Digitalization of Operations

Where Technology Meets Paint.

KANSAI NEROLAC PAINTS LIMITED

DIGITALIZATION OF OPERATIONS

In today's hypercompetitive business environment, companies constantly need to be receptive to market cues and stakeholder demands in order to generate maximum value. Operating in a market where competitive advantage is gained and lost rapidly, continuous innovation and reinvention is the only true competitive advantage. Kansai Nerolac Paints Limited (KNPL) has always viewed IT as being strategic to creating stakeholder value.

With the ability to drive organization-wide process optimization and change, Digitalization has strongly emerged as a tool to achieve desired business results. KNPL has wholly embraced digitalization, driving process integration and improvement initiatives throughout the Company's operations.

Digitalization at KNPL is not just limited to process automation, but goes well beyond it. The Company deploys digitalization capabilities for continuous end-to-end process re-engineering and business process optimization. KNPL endeavours to capture and use data efficiently and to generate actionable insights. Quantification of critical daily operations and converting it to meaningful actions allows regular performance tracking and improvement.

Achieving high customer satisfaction is the cornerstone of all our business optimization initiatives. In order to ensure a hassle-free service experience for customers, KNPL has leveraged digitalization to re-imagine its systems for order placement, feedback, and efficient complaint resolution. Similar systems have been developed for the Company's dealer partners to place orders and highlight grievances.

Systems have been made available to the Sales Team which provides the team with on-ground actionable market insights, aiding them in positively impacting the top-line.

Focus on digitalization also extends to KNPL's marketing activities. The year witnessed increased spend on digital media marketing initiatives, spanning across a variety of websites and social media platforms.

To bring about improved performance management and appraisal system, the HR function makes extensive use of performance reports. These reports enable employees to track their performance and aid them in improving their productivity. The Company has also implemented online compliance tracking systems that ensure strict adherence to statutory and regulatory compliances.

Digitalization is a journey that the Company will continue to forge ahead on in the years to come so as to drive business growth and generate value for all its stakeholders.

DIRECTORS

P. P. SHAH	(Chairman)
D. M. KOTHARI	(Vice Chairman)
H. M. BHARUKA	(Managing Director)
N. N. TATA	
P. D. CHAUDHARI	(Wholetime Director)
M. TANAKA	
H. FURUKAWA	
MRS. B. SOMAYA	
S. ASATSUMA	

COMPANY SECRETARY

G. T. GOVINDARAJAN

BANKERS

- UNION BANK OF INDIA
- STANDARD CHARTERED BANK
- HDFC BANK LTD.
- BNP PARIBAS

AUDITORS

B S R & CO. LLP, MUMBAI

SOLICITORS

KANGA & CO., MUMBAI

REGISTERED OFFICE

NEROLAC HOUSE, GANPATRAO KADAM MARG,
LOWER PAREL, MUMBAI-400 013
Tel: +91-22-24934001
Fax: +91-22-24973704
Website: www.nerolac.com
Investors Relations e-mail Id: investor@nerolac.com
Corporate Identity Number (CIN): L24202MH1920PLC000825

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KANSAI NEROLAC PAINTS LIMITED

Registered Office : 'Nerolac House', Ganpatrao Kadam Marg, Lower Parel, Mumbai 400013.
Tel: +91-22-24934001 • Fax: +91-22-24973704 • Website: www.nerolac.com
Investors Relations e-mail Id: investor@nerolac.com • Corporate Identity Number (CIN): L24202MH1920PLC000825

NOTICE

Notice is hereby given that the Ninety-Sixth Annual General Meeting of KANSAI NEROLAC PAINTS LIMITED will be held at M. C. Ghia Hall, Bhogilal Hargovindas Building, 4th Floor, 18/20, Kaikhushru Dubash Marg, Behind Prince of Wales Museum, Kala Ghoda, Mumbai – 400001 on Wednesday, 22nd June, 2016 at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Financial Statements of the Company for the year ended 31st March, 2016 including audited Balance Sheet as at 31st March, 2016 and Statement of Profit and Loss for the year ended on that date and the Reports of the Directors and the Auditors thereon.

2. To declare a dividend of ₹ 3.05 (305%), including a special dividend of ₹ 1.25 (125%), per Equity Share of the nominal value of ₹ 1 each for the year ended 31st March, 2016.

3. To appoint a Director in place of Mr. P. D. Chaudhari (holding DIN 02171823), who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint a Director in place of Mr. M. Tanaka (holding DIN 06566867), who retires by rotation and being eligible, offers himself for re-appointment.

5. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

   "RESOLVED that pursuant to the provisions of Sections 139, 141 and 142 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory amendment(s) or re-enactment(s) thereof, for the time being in force), B S R & Co. LLP, Chartered Accountants (Registration No. 101248W/W-100022), be and are hereby re-appointed as Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and that their remuneration be fixed by the Audit Committee in addition to the reimbursement of service tax and actual out of pocket expenses incurred in connection with the audit of accounts of the Company for the financial year ending 31st March, 2017."

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:

   "RESOLVED that pursuant to provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 2013, (the Act), read with the Companies (Management and Administration) Rules, 2014 (including any statutory amendment(s) or enactment(s) thereof for the time being in force), the Company hereby approves that the Register of Members and the Index of Members maintained under Section 88 of the Act and copies of the Annual Returns prepared under Section 92 of the Act, together with the copies of certificates and documents required to be annexed thereto or any other documents as may be required, be kept at the office of the Registrar and Transfer Agent of the Company viz. TSR Darashaw Ltd., 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai – 400011, or at such other office or place within Mumbai, where the Registrar and Transfer Agent may shift from time to time.

RESOLVED FURTHER that the Board of Directors (including a Committee thereof, if any, constituted by the Board) and/or the Company Secretary be and are hereby authorized to do all such things and take all such actions as may be required from time to time to give effect to the above resolution and matters related thereto and to delegate all or any of the powers or authorities herein conferred by this resolution, to any Director(s) or to any other official(s) or authorized representative(s) of the Company for the purpose of giving effect to this resolution."

For and on behalf of the Board

P. P. Shah
Chairman

Mumbai, 27th April, 2016

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten (10) percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.

   The instrument of Proxy in order to be effective should be duly completed and deposited at the registered office of the Company, not less than 48 hours before the commencement of the Meeting.

2. Corporate Members intending to send their authorized representatives to attend the meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company a certified copy of the relevant Board resolution together with the specimen signatures of their authorized representatives to attend and vote on their behalf at the meeting.

3. The Explanatory statement pursuant to Section 102 of the Companies Act, 2013 relating to Item Nos. 5 and 6 is annexed hereto.

4. The Board of Directors has recommended for consideration of the Members a dividend of ₹ 3.05 (305 %) per equity share of the nominal value of ₹ 1 each for the year ended 31st March, 2016. This dividend includes special dividend of ₹ 1.25 (125%) for the year.

5. The Register of Members and Share Transfer books of the Company will remain closed from Thursday, June 16, 2016 to Wednesday, June 22, 2016 (both days inclusive), for the purpose of Annual General Meeting and Dividend. Dividend, if declared, will be payable on or after 27th June, 2016 to those members whose names are registered as such in the Register of Members of the Company as on 15th June, 2016 and to the Beneficiary holders as per the beneficiary list as on 15th June, 2016 provided by the NSDL and CDSL.

6. In accordance with Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015, the Company has fixed 15th June, 2016 as the "cut-off date" to determine the eligibility to vote by electronic means or in the general meeting. A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. 15th June, 2016, shall be entitled to avail the facility of remote e-voting or voting in the general meeting.

7. Shareholders may be aware that the Companies Act, 2013, permits service of the Notice of the Annual General Meeting through electronic mode. Electronic copy of the Annual Report including Notice of the 96th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Admission Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes. However, those members who desire to have a physical copy may request for the same to the RTA. For members who have not registered their email IDs, physical copies of the Annual Report are being sent in the permitted mode.

8. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form

are, therefore, requested to submit their PAN to the Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form should submit their PAN to TSR Darashaw Ltd.

9. The shareholders who are holding shares in demat form and have not yet registered their e-mail IDs with their Depository Participant are requested to register their e-mail address at the earliest, to enable the Company to use the same for serving documents to them electronically, hereinafter. Shareholders holding shares in physical form may kindly provide their e-mail address to the RTA by sending an e-mail at csg-unit@tsrdarashaw.com. The Annual Report of the Company would also be made available on the Company's website www.nerolac.com.

10. **Voting through Electronic means**

In compliance with Section 108 and other applicable provisions of the Companies Act, 2013, if any, read with Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide its Shareholders with the facility of "remote e-voting" (e-voting from a place other than venue of the AGM), to enable them to cast their votes at the 96th Annual General Meeting (AGM) and the business at the 96th AGM may be transacted through such voting. The Company has entered into an agreement with Central Depository Services (India) Ltd. (CDSL) for facilitating e-voting to enable all its Shareholders to cast their vote electronically

The facility for voting, either through electronic voting system or ballot/polling paper shall also be made available at the venue of the AGM, apart from the remote e-voting facility provided prior to the date of AGM. The members attending the meeting, who have not already cast their vote through remote e-voting shall be able to exercise their voting rights at the meeting. The members who have already cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again at the AGM. The Company has appointed Mrs. Ragini Chokshi, Partner of Ragini Chokshi & Co., Practicing Company Secretaries, as the Scrutiniser for conducting the remote e-voting and the voting process at the AGM in a fair and transparent manner. The Scrutiniser shall make a consolidated Scrutiniser's report of the total votes cast in favour or against, if any, during the remote e-voting and voting at the AGM, not later than three days of conclusion of the meeting, to the Chairman or a person, authorised by him in writing. The Chairman or a person, authorised by him in writing, shall declare the results of the AGM forthwith. The results declared along with the Scrutiniser's report shall be placed on the Company's website and on the website of CDSL and shall be communicated to the Stock Exchanges.

Members holding shares in physical form or in demat form as on 15th June, 2016, the cut-off date, shall only be eligible for e-voting.

The voting period begins on Saturday, 18th June, 2016 at 9.00 a.m. and ends on Tuesday, 21st June, 2016 at 5.00 p.m. During this period the eligible shareholders of the Company, holding shares either in physical form or in demat form, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

The instructions for voting electronically are as under:

(i) The shareholders should log on to the e-voting website www.evotingindia.com.

(ii) Click on Shareholders.

(iii) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(iv) Next enter the Image Verification as displayed and Click on Login.

(v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vi) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. • In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details (Account Number) as recorded in your demat account or in the company records for the said demat account or folio. • Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field.

(vii) After entering these details appropriately, click on "SUBMIT" tab.

(viii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(x) Click on the EVSN for Kansai Nerolac Paints Ltd.

(xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote or cast your vote again.

(xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvi) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xvii) Note for Non-Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

Those persons, who have acquired shares and have become Members of the Company after the despatch of Notice of the AGM by the Company and whose names appear in the Register of Members or Register of beneficial holders as on the cut-off date i.e 15th June, 2016 shall view the Notice of the 96th AGM on the Company's website or on the website of CDSL. Such Members shall exercise their voting rights through remote e-voting by following the procedure as mentioned above or by voting at the AGM.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

Annexure to Notice

EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013:

ITEM NO. 5

The Shareholders of the Company have appointed B S R & Co. LLP, Chartered Accountants as the Statutory Auditors of the Company from the conclusion of 94th Annual General Meeting until the conclusion of the 99th Annual General Meeting. Pursuant to provisions of Section 139 (1) of the Companies Act, 2013 (the Act) read with the Companies (Audit and Auditors) Rules, 2014, the appointment of B S R & Co. LLP, Chartered Accountants, as Statutory Auditors of the Company will be subject to ratification by the shareholders at every Annual General Meeting of the Company.

In accordance with Section 139 of the Act, B S R & Co. LLP, Chartered Accountants have certified that they are eligible to be appointed as the Statutory Auditors of the Company and they satisfy the criteria as provided in Section 141 of the Act. The certificate is available for inspection of the Shareholders at the Registered Office of the Company during business hours on any working day, except Saturday.

None of the Directors and the Key Managerial Personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item no. 5.

ITEM NO. 6

The Company had appointed Sharepro Services (India) Private Limited (hereinafter referred to as 'Sharepro Services') as its Registrar and Transfer Agent (hereinafter referred to as R&TA) with effect from 10th January, 2000.

The Company discovered certain irregularities at Sharepro Services, with respect to share transfer and dividend payment related activities. Further, operations of Sharepro Services are currently being investigated by statutory authorities over alleged misappropriation of dividends and securities of its client companies.

Securities and Exchange Board of India (SEBI) has passed an Interim Order dated 22nd March, 2016, wherein it has asked the companies to shift their Registrar and Transfer activities from Sharepro Services. In accordance with the directions of SEBI and in order to protect the interest of the shareholders, the Board of Directors of our Company was of the opinion that the Company should appoint an entity as its R&TA which could be reliable and has the capability in handling operations commensurate to the Company's size. Accordingly, the Board of Directors of the Company at its meeting held on 27th April, 2016, has approved the appointment of TSR Darashaw Limited, having its office at 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E Moses Road, Mahalaxmi, Mumbai – 400011, as the R&TA of the Company with effect from 1st May, 2016.

In accordance with Section 94 and other applicable provisions of the Companies Act, 2013 (Act) read with Companies (Management and Administration) Rules, 2014, the Register and Index of Members under Section 88 of the Act and copies of Annual Returns under Section 92 of the Act are required to be kept and maintained at the Registered Office of the Company, unless a Special Resolution is passed by the shareholders at the General Meeting authorizing the Company to keep the Register and Index of Members and the copies of Annual Returns at any other place in India where more than one-tenth of the total number of members reside.

The Company proposes to shift its Register and Index of Members and copies of Annual Returns to the office of TSR Darashaw Limited, 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai – 400011.

The Board of Directors of the Company recommends the Special Resolution as set out at item no. 6 of this Notice for approval of the Members.

None of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested, financial or otherwise, in the proposed Special resolution.

None of the Promoters, Directors and Key Managerial Personnel of the Company have any shareholding interest in TSR Darashaw Ltd.

For and on behalf of the Board

P. P. Shah
Chairman

Mumbai, 27th April, 2016