# Akzo Nobel Chemicals (India) Limited

**Tellus Technologies Building, 2nd Floor, 209 1B/1A, Range Hills, Pune – 411020.**

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**IN THE HIGH COURT OF JUDICATURE AT BOMBAY**
**ORDINARY ORIGINAL CIVIL JURISDICTION**
**COMPANY SUMMONS FOR DIRECTION NO. 12 OF 2012**

In the matter of the Companies Act, 1956
(1 of 1956);

AND

In the matter of Sections 391 to 394 of the Companies Act, 1956;

AND

In the matter of Scheme of Amalgamation of Akzo Nobel Car Refinishes India Private Limited ("Transferor Company No. 1")

AND

Akzo Nobel Chemicals (India) Limited ("Transferor Company No. 2")

AND

Akzo Nobel Coatings India Private Limited ("Transferor Company No. 3")

AND

Akzo Nobel India Limited ("Transferee Company")

AND

their respective shareholders.

**Akzo Nobel Chemicals (India) Limited**, a company incorporated under the Companies Act, 1956 having its Registered office at Tellus Technologies Building, 2nd Floor, 209 1B/1A, Range Hills, Pune – 411020.

…….. Applicant Company

**NOTICE CONVENING THE MEETING OF EQUITY SHAREHOLDERS OF AKZO NOBEL CHEMICALS (INDIA) LIMITED, THE APPLICANT COMPANY**

To,
**The Equity Shareholders of**
Akzo Nobel Chemicals (India) Limited
("the Applicant Company"),

**TAKE NOTICE** that by an Order made on the 13th day of January, 2012, in the above Company Application, the Hon'ble High Court of Judicature at Bombay has directed that a meeting of the **Equity Shareholders of Akzo Nobel**

**Chemicals (India) Limited,** the Applicant Company, be convened and held at Tellus Technologies Building, 2nd Floor, 209 1B/1A, Range Hills, Pune – 411020 on 17th day of February, 2012 at 10.00 a.m., for the purpose of considering and, if thought fit, approving with or without modification(s), the proposed arrangement embodied in the Scheme of Amalgamation of Akzo Nobel Car Refinishes India Private Limited, Akzo Nobel Chemicals (India) Limited, Akzo Nobel Coatings India Private Limited with Akzo Nobel India Limited and their respective shareholders.

**TAKE FURTHER NOTICE** that in pursuance of the said Order and as directed therein, a meeting of the Equity Shareholders of **Akzo Nobel Chemicals (India) Limited,** the Applicant Company will be convened and held at Tellus Technologies Building, 2nd Floor, 209 1B/1A, Range Hills, Pune – 411020 on 17th day of February, 2012 at 10.00 a.m., at which place, day, date and time you are requested to attend.

**TAKE FURTHER NOTICE** that you may attend and vote at the said meeting in person or by proxy provided that a proxy in the prescribed form, duly signed by you or your authorised representative, is deposited at Tellus Technologies Building, 2nd Floor, 209 1B/1A, Range Hills, Pune – 411020 not later than 48 hours before the said meeting.

The Hon'ble High Court has appointed Mr. Rajasekaran Guha, Director of the Applicant Company, failing him, Mr. S K Kulkarni, Managing Director of the Applicant Company, failing him, Mr. S Paithankar, Practicing Chartered Accountant, to be the Chairman of the said meeting.

A copy of the Statement under Section 393 of the Companies Act, 1956, Scheme of Amalgamation, Attendance Slip and Form of Proxy are enclosed.

Dated this 16th day of January, 2012

Sd/-
Rajasekaran Guha
Chairman appointed for the meeting

**Registered office :**
Tellus Technologies Building,
2nd Floor, 209 1B / 1A,
Range Hills,
Pune – 411020.

**Notes :**

1. All alterations made in the Form of Proxy should be initialed.
2. Only registered shareholders of the Applicant Company may attend and vote (either in person or by proxy or by Authorised Representative under Section 187 of the Companies Act, 1956) at the Equity Shareholders meeting. The representative of a body corporate which is a registered Equity Shareholder of the Applicant Company may attend and vote at the Equity Shareholders meeting provided a copy of Power of Attorney in favour of representative or certified true copy of the resolution of the Board of Directors or other governing body of the body corporate is deposited at Tellus Technologies Building, 2nd Floor, 209 1B/1A, Range Hills, Pune – 411020 not later than 48 hours before the meeting authorising such representative to attend and vote at the Equity Shareholders meeting.

Enclosures : As above

**IN THE HIGH COURT OF JUDICATURE AT BOMBAY**
**ORDINARY ORIGINAL CIVIL JURISDICTION**
**COMPANY SUMMONS FOR DIRECTION NO. 12 OF 2012**

In the matter of the Companies Act, 1956
(1 of 1956);

AND

In the matter of Sections 391 to 394 of the Companies Act, 1956;

AND

In the matter of Scheme of Amalgamation of Akzo Nobel Car Refinishes India Private Limited ("Transferor Company No. 1")

AND

Akzo Nobel Chemicals (India) Limited ("Transferor Company No. 2")

AND

Akzo Nobel Coatings India Private Limited ("Transferor Company No. 3")

AND

Akzo Nobel India Limited ("Transferee Company")

AND

their respective shareholders.

**Akzo Nobel Chemicals (India) Limited**, a company incorporated under the Companies Act, 1956 having its Registered office at Tellus Technologies Building, 2nd Floor, 209 1B/1A, Range Hills, Pune – 411020.

…….. Applicant Company

# EXPLANATORY STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956

1. Pursuant to an Order dated 13th day of January, 2012, passed by the High Court of Judicature at Bombay in the Company Application referred to hereinabove, a meeting of the **Equity Shareholders of Akzo Nobel Chemicals (India) Limited,** (hereinafter referred to as the "Applicant Company" or "AN Chemicals"), be convened and held at Tellus Technologies Building, 2nd Floor, 209 1B/1A, Range Hills, Pune – 411020 on 17th day of February, 2012, at 10.00 a.m., for the purpose of considering and, if thought fit, approving with or without modification(s), the proposed arrangement embodied in the Scheme of Amalgamation of Akzo Nobel Car Refinishes India Private Limited (hereinafter referred to as "AN Car"), AN Chemicals, Akzo Nobel Coatings India Private Limited (hereinafter referred to as "AN Coatings") with Akzo Nobel India Limited (hereinafter referred to as "Transferee Company" or "AN India") and their respective shareholders (hereinafter referred to as "Scheme")

2. The Scheme envisages amalgamation of AN Car, AN Chemicals, AN Coatings with AN India pursuant to Sections 391 to 394 and other applicable provisions of the Companies Act, 1956. A copy of the Scheme setting out in detail the terms and conditions of the arrangement, inter alia, providing for amalgamation which has been approved by Board of Directors of the Applicant Company at its meeting held on October 21, 2011, is attached to this explanation statement.

3. The background of all the companies involved in the Scheme are as under:

**3.1 <u>Akzo Nobel Chemicals (India) Limited</u>**

a. The Applicant Company was incorporated on August 27, 1990, under the provisions of the Companies Act, 1956, under the name and style "Centak Chemicals Limited". Subsequently, the name was changed to "Akzo Nobel Chemicals (India) Limited" on March 8, 2002. AN Chemicals shifted its Registered office from the State of West Bengal to the State of Maharashtra. The Registered office of the Applicant Company is situated at Tellus Technologies Building, 2nd Floor, 209 1B/1A, Range Hills, Pune – 411020 .

b. The Share Capital of AN Chemicals, as per the latest Audited Balance Sheet as on March 31, 2011, is as under:

| **Particulars** | **Amount (Rs.)** |
|---|---|
| **Authorised Capital** | |
| 9,900,000 Equity Shares of Rs.10/- each | 99,000,000 |
| 10,000 Preference Shares of Rs.100/- each | 1,000,000 |
| **Total** | **100,000,000** |
| **Issued, Subscribed and Paid-up** | |
| 4,900,000 Equity Shares of Rs.10/- each fully paid-up | 49,000,000 |
| **Total** | **49,000,000** |

Between March 31, 2011 and the date of filing of the Application, there has been no change in the equity share capital of AN Chemicals.

c. The main objects specified in the Memorandum of Association of AN Chemicals are, inter alia, as follows:

"III. The objects for which the Company is established are:

1. *To adopt, acquire and take over all approvals obtained and agreements and commitments entered into by Century Enka Limited, a Company incorporated in the State of West Bengal relating to :*

   a) *The project for the production, sale, distribution of Polymerisation Initiators and Allyl Esters;*

   b) *Sale, distribution and dealings of all kinds of organic and/or inorganic chemicals and catalysts;*

   c) *Analytical testing and technical services and other dealings and activities in respect of Hydraulic Fluids and chemical products of all kinds.*

2. *To carry on business as manufacturers, processors, importers, exporters, merchants, stockists, distributors, agents, factors and dealers otherwise in all kinds of organic and inorganic chemicals, and intermediates and raw materials used in the manufacture thereof and all products related or otherwise connected therewith, whether or not in the pure form, or as formulations, derivatives or modifications thereof, including, without being limited to, heavy chemicals, petro-chemicals, agro-chemicals and chemical products of any other nature or kind whatsoever.*

3. *To offer consultancy, analytical, testing and technical services in respect of any or all of the items specified hereinabove."*

d. AN Chemicals is engaged in the business of manufacturing and supplying of polymerisation initiators, organic and / or inorganic chemicals

**3.2 <u>Akzo Nobel Car Refinishes India Private Limited:</u>**

a. AN Car was incorporated on December 5, 1997, under the provisions of the Companies Act, 1956, under the name and style "Akzo Nobel Car Refinishes India Private Limited". AN Car shifted its Registered office from New Delhi to the State of Karnataka on June 9, 2000. The Registered office of AN Car is situated at Plot No. 62P, Hoskote Industrial Area, Bangalore – 562114.

b. The shares capital of AN Car as on latest Audited Balance Sheet as on March 31, 2011 is as under:

| **Authorised Capital** | **Amount (Rs.)** |
|---|---|
| 330,000 Equity Shares of Rs. 1,000/- each | 330,000,000 |
| **Total** | **330,000,000** |
| **Issued, Subscribed and Paid-up Capital** | **Amount (Rs.)** |
| 297,789 Equity Shares of Rs. 1,000/- each fully paid-up | 297,789,000 |
| **Total** | **297,789,000** |

Between March 31, 2011 and the date of filing of the Application, here has been no change in the equity share capital of AN Car.

c. The main objects specified in the Memorandum of Association of AN Car are, inter alia, as under:

"III. The objects for which the Company is established are:

1. *To manufacture, produce, process, convert, commercialise, formulate, compound develop, derive, discover, grade, manipulate, prepare, promote, pack, repack, extract, mix, supply, import, export, buy, sell, wholesale, retail, turn to account and to act an agent, broker, concessionaire, C&F agent, stockist, distributor, collaborator, transporter, consultant, job worker or otherwise to deal in the varieties, mixtures, descriptions, specifications, coverage's, characteristics & applications of colours, oils, paints, including plastic, paints, emulsion paints, epoxy paints, melamine paints, metallic paints, primers, oxides, resins, varnishes, thinners, spirits, coatings, pigments, dyes, enamels, polishes, waterproofing, paints and chemicals, bonding elements, putties, washers, brushes, containers and other allied chemicals, compounds, intermediates, consumables, powders, liquids, ingredients, products & by products for the Automotive Industry and car refinish products for its after-market including but not limited to application methods and equipment like spraying equipment, brushes mixing machines and colour measurement equipment and to do all incidental acts and things necessary for the attainment of the above object."*

d. AN Car is engaged in the business of supplying paints, rendering research & development services, offering services and solutions for car refinishes and commercial vehicles.

**3.3 <u>Akzo Nobel Coatings India Private Limited:</u>**

a. AN Coatings was incorporated on May 30, 1994, under the provisions of the Companies Act, 1956, under the name and style "Courtaulds Coatings & Sealants (India) Private Limited". Subsequently, the name was changed to "Akzo Nobel Coatings India Private Limited" on

January 4, 1999. AN Coatings shifted its Registered office from the State of Maharashtra to the State of Karnataka on March 26, 1999. The Registered office of AN Coatings is situated at Plot No. 62P, 62A, 62B, 43SE, Hoskote Industrial Area, Bangalore – 562114.

b. The shares capital of AN Coatings as on latest audited Balance Sheet dated March 31, 2011 is as under:

| **Authorised Capital** | **Amount (Rs.)** |
|---|---|
| 42,000,000 Equity Shares of Rs. 10/- each | 420,000,000 |
| **Total** | **420,000,000** |
| **Issued, Subscribed and Paid-up Capital** | **Amount (Rs.)** |
| 765,655 Equity Shares of Rs. 10/- each fully paid-up | 7,656,550 |
| **Total** | **7,656,550** |

Between March 31, 2011 and the date of filing of the Application, there has been no change in the equity share capital of AN Coatings.

c. The main objects specified in the Memorandum of Association of AN Coatings are, inter alia, as under:

"III. The objects for which the Company is established are:

1. *To purchase, sell, import, export, manufacture, process, pack, distribute and trade and deal in paints, coatings, resins and sealants, of every description, colouring matters, varnishes, waxes, polishes and finishes of all kinds and all plant, machinery, equipment, apparatus, goods, produce, articles, commodities and things capable in being used for or in connection therewith."*

d. AN Coatings is engaged in the business of manufacturing and supplying of coatings, varnishes, waxes.

**3.4 <u>Akzo Nobel India Limited :</u>**

a. AN India was incorporated on March 12, 1954, under the Companies Act, 1913, with the Registrar of Joint Stock Companies in West Bengal under the name and style of "Indian Explosives Limited". Subsequently, the name was changed to "IEL Limited" on July 12, 1985, again changed to "ICI India Limited" on May 25, 1989, and to "Akzo Nobel India Limited" on February 15, 2010. AN India is listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The Registered office of AN India is situated at Geetanjali Apartment, 1st floor, 8-B, Middleton Street, Kolkata -700 071.

b. The share capital of the AN India as on latest Audited Balance Sheet as on March 31, 2011 is as under:

| **Authorised Capital** | **Amount (Rs.)** |
|---|---|
| 41,690,000 Equity Shares of Rs. 10/- each | 416,900,000 |
| **Total** | **416,900,000** |
| **Issued, Subscribed and Paid-up Capital** | **Amount (Rs.)** |
| 36,834,331 Equity Shares of Rs. 10/- each fully paid-up | 368,343,310 |
| **Total** | **368,343,310** |

Between March 31, 2011 and the date of filing of the Application, there has been no change in the equity share capital of AN India.

c. The main objects specified in the Memorandum of Association of AN India are, inter alia, as follows:

"III. The objects for which the Company is established are:

1. *To carry on the trades or businesses of manufacturers of and wholesale dealers in explosives, ammunition, fireworks and other explosive products and accessories of all kinds and of whatsoever compose whether for military, sporting, mining or industrial purposes or for pyrotechnical display or for any other purpose.*

2. *To carry on the trades or businesses of manufacturers of blasting ballistic and pyrotechnic apparatus and other articles and things of a similar or analogous*

*description or use or of and in the several component parts thereof.*

3. To carry on the business of chemical manufacturers and wholesale chemists, analytical chemists, importers, exporters and manufacturers of and dealers in heavy chemicals, acids, alkalis, chemical, industrial and other preparations and articles of any kind whatsoever, and of electrical, chemical, scientific apparatus and materials and in any similar or allied businesses and either in connection with the said business or as distinct or separate businesses.

3A. *To carry on the business of manufacturers of and dealers in plastics, polyethylene, rubber chemicals, synthetic resins, paints, pigments, varnishes, thinners, polishes, water treatment chemicals, pesticides, insecticides, herbicides, and any other crop protection chemicals, pharmaceuticals, drugs and medicinal preparations of all kinds, and of any other organic or inorganic chemicals including industrial gases, catalysts, petrochemicals, fuel and fuel additives of all kinds, dyes, dyestuffs, textile auxiliaries, heat treatment salts and fine and speciality chemicals."*

d. AN India is engaged in the business of manufacture and sale of decorative paints and refinishes in India.

4. The circumstances and / or reasons and / or grounds that have necessitated and / or justify the said Scheme are inter-alia as follows:

1. Strengthened strong position in the industry, in terms of the asset base, revenues, product range, production volumes, integrated supply chain and market share of the combined entity. The amalgamated entity will have the ability to leverage and optimise on its large asset base, diverse range of products, brands and vast pool of intellectual capital, which would facilitate enhancement of the shareholder value.

2. Greater integration, financial strength and flexibility for the amalgamated entity, which would result in improved overall shareholder value.

3. Greater efficiency in cash management of the amalgamated entity, and unfettered access to cash flow generated by the combined business which can be deployed more efficiently to fund organic and inorganic growth opportunities, to further improve shareholder value.

4. Improved organisational capability and leadership, arising from the pooling of human capital that has the diverse skills, talent and vast experience to compete successfully in an increasingly competitive industry.

5. Benefit of operational synergies to the combined entity in areas such as raw material sourcing, product placement, marketing and sales promotion initiatives, which can be put to the best advantage of the stakeholders.

5. The Scheme was placed before the Board of Directors of AN Chemicals and AN India on October 21, 2011, before the Board of Directors of AN Car on October 25, 2011 and before the Board of Directors of AN Coatings on November 7, 2011, whereat the Valuation Reports obtained from Price Waterhouse & Co. and BMR Advisors Private Limited (hereinafter collectively referred as "Valuers") was also placed before the Boards. The Share Exchange Ratio of the Transferor Companies and Transferee Company has been determined by Grant Thornton on the basis of the Valuation Reports issued by the Valuers.

6. In terms of Clause 24(h) of the Listing Agreement, AN India has obtained a report from ICICI Securities Limited, a Category I Merchant Banker on the fairness of the Valuation Reports issued by the Valuers.

ICICI Securities Limited has issued an opinion that the valuation of equity shares as recommended by the Valuers is fair and reasonable to the holders of equity shares of the AN Car, AN Chemicals, AN Coatings and AN India.

7. The Boards of Directors of all the Companies, based on and relying upon the aforesaid expert advice/ opinions, and on the basis of their independent evaluation and judgment, came to the conclusion that

the proposed Share Exchange Ratio is fair and reasonable and decided to incorporate the same in the Scheme.

8. Accordingly, the Board of Directors vide their resolution dated October 21, 2011, in relation to AN Chemicals and AN India, vide their resolution dated October 25, 2011, in relation to AN Car and vide their resolution dated November 7, 2011 in relation to AN Coatings have approved the Scheme.

9. The Scheme is not prejudicial to the interests of the creditors of the Applicant Company.

10. The salient features of the Scheme are as follows:

(A) "Appointed Date" means the 1st day of April, 2011 or such other date as the High Court(s) or such other authorities may direct / fix.

(B) "High Courts" means the Hon'ble High Court of Calcutta having jurisdiction in relation to AN India and / or Hon'ble High Court of Judicature at Bombay having jurisdiction in relation to AN Chemicals and / or Hon'ble High Court of Karnataka at Bangalore having jurisdiction in relation to AN Car and AN Coatings, as the context may require and shall include National Company Law Tribunal, if applicable.

(C) "Effective Date" means the last of the dates on which the certified true copies of the order of the High Courts sanctioning the Scheme are filed with the respective Registrar of Companies, by all the companies who are a party to this Scheme.

(D) "Record Date" means the date to be fixed by the Board of Directors of the Transferee Company for determining names of the members of AN Car, AN Chemicals and AN Coatings, who shall be entitled to receive shares of the Transferee Company upon coming into effect of this Scheme as specified under clause 9.1, clause 9.2 and clause 9.3 of the Scheme respectively.

(E) "Transferor Companies" means collectively AN Chemicals, AN Coatings and AN Car.

(F) Subject to the provisions of this Scheme as specified hereinafter and with effect from the Appointed Date, the entire business and undertakings of the Transferor Companies including all the debts, liabilities, duties and obligations, including those arising on account of taxation laws and other allied laws, of the Transferor Companies of every description and also including, without limitation, all the movable and immovable properties and other assets (whether tangible or intangible) of the Transferor Companies comprising, amongst others, all freehold land, leasehold land, allotment through grants, buildings, plants, motor vehicles, receivables, actionable claims, furniture and fixtures, computers, office equipment, electrical installations, generators, containers, ETP installations, telephones, telex, facsimile and other communication facilities and business licenses, Factories Act licenses, manufacturing licenses, permits, deposits, authorisations, approvals, insurance cover of every description, lease, tenancy rights, permissions, incentives, if any, and all other rights, patents, know-how, trademarks, copy rights, service marks, trade secrets, brands, registrations, product licenses, marketing authorisations and other intellectual property rights, proprietary rights, title, interest, contracts, consents, approvals and rights and powers of every kind, nature and description whatsoever, privileges, liberties, easements, advantages, benefits and approvals, shall, under the provisions of Sections 391 to 394 of the Act, and pursuant to the order of the High Courts sanctioning this Scheme and without further act, instrument or deed, but subject to the charges affecting the same as on the Effective Date, be transferred and/or deemed to be transferred to and vested in the Transferee Company, so as to become the properties, assets, rights, business and undertaking(s) of the Transferee Company.

(G) Without prejudice to the generality of clause 4.1 of the scheme, in respect of the assets of the Transferor Companies, including cash and bank balances, as are movable in nature or are otherwise capable of transfer by manual delivery, by paying over or by endorsement and delivery or otherwise, the same shall be so transferred by the Transferor Companies to the Transferee Company, without requiring any deed or instrument of conveyance for the same and shall become the property of the Transferee Company as an integral part of the assets of the Transferee Company.

(H) Without prejudice to the generality of clause 4.1 of the scheme, with effect from the Appointed Date all debts, liabilities, duties and obligations of the Transferor Companies as on the Appointed Date whether provided for or not in the books of account of the Transferor Companies and all other liabilities which may accrue or arise after the Appointed Date but which relate to the period on or up to the day of the Appointed Date shall be the debts, liabilities, duties and obligations of the Transferee Company including any encumbrance on the assets of the Transferor Companies or on any income earned from those assets.

(I) On the Scheme becoming effective, all staff, workmen and employees of the Transferor Companies in service on the Effective Date shall be deemed to have become staff, workmen and employees of the Transferee Company with effect from the Appointed Date or the date of joining whichever is later, without any break or interruption in their service and on the basis of continuity of service, and the terms and conditions of their employment with the Transferee Company (i.e. cost-to-company basis, in monetary terms) shall not be less favourable than those applicable to them with reference to their employment with the Transferor Companies on the Effective Date.

(J) If any suit, appeal or other proceeding of whatever nature by or against any of the Transferor Companies is pending, including those arising on account of taxation laws and other allied laws, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of the arrangement by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against the Transferee Company, in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Companies, as if this Scheme had not been made.

(K) Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements, licences, permits, registrations, approvals and other instruments, if any, of whatsoever nature to which the Transferor Companies are a party and subsisting or having effect on the Effective Date, shall be in full force and effect against or in favour of the Transferee Company, as the case may be, and may be enforced by or against the Transferee Company as fully and effectually as if, instead of the Transferor Companies, the Transferee Company had been a party thereto, notwithstanding the terms contained in such contracts, deeds, bonds, agreements, licences, permits, registrations, approvals and other instruments.

(L) Upon this Scheme becoming effective and in consideration for the amalgamation of AN Car with AN India, AN India shall, without any further application, act, instrument or deed, issue and allot equity shares, credited as fully paid-up, to the extent indicated below, to the members of AN Car, holding fully paid-up equity shares in AN Car and whose names appear in the Register of members of AN Car, on the Record Date or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognised by the Board of Directors of AN Car in the following proportion:

"403 (Four Hundred and Three) fully paid-up equity shares of Rs. 10 each of AN India shall be issued and allotted for every 100 (One Hundred) fully paid-up equity shares of Rs. 1,000 each held in AN Car"

(M) Upon this Scheme becoming effective and in consideration for the amalgamation of AN Chemicals with AN India, AN India shall, without any further application, act, instrument or deed, issue and allot equity shares, credited as fully paid-up, to the extent indicated below, to the members of AN Chemicals, holding fully paid-up equity shares in AN Chemicals and whose names appear in the Register of members of AN Chemicals, on the Record Date or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognised by the Board of Directors of AN Chemicals in the following proportion:

"51 (Fifty One) fully paid-up equity shares of Rs. 10 each of AN India shall be issued and allotted for every 100 (One Hundred) fully paid-up equity shares of Rs. 10 each held in AN Chemicals"

(N) Upon this Scheme becoming effective and in consideration for the amalgamation of AN Coatings with AN India, AN India shall, without any further application, act, instrument or deed, issue and allot equity shares, credited as fully paid-up, to the extent indicated below, to the members of AN Coatings, holding fully paid-up equity shares in AN Coatings and whose names appear in the Register of members of AN Coatings, on the Record Date or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognised by the Board of Directors of AN Coatings in the following proportion:

"970 (Nine Hundred and Seventy) fully paid-up equity shares of Rs. 10 each of AN India shall be issued and allotted for every 100 (One Hundred) fully paid-up equity shares of Rs. 10 each held in AN Coatings"

(O) The new equity shares to be issued to the members of AN Car pursuant to clause 9.1 of the Scheme, members of AN Chemicals pursuant to clause 9.2 of the Scheme and the members of AN Coatings pursuant to clause 9.3 of the Scheme shall be in multiples of 1. Any fractional shares shall be rounded-off to the next higher multiple of 1.

(P) In so far as the equity shares to be issued to the members of AN Car pursuant to clause 9.1 of the Scheme, members of AN Chemicals pursuant to clause 9.2 of the Scheme and the members of AN Coatings pursuant to clause 9.3 of the Scheme are concerned, such equity shares shall be issued in dematerialised form by the Transferee Company, unless otherwise notified in writing by the shareholders of AN Car, AN Chemicals and AN Coatings to the Transferee Company on or before such date as may be determined by the Board of Directors of the Transferee Company or a committee thereof. In the event that such notice has not been received by the Transferee Company in respect of any of the members of AN Car, AN Chemicals and AN Coatings, the equity shares shall be issued to such members in dematerialised form provided that the members of the Transferee Company shall be required to have an account with a depository participant and shall be required to provide details thereof and such other confirmations as may be required. In the event that the Transferee Company has received notice from any member that equity shares are to be issued in physical form or if any member has not provided the requisite details relating to his/her account with a depository participant or other confirmations as may be required or if the details furnished by any member do not permit electronic credit of the shares of the Transferee Company, then the Transferee Company shall issue equity shares in physical form to such member or members.

(Q) The equity shares to be issued to the members of AN Car pursuant to clause 9.1 of the Scheme, the members of AN Chemicals pursuant to clause 9.2 of the Scheme and the members of AN Coatings pursuant to clause 9.3 of this Scheme will be listed and/or admitted to trading on the Bombay Stock Exchange, Calcutta Stock Exchange and National Stock Exchange, where the shares of the Transferee Company are listed and/or admitted to trading. The

Transferee Company shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with the applicable laws or regulations for complying with the formalities of the said stock exchanges.

(R) Approval of this Scheme by the shareholders of AN India shall be deemed to be the due compliance of the provisions of Section 81(1A) and the other relevant and applicable provisions of the Act for the issue and allotment of equity shares by AN India to the shareholders of AN Car, AN Chemicals and AN Coatings, as provided in this Scheme.

(S) This Scheme is and shall be conditional upon and subject to:

i. The requisite consent, approval or permission of the Central Government or any Government Authorities which by law may be necessary for the implementation of this Scheme;

ii. Approval by all the Jurisdictional High Courts;

iii. The certified copies of the orders of the High Courts sanctioning the Scheme are filed with the respective Registrars of Companies by all the companies which are a party to this Scheme; and

iv. Compliance with such other conditions as may be imposed by the High Court(s).

**The features set out above being only the salient features of the Scheme; the members are requested to read the entire text of the Scheme annexed hereto to get fully acquainted with the provisions thereof.**

11. The pre-amalgamation shareholding pattern of the Transferor Companies as on 31st March, 2011 is as under:

**Shareholding Pattern of AN Car :**

| Category | Equity Shares | % |
|---|---|---|
| **Promoters Holding** | | |
| Indian Promoters | - | - |
| Foreign Promoters | 297,789 | 100.00% |
| **(A)** | **297,789** | **100.00%** |
| **Non-Promoters Holding (B)** | **-** | **-** |
| **Grand Total (A+B)** | **297,789** | **100.00%** |

**Shareholding Pattern of AN Chemicals:**

| Category | Equity Shares | % |
|---|---|---|
| **Promoters Holding** | | |
| Indian Promoters | - | - |
| Foreign Promoters | 4,784,012 | 97.63% |
| **(A)** | **4,784,012** | **97.63%** |
| **Non-Promoters Holding (B)** | **115,988** | **2.37%** |
| **Grand Total (A+B)** | **4,900,000** | **100.00%** |

**Shareholding Pattern of AN Coatings:**

| Category | Equity Shares | % |
|---|---|---|
| **Promoters Holding** | | |
| Indian Promoters | - | - |
| Foreign Promoters | 765,655 | 100.00% |
| **(A)** | **765,655** | **100.00%** |
| **Non-Promoters Holding (B)** | **-** | **-** |
| **Grand Total (A+B)** | **765,655** | **100.00%** |

12. The pre and post amalgamation (expected) shareholding pattern of Transferee Company, based on shareholding as on September 30, 2011, is as under:

**Pre-amalgamation Shareholding Pattern of AN India:**

| Category Code | Category of Shareholder | No. of Shareholders | Total No. of Shares | Number of Shares held in Dematrialised form | Total Shareholding as a % of total number of shares | |
|---|---|---|---|---|---|---|
| | | | | | As a % of (A+B) | As a % of (A+B+C) |
| **A** | **Shareholding of Promoter and Promoter group** | | | | | |
| **1.** | **Indian** | | | | | |
| a. | Individuals/HUFs | - | - | - | - | - |
| b. | Central Govt./State Govts. | - | - | - | - | - |
| c. | Bodies Corporate | - | - | - | - | - |
| d. | Financial Institutions/Banks | - | - | - | - | - |
| e. | Any other | - | - | - | - | - |
| | **Sub Total A(1)** | **-** | **-** | **-** | **-** | **-** |
| **2.** | **Foreign** | | | | | |
| a. | Non Resident Individuals/ Foreign Individuals | - | - | - | - | - |
| b. | Bodies Corporate | 1 | 20,776,213 | - | 56.4 | 56.4 |
| c. | Institutions | - | - | - | - | - |
| d. | Any Other | - | - | - | - | - |
| | **Sub Total A(2)** | **1** | **20,776,613** | **-** | **56.4** | **56.4** |
| | **Total Shareholding of Promoter group A(1)+A(2)** | **1** | **20,776,613** | **-** | **56.4** | **56.4** |
| **B** | **Public Shareholding** | | | | | |
| **1.** | **Institutions** | | | | | |
| a. | Mutual Funds/UTI | 29 | 2,794,751 | 2,767,441 | 7.5 | 7.5 |
| b. | Financial Institutions/Banks | 56 | 29,147 | 10,802 | 0.1 | 0.1 |
| c. | Central Govt./State Govts. | 1 | 276 | - | - | - |
| d. | Venture Capital Funds | - | - | - | - | - |

| Category Code | Category of Shareholder | No. of Shareholders | Total No. of Shares | Number of Shares held in Dematrialised form | Total Shareholding as a % of total number of shares | |
|---|---|---|---|---|---|---|
| | | | | | As a % of (A+B) | As a % of (A+B+C) |
| e. | Insurance Companies | 8 | 3,819,299 | 3,819,102 | 10.4 | 10.4 |
| f. | Foreign Institutions Investors | 33 | 806,585 | 805,845 | 2.2 | 2.2 |
| g. | Foreign Venture Capital Investors | - | - | - | - | - |
| h. | Any other NRI/OCBs/Banks | - | - | - | - | - |
| i. | Foreign Financial Institutions | 1 | 600 | | | |
| | **Sub Total B(1)** | **128** | **7,450,658** | **7,403,190** | **20.2** | **20.2** |
| **2.** | **Non Institutions** | | | | | |
| a. | Bodies Corporate | 612 | 4,669,613 | 4,659,109 | 12.7 | 12.7 |
| b1 | Individuals-shareholders holding normal share capital upto Rs. 1 lac | 40,987 | 3,640,074 | 2,362,306 | 9.9 | 9.9 |
| b2 | Individuals-shareholders holding normal Share capital in excess of Rs.1 lac | 9 | 158,363 | 158,363 | 0.4 | 0.4 |
| c | Any other | | | | | |
| c1 | Clearing Member | 81 | 19,232 | 19,232 | 0.1 | 0.1 |
| c2 | NRI | 555 | 116,666 | 93,725 | 0.3 | 0.3 |
| c3 | Trust | 10 | 3,512 | 3,462 | - | - |
| | **Sub Total B(2)** | **42,254** | **8,607,460** | **7,296,197** | **23.4** | **23.4** |
| | **Total Public Shareholding B(1) + B(2)** | **42,382** | **16,058,118** | **14,699,387** | **43.6** | **43.6** |
| | **Total A+B** | **42,383** | **36,834,331** | **14,699,387** | **100** | **100** |
| c | Shares held by Custodians and against which Depository receipts have been issued | - | - | - | - | - |
| | **Grand Total A+B+C** | **42,383** | **36,834,331** | **14,699,387** | **100** | **100** |

**Post- amalgamation Shareholding Pattern of AN India:**

| Category Code | Category of Shareholder | No. of Shareholders | Total No. of Shares | Number of Shares held in Dematrialised form | Total Shareholding as a % of total number of shares | |
|---|---|---|---|---|---|---|
| | | | | | As a % of (A+B) | As a % of (A+B+C) |
| **A** | **Shareholding of Promoter and Promoter group** | | | | | |
| **1** | **Indian** | | | | | |
| a. | Individuals/HUFs | - | - | - | - | - |
| b. | Central Govt./State Govts. | - | - | - | - | - |
| c. | Bodies Corporate | - | - | - | - | - |
| d. | Financial Institutions/Banks | - | - | - | - | - |
| e. | Any other | - | - | - | - | - |
| | **Sub Total A(1)** | | | | | |
| **2.** | **Foreign** | | | | | |
| a. | Non Resident Individuals / Foreign Ind. | - | - | - | - | - |
| b. | Bodies Corporate | 5 | 31,843,005 | 31,843,005 | 66.39 | 66.39 |
| c. | Institutions | - | - | - | - | - |
| d. | Any Other | - | - | - | - | - |
| | **Sub Total A(2)** | **5** | **31,843,005** | **31,843,005** | **66.39** | **66.39** |
| | **Total Shareholding of Promoter group A(1)+A(2)** | **5** | **31,843,005** | **31,843,005** | **66.39** | **66.39** |
| **B** | **Public Shareholding** | | | | | |
| **1.** | **Institutions** | | | | | |
| a. | Mutual Funds/UTI | 32 | 2,795,159 | 2,767,441 | 5.83 | 5.83 |
| b. | Financial Institutions /Banks | 56 | 29,147 | 10,802 | 0.06 | 0.06 |
| c. | Central Govt./State Govts. | 1 | 276 | - | - | - |
| d. | Venture Capital Funds | - | - | - | - | - |
| e. | Insurance Companies | 8 | 3,819,299 | 3,819,102 | 7.96 | 7.96 |
| f. | Foreign Institutions Investors | 33 | 806,585 | 805,845 | 1.68 | 1.68 |
| g. | Foreign Venture Capital Investors | - | - | - | - | - |

| Category Code | Category of Shareholder | No. of Shareholders | Total No. of Shares | Number of Shares held in Dematrialised form | Total Shareholding as a % of total number of shares | |
|---|---|---|---|---|---|---|
| | | | | | As a % of (A+B) | As a % of (A+B+C) |
| h. | Any other NRI/OCBs/Banks | 1 | 600 | | | |
| | **Sub Total B(1)** | **131** | **7,451,066** | **7,403,190** | **15.54** | **15.54** |
| **2.** | **Non Institutions** | | | | | |
| a. | Bodies Corporate | 625 | 4,670,737 | 4,659,109 | 9.74 | 9.74 |
| b1 | Individuals-shareholders holding normal share capital upto Rs. 1 lac | 42,078 | 3,697,733 | 2,362,306 | 7.71 | 7.71 |
| b 2 | Individuals-shareholders holding normal Share capital in excess of Rs.1 lac | 9 | 158,363 | 158,363 | 0.33 | 0.33 |
| C | Any other (Trust) | 10 | 3,512 | 3,462 | 0.01 | 0.01 |
| c1 | Clearing Member | 81 | 19,232 | 19,232 | 0.04 | 0.04 |
| c2 | NRI | 555 | 116,666 | 116,666 | 0.24 | 0.24 |
| c3 | OCB'S | - | - | - | - | - |
| | **Sub Total B(2)** | **43,358** | **8,666,243** | **7,296,197** | **18.07** | **18.07** |
| | **Total Public Shareholding B(1) + B(2)** | **43,489** | **16,117,309** | **14,699,387** | **33.61** | **33.61** |
| | **Total A+B** | **43,494** | **47,960,314** | **46,542,392** | **100** | **100** |
| C | Shares held by Custodians and against which Depository receipts have been issued | | | | | |
| | **Grand Total A+B+C** | **43,494** | **47,960,314** | **46,542,392** | **100** | **100** |

13. The directors of the Transferee Company and the Transferor Companies may be deemed to be concerned and / or interested in the Scheme only to the extent of their shareholding in the respective companies, or to the extent of common directorship, or to the extent the said directors are the partners, directors, members of the companies, firms, association of persons, bodies corporate and / or beneficiary of trust that hold shares in any of the companies or to the extent they may be allotted shares in the Transferee Company as a result of the Scheme. Same as aforesaid, none of the Directors of the company have any material interest in the proposed amalgamation.

14. (a) The extent of the shareholding of the Directors of AN Chemicals in AN Chemicals, AN Car, AN Coatings and AN India either singly or jointly or as nominee as on 31st December, 2011 is as under:

| Name of the director | Number of equity shares | | | |
|---|---|---|---|---|
| | AN Car | AN Chemicals | AN Coatings | AN India |
| Shrikant Krishna Kulkarni | - | 5 | - | - |

(b) There is no shareholding of the Directors of AN Car in AN Car, AN Chemicals, AN Coatings and AN India either singly or jointly or as nominee as on 31st December, 2011:

(c) There is no shareholding of the Directors of AN Coatings in AN Car, AN Chemicals, AN Coatings and AN India either singly or jointly or as nominee as on 31st December, 2011

(d) There is no shareholding of the Directors of AN India in AN Car, AN Chemicals, AN Coatings either singly or jointly or as nominee as on 31st December, 2011

15. The Transferee Company has obtained no objection letters in the terms of Clause 24(f) of the Listing Agreements from Bombay Stock Exchange Limited and National Stock Exchange of India Limited vide their letters dated December 15, 2011 and December 16, 2011 respectively.

16. No investigation proceedings are pending or are likely to be pending under Sections 235 to 251 of the Companies Act, 1956 in respect of AN Chemicals.

17. The financial position of AN India will not be adversely affected by the Scheme. Further, the rights and interests of the creditors of the Transferee Company and the Transferor Companies will not be prejudicially affected by the Scheme as the Transferee Company, post merger will be able to meet its liabilities as they arise in the ordinary course of business. Further, the rights and interests of the shareholders and creditors of the Transferor Companies will not be prejudicially affected by the Scheme as no sacrifice or waiver is, at all, called from them nor are their rights sought to be modified in any manner.

18. On the Scheme being approved by the Equity Shareholders as per the requirements of Section 391 of the Act, the Transferee Company and Transferor Companies will seek the sanction of the respective Jurisdictional Hon'ble High Courts for dissolution without winding up and upon coming into effect of the Scheme shall stand dissolved without winding up.

19. In the event any of the approvals or conditions enumerated in the Scheme not being obtained or complied with, or for any other reason, the Scheme cannot be implemented, the Board of Directors of the Transferee Company and the Transferor Companies shall mutually waive such conditions as they consider appropriate to give effect, as far as possible, to this Scheme and failing such mutual agreement, or in case the Scheme is not sanctioned by the respective Jurisdictional High Court(s), the Scheme shall become null and void and each party shall bear and pay their respective costs, charges and expenses in connection with the Scheme.

20. Copies of the following documents are open for inspection at the Registered office up to one day prior to the date of the meeting between 11.00 a.m. and 5.00 p.m. on all working days (except Saturdays, Sundays and public holidays ).

(a) Copy of the Order dated 13th day of January, 2012 of the High Court of Judicature at Bombay passed in Company Summons for Direction No. 12 of 2012, directing the convening of the meeting of the equity shareholders of AN Chemicals.

(b) Scheme of Amalgamation.

(c) Memorandum and Articles of Association of the Transferor Companies and Transferee Company.

(d) The Audited Financial Statements of Transferor Companies and Transferee Company as on 31st March, 2011.

(e) Valuation Reports of Price Waterhouse & Co. and BMR Advisors Private Limited.

(f) Report determining Share Exchange Ratio by Grant Thorton.

(g) Fairness opinion of ICICI Securities Limited.

This statement may be treated as an Explanatory Statement under Section 393 of the Companies Act, 1956. A copy of the Scheme, Explanatory Statement and Form of Proxy may be obtained from the Registered office of the Applicant Company and / or at the office of the Advocates M/s Hemant Sethi & Co., 1602 Nav Parmanu, Chembur, Mumbai - 400071.

Dated this 16th day of January, 2012

Sd/-

Rajasekaran Guha

Chairman appointed for the meeting

**Registered office:**

Tellus Technologies Building,

2nd Floor, 209/1B/1A,

Range Hills, Pune – 411020

**Note :** All alterations made in the form of proxy should be initialed.

# SCHEME OF AMALGAMATION

# OF

# AKZO NOBEL CAR REFINISHES INDIA PRIVATE LIMITED

# AND

# AKZO NOBEL CHEMICALS (INDIA) LIMITED

# AND

# AKZO NOBEL COATINGS INDIA PRIVATE LIMITED

# AND

# AKZO NOBEL INDIA LIMITED

# AND

# THEIR RESPECTIVE SHAREHOLDERS

(UNDER SECTIONS 391 TO 394 OF THE COMPANIES ACT, 1956)

## GENERAL

**I. Purpose of Scheme**

This Scheme of Amalgamation provides for the amalgamation of the Transferor Companies (herein defined), with the Transferee Company (herein defined) pursuant to Sections 391 to 394 and other relevant provisions of the Companies Act, 1956.

**II. Rationale for the Scheme**

The Board of Directors of the Transferor Companies and Transferee Company anticipate the following benefits pursuant to the amalgamation of the Transferor Companies into the Transferee Company:

1. Strengthened strong position in the industry, in terms of the asset base, revenues, product range, production volumes, integrated supply chain and market share of the combined entity. The amalgamated entity will have the ability to leverage and optimise on its large asset base, diverse range of products, brands and vast pool of intellectual capital, which would facilitate enhancement of the shareholder value.
2. Greater integration, financial strength and flexibility for the amalgamated entity, which would result in improved overall shareholder value.
3. Greater efficiency in cash management of the amalgamated entity, and unfettered access to cash flow generated by the combined business which can be deployed more efficiently to fund organic and inorganic growth opportunities, to further improve shareholder value.
4. Improved organisational capability and leadership, arising from the pooling of human capital that has the diverse skills, talent and vast experience to compete successfully in an increasingly competitive industry.
5. Benefit of operational synergies to the combined entity in areas such as raw material sourcing, product placement, marketing and sales promotion initiatives, which can be put to the best advantage of the stakeholders.

In view of the aforesaid, the Board of Directors of Akzo Nobel India Limited (hereinafter referred to as "AN India") as well as the Board of Directors of Akzo Nobel Car Refinishes India Private Limited (hereinafter referred to as "AN Car"), the Board

of Directors of Akzo Nobel Chemicals (India) Limited (hereinafter referred to as "AN Chemicals") and the Board of Directors of Akzo Nobel Coatings India Private Limited (hereinafter referred to as "AN Coatings"), have considered and proposed the amalgamation of the entire undertaking and business of AN Car, AN Chemicals and AN Coatings with AN India in order to benefit the stakeholders of all the companies. Accordingly, the Board of Directors of the respective companies have formulated this Scheme of Amalgamation for the transfer and vesting of the entire undertaking and business of AN Car, AN Chemicals and AN Coatings with AN India, pursuant to the provisions of Sections 391 to 394 and other relevant provisions of the Companies Act, 1956.

**III. Parts of the Scheme**

The Scheme is divided into following parts:

(i) **Part A** - dealing with definitions of the terms used in this Scheme of Amalgamation and setting out the share capital of the Transferor Companies and the Transferee Company;

(ii) **Part B -** dealing with the transfer and vesting of the undertaking of the Transferor Companies to and in the Transferee Company;

(iii) **Part C -** dealing with the issue of new equity shares by the Transferee Company to the equity shareholders of AN Car, AN Chemicals and AN Coatings;

(iv) **Part D -** dealing with the accounting treatment for the amalgamation in the books of the Transferee Company and dividends; and

(v) **Part E -** dealing with the dissolution of the Transferor Companies and the general terms and conditions applicable to this Scheme of Amalgamation and other matters consequential and integrally connected thereto.

## PART A

## DEFINITIONS AND SHARE CAPITAL

1. **DEFINITIONS**

In this Scheme, unless repugnant to the context, the following expressions shall have the following meaning:

1.1 **"Act"** means the Companies Act, 1956, and ordinances, rules and regulations made there under and shall include any statutory modification, re-enactment or amendment thereof.

1.2 **"AN Car" or "Transferor Company No. 1"** means Akzo Nobel Car Refinishes India Private Limited, a company incorporated under the Companies Act, 1956, and having its registered office at Plot No 62P, Hoskote Industrial Area, Pilgumpa Hoskote Taluk, Bangalore - 562114.

1.3 **"AN Chemicals" or "Transferor Company No. 2"** means Akzo Nobel Chemicals (India) Limited, a company incorporated under the Companies Act, 1956, and having its registered office at Tellus Technologies Building, 2nd Floor, 209 1B/1A, Range Hills, Pune - 411020.

1.4 **"AN Coatings" or "Transferor Company No. 3"** means Akzo Nobel Coatings India Private Limited, a company incorporated under the Companies Act, 1956, and having its registered office at Plot No 62P, 62A, 62B and 43SE, Hoskote Industrial Area, Bangalore - 562114.

1.5 **"AN India" or "Transferee Company"** means Akzo Nobel India Limited, an existing company under the Companies Act, 1956, and having its registered office at Geetanjali Apartment, 1st Floor, 8-B Middleton Street, Kolkata - 700071.

1.6 **"Appointed Date"** means the 1st day of April, 2011 or such other date as the High Court(s) or such other authorities may direct / fix.

1.7 **"Board of Directors"** or **"Board"** means the board of directors of any one or the relevant one of the Transferor Companies or the Transferee Company, as the case may be, and shall include a duly constituted committee thereof.

1.8 **"Effective Date"** means the last of the dates on which the certified true copies of the order of the High Courts sanctioning the Scheme are filed with the respective Registrar of Companies, by all the companies who are a party to this Scheme.

1.9 **"Free Reserves"** means uncommitted reserves, not being capital reserves or reserves referred to in Section 205A(3) of the Act, available without limitation for all purposes of the Act, including, for example, declaration of dividends, bonus shares, buy-back of shares.

1.10 **"Financial Statements"** means the annual accounts of AN Car, AN Chemicals, AN Coatings, quarterly/annual accounts and other financials published together with annual accounts (including cash flow statements, profit and loss account), and quarterly/public reported financial statements of AN India.

1.11 **"Government Authority"** means any applicable Central, State or local government, legislative body, regulatory or administrative authority, agency or commission or any court, tribunal, board, bureau or instrumentality thereof or arbitration or arbitral body having jurisdiction.

1.12 **"High Courts"** means the Hon'ble High Court of Calcutta having jurisdiction in relation to AN India and/ or Hon'ble High Court of Judicature at Bombay having jurisdiction in relation to AN Chemicals and/ or Hon'ble High Court of Karnataka at Bangalore having jurisdiction in relation to AN Car and AN Coatings, as the context may require and shall include National Company Law Tribunal, if applicable.

1.13 **"Record Date"** means the date to be fixed by the Board of Directors of the Transferee Company for determining names of the members of AN Car, AN Chemicals and AN Coatings, who shall be entitled to receive shares of the Transferee Company upon coming into effect of this Scheme as specified under clause 9.1, clause 9.2 and clause 9.3 respectively.

1.14 **"Scheme"** or **"the Scheme"** or **"this Scheme"** means this Scheme of Amalgamation in its present form or with any modification(s) made under clause 18 of this Scheme, as approved or directed by the High Court(s) or any other appropriate authority.

1.15 **"Transferor Companies"** means collectively AN Chemicals, AN Coatings and AN Car.

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Securities Contract Regulation Act, 1956, the Depositories Act, 1996 and other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof from time to time.

## 2. SHARE CAPITAL

Details of the share capital of the companies, as at March 31, 2011, are given below:

### 2.1 AN Car

| **Authorised Capital** | **Amount (Rs.)** |
|---|---|
| 330,000 Equity Shares of Rs. 1,000/- each | 330,000,000 |
| **Issued, Subscribed and Paid-up Capital** | **Amount (Rs.)** |
| 297,789 Equity Shares of Rs. 1,000/- each fully paid-up | 297,789,000 |

Subsequent to March 31, 2011, there has been no change in the share capital of AN Car.

### 2.2 AN Chemicals

| **Authorised Capital** | **Amount (Rs.)** |
|---|---|
| 9,900,000 Equity Shares of Rs. 10/- each | 99,000,000 |
| 10,000 Preference Shares of Rs 100/- each | 1,000,000 |
| **Issued, Subscribed and Paid-up Capital** | **Amount (Rs.)** |
| 4,900,000 Equity Shares of Rs. 10/- each fully paid-up | 49,000,000 |

Subsequent to March 31, 2011, there has been no change in the share capital of AN Chemicals.

### 2.3 AN Coatings

| **Authorised Capital** | **Amount (Rs.)** |
|---|---|
| 42,000,000 Equity Shares of Rs. 10/- each | 420,000,000 |
| **Issued, Subscribed and Paid-up Capital** | **Amount (Rs.)** |
| 765,655 Equity Shares of Rs. 10/- each fully paid-up | 7,656,550 |

Subsequent to March 31, 2011, there has been no change in the share capital ofAN Coatings.

### 2.4 AN India

| **Authorised Capital** | **Amount (Rs.)** |
|---|---|
| 41,690,000 Equity Shares of Rs. 10/- each | 416,900,000 |
| **Issued, Subscribed and Paid-up Capital** | **Amount (Rs.)** |
| 36,834,331 Equity Shares of Rs. 10/- each | 368,343,310 |

Subsequent to March 31, 2011, there has been no change in the share capital of AN India.

## 3. DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the High Court(s) or any other appropriate authority shall take effect on the Effective Date and shall then be operative as of the Appointed Date.

## PART B

## TRANSFER AND VESTING OF UNDERTAKING OF THE TRANSFEROR COMPANIES WITH AN INDIA

**4. TRANSFER AND VESTING OF UNDERTAKING**

4.1 Subject to the provisions of this Scheme as specified hereinafter and with effect from the Appointed Date, the entire business and undertakings of the Transferor Companies including all the debts, liabilities, duties and obligations, including those arising on account of taxation laws and other allied laws, of the Transferor Companies of every description and also including, without limitation, all the movable and immovable properties and other assets (whether tangible or intangible) of the Transferor Companies comprising, amongst others, all freehold land, leasehold land, allotment through grants, buildings, plants, motor vehicles, receivables, actionable claims, furniture and fixtures, computers, office equipment, electrical installations, generators, containers, ETP installations, telephones, telex, facsimile and other communication facilities and business licenses, Factories Act licenses, manufacturing licenses, permits, deposits, authorisations, approvals, insurance cover of every description, lease, tenancy rights, permissions, incentives, if any, and all other rights, patents, know-how, trademarks, copy rights, service marks, trade secrets, brands, registrations, product licenses, marketing authorisations and other intellectual property rights, proprietary rights, title, interest, contracts, consents, approvals and rights and powers of every kind, nature and description whatsoever, privileges, liberties, easements, advantages, benefits and approvals, shall, under the provisions of Sections 391 to 394 of the Act, and pursuant to the order of the High Courts sanctioning this Scheme and without further act, instrument or deed, but subject to the charges affecting the same as on the Effective Date, be transferred and/or deemed to be transferred to and vested in the Transferee Company, so as to become the properties, assets, rights, business and undertaking(s) of the Transferee Company.

4.2 Without prejudice to the generality of clause 4.1 above, in respect of the assets of the Transferor Companies, including cash and bank balances, as are movable in nature or are otherwise capable of transfer by manual delivery, by paying over or by endorsement and delivery or otherwise, the same shall be so transferred by the Transferor Companies to the Transferee Company, without requiring any deed or instrument of conveyance for the same and shall become the property of the Transferee Company as an integral part of the assets of the Transferee Company.

4.3 Without prejudice to the generality of clause 4.1 above, with effect from the Appointed Date all debts, liabilities, duties and obligations of the Transferor Companies as on the Appointed Date whether provided for or not in the books of account of the Transferor Companies and all other liabilities which may accrue or arise after the Appointed Date but which relate to the period on or up to the day of the Appointed Date shall be the debts, liabilities, duties and obligations of the Transferee Company including any encumbrance on the assets of the Transferor Companies or on any income earned from those assets.

4.4 With effect from the Appointed Date, all inter-party transactions between the Transferor Companies or any of the Transferor Companies and the Transferee Company shall be considered as intra-party transactions for all purposes from the Appointed Date.

4.5 Loans, advances and other obligations (including any guarantees, letters of credit, letters of comfort or any other instrument or arrangement which may give rise to a contingent liability in whatever form), if any, due or which may at any time in future become due between the Transferor Companies or any of the Transferor Companies and the Transferee Company shall, ipso facto, stand discharged and come to an end and there shall be no liability in that behalf on any party and appropriate effect shall be given in the books of accounts and records of the Transferee Company. It is hereby clarified that there will be no accrual of interest or other charges in respect of any inter-company loans, advances and other obligations with effect from the Appointed Date.

4.6 All existing securities, mortgages, charges, liens or other encumbrances, if any, as on the Appointed Date and created by any of the Transferor Companies after the Appointed Date, over the properties and other assets comprised in the undertaking or any part thereof transferred to the Transferee Company by virtue of this Scheme and in so far as such securities, mortgages, charges, liens or other encumbrances secure or relate to liabilities of any of the Transferor Companies, the same shall, after the Effective Date, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date and as are transferred to the Transferee Company, and such securities, mortgages, charges, liens or other encumbrances shall not relate or attach to any of the

other assets of the Transferee Company, provided however that no encumbrances shall have been created by any of the Transferor Companies over its assets after the date of filing of the Scheme without the prior written consent of the Board of Directors of the Transferee Company, except for done in the normal course of business.

4.7 The existing encumbrances over the properties and other assets of the Transferee Company or any part thereof which relate to the liabilities and obligations of the Transferee Company prior to the Effective Date shall continue to relate only to such assets and properties and shall not extend or attach to any of the assets and properties of the Transferor Companies transferred to and vested in the Transferee Company by virtue of this Scheme.

4.8 It is expressly provided that, save as herein provided, no other term or condition of the liabilities transferred to the Transferee Company is modified by virtue of this Scheme except to the extent that such amendment is required statutorily or by necessary implication.

4.9 With effect from the Appointed Date, all statutory licences, registrations, incentives, tax deferrals and benefits, carry-forward of tax losses, tax credits, tax refunds, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, permissions, approvals or consents to carry on the operations of the Transferor Companies, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by any of the Transferor Companies and all rights and benefits that have accrued or which may accrue to any of the Transferor Companies, whether before or after the Appointed Date shall stand vested in or transferred to the Transferee Company, pursuant to the Scheme, without any further act or deed and shall remain valid, effective and enforceable on the same terms and conditions and shall be appropriately mutated by the statutory authorities concerned in favour of the Transferee Company upon the vesting and transfer of the undertakings of the Transferor Companies pursuant to this Scheme.

4.10 The amalgamation of the Transferor Companies with the Transferee Company, pursuant to and in accordance with this Scheme, shall take place with effect from the Appointed Date and shall be in accordance with Section 2(1B) of the Income Tax Act, 1961.

## 5. STAFF, WORKMEN & EMPLOYEES

5.1 On the Scheme becoming effective, all staff, workmen and employees of the Transferor Companies in service on the Effective Date shall be deemed to have become staff, workmen and employees of the Transferee Company with effect from the Appointed Date or the date of joining whichever is later, without any break or interruption in their service and on the basis of continuity of service, and the terms and conditions of their employment with the Transferee Company (i.e. cost-to-company basis, in monetary terms) shall not be less favourable than those applicable to them with reference to their employment with the Transferor Companies on the Effective Date.

5.2 It is expressly provided that, on the Scheme becoming effective, the provident fund, gratuity fund, superannuation fund or any other special fund or trusts, if any, created or existing for the benefit of the staff, workmen and employees of the Transferor Companies shall become trusts/ funds of the Transferee Company for all purposes whatsoever in relation to the administration or operation of such fund or funds or in relation to the obligation to make contributions to the said fund or funds in accordance with the provisions thereof as per the terms provided in the respective trust deeds, if any, to the end and intent that all rights, duties, powers and obligations of the Transferor Companies in relation to such fund or funds shall become those of the Transferee Company. It is clarified that, for the purpose of the said fund or funds, the services of the staff, workmen and employees of the Transferor Companies will be treated as having been continuous with the Transferee Company from the date of employment as reflected in the records of the Transferor Companies.

5.3 The Transferee Company shall be authorised to nominate/ change the trustees and other governing authorities of the provident fund, gratuity fund, superannuation fund or any other special fund or trusts, created or existing for the benefit of the staff, workmen and employees of the Transferor Companies, which would become trusts/ funds of the Transferee Company, on the Scheme becoming effective.

## 6. LEGAL PROCEEDINGS

If any suit, appeal or other proceeding of whatever nature by or against any of the Transferor Companies is pending, including those arising on account of taxation laws and other allied laws, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of the arrangement by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against the Transferee Company, in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Companies, as if this Scheme had not been made.

**7. CONTRACTS, DEEDS, ETC. & POWER TO GIVE EFFECT TO THIS PART**

7.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements, licences, permits, registrations, approvals and other instruments, if any, of whatsoever nature to which the Transferor Companies are a party and subsisting or having effect on the Effective Date, shall be in full force and effect against or in favour of the Transferee Company, as the case may be, and may be enforced by or against the Transferee Company as fully and effectually as if, instead of the Transferor Companies, the Transferee Company had been a party thereto, notwithstanding the terms contained in such contracts, deeds, bonds, agreements, licences, permits, registrations, approvals and other instruments.

7.2 The Transferee Company shall enter into and/ or issue and/ or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novations, to which the Transferor Companies will, if necessary, also be party in order to give formal effect to the provisions of this Scheme, if so required. Further, the Transferee Company shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of the Transferor Companies and to implement or carry out all formalities required on the part of the Transferor Companies to give effect to the provisions of this Scheme.

**8. TAXATION MATTERS**

8.1 Upon the Scheme becoming effective, all taxes payable by the Transferor Companies under the Income-tax Act, 1961, Customs Act, 1962, Central Excise Act, 1944, State Sales Tax laws, Central Sales Tax Act, 1956 or other applicable laws/ regulations dealing with taxes/ duties/ levies (hereinafter referred to as "Tax Laws") shall be to the account of the Transferee Company; similarly all credits for tax deduction at source on income of the Transferor Companies, or obligation for deduction of tax at source on any payment made by or to be made by the Transferor Companies shall be made or deemed to have been made and duly complied with by the Transferee Company if so made by the Transferor Companies. Similarly any advance tax payment required to be made for by the specified due dates in the Tax Laws shall also be deemed to have been made by the Transferee Company if so made by the Transferor Companies. Further the Minimum Alternate Tax paid by the Transferor Companies under Section 115 JB and / or other provisions (as applicable) of the Income-tax Act, 1961, shall be deemed to have been paid on behalf of the Transferee Company, and the Minimum Alternate Tax credit (if any) of the Transferor Companies as on or accruing after the Appointed Date shall stand transferred to the Transferee Company and such credit would be available for set-off against the tax liabilities of the Transferee Company. Any refunds under the Tax Laws due to the Transferor Companies consequent to the assessments made on the Transferor Companies and for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by the Transferee Company.

8.2 All taxes of any nature, duties, cesses or any other like payments or deductions made by the Transferor Companies or any of its agents to any statutory authorities such as income tax, sales tax, and service tax, or any tax deduction / collection at source, tax credits under Tax Laws, relating to the period after the Appointed Date shall be deemed to have been on account of or paid by the Transferee Company, and the relevant authorities shall be bound to transfer to the account of and give credit for the same to the Transferee Company upon the Effective Date and upon relevant proof and documents being provided to the said authorities.

8.3 All cheques and other negotiable instruments and payment orders received in the name of the Transferor Companies after the Effective Date shall be accepted by the bankers of the Transferee Company and credited to the account of the Transferee Company. Similarly, the banker of the Transferee Company shall honour cheques issued by the Transferor Companies for payment on or after the Appointed Date and presented after the Effective Date.

## PART C

## ISSUE OF EQUITY SHARES BY AN INDIA UPON AMALGAMATION

**9. CONSIDERATION FOR THE AMALGAMATION**

9.1 Upon this Scheme becoming effective and in consideration for the amalgamation of AN Car with AN India, AN India shall, without any further application, act, instrument or deed, issue and allot equity shares, credited as fully paid-up, to the extent indicated below, to the members of AN Car, holding fully paid-up equity shares in AN Car and whose names appear in the Register of members of AN Car, on the Record Date or to such of their respective heirs, executors, administrators or other

legal representatives or other successors in title as may be recognised by the Board of Directors of AN Car in the following proportion:

"403 (Four Hundred and Three) fully paid-up equity shares of Rs. 10 each of AN India shall be issued and allotted for every 100 (One Hundred) fully paid-up equity shares of Rs. 1,000 each held in AN Car"

9.2 Upon this Scheme becoming effective and in consideration for the amalgamation of AN Chemicals with AN India, AN India shall, without any further application, act, instrument or deed, issue and allot equity shares, credited as fully paid-up, to the extent indicated below, to the members of AN Chemicals, holding fully paid-up equity shares in AN Chemicals and whose names appear in the Register of members of AN Chemicals, on the Record Date or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognised by the Board of Directors of AN Chemicals in the following proportion:

"51 (Fifty One) fully paid-up equity shares of Rs. 10 each of AN India shall be issued and allotted for every 100 (One Hundred) fully paid-up equity shares of Rs. 10 each held in AN Chemicals"

9.3 Upon this Scheme becoming effective and in consideration for the amalgamation of AN Coatings with AN India, AN India shall, without any further application, act, instrument or deed, issue and allot equity shares, credited as fully paid-up, to the extent indicated below, to the members of AN Coatings, holding fully paid-up equity shares in AN Coatings and whose names appear in the Register of members of AN Coatings, on the Record Date or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognised by the Board of Directors of AN Coatings in the following proportion:

"970 (Nine Hundred and Seventy) fully paid-up equity shares of Rs. 10 each of AN India shall be issued and allotted for every 100 (One Hundred) fully paid-up equity shares of Rs. 10 each held in AN Coatings"

9.4 The new equity shares to be issued to the members of AN Car pursuant to clause 9.1, members of AN Chemicals pursuant to clause 9.2 and the members of AN Coatings pursuant to clause 9.3 shall be in multiples of 1. Any fractional shares shall be rounded-off to the next higher multiple of 1.

9.5 In so far as the equity shares to be issued to the members of AN Car pursuant to clause 9.1, members of AN Chemicals pursuant to clause 9.2 and the members of AN Coatings pursuant to clause 9.3 are concerned, such equity shares shall be issued in dematerialised form by the Transferee Company, unless otherwise notified in writing by the shareholders of AN Car, AN Chemicals and AN Coatings to the Transferee Company on or before such date as may be determined by the Board of Directors of the Transferee Company or a committee thereof. In the event that such notice has not been received by the Transferee Company in respect of any of the members of AN Car, AN Chemicals and AN Coatings, the equity shares shall be issued to such members in dematerialised form provided that the members of the Transferee Company shall be required to have an account with a depository participant and shall be required to provide details thereof and such other confirmations as may be required. In the event that the Transferee Company has received notice from any member that equity shares are to be issued in physical form or if any member has not provided the requisite details relating to his/her account with a depository participant or other confirmations as may be required or if the details furnished by any member do not permit electronic credit of the shares of the Transferee Company, then the Transferee Company shall issue equity shares in physical form to such member or members.

9.6 The equity shares to be issued to the members of AN Car pursuant to clause 9.1, the members of AN Chemicals pursuant to clause 9.2 and the members of AN Coatings pursuant to clause 9.3 shall be subject to the Memorandum and Articles of Association of AN India and shall rank pari passu with the existing equity shares of AN India in all respects, save and except that the said equity shares shall not be eligible for dividend declared by AN India during the period commencing on the Appointed Date and ending on the Record Date (both days inclusive) .

9.7 The equity shares to be issued to the members of AN Car pursuant to clause 9.1, the members of AN Chemicals pursuant to clause 9.2 and the members of AN Coatings pursuant to clause 9.3 of this Scheme will be listed and/or admitted to trading on the Bombay Stock Exchange and National Stock Exchange, where the shares of the Transferee Company are listed and/or admitted to trading. The Transferee Company shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with the applicable laws or regulations for complying with the formalities of the said stock exchanges.

9.8 The Board of Directors of AN India shall, if and to the extent required, apply for and obtain any approvals from concerned Government and regulatory Authorities for the issue and allotment of equity shares to the members of AN Car pursuant to clause 9.1, the members of AN Chemicals pursuant to clause 9.2 and the members of AN Coatings pursuant to clause 9.3 pursuant to the Scheme.

9.9 The new equity shares to be issued by the Transferee Company to the members of AN Car pursuant to clause 9.1, the members of AN Chemicals pursuant to clause 9.2 and the members of AN Coatings pursuant to clause 9.3 of this Scheme, in respect of any shares in AN Car, AN Chemicals or AN Coatings which are held in abeyance under the provisions of Section 206A of the Act or otherwise, shall, pending allotment or settlement of dispute, by order of court or otherwise, be held in abeyance by the Transferee Company.

9.10 Approval of this Scheme by the shareholders of AN India shall be deemed to be the due compliance of the provisions of Section 81(1A) and the other relevant and applicable provisions of the Act for the issue and allotment of equity shares by AN India to the shareholders of AN Car, AN Chemicals and AN Coatings, as provided in this Scheme.

**10. INCREASE IN AUTHORISED CAPITAL OF TRANSFEREE COMPANY**

10.1 Upon the Scheme coming into effect, the authorised share capital of the Transferee Company in terms of its Memorandum of Association and Articles of Association shall automatically stand enhanced without any further act, instrument or deed on the part of the Transferee Company, including payment of stamp duty and fees payable to Registrar of Companies, and the Memorandum of Association and Articles of Association of the Transferee Company (relating to the authorised share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended, and the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment, and no further resolution(s) under Section 16, Section 31, Section 94 or any other applicable provisions of the Act, would be required to be separately passed. For this purpose, the filing fees and stamp duty already paid by the Transferor Companies on their respective authorised share capitals shall be utilised and applied to the increased share capital of the Transferee Company, and shall be deemed to have been so paid by the Transferee Company on such combined authorised share capital and, accordingly, the Transferee Company shall not be required to pay any fees/ stamp duty on the authorised share capital so increased.

10.2 Accordingly, in terms of this Scheme, the authorised share capital of the Transferee Company shall stand enhanced to an amount of Rs. 1,26,69,00,000/- divided into 12,66,90,000 equity shares of Rs. 10/- each and the capital clause being Clause 5 of the Memorandum of Association of the Transferee Company shall stand substituted to read as follows:

"5. The Capital of the Company is Rs. 1,26,69,00,000/- divided into 12,66,90,000 Equity Shares of Rs. 10/- each with the rights, privileges and conditions attaching thereto as are provided by the regulations of the Company for the time being, with power to increase and reduce the capital of the Company and to divide the shares in the Capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the Company."

10.3 Article 4 of the Articles of Association of the Transferee Company shall, on the Effective Date, also stand substituted to read as follows:

"4. The Capital of the Company is Rs. 1,26,69,00,000/- divided into 12,66,90,000 Equity Shares of Rs. 10/- each."

10.4 Upon the Scheme becoming effective, the issued, subscribed and paid-up capital of the Transferee Company shall stand suitably increased consequent upon the issuance of new equity shares in accordance with clause 9.1, clause 9.2 and clause 9.3 of this Scheme.

## PART D

## ACCOUNTING TREATMENT FOR THE AMALGAMATION IN THE BOOKS OF THE TRANSFEREE COMPANY AND DIVIDENDS

**11. ACCOUNTING TREATMENT IN THE BOOKS OF AN INDIA**

The Transferee Company shall follow the 'Pooling of Interest' method of accounting prescribed under Accounting Standard 14 issued by the Institute of Chartered Accountants of India and notified by the National Advisory Committee on Accounting Standards, Ministry of Corporate Affairs vide Notification No. G.S.R. 739(E) dated 07.12.2006, as amended from time to time, which inter alia provides for the following:

11.1 All the assets recorded in the books of account of Transferor Companies subject to clause 11.5 and 11.6 shall be recorded by the Transferee Company at their respective book values.

11.2 All the liabilities recorded in the books of the Transferor Companies subject to clause 11.5 and 11.6 shall be recorded by the Transferee Company at their respective book values.

11.3 The identity of the reserves of the Transferor Companies, if any, to the extent possible shall be preserved and they shall appear in the Financial Statements of the Transferee Company in the same form and manner, in which they appeared in the Financial Statements of the Transferor Companies, prior to this Scheme becoming effective. Accordingly, if prior to this Scheme becoming effective there is any reserve in the Financial Statements of the Transferor Companies available for distribution as dividend, the same would also be available in the Financial Statements of the Transferee Company for distribution as dividend on and after the Effective Date.

11.4 The face value of the new equity shares of the Transferee Company issued to the members of AN Car pursuant to clause 9.1, the members of AN Chemicals pursuant to clause 9.2 and the members of AN Coatings pursuant to clause 9.3 shall be credited to the equity share capital account in the books of the Transferee Company.

11.5 In case of any differences in accounting policies between the Transferee Company and the Transferor Companies, the accounting policies followed by the Transferee Company shall prevail to ensure that the Financial Statements reflect the financial position on the basis of consistent accounting policies.

11.6 The amount of any inter-company balances, amounts or investments between the Transferor Companies, appearing in the books of account of the respective Transferor Companies, shall stand cancelled without any further act or deed, upon the Scheme coming into effect, and the amounts so cancelled shall not be recorded in the books of account of the Transferee Company.

11.7 The surplus arising between (A) the aggregate values of assets of the Transferor Companies acquired and recorded by the Transferee Company in terms of clause 11.1 or cancelled in terms of clause 11.6 after making necessary adjustments as per clause 11.5, and (B) the aggregate of (a) the liabilities of the Transferor Companies acquired and recorded by the Transferee Company in terms of clause 11.2 or cancelled in terms of clause 11.6 after making necessary adjustments as per clause 11.5, (b) amount recorded as share capital issued and allotted as per clause 11.4, and (c) reserves of the Transfer Companies recorded by the Transferor Company as per clause 11.3, shall be credited to the General Reserve Account of the Transferee Company. In case of a deficit, as computed above, such deficit shall be debited to the General Reserve Account of the Transferee Company.

**12. DECLARATION OF DIVIDEND**

12.1 For the avoidance of doubt it is hereby clarified that nothing in this Scheme shall prevent the Transferee Company from declaring and paying dividends, whether interim or final, to its equity shareholders as on the respective record date for the purpose of dividend.

12.2 AN Car, AN Chemicals and AN Coatings shall not make any declaration of dividend between the date of filing of this Scheme and the Effective Date.

12.3 Until the coming into effect of this Scheme, the holders of equity shares of the Transferor Companies and the Transferee Company shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing respective rights under their respective Articles of Associations.

12.4 It is clarified that the aforesaid provisions in respect of declaration of dividends, whether interim or final, are enabling provisions only and shall not be deemed to confer any right on any member of the Transferor Companies and/or the Transferee Company to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the respective Boards of Directors of the Transferor Companies and the Transferee Company and subject, wherever necessary, to the approval of the shareholders of the Transferor Companies and the Transferee Company, respectively.

**13. TRANSACTIONS BETWEEN APPOINTED DATE AND EFFECTIVE DATE**

During the period from the Appointed Date to the Effective Date:

13.1 The Transferor Companies shall carry on and be deemed to have carried on their respective business and activities shall be deemed to have held and stood possessed of and shall hold and stand possessed of their entire businesses and undertakings for and on account of and in trust for the Transferee Company;

13.2 The Transferor Companies shall carry on their respective business and activities in the ordinary course of business with reasonable diligence and business prudence;

13.3 All the profits or income accruing or arising to the Transferor Companies or expenditure or losses incurred or arising to the Transferor Companies, shall for all purposes be treated and deemed to be and accrue as the profits or income or expenditure or losses (as the case may be) of the Transferee Company; and

13.4 The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to the Central Government and all other Government Authorities/

agencies concerned as are necessary under any law for such consents, approvals and sanctions which the Transferee Company may require to carry on the business of the Transferor Companies.

**14. SAVING OF CONCLUDED TRANSACTIONS**

Subject to the terms of this Scheme, the transfer and vesting of the undertaking of the Transferor Companies under clause 4 of this Scheme shall not affect any transactions or proceedings already concluded by the Transferor Companies on or before the Appointed Date or concluded between the Appointed Date and the Effective Date (both days inclusive), to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things made, done and executed by the Transferor Companies as acts, deeds and things made, done and executed by or on behalf of the Transferee Company.

## PART E

## DISSOLUTION OF THE TRANSFEROR COMPANIES AND THE GENERAL TERMS AND CONDITIONS APPLICABLE TO THIS SCHEME OF AMALGAMATION AND OTHER MATTERS CONSEQUENTIAL AND INTEGRALLY CONNECTED THERETO

**15. WINDING UP**

On the Scheme becoming effective, all the Transferor Companies shall stand dissolved, without being wound-up.

**16. CONDITIONALITY OF THE SCHEME**

This Scheme is and shall be conditional upon and subject to:

i. The requisite consent, approval or permission of the Central Government or any Government Authorities which by law may be necessary for the implementation of this Scheme;

ii. Approval by all the jurisdictional High Courts;

iii. The certified copies of the orders of the High Courts sanctioning the Scheme are filed with the respective Registrars of Companies by all the companies which are a party to this Scheme; and

iv. Compliance with such other conditions as may be imposed by the High Court(s).

**17. APPLICATION TO HIGH COURTS**

The Transferee Company and the Transferor Companies shall, with all reasonable despatch, make and file applications to the High Courts, within whose jurisdiction the registered offices of the Transferee Company and the Transferor Companies are situated, for sanctioning the Scheme, and for dissolution of the Transferor Companies without being wound-up.

**18. MODIFICATION OR AMENDMENTS TO THE SCHEME**

The Transferee Company and the Transferor Companies by their respective Board of Directors, or any person(s) or committee authorised/ appointed by them, may carry out or assent to any modifications/ amendments to the Scheme or to any conditions or limitations that the High Court(s) and/ or any other Government Authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them (i.e., the Board of Directors or the person(s)/ committee). The Transferee Company and the Transferor Companies by their respective Board of Directors, or any person(s) or committee authorised/ appointed by them, shall be authorised to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any directive or orders of any Government / regulatory Authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and / or any matter concerned or connected therewith.

**19. EFFECT OF NON-RECEIPT OF APPROVALS**

In the event any of the approvals or conditions enumerated in the Scheme not being obtained or complied with, or for any other reason, the Scheme cannot be implemented, the Board of Directors of the Transferee Company and the Transferor Companies shall by mutual agreement waive such conditions as they consider appropriate to give effect, as far as possible, to this Scheme and failing such mutual agreement, or in case the Scheme is not sanctioned by the High Court(s), the Scheme shall become null and void and each party shall bear and pay their respective costs, charges and expenses in connection with the Scheme.

**20. COSTS, CHARGES AND EXPENSES**

In the event of the Scheme being sanctioned by the High Courts, the Transferee Company shall bear and pay all costs, charges, expenses and taxes, including duties and levies in connection with the Scheme.

**IN THE HIGH COURT OF JUDICATURE AT BOMBAY**
**ORDINARY ORIGINAL CIVIL JURISDICTION**
**COMPANY SUMMONS FOR DIRECTION NO. 12 OF 2012**

In the matter of the Companies Act, 1956
(1 of 1956);

AND

In the matter of Sections 391 to 394 of the Companies Act, 1956;

AND

In the matter of Scheme of Amalgamation of Akzo Nobel Car Refinishes India Private Limited ("Transferor Company No. 1")

AND

Akzo Nobel Chemicals (India) Limited ("Transferor Company No. 2")

AND

Akzo Nobel Coatings India Private Limited ("Transferor Company No. 3")

AND

Akzo Nobel India Limited ("Transferee Company")

AND

their respective shareholders.

**Akzo Nobel Chemicals (India) Limited**, a company incorporated under the Companies Act, 1956 having its Registered office at Tellus Technologies Building, 2nd Floor, 209 1B/1A, Range Hills, Pune – 411020.

…….. Applicant Company

# FORM OF PROXY

I/We the undersigned, being the Equity Shareholder(s) of Akzo Nobel Chemicals (India) Limited, the Applicant Company do hereby appoint Mr./ Mrs ..... of ..... and failing him / her Mr./ Mrs ..... ..... of ..... as my / our proxy to act for me/ us at the meeting of the Equity Shareholders of the Applicant Company to be held at Tellus Technologies Building, 2nd Floor, 209 1B/1A, Range Hills, Pune – 411020, on Friday, 17th day of February, 2012 at 10.00 a.m. for the purpose of considering and, if thought fit, approving, with or without modification, the arrangement embodied in the proposed Scheme of Amalgamation of Akzo Nobel Car Refinishes India Private Limited, Akzo Nobel Chemicals (India) Limited, Akzo Nobel Coatings India Private Limited with Akzo Nobel India Limited and their respective shareholders at such meeting, and at any adjournment or adjournments thereof, to vote, for me/us and in my/our name(s) .....
(here, if for, insert 'for', if against, insert 'against', and in the latter case strike out the words "either with or without modifications" after the word "Amalgamation") the said arrangement embodied in the Scheme of Amalgamation either with or without modification(s) * as my/our proxy may approve.

Dated this ____ day of _____ , 2012 *( * Strike out what is not necessary)*

Affix Re 1/ revenue stamp

Signature across the stamp

Name : _____

Address : _____

(For Demat holding)

DP Id. _____ Client Id. _____

(For Physical holding)

Folio No. _____ No. of Shares held : _____

Signature of Shareholder(s) : _____ Sole holder / First holder _____

Second holder _____ Third holder _____

**NOTES:**

1. PROXY NEED NOT BE A MEMBER.
2. Alterations, if any, made in the Form of Proxy should be initialed.
3. Proxy must be deposited at the Registered office of the Applicant Company, not later than FORTY EIGHT hours before the time scheduled / fixed for the said meeting.
4. In case of multiple proxies, the proxy later in time shall be accepted.

# ATTENDANCE SLIP
# AKZO NOBEL CHEMICALS (INDIA) LIMITED

Registered office : at Tellus Technologies Building, 2nd Floor, 209 1B/1A, Range Hills, Pune – 411020

**PLEASE FILL THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.**

DP. Id* - _____ Folio No. - _____

Client Id* - _____ No. of Share(s) held - _____

NAME AND ADDRESS OF THE EQUITY SHAREHOLDER (in block letters):

_____

_____

NAME AND ADDRESS OF THE PROXY HOLDER (in block letters, to be filled in by the proxy attending instead of the Equity Shareholder):

_____

_____

_____

I hereby record my presence at the meeting, convened pursuant to the Order dated 13th January, 2012 of the Hon'ble High Court of Judicature at Bombay of the Equity Shareholders of the Applicant Company at Tellus Technologies Building, 2nd Floor, 209 1B/1A, Range Hills, Pune – 411020, on Friday, 17th day of February, 2012 at 10.00 a.m.

Signature of the Equity Shareholder/s or proxy:

*Applicable for shareholders holding shares in dematerialised form.

**Notes:**

1. Shareholders are requested to bring the Attendance Slip with them when they come to the meeting and hand it over at the gate after fixing their signature on it.
2. Shareholders who come to attend the meeting are requested to bring with them copy of the Scheme.

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