Akzo Nobel India Limited

CIN: L24292WB1954PLC021516
Regd Off. : Geetanjali Apartment, 1st Floor,
8-B, Middleton Street, Kolkata - 700 071
Tel: 033 - 2226 7462 **Fax:** 033 - 2227 7925

NOTICE OF POSTAL BALLOT

Dear Members

Notice is hereby given pursuant to the provisions of Section 110 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), read together with the Companies (Management and Administration) Rules, 2014 (including any statutory modification or re-enactment(s) thereof for the time being in force), that the resolution given below is proposed to be passed by the Members through postal ballot / electronic voting (e-voting):

SPECIAL BUSINESS

Resolution

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

"Resolved that pursuant to section 188 of the Companies Act, 2013 or any amendment or re-enactment thereof, and any other provisions of the said Act as may be applicable, consent of the Company be and is hereby accorded to the Board of Directors of the Company to transfer by way of sale or otherwise the Company's Specialty Chemicals Business undertaking as a whole or part thereof on such terms and conditions as the Board of Directors may consider fit and proper and to do all such things as may be considered necessary or expedient to give effect to the same".

An explanatory statement pertaining to the aforesaid resolution setting out the material facts concerning the proposal and the reasons therefor is annexed hereto along with a Postal Ballot Form/E-voting particulars for your consideration.

The Board of Directors of the Company ("Board") at its meeting held on 7 Nov 2017, has appointed Mr. A K Labh, Practicing Company Secretary, (Membership No. FCS 4848, C.P. No. 3238) and sole proprietor M/s. A K Labh & Co., Company Secretaries, 40 Weston Street, 3rd Floor, Kolkata 700 013 as the Scrutinizer ("Scrutinizer") for conducting the postal ballot / e-voting process in a fair and transparent manner.

Members are requested to carefully read the instructions printed in the Postal Ballot Form and return the same duly completed in the enclosed self-addressed Business Reply Envelope so as to reach the Company not later than 17:00 hours IST on 18 December 2017. Postage will be borne and paid by the Company. Postal Ballot Forms, if sent at the expense of the Members, will also be accepted. The Postal Ballot Forms may also be deposited personally at the address given on the Business Reply Envelope. Please note that, Postal Ballot Forms received after 17:00 hours IST on 18 December, 2017 shall be deemed invalid.

Members desiring to opt for e-voting as per the facilities arranged by the Company are requested to read the instructions under the section 'Voting through Electronic Means', annexed to this Notice. References to postal ballot(s) in this Postal Ballot Notice include votes received electronically.

The Scrutinizer will submit his report to the Chairman or any other authorized person of the Company after the completion of the scrutiny of the postal ballots, including e-voting. The result of the postal ballot shall be declared by the Chairman or any other authorized person at the registered office of the Company by 17:00 hours IST on 22 December 2017 and communicated on the same day to the stock exchanges, depositories, registrar and share transfer agents and shall also be displayed on the Company's website, **www.akzonobel.com/india.**

by order of the Board of Directors
for Akzo Nobel India Limited

Gurugram
7 November 2017

R Guha
Company Secretary

Registered office:
Geetanjali Apartment, 1st Floor
Middleton Street,
Kolkata 700 071

NOTES

1. The explanatory statement pursuant to Section 102 of the Act stating all material facts and the reasons for the proposal is appended herein below.

2. The Postal Ballot Notice is being sent to the Members whose names appear on the Register of Members / List of Beneficial Owners as received from the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as on 10 November, 2017. The Postal Ballot Notice is being sent to Members in electronic form to the email addresses registered with their Depository Participants (in case of electronic shareholding) / the Company's registrar and share transfer agent (in case of physical shareholding). For Members whose email IDs are not registered, physical copies of the Postal Ballot Notice are being sent by permitted mode along with a postage-prepaid self-addressed Business Reply Envelope.

3. Members whose names appear on the Register of Members / List of Beneficial Owners as on 10 November, 2017 will be considered for the purpose of voting. A person who is not a Member as on the relevant date should treat this notice for information purposes only.

4. Resolutions passed by Members with requisite majority, through postal ballot shall be deemed to have been passed at a General Meeting of Members convened on that behalf.

5. Members can opt for only one mode of voting, i.e., either by physical ballot or e-voting. In case Members cast their votes through both the modes, voting cast through e-voting shall be treated as valid and votes cast through physical Postal Ballot Forms will be treated as invalid.

6. In case a Member wishes to obtain a printed Postal Ballot Form or a duplicate, he or she may send an email to investor.india@akzonobel.com. The registrar and share transfer agent / Company shall forward the same along with postage-prepaid self-addressed Business Reply Envelope to the Member.

7. Voting rights shall be reckoned on the paid-up value of shares registered in the name of the Members as on 10 November, 2017. The postal ballot period commences on 19 November, 2017 (09:00 hours IST) and ends on 18 December, 2017 (17:00 hours IST).

8. In compliance with Sections 108 and 110 of the Companies Act, 2013 and the Rules made thereunder, the Company has provided the facility to Members to exercise their votes electronically and to vote on the resolution through the e-voting service facility arranged by NSDL.

9. Members cannot exercise votes by proxy.

10. Members wishing to exercise their vote by physical postal ballot are requested to carefully read the instructions printed on the Postal Ballot Form and return the Form duly completed and signed, in the enclosed self-addressed Business Reply Envelope to the Scrutinizer, so that it reaches the Scrutinizer not later than the close of working hours (i.e. 17:00 hours IST) on 18 December, 2017.

11. The resolution, if passed by the requisite majority, shall be deemed to have been passed on 18 December, 2017 i.e the last date specified for receipt of duly completed postal ballot forms or e-voting. All the material documents referred to in the explanatory statement will be available for inspection at the registered office of the Company during office hours on all working days from the date of dispatch until the last date for receipt of votes by postal ballot / e-voting.

EXPLANATORY STATEMENT

(Pursuant to Section 102 of the Companies Act, 2013)

The Specialty Chemicals Business of the Company (the 'Business') includes the Mahad manufacturing facility for Polymer Chemistry range of products and a Trading portfolio in Polymer and Surface Chemistry products sourced from other units of AkzoNobel.

About 80 employees are currently working with the Business.

In the year ended 31 March 2017, the Business recorded revenue of Rs 2,641 million and segment profit of Rs 215 million. During the six months ended 30 September 2017, the revenue from the segment was Rs 1,153 million and profit was Rs 41 million (This represents 7.7% of Revenue and 3.6% of PBT of Akzo Nobel India Limited).

Akzo Nobel NV ('AkzoNobel') announced in April 2017 its intention to separate its Specialty Chemicals Business from its Paints and Coatings Business to create two focused and separate businesses. The Specialty Chemicals Business of Akzo Nobel India Limited is closely integrated with the global Specialty Chemicals Business of AkzoNobel. Given

this interdependency, the Board of Directors believes it will be in the best interest of the shareholders, concerned employees and customers that the India Specialty Chemicals Business is also divested to the said Specialty Chemicals global entity or its affiliate.

KPMG India Pvt Limited, a reputed valuation firm, has carried out an independent valuation of the Business and has recommended a value in the range of Rs 3,129 million to Rs 3,254 million. A copy of the aforesaid report will be available for inspection at the registered office of the Company on any working day between 11:00 hours and 17:00 hours upto 18 December 2017.

M/s ICICI Securities, a SEBI registered Merchant Bank, has evaluated the process followed in the valuation of the Business and have advised that in their opinion, the value range for the Business as recommended by the valuers, which forms the basis of the proposed transaction is fair and reasonable.

Taking into account the aforesaid Independent Valuation report and fairness opinion, the Board of Directors recommends for approval by the Members, a proposal to transfer the Specialty Chemicals business of the Company as a going concern. Salient features of the proposal are:

- The Specialty Chemicals Business may be transferred to an affiliate of Akzo Nobel NV as a going concern by way of a slump sale.
- The consideration for the transfer of the Business will be Rs 3,200 million, subject to adjustment for Net Working Capital on the date of transfer and payable in cash.
- All employees in the Specialty Chemicals business will be transferred to the purchaser with continuity of service on terms no less favourable than those prevailing on the transfer date.
- The transaction will be implemented after receiving the approval of shareholders and all other necessary statutory approvals.

Section 180(1)(a) of the Companies Act, 2013 (the 'Act') provides that the Board of Directors of a public company shall not, without the consent of such public company by way of a special resolution, sell, lease, or otherwise dispose of the whole or substantially the whole of the undertaking of the Company or where the company owns more than one undertaking, the whole or substantially the whole of any such undertaking. The said section also defines an undertaking 'as an undertaking in which the investment of the company exceeds twenty per cent of its net worth as per the audited balance sheet of the preceding financial year or an undertaking which generates twenty per cent of the total income of the company during the previous financial year'.

The Specialty Chemicals undertaking proposed to be divested will not fall within the aforesaid criteria and accordingly the requirement of approval of the shareholders by means of a special resolution would not apply.

However, the aforesaid proposal to transfer the Specialty Chemicals Business of the Company would qualify as a material Related Party Transaction in terms of section 188 of the Act, not in the ordinary course of business and needs to be approved by the shareholders. In accordance with the said section read with regulation 23 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015, the shareholding entities of the Company belonging to the AkzoNobel Group, being 'Related Parties', shall abstain from voting on the proposed resolution.

The Board has at its meeting held on 7 November 2017, resolved to seek the approval of shareholders for the aforesaid proposal through Postal Ballot as envisaged under sec 110 of the Act. This resolution is therefore being sent to the members for recording their assent or dissent in the ballot form attached hereto or through the e-voting.

The purpose of this resolution is to authorize the Board to transfer the undertaking of the Specialty Chemicals Business as aforesaid, subject to obtaining all other necessary statutory approvals, on terms and conditions mentioned above or on such modified terms as the Board may consider fair and reasonable.

No Director or Key Managerial Personnel (KMP) of the Company has any concern or interest in the resolution except to the extent of their shareholding in the Company and/ or their employment with the Company or with Akzo Nobel NV as the case may be and/ or the value of underlying shares of Akzo Nobel NV due to them under the terms of their employment.

By Order of the Board

Gurugram
7 November 2017

R Guha
Company Secretary

VOTING THROUGH ELECTRONIC MEANS

In compliance with Regulation 44, SEBI Listing Obligation and Disclosure Requirements, 2015 (the "Listing Regulations") and Sections 108, 110 and other applicable provisions of the Companies Act, 2013, read with the related Rules, the Company is pleased to provide e-voting facility to all its Members, to enable them to cast their votes electronically instead of dispatching the physical Postal Ballot Form by post. The Company has engaged the services of NSDL for the purpose of providing e-voting facility to all its Members.

The instructions for e-voting are as follows:

1. Members whose email addresses are registered with the depository participant(s) will receive an email from NSDL informing them of their User ID and password. Once the Member receives the email, he or she will need to go through the following steps to complete the e-voting process :

    a. Open email and open the PDF file titled 'akzonobelevoting.pdf' using your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that this password is an initial password.

    NOTE : Shareholders already registered with NSDL for e-voting will not receive the PDF file 'akzonobelevoting.pdf'.

    b. Launch your internet browser and type the following URL: http://www.evoting.nsdl.com. Click on Shareholder – Login.

    c. Enter the user ID and password (as mentioned in step 1.a or provided in the physical Postal Ballot Form). Click on Login.

    d. The Password change menu will appear. Change the password to a password of your choice. The new password should have a minimum of 8 digits/ characters or a combination thereof. It is strongly recommended that you do not share your password with any other person and take utmost care to keep your password confidential.

    e. The homepage of e-voting will open. Click on e-voting: Active Voting Cycles.

    f. Select 'EVEN' (E-Voting Event Number) of Akzo Nobel India Limited.

    g. Now you are ready for e-voting as the 'Cast Vote' page opens.

    h. Cast your vote by selecting the option of your choice and click on 'Submit', and also remember to 'Confirm' when prompted.

    i. On confirmation, the message 'Vote cast successfully' will be displayed.

    j. After you have voted on a resolution once, you will not be allowed to modify your vote.

    k. Institutional Members (i.e. other than individuals, HUF, NRI etc.) are required to send a scanned copy (PDF / JPG format) of the relevant Board resolution/ authorization letter etc., together with attested specimen signature of the authorized signatory(ies) who is / are authorized to vote, to the Scrutinizer via email to aklabhcs@gmail.com with a copy marked to evoting@nsdl.co.in.

2. For members whose email IDs are not registered with Depository Participant(s) and who receive the physical Postal Ballot Forms, the following instructions may be noted:

    a. The initial user ID and password is provided at the bottom of the Postal Ballot Form.

    b. Please follow the instructions from 1.b to 1.k to cast your vote.

3. In case of any queries, you may refer to the Frequently Asked Questions (FAQs) and e-voting user manual for Members available in the 'Downloads' section of www.evoting.nsdl.com. Members can also call on toll free no.: 1800-222-990.

4. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the 'Forgot User Details / Password' option available on the site to reset the password.

5. If you are already registered with NSDL for e-voting, then you can use your existing user ID and password for casting your vote.

    NOTE: Shareholders who forgot the User Details/ Password can use "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com.

    In case of shareholders holding shares in demat mode, user ID is the combination of DPID + Client ID.

    In case of shareholders holding shares in physical mode, user ID is the combination of EVEN No + Folio No.

6. The e-voting period commences on 19 November, 2017 (09:00 hours IST) and ends on 18 December, 2017 (17:00 hours IST). During this period, Members of the Company holding shares either in physical form or in dematerialized form, as on the relevant date i.e. 10 November 2017, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by a Member, he or she will not be allowed to change it.

7. The voting rights of Members shall be in proportion to their share of the paid-up equity share capital of the Company as on the relevant date i.e. 10 November, 2017. Voting rights in the postal ballot / e-voting cannot be exercised by a proxy, though corporate and institutional shareholders shall be entitled to vote through their authorized representatives with proof of their authorization.

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POSTAL BALLOT FORM

Sl No. :.....

Name & Registered Address of the Shareholder
Joint holder, if any
Folio / D.P. & Client I.D. No
No. of Equity Shares held

I / We hereby exercise my / our vote in respect of the following Ordinary Resolution to be passed through Postal Ballot for the business stated in the Postal Ballot Notice dated 7 November, 2017, by sending my / our assent or dissent to the said resolution by placing tick [✓] mark in the appropriate box below :

Description	No. of shares	I/We assent to the resolution	I/We dissent to the resolution
To consider and approve transfer by way of sale or otherwise the Company's Specialty Chemicals business undertaking.			

Place :

Date :

Signature of Shareholder / Authorised Signatory

ELECTRONIC VOTING PARTICULARS

EVEN (E-voting Event Number)	USER ID	PASSWORD/PIN

Note: To vote electronically, please follow the instructions given under section 'Voting through Electronic Means' annexed to the Notice.

INSTRUCTIONS

1. A shareholder desiring to exercise vote may complete this Postal Ballot form in original and send it to the Scrutinizer in the attached pre-addressed envelope on which postage will be paid by the company. However, envelopes containing Postal Ballot forms, if sent by courier or registered post, at the expense of the shareholder, will also accepted.

2. This form should be completed and signed by the shareholder. In case of joint holding, this form should be completed and signed (as per the specimen signature registered with the Company) by the first named shareholder and in his absence, by the next named shareholder.

3. Unsigned Postal Ballot forms will be rejected.

4. **Duly completed Postal Ballot form should reach the Scrutinizer not later than 17:00 hours on 18 December, 2017.** All Postal Ballot forms received after this date will be strictly treated as if reply from such shareholder has not been received.

5. In case of shares held by companies, trusts, societies etc, duly completed Postal Ballot form should be accompanied by a certified true copy of Board Resolution/Authority.

6. Voting rights have been reckoned on the paid up value of the shares registered in the name of the shareholders as on 10 November, 2017.