

KANSAI NEROLAC PAINTS LIMITED

Registered Office: 'Nerolac House', Ganpatrao Kadam Marg, Lower Parel, Mumbai 400 013, Maharashtra.
Tel.: +91-22-24934001/40602500 • **Website:** www.nerolac.com • **Investors Relations e-mail ID:** investor@nerolac.com
Corporate Identity Number (CIN): L24202MH1920PLC000825

NOTICE OF POSTAL BALLOT

[Pursuant to Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, as amended and the applicable circulars issued by Ministry of Corporate Affairs, Government of India, from time to time]

VOTING STARTS ON	VOTING ENDS ON
Monday, 26th September, 2022 at 9:00 a.m. (IST)	Tuesday, 25th October, 2022 at 5:00 p.m. (IST)

Dear Members,

NOTICE is hereby given pursuant to Section 110 read with Section 108 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") (including any statutory modification or re-enactment thereof for the time being in force) read with Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014, ("Rules"), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), Secretarial Standard on General Meetings issued by The Institute of Company Secretaries of India ("SS-2"), as amended and in accordance with the requirements prescribed by the Ministry of Corporate Affairs ("MCA") for holding general meetings/conducting postal ballot process through e-voting vide Circular No. 2/2022 dated 5th May, 2022 read with Circular No. 14/2020 dated 8th April, 2020, Circular No. 17/2020 dated 13th April, 2020, Circular No. 22/2020 dated 15th June, 2020, Circular No. 33/2020 dated 28th September, 2020, Circular No. 39/2020 dated 31st December, 2020, Circular No. 10/2021 dated 23rd June, 2021 and Circular No. 20/2021 dated 8th December, 2021 ("MCA Circulars"), to transact the special businesses as set out hereunder, by way of postal ballot.

Pursuant to Sections 102, 110 and other applicable provisions of the Act, the statement pertaining to the special businesses setting out the material facts and the reasons/rationale thereof is annexed to this Postal Ballot Notice ("Notice") for your consideration and forms part of this Notice. In this Notice, the connotation of "Members" and "Shareholders" is the same.

In line with the relevant MCA Circulars, Kansai Nerolac Paints Limited ("Company") is sending this Notice in electronic form to those Shareholders whose e-mail addresses are registered with the Company/Depository Participant(s). Accordingly, physical copy of the Notice along with postal ballot form and pre-paid business reply envelope are not being sent to the Members for this Postal Ballot. The communication of the assent or dissent of the Members would only take place through the remote e-voting system.

In compliance with Regulation 44 of the SEBI Listing Regulations and pursuant to the provisions of Sections 108 and 110 of the Act read with the Rules made thereunder, the MCA Circulars and SS-2, the Company is providing remote e-voting facility to its Members, to enable them to cast their votes electronically. The Company has engaged the services of National Securities Depository Limited ("NSDL") for the purpose of providing remote e-voting facility to its Members. The instructions for remote e-voting are appended to this Notice. The Notice is also available on the website of the Company at www.nerolac.com.

Members desiring to exercise their vote through the remote e-voting process are requested to carefully read the instructions indicated in this Notice and record their assent (FOR) or dissent (AGAINST) by following the procedure as stated in the Notes forming part of the Notice for casting of votes by remote e-voting not later than Tuesday, 25th October, 2022 by 5:00 p.m. (IST). The remote e-voting facility will be disabled by NSDL immediately thereafter.

SPECIAL BUSINESS

Item No. 1

Appointment of Mr. Bhaskar Bhat as an Independent Director

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

“RESOLVED that pursuant to the provisions of Sections 149, 150, 152, 161, Schedule IV and other applicable provisions of the Companies Act, 2013 read with applicable Rules made thereunder and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) (including any statutory amendment or modification or re-enactment thereof, for the time being in force), Mr. Bhaskar Bhat (holding Director Identification Number 00148778), who was appointed as an Additional Director and Independent Director with effect from 10th August, 2022 and whose appointment has to be approved by the Shareholders in terms of Regulation 17(1C) of the SEBI Listing Regulations, be and is hereby appointed as an Independent Director, to hold office for a term of 5 (five) years commencing from 10th August, 2022 and ending on 9th August, 2027 (both days inclusive).

RESOLVED FURTHER that the Board of Directors and/or Key Managerial Personnel of the Company be and are hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary, desirable, proper or expedient for the purpose of giving effect to the above resolution.”

Item No. 2

Approval of Kansai Nerolac Paints Limited – Restricted Stock Unit Plan 2022

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

“RESOLVED that pursuant to the provisions of Section 62(1)(b) and other applicable provisions, if any, of the Companies Act, 2013 read with Rules made thereunder, the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (“SEBI SBEB & SE Regulations”), as amended and enacted from time to time, read with all circulars and notifications issued thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), Memorandum and Articles of Association of the Company and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the consent of the Members of the Company be and is hereby accorded to the introduction and implementation of Kansai Nerolac Paints Limited - Restricted Stock Unit Plan 2022 (“RSU Plan 2022”/“Plan”) and authorizing the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include any Committee, including the Nomination and Remuneration Committee which the Board has constituted to exercise its powers including the powers conferred by this resolution and under Regulation 5 of the SEBI SBEB & SE Regulations) to create and grant from time to time, in one or more tranches, not exceeding 53,89,197 (Fifty three lakhs eighty nine thousand one hundred ninety seven) Restricted Stock Units (“RSUs”) to or for the benefit of such person(s) as designated by the Company, within the meaning of the Plan (other than promoter or person belonging to the promoter group of the Company, independent directors and director(s) holding directly or indirectly more than 10% of the outstanding equity shares of the Company), as may be decided under the Plan, exercisable into not more than 53,89,197 (Fifty three lakhs eighty nine thousand one hundred ninety seven) equity shares of face value of ₹ 1 (Rupee One) each fully paid-up, where one restricted stock unit would convert into one equity share upon exercise, on such terms and in such manner as the Board may decide in accordance with the provisions of the applicable laws and the provisions of the Plan.

RESOLVED FURTHER that the equity shares so issued and allotted as mentioned hereinbefore shall rank *pari passu* with the then existing equity shares of the Company.

RESOLVED FURTHER that in case of any corporate action such as rights issue, bonus issue, merger, sale of division and others, if any additional equity shares are issued by the Company to the grantees for the purpose of making a fair and reasonable adjustment to the restricted stock units granted earlier, the ceiling as specified above shall be deemed to be increased to the extent of such additional equity shares issued.

RESOLVED FURTHER that in case of a share consolidation, if the revised face value of the equity share is more than the current face value as prevailing on the date of coming into force of this Plan, the maximum number of equity shares available for being granted under the Plan as specified above, shall stand modified accordingly and the price of acquisition for each restricted stock unit payable by the grantees under the Plan shall automatically stand augmented, in the same proportion as the face value per equity share shall bear to the revised face value of the equity share of the Company after such consolidation, without affecting any other rights or obligations of the said grantees.

RESOLVED FURTHER that the Board be and is hereby authorized to take requisite steps for listing of the equity shares allotted under the Plan on the stock exchanges where the equity shares of the Company are listed as per provisions of SEBI Listing Regulations, SEBI SBEB & SE Regulations and other applicable laws.

RESOLVED FURTHER that the Company shall conform to the accounting policies prescribed from time to time under the SEBI SBEB & SE Regulations and any other applicable laws and regulations to the extent relevant and applicable to the Plan.

RESOLVED FURTHER that the Board be and is hereby authorized to do all such acts, deeds and things, as may, at its absolute discretion deem necessary including authorizing or directing to appoint merchant bankers, brokers, solicitors and other advisors, consultants or representatives, being incidental to the effective implementation and administration of the Plan and to make applications to the appropriate authorities for requisite approvals, file documents as required in the above connection and to settle all such questions, difficulties or doubts whatsoever which may arise and take all such steps and decisions in this regard.”

For and on behalf of the Board

P. P. Shah
Chairman

Mumbai, 14th September, 2022

NOTES:

1. Explanatory Statement pursuant to Section 102 of the Act is annexed hereto. Relevant details in respect of the Director seeking appointment in terms of Regulation 36(3) of the SEBI Listing Regulations and Clause 1.2.5 of the SS - 2 are also annexed to this Notice.
2. Shareholders seeking any information with regard to the special businesses, are requested to write to the Company on or before Tuesday, 25th October, 2022, through e-mail on postalballot@nerolac.com. The same will be replied by/on behalf of the Company suitably.
3. In line with the relevant MCA Circulars, the Notice *inter alia* indicating the process and manner of remote e-voting is being sent by e-mail, to all the Shareholders whose e-mail IDs are registered with the Company/ Depository Participant(s) for communication purposes to the Shareholders and to all other persons so entitled.
4. Further, in terms of the applicable provisions of the Act and SEBI Listing Regulations read with the relevant MCA Circulars, the Notice will also be available on the website of the Company at www.nerolac.com. The same can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited at www.bseindia.com and National Stock Exchange of India Limited at www.nseindia.com and on the website of National Securities Depository Limited (“NSDL”) i.e. www.evoting.nsdl.com.
5. **Voting through electronic means**

Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), Regulation 44 of the SEBI Listing Regulations and the relevant MCA Circulars, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted by Postal Ballot through electronic means. For this purpose, the Company has entered into an agreement with NSDL for facilitating voting through electronic means, as the authorized agency.

The Company has fixed Friday, 16th September, 2022 as the “cut-off date” to determine the eligibility to vote by remote e-voting. 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. Friday, 16th September, 2022, shall be entitled to avail the facility of remote e-voting.

6. The Company has appointed Mr. J. H. Ranade, Membership No. F4317 & Certificate of Practice No. 2520 or failing him Mr. Sohan J. Ranade, Membership No. A33416 & Certificate of Practice No. 12520 or failing him Ms. Tejaswi P. Jugal, Membership No. A29608 & Certificate of Practice No. 14839 (anyone of them), being Partners of JHR & Associates, Company Secretaries in practice, as the Scrutinizer to scrutinize the postal ballot process in fair and transparent manner.
7. The Scrutinizer after scrutiny of the votes cast, will submit his report on the result of the Postal Ballot to the Chairman or any other person authorized by him. The Scrutinizer's decision on the validity of votes cast will be final. The result of the Postal Ballot along with the Scrutinizer's Report will be announced by the Chairman of the Company or any other person authorized by him on or before Thursday, 27th October, 2022.
8. The results declared along with the Scrutinizer's Report shall be placed on the Company's website at www.nerolac.com and on the website of NSDL i.e. www.evoting.nsdl.com. The Company shall simultaneously forward the results to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.
9. The Resolution, if passed by the requisite majority through Postal Ballot, will be deemed to have been passed on the last date specified for remote e-voting i.e. Tuesday, 25th October, 2022.
10. The Shareholders who are holding shares in dematerialized form and have not yet registered their e-mail IDs with their Depository Participant(s) are requested to register their e-mail ID at the earliest, to enable the Company to use the same for serving documents to them electronically, hereafter. The Shareholders holding shares in physical form may refer to process detailed on <https://tcplindia.co.in/home-KYC.html> and proceed accordingly. The support of the Shareholders for the 'Green initiative' is solicited.

11. Process to cast votes through remote e-voting

The remote e-voting period begins on Monday, 26th September, 2022 at 9:00 a.m. and ends on Tuesday, 25th October, 2022 at 5:00 p.m. The remote e-voting facility will be disabled by NSDL immediately thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the cut-off date i.e. Friday, 16th September, 2022, may cast their vote electronically. The voting right of Shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being 16th September, 2022. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only.

The way to vote electronically on NSDL e-voting system consists of "Two Steps" which are mentioned below:





Step 1: Access to NSDL e-voting system

A) Login method for e-voting for Individual shareholders holding securities in demat mode

In terms of SEBI Circular dated 9th December, 2020 on e-voting facility provided by listed companies, individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depository Participant(s). Shareholders are advised to update their mobile number and e-mail ID in their demat accounts in order to access e-voting facility.

Login method for individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	1. Existing IDeAS user can visit the e-Services website of NSDL viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the " Beneficial Owner " icon under " Login " which is available under ' IDeAS ' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-voting services under Value added services. Click on " Access to e-voting " under e-voting services and you will be able to see e-voting page. Click on company name or e-voting service provider i.e. NSDL and you will be re-directed to e-voting website of NSDL for casting your vote during the remote e-voting period.

Type of shareholders	Login Method
	<p>2. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nSDL.com. Select “Register Online for IDeAS Portal” or click at https://eservices.nSDL.com/SecureWeb/IdeasDirectReg.jsp</p> <p>3. Visit the e-voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nSDL.com/ either on a Personal Computer or on a mobile. Once the home page of e-voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-voting page. Click on company name or e-voting service provider i.e. NSDL and you will be redirected to e-voting website of NSDL for casting your vote during the remote e-voting period.</p> <p>4. Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience.</p> <p>NSDL Mobile App is available on</p> <p> App Store  Google Play</p>  
Individual Shareholders holding securities in demat mode with CDSL	<p>1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi.</p> <p>2. After successful login of Easi/Easiest the user will be also able to see the e-voting Menu. The Menu will have links of e-voting service provider i.e. NSDL. Click on NSDL to cast your vote.</p> <p>3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration.</p> <p>4. Alternatively, the user can directly access e-voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-voting is in progress.</p>
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-voting facility. upon logging in, you will be able to see e-voting option. Click on e-voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-voting feature. Click on company name or e-voting service provider i.e. NSDL and you will be redirected to e-voting website of NSDL for casting your vote during the remote e-voting period.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43

B) Login Method for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-voting website?

1. Visit the e-voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDeAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDeAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 122574 then user ID is 122574001***

5. Password details for shareholders other than Individual shareholders are given below:
 - a) If you are already registered for e-voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL e-voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.

c) How to retrieve your 'initial password'?

- (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
- (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered**
- (iii) If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
- (iv) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
- (v) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
- (vi) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
- (vii) Members can also use the OTP (One Time Password) based login for casting the votes on the e-voting system of NSDL.
- (viii) After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

6. Now, you will have to click on "Login" button.

7. After you click on the "Login" button, Home page of e-voting will open.

Step 2: Cast your vote electronically on NSDL e-voting system.

How to cast your vote electronically on NSDL e-voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-voting period.
3. Now you are ready for e-voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

- (i) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority Letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to jhr@jhrasso.com with a copy marked to evoting@nsdl.co.in. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on **“Upload Board Resolution / Authority Letter”** displayed under **“e-voting”** tab in their login.
- (ii) It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/ Password?” or “Physical User Reset Password?” option available on www.evoting.nsdl.com to reset the password.
- (iii) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Ms. Pallavi Mhatre, Senior Manager - NSDL at evoting@nsdl.co.in.

Process for those shareholders whose e-mail IDs are not registered, for procuring User ID and Password and registration of e-mail IDs for remote e-voting:

- (i) If your e-mail address is not registered with the Depository Participant(s) (if shares held in electronic form)/ Company (if shares held in physical form), you may register on or before Tuesday, 18th October, 2022, 5:00 p.m. (IST) to receive the Notice by completing the process as under:
 1. Visit the link https://tcpl.linkintime.co.in/EmailReg/Email_Register.html.
 2. Select the name of the Company ‘Kansai Nerolac Paints Limited’ from dropdown.
 3. Enter details in respective fields such as DP ID and Client ID (if shares held in electronic form)/Folio no. and Certificate no. (if shares held in physical form), shareholder name, PAN, mobile no. and e-mail ID.
 4. System will send One Time Password (‘OTP’) on mobile no. and e-mail ID.
 5. Enter OTP received on mobile no. and e-mail ID.
 6. Click on submit button.
 7. System will then confirm the recording of the e-mail address for receiving the Notice.
- (ii) In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by e-mail to evoting@nsdl.co.in for procuring the User ID and Password for e-voting.
- (iii) In case shares are held in demat mode, please provide DP ID Client ID (16 digit DP ID + Client ID or 16 digit beneficiary ID), Name, copy of client master or Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to evoting@nsdl.co.in for procuring the User ID and Password for e-voting. If you are an individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1(A) i.e. **Login method for e-voting for individual Shareholders holding securities in demat mode.**

For and on behalf of the Board

P. P. Shah
Chairman

Mumbai, 14th September, 2022

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 AND 110 OF THE COMPANIES ACT, 2013

Item No. 1

The Board of Directors, on recommendation of Nomination and Remuneration Committee, have appointed Mr. Bhaskar Bhat (holding Director Identification Number 00148778) as an Additional Director with effect from 10th August, 2022 under Section 161(1) of the Companies Act, 2013 ("Act") and Articles of Association of the Company. He was also appointed as an Independent Director of the Company in terms of Sections 149, 150, 152 of the Act, for a term of 5 (five) years commencing from 10th August, 2022 and ending on 9th August, 2027 (both days inclusive), subject to the approval of Shareholders of the Company vide Special Resolution in terms of the Act, Regulation 17(1C) of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements), Regulations, 2015 ("SEBI Listing Regulations") and other applicable provisions.

The Company has received a notice in writing as per the provisions of Section 160 of the Act, to propose the candidature of Mr. Bhat, for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Act and Regulation 17 of the SEBI Listing Regulations.

Mr. Bhat has provided (a) his consent to act as a Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment and Qualification of Directors) Rules, 2014; (b) intimation in Form DIR-8 in terms of the Companies (Appointment and Qualification of Directors) Rules, 2014 to the effect that he is not disqualified under Section 164(2) of the Act and (c) a declaration to the effect that he meets the criteria of independence as prescribed both under Section 149(6) of the Act and under the SEBI Listing Regulations.

Mr. N. N. Tata (holding Director Identification Number 00024713) has resigned as an Independent Director of the Company with effect from 10th August, 2022 due to increased professional commitments and requirement of various board positions. The Board of Directors of the Company accepted the resignation and appreciated the services rendered by him during his tenure.

The appointment of Mr. Bhaskar Bhat as an Independent Director with effect from 10th August, 2022, would be in compliance with the requirements of board composition in terms of Regulation 17 of the SEBI Listing Regulations and also Regulation 25(6) of the SEBI Listing Regulations.

In the opinion of the Board, Mr. Bhaskar Bhat fulfils the conditions specified in the Act read with the Rules made thereunder and SEBI Listing Regulations for being appointed as an Independent Director of the Company and he is independent of the management. Mr. Bhat has also confirmed that he has registered himself with the Independent Director's databank and is in compliance with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014. Mr. Bhat possesses the skills, capabilities and proficiency required for the role and his appointment as an Independent Director would be in the interest of the Company considering his knowledge, background and expertise in manufacturing, business strategy, sales and marketing.

As per Sections 149 and 152 of the Act and Rules thereunder, a director can be appointed with the approval of the Members and in terms of Regulation 17(1C) of the SEBI Listing Regulations, a director can be appointed subject to approval of the Shareholders by way of the Special Resolution to be obtained at the next general meeting or within a period of three months from the date of appointment, whichever is earlier. Accordingly, approval of the Shareholders is being sought for the appointment of Mr. Bhaskar Bhat as an Independent Director, not liable to retire by rotation, for a term of 5 (five) years commencing from 10th August, 2022 and ending on 9th August, 2027 (both days inclusive).

A brief resume of Mr. Bhaskar Bhat is provided in the annexure to the Notice.

A copy of the draft letter of appointment setting out the terms and conditions will be available for inspection of the Shareholders through electronic mode. Shareholders may write to the Company at postalballot@nerolac.com in that regard, by mentioning "*Request for Inspection*" in the subject of the e-mail.

Other than Mr. Bhaskar Bhat and his relatives, none of the other Directors and/or Key Managerial Personnel of the Company and/or their relatives, are in any way concerned or interested (financially or otherwise), in the proposed Special Resolution, as set out in Item No. 1 of the Notice.

The Board recommends appointment of Mr. Bhaskar Bhat as an Independent Director of the Company, as set out in Item No. 1 of the Notice, for approval of the Shareholders.

Item No. 2

Equity based compensation is considered to be an integral part of employee compensation across sectors which enables alignment of personal goals of the employees with organizational objectives by participating in the ownership of the Company through stock-based compensation scheme. Your Company believes that equity-based compensation plans are an effective tool to reward and retain the talents working with the Company. With a view to attract, retain, motivate its employees and improve performance of the Company for ensuring sustained growth, your Company intends to implement a restricted stock unit plan namely Kansai Nerolac Paints Limited - Restricted Stock Unit Plan 2022 ("RSU Plan 2022"/ "Plan") to such employees as may be determined by the Nomination and Remuneration Committee in terms of the Plan, with the authority to grant not exceeding 53,89,197 (Fifty three lakhs eighty nine thousand one hundred ninety seven) Restricted Stock Units ("RSU") in one or more tranches, from time to time, which in aggregate shall be exercisable into not more than 53,89,197 (Fifty three lakhs eighty nine thousand one hundred ninety seven) equity shares of face value of ₹ 1 (Rupee One) each fully paid-up, with each such RSU conferring a right upon the employees to apply for one equity share in the Company in accordance with the terms and conditions as may be decided under the Plan.

Accordingly, the Nomination and Remuneration Committee ("Committee") and the Board of Directors of the Company, both at their meetings held on 14th September, 2022 have approved the introduction of the Plan, subject to approval of Shareholders of the Company vide a Special Resolution.

The main features of the Plan are as under:

A. Brief Description of the Plan:

Keeping in view, the aforesaid objectives, the Plan contemplates grant of RSUs to such employees as may be determined by the Committee in terms of the Plan. After vesting of RSUs, such employees earn a right, but not an obligation, to exercise the vested RSUs within the exercise period and obtain equity shares of the Company subject to payment of exercise price and satisfaction of any tax obligation arising thereon.

The Committee shall act as compensation committee for the administration of the Plan. All questions of interpretation of the Plan shall be determined by the Committee and such determination shall be final and binding upon all persons having an interest in the Plan.

B. Total number of restricted stock units to be granted:

The total number of RSUs to be granted under the Plan shall not exceed 53,89,197 (Fifty three lakhs eighty nine thousand one hundred ninety seven) RSUs which upon exercise shall be convertible into not more than 53,89,197 (Fifty three lakhs eighty nine thousand one hundred ninety seven) equity shares of face value of ₹ 1 (Rupee One) each fully paid-up. Each RSU when exercised would be converted into one equity share of ₹ 1 (Rupee One) fully paid-up.

Further, Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI SBEB & SE Regulations") require that in case of any corporate action such as rights issue, bonus issue, merger, sale of division etc., a fair and reasonable adjustment needs to be made to the RSUs granted. In this regard, the Committee shall adjust the number and price of the RSUs granted in such a manner that the total value of the RSUs granted under the Plan shall remain the same after any such corporate action. Accordingly, if any additional RSUs are issued by the Company to the grantees for making such fair and reasonable adjustment, the ceiling of 53,89,197 (Fifty three lakhs eighty nine thousand one hundred ninety seven), shall be deemed to be increased to the extent of such additional RSUs issued.

C. Identification of classes of employees entitled to participate and be beneficiaries in the Plan:

Subject to determination or selection by the Committee, the following classes of employees/directors are eligible being:

- (i) an employee as designated by the Company, who is exclusively working in India or outside India; or
- (ii) a director of the Company, whether whole time or not, including a non-executive director who is not a promoter or member of the promoter group, but excluding an independent director.

but excludes

- a. an employee who is a promoter or belongs to the promoter group; and
- b. a director who either by himself or through his relatives or through anybody corporate, directly or indirectly holds more than 10% of the issued and subscribed shares of the Company.

D. Requirements of Vesting and period of Vesting:

RSUs granted on any date shall vest not earlier than minimum period of 1 (one) year and not later than a maximum period of 4 (four) years from the date of grant of RSUs as may be determined by the Committee. The Committee may extend, shorten or otherwise vary the vesting period from time to time subject to these minimum and maximum vesting periods.

The vesting dates in respect of the RSUs granted under the Plan shall be determined by the Committee and may vary from employee to employee or any class thereof and / or in respect of the number or percentage of RSUs to be vested.

RSUs shall vest essentially based on continuation of employment/service as per requirement of SEBI SBEB & SE Regulations. In addition to this, the Committee may also determine, at its sole discretion, certain criteria like designation, period of service, performance linked parameters viz., revenue targets, PBT targets etc., subject to satisfaction of which the RSUs would vest. Further, the Committee shall have the power to modify the allocation percentage of performance and tenure based RSUs, at the time of grant, based on business requirements.

E. Maximum period within which the RSUs shall be vested:

RSUs granted on any date shall vest not later than a maximum of 4 (four) years from the date of grant of RSUs as stated above.

F. Exercise price or pricing formula:

The exercise price per RSU shall be the face value of equity share of the Company as on the grant date.

G. Exercise period and the process of exercise:

The exercise period would commence from the date of vesting and will expire on completion of 4 (four) years from the date of respective vesting or such other shorter period as may be decided by the Committee from time to time.

The vested RSUs shall be exercisable by the grantees by a written application to the Company expressing his/her desire to exercise such RSUs in such manner and on such format as may be prescribed by the Committee from time to time. Exercise of RSUs shall be entertained only after payment of requisite exercise price and satisfaction of applicable taxes by the grantee. The RSUs shall lapse if not exercised within the specified exercise period.

H. Appraisal process for determining the eligibility of employees under the Plan:

The appraisal process for determining the eligibility of the employees will be based on designation, period of service, performance linked parameters such as work performance and such other criteria as may be determined by the Committee at its sole discretion, from time to time.

I. Maximum number of RSUs to be issued per employee and in aggregate:

The maximum number of RSUs that may be granted to any specific employee and in aggregate, under the Plan shall not exceed 2,50,000 (Two lakhs fifty thousand) RSUs.

J. Maximum quantum of benefits to be provided per employee under the Plan:

Apart from grant of RSUs as stated above, no monetary benefits are contemplated under the Plan.

K. Route of the Plan implementation:

The Plan shall be implemented and administered directly by the Company.

L. Source of acquisition of shares under the Plan:

The Plan contemplates issue of fresh/primary equity shares by the Company.

M. Amount of loan to be provided for implementation of the scheme(s) by the Company to the trust, its tenure, utilization, repayment terms etc.,:

This is currently not contemplated under the present Plan.

N. Maximum percentage of secondary acquisition:

This is not relevant under the present Plan.

O. Accounting and Disclosure Policies:

The Company shall follow the IND AS 102 on Share-based Payments and/or any relevant accounting standards as may be prescribed by the Institute of Chartered Accountants of India (“ICAI”) or any other appropriate authority, from time to time, including the disclosure requirements prescribed therein, in compliance with relevant provisions of SEBI SBEB & SE Regulations. In case, the existing guidance note or accounting standards do not prescribe accounting treatment or disclosure requirements, any other Accounting Standard that may be issued by ICAI or any other competent authority shall be adhered to in due compliance with the requirements of Regulation 15 of SEBI SBEB & SE Regulations.

P. Method of RSUs valuation:

The Company shall adopt ‘fair value method’ for valuation of RSUs as prescribed under guidance note or under any accounting standard, as applicable, notified by appropriate authorities from time to time.

Q. Lock-in period:

The shares issued pursuant to exercise of RSUs shall not be subject to any lock-in period restriction except such restrictions as may be prescribed under applicable laws including that under the Code of Conduct framed by the Company under the Securities and Exchange Board of India (Prohibition of Insider Trading), Regulations, 2015, as amended.

R. Terms and conditions for buy back, if any:

The Committee shall determine the procedure for buy-back of RSUs granted under the Plan if to be undertaken at any time by the Company and the applicable terms and conditions including (i) permissible sources of financing for buy-back; (ii) any minimum financial thresholds to be maintained by the Company as per its last financial statements; and (iii) limits upon quantum of RSUs that the Company may buy-back in a financial year.

S. Declaration:

In case, the Company opts for expensing of share-based employee benefits using the intrinsic value, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the RSUs and the impact of this difference on profits and on Earning Per Share (EPS) of the Company shall also be disclosed in the Directors’ Report.

Consent of the Shareholders is being sought by way of Special Resolution pursuant to Section 62(1)(b) and all other applicable provisions, if any, of the Act and as per Regulation 6 of the SEBI SBEB & SE Regulations.

A draft copy of the Plan will be available for inspection of the Shareholders through electronic mode. Shareholders may write to the Company at postalballot@nerolac.com in that regard, by mentioning “*Request for Inspection*” in the subject of the e-mail.

None of the Directors and / or Key Managerial Personnel of the Company and / or their relatives, are in any way concerned or interested (financially or otherwise), in the proposed Special Resolution, except to the extent they may be lawfully granted RSUs under the Plan.

The Board recommends the Special Resolution, as set out in Item No. 2 of the Notice, for approval of the Shareholders.

For and on behalf of the Board

P. P. Shah
Chairman

Mumbai, 14th September, 2022

ANNEXURE TO THE NOTICE

Details of the director seeking appointment as set out in the Notice, in terms of Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Clause 1.2.5 of Secretarial Standard-2 on General Meetings

Name of Director	Mr. Bhaskar Bhat
Director Identification Number	00148778
Age	68 years
Qualifications and Experience	<p>Mr. Bhaskar Bhat began his career in 1978 as a Management Trainee at Godrej & Boyce Manufacturing Company. After spending five years with Godrej, he joined the Tata Group. After that, he was associated with Titan Company Limited and retired on 30th September, 2019, after serving as Managing Director of the Company from April 2002 to September 2019. Mr. Bhaskar Bhat is the Chairperson of the Board of Governors of the National Institute of Technology, Tiruchirappali. He is associated with the Governance of TA Pai Management Institute and the National Institute of Design. He is a Board Member of IITM Pravartak Technologies Foundation. Mr. Bhat graduated in Mechanical Engineering from IIT Madras and completed his PGDBM from IIM Ahmedabad. He has been conferred the Distinguished Alumnus Award at IIT Madras and IIM Ahmedabad.</p> <p>Mr. Bhat is also a Director in Tata Sons Private Limited, Titan Company Limited, Trent Limited and CaratLane Trading Private Limited and Chairman of the Board of Rallis India Limited and Tata SIA Airlines Limited (Vistara). He is also the Lead Independent Director in Bosch Limited.</p>
Date of First Appointment	10th August, 2022
Directorships in other companies	<ul style="list-style-type: none"> • Titan Company Limited • Trent Limited • Rallis India Limited • Tata SIA Airlines Limited • Bosch Limited • Tata Sons Private Limited • CaratLane Trading Private Limited • IITM Pravartak Technologies Foundation (Section 8 Company)
Memberships/ Chairmanships of Committees# of other companies	<ul style="list-style-type: none"> • Titan Company Limited – Audit Committee – Member • Titan Company Limited – Stakeholders Relationship Committee – Member • Bosch Limited – Audit Committee – Member • Bosch Limited – Stakeholders Relationship Committee – Member
Directorship in other listed entities	<ul style="list-style-type: none"> • Titan Company Limited • Trent Limited • Rallis India Limited • Bosch Limited
Listed entities in which the Director has resigned in the past three years	Tata Chemicals Limited
Shareholding in the Company	Nil
Relationship between Directors inter-se, with other Directors and Key Managerial Personnel of the Company	None
Last drawn remuneration	Not Applicable
Remuneration proposed to be paid	Sitting fees and commission in accordance with the provisions of the Act.
Number of meetings of Board attended during the year	1 (One) board meeting has been held on 14th September, 2022 since his appointment with effect from 10th August, 2022 and Mr. Bhat has attended the same.

In terms of the provisions of Regulation 26 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, memberships / chairmanships in only Audit Committee and Stakeholders' Relationship Committee are considered.