

## **Code of Conduct for Directors and Senior Management of Kansai Nerolac Paints Ltd.**

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.



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

Tel. : +91-22-2493 4001  
Fax : +91-22-2497 3704

CIN No. : L24202MH1920PLC000825

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.

**Duties of the Independent Directors**

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) acting within his 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.

#### **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.



**FORMAT OF THE DECLARATION TO BE GIVEN ON AN ANNUAL BASIS BY THE  
DIRECTOR / SENIOR MANAGER**

To

The Board of Directors,

Kansai Nerolac Paints Limited,

Nerolac House, Ganpatrao Kadam Marg,

Lower Parel, Mumbai – 400 013.

I, Mr. \_\_\_\_\_, resident of \_\_\_\_\_ being a \_\_\_\_\_  
(designation) of Kansai Nerolac Paints Limited hereby confirm that I have fully complied with  
the Code of Conduct for Board of Directors and Senior Management as at  
31st March, \_\_\_\_\_.

Date:

Signature

Name of the official

