and October 25, 2010. In order to ensure that a proper quorum exists, the Directors decided to co-opt Mr. B. S. Mehta as a member for the purposes of the meeting held on October 25, 2010. Mr. Mehta, who was present for meeting scheduled later, agreed thereto.

#### Attendance at Audit Committee meetings

Name of Director	Category	Status	Number of Meetings	
			Held	Attended
Mr. R.A. Shah	Independent	Chairman	4	4
Diwan A. Nanda	Independent	Member	4	3
Dr. H. Schloemer	Non-Independent	Member	4	2

### 3.2 Remuneration Committee:

The Company has not constituted a remuneration committee as the compensation / remuneration payable to the Directors are approved by the shareholders in the Annual General Meeting.

The Company has no pecuniary relationship or transaction with its non-executive Directors other than payment of commission, which has been approved by the shareholders and payment of dividend on equity shares, if any, held by Directors in the Company. The Company has sought the expert legal advice of M/s Crawford Bayley & Co., Solicitors & Advocates in certain matters and a sum of ₹ 11.62 lakhs (Previous year ₹ 33.07 lakhs) has been paid as professional fees to the said firm during the year ended at December 31, 2010. Mr. R. A. Shah, who is the Chairman of the Company, is the senior partner of the said firm. The aforesaid professional fee is not considered material enough that may have potential conflict with the interest of the Company and to impinge on the independence of Mr. Shah.

The remuneration structure of Mr. Peter Palm, Vice-Chairman & Managing Director, is based on performance and defined criteria. The increments are decided by the Board of Directors within the limits approved by the members pursuant to provisions of the Companies Act, 1956. The remuneration comprises of salary, benefits and perquisites and performance linked bonus / commission as per Company rules. The service contract with Mr. Palm is for a period of three years ending on December 31, 2012 with a notice period of six months by either of the parties for termination.

The non-executive Indian Directors are paid sitting fees for attending each meeting of the Board and Committee thereof. Each of these Directors are also paid commission on an annual basis in accordance with the approval granted by the members at the Annual General Meeting held on April 17, 2008 pursuant to the provisions of Section 198 and 309 of the Companies Act, 1956.

The details of remuneration paid / payable to the Directors for the year ended December 31, 2010 are as under:

(₹ lakhs)

Name of Director	Sitting fees	Salary, benefits & perquisites etc.	Commission	Total
Mr. R. A. Shah	0.50	—	4.00	4.50
Mr. Peter Palm	—	142.26	26.75	169.01*
Mr. B. S. Mehta	0.45	—	3.00	3.45
Diwan A. Nanda	0.40	—	3.00	3.40

\* Includes ₹ 21.70 lakhs subject to shareholders' approval

The Company has no scheme for grant of stock options to Directors.

### 3.3 Investors' Grievance Committee:

The Investor's Grievance Committee comprises of Diwan A. Nanda, non-executive independent Director as Chairman and Mr. Peter Palm, the Vice-Chairman & Managing Director as a member. Mr. B.L.Gaggar, Director Finance and Company Secretary is designated as the Compliance officer, who oversees the investors' grievances. The Committee reviews the share transfers and monitors redressal of shareholders' complaints and recommends measures for overall improvements in the quality of investor services. The Committee during the year met twice on July 26, 2010 and October 25, 2010.

In accordance with the authority granted by the Board, transfer / transmission, split / sub-division and consolidation of physical shares and rematerialisation of shares is dealt with by Mr. Gaggar on fortnightly basis.

M/s. Sharepro Services (India) Private Limited, the Registrar and Share Transfer Agents, deals with all shareholders related matters whether it relates to the shares held in physical or demat form. The Company has retained the services of a practicing Company Secretary to perform Reconciliation of share capital audit every quarter. No materially significant non-compliance from established procedures is reported.

Pursuant to Clause 41 of the listing agreement, investors' grievance redressal status and the number of pending complaints is reported every quarter to the stock exchanges and is also published in the newspaper alongwith financial results. There was one investor complaint pending as on December 31, 2010.

#### Attendance of Investors Grievance Committee Meetings:

Name of Director/Secretary	Category	Number of Meetings	
		Held	Attended
Diwan A. Nanda, Chairman	Independent Director	2	1*
Mr. Peter Palm	Managing Director	2	2
Mr. B.L. Gaggar	Secretary	2	2

\* Mr. B.S. Mehta was co-opted to attend and chair the meeting held on October 25, 2010 in the absence of Diwan A. Nanda

### 4. Subsidiary Company

Chemtreat Composites India Private Limited, a wholly owned subsidiary of the Company, has its production base at Khopoli, in the Maharashtra state. The performance of the Company is reviewed and monitored by the Board of Directors through financial statements on quarterly basis.

Mr. Peter Palm, Dr. Henri Schloemer and Mr. B.L. Gaggar are the nominated Directors on the Board of Chemtreat Composites India Private Ltd.

## 5. General Body Meetings:

Annual General Meeting of the Company during preceding three years was held at Y. B. Chavan Auditorium, Gen Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai. The dates, time and the nature of special resolutions passed thereat are as follows:

AGM	Date and Time	Special Resolutions Passed
51 <sup>st</sup>	April 17, 2008. 4.00 p.m.	i) Enhancement of the borrowing limits ii) Payment of commission to the Directors other than Managing Director
52 <sup>nd</sup>	April 29, 2009 4.00 p.m.	i) Re-appointment of Mr. H. Meier as the Vice-Chairman & Managing Director ii) Amendment of Articles of Association of the Company.
53 <sup>rd</sup>	April 23, 2010 4.00 p.m.	i) Appointment of Mr. Peter Palm as the Vice-Chairman & Managing Director ii) Change of registered office of the Company.

There was no postal ballot conducted during 2010 and in any of the preceding three years.

## 6. Disclosures:

### 6.1 Materially significant related party transactions:

The Company has not entered into any transactions of material nature, with its promoters, the Directors, or the senior management personnel, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company. The disclosure in respect of related party transactions is provided in the notes to the accounts. All contracts with the Clariant affiliates entered into during the year are in the normal course of business and have no potential conflict with the interest of the Company at large and are carried out on an arm's length basis at fair market value.

### 6.2 Code of Conduct

The Board of Directors has adopted the Code of Conduct for Directors and senior management personnel and the compliance of the same is affirmed by them annually. In addition, a standard international Code of Business Conduct formulated by Clariant group is applicable to all employees of the Company.

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

"In accordance with Sub-clause I (D) of Clause 49 of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all the Directors and the senior management personnel of the Company have affirmed compliance with the code of conduct applicable to them, for the year January to December, 2010".

## 6.3 Prohibition of Insider Trading:

As per SEBI (Prohibition of Insider Trading) Regulations 1992, the Company has framed a code of conduct for prevention of Insider Trading. The code is applicable to all Directors and such employees of the Company who are incidental to 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.

## 7. Means of Communication:

- The Company has 31,586 shareholders as on December 31 2010. The main channel of communication to the shareholders is through annual report which includes inter alia, the Directors' report, the Auditors' report, Report on corporate governance, Audited financial statements, Consolidated financial statements and other important information. The Management discussion and analysis report forms part of the annual report.
- The website of the Company [www.clariant.in](http://www.clariant.in) acts as the primary source of information regarding the operations of the Company. Quarterly financial results and media releases are being displayed on the Company's website.
- The Annual General Meeting is the principal forum for face-to-face communication with shareholders, where the Board responds to the specific queries of the shareholders.
- Quarterly results, approved by the Board of Directors and submitted to the stock exchanges in terms of the requirements of Clause 41 of the Listing Agreements are published in Business Standard and Sakal newspapers.

## 8. General shareholder information:

### 8.1 Annual General Meeting

**Date & Time:** Tuesday, April 26, 2011 at 04.00 p.m.

**Venue:** Hotel Satkar Residency, Pokhran Road No. 1 Next to Cadbury, Thane (West) 400606

### 8.2 Voting rights:

In terms of Articles 93 to 105 of the Articles of Association of the Company, every member present in person or proxy, attorney or representative at the general meeting of the members shall have the following rights:

- On a show of hands: one vote for a member present in person;
- On a poll: one vote for each equity share registered in the name of the member or held by the beneficial owner;
- Proxy has no right to speak.

### 8.3 Financial Calendar:

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

#### Dates for Audited / Unaudited Results:

	Financial Year January-December 2010	Financial Year January - December 2011(Proposed)
January - March	April 23, 2010	April 26, 2011
April - June	July 26, 2010	July 2011
July - September	October 25, 2010	October 2011
October - December	February 24, 2011	February 2012
<b>Annual General Meeting</b>	<b>April 26, 2011</b>	<b>April 2012</b>

### 8.4 Dates of Book Closure

	2011	2012 (Proposed)
Book Closure dates	April 15, 2011 to April 26, 2011 (Both days inclusive)	Second fortnight of April 2012
Payment of Dividend	On or after April 27, 2011	Immediately after AGM

### 8.5 Listing of Shares:

Shares of the Company are listed on Bombay Stock Exchange Ltd.(BSE) under stock ID 'CLARICHEM' and National Stock Exchange of India Limited (NSE) under code 'CLNINDIA'. The Company has paid the listing fees upto March 31, 2011 to both the Stock Exchanges.

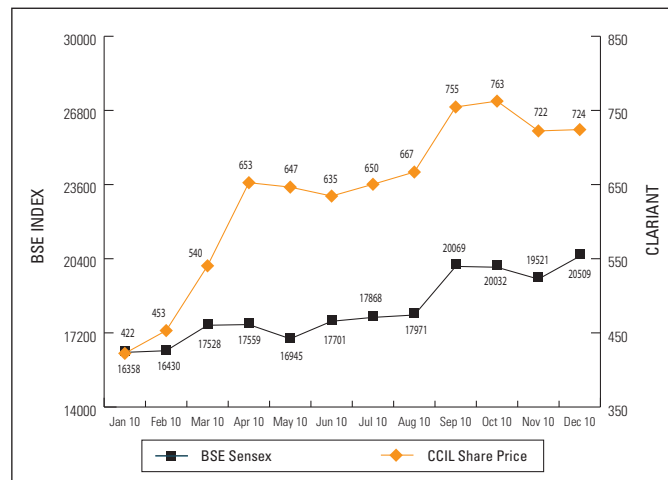
### 8.6 Company Registration No with ROC/ Ministry of Corporate Affairs

CIN : L24110MH1956PLC010806

### 8.7 Stock Market Data – Price ₹ per share

Month	Bombay Stock Exchange (BSE)			National Stock Exchange (NSE)		
	High ₹	Low ₹	Volume (Nos.)	High ₹	Low ₹	Volume (Nos.)
2010						
January	486.30	404.95	313250	487.50	401.00	299774
February	485.00	416.50	317402	485.55	416.80	322505
March	552.50	369.50	541007	609.00	447.00	1053067
April	695.00	538.00	643199	697.00	532.35	577543
May	680.00	605.00	310151	680.00	605.00	237009
June	676.95	625.00	174494	676.00	622.05	130570
July	696.00	627.70	283193	694.95	630.70	261562
August	781.00	655.05	609860	782.00	644.00	561086
September	774.00	661.00	360205	774.80	665.30	405556
October	839.00	751.50	280356	840.00	753.10	484063
November	790.00	659.50	149777	779.95	640.65	232306
December	785.00	640.00	139521	740.00	628.00	170869

### 8.8 Comparison of Company's shares with BSE-Sensex:



### 8.9 Address for correspondence:

#### Registrar & Share Transfer Agents:

M/s Sharepro Services (India) Pvt. Limited,

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

Tel: 022-6772 0400 / 6772 0300,

Fax : 022-2859 1568, 2850 8927

Email: sharepro@shareproservices.com

**Contact Person: Mrs. Indira Karkera/ Ms. Priya Shetty**  
E-mail ID under Clause 47(f) of the Listing Agreement:

**[clariant@shareproservices.com](mailto:clariant@shareproservices.com)**

B) Investor Relations:

912, Raheja Centre, Free Press Journal Road,  
Nariman Point, Mumbai 400 021.

Tel.: 022- 2282 5163 / 6613 4700 Fax 022 - 22825484

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. You are further requested to send supporting documents such as Telephone or Electricity Bill in the name of shareholder or a family member along with a copy of PAN card whenever change of address is to be effected.

In case shares of the Company are held in electronic form (that is, in dematerialized form), all communications concerning rematerialisation of shares, transfer and transmission, dividends, change of address, furnishing of alterations in bank account details, nominations, ECS credit of dividend amount to shareholders' bank account or other inquiries should be addressed **only to the Depository Participant (DP) with whom demat account is maintained**, quoting client ID number and **not** to the Company or the R&T Agent. This is because once the shares are dematerialized the data is maintained by the DPs and the Company can not 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 Mr. S. P. Bhattu, Assistant Company Secretary at the registered office of the Company. Tel No. 022-2531 5412.

### 8.10 Shareholding pattern as on December 31, 2010.

Sr. No	Category	No of Shares held	Percentage of Shareholding
<b>A. Promoter's Holding:</b>			
<b>Foreign Promoters</b>			
i	Ebito Chemieeteiligungen AG	8167080	30.63
ii	Clariant International AG	6075000	22.79
iii	Clariant Participations AG	2660000	9.98
	<b>Sub-Total</b>	<b>16902080</b>	<b>63.40</b>
<b>B Institutional Investors</b>			
i	Mutual Funds / UTI	1331737	4.99
ii	Financial Institutions / Banks	22115	0.08
iii	Insurance Companies	289584	1.09
iv	Foreign Institutional Investors	247873	0.93
	<b>Sub-Total</b>	<b>1891309</b>	<b>7.09</b>
<b>C Non-Institutional Investors</b>			
i	Bodies Corporate	1245658	4.67
ii	Individuals		
	a) individual shareholders holding nominal share capital up to ₹ 1 lakh	5780743	21.68
	b) individual shareholders holding nominal share capital in excess of ₹ 1 lakh	682994	2.56
iii	Others		
	a) Non-Resident (Non-Rep)	67118	0.25
	b) Non-Resident (Rep)	71401	0.27
	c) Trust	17592	0.07
	d) OCB	1850	0.01
	<b>Sub-Total</b>	<b>7867356</b>	<b>29.51</b>
	<b>TOTAL</b>	<b>26660745</b>	<b>100.00</b>

25680654 shares of the Company are held in dematerialised form constituting 96.32% of the paid-up capital, as at December 31, 2010. The total number of shareholders as on Benpos date of December 31, 2010 is 31586.

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

Name	As at December 31, 2009		As at December 31, 2010	
	No. of shares	%	No. of shares	%
1. Ebito Chemieeteiligungen AG	8167080	30.63	8167080	30.63
2. Clariant International AG	6075000	22.79	6075000	22.79
3. Clariant Participations AG	2660000	9.98	2660000	9.98
4. UTI Dividend Yield Fund	572000	2.15	572000	2.15
5. UTI (through its other schemes)	369318	1.39	341332	1.28
6. Finquest Securities Pvt. Ltd. (Held under 3 folios)	535766	2.01	360000	1.35

### 8.12 Distribution of shareholdings as at December 31, 2010

No. of equity shares held	Shareholders		Equity Shares held	
	Numbers	%	No. of shares	%
1-500	29013	91.85	2831948	10.62
501-1000	1508	4.78	1116127	4.19
1001-2000	605	1.92	886976	3.33
2001-3000	171	0.54	432390	1.62
3001-4000	82	0.26	286170	1.07
4001-5000	58	0.18	266827	1.00
5001-10000	83	0.26	608082	2.28
10001 & above	66	0.21	20232225	75.89
<b>Total</b>	<b>31586</b>	<b>100.00</b>	<b>26660745</b>	<b>100.00</b>

### 8.13 Dematerialisation of shares and liquidity

#### Names of Depositories for dematerialisation of equity shares:

Name of the Depository	ISIN No.
National Securities Depositories Limited (NSDL)	INE492A01029
Central Depository Services (India) Limited (CDSL)	INE492A01029

Trading in equity shares of the Company is permitted only in dematerialised form.

### 8.14 ADRs/ GDRs/ Warrants

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

### 8.15 Plant Locations:

- i) The Company's current manufacturing facilities are located at
  - a) Kolshet Road, Thane – 400 607 (Maharashtra)
  - b) 113 / 114, MIDC, A.V.P.O. Dhatav, Roha, Dist. Raigad – 402 116 (Maharashtra)
  - c) Kudikadu, P.O., Cuddalore –607 005 (Tamil Nadu)
  - d) Singhadivakkam Village, Kanchipuram - 631 561 (Tamil Nadu)
- ii) The Company's wholly owned subsidiary company's (Chemtreat Composites India Private Limited) plant is located at  
Village Savaroli Survey No. 109, 110, 112 Kharpada Road, Tal Khalapur, Khopoli, Dist. Raigad-410203 (Maharashtra)

## 9. Additional Information:

### 9.1 Dividend for the year ended December 31, 2010:

The final dividend recommended by the Board for the year will be paid after approval of shareholders at the forthcoming Annual General Meeting to all those shareholders whose names appear-

In respect of shares held in demat form, as beneficial owner, as per details furnished by the depositories as at the end of the business on April 14, 2011 and

In respect of shares held in physical form as members in the register of members of the Company after giving effect to all valid share transfers lodged with the share transfer agent on or before April 14, 2011. The Company will dispatch the dividend warrants on or after April 27, 2011.

### 9.2 Unpaid / Unclaimed Dividend:

In terms of the provisions of Section 205C of the Companies Act, 1956 the Company is obliged to transfer dividends which remain unpaid or unclaimed for a period of seven years from the date of declaration to the credit of the Investor Education and Protection Fund established by the Central Government. Accordingly, the Company has transferred unpaid/unclaimed dividend up to the financial year 2002-2003 to the fund and no claim shall lie against the Company or the fund in respect of dividends remaining unclaimed or unpaid and transferred to the Fund.

Members are hereby informed that the 7 years period for payment of the dividend pertaining to financial year 2003-2004 will expire on July 29, 2011 and thereafter the amount standing to the credit in the said account will be transferred to the 'Investor Education and Protection Fund' of the Central Government. Members are therefore requested to encash the dividend at the earliest.

#### Dates of transfer of unclaimed dividend to the Fund

Financial Year/period	Date of Payment	Date of completion of seven years
2003-2004	30.07.2004	29.07.2011
2004-2005	29.07.2005	28.07.2012
2005-2006	27.07.2006	26.07.2013
April-Dec. 2006	19.04.2007	18.04.2014
2007	17.04.2008	16.04.2015
2008	29.04.2009	28.04.2016
2009 (Interim)	24.07.2009	23.07.2016
2009 (Final)	24.04.2010	23.04.2017
2010 (Interim)	06.08.2010	05.08.2017

### 9.3 Bank Mandate:

Electronic Clearing Services (ECS) is a method of payment of dividend whereby the amount due to investors can directly be credited into their bank accounts, without having to issue paper instruments. It is fast and there is no scope for loss of dividend warrants in transit and possible fraudulent encashment.

In case of shares held in physical form the bank details may be sent to the registrar & share transfer agents. In case of shares held in demat form, the bank details provided by the Depository Participant (**DP**) with whom the demat account is maintained will be applicable. All previous instructions given by you to the Company in respect of ECS and bank details will stand superseded by the ECS details recorded with your DP.

### 9.4 Nomination Facility:

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

### 9.5 Consolidation of folios and avoidance of multiple folios:

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

### 9.6 Compliance

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

## 10. CEO/CFO Certification

The Vice-Chairman & Managing Director and the Director Finance & Company Secretary have provided annual certificate on financial reporting and internal controls to the Board pursuant to Clause 49. They have also provided quarterly certificates on financial results while placing the financial results before the Board pursuant to Clause 41.

On behalf of the Board of Directors

R.A. Shah  
Chairman

Mumbai, February 24, 2011

## AUDITORS' CERTIFICATE ON 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 on December 31, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination 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 and the representations made by the Directors and Management, and subject to the observation with regard to attendance at the audit committee meeting held on October 25, 2010 under point 3.1 caption "Audit Committee" in the report on Corporate Governance, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further 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 Deloitte Haskins & Sells  
Chartered Accountants  
(Registration No.117365W)

A. C. Khanna  
Partner

Membership No. : 17814

Mumbai, 24th February, 2011