AkzoNobel

TO THE MEMBERS OF
AKZO NOBEL INDIA LIMITED

Disclosure under Section 302 of the Companies Act, 1956

The Board of Directors of the Company (the 'Board') vide its resolutions dated 30 January 2014 and 21 February 2014 has, subject to the approval of the Members, appointed Mr Jayakumar Krishnaswamy (hereinafter referred to as 'Mr Jayakumar') as the Managing Director of the Company for a period of five years with effect from 01 March 2014 and not liable to retirement by rotation in terms of the Articles of Association of the Company.

The Board, has also approved the terms of his appointment and remuneration as contained in the agreement dated 03 March 2014 between Mr Jayakumar and the Company (the 'Agreement').

As required under Section 302 of the Companies Act, 1956, (the 'Act') an abstract of the main terms and conditions of the appointment of Mr Jayakumar as the Managing Director of the Company together with the memorandum of concern or interest is given below:

1. Term
5 years with effect from 01March 2014, subject to the rules of the Company.

2. Emoluments
Subject to the overall limits specified herein and as laid down in Sections 198 and 309 of the Act, Mr Jayakumar will be paid the following:

a) **Base Salary**
Basic Salary and allowances including Leave Travel Allowance: Rs.714,235 per month Mr Jayakumar shall be entitled to such other allowances as may be approved by the Board from time to time as per the rules of the Company.

b) **Commission/ Annual Bonus and Deferred Performance Pay (Long Term Incentive Plan)**
As may be approved by the Board for each financial year based on the performance against agreed criteria subject to the overall ceiling as laid down in Section 309(5) of the Act and after taking into account all relevant circumstances.

c) **Perquisites**
The following perquisites would be provided by the Company, subject to tax as applicable:

I) **Accommodation:** Residential accommodation subject to the Rules of the Company.
II) **Car and Telephone:** Provision of car for use on Company's business and telephone at residence. These will not be considered as perquisites. However, personal long distance calls on telephone shall be billed by the Company.
III) **Contribution to Retiral Benefit Funds**

a) Mr Jayakumar will continue as a member of the Company's Provident Fund Scheme with the Company's contribution not exceeding the limit permissible under law (currently 12% of the basic salary).

b) Mr Jayakumar will be entitled to pension benefits in accordance with the Pension Scheme. The Company's contribution will be 15% of his Basic Salary.

Provided however that the contribution to the Pension Fund shall not, together with the Company's contribution to the Provident Fund, exceed the maximum limit permissible under law.

c) Mr Jayakumar will be entitled to Gratuity in accordance with the Gratuity Scheme at a rate not exceeding half a month's salary for each completed year of service.

IV) **Club Fees**: Fees of two clubs.
V) **Leave:** Leave on full pay and allowances, as per rules of the Company, but not exceeding 30 days leave for every 12 months of service.
VI) **Encashment of Leave:** At the end of tenure of office and/or retirement/ resignation from the services of the Company, in accordance with the Company's rules.
VII) **Medical Benefits:** Reimbursement of expenses actually incurred for self and family.
VIII) **Personal Accident/Medical Insurance:** As per Company policy. t.

For calculating the monetary value of the perquisites, they shall be valued as per Income Tax Rules wherever applicable and in the absence thereof, at cost.

Mr Jayakumar shall have the option to forego any of the perquisites as above and opt for an allowance in lieu thereof, as per rules of the Company and as approved by the Board.

The Board may review and determine from time to time any revision and/or modification in the above perquisites during the tenure of his appointment.

The aforesaid remuneration shall be subject to the limit of Rs 2.5 million per month as approved by the shareholders of the Company on 22 July 2011 or any subsequent amendment thereof.

The Board while approving any change in the remuneration of Mr Jayakumar in his Base Salary, Commission/ Annual Bonus and Deferred Performance Pay (Long Term Incentive Plan) and Perquisites, may take into account the recommendations of the Remuneration & Nominations Committee.

3. Minimum Remuneration
In the event of absence or inadequacy of profit of the Company in any financial year, Mr Jayakumar will be entitled to receive such minimum remuneration as is permissible under the provisions of the Act.

4. Termination
The Agreement provides that either party may terminate the appointment by giving to the other three months' previous notice in writing or such other shorter period as may be mutually agreed between the Board and Mr Jayakumar.

If and when this Agreement expires or is terminated for any reason whatsoever, Mr Jayakumar will cease to be the Managing Director and also cease to be Director. If at any time, Mr Jayakumar ceases to be Director of the Company for any reason whatsoever, he will cease to be the Managing Director and this Agreement will forthwith terminate. If at any time, Mr Jayakumar ceases to be in the employment of the Company for any reason whatsoever, he will cease to be a Director and Managing Director of the Company.

5. The appointment of Mr Jayakumar as Managing Director and the remuneration payable to him as aforesaid are to be approved by the shareholders at the next General Meeting in terms of Section 269 of the Act.

6. The terms of MrJayakumar's appointment, his duties and various obligations are more fully set out in the said Agreement dated 03 March 2014, which will be available for inspection by any member at the registered office of the Company between 10 am to 12 noon on any working day (excluding Saturdays).

Memorandum of Interest of Directors

None of the Directors of the Company have any interest or concern in the above appointment and payment of remuneration except Mr Jayakumar Krishnaswamy as it relates to his own appointment and remuneration.

By order of the Board of Directors

R Guha
Company Secretary

Gurgaon, 07March 2014