

Date: _____

To

Mr./ Ms. _____

Dear Mr./Ms. _____

Subject: Letter of appointment for the office of Independent Director on the Board of Directors of Kansai Nerolac Paints Limited as required under Schedule IV of the Companies Act, 2013 and the Listing Agreement.

1. We are pleased to inform you that the Board of Directors of Kansai Nerolac Paints Limited (Company) has approved your appointment as an Independent Director on the Board of Directors of the Company for a period of _____ years commencing from _____ upto and including _____.
2. Your declaration to the Company that you satisfy the requirements for being an Independent Director of the Company as required under section 149(6) of the Companies Act, 2013 (Act) has been noted by the Board in its Meeting dated _____, as required under Section 149(7) of the Act.
3. Your role, duties and responsibilities will be those required of an Independent Director under the Companies Act, 2013, more fully described in the Code of Conduct for Independent Directors, provided under Schedule IV of the Companies Act, 2013.

The Guidelines of professional conduct (Clause I of the Code), Role and functions (Clause 11), Duties (Clause III), Separate meetings of Independent Directors (Clause VII) and the Evaluation mechanism for performance evaluation of Independent Directors (Clause VIII) are as detailed in an extract from the Code for Independent Directors attached with this letter as Annexure I for your information and reference.

4. You may be nominated on one or more Committees of the Board as may be decided by the Board from time to time.
5. The Company has a Directors & Officers Liability Insurance in place.
6. The Board of the Company has laid down a Code of Conduct for all Board Members of the Company as required under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Your compliance with the Code of Conduct is requested. The Code of Conduct for the Board Members is attached with this letter in Annexure II for your information and reference.

7. It is accepted and acknowledged that you may have business interests other than those of the Company. As a condition precedent to commencement of your appointment, you are required to declare to the Company any such directorships, appointments and interests to the Board. Thereafter you are required to declare to the Company whenever there is any change in the circumstances which may affect your status as an independent director. In the event that your circumstances seem likely to change and might give rise to a conflict of interest or, when applicable, circumstances that might lead the Board to revise its judgement that you are independent, this should be disclosed to the Board of Directors.
8. It is expected that you will not serve on the boards of competing companies. It is also expected that you will intimate and take consent of the Board of Directors of our Company, before you consider a directorship with our Company's customer / competing industry.
9. All the Non-Executive Directors including the Independent Directors will be paid Commission within the ceiling of 1% of net profits of the Company as specified under Section 197 of the Act. The commission payable to Non-Executive Directors is decided by the Board, based on a number of factors including number of Board and Committee meetings attended, individual contribution thereat, etc. The Non-Executive Directors are also paid sitting fees for attending every meeting of Board or Committee thereof within the limits prescribed under the Companies Act as approved by the Shareholders of the Company.

For Kansai Nerolac Paints Limited

Managing Director

Accepted

Independent Director

CODE FOR INDEPENDENT DIRECTORS

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

Guidelines of professional conduct:

An independent director shall:

- (1) uphold ethical standards of integrity and probity;
- (2) act objectively and constructively while exercising his duties;
- (3) exercise his responsibilities in a *bona fide* manner in the interest of the company;
- (4) devote sufficient time and attention to his professional obligations for informed
- (5) and balanced decision making;
- (6) not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- (7) not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- (8) refrain from any action that would lead to loss of his independence;
- (9) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- (10) assist the company in implementing the best corporate governance practices.

II. Role and functions:

The independent directors shall:

- (1) help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- (2) bring an objective view in the evaluation of the performance of board and management;
- (3) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- (4) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- (5) safeguard the interests of all stakeholders, particularly the minority shareholders;
- (6) balance the conflicting interest of the stakeholders;
- (7) determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management;
- (8) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

III. Duties:

The independent directors shall—

- 1) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- 2) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
- 3) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- 4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- 5) strive to attend the general meetings of the company;
- 6) where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- 7) keep themselves well informed about the company and the external environment in which it operates;
- 8) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- 9) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
- 10) ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- 11) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- 12) act within the authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- 13) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

IV. Manner of appointment:

- (1) Appointment process of independent directors shall be independent of the company management; while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
- (2) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
- (3) The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfils the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.
- (4) The appointment of independent directors shall be formalised through a letter of appointment, which shall set out :
 - i. the term of appointment;

- ii. the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;
 - iii. the fiduciary duties that come with such an appointment along with accompanying liabilities;
 - iv. provision for Directors and Officers (D and O) insurance, if any;
 - v. the Code of Business Ethics that the company expects its directors and employees to follow;
 - vi. the list of actions that a director should not do while functioning as such in the company; and
 - vii. the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.
- (5) The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours.
- (6) The terms and conditions of appointment of independent directors shall also be posted on the company's website.

V. Re-appointment:

The re-appointment of independent director shall be on the basis of report of performance evaluation.

VI. Resignation or removal:

- (1) The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.
- (2) An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within three months from the date of such resignation or removal, as the case may be.
- (3) Where the company fulfils the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

VII. Separate meetings:

- (1) The independent directors of the company shall hold at least one meeting in a financial year, without the attendance of non-independent directors and members of management;
- (2) All the independent directors of the company shall strive to be present at such meeting;
- (3) The meeting shall:
 - a) review the performance of non-independent directors and the Board as a whole;
 - b) review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
 - c) assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

VIII. Evaluation mechanism:

- 1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- 2) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

Signature :

Name: _____

DIN: _____

Place: _____

Date: _____

Code of Conduct for Board of Directors and Senior Management

The Board of Directors of Kansai Nerolac Paints Limited has adopted the following code of conduct for the Board of Directors and senior management of the company. For the purpose of this code, the term 'senior management' shall mean personnel of the company who are members of its core management team excluding Board of Directors. This would comprise all members of management one level below the executive directors, including all functional heads.

The code has been adopted, effectively from the 31st day of December, 2005.

This code should be read in conjunction with the “Code of Conduct for Managerial and Executive Staff”, the “Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices” and the “Policy on Appropriate Social Conduct at the Workplace” and such other policies/codes that the company may from time to time formulate in pursuit of its commitment to the core values of integrity and honesty. The company shall always strive to maintain the highest standards of conduct in all its endeavours. The company’s directors and senior managers have a responsibility to lead by example, acting with truth, sincerity and fairness in all decisions. The Code is intended to serve as a source of guiding principles for directors and senior managers. This Code cannot be expected to address every expectation or condition regarding proper and ethical business conduct. Each director and senior manager is expected to comply with the letter and spirit of this code using good common sense and professional ethics as the best guide.

Conflict of interest

Directors and senior managers must avoid any conflict of interest with the company. A "conflict of interest" occurs when the private interest of a director/senior manager interferes in any way, or appears to interfere, with the interests of the company as a whole. While this code does not attempt to describe all possible conflicts of interest that could develop, nevertheless, some of the

more common conflicts that directors and senior managers must resolve or avoid, however, are set out below:

- A conflict situation can arise when a director/senior manager, or a member of his family, take(s) action or has/have interests that may make it difficult for the director/senior manager to make decisions on behalf of the company objectively and effectively.
- A conflict of interest can also arise when a director/senior manager or a member of his family receive(s) improper personal benefits as a result of the position of the director/senior manager in the company.
- It is a conflict of interest to serve as a director of any company that competes with the company.

Family can be considered to consist of the director, his spouse, dependent children and dependent parents. If a director/senior manager believes that he has an actual or potential conflict of interest with the company, the director/senior manager shall notify the company / Board of Directors as promptly as practicable and shall in any event not participate in any decision by the Board of Directors that in any way relates to the matter that gives rise to the conflict of interest. Directors, senior managers and their families shall abstain from offering or accepting gifts from persons or firms who deal with the company, where such a gift is being made in order to influence the actions of the director/senior manager, or where acceptance of the gift could create the appearance of a conflict of interest.

Corporate opportunities

Directors and the senior managers owe a duty to the company to advance its legitimate interests. Directors and senior managers are prohibited from taking for themselves opportunities or personal gain through unauthorised use of corporate property, information and position or competing with the company for business opportunities.

Confidentiality

Directors and senior managers must, during their term of office and after leaving the Board/ services of the company, maintain the confidentiality of information entrusted to them by the company and any other confidential information about the company that comes to them from

whatever source, in their capacity as directors/ senior managers, except to those people who have an appropriate reason to have access to the information. For purposes of this code, "confidential information" includes all non-public information that might be of use to competitors, or harmful to the company or its customers, if disclosed.

Compliance with laws, rules and regulations

Directors and senior managers shall comply with laws, rules and regulations applicable to them as directors and senior managers of the company, including laws on prevention of insider trading.

Protection and proper use of company assets

Directors shall protect the company's assets and ensure their efficient use for legitimate business purposes.

Fair dealing and ethical business conduct

Directors and senior managers must observe the highest ethical standards and act with integrity and honesty to promote an environment that encourages the employees of the company to sustain and enhance the reputation of the company and treat each other as well as customers, suppliers, and competitors with fairness and respect. Directors and senior managers shall not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing practice. Conduct that raises questions about the integrity, character or impartiality of the organization, which can damage the reputation of the company, or creates an appearance of illegal, unethical or improper conduct is prohibited.

Encouraging the reporting of any illegal or unethical behaviour

Directors and senior managers of the Company shall endeavour to promote ethical behaviour and to provide an opportunity to employees to report violations of laws, rules, regulations or codes of conduct and policy directives adopted by the Company to the appropriate personnel without fear of retaliation of any kind for reports made by the employee in good faith.

Handling news about the company

Confidential information about the Company, including information that can be expected to have an impact on the market for the Company's shares may be released only in accordance with the Company guidelines and the relevant regulations of the Stock Exchanges and the Securities Exchange Board of India.

Compliance procedures

Senior managers and Executive Director(s) shall communicate any suspected violations of this Code, including any violation of law or governmental rule or regulation, promptly to the Managing Director. Directors, other than Executive Director(s) shall communicate any suspected violations of this Code, including any violation of law or governmental rule or regulation, promptly to the Board of Directors. Alleged violations shall be investigated by the Board or by a person or persons designated by the Board and appropriate action shall be taken in the event of any violations of the Code.

Annual certification

All Board members and senior management personnel have to confirm compliance with the Code on an annual basis. The annual report of the company shall contain a declaration to this effect signed by the Managing Director who is the Chief Executive Officer.

Signature :

Name: _____

DIN: _____

Place: _____

Date: _____