

**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 resolution dated 30 August 2013 has, subject to the approval of the Members, appointed Mr Himanshu Agarwal (hereinafter referred to as 'Mr Agarwal') as a Wholetime Director of the Company for a period of five years with effect from 02 September 2013. The Board, vide resolution as aforesaid has also approved the terms of his appointment and remuneration as contained in the agreement dated 2 September 2013 between Mr Agarwal 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 Agarwal as a Wholetime Director of the Company together with the memorandum of concern or interest is given below:

### **1. Term**

5 years with effect from 02 September 2013, 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:

#### **a) Base Salary**

Basic Salary and allowances including Leave Travel Assistance: Rs. 6,39,504 per month

Mr Agarwal 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.

Mr Agarwal will be paid once off Bonus and reimbursement of expenses to facilitate his joining the Company within the desired timeframe, subject to his fulfilling certain conditions, upto a maximum of Rs 2m.

#### **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 Agarwal will become 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 Agarwal will be entitled to pension benefits in accordance with the Pension Fund Rules applicable to the Company's Management Staff. The Company's contribution will be 15% of his Basic Salary.  
Provided however that the contributions 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 Agarwal will be entitled to Gratuity in accordance with the Fund Rules of the ICI India Management Staff Gratuity Fund not exceeding half a month's salary for each completed year of service.
- iv) **Club Fees:** Fees of one club.
- 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, 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.

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 Agarwal 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 limits on remuneration specified in the resolution approved by the shareholders at the Annual General Meeting held on 22 July 2011.

The Board while approving any change in the remuneration of Mr Agarwal 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 Agarwal 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 Agarwal.

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

- 5. The appointment of Mr Agarwal as Wholetime 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 Mr Agarwal's appointment, his duties and various obligations are more fully set out in the said Agreement dated 2 September 2013, 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 your Company are interested in the above appointment and payment of remuneration except Mr Himanshu Agarwal as it relate to his own appointment.

By Order of the Board of Directors

**R Guha**  
*Company Secretary*

Gurgaon, 10 September 2013

## **AKZO NOBEL INDIA LIMITED**

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