

Partners
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RAGINI CHOKSHI & CO.
Company Secretaries

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Date : _____

Date : 12th June, 2010.

SCRUTINIZER'S REPORT

To,
The Board Of Director,
Kansai Nerolac Paints Limited,
Nerolac House, GK Marg,
Lower Parel,
Mumbai 400 013.

Dear Sir,

Ref : SCRUTINIZER'S REPORT

1. I, Ragini Kamal Chokshi, Partner of Ragini Chokshi & Co., Practicing Company Secretaries, Mumbai have been appointed by the Board Of Directors of M/S Kansai Nerolac Paints Limited at its meeting held on 03.05.2010 had appointed me as a scrutinizier for conducting Postal- Ballot voting process and I have given my consent to act as a scrutinizier vide letter dated 03.05.2010 for passing of the following Special Resolution by Postal Ballot:

Resolution No.1:

Increase in the Authorised Share Capital and Alteration of the Memorandum of Association of the Company.

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution

"RESOLVED THAT in accordance with the provisions of Section 16 and 94 and all other applicable provisions, if any, of the Companies Act, 1956, the existing Authorised Share Capital of Rs.30,00,00,000 (Rupees Thirty Crores) divided in to 3,00,00,000



R. K. Chokshi

(Three Crore) Equity Shares of Rs.10 (Rupees Ten) each be increased to Rs.60,00,00,000 (Rupees Sixty Crores) divided in to 6,00,00,000 (Six Crore) Equity Shares of Rs.10 (Rupees Ten) each by creation of 3,00,00,000 (Three Crore) Equity Shares of Rs.10 (Rupees Ten) each and that Clause V in place of the existing clause V:

“V. The Share Capital of the Company is Rs. 60,00,00,000 (Rupees Sixty Crores) divided in to 6,00,00,000 (Six Crores) Equity Shares of Rs.10 (Rupees Ten) each with power for the Company to increase or reduce the said capital, and to Issue any part of its capital, original or increased, with or without any preference, priority or special privilege, or subject to any postponement of rights, or to any conditions or restrictions; and so that unless the conditions of issue shall otherwise expressly declare, every issue of shares whether declared to be preference or otherwise, shall be subject to the power hereinbefore contained.”

Resolution No.2:

Alteration of the Article of Association of the Company

To consider and, thought fit, to pass the following resolution as a Special Resolution:

“**RESOLVED THAT** pursuant to Section 31 and all other provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered by substituting the following new Article in place of the existing Article 3 thereof:

3. The Authorised Share Capital of the Company is Rs. 60,00,00,000 (Rupees Sixty Crore) divided in to 6,00,00,000 (Six Crore) Equity Shares of Rs.10 (Rupees Ten) each.”

Resolution No.3:

Issue of Bonus Shares

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution

“RESOLVED THAT:

- a) Pursuant to Article 178 of the Articles of Association of the Company and subject to such consents and approvals as may be required and subject to compliance of the relevant guidelines issued by the Securities and Exchange Board of India and the Regulations made by the Reserve Bank of India, where applicable, and the conditions and modifications, if any, as may be prescribed and agreed to by the Board of Directors of the Company, a sum of Rs.26,94,59,860 of the amount standing to the credit of the Share Premium Account be and is hereby capitalized and transferred from the said account to Share Capital and be applied for allotment of New Equity Shares of Rs.10 each as Bonus Shares to the Persons(‘Equity Shareholders’) who, on a date to be hereafter fixed by the Directors,(‘the Record Date’), shall be the holders of the existing Shares of Rs.10



each of the Company, whose names appear in the Register of Members of the Company in payment in full of 2,69,45,986 New Equity Shares of Rs.10 each and such New Equity Shares out of the Company's unissued Equity Shares, created as fully paid, be accordingly allotted as Bonus Shares to the Equity Shareholders respectively as aforesaid in the proportion of one New Equity Share for every one existing Equity Shares held by the Equity Shareholders respectively on the Record Date, upon the footing that they become entitled thereto for all purposes as capital and not as income;

- b) The said New Equity Shares of Rs.10 each, when issued and allotted, shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari passu in all respects with and carry the same rights as the existing Equity Shares of the Company save and except that they shall not rank for Dividend declared or to be declared for on in respect of any financial year prior to the financial year in which the new Equity Shares are allotted;
- c) No Letter of allotment shall be issued to the allottees of the Bonus Shares and the Share Certificates in respect of the New Equity shall be issued and dispatched to the allottees thereof within the period prescribed or that may be prescribed in this behalf, from time to time, except that the Bonus Shares will be credited to the allottees who are holding the existing equity shares in electronic form;
- d) For the purpose of giving effect to this Resolution, and for the removal of any difficulties, the Board of Directors of the Company be and is hereby authorized to (i) do all acts, deeds and things and to give such directions as may be necessary or desirable and to settle any questions or difficulty whatsoever that may arise regard to the issue, allotment and distribution of the said New Equity shares and (ii) accept on behalf of the Company alterations or modifications if any, relating to the issue of the New Equity shares that may be required by other authorities as the Board in its discretion thinks fit and proper".

2. I submit my report as under :

- i. The Completed the dispatch of Postal - Ballot forms on 07.05.2010 with postage pre- paid business reply envelope to its Members whose name appear on the Register Of Members as on that date.
- ii. Particulars Of all the Postal Ballot forms received from the Members have been entered in the register separately maintained for the purpose.
- iii. The Postal Ballot forms were kept under my safe custody in sealed and tamper proof ballot boxes before commencing the scrutiny of postal ballot forms.
- iv. The ballot boxes were opened on 12.06.2010 in my presence.
- v. The Postal ballot forms were duly opened in my presence and scrutinized and the Shareholding was confirmed with the Register Of Members of the Company as on 07.05.2010



- vi. Postal Ballot forms received up to the close of working Hours on 11.06.2010, the last date and time fixed by the Company for receipt of the forms were considered for my scrutiny .
- vii. Envelopes containing Postal- ballot forms received after close of working hour on 11.06.2010 were not Considered for my scrutiny .
- viii. Envelopes containing Postal Ballot forms received returned undelivered aggregated to 157 nos. These envelopes were not opened and they were separately kept.
- ix. I did not find any defaced or mutilated ballot paper.

3. A summary of Postal- Ballot forms received is given below:

1. For Ordinary Resolution No.1:

Sr.No.	Particular's	No. of Postal Ballot Form	No. of Shares	% of Total Paid up Equity Capital
1.	Total Postal ballot forms received	697	19969969	-
2.	Less-Invalid Postal ballot forms	37	11749	-
3.	Net valid Postal ballot forms	660	19958220	100%
4.	Postal ballot forms with assent	635	19947544	99.94%
5.	Postal ballot forms with dissent.	25	10676	0.06%

2. For Special Resolution No.2:

Sr.No.	Particular's	No. of Postal Ballot Form	No. of Shares	% of Total Paid up Equity Capital
1.	Total Postal ballot forms received	697	19969969	-
2.	Less-Invalid Postal ballot forms	37	11749	-
3.	Net valid Postal ballot forms	660	19958220	100%
4.	Postal ballot forms with assent	650	19956721	99.99%
5.	Postal ballot forms with dissent.	10	1499	0.01%



3. For Ordinary Resolution No.3:

Sr.No.	Particular's	No. of Postal Ballot Form	No. of Shares	% of Total Paid up Equity Capital
1.	Total Postal ballot forms received	697	19969969	-
2.	Less-Invalid Postal ballot forms	37	11749	-
3.	Net valid Postal ballot forms	660	19958220	100%%
4.	Postal ballot forms with assent	659	19957554	99.99%
5.	Postal ballot forms with dissent.	1	666	0.01%

4. I have handed over the Postal Ballot forms and other related papers /registers and records for safe custody to Mr. G.T.Govindrajan, Company Secretary as authorized by the Board to supervise the Postal – Ballot process.
5. You may accordingly declare the result of the Voting by Postal Ballot.



FOR RAGINI CHOKSHI & CO.
(COMPANY SECRETARIES)

R. K. Chokshi

(RAGINI CHOKSHI)
PARTNER
C.P.1436

PLACE : MUMBAI

DATE : 12.06.2010