KANORIA CHEMICALS & INDUSTRIES LIMITED

Registered Office: 'Park Plaza', 71, Park Street, Kolkata 700 016

NOTICE TO THE MEMBERS OF THE COMPANY

Pursuant to Section 192A of the Companies Act, 1956

NOTICE is hereby given that the Resolution detailed below is proposed to be passed by Postal Ballot in accordance with the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001.

The proposed Resolution and the Explanatory Statement for the same are appended below for consideration of the Members. The attached Postal Ballot Form is to be used by the Members for the purpose of exercising votes in respect of the said resolution.

Please read carefully the instructions printed on the Postal Ballot Form and return the Form duly completed and signed in the attached self-addressed envelope so as to reach the Scrutinizer on or before the close of business hours on 20th May, 2011.

The Board of Directors of the Company has appointed Shri H. M. Choraria, a practicing Company Secretary, as the Scrutinizer for conducting the Postal Ballot voting process. He will hold the position of the Scrutinizer from the date of posting of this notice until submission of his Report to the Company.

In the event, the proposed resolution is approved by requisite majority of shareholders by means of Postal Ballot, the date of declaration of result shall be deemed to be the date of passing of the said resolution.

As an Ordinary Resolution

"RESOLVED that the consent of the shareholders of the Company under Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, be and is hereby given to the Board of Directors of the Company to sell, transfer or otherwise dispose of the Company's Chloro Chemicals Division, comprising of manufacturing facilities at Renukoot, Uttar Pradesh and Salt Works at Gujarat, on slump sale and going concern basis to Aditya Birla Chemicals (India) Limited at a consideration of Rs. 830 Crore (Rupees eight hundred thirty Crore only), on the terms and conditions contained in the Agreement entered into between the Company and Aditya Birla Chemicals (India) Limited on 16th April, 2011, and/or on such other modified terms and conditions as may be agreed and considered desirable or expedient by the Board of Directors of the Company."

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to do, execute and perform all such acts, deeds and things as they may consider necessary, desirable and expedient in order to give effect to and implement the above resolution and the matters related thereto, including agreeing to such condition(s) or modification(s) as may be required in this connection and that all acts done or caused to be done by and / **or** with the authority of the Board of Directors of the Company in this behalf are hereby confirmed and ratified."

Registered Office
'Park Plaza'
71, Park Street
Kolkata-700 016
16th April, 2011

By Order of the Board

N. K. Sethia
Company Secretary

P.T.O.

Notes

1. Explanatory Statement setting out all material facts as required under Sections 173 and 192A of the Companies Act, 1956, is appended.

2. A Postal Ballot Form along with prepaid self addressed envelope is sent herewith. Members are requested to indicate their assent or dissent about the aforesaid business in the Postal Ballot and return the same to Scrutinizer not later than the close of working hours on Friday, the 20th May, 2011. Postal Ballot Form received after this date will be strictly treated as if the reply from the Member has not been received.

3. The above resolution requires consent of the shareholders through Postal Ballot.

4. The resolution, if assented to by requisite majority, shall be taken as passed on Monday, the 23rd May, 2011.

5. The result of the Postal Ballot Voting, after the same is reported by the Scrutinizer to the Company, will be announced at the Registered Office of the Company at "Park Plaza", 71 Park Street, Kolkata-700 016, on Monday, the 23rd May, 2011. The result will also be published in the newspapers and posted on the Company's website **www.kanoriachem.com** besides communicating the same to the Stock Exchanges where the shares of the Company are listed.

6. All documents referred to in the above Notice and accompanying explanatory statement are open for inspection at the Registered Office of the Company on all working days (except Sundays and holidays) between 11.00 A. M. and 1.00 P. M. up to the last date of receipt of Postal Ballot i.e Friday, the 20th May, 2011.

Explanatory Statement pursuant to Section 173 of the Companies Act, 1956:

The Company, *inter alia*, operates in Chloro Chemicals business, consisting of Chemical manufacturing and Power generating Plants situated at Renukoot, District Sonebhadra (U.P) and Salt Works at Gujarat. The Chloro Chemicals business involves a hazardous and risky manufacturing process. Over the past years, the returns from the said business have not been commensurate with the investments and risks involved in it. Further capital expenditure was needed for this division to maintain the older sections of the plants as also to replace the Mercury Cell based Caustic Soda plant with the new generation plant based on Membrane Cell technology, which would have led to greater indebtedness and also added to risks.

The Company negotiated with Aditya Birla Chemicals (India) Limited and the Board of Directors in its meeting held on 16th April, 2011, approved the execution of an Agreement with Aditya Birla Chemicals (India) Limited for transfer, by way of slump sale and on a going concern basis, the Chloro Chemical business consisting of manufacturing units situated at Renukoot, Uttar Pradesh and Salt Works at Gujarat, subject to the approval of the shareholders of the Company and other necessary approvals. The sale of the Chloro Chemicals business will enable the Company to expand in its other existing businesses as well as bring opportunities in new and related businesses through both organic growth and acquisitions. The Consideration has been arrived at on the basis of mutual negotiations.

Section 293 (1) (a) of the Companies Act, 1956 provides, inter alia, that the Board of Directors of a Public Limited Company shall not, without the consent of the shareholders, 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, of the whole or substantially the whole of any such undertaking. Since sale of Company's Chloro Chemicals business is disposal of the Company's undertaking within the meaning of Section 293(1)(a) of the Companies Act, 1956, it is, therefore, necessary to obtain consent of the Members for the same. Further, as per the provisions of Section 192A of the Companies Act, 1956, read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, any resolution for sale of any undertaking of the Company is required to be passed by way of Postal Ballot. Hence, the Ordinary Resolution as set out in the Postal Ballot Notice is intended for your approval.

04/11

None of the Directors of the Company is concerned or interested in the resolution.

Registered Office
'Park Plaza'
71, Park Street
Kolkata-700 016
16th April, 2011

By Order of the Board

N. K. Sethia
Company Secretary

INSTRUCTIONS

1. A Member desiring to exercise vote by Postal Ballot may complete this Postal Ballot Form and send it to the Scrutinizer in the attached self-addressed envelope. Postage will be borne and paid by the Company. However, envelope containing Postal Ballot, if sent by courier at the expenses of the registered shareholder will also be accepted.

2. The self-addressed envelope bears the name and address of the Scrutinizer appointed by the Board of Directors of the Company.

3. This form should be completed and signed by the Member. 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.

4. Incomplete and unsigned Postal Ballot Form will be rejected. Defaced and/or mutilated Postal Ballot Forms would be dealt with by the Scrutinizer in his absolute discretion. The Scrutinizer's decision on the validity of a Postal Ballot will be final.

5. The right of voting by Postal Ballot should not be exercised by Proxy.

6. Duly completed Postal Ballot Form should reach the Scrutinizer not later than the close of working hours on Friday, the 20th May, 2011. Postal Ballot Form received after this date will be strictly treated as if the reply from the Member has not been received.

7. A Member may request for a duplicate Postal Ballot Form, if so required, and the same duly completed should reach the Scrutinizer not later than the date and time specified herein above.

8. Voting rights shall be reckoned on the paid up value of shares registered in the name of the shareholders on the date of the attached notice.

9. In case of shares held by the companies, trusts, societies etc., the duly completed Postal Ballot Form should be accompanied by a Certified True Copy of the Board Resolution/Authority and attested specimen signature(s) of the duly authorized signatory(s) giving requisite authority to the person voting on the Postal Ballot Form.

10. Members are requested not to send any other paper along with the Postal Ballot Form in the enclosed self-addressed envelope.

KANORIA CHEMICALS & INDUSTRIES LIMITED

Registered Office: 'Park Plaza', 71, Park Street, Kolkata 700 016

POSTAL BALLOT FORM

(1) Postal Ballot No. :

(2) Name(s) of shareholder(s) :
(in block letters)
(including Joint holders, if any)

(3) Registered address of the sole/
first-named Shareholder :

SPECIMEN

(4) i) Registered Folio No. :

ii)* DP ID. / Client ID. :

* (Applicable to investors holding share(s) in Demat form)

(5) No. of Share(s) held :

(6) I / We hereby exercise my / our vote in respect of the Resolution to be passed through Postal Ballot for the business stated in the notice of the Company dated 16th April, 2011 by sending my/our assent or dissent to the said Resolution by placing tick (✓) mark at the appropriate box below:

Description	No. of Shares	I/We assent to the resolution	I/We dissent to the resolution
Ordinary Resolution under Section 293(1)(a) of the Companies Act, 1956.			

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04/11

Place :

Date :

.....
(Signature of the Shareholder)

Note: Please read the instructions carefully, printed overleaf before exercising the vote.