KANSAI NEROLAC PAINTS LIMITED

25th May, 2017

1. Corporate Relationship Department
**BSE Limited,**
Phiroze Jeejeebhoy Towers
Dalal Street,Mumbai – 400 001

2. Manager – Listing
**National Stock Exchange of India Ltd.**
Exchange Plaza,Bandra – Kurla Complex,
Bandra (E),Mumbai – 400 051

**BSE Scrip Code: 500165**

**NSE Scrip Code: KANSAINER**

**Re: Notice of Annual General Meeting.**

Dear Sirs,

We enclose herewith Notice of the Annual General Meeting (AGM) of our Company to be held on Wednesday, June 21, 2017.

The Annual Report of the Company for the year 2016-17 will be forwarded to you after the same is approved and adopted in AGM, in terms of Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Kindly take the same on record.

For **KANSAI NEROLAC PAINTS LTD.**

**G.T. GOVINDARAJAN**
**COMPANY SECRETARY**

Encl.: As above

NEROLAC HOUSE
Ganpatrao Kadam Marg,
Lower Parel, Mumbai - 400013 India

**Tel.: + 91.22.2493 4001**
**+91.22.2499 2500**
**Fax: +91.22.2497 3704**

CIN No.: L24202MH1920PLC000825

www.nerolac.com

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-Seventh 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, 21st June, 2017 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, 2017 including audited Balance Sheet as at 31st March, 2017 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 normal dividend of ₹ 2.50 (250%) and a special dividend of ₹ 0.50 (50%) per Equity Share, thus aggregating to a total dividend of ₹ 3.00 (300%) per Equity Share of the nominal value of ₹ 1 each for the year ended 31st March, 2017.

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

4. To appoint a Director in place of Mr. Hidenori Furukawa (holding DIN 06924589), 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, 2018."

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

   "RESOLVED that in accordance with the provisions of Section 148 of the Companies Act, 2013, read with Companies (Audit and Auditors) Rules, 2014 and the Companies (Cost Records and Audit) Amendment Rules, 2016, the remuneration of the Cost Auditor, D. C. Dave & Co., Cost Accountants, for the year ended 31st March, 2017, as recommended by the Audit Committee and approved by the Board of Directors be and is hereby ratified."

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

   "RESOLVED that in accordance with the provisions of Section 148 of the Companies Act, 2013, read with Companies (Audit and Auditors) Rules, 2014 and the Companies (Cost Records and Audit) Amendment Rules, 2016, the remuneration of the Cost Auditor, D. C. Dave & Co., Cost Accountants, for the year ending 31st March, 2018, as recommended by the Audit Committee and approved by the Board of Directors be and is hereby ratified."

**SPECIAL BUSINESS:**

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

   "RESOLVED that subject to the provisions of Sections 196, 197, 198 and other applicable provisions, if any, of the Companies Act, 2013, read with Schedule V to the said Act, the consent of the Company be and is hereby accorded to the appointment of Mr. H.M. Bharuka (holding DIN 00306084) as the Vice Chairman and Managing Director of the Company for the period commencing from 3rd May, 2017 and ending on 31st March, 2022 (both days inclusive) on the remuneration and perquisites as set out in the draft Agreement to be entered into between the Company and Mr. Bharuka placed before this meeting and initialled by the Chairman for the purpose of identification.

   RESOLVED FURTHER that the Directors of the Company be and are hereby authorised to enter into an Agreement on behalf of the Company with Mr. Bharuka, in terms of the aforesaid draft Agreement."

9. To appoint a Director in place of Mr. Katsuhiko Kato (holding DIN 07556964), who was appointed as a Director of the Company under Article 114 of the Articles of Association of the Company to fill in the casual vacancy created by the resignation of Mr. Shinji Asatsuma, and who holds office upto the date of this Annual General Meeting by reason of Section 161 (4) of the Companies Act, 2013, but being eligible, offers himself for re-appointment and in respect of whom the Company has received notices in writing from some shareholders proposing his candidature for the office of Director.

For and on behalf of the Board

P. P. Shah
Chairman

Mumbai, 2nd May, 2017.

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 SUCH A 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, 6, 7, 8 and 9 is annexed hereto.

4. The Board of Directors has recommended for consideration of the Members a normal dividend of ₹ 2.50 (250%) and a special dividend of ₹ 0.50 (50%) per Equity Share, thus aggregating to a total dividend of ₹ 3.00 (300%) per Equity Share of the nominal value of ₹ 1 each for the year ended 31st March, 2017.

5. The Register of Members and Share Transfer books of the Company will remain closed from Thursday 15th June, 2017 to Wednesday 21st June, 2017 (both days inclusive), for the purpose of Annual General Meeting and Dividend. Dividend, if declared, will be payable on or after 27th June, 2017 to those members whose names are registered as such in the Register of Members of the Company as on 14th June, 2017 and to the Beneficiary holders as per the beneficiary list as on 14th June, 2017 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 14th June, 2017 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. 14th June,

2017, 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 97th 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 Registrar & Transfer Agent (RTA), TSR Darashaw Ltd. 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 97th Annual General Meeting (AGM) and the business at the 97th 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 Mr. H. R. Thakur, Practising Company Secretary, 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 14th June, 2017, the cut-off date shall only be eligible for e-voting.

**The instructions for voting electronically are as under:**

The voting period begins on Saturday, 17th June, 2017 at 9.00 a.m. and ends on Tuesday, 20th June, 2017 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.

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

(ii) Click on Shareholders/Members.

(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)<br>• 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.<br>• 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. |
| **Dividend Bank Details OR Date of Birth (DOB)** | Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.<br>• If both 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 of KANSAI NEROLAC PAINTS LIMITED on which you choose to vote.

(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 and enter the details as prompted by the system.

(xvii) **Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. The procedure to be followed for e-voting through mobile app is the same as provided hereinabove.**

(xviii) 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.

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.

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 14th June, 2017 shall view the Notice of the 97th 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.

## 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 Ministry of Corporate Affairs (MCA) vide Notification dated 14th July, 2016 amended the Companies (Cost Records and Audit Rules) 2014, through Companies (Cost Records and Audit) Amendment Rules, 2016. As per the Companies (Cost Records and Audit) Amendment Rules, 2016, the Company was required to conduct cost audit of its cost records pertaining to the products – Thinners and Resins for the financial year 2016-17. The Cost Auditor is required to forward his duly signed report to the Board of Directors of the Company within a period of one hundred and eighty days from the closure of the financial year to which the report relates.

The Board of Directors of the Company, based on the recommendation of the Audit Committee, approved the appointment of D. C. Dave & Co., Cost Accountants as the Cost auditor to conduct cost audit of the cost records of the Company pertaining to the products – Thinners and Resins for the financial year 2016-17 on a remuneration of ₹ 2,50,000 plus service tax and out of pocket expenses. D. C. Dave & Co., had also conveyed their willingness to act as cost auditor of the Company for the year ended 31st March, 2017. The eligibility and consent letter is available for inspection of the Shareholders at the Registered Office of the Company during business hours on any working day, except Saturday.

In terms of Section 148 (3) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration recommended by the Audit Committee for the Cost Auditor and approved by the Board of Directors is required to be ratified subsequently by the Shareholders. Hence the resolution at Item No. 6 of the Notice.

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. 6.

#### ITEM NO. 7

In accordance with the Companies (Cost Records and Audit Rules) 2014, read with the Companies (Cost Records and Audit) Amendment Rules, 2016, the Company is required to conduct cost audit of its cost records pertaining to the products – Thinners and Resins for the year ending 31st March, 2018.

The Board of Directors of the Company, based on the recommendation of the Audit Committee, has approved the appointment of D. C. Dave & Co., Cost Accountants as the Cost auditor to conduct cost audit of the cost records of the Company pertaining to the products – Thinners and Resins for the financial year 2017-18 on the same remuneration as was approved for the previous year, i.e. ₹ 2,50,000 plus service tax and out of pocket expenses. D. C. Dave & Co., has also conveyed their willingness to act as cost auditor of the Company for the year ending 31st March, 2018. The eligibility and consent letter is available for inspection of the Shareholders at the Registered Office of the Company during business hours on any working day, except Saturday.

In terms of Section 148 (3) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration recommended by the Audit Committee for

the Cost Auditor and approved by the Board of Directors is required to be ratified subsequently by the Shareholders. Hence the resolution at Item No. 7 of the Notice.

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. 7.

**ITEM NO. 8**

At the 93rd Annual General Meeting of the Company held on 18th June, 2013, the Shareholders had approved the appointment of Mr. H. M. Bharuka as the Managing Director of the Company for a period of five years commencing from 1st April, 2013 and ending on 31st March, 2018 (both days inclusive).

In view of the commendable performance of the Company during the tenure of Mr. Bharuka as the Managing Director of the Company, the Board of Directors of the Company has, on 2nd May, 2017, re-appointed Mr. Bharuka as the Vice Chairman and Managing Director of the Company for the period commencing from 3rd May, 2017 and ending on 31st March, 2022 (both days inclusive) on the remuneration and perquisites to be paid or granted to Mr. Bharuka as set out in the draft Agreement between the Company and Mr. Bharuka referred to in the Resolution at Item No. 8 of the Notice.

The re-appointment of Mr. Bharuka as the Vice Chairman and Managing Director of the Company and the remuneration and perquisites proposed to be paid or granted to him as set out in the aforesaid draft Agreement are in conformity with the provisions and requirements of Schedule V to the Companies Act, 2013. Accordingly, no approval of the Central Government is required to be obtained for the re-appointment of Mr. Bharuka as the Vice Chairman and Managing Director of the Company or the proposed remuneration.

The re-appointment of Mr. Bharuka as the Vice Chairman and Managing Director of the Company on the remuneration and perquisites as set out in the aforesaid draft Agreement is however subject to the approval of the Shareholders in general meeting pursuant to Section 196 of the Companies Act, 2013. Hence the Resolution at Item No. 8 of the Notice.

Mr. Bharuka, aged 56, B.Com., A.I.C.W.A, with a varied experience of around 37 years, joined the Company on 1st October, 1985. Mr. Bharuka was appointed on the Board of Directors on 1st April, 1999, and was Deputy Managing Director, prior to his appointment as the Managing Director from April 1, 2001. He is now being re-appointed as the Vice Chairman and Managing Director for the period commencing from 3rd May, 2017 upto 31st March, 2022 (both days inclusive).

The material terms of the draft Agreement referred to in the Resolution at Item No. 8 are as follows:

1. The re-appointment of Mr. Bharuka as the Vice Chairman and Managing Director of the Company shall be for the period commencing from 3rd May, 2017 and ending on 31st March, 2022 (both days inclusive), subject to the same being previously determined as provided in the Agreement.
2. Mr. Bharuka's position and designation shall be Vice Chairman and Managing Director.
3. Mr. Bharuka shall have the day to day management of the Company, subject to the superintendence, control and direction of the Board of Directors and he shall exercise such powers as may from time to time be entrusted to him by the Directors including powers exercisable by the Board under the Articles of Association of the Company and be subject to such restrictions as the Board of Directors may from time to time specify.
4. Mr. Bharuka shall devote his whole time attention, skill and abilities during business hours to the business of the Company and undertake to the best of his skill and ability to use his utmost endeavours to promote the interest and welfare of the Company and to conform to and comply with the directions as may from time to time be given by the Board of Directors of the Company.
5. Mr. Bharuka shall not have the powers to make calls on shares and to issue debentures.
6. Mr. Bharuka shall, subject to the prior sanction of the Board of Directors and subject to such restrictions, conditions and limits as may be imposed by the Board, or where permitted by a Committee of the Board, have the power to:

   (a) Invest the funds of the Company in:

      (i) securities of the Government of India or any of the State Government or foreign Governments;

(ii) any Municipal bonds and bonds issued by statutory corporations and public authorities, whether Indian or foreign;

(iii) debentures, preference shares and equity shares of any private, public and/or Government Companies registered in India or elsewhere; and

(iv) call deposits or fixed deposits with Companies, banks and other institutions.

(b) Borrow money otherwise than on debentures for the purpose of the business of the Company;

(c) Accept all call deposits and/or fixed deposits;

(d) Sell any of the assets or investments of the Company;

(e) Purchase assets of the Company;

(f) Appoint or engage staff and terminate their employment.

7. Mr. Bharuka shall be entitled to the following emoluments, benefits, perquisites subject to the limit laid down under section 197, 198 and Schedule V of the Companies Act, 2013, as a managing director:

(a) Salary: ₹ 10,00,000 per month.

Increments, subject to the limit laid down under section 197, 198 and Schedule V of the Companies Act, 2013, will be decided upon from time to time by the Board each year and will be merit based and taking into account the Company's performance.

(b) Commission: Subject to the overall ceiling in Section 197 of the Companies Act, 2013, the Company shall pay to Mr. Bharuka remuneration by way of commission based on net profits of the Company for each financial year as the Board may in its absolute discretion determine, depending on performance.

(c) House Rent Allowance: 40% of annual salary. In case Company accommodation is provided, no House Rent Allowance will be paid.

(d) Leave Travel Allowance: 10% of annual salary.

(e) Other Perquisites and Allowances:

(i) Mr. Bharuka shall be entitled to perquisites and allowances like bonus, reimbursement of expenses or allowances for utilities such as gas, electricity, water, soft furnishing, hard furnishings and repairs and such other perquisites and allowances in accordance with the rules of the Company, applicable from time to time, or as may be agreed to by the Board of Directors, the value of which shall not in the aggregate exceed 75% of the annual salary.

(ii) For the purposes of calculating the above ceiling, perquisites and allowances shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such rules, perquisites and allowances shall be evaluated at actual cost.

(iii) Company's contribution to Provident Fund shall be at 12% of Salary (including Commission). Company's annual contribution to Superannuation Fund shall be upto a limit exempt from taxation under the Income-tax Act, as amended from time to time. Company's contribution to Provident Fund and Superannuation Fund as aforesaid, gratuity payable as per the rules of the Company, encashment of leave during the term of employment in accordance with the rules of the Company and/or at the end of the tenure, other retirement benefits including but not limited to benefits under the Company Policy as approved by the Board of Directors on provision of retirement benefits for Managing Director/Executive Directors/Non-Board Directors, reimbursement of expenses incurred for travelling, boarding and lodging including for the spouse during business trips, provision for use of the Company's car and driver for official duties and for personal purpose, provision of telephone and internet at residence (including payment for local calls and long distance official calls), payment of club membership fees for the Company's business, reimbursement of medical expenses, reimbursement of telephone, internet and petrol expenses, shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

Minimum Remuneration:

In the event of inadequacy of profits during any financial year, in the aforesaid period, the Company will pay remuneration by way of salary, perquisites and allowances (including Leave Travel Allowance and House Rent Allowance, where applicable) as specified above, not exceeding the limits specified in Section II of Part II of Schedule V to the Companies Act, 2013, subject to requisite approvals being obtained.

8. Mr. Bharuka shall not be paid any sitting fees for attending the meetings of the Board or of any Committee thereof.

9. Mr. Bharuka shall be entitled to reimbursement of actual expenses including entertainment and travelling incurred during the course of Company's business.

10. Mr. Bharuka will be granted Privilege Leave, Sick Leave and Casual Leave in accordance with the rules and regulations of the Company applicable from time to time.

11. Mr. Bharuka shall not during the term of this Agreement, whether the employment runs through the full period from the date of reappointment or is terminated by the Company or Mr. Bharuka anytime during the term of this Agreement for whatever reason, directly or indirectly engage himself in any business or activity substantially similar to or competing with the business or activity of the Company or do any deed, matter or thing so as to solicit the custom of the clients of the Company or offer to provide any services to such clients otherwise than through the Company. It shall however be permissible for Mr. Bharuka, with the previous written sanction of the Board to hold any directorship/s of any other company or companies and the holding of such permitted directorships shall not be deemed a contravention of this clause.

12. Mr. Bharuka shall not during the term of this Agreement and for all times thereafter, divulge or disclose any information or knowledge obtained by him during his employment as to the business or affairs of the Company or any trade secrets or secret processes of the Company.

13. Mr. Bharuka's employment shall be determined herewith if he commits a material breach of any of the terms, provisions or covenants herein contained, disqualifies himself to act as a Director for any reason besides breach of Section 167 of the Companies Act, 2013, or becomes insolvent, makes any composition or arrangement with his creditors or ceases to be a Director of the Company.

14. In the event there is no breach of the terms of the Agreement by Mr. Bharuka, but the Company exercises its discretion to terminate his services during the term of this Agreement, without assigning any reason therefor, then and in that event, Mr. Bharuka shall be paid compensation in accordance with the provisions of the Companies Act, 2013.

15. In the event Mr. Bharuka is not in position to discharge his official duties due to any physical or mental incapacity, the Board of Directors shall be entitled to terminate this agreement on such terms as the Board of Directors may consider appropriate in the circumstances.

16. All personnel policies of the Company and the related rules which are applicable to other employees of the Company shall also be applicable to Mr. Bharuka, unless specifically provided otherwise.

During the tenure of Mr. Bharuka with the Company, the Company has achieved substantial growth in turnover and profitability. The Directors consider the aforesaid remuneration to be commensurate with the duties and responsibilities of Mr. Bharuka as the Vice Chairman and Managing Director of the Company.

The draft Agreement between the Company and Mr. Bharuka referred to in the Resolution at Item No. 8 will be open for inspection by the Shareholders at the Registered Office of the Company during business hours on any working day, except Saturday.

The Board commends the Resolution at Item No. 8 for acceptance by the Shareholders.

Mr. Bharuka is interested in the Resolution since it relates to his own appointment. None of the other Directors of the Company is in anyway concerned or interested, financial or otherwise, in the Resolution.

**ITEM NO. 9**

Mr. Katsuhiko Kato was appointed as a Director of the Company on 29th July, 2016, by the Board of Directors in

the casual vacancy caused by the resignation of Mr. Shinji Asatsuma. Pursuant to Section 161 (4) of the Companies Act, 2013 (" the Act") read with Article 114 of the Articles of Association of the Company, Mr. Kato holds office only up to the forthcoming Annual General Meeting because Mr. Asatsuma in whose place he was appointed would have held the office up to the date of the forthcoming Annual General Meeting, had he not resigned.

Notices in writing have been received from some Shareholders of the Company pursuant to Section 160 of the Act, signifying their intention to propose Mr. Kato as a candidate for the office of the Director. As required by the said Section 160, the Shareholders giving notice have deposited a sum of ₹ 1 lakh each with the Company which shall be refunded to them if Mr. Kato is elected as a Director.

Mr. Kato, aged 56 years, is from the Faculty of Economics, Department of Politics and Economy, Waseda University, Japan. Mr. Kato is Executive Officer in Kansai Paint Co. Ltd., Japan (KPJ). The services of Mr. Kato have been and will be very useful to the Company. The Directors, therefore, recommend that he be appointed as a Director of the Company. If appointed, Mr. Kato will be liable to retire by rotation.

Mr. Kato is interested in the resolution at Item No. 9 of the accompanying Notice since it relates to his own appointment. Mr. M. Tanaka and Mr. H. Furukawa are nominees of KPJ and therefore, may be deemed to be concerned or interested in the Resolution. None of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 9.

Mr. Kato is not related to any Director on the Board. Mr. Kato does not hold any shares in the Company in his personal capacity.

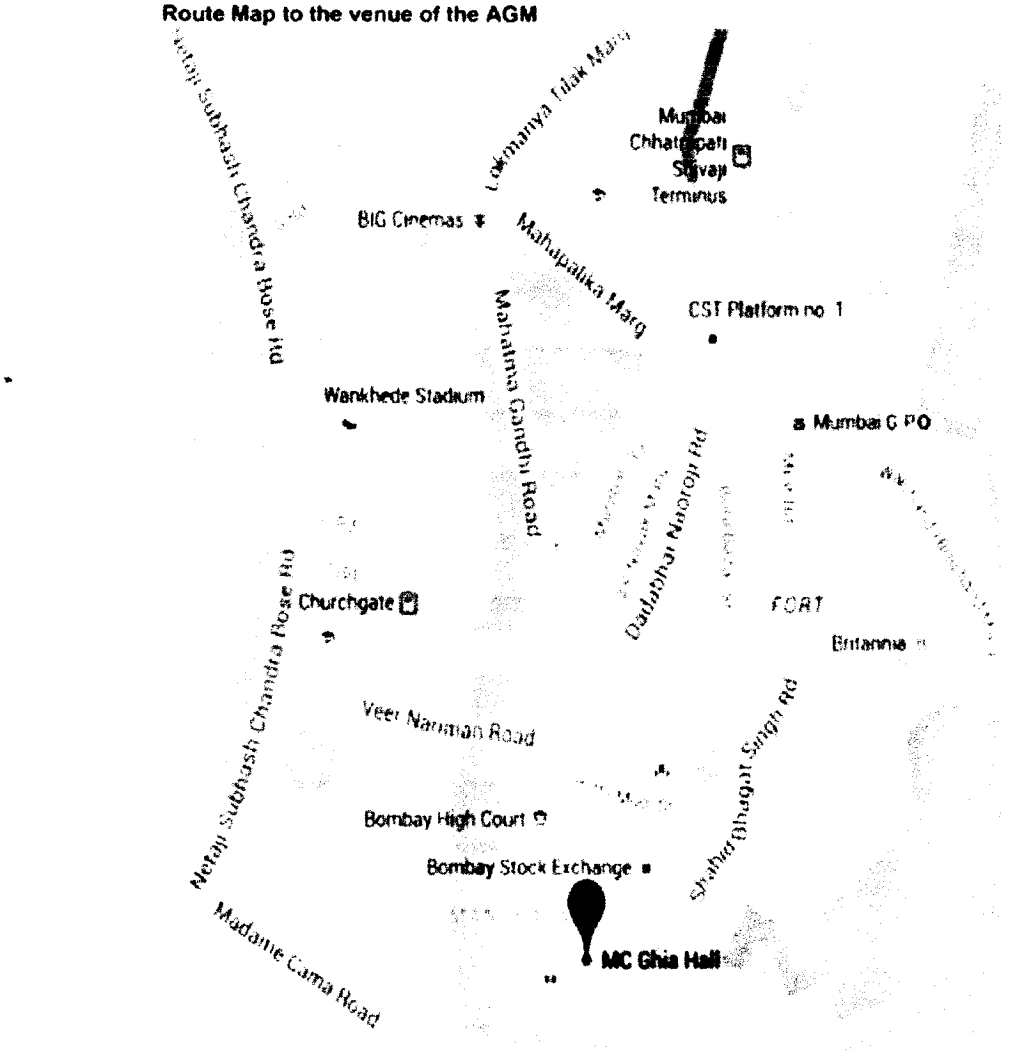
For and on behalf of the Board

P. P. Shah
Chairman

Mumbai, 2nd May, 2017.

**Disclosure in terms of Regulation 26(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

| Name of the Director seeking re-appointment | Shares held as on 31st March, 2017 (Own or held for other persons on beneficial basis) |
|---|---|
| Mr. Masaru Tanaka | Nil* |
| Mr. Hidenori Furukawa | Nil* |
| Mr. Katsuhiko Kato | Nil* |

* Mr. Masaru Tanaka, Mr. Hidenori Furukawa and Mr. Katsuhiko Kato are the nominees of Kansai Paint Co. Ltd., Japan. They do not hold any share in their personal capacity.

**Route Map to the venue of the AGM**