AKZO NOBEL INDIA LIMITED

Corporate Identity Number: L24292WB1954PLC021516

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Contact Person: Mr. Rajasekaran Guha, Company Secretary and Compliance Officer

PUBLIC ANNOUNCEMENT FOR THE ATTENTION OF EQUITY SHAREHOLDERS/BENEFICIAL OWNERS OF EQUITY SHARES OF AKZO NOBEL INDIA LIMITED FOR BUY-BACK OF EQUITY SHARES THROUGH TENDER OFFER

This Public Announcement (the "**Public Announcement**") is being made in relation to the Buy-back (as defined hereinafter) of Equity Shares (as defined hereinafter) of Akzo Nobel India Limited through the tender offer process, pursuant to the provisions of Regulation 8(1) and other applicable provisions of the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 for the time being in force including any statutory modifications and amendments from time to time (the "**Buy-back Regulations**") and contains the disclosures as specified in Part A of Schedule II to the Buy-back Regulations

OFFER FOR BUY-BACK OF NOT EXCEEDING 11,20,000 (ELEVEN LAKH TWENTY THOUSAND ONLY) FULLY PAID UP EQUITY SHARES OF THE COMPANY OF FACE VALUE OF Rs. 10 EACH ("EQUITY SHARES") AT A PRICE OF Rs. 2,100 (RUPEES TWO THOUSAND ONE HUNDRED ONLY) PER EQUITY SHARE ON A PROPORTIONATE BASIS THROUGH THE TENDER OFFER PROCESS

1. DETAILS OF THE BUY-BACK OFFER AND BUY-BACK PRICE

1.1 The Board of Directors (the Board of Directors of the Company hereinafter referred to as the "**Board**" and unless repugnant to the context or meaning thereof, be deemed to include a duly authorized "**Buy-back Committee**") of Akzo Nobel India Limited (the "**Company**") at its meeting held on Friday, April 06, 2018 ("**Board Meeting**") pursuant to the provisions of Article 3A of Articles of Association of the Company and Sections 68, 69, 70 and other applicable provisions of the Companies Act, 2013, as amended (the "**Companies Act**") and the applicable rules thereunder including without limitation the Companies (Share Capital and Debentures) Rules, 2014, as amended (the "**Share Capital Rules**"), the Companies (Management and Administration) Rules, 2014, as amended (the "**Management Rules**"), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**") as amended (including any statutory modifications or re-enactments that may be introduced) and subject to the provisions contained in the Buy-back Regulations and also such other approvals, permissions and sanctions of the Securities and Exchange Board of India ("**SEBI**"), Registrar of Companies, West Bengal (the "**ROC**"), BSE Limited ("**BSE**"), National Stock Exchange of India Limited ("**NSE**"), (BSE and NSE together referred as "**Stock Exchanges**"), where the Equity Shares of the Company are listed and/or other statutory, regulatory or governmental authorities, institutions or bodies, as may be applicable (the "**Appropriate Authorities**") and subject to such conditions and modifications as may be prescribed or imposed by the Appropriate Authorities while granting such approvals, permissions and sanctions which may be agreed to by the Board, approved the proposal to buy-back of not exceeding 11,20,000 (Eleven Lakh Twenty Thousand Only) Equity Shares, representing 2.40 % of the fully paid-up share capital of the Company, from the equity shareholders/beneficial owners of the Equity Shares (the "**Shareholders**" or "**Equity Shareholders**") of the Company as on June 7, 2018 (the "**Record Date**") (for further details in relation to the Record Date, refer to Paragraph 11 of this Public Announcement), on a proportionate basis, through the "tender offer" process route, at a price of Rs. 2,100 (Rupees Two Thousand One Hundred only) per Equity Share (the "**Buy-back Price**") payable in cash, for an aggregate maximum amount of upto Rs. 235,20,00,000 (Rupees Two Hundred and Thirty Five Crores and Twenty Lakhs only) excluding any expenses incurred or to be incurred for the Buy-back (the "**Transaction Costs**") (the "**Buy-back Size**"), which is 24.69% of the total equity share capital and free reserves as per the audited accounts of the Company as on March 31, 2017 and does not exceed 25% of the fully paid-up Equity Share Capital and free reserves as per the audited financial statements of the Company for the period ended March 31, 2017, through the "tender offer" process as prescribed under the Buy-back Regulations on a proportionate basis, from the equity shareholders/ beneficial owners of the Equity Shares of the Company as of the Record Date (the process being referred hereinafter as "**Buy-back**"), subject to the approval of the equity shareholders of the Company.

1.2 The Equity Shareholders of the Company have approved the Buy-back, by way of a special resolution, through postal ballot (including e-voting) vide postal ballot notice dated April 13, 2018 (the "**Notice**"), the results of which were announced on May 25, 2018. The effective date of the said special resolution approving the Buy-back is May 22, 2018. The Equity Shareholders of the Company approved the total amount to be deployed in the Buy-back i.e., Rs. 235,20,00,000 (Rupees Two Hundred and Thirty Five Crores and Twenty Lakhs only), *viz.,* Buy-back Size, excluding the Transaction Costs, the final Buy-back Price of Rs. 2,100 (Rupees Two Thousand One Hundred only) per Equity Share, the number of Equity Shares to be bought back i.e., 11,20,000 (Eleven Lakh Twenty Thousand Only) Equity Shares in the aforesaid resolution.

1.3 The Buy-back would be undertaken in accordance with circular no. CIR/CFD/POLICYCELL/1/2015 dated April 13, 2015 and circular no. CFD/DCR2/CIR/P/2016/131 dated December 09, 2016, issued by SEBI (the "**SEBI Circulars**"), which prescribes the mechanism for acquisition of shares through stock exchange. In this regard, the Company will request BSE to provide the Acquisition Window (as defined hereinafter). For the purpose of this Buy-back, BSE would be the designated stock exchange.

1.4 The Buy-back shall be on a proportionate basis from all the Equity Shareholders of the Company as of the Record Date being June 7, 2018 ("**Eligible Shareholders**") through the tender offer process, as prescribed under Regulation 4(1)(a) of the Buy-back Regulations. Additionally, the Buy-back shall be, subject to the applicable laws, facilitated by the tendering of Equity Shares by such Eligible Shareholders and settlement of the same, through the stock exchange mechanism as specified in the SEBI Circulars. Please see paragraph 11 below for details regarding the Record Date and share entitlement for tender in the Buy-back.

1.5 In terms of the Buy-back Regulations, under the tender offer process, members of the promoter and promoter group have the option to participate in the Buy-back. In this regard, all the members of the promoter and promoter group of the Company, have informed the Company, vide their communication dated April 04, 2018, regarding their intention not to participate in the Buy-back.

1.6 The Buy-back Price represents a premium of 13.35% and 13.74% over the volume weighted average market price of the Equity Shares on the BSE and on NSE, respectively, during the three (3) months preceding April 03, 2018 viz., the date of intimation to the Stock Exchanges for the Board Meeting to consider the proposal of the Buy-back; and a premium of 18.36% and 18.12% over the volume weighted average market price of the equity shares on the BSE and on NSE, respectively for a period of two (2) weeks preceding April 03, 2018 viz., the date of intimation to the Stock Exchanges for the Board Meeting to consider the proposal of the Buy-back.

1.7 In accordance with the provisions of the Companies Act, the Buy-back Size i.e. Rs. 235,20,00,000 (Rupees Two Hundred and Thirty Five Crores and Twenty Lakhs only) represents 24.69% of the aggregate of the fully paid-up equity share capital and free reserves (including securities premium account) of the Company, as per the audited accounts of the Company for the financial year ended March 31, 2017 (the last audited financial statements available as on the date of Board Meeting approving the proposal of the Buy-back) and is within the statutory limits of 25% of the total fully paid up equity share capital and free reserves as per the audited accounts of the Company for the financial year ended March 31, 2017.

1.8 A copy of this Public Announcement is available on the Company's website at www.akzonobel.co.in and is expected to be made available on the website of SEBI at www.sebi.gov.in during the period of the Buy-back and on the websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com.

2. NECESSITY FOR BUY-BACK

2.1 Share buy-back is the acquisition by a company of its own shares. Considering the current cash balance of the Company, the cash flows that the Company has been able to generate, the future projected cash flows of the Company and the anticipated funds required for capital expenditure and working capital to meet the expected future growth of the Company, the Board of the Company is of the view that the proposed Buy-back will help the Company achieve the following objectives:

(i) Optimize returns to Shareholders;

(ii) Enhance overall Shareholders value; and

(iii) Optimize the capital structure.

2.2 The above objectives will be achieved by returning a part of its surplus cash back to the Eligible Shareholders as on the Record Date through the Buy-back process. This may lead to reduction in outstanding Equity Shares, improvement in EPS and enhanced return on invested capital.

2.3 The Board at its meeting held on April 06, 2018, considered the accumulated free reserves as well as the cash liquidity reflected in the audited accounts as on March 31, 2017 and considering these, the Board decided to allocate a sum of Rs. 235, 20,00,000 (Rupees Two Hundred and Thirty Five Crores and Twenty Lakhs only) excluding Transaction Costs for the Buy-back.

2.4 After considering several factors and benefits to the members holding Equity Shares of the Company, the Board decided to recommend Buy-back of not exceeding 11,20,000 (Eleven Lakh Twenty Thousand Only) Equity Shares (representing 2.40% of the total number of Equity Shares of the Company) at a price of Rs. 2,100 (Rupees Two Thousand One Hundred only) per Equity Share for an aggregate consideration of Rs. 235,20,00,000 (Rupees Two Hundred and Thirty Five Crores and Twenty Lakhs only) excluding Transaction Costs. The Buy-back is being undertaken, *inter-alia*, for the following reasons:

(i) The Buy-back will help the Company to return a part of its surplus cash to its members holding Equity Shares broadly in proportion to their shareholding, thereby, enhancing the overall return to members;

(ii) The Buy-back, which is being implemented through the tender offer route as permitted under the Buy-back Regulations, would involve allocation of number of Equity Shares as per their entitlement or 15% (fifteen percent) of the number of Equity Shares to be bought back whichever is higher, reserved for the Small Shareholders. The Company believes that this reservation for Small Shareholders would benefit a large number of public shareholders, who would get classified as "*small shareholder*" as per Regulation 2(1)(la) of the Buy-back Regulations;

(iii) The Buy-back may help in improving return on equity, by reduction in the equity base, thereby leading to long term increase in shareholders' value; and

(iv) The Buy-back gives an option to the members holding Equity Shares of the Company, who can either (a) choose to participate and get cash in lieu of Equity Shares to be accepted under the Buy-back offer; or (b) choose to not participate and enjoy a resultant increase in their percentage shareholding, post the Buy-back offer, without any additional investment.

3. BUY-BACK PRICE AND BASIS OF DETERMINING THE PRICE OF THE BUY-BACK

3.1 The Equity Shares of the Company are proposed to be bought back at a price of Rs. 2,100 (Rupees Two Thousand One Hundred only) per Equity Share *viz.,* the Buy-back Price. The Buy-back Price has been arrived at after considering various factors including, but not limited to, the trends in the volume weighted average market prices of the Equity Shares on the Stock Exchanges where the Equity Shares are listed, the net worth of the Company, the price earnings ratio, the impact of the Buy-back on other financial parameters and the possible impact of the Buy-back on the earnings per share ("**EPS**").

3.2 The Buy-back Price represents:

(i) a premium of 13.35% and 13.74% over the volume weighted average market price of the Equity Shares on the BSE and on NSE, respectively, during the three (3) months preceding April 03, 2018 viz., the date of intimation to the Stock Exchanges for the Board Meeting to consider the proposal of the Buy-back; and

(ii) a premium of 18.36% and 18.12% over the volume weighted average market price of the equity shares on the BSE and on NSE, respectively for a period of two (2) weeks preceding April 03,2018 viz., the date of intimation to the Stock Exchanges for the Board Meeting to consider the proposal of the Buy-back.

3.3 The Company confirms that as required under Section 68(2)(d) of the Companies Act, the ratio of the aggregate of secured and unsecured debts owed by the Company will be not more than twice the paid-up capital and free reserves after the Buy-back.

4. MAXIMUM AMOUNT REQUIRED FOR BUY-BACK, ITS PERCENTAGE OF THE TOTAL PAID UP CAPITAL AND FREE RESERVES AND SOURCE OF FUNDS FROM WHICH BUY-BACK WOULD BE FINANCED

4.1 In accordance with the provisions of the Companies Act, the Buy-back Size i.e. Rs. 235,20,00,000 (Rupees Two Hundred and Thirty Five Crores and Twenty Lakhs only) represents 24.69% of the aggregate of the fully paid-up equity share capital and free reserves (including securities premium account) of the Company, as per the audited accounts of the Company for the financial year ended March 31, 2017 (the last audited financial statements available as on the date of Board Meeting approving the proposal of the Buy-back) and is within the statutory limits of 25% of the total fully paid up equity share capital and free reserves as per the audited accounts of the Company for the financial year ended March 31, 2017.

4.2 The funds for the implementation of the Buy-back will be sourced out of the general reserve of the Company which qualifies as a free reserve under the Buy-back Regulations or the Companies Act. The Company shall transfer from its free reserves, a sum equal to the nominal value of the Equity Shares bought back through the Buy-back to the Capital Redemption Reserve Account and the details of such transfer shall be disclosed in its subsequent audited financial statements.

4.3 The Company has not issued any Equity Shares from the date of receipt of approval of the Equity Shareholders for the Buy-back and shall not issue any Equity Shares including by way of bonus till the date of closure of the Buy-back offer under the Buy-back Regulations.

4.4 The ratio of the aggregate of secured and unsecured debts owed by the Company will be not more than twice the paid-up capital and free reserves after the Buy-back.

4.5 The funds borrowed, if any, from banks and financial institutions will not be used for the Buy-back.

4.6 The Company confirms that there are no defaults made or subsisting in the repayment of deposits or interest payment thereon, redemption of debentures or interest payment thereon or redemption of preference shares or payment of dividend to any Shareholder, or repayment of any term loans or interest payable thereon to any financial institution or banks.

5. DETAILS OF SHAREHOLDING OF PROMOTERS, DIRECTORS OF THE PROMOTER AND PERSON IN CONTROL OF THE COMPANY

5.1 The aggregate shareholding of the promoter, directors of the promoter, members of the promoter group and persons in control of the Company as on the date of the board meeting at which the Buy-back was approved and as of the date of Notice, is as follows:

Sl. No.	Name of Shareholder	No. of Shares held	Percentage of total shareholding
1.	Imperial Chemical Industries Limited	2,29,77,544	49.24%
2.	Akzo Nobel Coatings International B.V.	1,10,66,495	23.72%
3.	Akzo Nobel (C) Holdings B.V.	291	0.00%
4.	Panter B.V	5	0.00%
	Total	**3,40,44,335**	**72.96%**

5.2 As of the date hereof, none of the directors or key managerial personnel ("**KMP**") of the Company hold any Equity Shares in the Company.

5.3 No Equity Shares or other specified securities in the Company were either purchased or sold by any member of the (i) promoters; (ii) members of the promoter group; (iii) directors of the promoter /promoter group, where such promoter or promoter group entity is a company; and (iv) persons who are in control of the Company during a period of six months preceding the date of the board meeting at which the Buy-back was approved and from that date till the date of the Notice i.e. April 13, 2018 save for inter-se transfer of shares within the promoter group as an off-market transaction, involving 24,39,847 Equity Shares, the details of which are provided below:

Sl. No.	Name of promoter and promoter group	Number of shares sold or purchased	Price per share sold or purchased (In Rs.)	Date of sale or purchase
1.	Akzo Nobel Chemicals International B.V.	24,39,847	1,800	January 19, 2018 (Sale)
2.	Akzo Nobel Coatings International B.V.	24,39,847	1,800	January 19, 2018 (Purchase)

5.4 No Equity Shares or other specified securities in the Company were either purchased or sold by the directors/KMP of the Company during a period of six months preceding the date of the board meeting at which the Buy-back was approved and from that day till the date of the Notice i.e. April 13, 2018.

6. INTENTION OF THE PROMOTERS/ PERSON IN CONTROL OF THE COMPANY TO TENDER EQUITY SHARES FOR BUY-BACK INDICATING THE NUMBER OF SHARES, DETAILS OF ACQUISITON WITH DATES AND PRICE

6.1 In terms of the Buy-back Regulations, under the tender offer process, the members of the promoter and the promoter group of the Company have the option to participate in the Buy-back. In this regard, the promoters and the promoter group of the Company do not intend to participate in the Buy-back or tender any Equity Shares held by them for the purposes of the Buy-back.

6.2 The promoters and members of promoter group of the Company, the directors of the promoter, promoter group entities (where such promoter or member of the promoter group is a company) and the persons who are in control of the Company will not deal in the Equity Shares on the Stock Exchanges, or off market, including inter-se transfer of Equity Shares amongst themselves from the date of the Board Meeting until the closing of the Buy-back.

7. CONFIRMATIONS BY THE BOARD

The Board on the date of the Board Meeting i.e. Friday, April 06, 2018 has confirmed that it has made a full enquiry into the affairs and prospects of the Company and has formed the opinion that:

i) immediately following the date of the Board meeting and the date on which the results of special resolution passed by way of the postal ballot/e-voting i.e., May 25, 2018 ("**Postal Ballot Resolution**") will be declared approving the Buy-back, there will be no grounds on which the Company could be found unable to repay its debts;

ii) as regards the Company's prospects for the year immediately following the date of the Board Meeting as well as for the year immediately following the date of the Postal Ballot Resolution, and having regard to the Board's intentions with respect to the management of Company's business during that year and to the amount and character of the financial resources which will in the Board's view be available to the Company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from the date of the Board Meeting as also from the date of the Postal Ballot Resolution; and

iii) in forming an opinion as aforesaid, the Board has, as per the requirements of Clause (x) of Part A of Schedule II under Regulation 5(1) of the Buy-back Regulations, taken into account the liabilities (including prospective and contingent liabilities), as if the Company were being wound up under the provisions of the Companies Act.

8. THE TEXT OF THE REPORT DATED MAY 25, 2018 RECEIVED FROM THE STATUTORY AUDITORS OF THE COMPANY, ADDRESSED TO THE BOARD OF DIRECTORS OF THE COMPANY IS REPRODUCED BELOW:

Quote

The Board of Directors
Akzo Nobel India Limited
DLF Epitome, Building No. 5, Tower A,
20th Floor, DLF Cyber City Phase III,
Gurgaon- 122002, Haryana, India

Auditors' Report on Buy Back of Shares pursuant to the requirement of Schedule II to Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998

1. This report is issued in accordance with our agreement dated April 10, 2018.

2. We have been engaged by Akzo Nobel India Limited (the "Company") to perform a reasonable assurance engagement on determination of the amount of permissible capital payment as detailed in the accompanying Annexure 1 in connection with the proposed buy back by the Company of its equity shares in pursuance of Section 68 and Section 70 of the Companies Act, 2013 (the "Act") and The Companies (Share Capital and Debentures) Rules, 2014 and the regulations as specified in the 'Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998' and amendments thereto (the "Regulations") and on the opinions expressed by the Board of Directors of the Company, as required under the Regulations. We have initialled the Annexure 1 for the identification purposes only.

Board of Directors Responsibility

3. **The Board of Directors of the Company is responsible for the following:**

i) The amount of capital payment for the buy-back is properly determined; and

ii) It has made a full inquiry into the affairs and prospects of the Company and has formed the opinion that the Company will not be rendered insolvent within a period of one year from the date of the Board meeting (BM) and from the date on which the result of shareholders resolution passed by way of postal ballot/e-voting for approving the buyback is declared ; and

iii) A declaration is signed by at least two directors of the Company, that the Board of Directors has made a full enquiry into the affairs and prospects of the Company and has formed the opinion that the Company will not be rendered insolvent within a period of one year from the date of the Board meeting and shareholders resolution passed by way of postal ballot/e-voting approving the buyback is declared and in forming the opinion, it has taken into account the liabilities as if the Company were being wound up under the provisions of the Act.

Auditor's Responsibility

4. Pursuant to the requirement of the Regulations, it is our responsibility to obtain reasonable assurance on the following "Reporting Criteria":

i. whether the amount of capital payment for the buy-back is within the permissible limit computed in accordance with the provisions of Section 68 of the Act, based on the Audited Financial Statements as at and for the year ended March 31, 2018; and

ii. whether we are aware of anything to indicate that the opinion expressed by the Board of Directors, as specified in Clause (x) of Part A of Schedule II to the Regulations and as approved by the Board of Directors, is unreasonable in all the circumstances..

5. A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence on the Reporting Criteria. The procedures selected depend on the auditor's judgment, including the assessment of the risks associated with the Reporting Criteria. Within the scope of our work, we performed the following procedures:

i) Examined authorisation for buy back from the Articles of Association of the Company;

ii) Examined that the amount of capital payment for the buy-back is within the permissible limit computed in accordance with the provisions of Section 68 of the Act;

iii) Examined that the ratio of the debt owned by the Company, if any, is not more than twice the capital and its free reserves after such buy-back;

iv) Examined that all the shares for buy-back are fully paid-up;

v) Inquired into the state of affairs of the Company with reference to the audited financial statements of the Company as at and for the year ended March 31, 2018 (the "Audited Financial Statements") which has been prepared by the Management of the Company; and examined budgets and projections prepared by the Management;

vi) Examined minutes of the meetings of the Board of Directors and copy of the special resolution for the purposes of buy-back passed by shareholders by way of postal ballot/e-voting;

vii) Examined Directors' declarations for the purpose of buy-back and solvency of the Company; and

viii) Obtained appropriate representations from the Management of the Company

6. We conducted our examination in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes' issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

8. Our audit of these financial statements was conducted in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audits were not planned and performed in connection with any transactions to identify matters that may be of potential interest to third parties.

Opinion

9. As a result of our performance of aforementioned procedures, we report that:

i. The amount of capital payment of Rs. 2,352.0 million for the shares in question, as stated in the accompanying certified extract of the minutes of the Board of Directors' meeting held on April 6, 2018, which we have initialled for identification, is within the permissible capital payment of Rs. 3,082.8 million (25% of aggregate of paid up capital of Rs. 467 million and free reserves of Rs. 11,864 million) calculated based on the Audited Financial Statements for the year ended March 31, 2018 (calculated in Annexure 1) which, in our opinion, is properly determined; and

ii. We are not aware of anything to indicate that the opinion expressed by the directors in their declaration, as specified in Clause (x) of Part A of Schedule II to the Regulations and as approved by the Board of Directors in their meeting held on April 6, 2018 and buyback committee meeting held on May 25, 2018, is unreasonable in all the circumstances.

Continue...

AKZO NOBEL INDIA LIMITED

PUBLIC ANNOUNCEMENT FOR THE ATTENTION OF EQUITY SHAREHOLDERS/ BENEFICIAL OWNERS OF EQUITY SHARES

... continued

Emphasis of matter paragraph

10. (a) We had issued our report on buyback of shares dated April 13, 2018 wherein the amount of capital payment was computed based on the Audited Financial Statements for the year ended March 31, 2017. Subsequently, the financial statements for the year ended March 31, 2018 referred to in paragraph 5 (v) above, have been audited by us on which we issued an unmodified audit opinion vide our report dated May 10, 2018. The permissible capital payment dealt with by this report has been computed based on the audited financial statements for the year ended March 31, 2018.

(b) Further, the amount of capital payment, as referred to in paragraph 9(i) is within the permissible capital payment computed based on the audited financial statements for the year ended March 31, 2017 (Rs. 2,379.5 million being 25% of aggregate of paid up capital of Rs. 467 million and free reserves of Rs. 9,518 million); and the audited financial statements for the year ended March 31, 2018 (Rs. 3,082.8 million being 25% of aggregate of paid up capital of Rs. 467 million and free reserves of Rs. 11,864 million) (Calculated in Annexure 1).

Our opinion is not modified in respect of these matters.

Restriction on Use

11. Our work was performed solely to assist you in meeting your responsibilities with reference to the Regulations. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of the Company.

12 This report is addressed to and provided to the Board of Directors of the Company pursuant to the requirements of the Regulations solely to enable the Board of Directors of the Company to include in the Public Announcement to be made to the shareholders of the Company, the draft letter of Offer and letter of Offer which will be filed with (a) the Registrar of Companies as required by the Regulations (b) Securities and Exchange Board of India (SEBI); (c) Bombay Stock Exchange Limited (BSE); National Stock Exchange of India Limited (NSE) (d) ICICI Securities Limited, the authorised dealer for the purpose of capital payment, and should not be used for any other purpose. Price Waterhouse Chartered Accountants LLP does not accept or assume any liability or duty of care for any other purpose or to any other person to whom this report, or Public Announcement which includes our report, is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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

Anurag Khandelwal
Partner
Membership Number: 078571

Place : Gurugram
Date : May 25, 2018

Annexure 1

Statement of determination of the permissible capital payment towards buyback of equity shares (the "Statement") in accordance with Section 68 of the Companies Act, 2013

Particulars	**Amount as per audited financial statements as at March 31, 2017 (in Rs. Million)**		**Amount as per audited financial statements as at March 31, 2018 (in Rs. Million)**	
Paid up equity share capital (46,660,314 equity shares of face value Rs.10/- each)		467.0		467.0
Free Reserves				
Securities Premium	-		-	
General Reserve	6,246.0		6,496	
Profit & Loss Account	2,805.0		5,368	
Total Reserves		9,051.0		11,864.0
Total Paid up Capital and Free Reserves		9,518.0		12,331.0
Maximum amount permissible for buyback under Section 68 of the Companies Act, 2013 (25% of the paid up capital and free reserves)		2,379.5		3,082.8
Maximum amount permissible by Board resolution dated April 6, 2018 approving buyback		2,352.0		2,352.0

For Akzo Nobel India Limited

R Guha
Company Secretary

Place: Gurugram
Date : May 25, 2018

Unquote

9. PROCESS AND METHODOLOGY TO BE ADOPTED FOR BUY-BACK

9.1 The Buy-back is open to all Eligible Shareholders of the Company, holding Equity Shares either in physical and/or electronic form on the Record Date.

9.2 The Buy-back will be implemented by the Company through the "Mechanism for acquisition of shares through Stock Exchange", notified vide SEBI Circulars and following the procedure prescribed in the Companies Act and the Buy-back Regulations, and as may be determined by the Board or the Buy-back Committee and on such terms and conditions as may be permitted by law from time to time.

9.3 For implementation of the Buy-back, the Company has appointed ICICI Securities Limited as the registered broker to the Company (the "**Company's Broker**") through whom the purchases and settlements on account of the Buy-back would be made by the Company. The contact details of the Company's Broker are as follows:

ICICI SECURITIES LIMITED
ICICI Centre, H. T. Parekh Marg
Churchgate, Mumbai 400 020, India
Contact Person: Allwyn Cardoza/Mitesh Shah
Tel.: +91 22 2288 2460
Fax: +91 22 2282 6580
Email: akzo.buyback@icicisecurities.com
Website: www.icicisecurities.com
SEBI Registration Number: INM000011179
CIN: L67120MH1995PLC086241

9.4 The Company shall request BSE to provide a separate acquisition window ("**Acquisition Window**") to facilitate placing of sell orders by Eligible Shareholders who wish to tender their Equity Shares in the Buy-back. The details of the platform will be specified by BSE from time to time.

9.5 At the beginning of the tendering period, the order for buying Equity Shares shall be placed by the Company through the Company's Broker. During the tendering period, the order for selling the Equity Shares will be placed in the Acquisition Window by Eligible Shareholders through their respective stock brokers (each a "**Shareholder Broker**") during normal trading hours of the secondary market. The respective Shareholder Brokers can enter orders for Equity Shares held in physical form as well as dematerialized form. In the tendering process, the Company's Broker may also process the orders received from the Eligible Shareholders.

9.6 **Procedure to be followed by Shareholders holding equity shares in the dematerialized form:**

i) Eligible Shareholders who desire to tender their Equity Shares in the electronic form under the Buy-back would have to do so through their respective Shareholder Broker by indicating to the concerned Shareholder Broker, the details of Equity Shares they intend to tender under the Buy-back.

ii) The Shareholder Broker will be required to place an order/bid on behalf of the Equity Shareholders who wish to tender Equity Shares in the Buy-back using the Acquisition Window of the BSE. Before placing the bid, the Shareholder would be required to transfer the tendered Equity Shares to the special account of Clearing Corporation of India Limited ("**Clearing Corporation**"), by using the early pay-in mechanism as prescribed by the BSE or the Clearing Corporation prior to placing the bid by the Shareholder Broker. This shall be validated at the time of order/bid entry.

iii) The details of the special account of Clearing Corporation shall be informed in the issue opening circular that will be issued by BSE/Clearing Corporation.

iv) For custodian participant orders for Equity Shares held in dematerialized form, early pay-in is mandatory prior to confirmation of order/bid by custodians. The custodian shall either confirm or reject the orders not later than the closing of trading hours on the last day of the tendering period. Thereafter, all unconfirmed orders shall be deemed to be rejected. For all confirmed custodian participant orders, any order modification shall revoke the custodian confirmation and the revised order shall be sent to the custodian again for confirmation.

v) Upon placing the bid, the Shareholder Broker shall provide a Transaction Registration Slip ("**TRS**") generated by the exchange bidding system to the Equity Shareholder on whose behalf the order/bid has been placed. The TRS will contain details of order submitted like Bid ID No., Application No., DP ID, Client ID, No. of Equity Shares tendered etc.

9.7 **Procedure to be followed by registered Equity Shareholders holding Equity Shares in physical form:**

All Eligible Shareholders holding Equity Shares in physical form are requested to note that participation in the Buy-back is allowed only by placing of bids through the Acquisition Window of the BSE by the Eligible Shareholder through their respective Shareholder Broker. For participation in the Buy-back it is necessary for all Eligible Shareholders holding Equity Shares in physical form to open a demat account for the purposes of tendering their Equity Shares.

i) Eligible Shareholders holding Equity Shares in physical form who already have a demat account and intend to participate in the Buy-back will be required to approach their respective Shareholder Broker along with the complete set of documents for verification procedures to be carried out before placement of the bid by their respective Shareholder Broker. Such documents will include the (i) tender form duly signed (by all Shareholders in case Equity Shares are held in joint names) in the same order in which they hold the Equity Shares; (ii) original share certificate(s), (iii) valid share transfer form(s) duly filled and signed by the transferors (i.e. by all registered Shareholders who are transferring the Equity Shares held in physical form in the same order and as per the specimen signatures registered with the Company) and duly witnessed at the appropriate place authorizing the transfer in favour of the Company, (iv) self-attested copy of Shareholder's PAN Card(s), and (v) any other relevant documents such as power of attorney, corporate authorization (including board resolution/specimen signature), notarized copy of death certificate and succession certificate or probated will, if the original Shareholder is deceased, etc., as applicable. In addition, if the address of the Eligible Shareholder has undergone a change from the address registered in the register of members of the Company, the Eligible Shareholder would be required to submit a self-attested copy of address proof consisting of any one of the following documents: valid Aadhar Card, Voter Identity Card or Passport.

ii) For the benefit of those Eligible Shareholders holding Equity Shares in physical form who do not have a demat account, the Company has made arrangements with Geojit Financial Services Limited, stock brokers ("**Geojit**") to assist such Eligible Shareholders to open demat accounts and tender Equity Shares on their behalf. Such Eligible Shareholders may approach Geojit at their nearest branch with the relevant documents as provided in paragraph 9.7 (i) for opening demat accounts and tendering of Equity Shares. For this purpose, the contact details of Geojit are provided below:

GEOJIT FINANCIAL SERVICES LIMITED

Customer Care helpline: 1800-4255501/ 1800-103550

Email: customercare@geojit.com Website: www.geojit.com

Based on the relevant documents provided in paragraph 9.7(i), the concerned Shareholder Broker or Geojit as the case may be shall place a bid on behalf of the Eligible Shareholder holding Equity Shares in physical form and who wish to tender Equity Shares in the Buy-back, using the Acquisition Window of BSE. Upon placing the bid, the Shareholder Broker or Geojit shall provide a TRS generated by the exchange bidding system to the Eligible Shareholder. The TRS will contain the details of order submitted like folio no., certificate no., distinctive no., no. of Equity Shares tendered etc.

iii) The Shareholder Broker or Geojit who places a bid on behalf of Eligible Shareholders holding Equity Shares in physical form, is required to deliver the tender form, original share certificate(s) and documents (as mentioned in Paragraph 9.7(i) above) along with TRS generated by the stock exchange bidding system upon placing of a bid either by registered post, speed post or courier or hand delivery to the registrar ("**Registrar**") to the Buy-back not later than 2 (two) days of bidding by the Shareholder Broker. The envelope should be super-scribed as "**Akzo Nobel Buyback 2018**". One copy of the TRS will be retained by Registrar to the Buy-back and it will provide acknowledgement of the same to the Shareholder Broker/Geojit.

iv) Eligible Shareholders holding physical Equity Shares should note that physical Equity Shares will not be accepted unless the complete set of documents is submitted. Acceptance of the physical Equity Shares for Buy-back by the Company shall be subject to verification as per the Buy-back Regulations and any further directions issued in this regard. Registrar to the Buy-back will verify such bids based on the documents submitted on a daily basis and till such verification, the BSE shall display such bids as 'unconfirmed physical bids'. Once Registrar to the Buy-back confirms the bids, they will be treated as 'confirmed bids'.

9.8 Modification/cancellation of orders and multiple bids from a single Eligible Shareholder will be allowed during the tendering period of the Buy-back.

9.9 The cumulative quantity tendered shall be made available on the website of BSE i.e. www.bseindia.com throughout the trading session and will be updated at specific intervals during the tendering period.

10. METHOD OF SETTLEMENT

Upon finalization of the basis of acceptance as per Buy-back Regulations:

10.1 The settlement of trades shall be carried out in the manner similar to settlement of trades in the secondary market.

10.2 The Company will pay the consideration to the Company's Broker which will transfer the funds pertaining to the Buy-back to the Clearing Corporation's bank accounts as per the prescribed schedule. For Equity Shares accepted under the Buy-back, Clearing Corporation will make direct funds payout to respective Eligible Shareholder. If Eligible Shareholders' bank account details are not available or if the funds transfer instruction is rejected by the Reserve Bank of India or the bank in which the Eligible Shareholder has an account, due to any reason, then such funds will be transferred to the concerned Eligible Shareholder through their respective Shareholder Brokers settlement bank account for onward transfer to their respective shareholders.

10.3 The Equity Shares bought back in the dematerialized form would be transferred directly to the escrow dematerialized account of the Company opened for the Buy-back ("**Demat Escrow Account**") provided it is indicated by the Company's Broker or it will be transferred by the Company's Broker to the Demat Escrow Account on receipt of the Equity Shares from the Clearing Corporation of BSE.

10.4 Excess dematerialized Equity Shares or unaccepted dematerialized Equity Shares, if any, tendered by the Eligible Shareholders would be returned to them by the Clearing Corporation as part of the exchange payout process. Any excess physical Equity Shares pursuant to proportionate acceptance/rejection will be returned back to the Eligible Shareholders directly by the Registrar to the Buy-back. The Company is authorized to split the share certificate and issue new consolidated share certificate for the unaccepted physical Equity Shares, in case the physical Equity Shares accepted by the Company are less than the physical Equity Shares tendered in the Buy-back by Eligible Shareholders.

10.5 The Shareholder Broker would issue contract note and pay the consideration for the Equity Shares accepted under the Buy-back and return the balance unaccepted Equity Shares to their respective clients. Company Broker would also issue a contract note to the Company for the Equity Shares accepted under the Buy-back.

10.6 Eligible Shareholders who intend to participate in the Buy-back should consult their respective Shareholder Broker for payment to them of any cost, charges and expenses (including brokerage) that may be levied by the Shareholder Broker upon the Eligible Shareholders for tendering Equity Shares in the Buy-back (secondary market transaction). The Buy-back consideration received by the Eligible Shareholders from their respective Shareholder Broker, in respect of accepted Equity Shares, could be net of such costs, charges and expenses (including brokerage) and the Company accepts no responsibility to bear or pay such additional cost, charges and expenses (including brokerage) incurred solely by the Eligible Shareholders.

10.7 The Equity Shares lying to the credit of the Demat Escrow Account and the Equity Shares bought back and accepted in physical form will be extinguished in the manner and following the procedure prescribed in the Buy-back Regulations.

11. RECORD DATE AND SHAREHOLDER ENTITLEMENT

11.1 As required under the Buy-back Regulations, the Company has fixed June 7, 2018 as the Record Date for the purpose of determining the entitlement and the names of the Shareholders, who are eligible to participate in the Buy-back.

11.2 The Equity Shares proposed to be bought back by the Company, as part of this Buy-back shall be divided in to two categories:

a) reserved category for Small Shareholders (A "**Small Shareholder**" is defined in the Buy-back Regulations as a shareholder, who holds Equity Shares having market value, on the basis of closing price of the Equity Shares on the recognized stock exchange registering the highest trading volume in respect of such shares, as on Record Date, of not more than Rs. 2,00,000 (Rupees Two Lakhs) and

b) the general category for all other Shareholders, and the entitlement of a Shareholder in each category shall be calculated accordingly.

11.3 In accordance with the Regulation 6 of the Buy-back Regulations, 15% (fifteen percent) of the number of Equity Shares which the Company proposes to Buy-back, or number of Equity Shares entitled as per shareholding of Small Shareholders as on the Record Date, whichever is higher, shall be reserved for the Small Shareholders as part of this Buy-back.

11.4 Based on the shareholding as on the Record Date, the Company will determine the entitlement of each Shareholder to tender their Equity Shares in the Buy-back. This entitlement for each Shareholder will be calculated based on the number of Equity Shares held by the respective Shareholder as on the Record Date and the ratio of Buy-back applicable in the category to which such shareholder belongs. The final number of Equity Shares the Company will purchase from the Shareholders will be based on the Equity Shares tendered. Accordingly, in the event of the overall response to the tender offer being in excess of Buy-back Size, the Company may not purchase all the Equity Shares tendered by the Shareholders over and above their entitlement.

11.5 After accepting the Equity Shares tendered on the basis of entitlement, the Equity Shares left to be bought back, if any, in one category shall first be accepted, in proportion to the Equity Shares tendered over and above their entitlement in the offer by Shareholders in that category, and thereafter from Shareholders who have tendered over and above their entitlement in other category.

11.6 The Eligible Shareholders' participation in the Buy-back will be voluntary. The Eligible Shareholders can choose to participate, in full or in part, and get cash in lieu of Equity Shares to be accepted under the Buy-back or they may choose not to participate and enjoy a resultant increase in their percentage shareholding, post Buy-back, without additional investment. The Eligible Shareholder may also tender a part of their entitlement. The Eligible Shareholders also have the option of tendering additional shares (over and above their entitlement) and participate in the shortfall created due to non-participation of some other Eligible Shareholders, if any. If the Buy-back entitlement for any Eligible Shareholder is not a round number, then the fractional entitlement shall be ignored for computation of entitlement to tender Equity Shares in the Buy-back.

11.7 The maximum tender under the Buy-back by any Eligible Shareholder cannot exceed the number of Equity Shares held by the Eligible Shareholder as on the Record Date.

11.8 The Equity Shares tendered as per the entitlement by the Eligible Shareholders as well as additional Equity Shares tendered, if any, will be accepted as per the procedure laid down in the Buy-back Regulations.

11.9 Detailed instructions for participation in the Buy-back (tender of Equity Shares in the Buy-back) as well as the relevant time table will be included in the Letter of Offer which will be sent in due course to the Eligible Shareholders.

12. COMPANY SECRETARY AND COMPLIANCE OFFICER

The Board at the Board Meeting appointed Mr. Rajasekaran Guha, Company Secretary, as the compliance officer for the purpose of the Buy-back ("**Compliance Officer**"). Investors may contact the Compliance Officer or his nominee for any clarification or to address their grievances, if any, during office hours i.e. 10.00 a.m. to 5:00 p.m on all working days except Saturday, Sunday and public holidays.

Mr Rajasekaran Guha
Company Secretary and Compliance Officer
Akzo Nobel India Limited
Registered Office:
8-B, Middleton Street
Kolkata 700 071, India
Corporate Office:
DLF Epitome, Building No 5, Tower A
20th Floor, Cyber City, DLF Phase III
Gurugram (Gurgaon) 122 002, India
Telephone: +91 124 2540400
Facsimile: +91 124 2540849
Email: investor.india@akzonobel.com

13. MANAGER TO THE BUY-BACK

ICICI SECURITIES LIMITED
ICICI Centre, H. T. Parekh Marg
Churchgate, Mumbai 400 020, India
Telephone:+91 22 2288 2460
Facsimile: +91 22 2282 6580
Contact Person: Arjun A Mehrotra/Anurag Byas
Email: akzo.buyback@icicisecurities.com
Website: www.icicisecurities.com
SEBI Registration Number: INM000011179
Corporate Identity Number: L67120MH1995PLC086241

14. DIRECTORS' RESPONSIBILITY

As per Regulation 19(1)(a) of the Buy-back Regulations, the Board accept full and final responsibility for the information contained in this Public Announcement and confirms that such document contains true, factual and material information and does not contain any misleading information.

For and on behalf of the Board of Directors of Akzo Nobel India Limited

Sd/-	**Sd/-**	**Sd/-**
Jayakumar Krishnaswamy	**Pradip Kumar Menon**	**Rajasekaran Guha**
Managing Director	Whole-Time Director and C.F.O.	Company Secretary and Compliance Officer
DIN: 02099219	DIN: 07417530	Membership Number: A 3838

Place: Bengaluru
Date: May 28, 2018