

COLLABORATION

Kansai Nerolac Paints Limited

103rd Annual Report 2023



At Kansai Nerolac Paints Limited, we aim to highlight transformative power of collaboration in bringing colour and creativity to life.

We have focussed on empowering our customers, partners, employees and communities throughout the year.

We firmly believe that collaboration holds the key to constructing a sustainable future. It is through collaborative efforts that we can forge a path towards a more equitable and inclusive world, while also fuelling innovation and driving growth.

As an organisation driven by innovation, we have invested in fostering a collaborative culture to promote cross-functional teamwork and sharing of ideas.

This approach has resulted in the development of new technologies, improved business processes, and better understanding of customer needs.

This, in turn, has led us to producing high-quality, innovative products through close collaboration with customers and partners.


In line with our commitment to sustainability, environmental, and social accountability, we have taken active steps towards fulfilling our responsibilities.

We have made strides in areas such as renewable energy, diversity and inclusivity, employee growth, community engagement, and responsible sourcing.

This includes collaborating with suppliers to reduce our carbon footprint, minimising waste and partnering with local communities to promote the responsible use of our products.

We have extended our collaboration to our value chain partners, imparting training and awareness sessions on environmental, social, and governance (ESG) topics as we invite them to embark on our collective sustainability journey. Our internal teams have worked together to promote workforce development, ensuring a collaborative approach to create opportunities for employees. Through these efforts, we strive to foster a culture of continuous learning and growth within our organisation.

As we look ahead, we are confident that our unwavering commitment to collaboration will pave the way for us to generate even greater value for our customers, stakeholders, and communities.



Together, let us harness
the transformative power
of collaboration as we
paint a vibrant canvas of
endless possibilities!



ABOUT THE REPORT



REPORTING PERIOD, SCOPE AND BOUNDARY

This Report contains the financial and non-financial information of Kansai Nerolac Paints Limited (hereafter referred to as 'KNPL' or 'the Company') and its subsidiaries for the period 1st April, 2022 to 31st March, 2023, or the 'reporting period'.



APPROACH TO REPORTING

The Report takes an integrated approach by providing information on various capitals beyond financial, including natural, intellectual, manufactured, social & relationship, and human capital. It demonstrates the interlinkage of these capitals within the Company's business model to create value for stakeholders while managing risks and material issues.

The Report serves as a comprehensive communication, encompassing financial and non-financial resources, highlighting the Company's value-creation process. It also includes insights into the operating context, strategies, associated risks, and future prospects. Governance-related information is provided to showcase how the Company protects stakeholder interest.

The Report presents both qualitative and quantitative data to enable stakeholders to make informed decisions regarding their engagement with the Company.



REPORTING PRINCIPLE

The financial and statutory information presented in this Report complies with the requirements of The Companies Act, 2013 (including the rules made thereunder), the Indian Accounting Standards and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The non-financial information is disclosed in accordance with Global Reporting Initiative (GRI) Standards: Core option. It is based on calculation methodologies conforming to globally accepted standards and is presented succinctly and comparably to enhance the Report's value for all stakeholders. The assumptions, exclusions and restatements have been included wherever applicable. Further, the Report also follows the content and guiding principles guidelines of Integrated Reporting framework by the International Integrated Reporting Council (IIRC).



APPROACH TO MATERIALITY

The Report covers key material issues which have been identified basis various stakeholder engagements, their impact on value-creation process and the Company's approach to addressing them with a measurable target. This facilitates stakeholders in making informed decisions with regards to their engagement with the Company.



ASSURANCE

Assurance on selective non-financial disclosures of KNPL has been assured by M/s Aneja Associates. The assurance has been given against the disclosures' adherence to the GRI's Sustainability Reporting Standards.

CORPORATE INFORMATION FY 2022-23

BOARD OF DIRECTORS

Mr. Pradip Panalal Shah

Chairman,
Non-Executive, Independent Director

Mr. N. N. Tata

Non-Executive, Independent Director
(upto 10th August, 2022)

Mr. Anuj Jain

Managing Director

Mr. Hitoshi Nishibayashi

Non-Executive Director

Ms. Sonia Singh

Non-Executive, Independent Director

Mr. Shigeki Takahara

Non-Executive Director

Mr. Takashi Tomioka

Non-Executive Director

Mr. Bhaskar Bhat

Non-Executive, Independent Director
(from 10th August, 2022)

CHIEF FINANCIAL OFFICER

Mr. P. D. Pai

COMPANY SECRETARY

Mr. G. T. Govindarajan

BANKERS

AXIS BANK LTD.

HDFC BANK LTD.

ICICI BANK LTD.

STANDARD CHARTERED BANK

STATUTORY AUDITORS

S R B C & CO LLP, Mumbai

REGISTERED OFFICE

NEROLAC HOUSE

Ganpatrao Kadam Marg,

Lower Parel, Mumbai-400 013, Maharashtra.

CORPORATE OFFICE

28th Floor, A-wing, Marathon Futurex,

N.M. Joshi Marg, Lower Parel,

Mumbai – 400 013, Maharashtra

TELEPHONE NO.

+91-22-40602500, +91-22-40602501

CORPORATE WEBSITE

www.nerolac.com

INVESTORS RELATIONS

E-mail ID: investor@nerolac.com

Corporate Identity Number (CIN):

L24202MH1920PLC000825

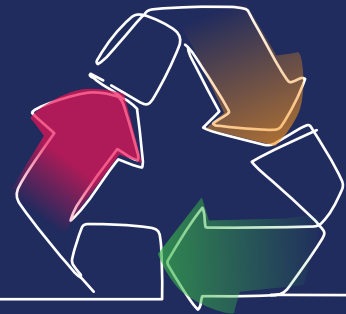


CONTENTS

02-127

CORPORATE OVERVIEW

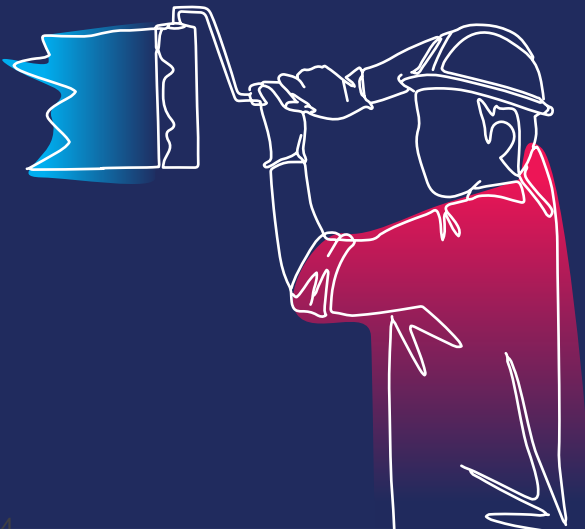
About the Report	2
Corporate Information	3
Message from Managing Director	6
Key Highlights	10
Performance Highlights	12
Corporate Profile	14
Our Product Portfolio	16
Our Operational Footprint	20
Our Strategy and Future Orientation	22
Our Value Creation Model	24
Staying Engaged with Our Stakeholders	26
Materiality Assessment	30
Opportunities & Threats	34
Risk and Concerns	36
Nurturing our Capitals and ESG approach	39
Natural Capital	45
Intellectual Capital	68
Financial Capital	82
Manufactured Capital	86
Social and Relationship Capital	100
Human Capital	113



128-249

STATUTORY REPORTS

Notice	128
Board's Report including Management Discussion and Analysis	140
Report on Corporate Governance	196
Business Responsibility and Sustainability Report	218



For more details, please visit:
www.nerolac.com

FINANCIAL STATEMENTS**Standalone Financial Statements**

Independent Auditor's Report	250
Balance Sheet	260
Statement of Profit and Loss	261
Statement of Changes in Equity	262
Statement of Cash Flows	263
Notes	265
Form AOC-1	309

Consolidated Financial Statements

Independent Auditor's Report	310
Balance Sheet	318
Statement of Profit and Loss	319
Statement of Changes in Equity	320
Statement of Cash Flows	321
Notes	323

Summarised Standalone Statement of Profit and Loss of 15 Years

370



MESSAGE FROM MANAGING DIRECTOR



I personally believe that culture plays a very important role in shaping the organisations future. We adopted a culture of innovation, collaboration and empowerment and took a series of initiative to build it. Several innovation workshops were conducted with employees at all levels of the organisation.



Dear Shareholders,

On 31st March, 2023, I completed one year as the MD of KNPL. I would like to express my sincerest appreciation for the support and guidance extended to me during this period. As we move into a new year, it is important to reflect on the challenges we faced and opportunities we created. This annual report stands as a testament to our achievements, offering valuable insights into the current state of our business and outlining our visionary outlook for the future.

Organisation Philosophy – People

The Company embarked on a transformative journey in the past year, placing its employees at the heart of every endeavour. The core philosophy being that the Company's success is strongly connected with its employees' well-

being and growth. Happy employees are more engaged, more productive, have a positive outlook on one's work, and contribute better to stakeholder satisfaction. Multiple interventions were conducted throughout the year to ensure high employee involvement, participation and engagement in the corporate agenda. As a result, internal surveys indicated a significant uptick in the internal 'Employee Happiness' measured during the year.

Culture of Innovation, Collaboration & Empowerment

I personally believe that culture plays a very important role in shaping the organisations future. We adopted a culture of innovation, collaboration and empowerment and took a series of initiatives to build it. Several innovation workshops were conducted with employees. Idea generation sessions were conducted and cross-function teams were deployed

to implement the identified ideas. The cross-functional approach led to higher collaboration. During the year, there were several strategy projects identified by the Company. Employees were entrusted with these projects and were empowered to take decisions to drive them. During the process, both the individual employee as well as the team of employees had an experience which capitalised on their expertise and judgement. Thereby increasing their commitment to the organisation and aiding them to feel empowered and motivated.

Economic & Business Scenario

In the last few years, businesses have experienced both the highs and lows of the macroeconomic situations. Inflation on account of material prices peaked and then started to mellow down during the year. Supply chain challenges eased out, but pockets of disruptions continued. Volatility in currency also played out during the year and witnessed a significant Rupee Vs US Dollar peaking. While crude oil prices continued to decline, the situation seemed volatile due to various geopolitical events playing out.

In India, infrastructure spending, healthy demographics, and push for real estate and housing supported the paint demand. The Automotive industry recovered from chip shortages and exhibited strong demand. Services started emerging as an important element in satisfying end-consumer needs.

Performance Overview

KNPL experienced robust growth across various segments and successfully expanded its product portfolio, distribution reach, dealer network, and influencer programs.

The Automotive business showcased outstanding demand, while the Performance Coating and Auto Refinish markets also experienced healthy growth.

In the Decorative business, we observed strong demand in the Projects segment and for Wood-finishes, Waterproofing, and Construction chemicals. Additionally, our services offerings was expanded to more cities, receiving a highly positive response from consumers.

Moreover, we made concerted efforts to promote and sell premium products in both the Decorative and Industrial sectors. As a result, our topline recorded an impressive increase of 19%.

On the profitability side, the Company implemented a series of measures. These included judicious cost control measures, collaborative efforts with value chain partners, price increase initiatives, and strategically exiting from low-margin product



22.6%

EBITDA

29.9%

PAT

270%

The board has recommended a dividend of 270% for FY23.

portfolios. As a result of these actions, we achieved significant improvements in financial performance. Notably, our EBITDA witnessed a remarkable growth of 22.6%, while our PAT experienced an impressive surge of 29.9%. Reflecting our strong financial position, the board recommended a dividend of 270% for FY 2022-23.

The Nerolac Story - Our Strengths

With a rich legacy spanning 100 years, the Company boasts a diverse portfolio of products catering to a wide range of segments within decorative and industrial coatings. Through our painting solutions, we provide ‘Beauty and Protection’ to everything that a household uses on a daily, be it paints for homes (Interior & exterior, wood finishes), automobiles (4-wheeler, 2-wheeler), consumer durables (fans, microwaves, refrigerators, washing machine), personal use articles (hair clips), and transportation infrastructure (bridges, metro rail). This is why we say ‘There is a little bit of Nerolac in everybody’s life’.

Nerolac brand is the 2nd strongest brand in the industry. The enduring Nerolac jingle continues to strike a chord with consumers, forging a connection that echoes our illustrious legacy. The Company has strong tie-ups with overseas companies to develop the best solutions for customers. Through relentless innovation, we strive to introduce pioneering products that set new benchmarks in the market. Leveraging Japanese technology, KNPL delivers these distinctive offerings and tailored solutions to cater to the evolving needs of our customers.

Strategy

In the realm of our Industrial business, where we proudly hold a leadership position, our primary focus is to achieve profitable growth across all the segments we serve.

To drive this objective, we have introduced cutting-edge technologies such as tin-free CED and Medium Solid base coats in the Automotive sector. We have made substantial progress in the new and rapidly growing Electric Vehicle segment.

In the Auto Refinish sector, our emphasis lies on expanding our market share through an extensive network expansion. In Performance and Powder Coatings, multiple initiatives have been planned and launched around expanding our product portfolio based on superior technology. Our access to advanced technology and approvals, facilitated by our association with Kansai Paint, its entities, and other technical collaborators, has enabled us to enter new segments and secure approvals from customers within those segments. We have set a series of initiatives to improve the share of premium products in the portfolio. We have also consciously exited from low-profitable segments. We collaborated with customers to deliver sustainable products that fulfil their unique requirements.

The Company's growth strategy focusses on delivering a unique customer experience through NXTGEN painting service, consultation services, increased engagement with painters, partnerships with architects and interior designers. In Decorative business, we implemented collaborative strategies and invested in various initiatives to strengthen our influencer and distribution network. Under the brand Expressions Paint+, the Company developed unique-to-category products and democratised the segment by launching premium features at popular price points. Our painter engagement programme 'Pragati' was expanded to reach out to more painters and establish deeper connections with them. We launched a unique loyalty programme 'Illuminati' for architects & interior designers. The consumer journey was taken to the next level through our Nxtgen Painting and consultancy services, which provided all services at the doorstep of the consumer with just a click of a button. The Company expanded its geographical reach by adding more retail touchpoints and experience stores - Nxtgen Shoppe.

To establish a deeper connection with consumers, the Company made strategic investments in branding and media campaigns, ensuring a more prominent presence in the market. Various channels were utilised to promote the brand and its products, including TV commercials, print advertisements, outdoor hoardings, OTT platforms, and online advertising. A new TV commercial featuring our brand ambassador Ranveer Singh was launched to promote the Impressions range of products. Additionally, the Company sponsored prestigious events such as the IPL (Indian Premier League) and Indian Idol, further enhancing its brand visibility and reach.

Creating Digital Assets

The Company has made significant strides in the digital realm by launching multiple digital platforms. These platforms cater to both internal and external stakeholders, enhancing agility, operational efficiencies, visibility, and real-time information for all parties involved.

Through the development of a comprehensive digital ecosystem, the Company offers various applications that deliver a superior experience and enhanced visibility across the entire value chain. Users, including consumers, can track every stage of the painting cycle in their homes, starting from the expression of interest to its completion. Additionally, the Company provides a range of online tools to assist consumers and influencers in making informed decisions, as well as providing training and educational resources.

Internally the Company has also launched several digital initiatives to drive value and efficiency in the areas of manufacturing and logistics. In addition, the Company developed mobile-based applications for its various go-to-market teams to improve agility.

Building Future Capabilities

To secure its operations, the Company has also invested in Business continuity. We have invested in a green-field facility in Vizag to meet future demand in Decorative Business. We have invested into resin manufacturing at Sayakha and emulsion manufacturing at Amritsar, enhancing our capability to service better. On top of this, we are creating a robust and responsive supply chain built on a strong IT backbone, ensuring our customers' continuity of supplies and business. Agility in replenishment lead time and small order servicing are emerging focus areas. Planning and has set up a Far DR site and continues to invest so as to strengthen its security architecture.

KNPL has a strong R&D setup with cutting-edge technologies in diverse business segments and coating applications. We work closely with our customers to develop customised solutions and focus on developing sustainable and environment-friendly products and solutions. We engage with our overseas partners and develop new solutions.

Delivering Long-term Sustainable Value

At KNPL, sustainability is deeply ingrained in our business objectives. We prioritise protecting and nurturing our triple bottom line of People, Planet, and Profit by adopting sustainable growth practices. Our consistent focus on ESG ensures we are at the forefront of sustainable practices. We have identified key materiality areas such as de-carbonisation, resource use, quality of life, diversity, and governance to drive our sustainability strategy.

We are committed to becoming a water-positive organisation in the upcoming year and have become a TCFD supporter. Additionally, we have set carbon emissions reduction targets for 2030 to limit global warming below 1.5 degree Celsius and submitted them for validation to the Science Based Targets initiative (SBTi).

As a responsible corporate citizen, we are committed to several important initiatives. These include providing eco-friendly products, promoting water neutrality, conserving energy, mitigating climate change, decarbonising, supporting local communities, and strengthening governance, compliance, and risk management functions. Our sustainability framework

is robust, and we continually seek ways to improve our sustainability efforts.

Through our sustainable practices, we are driving our sustainability efforts and building a strong foundation for our business to continue generating value for years to come. To learn more about our specific ESG initiatives, please refer to the later sections of this integrated report.

Subsidiaries

Our domestic subsidiary Nerofix has become a wholly owned subsidiary of the Company through the acquisition of 40% of shares of total shareholding from Poygel.

During the year, Nerofix top line grew significantly and also grew its EBITDA.

With regards to international subsidiaries, KNPL was able to turnaround its Sri Lankan operations and gain market share despite a tough business and economic environment. While it faced headwinds in Bangladesh, the company was able to get profitable growth. In Nepal, the company was able to maintain momentum and ensure a healthy bottom line despite the many challenges in the business climate this year.

Outlook and Way Forward

The business environment is changing more rapidly than ever. Considering the geo-political tensions, material price movement and currency fluctuations, it is expected to be challenging. Digitisation will continue to shape our business models and ways of engagement with our stakeholders. Looking ahead, we will continue to prioritise employee engagement and well-being, leveraging our strengths in digital platforms and innovation. Our commitment to sustainability will drive long-term value creation while positively impacting society and the environment. Through ongoing innovation and collaboration with our esteemed customers, we endeavour to deliver meaningful value and foster mutually beneficial partnerships.

I would like to express my heartfelt gratitude to our dedicated employees, who have shown unwavering commitment and resilience in the face of challenging circumstances. Their relentless efforts have been instrumental in driving our success. Additionally, I sincerely appreciate our shareholders, whose trust and unwavering support have been invaluable to us.

Anuj Jain

Managing Director

KEY HIGHLIGHTS



ESG:

KNPL has achieved top ESG rankings in various assessments, including the S&P Corporate Sustainability Assessment where we are rated in top 10% globally within Chemical Industry Group and rated in Top Quartile in FTSE4Good Index. In the CRISIL ESG Rating, KNPL Featured in Leadership Category and amongst top 14 out of 575+ companies and rated #1 in Paint Sector.

The company has committed to near term targets in-line with Science-Based Targets initiative (SBTi). Also, it adopted framework of TCFD (Task Force on Climate-related Financial Disclosures) for Risk assessment due to climate change.



Consumer services:

The Nxtgen painting services was expanded to more than 90 cities, thus, reaching out to more no. of consumers with a superior painting experience. Nerolac's Nxtgen shoppe, which is an experience centre for consumer to fulfil his all needs for home painting was expanded to more than 40 stores at country level.



Influencer initiatives:

For the Architect & Interior Designer segment, we launched a new program "Illuminati" which has received a positive response during the year.



Brand Building:

We Strengthened our brand expression Paint + by introducing new advertisements and content around a differentiated range of products. In our advertising, we highlighted specific product benefits facilitated by Japanese technology and amplified by our signature Nerolac jingle. We also upgraded the company website to enhance user experience and organise information better.



Product Portfolio:

In Decorative business, we continued to launch products with the Paint+ promise. Nerolac Impressions Kashmir and Nerolac Excel Everlast 12 are some unique products launched. In Construction chemicals category, the Company launched Damp Lock and NoDamp+ under the which provides unique properties of waterproofing, durability and protection.

In the Industrial Business, KNPL has introduced several new generation products and solutions which are environment friendly, Resource-efficient (Energy-saving) and Value-adding technologies like low bake technology, high solids low VOC, Monocoats, Direct to Metal. We introduced breakthrough products like Tin free CED in Auto, High resistance coating for fuel tanks for 2 Wheelers, Fluro Undercoat & Fluro Topcoat (5 coat system) for performance coating and High Abrasion resistance powder for powder coating.





Foray into new segments

In Decorative business, KNPL forayed into the tile adhesive and customised admixture category this year. In Industrial business, we entered into new segments such as seam sealer, underbody blacks, alloy wheels, and the fasteners coatings segment.



Recognition:

The company was honored with the title of “Dream Employer of the Year 2022” by Times Ascent World HRD Congress for its people-centric approach, employee engagement initiatives, and commitment to creating a positive work culture.



Culture Building:

The main focus for this year was to successfully imbibe the spirit of innovation, collaboration and empowerment in every employee. This was made possible via multiple engagement sessions and various initiatives. Innovation workshops done during the year generated more than 500 ideas. Strategic workshops conducted at various levels to identify strategic interventions required. The multi-disciplinary approach and positive interdependence led to collaboration, increasing their sense of commitment to the organisation and aiding them to feel empowered and motivated.



Technology Differentiators & Innovation:

Use of Nano technology, Use of low bake technology, Transition to high solids and low VOC platforms, Shift from liquid paints to zero VOC Powder coating.



IT & Digital:

Created a whole ecosystem of Digital applications and tools for Go to Market Initiatives. These digital applications provided necessary insights and dashboards on mobile screens, enabling faster accessibility to real-time data.



Manufacturing Footprint:

Investment committed to Capacity expansion at existing Jainpur plant and in a green-field facility in Vizag.



PERFORMANCE HIGHLIGHTS

FINANCIAL HIGHLIGHTS

Net Turnover (₹ in Crores)

7,081.0 **5,948.9**

↑ 19.0%
Change In %

EBITDA (%)

11.2% **10.9%**

↑ 30
Change In basis Points

PAT (₹ in Crores)

486.4 **374.3**

↑ 29.9%
Change In %

NON FINANCIAL HIGHLIGHTS

Capacity (Million litres)

606 **583**

↑ 3.9%
Change In %

R&D Expenses (₹ in Crores)

40.39 **33.00**

↑ 22.4%
Change in %

CSR Spend (₹ in Crores)

12.70 **14.06**

↓ -9.6%
Change In %

Note: Performance Highlights are based on standalone performance

Electricity Consumption through Renewable Sources in % (Manufacturing Facilities Excluding Maprol and Perma) (%)

31.48 30.78

▲ 70

Change In basis Points

Specific Water Consumption (KL/KL of FG) (Manufacturing Facilities including Maprol and Perma) (KL/KL of FG)

1.14 1.16

▼ -1.72%

Change In %

Electricity Consumption through Renewable Sources in % (Manufacturing Facilities including Maprol and Perma) (%)

30.27 29.47

▲ 80

Change in basis Points

Total Emissions (Scope 1 + Scope 2) (MT of CO2 (Organisation Wide))

45,823 39,899

▲ 14.85%

Change in %

Energy Consumption through Renewable source in % (Organisation Wide)

48.61 51.64

▼ -303

Change In basis Points

■ FY 2022-23 ■ FY 2021-22

Note: Organisation Wide covers KNPL India (8 plants), Offices and Depots

CORPORATE PROFILE

A subsidiary of Kansai Paint Co., Ltd., Japan, Kansai Nerolac Paints Limited (KNPL) is one of India’s leading players in the Paint industry, catering to the evolving need for newer Coating solutions of customers. A future-focussed Company rooted in innovation, KNPL bespeaks quality and manufacturing excellence, making it a preferred choice for a growing and ever-evolving customer base.



Our Vision:

We design Solutions that Protect, Inspire and Touch Lives everyday



Our Mission:

We leverage superior technology to contribute to our Customers and Society, in a sustainable manner, with innovative Products and Services, through a competent workforce built on a culture of Customer Focus, Integrity and Respect for our Stakeholders.



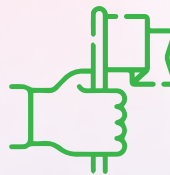
Our Brand Promise:

Renew Life



Our Brand Expression:

PAINT+



Our Purpose:

Create Environment for a Healthy and Beautiful future.

ORGANISATIONAL VALUES



Integrity

We build strong trust with all stakeholders, by doing the right thing, and by taking decisions that enhance the reputation of the organisation in the society.



Customer Focus

We continuously strive to understand and exceed Customer expectations.



Innovation:

We pioneer Innovation by engaging our collective wisdom and knowledge to create new value propositions, and continuously strive to generate original and novel solutions for products, services, and work processes. We experiment in different and ground-breaking ways to deal with value creation opportunities and challenges, through a deep understanding of the issue at hand.



Accountability:

We encourage organisation members to take responsibility for their own actions and decisions, show commitment to all stakeholders, and accomplish work in an appropriate and efficient manner.



Entrepreneurial Mindset:

We facilitate the emergence of entrepreneurial ideas that have a long-term perspective, originality in thinking, and practicality of execution, taking responsibility to see these ideas through with ownership at all times. We shall continue contributing to People and Society by providing sustainable value to all stakeholders.



Respect:

We respect diversity and embrace cultural and individual characteristics of organisation members, customers and communities by showing empathy and understanding the viewpoints of distinct beliefs, philosophies and cultures. We encourage and foster an environment of learning, teamwork and cooperation, that enables the development of all organisation members.

OUR PRODUCT PORTFOLIO

Our product proposition is designed to cater to the evolving needs of customers in the key segments of Decorative and Industrial.

DECORATIVE - (NEW LAUNCHES)

						
Impressions Kashmir	Excel Everlast 12	Suraksha Plus NXT	Perma NoDamp+	Perma Damp Lock	Tile Adhesive	TermiProtect
						
Excel Anti Peel NXT	Beauty Smooth NXT	True Sheen Exterior Emulsion	Premium Primer NXT	Economy Exterior Primer	1K Epoxy Primer	Economy Interior Primer
						
			Wonderwood 111 Thinner			

DECORATIVE

Interior Range

		
Impressions UHD	Impressions HD	Impressions Ultra Fresh
		
Beauty Gold Washable	Beauty Gold	Beauty Sheen
		
Beauty Ceiling Emulsion	Beauty Smooth	Beauty Little Master

Exterior Range

			
Excel Mica Marble Stretch & Sheen	Excel Top Guard (Topcoat)	Excel Top Guard (Basecoat)	
			
Excel Total	Excel Mica Marble	Excel Anti Peel	
			
Suraksha Dust Resist	Suraksha Sheen	Suraksha Plus	Suraksha Acrylic

Designer Range



Ideaz



Glitter



Metallics

Enamel



Nerolac PU Enamel 10 in 1



Synthetic



Satin

Wood Finish



Gloria 2K PU



Italian 2K PU



ICRO Range

Adhesives



Nerolac Aqua Smart



Nerofix



Nerofix Gold



Nerofix Super



Nerofix Smart

Primers



Excel Alkali Primer



Exterior Primer



Nerolac Zinc Yellow Primer



Ready Mix



Premium Primer WB



Popular Primer WB

Waterproofing



Perma Rapid Set



Nerolac Perma Nodamp



Nerolac Perma Damp Protect Exterior



Nerolac Perma Damp Protect Interior



Nerolac Perma Super 2K



Nerolac Perma Waterproof Putty

Solider



Soldier Premium Exterior Emulsion



Soldier Popular Exterior Emulsion



Soldier Popular Interior Emulsion



Soldier Interior Emulsion

OUR PRODUCT PORTFOLIO

INDUSTRIAL - NEW ADDITIONS

Automotive

4-Wheeler	2-Wheeler	Commercial Vehicle
Introduced low-density seam sealer and underbody sealant	Shades of fuel tanks to be compliant with E20 and E30, ensuring coating resistance to 20-30% ethanol blending in petrol	Commercialised 3 shades with superior functionality by using 3C-1B technology and low bake PU system
Tin free CED (LB-250T) that is free from heavy metals, Hazardous Air Pollutants (HAPs), and has low VOC emissions	Introduced low-bake products	Converted low solids TSA product to high solid PU product, aiding in 15% reduction in VOC emissions and 60°C reduction in baking temperature requirement

Performance Coating

General Industrial (GI)	High Performance (HPC)	Powder Coating (PC)
2K High Weather resistance PU System for Agricultural & Construction equipment manufacturer	5-coat system for Bridges of High-Speed rail Project with Fluro Undercoat & Flouro Topcoat	Introduced Super functionality Powder offering High Abrasion resistance, was introduced for accessories to enhance the durability of coating by 2x times
Monocoat Metallics for the Helmet Industry	High Abrasion & Chemical resistance solvent free coating for the Pipelines in the Refineries .	
Metal Grip for the coper coils of the Air conditioners to have protection from oxidation & give better performance.		

Auto Refinish

Introduced a range of High Gloss Clear PU products in the Economy range

INDUSTRIAL

AUTOMOTIVE

Applications in Industries

Passenger Vehicles, Commercial Vehicles, Tractors, Two-Wheelers, Three-Wheelers, Wheels and Auto Ancillaries.

Key Products

- ▶ Cathodic Electro Deposition (CED) and Acrylic Cathodic Electro Deposition (ACED) Primers
- ▶ 3 Coat – 1 Bake System
- ▶ Medium Solid, Thermo Setting Acrylic (TSA), Polyester Amino
- ▶ Monocoat Metallics
- ▶ High Mar Resistant Clear Coats
- ▶ Super Durable Monocoats
- ▶ Heat Resistant Paints
- ▶ Auto Interior Coatings
- ▶ Polyurethane (PU) Coatings for Metal and Plastics

PERFORMANCE COATINGS LIQUID

(General Industrial + High Performance Coating)

Applications in Industries

Petroleum, Metal Industries, Chemicals and Fertiliser, Infrastructure, Cement Industry, Railways, Pipes PreCoated Steel, Bridges, Drums and Barrels, Cylinders, Electricals, Helmet, Pre-engineered Buildings, Construction Equipment.

Key Products

- ▶ Polyurethane (PU) Primer and Top Coats
- ▶ Chlorinated Rubber Coatings
- ▶ Epoxy Coatings Alkyds – Primers and Top Coats
- ▶ Zinc Rich Coatings
- ▶ Heat Resistant Coatings
- ▶ Floor Coatings
- ▶ Pipe Coatings
- ▶ Coil Coatings
- ▶ Polysiloxane
- ▶ Fluoropolymer Coatings
- ▶ IPNet Coatings
- ▶ DTM Coatings
- ▶ Monocoat Metallic Coatings

POWDER COATINGS

Applications in Industries

Refrigerators, Washing Machines, Air Conditioner, Light Fixtures, Electrical, Auto Components, Pipes, Rebar Steel, Architectural.

Key Products

- ▶ Epoxy Polyester Powder, Epoxy Powder, Pure Polyester Polyurethane
- ▶ Heat Resistance Powder
- ▶ Rebar Coatings, Pipe Coating Powders
- ▶ Super Durable Powders, Bonded Metallic Powders
- ▶ High Performance Anti-Corrosion Powder System

AUTO REFINISH

Applications in Industries

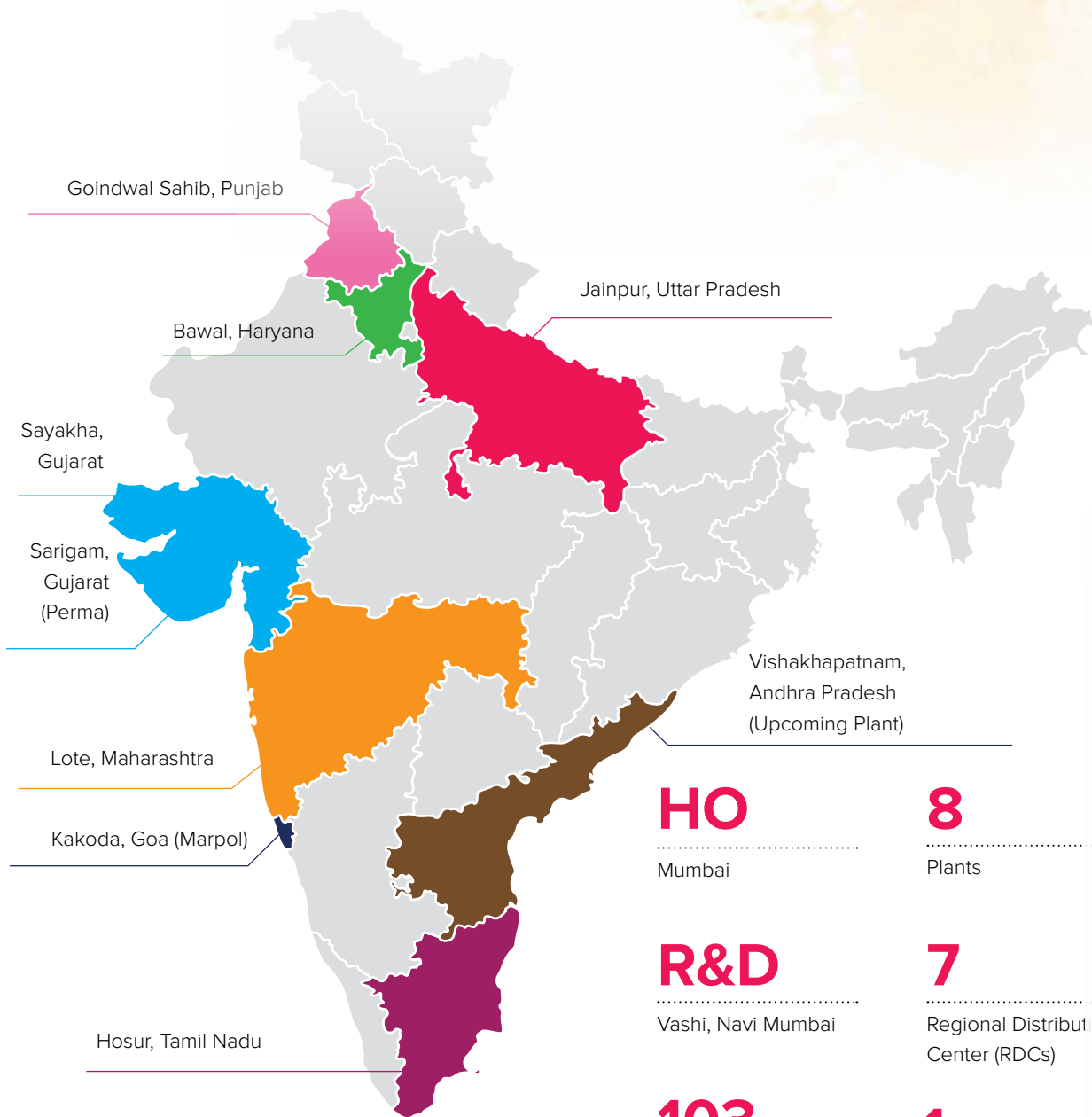
After Market Repainting and Touch-up for Passenger Vehicles, Commercial Vehicles, Two-Wheelers, Three-Wheelers, Bus Body, Auto Parts and Furniture.

Key Products

- ▶ Polyurethane Paints - Retan PG Eco, Cardea, Nerokan, Acric EZ, Perfect Match
- ▶ Nitrocellulose (NC) and NC Acrylic - NAP
- ▶ Modified Hybrid Alkyd-Based - Nova Plus
- ▶ Putty - NC, Polyester, Body Fillers

OUR OPERATIONAL FOOTPRINT

Our Company has a widespread operational presence across the country, with manufacturing units strategically located to serve our OEM clients and customers. This gives us a competitive advantage and strengthens our position in the market.



HO

Mumbai

8

Plants

R&D

Vashi, Navi Mumbai

7

Regional Distribution Center (RDCs)

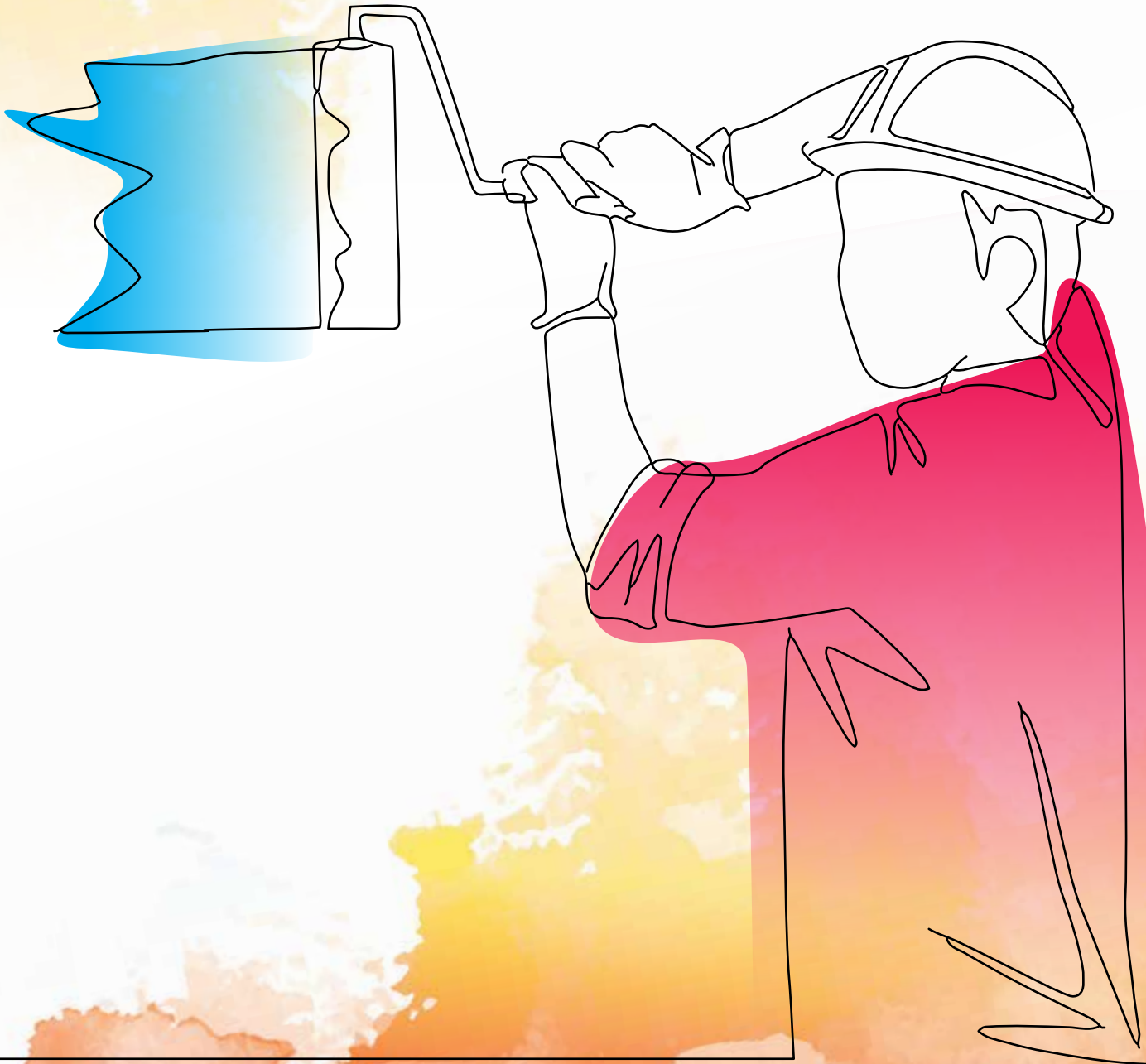
103

Depots Pan-India

1

Upcoming Plant
Visakhapatnam,
Andhra Pradesh

This map is a generalised illustration only for the ease of the reader to understand the locations, and is not intended to be used for reference purposes. The representation of political boundaries and the names of geographical features/states do not necessarily reflect the actual position. The Company or any of its directors, officers or employees, cannot be held responsible for any misuse or misinterpretation of any information or design thereof. The Company does not warrant or represent any kind of connection to its accuracy or completeness.



OUR STRATEGY AND FUTURE ORIENTATION

KNPL has meticulously designed its strategic roadmap to ensure the delivery of robust and sustainable financial performance. Our focus is on generating enduring value for our stakeholders through responsible and transparent practices.



PEOPLE

- ▶ People centric approach
- ▶ Culture of innovation, collaboration & empowerment
- ▶ Employee well-being
- ▶ Employee development



NEW BUSINESSES

- ▶ Wood finish: Offer wide range of premium wood-finishes
- ▶ Construction chemicals: Durable and improved water proofing solution
- ▶ Projects: Expand to new cities, focus on new segments, techno-commercial approach





DECORATIVE BUSINESS



PAINT+

- Unique to category products
- Democratising the category by launching premium features at a popular price
- Communicating with Japanese Technology & Jingle
- Ease of product & color selection through online tools



INFLUENCER STRATEGY: PAINTERS, ARCHITECT & INTERIOR DESIGNER

- Expand reach to painters & deeper connect
- Launch programme for architects and interior designers
- Reach out to project consultants
- Large service offerings
- Enhanced loyalty programme



SERVICES

- Direct connect with consumer
- Convenience of online service requests, color selection & budget calculator
- Painting service with superior experience
- End to end support during the painting cycle
- Consultancy services for Painting & water proofing
- All services provided at door step with click of a button



DISTRIBUTION

- Expand reach and add retail touch points sale



SERVICE APPROACH

- Small order servicing
- Same day delivery
- Agility in replenishment lead time



INDUSTRIAL BUSINESS

- Grow business share
- Launch products based on superior technology
- Entry into new segments and new approvals
- Profitability improvement
- Premiumisation
- Expand reach in dealer led business



DIGITISATION

- Outside in & Inside out
- Connected, engaging & real time
- Superior experience



SUSTAINABILITY

- Decarbonisation
- Resource use
- Quality of life
- Diversity
- Governance

OUR VALUE CREATION MODEL

Input

Financial Capital

NIL	Total Borrowings (₹ in Crores)
₹ 53.89 Crores	Other Equity
₹ 4,553.49 Crores	Retained Earnings
₹ 139.6 Crores	Capital Expenditure

Manufacturing Capital

8 Number	of Plants
₹ 1,812.96 Crores	Property, Plant and equipment
₹ 4,955.34 Crores	Material Cost

Intellectual Capital

₹ 40.4 Crores	Spend on R&D (including capex)
138	Innovation and Technical Sessions held in Different Forums
₹ 23.92 Crores	Royalty

Natural Capital

5,00,744.11 GJ	Total Energy Consumption - (Within Organisation)
2,43,398.24 GJ	Renewable Energy
1.14 KL.KL of FG	Specific Water Consumption - (Manufacturing Facilities including Marpol & Perma)
1,2014.39 KL	Rainwater Used in Process
33%	Green Belt

Human Capital

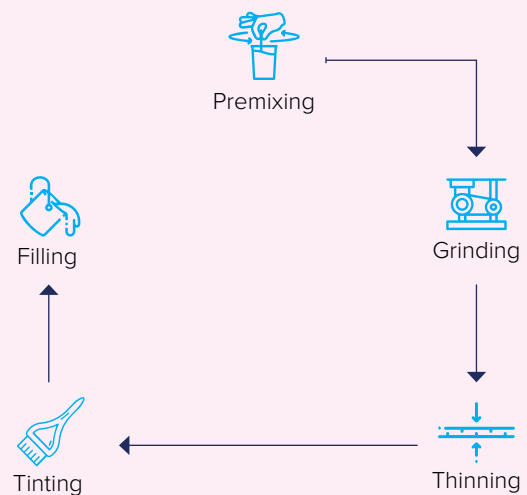
3379	Permanent Employees
4.2	Employee Training (including safety) in Persondays / Employee / Year

Social and Relationship Capital

500+	Raw Material Supplier Base
16	Total Suppliers audited
₹ 12.7 Crores	CSR Spend

Value Creation Process

Our Manufacturing Process



Our Key enablers



Diverse Culture



Effective Risk Management



Technology Robustness



Customer Service and Experience



Governance Beyond Compliance



Commitment to ESG



Our Strategy



People



New Businesses



Decorative Business



Distribution



Industrial Business



Digitisation



Sustainability

Creating lasting value for all stakeholders



Business Partners



Shareholders & Investors



Employees



Customers



Suppliers



Community

Output and Outcomes

Financial Capital

₹ 20,802 Crores	Market Capitalisation (As on 31st March, 2023)
₹ 7,081.02 Crores	Revenue from Operations
₹ 793.89 Crores	EBITDA
₹ 486.43 Crores	PAT
₹ 386.19 Crores	Operating Cash Flow
₹ 274.89 Crores	Free Cash Flow
₹ 53.89 Crores	Dividend Paid (Paid during FY 2022-23)

Manufacturing Capital

23 Million Litres Increase in plant capacity

Note: FY 2022-23 Capacity Include Marpol and Perma

Intellectual Capital

2	No. of Patents Filed
64	New Products Launched

Natural Capital

45,823	GHG Emissions (MT of CO2 Eq.)-(Scope 1 + Scope 2) *including Biogenic
0.25	Hazardous Waste generated (% of Finished Goods)
463 KL	Liquid Discharged (* including Marpol and Perma)
37.14%	GHG Emissions avoided
22.59%	Recycled / Reused Water (* including Marpol and Perma)
9,920 MT	Extended Producer Responsibility - Plastic Waste Management

Human Capital

₹ 2.1 Crores	Revenue per Permanent Employee
73%	*GPTW Trust Index (* Once in 2 Years)



Social and Relationship Capital

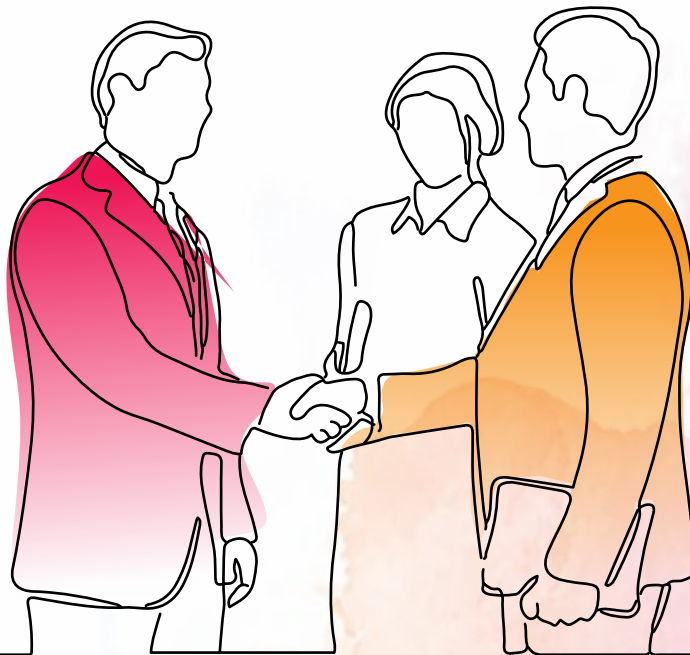
12	New Raw Material Manufacturers Added
70%	of Local Sourcing
~65,830	Lives Touched through CSR Initiatives
₹ 175.71 Crores	Income Tax Paid

STAYING ENGAGED WITH OUR STAKEHOLDERS

The Driving Force Behind Sustainable Success

We regularly consult with our stakeholders, focussing on economic, environmental, and social aspects. These consultations are crucial for identifying and addressing issues that significantly impact our long-term value creation. By actively involving stakeholders, we ensure that their perspectives and insights contribute to our decision-making processes, enabling us to deliver meaningful and sustainable outcomes. We have an organised framework for engaging with stakeholders, guaranteeing timely exchange of information and interaction to promote transparent communication, and foster strong relationships with our diverse stakeholders. We proactively gather feedback from stakeholders, using it to enhance our positive influence on their interests and prioritise engagement with vulnerable and marginalised stakeholder groups, ensuring their development and nurturing resilient rapport.

Stakeholder Group	Stakeholder Category	Stakeholder Importance
 <p>Business Partner</p>	Internal Stakeholder	Our Parent Company, 'Kansai Paint Co., Ltd., Japan', gives us technical know-how and Supports Product Development for the Automotive Business.
 <p>Shareholder & Investors</p>	Internal Stakeholder	They Provide Financial Capital for Business Growth and Help Improve Business' Image.



Channels of Communication	Frequency of Engagement	Purpose and scope of engagement including key topics and concerns raised during such engagement
<ul style="list-style-type: none"> ➤ Emails ➤ Board Meetings ➤ Company Functions ➤ Audits and Review Meets ➤ Multi-Stakeholder Platforms (Conferences, Knowledge Sharing Conclaves) 	<p>Quarterly</p>	<p>Critical Disclosures, Growth Status, Strategy, Market Gaps, Technology Assistance</p>
<ul style="list-style-type: none"> ➤ Board Meetings ➤ Investor / Analyst Meets ➤ Annual Report ➤ Media Updates and Press Releases ➤ Website 	<p>Quarterly</p>	<p>Financial Disclosures, Business Growth Plan, Market Challenges and Coping Strategy</p>

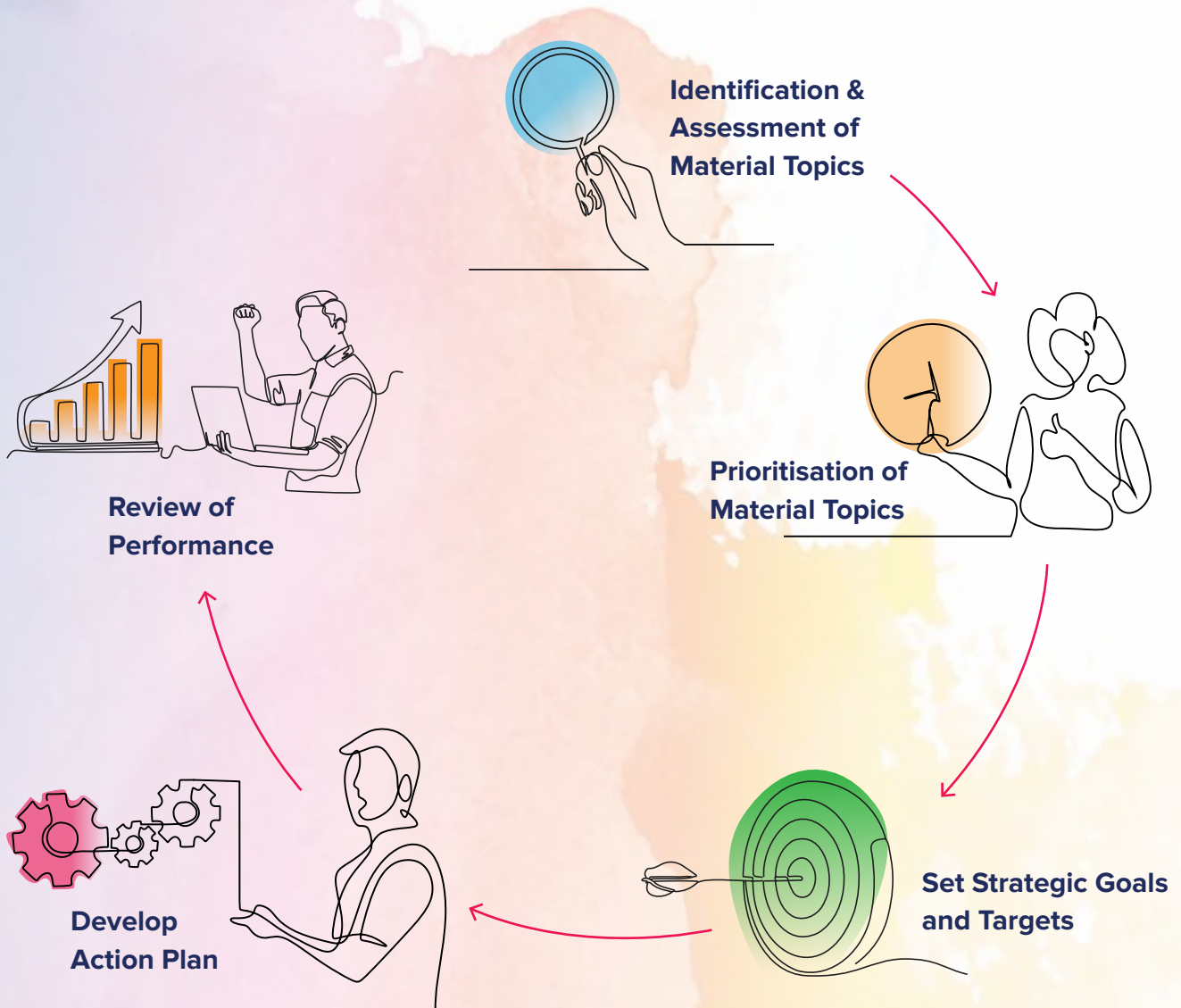
Stakeholder Group	Stakeholder Category	Stakeholder Importance
 <p>Employees</p>	Internal Stakeholder	Employee Skills, Knowledge, Experience, and Commitment Guide Our Continued Success.
 <p>Customers</p>	External Stakeholder	Our Success and Sustained Business Growth are Defined by Meeting Customer Expectations in the Given Business Cimate.
 <p>Suppliers</p>	External Stakeholder	They are a Critical Part of Our Value Chain, Enabling Us to Scale Operational Efficiency and Exceed Customer Demands.
 <p>Community</p>	External Stakeholder	Communities Give Us Social Licence to Operate and It is Our Responsibility to Uplift and Foster Strong Relationships with Them.

Channels of Communication	Frequency of Engagement	Purpose and scope of engagement including key topics and concerns raised during such engagement
<ul style="list-style-type: none"> ➤ Review Meetings ➤ Emails ➤ Appraisals (Contest - Nerolac Premier League) ➤ Employee Engagement Surveys ➤ Work Line Portal, Training Programmes, Idea Management ➤ Monthly Newsletter 'Impressions' ➤ Town Hall meeting by MD ➤ 'Coffee with HR' ➤ Suggestion schemes and quality circles ➤ Advanced Business Skills Modules ➤ I Am Nerolac Application ➤ Annual Learning Conference (ALC) 	<p>Regular</p>	<p>Human Capital Development (UDAAN, Percipio, Pulse of the Organisation, Employee Well-Being (Wellness Corner), Improving Productivity & Morale - SAMVAAD</p>
<ul style="list-style-type: none"> ➤ Emails ➤ Meetings ➤ Customer Satisfaction Survey ➤ Multi-Stakeholder Platforms (Conferences, Knowledge Sharing Conclaves) ➤ Digital Initiatives ➤ Corporate Website ➤ Mobile Applications 	<p>Regular</p>	<p>New Innovations, Grievance Redressal, Changing Customer Preferences</p>
<ul style="list-style-type: none"> ➤ Emails ➤ Meetings ➤ Supplier Portal ➤ Supplier Audits ➤ Vendor Development Programmes ➤ Vendor Performance/Rating ➤ Multi-stakeholder Platforms (Conferences, Knowledge Sharing Conclaves) ➤ Joint Value Creation Programme for Cost Competitiveness 	<p>Quarterly</p>	<p>Supply Chain Integration, Latest Market Innovation, Cost Reduction, Social and Relationship Capital Development</p>
<ul style="list-style-type: none"> ➤ Community Welfare Programmes ➤ Community Visits / Meetings ➤ Local Authority and Town Council Meetings 	<p>Quarterly</p>	<p>CSR, Grievances Redressal, Social and Relationship Capital Development</p>

MATERIALITY ASSESSMENT

Materiality serves as a crucial tool for identifying key topics that significantly impact both our business performance and the interests of our stakeholders. Analysis of these material topics helps us define our strategic goals and ambitions, thereby instituting an effective sustainability framework. Our materiality processes are in line with the Global Reporting Initiative (GRI) Standards Guidance.

MATERIALITY DETERMINATION PROCESS







































We conduct sectoral analysis, study industry peers, seek guidance from sustainability standards and frameworks, and based on our learnings from previous experiences, we identify a comprehensive list of material topics. The identified material topics are then prioritised based on our engagements with key internal and external stakeholders; and through senior management interactions. A suitable action plan and mapping of strategic goals and targets are then instituted. The performances against the set targets are monitored and action plan is revisited as required.









MATERIALITY





































During the reporting period, we categorised our material topics under 5 broad areas:









Decarbonisation, Resource Use, Quality of Life, Diversity and Governance



Materiality	Material Topic	GRI Topic	Boundary	Capitals Impacted
Decarbonisation 	Energy Management	GRI 302: Energy	 	
	Emissions Management	GRI 305: Emissions	 	
	Climate Change	Non-GRI	 	
Resource use 	Water Management	GRI 303: Water and Effluents	 	
	Waste Management	GRI 306: Waste	 	
	Product Stewardship	GRI 416: Customer Health and Safety	 	  
	Responsible product	Non-GRI	 	  
	Sustainable Supply Chain	GRI 308: Supplier Environmental Assessment GRI 414: Supplier Social Assessment	 	 
Diversity 	Gender Diversity	GRI 405: Diversity and Equal opportunity		
	Inclusivity	GRI 406: Non-discrimination		

 Internal	 Financial Capital	 Intellectual Capital	 Manufacturing Capital
 External	 Natural Capital	 Human Capital	 Social and Relationship Capital

Materiality	Material Topic	GRI Topic	Boundary	Capitals Impacted
Quality of Life 	Human rights	GRI 412: Human Rights	 	 
	Occupational Health and Safety	GRI 403: Occupational Health and Safety		
	Employee Engagement and Well-being	GRI 401: Employment GRI 404: Training and Education		
	Community Development	GRI 413 - Communities		
	Customer Satisfaction	Non-GRI		
Governance 	Corporate Governance	GRI 102: General Disclosures		  
	Risk Management	GRI 102: General Disclosures		     
	Compliances	GRI 307: Environmental Compliance GRI 419: Socio-economic Compliance	 	   
	Innovation / IP Management	Non-GRI	 	  

 Internal	 Financial Capital	 Intellectual Capital	 Manufacturing Capital
 External	 Natural Capital	 Human Capital	 Social and Relationship Capital

OPPORTUNITIES & THREATS

At KNPL, we define an opportunity as a set of circumstances with an uncertain outcome, compelling the need of resources. The paint industry faces numerous threats, some of which are volatile and unpredictable, necessitating agile decision-making and effective strategies that mitigate exposure and harness the available opportunities.

OPPORTUNITIES



Consumer Trends

- Increasing focus on home renovation and décor
- Booming preference for services
- Rising inclination for personal mobility
- Escalating demand for luxury
- Growing awareness of functionalities and sustainability



Policy Support

- The Government's thrust on infrastructure and rural
- Development of smart cities and housing for all



Digital

- Digital presence and branding through social media
- Digitisation of operations
- Stakeholder engagement



Environment, Social and Governance

- Transition to a low carbon economy
- Inclusivity and diversity
- New regulations




Per Capita Consumption

- Per capita Paint consumption in India is low as compared to developing countries



Specialty Niches

- Niche products in the form of specialty coatings represent an opportunity for the Company to leverage its technical strength



New Market Sectors


- Expanding presence in new opportunity areas with massive growth potential, such as construction chemicals, adhesives, coil coatings, and health & hygiene

THREATS




Climate Change / Unpredictable Monsoon

- Global warming
- Unpredictability of the monsoon in India and change in rainfall pattern
- Water scarcity




Geopolitical

- Geopolitical situations, leading to disruptions




New Competition

- New competitors are entering the market



Financial

- Volatility in exchange rates



Cyber-Security

- Data loss / thefts
- Domain-based threats
- Hacktivism
- Site non-availability

RISKS AND CONCERNS

OUR APPROACH

KNPL's well-documented risk policy, supported by a robust risk management framework, helps it effectively navigate uncertainties and maintain high performance.

RISK MANAGEMENT FRAMEWORK:



Identification of Risks

Assessing the entire business landscape, both internal and external, to identify potential risks.



Analyzing Risks

Evaluating the risks based on their probability of occurrence and impact on the organisation and further classifying them into high, medium, and low risk categories.



Treating and Monitoring Risks

- Formulating comprehensive courses of action to effectively manage the key risks. Operating teams are responsible for executing these plans.
- The Risk Management Committee convenes at least two meetings annually in compliance with applicable statutory regulations.



Reporting of Risks, Exposures, and Mitigation Plans to the Audit Committee

The Risk Management Committee presents the annual report on risks, exposures, and mitigation plans to the Audit Committee.








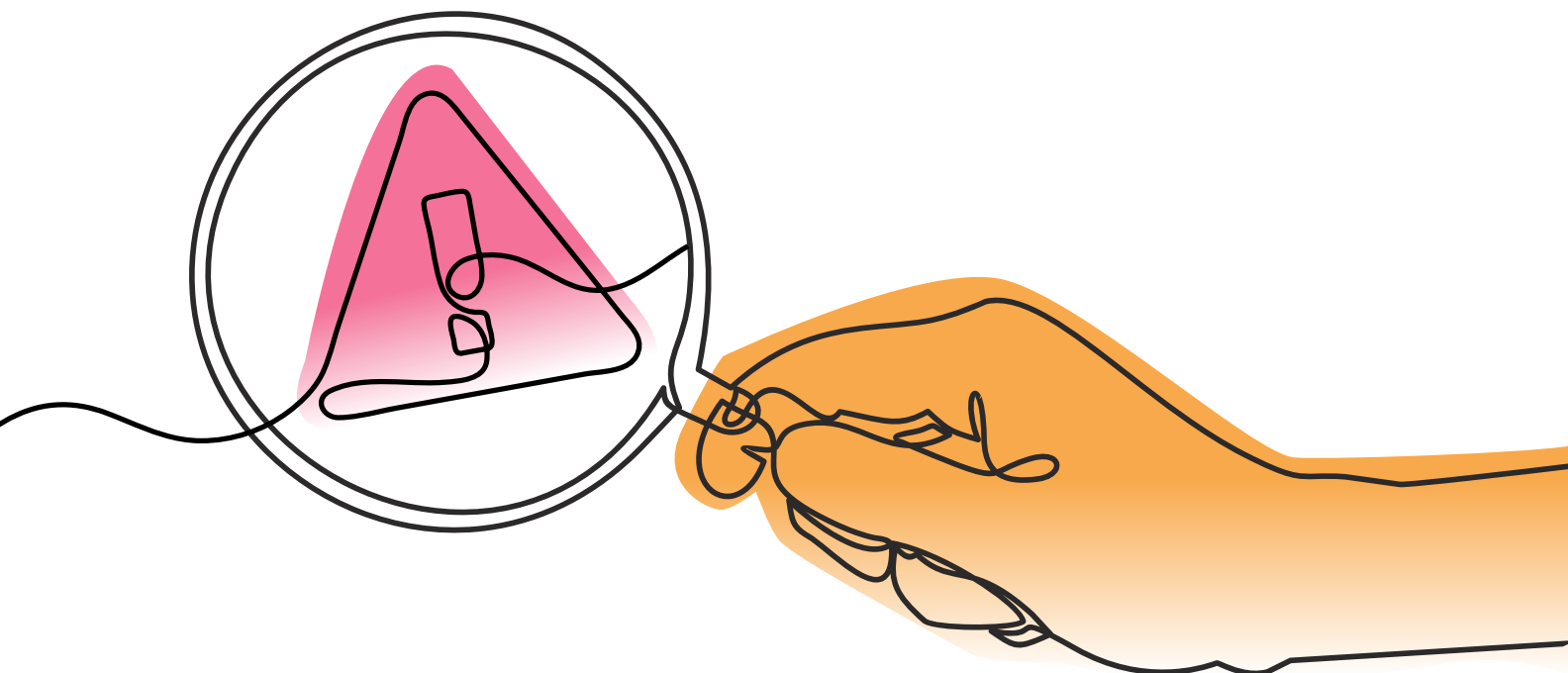
Promoting Risk Culture

Training and awareness of risks, controls, and mitigation plans.

RISK CLASSIFICATION:







Type of Risks

				
<p>Strategic Risk</p> <p>Strategic risk applies to the Company’s future business plans and strategies, including industry- and sector-related risks. This also includes risks arising due to climate change.</p>	<p>Financial Risk</p> <p>Risks arising from currency fluctuations and market volatility, which can directly impact profitability.</p>	<p>Operational Risk</p> <p>Risks related to the procurement, manufacturing, distribution, sales, and service of the product in business operations. It also includes operational, sustainability, and people risks, including but not limited to the code of conduct.</p>	<p>Statutory Risk</p> <p>With its increased geographical spread, KNPL is exposed to multitudes of constantly changing local legislations. There exists a risk of non-compliance or delay in compliance with statutory requirements.</p>	<p>System Risk</p> <p>With the increasing utilisation of IT within the organisation for business operations, the necessity of having critical controls, including but not limited to information and cyber security, within the system becomes extremely crucial.</p>



EMERGING RISKS:

KNPL had identified several emerging risks, as below:

Emerging Risk	Classification	Description	Impact	Mitigation
 <p>Risk arising due to climate change</p>	 <p>Strategic Risk</p>	<ul style="list-style-type: none"> Physical risks related to extreme weather events, such as flash flooding, incremental sea level rise, storm surge, and high precipitations. Transitional climate change risks such as market reputation and technology risk. 	<ul style="list-style-type: none"> Stoppage of business operations Deteriorating brand value and customer trust Increased cost due to shift to low carbon technology 	<ul style="list-style-type: none"> Business continuity plan policy and framework available <p>Product</p> <ul style="list-style-type: none"> Develop sustainable products Green product certification <p>Emissions & Climate change</p> <ul style="list-style-type: none"> Committed to SBTi Adapted TCFD framework Set targets for minimising carbon footprint
 <p>Risks arising due to emerging ESG regulations within the country</p>	 <p>Statutory Risk</p>	<p>Change in regulatory landscape impacting various areas, such as</p> <ul style="list-style-type: none"> Plastic waste management Chemical safety management 	<ul style="list-style-type: none"> Legal and regulatory consequences due to non-compliance with rules Reputational damage 	<ul style="list-style-type: none"> Dashboard to track upcoming regulations IT-enabled system to track compliance
 <p>Risk due to water scarcity</p>	 <p>Operational Risk</p>	<p>Availability of water</p>	<ul style="list-style-type: none"> Disruption in production due to insufficient water supply Higher costs of water supply 	<ul style="list-style-type: none"> Reduce specific water consumption Usage of recycled water Increase water regeneration through rainwater harvesting Conducting regular water audits and assessments

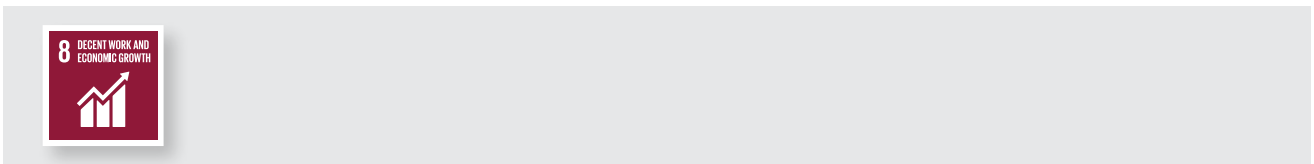
NURTURING OUR CAPITAL AND ESG APPROACH

At KNPL, we follow a triple bottomline (3P: People, Planet and Profit) approach and judiciously manage the six capitals (Natural, Human, Financial, Manufactured, Intellectual and Social & Relationship) to achieve our strategic objectives. As a responsible corporate citizen, we have mapped our capitals to the relevant United Nations Sustainable Development Goals (UN SDGs).

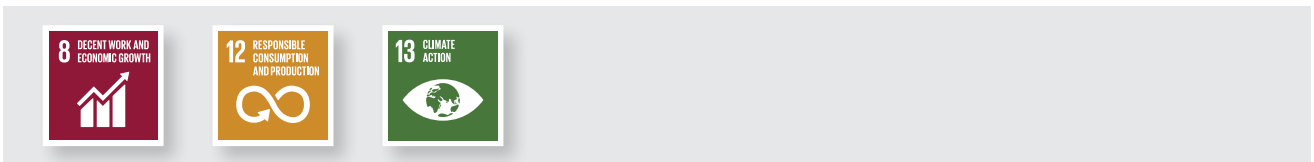
NATURAL CAPITAL



FINANCIAL CAPITAL



MANUFACTURING CAPITAL



SOCIAL AND RELATIONSHIP CAPITAL



HUMAN CAPITAL



ESG APPROACH



OUR APPROACH:

At KNPL, we have a well-established OHS&E policy and framework. The management structure comprises a committee to set the strategic direction for ESG efforts and review ESG performance.

The ESG framework covers our key focus areas and performance indicators under each materiality. The same is provided under Materiality chapter. Detailed information on framework is accessible at our website: www.nerolac.com.

PROGRESS ON OUR MATERIALITY



ENVIRONMENTAL - REDUCING OUR ENVIRONMENTAL IMPACT & SOURCING SUSTAINABLY

DECARBONISATION – Materiality 1

APPROACH:

- Increase the contribution of energy from renewable sources
- Adopt targets in line with the Science-Based Target initiative (SBTi)
- Undertake risk assessment as per the Task Force on Climate-related Financial Disclosures (TCFD) framework
- Reduce Specific Power Consumption (SPC)
- Green Belt Development

- Initiatives undertaken and performance are provided in the Natural Capital of our Annual Report.

COMMITMENT:

- RE 70 (70% electricity from renewable source) by 2030 carbon neutrality
- Reduce Specific Power Consumption

RESOURCE USE – Materiality 2

APPROACH:

- Reduce our water footprint by increasing water efficiency, rainwater, and recycled water consumption within our operations
- Improving water availability in the communities where we operate through watershed development projects
- Co-processing of waste across all plants
- Incremental Specific Water Consumption (SWC) and Specific Hazardous Waste Generation (SHWG) reduction targets
- Leveraging our R&D strength to develop green, sustainable, and responsible products

- Initiatives undertaken and performance are provided in the Natural Capital section of our Annual Report.

COMMITMENT:

- Being water positive by FY 2024-25
- Divert waste away from landfill
- Increase sustainable product portfolio





SOCIAL - EMPOWERING PEOPLE & COMMUNITIES

QUALITY OF LIFE – Materiality 3

APPROACH:

- Community development
- Promote equality
- Employee engagement
- Advocate human rights
- Robust Code of Conduct
- Dedicated Internal Complaints Committee (IC)
- Foster safe and healthy working conditions

COMMITMENT:

- Zero human rights abuse
- Zero incident-accident
- Foster behavioural-based safety culture

PROGRESS:

- Conducted ESG trainings on BRSR 9 principles for our employees and value chain partners
- Zero incident/accident across our manufacturing plants in FY 2022-23

● Initiatives undertaken and performance are provided in the Human Capital and Social and Relationship Capital of our Annual report.

DIVERSITY – Materiality 4

APPROACH:

- Fostering diversity and nurturing inclusivity by promoting advancement for our colleagues, culture, and communities
- Ensuring no discrimination on the basis of gender, race, age, religion, and ethnicity

COMMITMENT:

- Achieve 2.5% gender diversity by Mar'24
- Achieve 0.25% for differently-abled by Mar'24

● Initiatives undertaken and performance are provided in the Human Capital and Social and Relationship Capital of our Annual Report.





GOVERNANCE - EMPOWERING PEOPLE & COMMUNITIES

GOVERNANCE - Materiality 5

APPROACH:

- Enterprise risk management
- Board oversight
- Statutory compliances
- Fair practices across value-chain

COMMITMENT:

- Zero non-compliances
- Reduce enterprise risk

PROGRESS:

- Enterprise Risk Management - integrated climate risks into enterprise risk management framework
- Board oversight and review
- Continuing best practices, such as meeting statutory compliances and fair practices across value-chain

RECOGNITION

- Rated in the top 10% globally within the Chemical Industry Group in the S&P ESG Index in CSA 2022
- Featured in the Leadership Category, and among the top 14 out of 575+ companies, and rated #1 in the Paint Sector
- Rated in the Top Quartile in FTSE4Good Index

ASSURANCE

Our disclosures on key ESG parameters are independently assured by a third-party external agency (M/s Aneja Associates) based on the International Standard on Assurance Engagement (ISAE) 3000. Additionally, assurance has been given about the disclosures' adherence to the GRI's Sustainability Reporting Standards.

The assurance report can be accessed at our sustainability web-link: <https://www.nerolac.com/sustainability.html>





NATURAL CAPITAL

Kansai Nerolac Paints Limited, recognises the importance of protecting the environment. As a leading and trustworthy paint manufacturer, we know the environmental risks of using natural resources. And so, we are consciously taking steps to reduce our environmental impact. Our steady and tenacious efforts in natural resources, emissions, and waste management have enabled us to emerge better than ever in environmental protection. By implementing environmentally friendly practices, the Company is helping ensure a sustainable future for both its business and the planet.

BACKDROP

The growing disparity between supply and demand for natural resources and a recent supply-chain crisis has drawn our attention to the significance of adaptability. Carbon dioxide, methane, and nitrous oxide concentrations in the atmosphere have all risen to record highs today. We recognise pollution of the environment and failure to mitigate climate change as one of the most serious threats to the ecosystem, community health, and societal welfare. Our constant aim is to make investments in reliable, cost-effective, and clean processes or technologies for environmental protection. We ensure that efficiency and integrity are crucial whilst also maintaining a consistent pace of transition.

Impact on SDGs



Response

Our primary goals are implementing innovative advancements, effective waste management, smart distribution of resources, and other measures. We maintain our environmental performance by implementing stringent quality systems such as ISO 14001, standard operating procedures, and process controls across all plants. We recognise possible risks, progressively mitigate them with adaptive methods and strategic actions, and endeavour to achieve effectiveness in our environmental protection measures.

Focus of our response



MATERIAL MANAGEMENT

- Sustainable Sourcing
- Quality Raw Material Procurement
- Increase Resource Efficiency



WATER MANAGEMENT

- Water conservation by recycle & reuse of water
- Reduce Specific Water Consumption (SWC) by reducing freshwater consumption
- Increase usage of rainwater in the process



ENERGY MANAGEMENT

- Energy efficient operations across facilities through varied ENCON initiatives
- Maximising our renewable portfolio in our total energy consumption



WASTE MANAGEMENT

- Sustainable Packaging
- Reduce Specific Hazardous Waste Generation (SHWG) by reducing process waste generation
- Divert waste away from the landfill
- ZERO liquid discharge



CLIMATE CHANGE MANAGEMENT AND EMISSION MANAGEMENT

- Commitment to Science-Based Target initiative (SBTi)
- Taskforce on Climate-related Financial Disclosures (TCFD)
- GHG emissions reporting
- Improved air quality



GREENBELT DEVELOPMENT

- Greenbelt development within factory premises as well as in nearby communities.



ENSURING ENVIRONMENTAL COMPLIANCE



MATERIAL MANAGEMENT

As part of the paint manufacturing industry, our major input raw materials comprise pigments, binders, additives, and solvents. We consciously use these materials and embrace resource efficiency. We continuously strive to reduce our material losses and achieve the conversion of raw materials into finished goods to the maximum extent.

Responsible sourcing (Or sustainable sourcing)

KNPL recognises the critical importance of responsible sourcing as a fundamental pillar of its sustainability strategy. With a deep commitment to environmental stewardship and social responsibility, KNPL actively seeks to sustainably source goods and services that align with its values and support the well-being of both people and the planet. KNPL's green procurement guidelines prioritise environmentally friendly and energy-efficient products, materials, and services. By giving preference to suppliers who offer eco-friendly alternatives, KNPL aims to minimise the environmental impact associated with its operations and aligning its sourcing practices with its environmental goals.

Thrust Area



SUSTAINABLE SOURCING

- To minimize environmental impact and promote social responsibility
- Collaboration with industry partners to drive innovation and develop sustainable sourcing practices that align with our goals and industry best practices.

Performance

Over 65% of our materials are sourced from suppliers with a formal sustainability programme. By partnering with suppliers who have established sustainability programmes, KNPL ensures that the materials used in its operations are sourced in a manner that aligns with its sustainability objectives.

This helps KNPL in gaining following benefits:

- Reducing our environmental footprint by selecting suppliers who prioritise resource efficiency, waste reduction, and renewable materials
- Fostering transparency and accountability throughout the supply chain
- Encouraging other suppliers to adopt sustainable practices by demonstrating the demand for sustainable materials and products



Increase Resource Efficiency

Thrust Area



RESOURCE EFFICIENCY

- Process automation for improved accuracy and reduced material loss
- Close-loop manufacturing process
- Robust controls on material additions
- Adoption/promotion of various reuse and recovery initiatives

Performance

Packing Materials

In FY 2022-23, we consumed 30,847 MT of packing material, including metal tins, drums, plastic barrels, containers, and plastic bags. At present, we have initiated using recycled plastic in our plastic containers for specific products. Going forward, we intend to increase the content of recycled materials in our packaging and extend to other range of products as well. We work closely with our value chain partners to meet the common goal and drive sustainable packaging.

During the reporting period, we reclaimed, recycled or reused the below material reducing carbon footprint:

16.33 MT

of TiO₂

344 MT

of solvent

169 MT

of powder fines

113 MT

of paint sludge





ENERGY MANAGEMENT

KNPL recognises the importance of energy efficiency enhancement and sustainable energy practices. Thus proactively undertaking a range of initiatives to optimise energy usage and transition to environmentally friendly and cost-effective alternatives.

Energy efficient operations across facilities through varied ENCON initiatives

KNPL embraces a multifaceted approach to energy efficiency, leveraging innovative technologies and process improvements to drive energy-saving measures. By investing in energy-efficient equipment and systems, KNPL reduces energy consumption while maintaining operational effectiveness.

Thrust Area



ENERGY EFFICIENCY ENHANCEMENT

- Adoption of measures to reduce energy consumption and augment per watt productivity
- Reduce Energy Intensity - Specific Fuel Consumption (SFC) and Specific Power Consumption (SPC)

Approach:

At KNPL, energy management progress is measured using key performance indicators (KPIs) such as specific power consumption, specific fuel consumption, Green Power capacity addition, percentage of Green Power utilization, power factor controls, fuel mapping, and adoption of greener alternatives. These metrics help track and evaluate the advancements made in optimizing energy usage and transitioning to more sustainable energy sources.

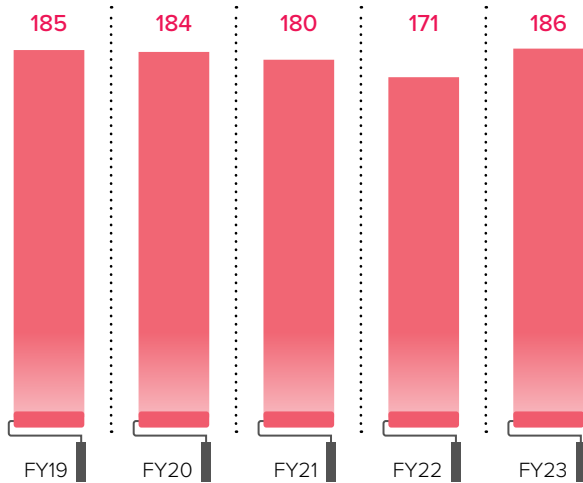


Performance

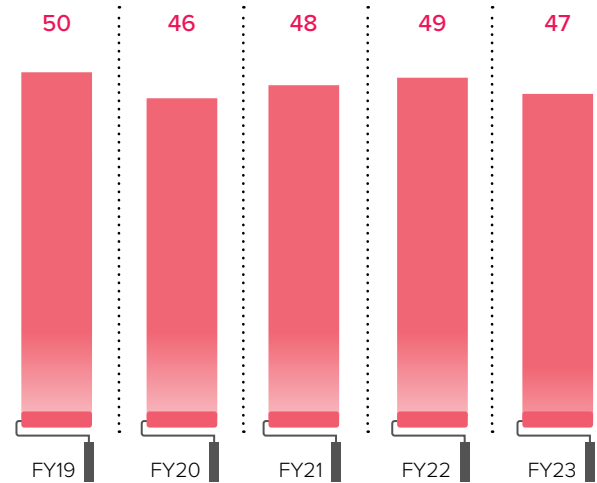
In FY 2022-23, we consumed 5,00,744 GJ of energy within the organisation while our overall energy intensity was 1.34 GJ/ KL of FG.

Method of Calculation:

Energy Intensity is ratio of Total Energy (Fuel + Power + Heat and Steam) consumed within factory premises, organisation-wide (Manufacturing facilities, R&D centre, Depots and Head Office) to Total Production of Finished Goods during a specified period.



Our Specific Power Consumption increased by 0.54% since 2018-19, due to increased industrial volume contribution



Our Specific Fuel Consumption has decreased by 6% since FY 2018-19

Method of Calculation:

Specific Power Consumption is ratio of Electricity Consumed (from all sources) at Plants to Total Production of Finished Goods during Specified Period. Electricity consumption is sum of electricity received from grid (i.e. state electricity board), electricity generated from DG set and electricity from renewable energy sources at respective manufacturing facilities.

Method of Calculation:

Specific Fuel Consumption is ratio of Fuel Consumption in Boilers at Plants to Total Resin Production during a Specified Period.

Energy is also used in the form of steam and heat in our manufacturing processes. Most of the steam and heat requirements are being met through biofuel and biomass-based solid fuel boilers.

Maximising Our Renewable Portfolio in Our Total Energy Consumption

19,347 MT

Total steam consumption

1,97,213.6 Lakhs Kcal

Total heat consumption

Maximising our renewable portfolio in our total energy consumption

KNPL actively explores and adopts environmentally friendly options like renewable energy sources like solar and wind power. By integrating renewable energy into its operations, KNPL decreases its reliance on fossil fuels and contributes to the overall decarbonisation of the energy sector.

Thrust Area



DIVERSIFICATION OF ENERGY-MIX

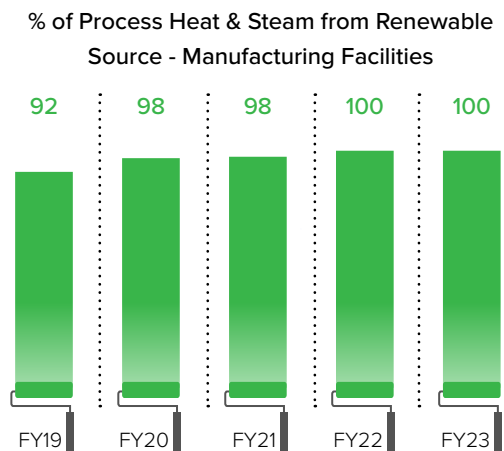
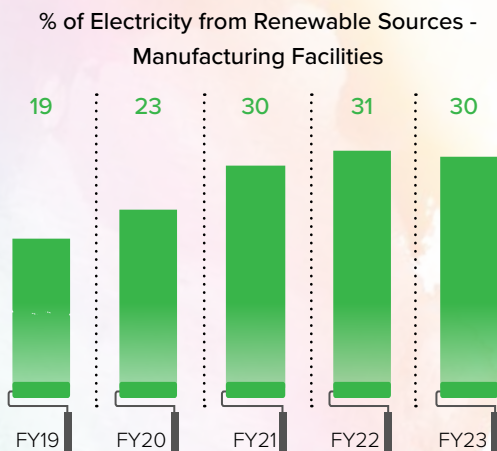
- Increasing renewable portfolio – Solar and Wind power
- Transitioning to cost-effective and environment-friendly cleaner fuels
- Sustaining our consumption of heat and steam through biofuels and biomass-based boiler

Approach:

We constantly search for alternate sources to increase our share of green energy and accordingly plan our initiatives based on feasibility and applicability. This, in turn, allows our facilities to be increasingly self-reliant in their energy needs and thereby reduce the carbon footprint.

Performance

In FY 2022-23, the total renewable energy consumed was 2,43,398 GJ, accounting for 49% of our total energy consumption.



Our absolute Renewable Power has increased from 185.4 Lac units in FY 21-22 to 205.7 Lac units in FY22-23, which is 11% increase over last year. There is a marginal dip in Renewable power percentage in FY 22-23 on account of change in product mix and commissioning of Intermediates viz. Resin at Sayakha and in-house Emulsion at Goindwal.

During the reporting period, the following Carbon Neutrality projects were commissioned, enabling us to further increase our green power footprint in the overall energy mix.

- 2 captive wind turbines of 2.1 MW each, at Hosur & Lote
- Rooftop solar panel installed at Jainpur and Bawal
- Solar power sourcing through group captive route at Jainpur, power purchase and shareholding agreements signed with the third party
- Wind power sourcing through the third party

Energy Management system at Hosur

Energy cost is a major contributor in an overall operating cost of a manufacturing plant. For optimal operations, it is essential to monitor, track and analyse real-time energy consumption data of equipment. Monitoring and trending of the data helps identify opportunities for optimising the consumption and save upon energy costs.

In line with this objective, full fledged implementation of energy management system was undertaken at our Hosur facility. EMS software is a key component in any power monitoring and energy efficiency strategy, which helps in delivering intelligence required to get the most out of energy management across the plants. Through this initiative, we have already achieved energy cost reduction of ₹7 Lakhs and further aim to achieve a cost savings of ₹19 Lakhs.



Solar Energy - Sayakha Plant

Way Forward

Energy Efficiency enhancement

Going ahead, we have an action plan in place for energy efficiency improvement:

- Full-fledged implementation of EMS at Hosur was completed in FY 2022-23. Going forward, horizontal deployment of EMS implementation is planned at Jainpur and Bawal.

Introduction of new technologies

- Incorporation of new age additive in diesel consuming forklifts for optimizing the fuel consumption by enhancing fuel efficiency and better combustion.
- Implementation of new age product for use in chillers for cooling efficiency enhancement by lubricity improvement, reduced fouling and reduction in compressor runtime.

Installation of an intelligent air flow controller to optimise the compressor load by reducing artificial demand through the air demand management system.

Diversification of energy-mix

Solar Capacity augmentation

- Exploring installation of greenfield solar capacity to meet power demand across factories.
- Installation of new technology - 'Solar tree' - across locations, which consumes lesser space and can be put up in open spaces.

Captive Wind Power augmentation

- Installation of 2.1 MW capacity wind turbine at Sayakha to meet power requirements and increase our renewable footprint.

By FY 2023-24, we aim to source 41% of our total power consumption through renewable energy sources.

OUR COMMITMENT

Achieve 70% of renewable contribution in our overall power mix by 2030



CLIMATE CHANGE MANAGEMENT AND EMISSION MANAGEMENT

The increasingly severe effects of climate change, such as flash floods, rising sea levels, storm surges, and heavy precipitation, have highlighted the urgency of taking action for the continuity of business operations. These extreme weather events pose immediate threats and have far-reaching implications for resource availability, including the emergence of water scarcity risks. In response to these threats, KNPL has recognised the necessity of proactive measures and has made a commitment as a responsible entity.

One of the key steps taken by KNPL is the strategic shift towards renewable energy sources, specifically wind and solar power. This transition is aimed at reducing the Company's carbon footprint and ensuring a more sustainable and environmentally friendly energy supply. By embracing renewables, KNPL is actively contributing to global efforts to combat climate change and minimising the environmental impact of its operations.

Commitment to Science Based Target Initiative (SBTi)

KNPL has committed to setting near-term science-based targets in-line with SBTi guidelines. By committing to these targets, KNPL has aligned its emission reduction goals with the latest climate science and international efforts to limit global warming. This commitment requires KNPL to implement strategic measures throughout its value chain, including suppliers, distribution channels, and other stakeholders, to reduce GHG emissions.



The focus is on reducing both direct and indirect greenhouse gas (GHG) emissions. It involves assessing and addressing emissions from KNPL's direct operations and indirect sources, such as the procurement of raw materials, transportation, and product use, thus ensuring a comprehensive approach towards creating a more sustainable future.



Task Force on Climate Related Financial disclosures (TCFD)

KNPL has taken a proactive step in managing climate-related risks and opportunities by adopting the TCFD framework. By implementing this framework, KNPL seeks to enhance its decision-making processes, improve risk management strategies, and seize opportunities from transitioning to a low-carbon economy.

Through the TCFD framework, KNPL has evaluated and quantified various climate-related aspects, such as physical risks (e.g., extreme weather events, sea-level rise), transitional risks (e.g., policy changes, shifts in market preferences), and opportunities (e.g., renewable energy investments, energy efficiency improvements). This comprehensive assessment allows KNPL to better understand the financial implications and potential impacts on its operations, supply chain, and overall business strategy.

KNPL effectively integrated climate considerations with Enterprise Risk Management by financially quantifying climate-related risks and opportunities. This has enabled the Company to align its business strategy with the transition to a low-carbon and sustainable future, mitigating risks and capturing opportunities that arise from climate-related changes.

GHG Emissions reporting

KNPL recognises the significance of measuring and disclosing its greenhouse gas (GHG) emissions to manage and reduce its carbon footprint effectively. We follow Greenhouse Gas Protocol, an internationally recognised reporting framework, to ensure consistency and comparability in our emission reporting. The GHG emissions data is collected systematically from various sources within our operations, including direct emissions from combustion processes and indirect emissions from purchased electricity and other energy sources.

Thrust Area



GHG EMISSION REDUCTION

- ▶ Increasing renewable portfolio – Solar and Wind power, Cleaner Fuels
- ▶ Detailed greenhouse gases (GHG) inventorisation and setting up FY 2018-19 as baseline year
- ▶ Establish GHG reduction targets in line with Science Based Target initiatives
- ▶ Consistent tracking and monitoring of our GHG emissions through a customised GHG accounting tool

Approach:

To ensure accuracy and reliability, KNPL engaged with experts to validate the collected data and calculate the Scope 1, 2 and 3 emissions. These measures ensure the reported GHG emissions reflect the most accurate and up-to-date information. KNPL goes beyond basic emission reporting requirements by analysing the collected data to identify emission hotspots and areas for improvement. This analysis helps the Company develop targeted strategies and initiatives to reduce emissions and enhance overall environmental performance.

The GHG emissions are estimated based on guidelines defined in the World Resource Institute's (WRI) Greenhouse Gas (GHG) Protocol, CEA (Central Electrical Authority) database and GaBi Database. Relevant industry-standard emission factors and emission factors prescribed by the Intergovernmental Panel on Climate Change (IPCC) have also been used appropriately to determine.



Types of GHG Emissions accounted	Activities
Scope 1 GHG Emissions: Direct GHG emissions	Captive power generation from DG HSD consumption in boilers
Scope 2 GHG Emissions: Indirect GHG emissions	Power imported from the grid
Scope 3 GHG Emissions:	Category 1: Purchased Goods and Services Category 2: Capital Goods Category 3: Fuel- and Energy-Related Activities (not included in Scope 1 or Scope 2) Category 4: Upstream Transportation and Distribution Category 5: Waste Generated in Operations Category 6: Business Travel Category 7: Employee Commuting Category 8: Upstream Leased Assets Category 9: Downstream Transportation and Distribution Category 10: Processing of Sold Products Category 11: Use of Sold Products

Performance:

Our GHG Emission Intensity (Scope 1 + Scope 2) decreased by 7.9% since FY 2018-19.

During the year, we had inventorised our Scope 1,2 and 3 GHG emissions. Our boundary includes KNPL's 8 manufacturing locations in India, it's R&D centre, Offices, and depots. Moreover, it also includes GHG emissions from its OPCs, domestic as well as International subsidiaries.

KNPL organisation wide (8 plants, HO, R&D and depots) emissions are disclosed in BRSR under principle 6.

TCO ₂ Eq.	FY 2022-23	FY 2021-22	FY 2020-21	FY 2019-20	FY 2018-19
Overall Scope 1 emissions*	8,736	7,023	3,910	4,141	7,193
Overall Scope 2 emissions	45,463	41,860	33,612	45,801	51,666
Overall Scope 1+2 Emissions	54,199	48,883	37,522	49,942	58,859
Overall Scope 3 Emissions	17,24,317	15,74,193	13,94,657	14,17,590	16,16,553

Scope 1 Emissions* This includes biogenic emissions.

The above figures are subject to change post-validation from Science-Based Target Initiative (SBTi)

Method of Calculation:

GHG Emission Intensity is the ratio of GHG emissions (Scope 1 + Scope 2) to Total Production of Finished Goods during a specified period.

Air Quality

KNPL recognises the importance of clean air for the health and well-being of its employees, local communities, and the environment. Thus placing significant emphasis on maintaining and improving air quality in its operations.

Thrust Area



IMPROVED AIR QUALITY

- Diligent monitoring – Ambient air quality, stack emissions, VOC levels
- Deployment of advanced air pollution control devices

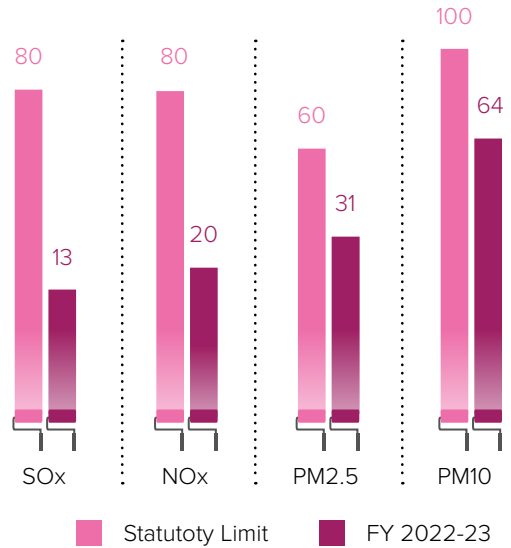
Approach:

External agencies periodically monitor the emissions and air quality levels. All our manufacturing sites have requisite controls and measures in place to manage these emissions and ensure the levels are well within the prescribed limits. We ensure compliance with limits recommended in the National Ambient Air Quality Standards (NAAQS) 2009.

In addition to conventional air pollution control devices like Air Handling Units (AHUs), Dust Collectors, Fume Extractors, and Forced Draft Ventilation systems, we have also installed Scrubbers in the resin area and Cyclone Separators in solid fuel boilers to reduce Suspended Particulate Matter (SPM). Our vents are equipped with an Activated Carbon Filter to filter air emissions before discharge into the ambient atmosphere.

For continuous monitoring, online stack monitoring systems are provided to ensure compliance with permissible limits.

Performance:



Way Forward

Our organisation has demonstrated a strong commitment to reducing our environmental impact and promoting sustainability throughout the year. We have committed to setting near-term targets in line with the Science Based Target Initiative (SBTi) recommendations and are developing a carbon neutrality roadmap.

To achieve our goals, we have taken a comprehensive approach to emission reduction, including inventourising our emissions throughout our operations, including Scope 1, 2, and 3. Through this effort, we have gained valuable insights into our carbon footprint and identified areas to improve our performance in reducing emissions.

Our efforts are driven by a deep sense of responsibility to minimise the impact of climate change and create a more sustainable future for generations to come. We remain dedicated to continuing our work in this area and pursuing innovative solutions to reduce our environmental impact.





WATER AND WASTEWATER MANAGEMENT

As the physiological consequences of climate change affect food and water resources, emerging economies are facing multi-resource crisis factors. These include population growth, improved standards of living, and the escalating demand for water due to the effects of climate change, as well as multilateral instabilities in trade, political situations, or economic growth. According to global risks estimation, the gap between water demand & supply could be 40% by 2030, with a dramatic and unequal increase in demand across countries.

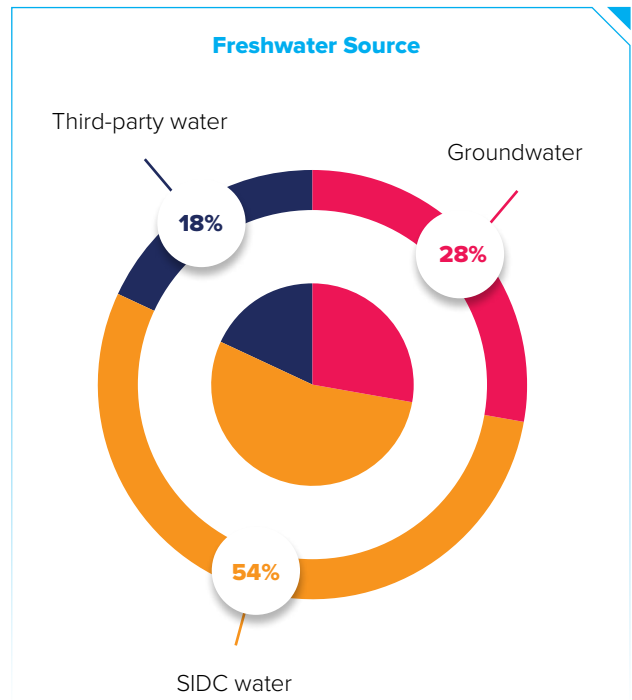
Water plays a crucial role in our water-based paint formulations and is also utilised for various purposes such as washing, gardening, utilities, and household activities. We adopt water conservation and efficient usage practices in our operations.



At KNPL, we believe that responsible water management is a collaborative effort that requires ongoing commitment and continuous improvement. That’s why we have implemented water conservation initiatives across all our locations and are constantly refining our practices to maximise our impact.

By sharing best practices and collaborating across departments and locations, we have achieved significant water savings and minimising our environmental impact. We remain committed to this collaborative approach and will continue to pursue innovative solutions and best practices to conserve water and promote sustainability.

We fulfil our freshwater requirements through groundwater, State Industrial Development Corporation (SIDC) and third-party water supply.



Thrust Area



REDUCE FRESHWATER CONSUMPTION

- Diligent monitoring of freshwater consumed
- Adoption of sustainable water management measures to limit our water footprint
- Increase usage of recycled water and rainwater through water management projects and initiatives within our operational limits
- Periodic review of water-related risks

Approach:

Regarding water management, we continue to adopt water conservation initiatives within our operations and ensure horizontal deployment across all our facilities based on feasibility. We continuously target reducing our specific

water consumption (freshwater) by 5% per year for gradual improvement. We continuously measure and track our freshwater withdrawal and total water consumption through a water accounting tool. This helps us improve our water efficiency and set internal and external benchmarks to achieve the highest level of water security.

Key Water Conservation Initiatives

- Internal water audit practice to identify areas of improvement.
- Process condensate collection and reuse
- Usage of anti-corrosion and anti-scalent agents in cooling tower
- Horizontal deployment of faucet-type and sensor-based taps
- Waterless urinal at our manufacturing plant



Hosur Effluent Treatment Plant - Zero Liquid Discharge

To ensure responsible water management, regular audits are a crucial part of our approach, helping us monitor and evaluate our water conservation initiatives and identifying areas for improvement. As part of our ongoing efforts, we conducted a detailed water audit at our Lote facility. Going forward we will be conducting such internal audits for all our major manufacturing facilities.

In FY 22-23, we continued to use rainwater within our factory premises for the process as well as other non-process use at Lote, Hosur, and Goindwal. Aligning to our water management goals, we are also increasing the rainwater usage within our operational bounds at other locations.

For effluent management, we adopt a two-pronged strategy – reduction at source and reuse. Our major manufacturing facilities are ZERO Liquid Discharge (ZLD) facilities. We have dedicated treatment facilities for domestic and industrial effluents and an in-house laboratory to monitor the quality of effluent across all our major manufacturing facilities. Our ETP-treated water is reused for utility makeup while the STP-treated water is reused for gardening and toilet flushing.

Performance:

Water withdrawal

In FY 2022-23, our figure for organisation-wide water withdrawal stood at 4,31,924 KL.

Water Replenishment:

We replenished 100% of freshwater withdrawal to the community we operate in.

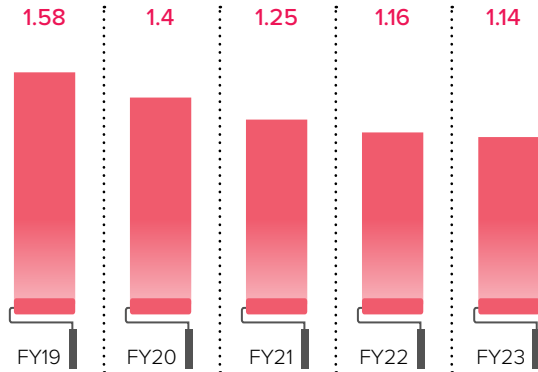
Water Consumption

Our organisation-wide total water consumption for the reporting period was 5,73,465 KL, of which 12,014 KL was rainwater while 1,29,527 KL was recycled water. Our organisation-wide Specific Water Consumption (SWC) was 1.16 KL/ KL of FG while the same for our manufacturing facilities accounted for 1.14 KL/ KL of FG.

Our recycled water consumption is 23% of the total water consumption for reporting year

Specific Water Consumption - Manufacturing Facilities

KL / KL of FG



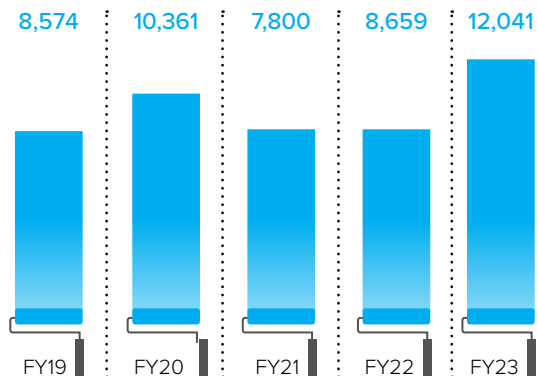
Our Specific Water Consumption (Manufacturing Facilities) has decreased by 28% since FY 2018-19

Method of Calculation:

Manufacturing Facilities - Specific Water Consumption is ratio Of Fresh Water Consumed in Plants to Production of Finished Goods during a specified period.

Organisation-wide - Specific Water Consumption is ratio of Fresh Water Consumed Organisation-Wide (Plants + R&D centre + Head Office) to Production of Finished Goods during a specified period.

Rain Water Usage in Process (KL) - Manufacturing Facilities



Water discharge:

We have ZLD across our major manufacturing facilities. Our total wastewater discharge for the reporting period was 463 KL from our newly merged facilities.

Water Management in Water Stressed region

2 of our manufacturing facilities are located at Goindwal Sahib and Bawal - both of which are identified as water-stressed areas.

In FY 2022-23, at our Goindwal Sahib & Bawal facilities

- ▶ Water withdrawal (freshwater) stood at – 121027 KL
- ▶ Water consumption stood at – 1,50,606 KL
- ▶ Water recycled - 17.6%
- ▶ Specific water consumption (SWC) (freshwater) was – 1.29 KL/KL of FG
- ▶ Ensured Zero Liquid Discharge



Thrust Area



WATER RESTORATION

Water replenishment through watershed development projects in the areas we operate in under CSR

Performance:

The pond restoration projects undertaken at Sayakha, Jainpur, and Hosur during FY 2022-23 aimed to create water-positive solutions and enhance the overall water management systems in these areas. These projects were designed to address water scarcity issues, promote sustainable water usage, and improve the ecological balance of the respective regions.

Before:



After:



Case Study:

Pond restoration at Aakot Village at Bharuch, Gujarat:

We have adopted a rural pond as part of the Gujarat Government's 'Sujalam-Sufalam' programme for pond rehabilitation and increased rainfall recharge. We carried out deepening and desilting activities to improve the water body's water storage capacity. We built a protective wall around the pond, consequently improving the supply of water to adjacent communities for agricultural purposes. This could increase natural water percolation, increasing the groundwater level as well. Additionally, we planted 150 trees in the area around the ponds. Through these projects, over 1,200 people in nearby villages are expected to be benefited.

Way Forward

We would continue to work in the following key areas: Reduce freshwater consumption; increase usage of recycled/reused water; increase usage of rainwater in the process; water replenishment in nearby villages through CSR to stay in tune with our commitment and achieve our water-positive target.



OUR COMMITMENT

to be **Water Positive** by **FY 2024-25**



WASTE MANAGEMENT

Conscious waste management has become pivotal for every business as it impacts the ecology and has a hit on business growth due to its management cost. We realise that our operations generate a significant quantity of hazardous and non-hazardous waste; therefore, we adopt industry best practices and set challenging goals for effective waste management.



JUDICIOUS WASTE MANAGEMENT

- Dedicated storage for category-wise waste in scrap yard across all plants
- Systematic tracking of the quantity of waste generated and waste disposed
- Ensure proper waste disposal – diverting waste away from landfill
- Imbibing the principle of 3R – Reduce, Reuse and Recycle
- Sensitisation of employees on waste handling methods

Approach:

We believe the best way to reinforce judicious waste management is to reduce waste generation at source, reuse and recycle to the maximum extent. During the reporting period, we undertook several initiatives for waste minimisation and the diversion of waste away from landfill.

REDUCE

Material Wastage

- Large production Batch-size
- Improved accuracy and stringent controls on material addition
- Closed loop manufacturing process

Sticking Material Losses

- Procurement of bulk liquid chemicals in tankers instead of barrels, and further stroked in tanks
- Nitrogen purging in resin area

Reduce Cleaning Frequency

- Product changeover minimization
- Same shade scheduling inline through advance Planning

Other measures

- Solvent Recovery Units
- Eliminated entire pretreatment operation by developing suitable coating system for barrel Industry

REUSE

- Reusable cartridge in the filtration process
- Cleaning solvents of all major resins are reused in the next batch of same resins
- In paint section, system controls have been implemented to ensure reuse of paint filled in part filled cans in the next compatible batch of paint
- In operations, cleaning solvent is reused after distillation process again for equipment cleaning
- Paint Pigging wash water reuse
- TIO2 recovery through de-dusting
- Drums and barrels
- Take-back mechanism with suppliers supplying raw materials in plastic bags

RECYCLE

- Barrels/Tins are recycled through authorised vendors
- Plastic waste, corrugated boxes and metal scrap generated within factory premises is recycled through authorised vendors
- E-waste is sent to authorized vendors for recycle

As a sustainability objective, we take an incremental target of a 5% reduction of our Specific Hazardous Waste Generation (SHWG) year-on-year.



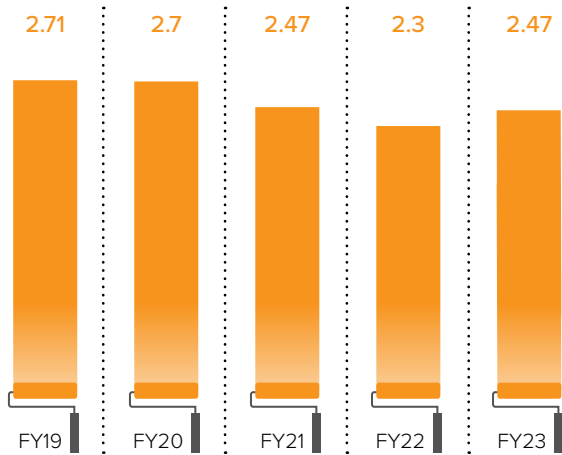
Waste Management Facility at our plants

Performance:

Waste Generation:

In FY 2022-23, KNPL generated 7441 MT of waste, of which 919 MT was hazardous waste, 4.72 MT was e-waste, 0.07 MT was bio-medical waste, 1479.3 MT was contaminated containers waste (barrels, tins, drums), and the balance was non-hazardous waste.

Specific Hazardous Waste Generation - Manufacturing Facilities Kg / KL of FG



Our Specific Hazardous Waste Generation (SHWG) was 2.47 Kg/KL of FG for our manufacturing facilities.

Method of Calculation:

Manufacturing Facilities - Specific Hazardous Waste Generation is the ratio of Hazardous Waste Generated in Plants to the Production of Finished Goods during a specified period.

Organisation-wide - Specific Hazardous Waste Generation is the ratio of Hazardous Waste Generated in Plants and R&D centre to the Production of Finished Goods during a specified period.

Our Specific Hazardous Waste Generation (Manufacturing Facilities) has decreased by 8.85 % since FY 2018-19

Waste Disposal:

At KNPL, waste is separated and then sent to authorised Treatment, Storage, and Disposal Facilities (TSDFs) for disposal, reuse, or recycling in accordance with applicable laws and regulations. Through the implementation of co-processing of hazardous waste to cement kilns, we have been successful in diverting the majority of our waste from landfill.

We were able to turn 13.24 MT of high-quality manure, which was utilised internally for gardens and horticulture, from 24.55 MT of organic canteen and food waste by bio composting treatment process.

This has not only improved how we handle organic waste but also helped us cut carbon emissions, lessen methane production, and divert garbage from landfills.



Plastic waste management & Extended Producer Responsibility

KNPL, a prominent paint manufacturer in India, has implemented various measures to tackle plastic waste generation and improve its Extended Producer Responsibility (EPR) performance.

We established a closed-loop plastic waste collection, recycling, and disposal system as part of our plastic waste management efforts. The system involved segregating plastic waste generated during production processes and sending it for recycling to convert it into raw material to produce new plastic products. Any plastic waste that couldn't be recycled was disposed of responsibly in compliance with relevant environmental regulations.

To fulfil our EPR obligations, we initiated various initiatives, including take-back schemes for plastic products, financing the costs of managing plastic waste, and establishing collection and recycling systems for plastic waste generated by its products. We are also engaged with stakeholders, including employees and the public, to promote responsible plastic waste management practices and raise awareness about the importance of a circular economy for plastics. We collected and recycled 7421 MT of plastic against EPR obligations for FY 2022-23 and 2499 MT as credit against FY 2021-22 obligation. Put together, there was a total of 9920 MT of plastic waste collected and recycled.

By adopting these measures, KNPL has contributed to reducing plastic waste generation and promoted responsible plastic waste management practices, which are essential for achieving sustainable development.

Way Forward

Looking forward, our aim is to achieve the highest level of waste reduction at its source, and we plan to conduct a comprehensive waste inventory study to ensure that our waste-related disclosures are in line with the requirements of various frameworks. In addition, we intend to collaborate with other waste-to-energy plants and cement industries to co-process our waste and achieve zero-waste-to-landfill in the near future.



OUR COMMITMENT

Reduction in absolute hazardous waste generation





CIRCULAR ECONOMY

We have partnered with global organisations to speed up and integrate circular economy criteria into all our processes to extend the useful life of our products via reuse or recycling.

Challenge

Our biggest challenge was the lack of technology to recycle pre-and post-consumer cotton waste into fresh fibers. We are investing in developing textile waste recycling technology as our commitment to contributing to a circular economy by investing in textile waste recycling technology. Our R&D efforts have led to several innovations that have shown promising results and are in various stages of development.

Going forward, Life Cycle Assessment (LCA) will be carried out for our products to evaluate their environmental impact across five categories. This assessment will analyze factors like energy consumption, emissions, water usage, and waste generation.



GREENBELT DEVELOPMENT

KNPL's greenbelt development initiatives involve planting a diverse range of native trees, shrubs, and other vegetation in designated areas around its facilities. These trees not only contribute to biodiversity but also help to reduce air pollution by absorbing carbon dioxide and releasing oxygen. Going ahead, we have planned tree tagging exercises across all locations to have traceability and ensure the survival rate of the trees planted within our operational limits. The total number of trees planted in FY 2022-23 was 7096 . We ensure compliance with 33% of the greenbelt requirement of CPCB across all manufacturing facilities. We have taken a target of planting 2,000 trees inside factory premises and 5,000 trees outside factory premises.



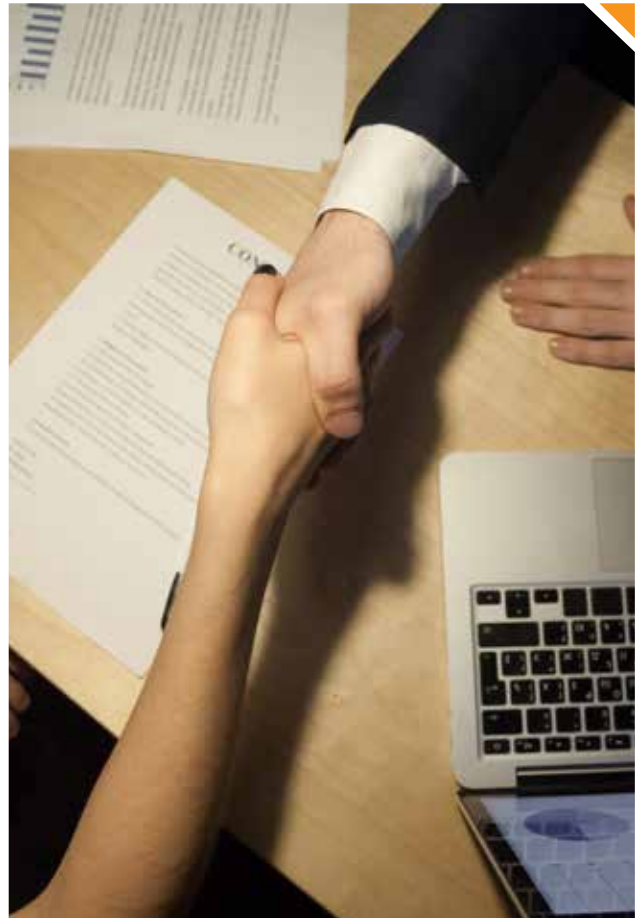


ENSURING ENVIRONMENTAL COMPLIANCE

Environmental Compliances

At KNPL, we emphasise maintaining strict compliance with all relevant environmental laws and regulations. This includes robust systems and controls to guarantee full compliance with all applicable laws and regulations. We have implemented a rigorous monitoring and tracking system to ensure that our operations are always in alignment with these standards.

During the reporting year, we are pleased to report that we remained fully compliant with all environmental laws and regulations. We have not incurred monetary fines or non-monetary sanctions for non-compliance with these regulations. This is a testament to our unwavering commitment to maintaining the highest levels of environmental compliance in all aspects of our operations.



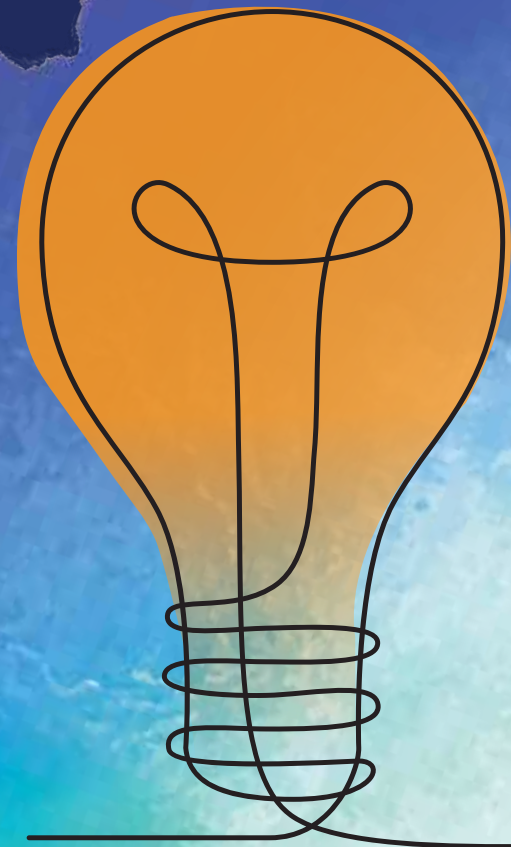
Financial commitment

For procurement and up-gradation of assets for environmental monitoring, effluent treatment, water conservation, energy efficiency, harnessing renewable energy, emergency preparedness and safety equipment at existing plants, a capital expenditure of ₹ 15.7 Crores was spent. An additional amount of ₹ 7.79 Crores was spent as revenue expenditure at our existing plants.

Our disclosures for energy management, GHG emissions, water management and waste management have been independently assured by a third-party external agency based on International Standard on Assurance Engagements (ISAE) 3000. Additionally, assurance has been given against the disclosures' adherence to the GRI's Sustainability Reporting Standards. The assurance report can be accessed at our website: www.nerolac.com

INTELLECTUAL CAPITAL

As a company that values knowledge and continuous improvement, Kansai Nerolac Paints views its intellectual capital as a driving force behind its pursuit of greatness. This capital encompasses the collective expertise, insights, and innovation that propel the Company forward. By dedicating resources to developing and enhancing our intellectual capital, KNPL sustains its competitive advantage and remains at the forefront of the industry.



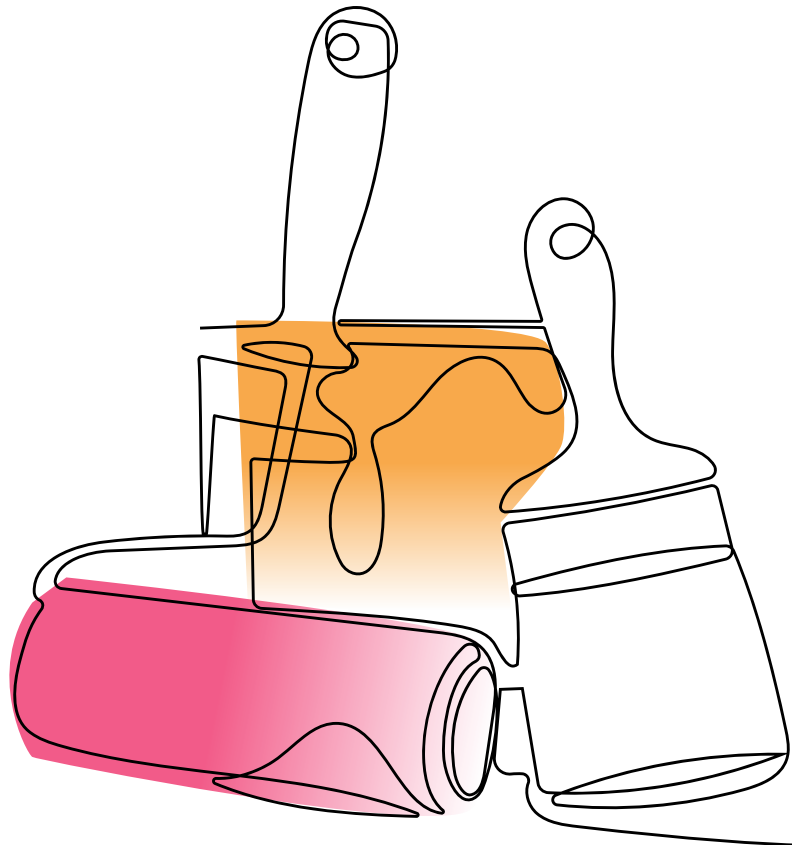


BACKDROP

With years of industry experience and expertise, Kansai Nerolac Paints has developed a profound understanding of paints and coatings. This deep-rooted knowledge allows the Company to consistently meet its customers' needs and expectations by delivering products and services of exceptional quality. This strong foundation creates a sense of trust and care in the minds of consumers, making the brand highly regarded and reliable.

KNPL's intellectual capital, backed by its IT capabilities, is crucial in elevating customer satisfaction. Its IT infrastructure also facilitates seamless and convenient interactions with stakeholders. KNPL implemented robust cybersecurity measures and is adhering to data protection regulations to safeguard its customer information. Thus fostering trust and confidence.

Impact on SDGs

Response

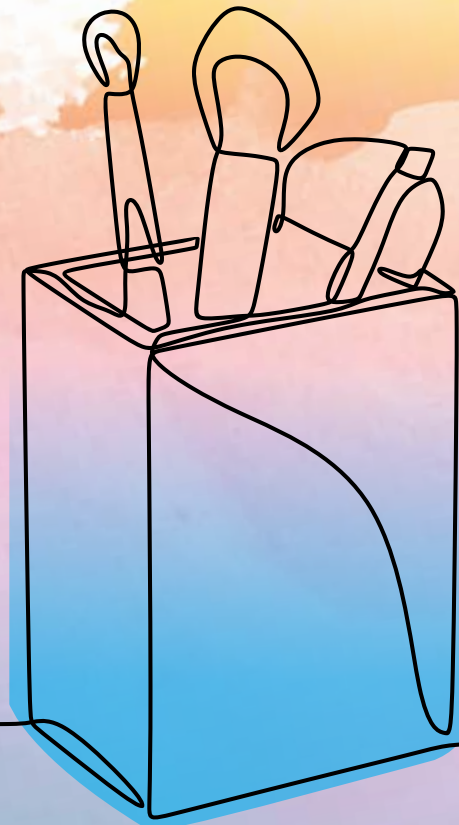
The Company continually explores new possibilities through relentless research efforts, uncovers emerging trends, and develops cutting-edge solutions. This commitment to innovation allows Kansai Nerolac Paints to introduce products that meet the evolving needs of consumers, keeping pace with the dynamic market landscape. The Company endeavours to foster sustainability, eco-friendliness, and social responsibility through its operations. This is achieved by creating environmentally conscious coatings and adopting sustainable practices.

We are committed to enhancing our in-house capabilities by harnessing the extensive and distinctive knowledge base of Kansai Paint Co., Limited, Japan, as well as our group companies worldwide. Furthermore, we will maintain collaborations with our global technology partners, including Oshima Kogyo Co. Ltd, Japan, Cashew Co. Ltd, Japan, Protech Chemicals Limited, Canada, and Kluthe, Germany. Together, we aim to develop exceptional products and solutions tailored to the specific needs of our customers.

Continuing our relentless pursuit of excellence, we are actively developing state-of-the-art solutions by harnessing advanced digital and cloud technologies. These innovative tools play a crucial role in enabling KNPL to accomplish various business goals and support our ambitious growth plans. To ensure the reliability and security of our digital platforms, we are bolstering them with robust infrastructure and implementing stringent layers of data protection.

Products / Solutions Design Philosophy

Our design philosophy has been to provide our customers with sustainable, resource-efficient, differentiated features and high-quality products and solutions. The products are designed and developed on this philosophy and are tracked until the applications are at the consumers' end. Our expertise in polymer chemistry and paint technology and innovative mindset enables us to design sustainable and unique solutions for customers.





HIGHLIGHTS:

17

Total patents filed, and amongst them 10 have been granted

2

Total patents filed during the year

4

Submitted research papers to the Indian Paint Association (IPA)

₹ 40.39 Crores

R&D spend during the year

1

Dedicated R&D centre at Vashi, Mumbai

5 local R&D

at respective plant locations

Colour lab

to develop colour shades and meet customer requirements

40+ shades

approved at leading OEM customers

Intellectual parameters of our response:



Building a Future-Ready Organisation:

Empowering Success with cutting-edge R&D and IT infrastructure



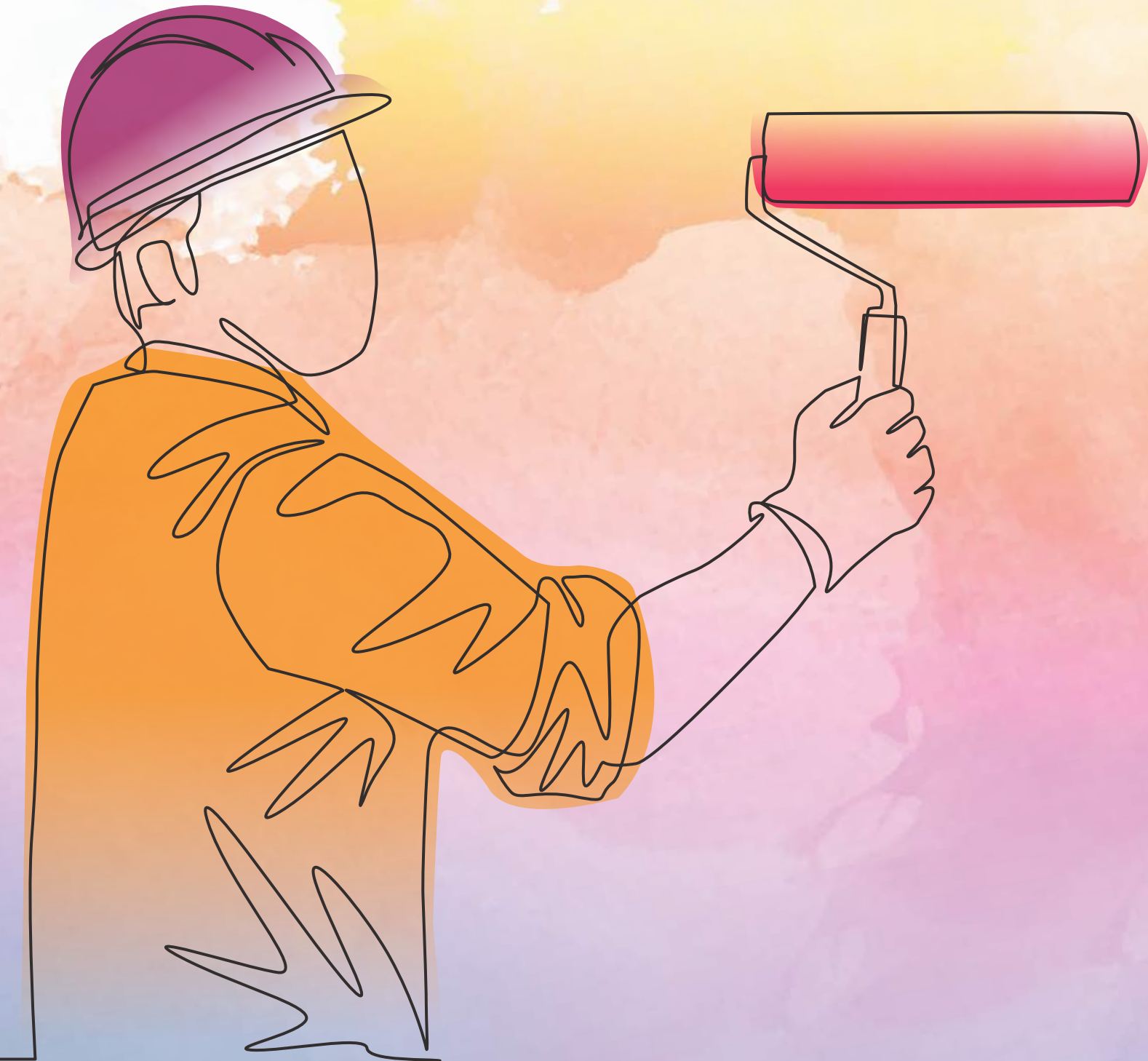
Innovation for Impact:

Investing in R&D to create sustainable, user-friendly products



Creating a Competitive Edge:

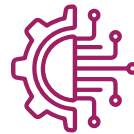
Continuously developing innovative solutions as per industry demands



BUILDING A FUTURE-READY ORGANISATION:

EMPOWERING SUCCESS WITH CUTTING-EDGE R&D AND IT INFRASTRUCTURE

KNPL is committed to achieving excellence in R&D and IT infrastructure, utilising advanced technologies to become one of the industry's most advanced and technology-driven organisations. The Company consistently invests in its R&D infrastructure, intellectual capital development, and research and analysis efforts to enhance its capabilities.



NEW TECHNOLOGY INTERVENTION

The Company is introducing a diverse and innovative product range by launching a next-generation CED coating that utilises nanotechnology and is environmentally friendly. KNPL has launched new low-density seam sealer and underbody sealant products, transitioning from high-bake coating products to lower-temperature baking products, introducing higher solids to reduce VOC emissions and innovating heavy metal-free paints and coatings.





INCREASING DIGITAL CAPABILITIES

KNPL is fully committed to leveraging advanced digital and cloud technology to create world-class solutions and achieve its business goals and growth plans. Our focus includes implementing digital platforms with robust infrastructure and security measures, enabling our sales team with tools such as scheme calculators and product comparisons for enhanced performance in the market.

Following the successful implementation and positive response in the decorative business, we are expanding the application of these digital platforms to our powder coating division. Thus ensuring a seamless and efficient customer experience across all segments.

Recognising the importance of optimising our transport systems, we have integrated IT solutions to provide on-time services to our valued customers. Real-time visibility into shipment status, delivery times, and vehicle locations empower us to make informed decisions promptly, enhancing overall operational efficiency.

Given the escalating challenges in infrastructure and cybersecurity, we are continually investing in security tools to bolster IT security and exploring opportunities to integrate cloud technology into our IT ecosystem further. To ensure the highest level of security and reliability, our digital platforms are supported by robust infrastructure and fortified with advanced security measures. Also, in line with our commitment to business continuity, we have successfully implemented a Disaster Recovery site at an off-site location. This ensures that even in unforeseen circumstances, we can maintain uninterrupted operations and provide seamless services to our customers.



INSTRUMENT ANALYSIS AND ANALYTICAL CAPABILITIES

Enhancing Accuracy and Efficiency: The Role of Thermal Imaging in Building Inspections

KNPL has introduced thermal imaging cameras, which have unlimited potential and are widely utilised in building inspections to identify issues such as moisture/water seepage, surface temperature variations, and areas of hot air leakage. These non-contact devices detect and convert infrared energy into visual images, leveraging the unique properties of heat in contrast to visible light. By capturing infrared energy and generating digital or analog video outputs, thermal cameras enable accurate site inspections and facilitate recommendations for waterproofing and temperature-reducing roof products.



INNOVATION

FOR IMPACT:

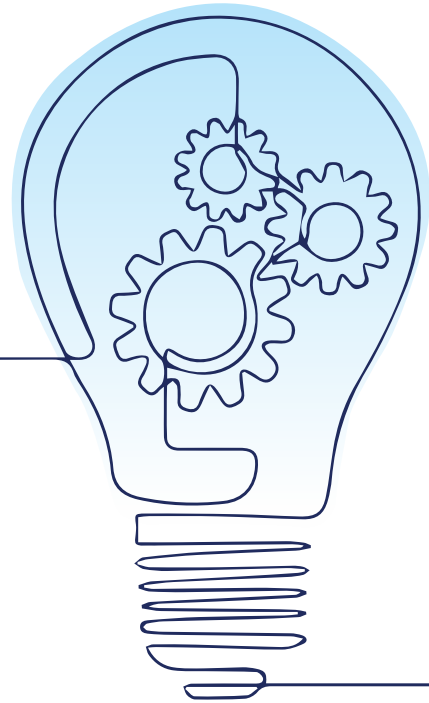
INVESTING IN R&D TO CREATE SUSTAINABLE AND USER- FRIENDLY PRODUCTS

By touching lives every day, KNPL goes beyond merely providing paint solutions. It aims to contribute to the well-being and happiness of individuals and communities. Our products play a vital role in protecting surfaces from harsh weather conditions and adding vibrant, long-lasting colours to various spaces, be it homes, vehicles, or industrial applications.



We understand the importance of adapting to the constantly changing external environment. This drives us to shape our competencies and launch new solutions that cater to the evolving needs of our customers. With our technological expertise, we have the capability to develop innovative and high-quality coatings that enhance aesthetics and durability. By undertaking comprehensive research and development efforts, we aim to introduce revolutionary products that deliver exceptional performance and cater to the industry's specific demands. Our goal is to surpass traditional offerings and provide innovative solutions that exceed customer expectations.

By staying at the forefront of technological advancements and understanding the unique demands of different sectors, we aim to continuously enhance the quality of our coatings. And thereby contribute to the overall well-being and satisfaction of individuals and communities.



DECORATIVE – OUR IMPACT

- Trendsetter of low VOC products in the Indian market and zero heavy metals

- Relentless focus on developing novel and sustainable eco-friendly green solutions



INDUSTRIAL – OUR IMPACT

- Value-added solutions that are environment-friendly, energy-efficient and have enhanced finish

- Medium-high solids, low VOC products, and low-bake technology are all key industry differentiators

- Powder-coating know-how to shift the 2W component industry from liquid paints to zero VOC powder-coating

CREATING A COMPETITIVE EDGE:

CONTINUOUSLY DEVELOPING INNOVATIVE SOLUTIONS FOR INDUSTRY DEMANDS

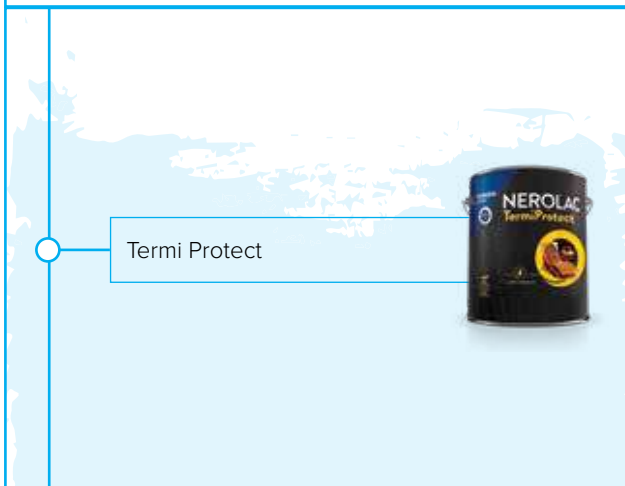
KNPL creates a competitive edge by introducing paints and coatings that offer distinct advantages over competitors. This includes a focus on creating advanced solutions in niche segments such as adhesives and construction chemicals. Through innovation and extensive research, the Company develops paints with unique features, superior performance, and enhanced durability. By staying ahead of market trends and understanding customer needs, KNPL delivers products that provide value and meet consumers' evolving requirements. This competitive edge allows KNPL to differentiate itself and attract customers seeking high-quality and innovative paint solutions.



Breakthrough Products & First-time to Market



Product with Superior Functionality

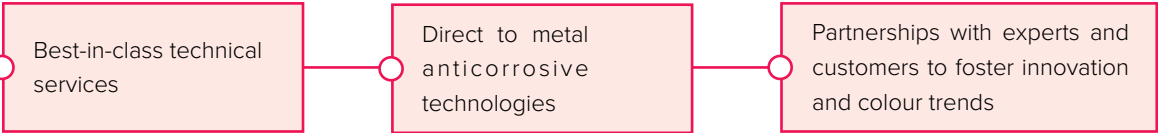


Products for New Segment / New Business

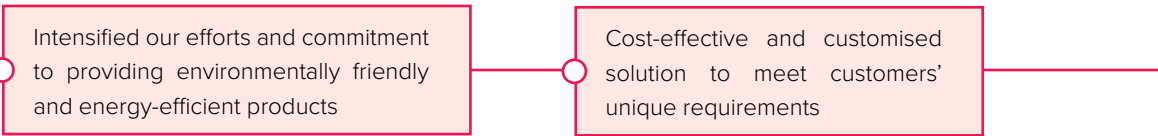




AUTOMOTIVE - OUR EDGE –



PERFORMANCE COATING (LIQUID AND POWDER) - OUR EDGE –



Breakthrough Products launched in FY 2022-23

Auto: Tin-free CED, High Resistance Coating for Fuel Tanks

PC Liquid: Fluro Undercoat & Fluro Topcoat (5-Coat System)

Powder: Super Functionality Powder with High Abrasion Resistance



Product with Superior Functionality

- **Auto:** Low-bake Products

- **PC Liquid:** High-weather Ability Coatings

- **Powder:** Heat-resistant Powders

Products for New Segment / New Business

- **Auto:** New Low-density Seam Sealer and Underbody Sealant Products

- **PC Liquid:** 2K High Weather Resistance PU System for Agricultural & Construction equipment

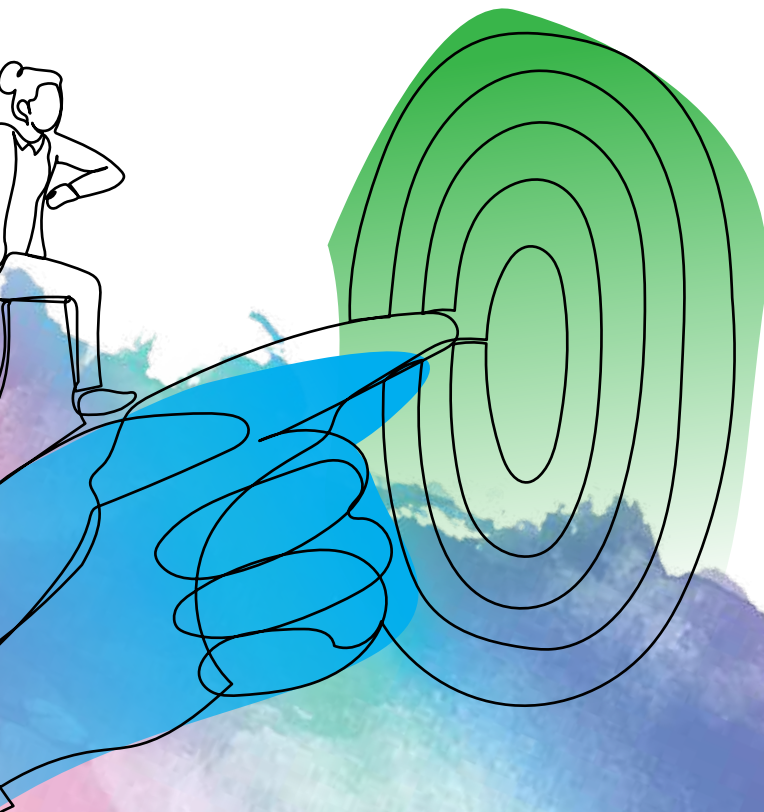
- **Powder:** Coatings for Alloy Wheels

Industry Knowledge & Collaborations

Our parent company, Kansai Paint Co., Ltd., Japan (KPJ), continued to share best-in-industry practices and technological developments. By forging strategic and technical partnerships with esteemed organisations such as Oshima Kogyo Co. Limited in Japan, Cashew Co. Limited in Japan, and Protech Chemicals Limited in Canada, we have laid a solid groundwork for delivering bespoke products and services. Moreover, we fully appreciate the importance of industry groups and collaborations, which serve as invaluable platforms for expanding our business, exchanging knowledge, and cultivating innovative ideas for ongoing enhancements.

Way Forward

KNPL is committed to seeking opportunities to establish new value chains in the future. Leveraging its R&D insights and core competencies, KNPL aims to develop innovative solutions that deliver superior quality and unique value to customers. The Company acknowledges the significance of capability building in driving innovation and business excellence. Concurrently, it places a strong emphasis on sustainability by offering products and solutions that not only deliver enhanced performance but also embody sustainable practices. By continuously improving and expanding its offerings, KNPL aims to stay ahead of the market and provide exceptional customer value.



FINANCIAL CAPITAL

One of our major competencies is cost leadership, critical for establishing operational excellence. We are always looking for profitable growth opportunities supported by customer feedback, research and development, sustainable solutions, and enhanced customer service. We view financial capital as a tool of building wealth for our shareholders via the prudent use of the Company's and community's resources.



BACKDROP

Inflation, which was very high at the beginning of the year, started tapering downwards towards the year's second half. This helped in some margin improvement.

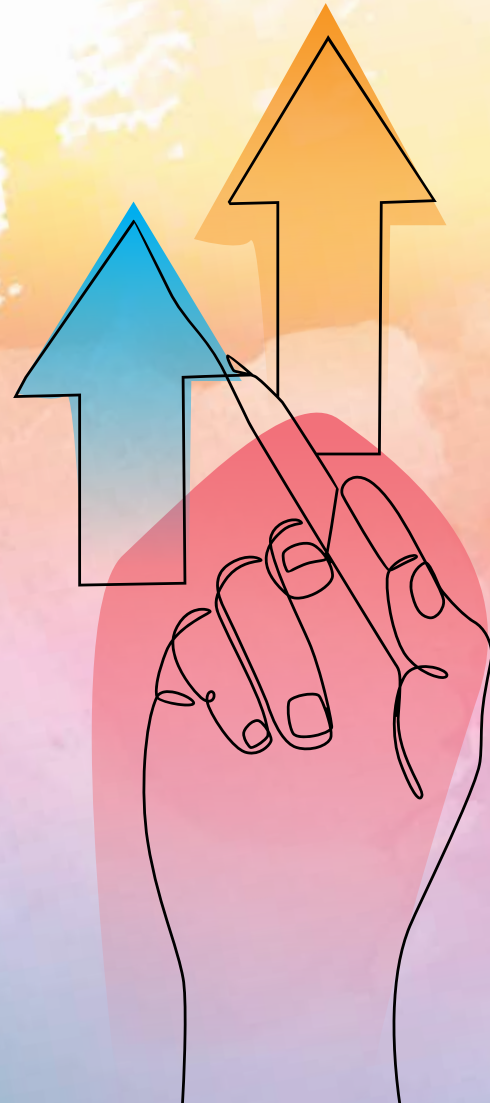
Response

The Company's EBITDA was up to 11.2% for the year as compared with 10.9% in the previous year. Data on financial capital performance is covered in the statutory part and in the latter sections of this report. We maintain an apolitical stance and do not support any specific political party or candidate for political office. We did not offer or provide any Company funds or property as donations to any political party, candidate, or campaign during the year.

Taking the Right Decisions

At KNPL, the Board of Directors makes all strategic economic decisions, which are then carried out by Managing Director, other management committee members, and department heads as needed for day-to-day business operations.

Impact on SDGs



Net Revenue

₹ 7,081.0 Crores

(Net revenue, which recorded a growth of 19.0% over the previous year)

Overheads

The Company's overheads increased from

₹ 827.9 Crores to ₹ 955.9 Crores

Strategic Capital Investment

₹ 139.6 Crores

(Spent towards capital expenditure related to various projects.)

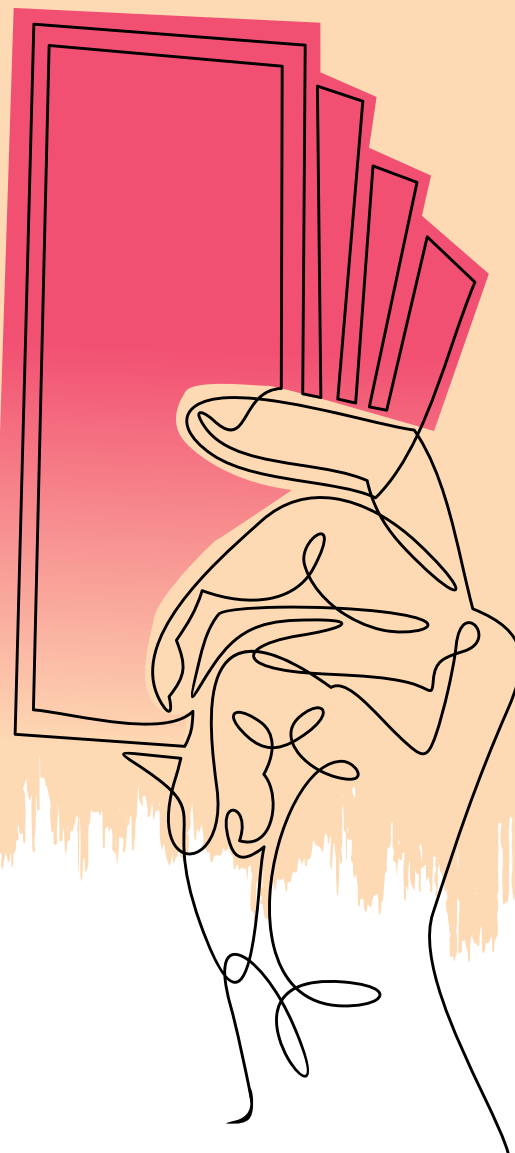
EBITDA

₹ 817.9 Crores

(An increase of 25.9% over the previous year)

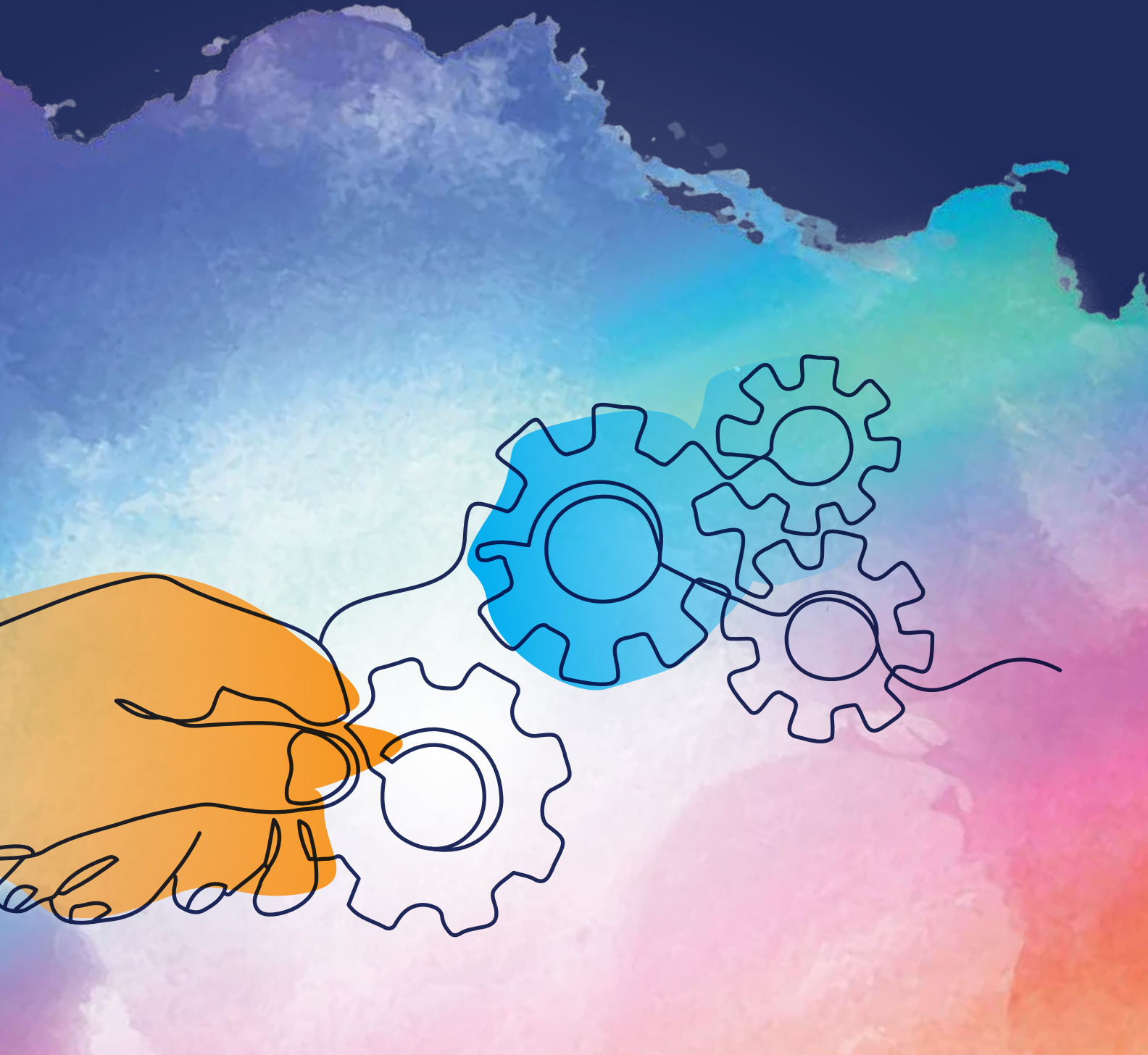
Way Forward – Budgeting and Control

At KNPL, the agenda and preparations for the upcoming fiscal year are meticulously laid out at the start of the year. This comprehensive process involves formulating and developing a detailed yearly business plan encompassing all aspects of our operations and strategies. A detailed annual budget is prepared by the Management Committee, which includes functional heads, Managing Director, and then approved by the Board of Directors, based on the annual business plan and macro environment, including currency value, raw material costs, and energy costs, among other things. The functional heads and the Management Committee review the budget regularly. The Company monitors the budget using several IT platforms and has devised multiple system checks to keep it under control..



MANUFACTURED CAPITAL

Kansai Nerolac Paints is a subsidiary of Kansai Paint Co., Ltd., Japan (KPJ) and one of the leading paint companies in India. We are known for our focus on manufacturing excellence, innovation, and providing high-quality paint solutions to our customers. As an aware and responsible corporate, we understand the significance of sustainability for long-term success, so we are committed to adopting green & sustainable practices across our value chain. We place a high value on safety and have implemented various measures to promote a strong safety culture. Our quality, reliability, and customer service have helped us build a positive brand image and maintain a good reputation.



BACKDROP

Our manufacturing facilities play an important role in meeting the demand for automotive coatings, powder coatings, and decorative paints. The performance and durability of the paints are directly related to their quality, so it holds the utmost priority. As paint makers, we prioritise investments in cutting-edge technology and equipment to guarantee that our products meet the most stringent quality standards while minimising their environmental footprint. Our extensive product portfolio includes automotive coatings, powder coatings, and decorative paints, providing our customers with a diverse range of options. Powder coatings, and decorative paints, providing our customers with a diverse range of options.

Impact on SDGs



Response

We are known for providing industry leading quality products and services with a strong commitment. Our ability to continually raise the standard has been aided by our ability to adapt to the rapidly shifting business environment and produce better products. We aspire to demonstrate ethical manufacturing in the paints industry by using our strong organisational culture, technological know-how, agility, and innovation.



Focus of our response

- Strengthening integrated supply chain function
- Subsidiary support
- Enhancing service levels with a focus on new products or growth drivers
- Optimising overhead expenses
- Engaging with people & collaborative approach
- Utilising Digital capabilities and new technology
- Enhancing productivity and operational efficiency
- Embedding safety culture in every aspect of the organisation
- Adopting and driving clean & green initiatives
- Quality control, and quality assurance to improve product quality for customer and consumer satisfaction



HIGHLIGHTS:

4 subsidiaries

(1 in India, 3 international)

3

International subsidiaries, one located in each Nepal, Sri Lanka & Bangladesh

8

strategically located manufacturing facilities, 103 depots, and 7 RDCs serving customers PAN India

160+

X-matrix projects undertaken

11,000+

Kaizens received across all plants

14 Awards

awards received from CII, QCFI and other regulating bodies

Manufacturing Footprint

Our strategic footprint spans the country with a manufacturing presence in India encompassing 8 facilities and 1 subsidiary. This geographical distribution empowers us to effectively meet the diverse requirements of our customers across various regions. Our manufacturing facilities are equipped with state-of-the-art plants, modern technology, and automated systems to improve efficiency and quality control. We undertook an assortment of projects to address efficiency, financial viability, process security, and an environmentally sustainable approach.

CAPACITY ADDITIONS:

We undertook the following capacity additions in the reporting period to meet the increasing customer demands and align with our investment plans.

- **Jainpur** - Augmenting capacities of wood coating, alkyd resin and emulsion
- **Sayakha** – Commissioning of industrial resins and consolidation of GIHPC capacity
- **Goindwal Sahib Plant** – Intermediate (in-house emulsion) capacity addition
- **Hosur Plant** – Water-based capacity augmentation
- **Internal capacity creation:** By asset sweating, leveraging existing automation, SAP system and resources, new technology & innovative projects 3% of internal capacity is created over a CAGR of 3 years



Decorative Segment

Our manufacturing plants located at Hosur, Jainpur, Lote, Goindwal Sahib, and Sarigam serve the decorative paint segment. We offer a comprehensive range of products covering interior, exterior, designer water-base finishes, enamel, primers, wood finishes, waterproofing, adhesives, construction chemicals, as well as niche products and soldier paints.

Our state-of-the-art manufacturing facilities exemplify our commitment to environmentally conscious, economically viable, and technologically advanced products. These facilities have the capability to produce a diverse range of product streams, ensuring flexibility and efficiency in meeting customer demands.

Our commitment to upholding high-quality standards and fostering continuous improvement is evident through implementing various initiatives. These initiatives encompass areas such as innovation, process standardisation utilising new technologies, digitalisation, as well as the review and standardisation of Standard Operating Procedures (SOPs).

Our operational excellence is supported by advanced systems, cutting-edge technologies, and innovative tools and techniques that enable us to deliver superior products and maintain high manufacturing standards throughout our operations.



Industrial Segment

Our manufacturing plants located in Bawal, Sayakha, Lote, Hosur, Jainpur, and Marpol are strategically positioned to serve the specific segment precisely.

We offer an extensive portfolio of industrial coatings, which covers a range of Automotive Coatings, Powder Coatings, Performance Coatings Liquid (covering both General Industrial and High-Performance Coating), and Auto Refinish solutions.

Our manufacturing facilities boast state-of-the-art infrastructure and employ cutting-edge technology to deliver customised and innovative solutions tailored to diverse industries.

We have incorporated high-end ROBOTIC Bell and paint booths to replicate OEM line conditions, while implementing low-cost automation for pumps and Drum Cleaning Machine (DCM) to enhance product quality.

All our facilities prioritise designer operational safety, strive for excellence in operational parameters, and uphold the highest standards of quality throughout our product range.

We take joint projects with our OEM customers (through our Value Analysis/Value Engineering (VAVE) approach to reduce their carbon footprint, save energy, and benefit operational parameters.

We maintain a close industrial collaboration with our parent company, Kansai Paint Co., Limited, Japan (KPJ), along with other group companies to leverage their technical developments for introducing innovative products and home-grown technological solutions.

Our manufacturing facilities are equipped to handle a diverse range of product streams, providing flexibility and efficiency in meeting customer requirements.

We ensure the implementation of top-tier quality and manufacturing practices across all our shop floors.

Our commitment to manufacturing excellence is fortified by the utilisation of advanced digital enablers and technologies, enabling us to drive efficiency and innovation throughout our operations.

Certifications

	Bawal	Hosur	Jainpur	Lote	Sayakha	Goindwal Sahib	Perma, Sarigam	Marpol, Goa
IATF 16949: 2016	Yes	Yes	Yes	Yes	Yes	NA	NA	NA
ISO 9001:2015	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
ISO 14001:2015	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
ISO 45001: 2018	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No

Operational Excellence

The use of the Maynard Operation Sequence Technique (MOST) allows precise and quick measurement of a variety of work, including repetitive and non-repetitive tasks, with ease. Our efforts to provide operational excellence reflect our production competence. We constantly implement Kaizens and initiatives for productivity improvement, Batch Cycle Time (BCT) reduction, error reduction, and throughput improvement. We regularly conduct performance analysis and debottlenecking exercises to refocus neglected resources and restore capability. The new facility is now self-sustaining due to the launch of internal production of intermediates like resin at Sayakha, in the reporting year.

We conduct internal and external benchmarking exercises to establish targets for our primary operational indicators. We have implemented the 3-S (System not available, System inadequate, and System not followed) strategy to improve error-proofing on shop-floor operations with an emphasis on quality, safety, and speed.



CAPABILITY BUILDING

Capability building is a focused area of the organization over the years. To further improve it, we encourage level 2-3 employees to participate in external events, competitions, and trainings for upskilling. Internally we provide periodic trainings for problem-solving tools, Six Sigma Green-belt tools such as MSA (Measurement System Analysis) and Process Capability Analysis, Value Stream Mapping, Jishu Hozen, TPM, and ESG. These tools collectively empower us to enhance our problem-solving capabilities, optimize processes, improve measurement systems, streamline workflows, and cultivate a culture of continuous improvement.





Initiatives to drive excellence

Improvement – Through Kaizen & Six Sigma Methodology

- FTR (First Time Right) Improvement for Industrial & Small Order Dispatches (SOD) by measurement system analysis (MSA), gauge repeatability and reproducibility (R&R), and standardisation of process parameters at the plant and customer side.
- On account of post COVID effects and the global political scenario, the global supply chain, covering raw materials and semiconductors, was disrupted. This led to increased demand for small order requirements from OEM customers. To respond to this business need, internal initiatives were taken, which enhanced the delivery of SOD batches by ~ 20%.
- As a part of our Greenbelt drive, projects under various themes were undertaken, such as Batch Cycle Time reduction (BCT) for intermediates, customer complaints, and overhead cost reduction.
- Adoption of Low-Cost Automation for performance improvement and strengthening safety.
- Monthly interplant critical parameter benchmarking and periodic competitions enabled us to enhance our overall performance

Digitalisation

Digitalisation has enabled us to create a smart manufacturing environment where equipment and machines are interconnected and automated. This has led to increased efficiency, productivity, safety, and quality control. IoT-based predictive maintenance under asset performance management is implemented to improve equipment reliability, performance, and safety.

With data analytics for process optimization in Goindwal Sahib manufacturing facility, resulted in increase in capacity, highlighting our expertise in optimizing resources and enhancing operational efficiency.

We employ real-time monitoring of production processes to ensure optimal output and maintain high-quality standards. Furthermore, we have plans in place to implement artificial intelligence, which will enhance operational efficiency, optimise parameters, and enable quality prediction. These initiatives are aimed at securing a competitive edge in the global market. We have launched digitalisation project for one of our powder coating facility, which will give results from FY 2023-24.

NEW TECHNOLOGY/ INNOVATION

We implemented new technology initiatives to reduce resin color value and minimize pigment consumption. This optimization effort resulted in cost savings, improved production efficiency, and carbon footprint reduction.

SAFETY AND EMPLOYEE ENGAGEMENT

- We actively involve external subject matter experts in conducting safety audits to enhance our safety measures, practices, and emergency preparedness.
- Our implementation of an Occupational Health and Safety Management System aligns with ISO 45001 standards.
- We have established a robust safety infrastructure and ensured the deployment of adequate safety measures across all our operations.
- Continuous infrastructure upgrades are undertaken to achieve the highest level of fire safety throughout our facilities including chemical storage safety.
- Our Safety Committee and comprehensive hazard identification and risk minimisation structure play crucial roles in maintaining a safe work environment.
- We conduct regular training and awareness sessions to instil a 'Safety First' mindset among our employees.
- Our commitment to safety is further supported by the presence of Safety Training KIOSK and Safety Laboratories at all our locations.
- We actively engage our employees through various programmes, including the horizontal deployment of Corrective and Preventive Actions (CAPA), Poka-Yoke, Kaizen competitions, Six Sigma initiatives, and Improvement projects.
- We have rolled out a policy addressing behavioural approach towards safety and quality for plants and depots to emphasise our vision & focus on safety and quality.

IMPROVEMENTS IN QUALITY, PRODUCTIVITY, AND EFFICIENCY

- Streamlining production to increase quality, boost worker productivity, and reduce waste production.
- Sustaining attention to asset utilisation by SAP, process optimisation, cutting-edge technology, and internal capacity creation; implementation of an energy management system.
- Ongoing OEE (Overall Equipment Effectiveness) improvement of critical equipment.
- Using modern diagnostic technologies to analyse present assets in terms of usable life and improving utilisation.
- Revisiting the Maynard Operations Sequence Technique (MOST) for improving manpower efficiency (white and blue collar) and Measure of Performance (MOP).
- Various cost-cutting theme programmes – implemented for reducing Power & Fuel, General Works Charges (GWC), and Spares & Consumables cost.
- Conducting Quality - Kiken-Yochi Training (Q-KYT), 3S and 4M analysis for quality improvement.

TECHNOLOGICAL ADVANCEMENT

- Deployment and usage of cutting-edge technologies and advanced equipment to improve performance.
- Usage of advanced premixing and grinding equipment.
- Usage of better VOC control techniques for asset downtime reduction due to vessel entry-related work.
- SAP-based dashboards for effective utilisation of assets.
- Rolled out eco-friendly technology in the electrodeposition.
- New product introduction in the Intermediate category with respect to better quality and performance.



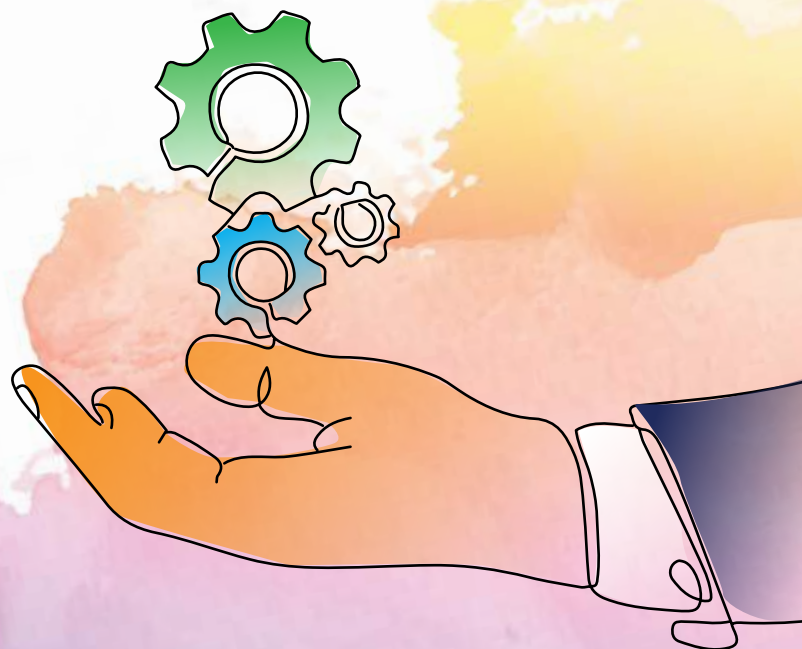
MAINTENANCE STRATEGY

Optimal maintenance practices are paramount to ensure seamless production operations and minimise unplanned downtimes. The primary causes of downtime stem from inadequate maintenance protocols, spare unavailability, subpar strategies, and skill deficiencies. To tackle these issues, we have devised a multifaceted maintenance excellence strategy encompassing critical maintenance facets to maximise equipment uptime.



Our strategy is based on Plan, Do, Check, and Act (PDCA) principles. Specific metrics have been developed around these areas to help us monitor the health of maintenance sub-processes and make corrections as required. Besides, benchmarking with industry best practices is also being done.

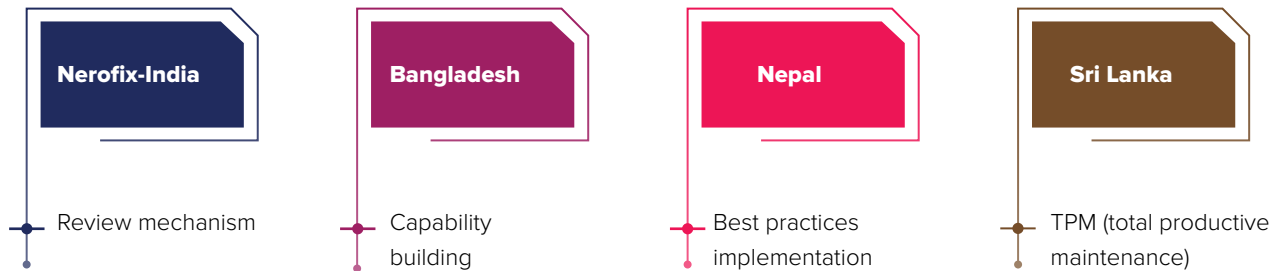
To move further towards world-class maintenance excellence, new technologies in the field of maintenance are explored and leveraged.



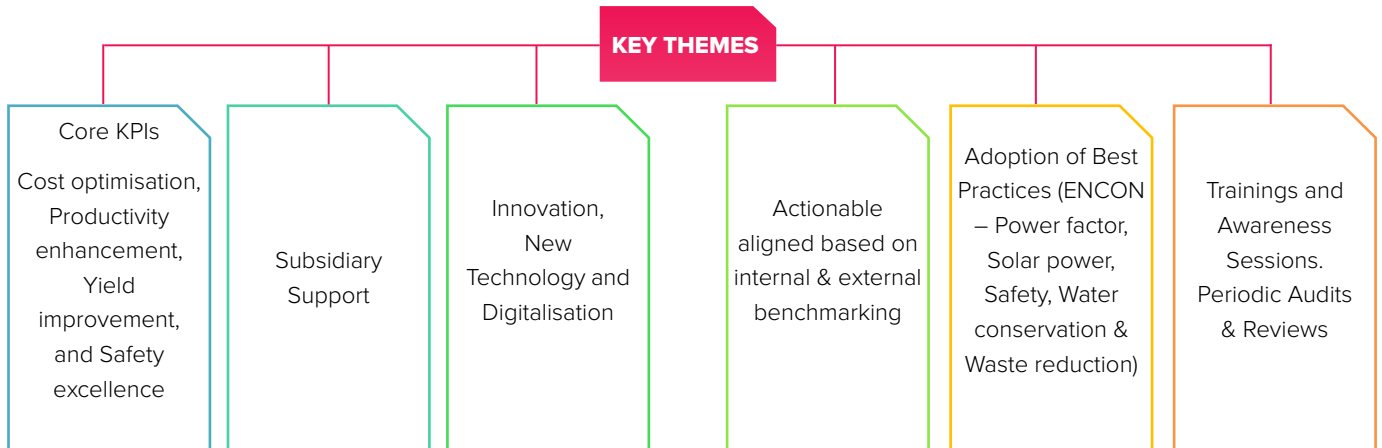


SUPPORTING THE SUBSIDIARY COMPANIES

Throughout the reporting period, our primary emphasis was enhancing operations within our subsidiary companies. We achieved this by implementing the successful practices established at KNPL and nurturing employee capabilities through various engagement initiatives.



As part of our efforts to fortify manufacturing capabilities at our subsidiaries, we implemented several supporting initiatives. These included periodic knowledge sharing and guidance from the KNPL plant, adoption of CANDO and safety training practices, projects aimed at reducing spare and repair costs, optimising manpower deployment, and calculating productivity gains. Notably, these endeavours resulted in enhancing manpower productivity by 25%. We also focussed on cost reduction and productivity enhancement through the implementation of Kaizen methodologies, with a specific emphasis on addressing work-off, SPC reduction, and resolving pain points within the plant operations. These combined measures contributed to a proportional decrease in process costs and significantly uplifted overall operational performance.



Strengthening the Supply Chain

KNPL emphasises the importance of a well-optimised supply chain to meet customer demands, minimise lead times, reduce costs, and enhance overall operational efficiency. Continuous improvement efforts, collaboration with suppliers, adoption of advanced technologies, and effective demand forecasting are key strategies employed to achieve a robust and agile supply chain network.

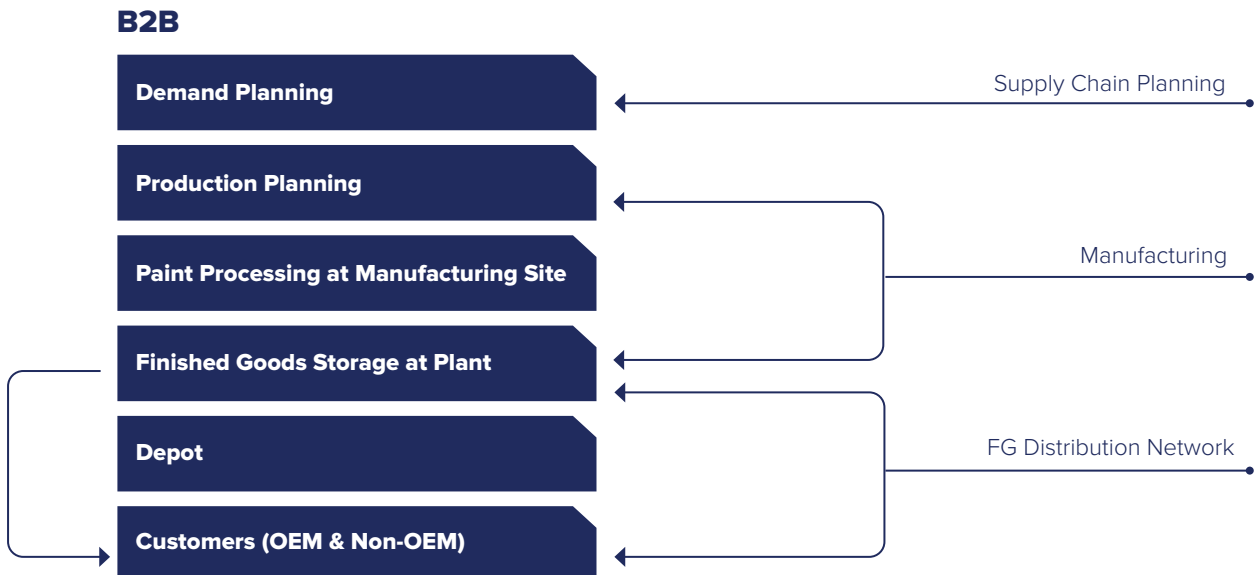
As part of our supply chain expansion, we have introduced nano depots to enhance our distribution network further. By decentralising our inventory and positioning it closer to the demand centres, we can effectively reduce lead times and enhance overall responsiveness in meeting customer needs.

Our integrated supply chain allows us to effectively serve our industrial and decorative customers by implementing a well-organised planning and distribution strategy to meet their needs.

- ▶ Industrial Customers – Pull Type Operations
- ▶ Decorative Consumers – Push Type Operations

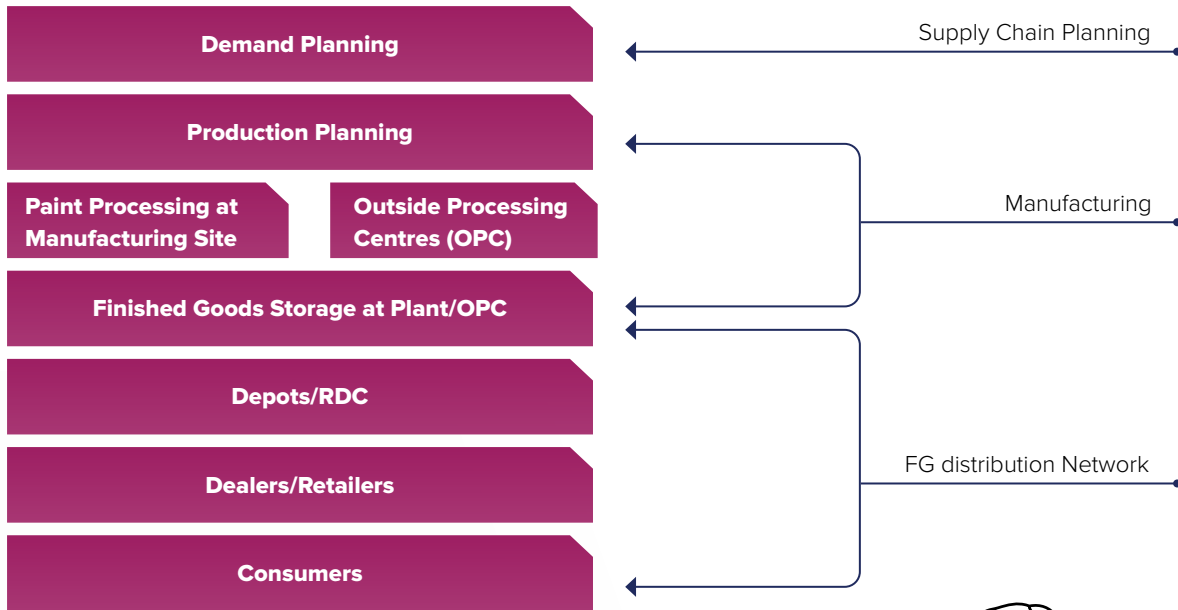
How the Supply Chain Works

A production plan is prepared based on the planning. This acts as input for the Manufacturing team (in terms of finished goods to be produced) and the Purchase department (regarding raw materials to be procured).



For B2B, FG service levels are managed at JIT (Just in Time) level. Unique strength of having sufficient backup facilities and flexibility of manufacturing products at multiple locations.

B2C

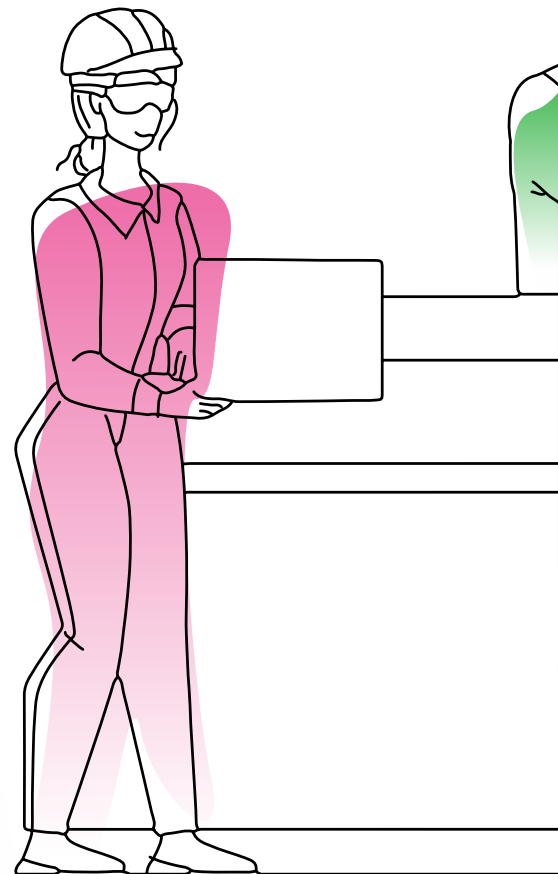


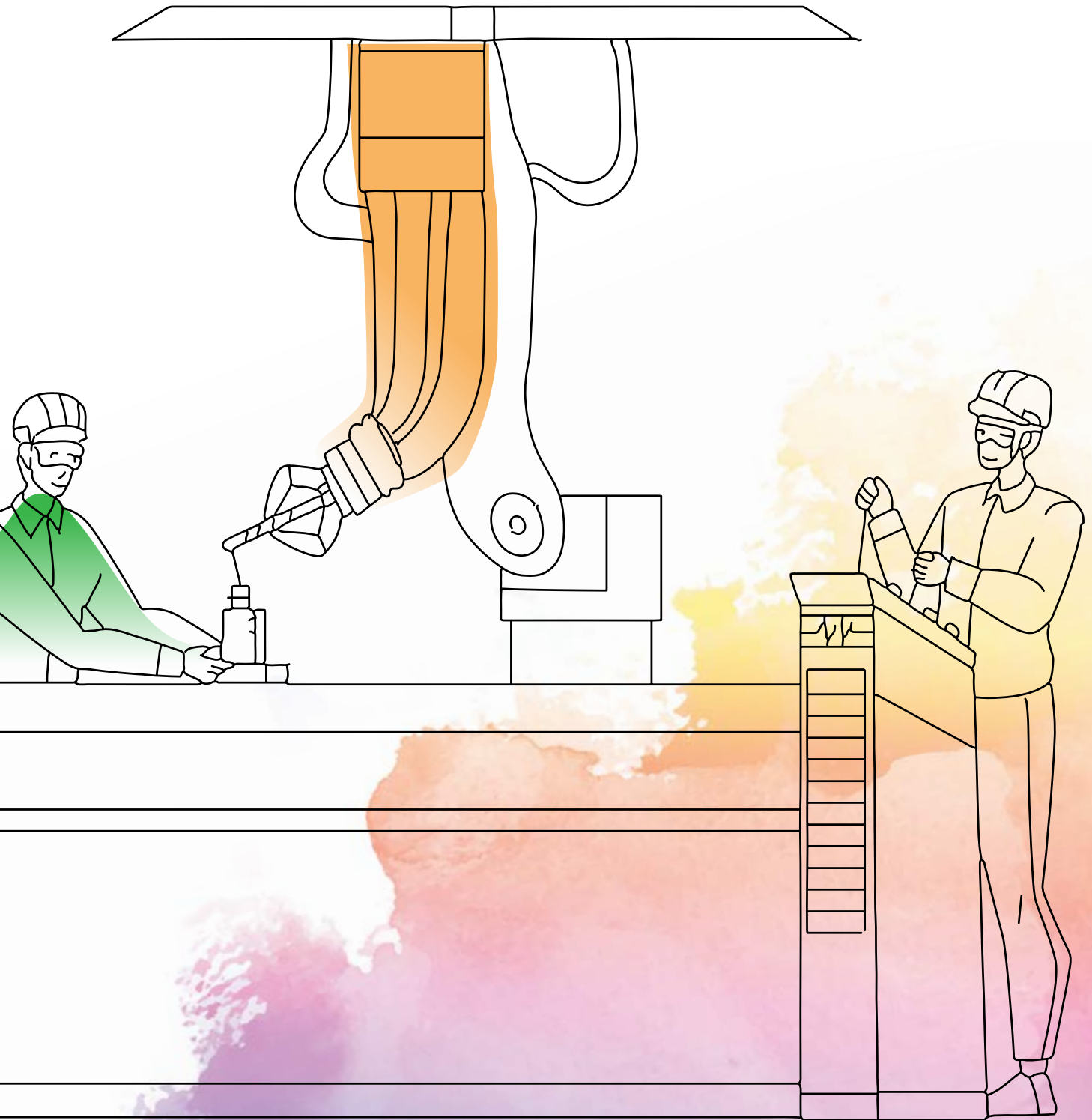
In order to cater for our customers in time , we identified single-source suppliers and deployed suitable alternatives.

WAY FORWARD – HOLISTIC IMPROVEMENTS

Our future focus is strengthening our manufacturing capability to serve market demand through capacity expansion, product innovation, operational excellence, quality assurance, sustainability initiatives, and capability development. By focusing on innovation & digital initiatives, we aim to create a future-ready manufacturing set-up which will be agile, resilient, customer-centric, and sustainable.

By practicing safety excellence, we ensure the well-being and protection of our employees, customers, and the communities in which we operate.





SOCIAL AND RELATIONSHIP CAPITAL

We recognise that the long-term success of our organisation is linked to the strength of our relationships with stakeholders. We strongly believe that nurturing social and relationship capital is crucial in providing valuable and growth-oriented benefits to our stakeholders. Our inclusive growth path encompasses our customers, supply chain partners, and the broader community. With a focus on ethical practices, our aim is to build a reputation as an organisation that highly regards and cultivates social and relationship capital.



BACKDROP

At KNPL, we have always placed great emphasis on infusing innovation throughout our product offerings. We have recognised the shift in customer preferences and made it our mission to deliver a unique value proposition. Our close collaborations with suppliers have been instrumental in driving business growth, while our commitment to maintaining harmonious relationships with local communities has allowed us to uplift lives responsibly. Our belief in collaborative action has consistently inspired us to design solutions that protect and touch lives.

Impact on SDGs



Response

As a Company, KNPL has thrived on the strength of our extensive and diverse customer base, representing our industry. By cultivating trust and nurturing relationships, we have consistently aimed to provide our customers with high-quality products and services that meet and exceed their expectations. Supporting the efficiency of our supply chain is a vast network of suppliers and dealers, with whom we maintain regular communication to foster mutual understanding and drive value for both parties. Additionally, our commitment extends beyond business transactions, as evidenced by our active engagement in social outreach programmes and CSR initiatives aligned with the United Nations' Sustainable Development Goals. These initiatives contribute to social stability and empower local communities, strengthening our stakeholder relationships and creating increased social value. Going above and beyond traditional business practices, we harness innovative technologies, products, and initiatives to effectively collaborate with communities, actively supporting their comprehensive development plans.

Focus of our response



Delivering a superior customer experience



Strengthening relationships with supply chain partners



Touching lives – across the community



DELIVERING A SUPERIOR CUSTOMER EXPERIENCE

In this ever-evolving business landscape, we aim to attain growth that adds value by providing tailored solutions that are sustainable, cost-effective, and efficient.

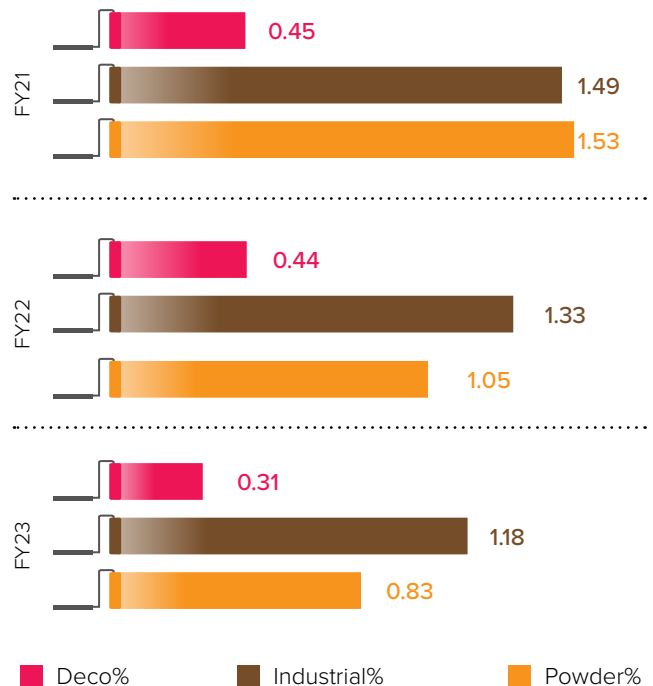
Ensuring customer satisfaction is of utmost importance for us. We proactively take the following measures to surpass expectations:

- Understand and evaluate the needs of our diverse consumer base prior to addressing them
- Regularly assess satisfaction levels among different client groups
- Maintain a comprehensive record of client profile attributes, considering their objectives and expectations
- Proactively devise strategies to target crucial areas for enhancement, retain existing customers, and attract new ones

Customer Satisfaction Index



Customer Complaints

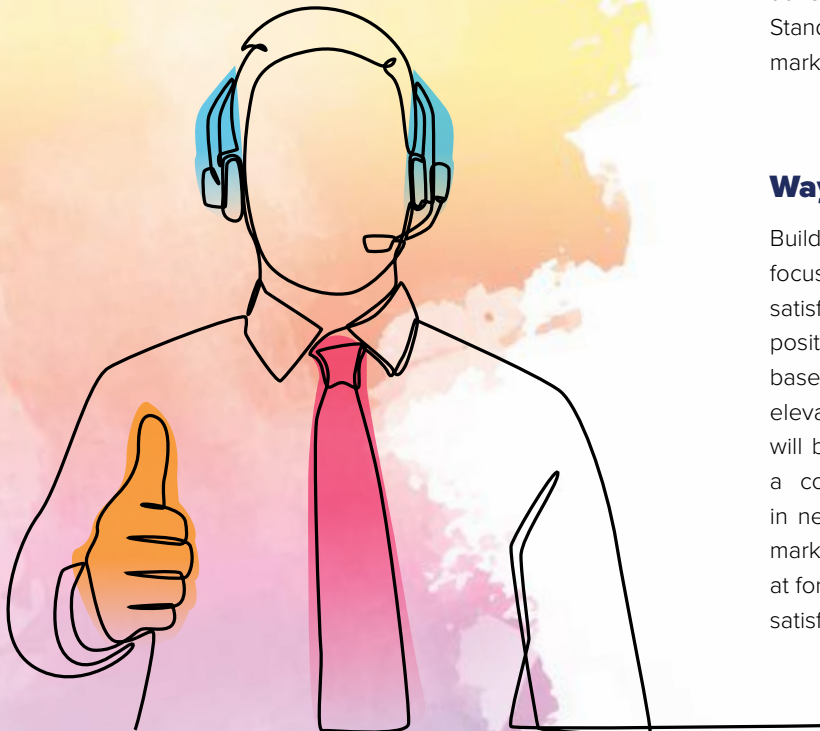


Customer Centricity

Our pioneering concepts and technology-infused paint solutions strengthen our commitment to prioritising customers.

In the Industrial – we embrace environmentally friendly, resource-efficient, and value-enhancing technologies such as low-bake technology, high solids, low VOC, monocoats, direct-to-metal applications, and a shift towards premiumisation in select products.

In the Decorative – our focus is on providing lead-free, low VOC, and sustainable products to our customers. We strive to meet customer needs and preferences by incorporating additional features and functionalities into our paints. Moreover, we continuously introduce new products and expand our offerings to include a wide range of products in emerging segments such as construction chemicals, wood finishes, and adhesives.



Product Responsibility & Safe Usage

We ensure that product information about the physical dimensions and/or chemical compositions is provided through the product labels/pack declaration and/or catalogues. The information on the products is readily available on our Company website.

Additionally, KNPL discloses information such as directions for use, environmental parameters relevant to the product and instructions on safe disposal also provided on the product packaging to inform and educate consumers about safe and responsible usage of products or services.

Product information is available on the Product Data Sheet while the MSDS (Material Safety Data Sheet) is available to customers on the Company's website. It includes product description and information on product performance features & benefits, its application and usage, precautions for safe usage, and technical data.

All the required information on our products and services is available & can be accessed at our website: <https://www.nerolac.com/>. We also have a dedicated consumer helpline: 1800-209-2092.

We promote our products and increase the value of our brand on our merit without infringing on the rights of others through unscrupulous means. We work with only respectable advertising companies that are members of The Advertising Standard Council of India (ASCI) and willingly adhere to its marketing communications criteria.

Way Forward

Building upon our achievements in the previous year, our focus for the upcoming fiscal year is to enhance customer satisfaction further. We strive to maintain our leadership position in industrial coatings and expand our customer base in the decorative segment by improving visibility and elevating our overall customer service. Strategic investments will be allocated to markets and segments where we hold a competitive edge while also exploring opportunities in new markets to foster organic growth and broaden our market presence. These well-planned initiatives are aimed at fortifying customer relationships and ensuring exceptional satisfaction across our entire range of offerings.

STRENGTHENING RELATIONSHIPS WITH SUPPLY CHAIN PARTNERS

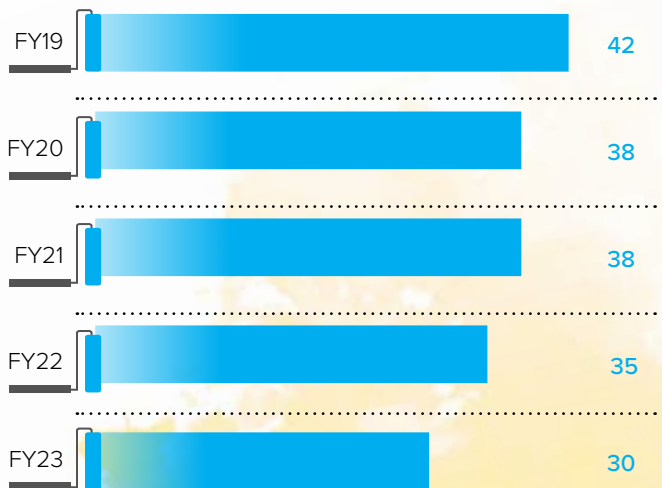
Our organisation’s long-term performance and brand value greatly depend on the sustainability of our supply chain. To ensure this, we prioritise close collaboration and cultivate trusted, mutually beneficial relationships with our supply chain partners.

Emphasising Local Expansion:

Recognising the significance of high-quality raw materials to our operations, we have established a network of over 500 direct raw material suppliers. We actively promote local sourcing to enhance the local economy, streamline logistics, and minimise transportation-related environmental effects. Moreover, the majority of our packing materials are sourced from within a 10-kilometer radius of our manufacturing facilities, allowing us to prioritise proximity and reduce our carbon footprint. Through these efforts, we invest in local growth, fostering sustainable practices while maintaining the quality standards essential to our business.

Promoting Local Procurement

Imported Raw Materials (in %)



Indigenous Raw Materials (in %)



Supply Chain Ethics:

We place great importance on ensuring ethical practices throughout our supply chain. To achieve this, we proactively educate and inform all our supply chain partners about our Supplier Code of Conduct. This code emphasises the principles of fairness, transparency, respect for human rights, adherence to environmental legislation and standards, and compliance with health and safety requirements. We strive to foster a culture of responsible conduct, promoting ethical interactions and upholding our commitment to social and environmental responsibility across our supply chain.

Establishing a Sustainable Supply Chain:

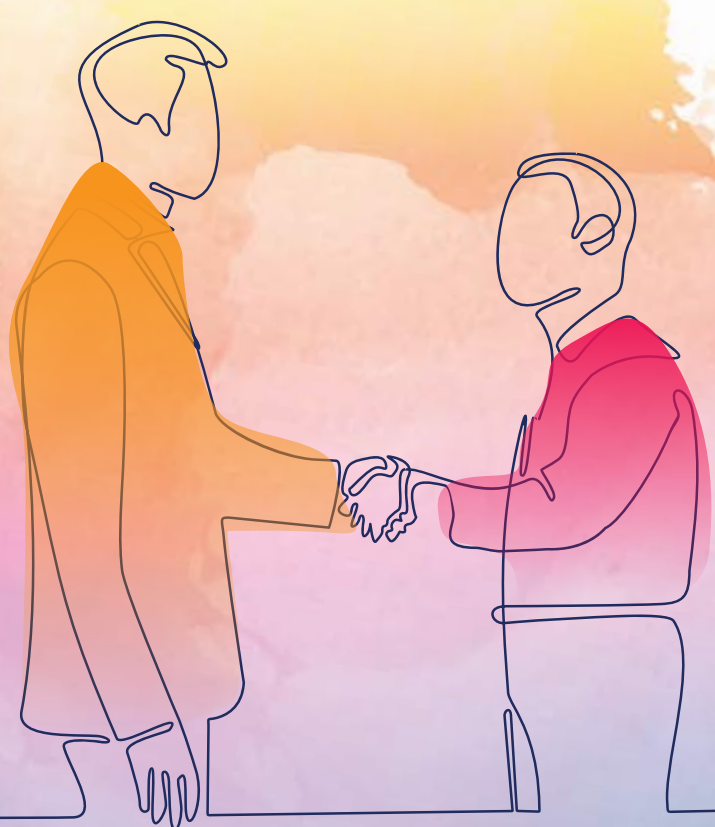
The proactive engagement with our supply chain partners is central to our sustainable supply chain strategy. We conducted virtual training and awareness sessions on Environmental, Social, and Governance (ESG) principles. These sessions showcased KNPL’s journey and communicated our expectations from our value-chain partners in their pursuit of WWW excellence. By fostering such collaboration and knowledge sharing, we aim to build a sustainable supply chain that aligns with our values and contributes to a more responsible and ethical business ecosystem.

Regular Supplier Audits


We perform audits to maintain high operational standards as part of our due diligence. Regular supplier audits are conducted to assess their performance. Our comprehensive audit system includes on-site factory visits to evaluate suppliers. During FY 2022-23, we conducted supplier audits for 16 suppliers. A collaborative testing was also conducted with 17 vendors to enhance quality.

Supplier Audit Parameters

- Certification and statut
- Supplier control and delivery performanceory compliance
- Sustainability/ Green initiatives
- Complaints management
- Documentation and data control
- Inspection of incoming materials
- Process control
- Training and development
- Inspection of in-process materials
- Inspection of finished goods
- Equipment and standard control
- Shop-floor observations
- Handling, storage and packing
- Maintenance management
- 5S and safety
- Human rights



TOUCHING LIVES – ACROSS THE COMMUNITY



As a responsible corporate citizen, we hold a steadfast belief in the well-being of society. Embracing a partnership approach, we actively engage in meaningful initiatives that promote shared progress and inclusive growth. These endeavours complement our core business proposition, which revolves around promoting well-being through colours. By combining our business goals with a genuine commitment to societal welfare, we strive to create a positive impact and contribute to the holistic development of the communities we serve. Our approach embodies the understanding that true success is achieved when both our business and the wider society thrive together.

65,000+

.....
lives were touched through our CSR
intervention





CORPORATE SOCIAL RESPONSIBILITY

At KNPL, our approach to CSR is guided by a dedicated Corporate Social Responsibility (CSR) Committee, adhering to the provisions of Section 135 of the Companies Act, 2013. This committee ensures the fulfilment of our CSR objectives and facilitates efficient allocation and utilisation of resources. Our CSR Policy serves as a guiding principle for our community stewardship activities and is regularly reviewed and updated as needed.

We engage in CSR initiatives by collaborating with our team, NGO partners, and government entities. We actively encourage our employees to volunteer their time and skills in these endeavours.

Through our dedicated CSR efforts, we remain committed to creating a positive impact and contributing to the well-being and development of the communities we serve.

To ensure an effective and structured approach to CSR, we have implemented the following key elements as part of our CSR charter:



Our CSR initiatives focus on the following key areas:

- Livelihood & Skill Enhancement
- Rural/Community Development
- Ensuring Environmental Sustainability
- Preventive Healthcare and Sanitation
- Promoting Education
- Restoration of Buildings & Sites of Historical Importance

Livelihood & Skill Enhancement

- Impart training to unemployed youth to enhance their capacity and skill-set through Mobile Training Academy
- Women Empowerment through livelihood intervention



Skill training

Promoting Education

- Collaborate with various educational institutes to promote education in rural areas and provide educational training and guidance to underprivileged students
- Renovation of science labs, drinking water facility, installation of solar power equipment, construction of boundary wall and classroom at various schools and educational institutes



Provision of Educational Materials

Rural/Community Development

- Construction of bus shelter, provision of drinking water facility, community halls, borewells,
- Work to provide basic infrastructure/facilities to the rural community residing in the nearby areas of the plants in order to improve their basic living standards



Renovation of Bus Shelter

Preventive Health Care and Sanitation

- Seek to provide basic health care & sanitation facilities to improve general health conditions and sanitation of the communities we operate in
- Setting up health camps, creating awareness, building toilets in villages, common public places and schools



Cataract Surgeries

Ensuring Environmental Sustainability

- Implementation of watershed development projects - pond cleaning, desilting/deepening of the pond and overall pond restoration
- Focus on sustaining ecological balance through beautification projects and plantation activities, among others



Plantation Drive

Restoration of Buildings & Sites of Historical Importance

- Projects for the Conservation of National Heritage sites, Art & Culture
- Promotion & Development of Traditional Arts and Handicrafts





HUMAN CAPITAL

At KNPL, we hold a firm conviction that employees are at the forefront of our organisation's success. They form the core of our organisation, and their talent, dedication, and creativity drive our growth and propel us towards progress.

We foster a performance-driven environment to cultivate a culture that puts people at the centre. We set high expectations and provide our employees with the necessary resources and support to excel. By nurturing a culture that values excellence, innovation and achievement, we inspire our employees to push boundaries, take risks, and continually strive for greatness.

BACKDROP

Aligned with our future-oriented vision, KNPL is dedicated to fostering a highly skilled workforce inspired by our organisational values. Our performance-driven culture inspires employees to strive for excellence, enhancing our organisational capabilities and consistently delivering exceptional results.

We actively encourage our employees to think outside the box, explore new possibilities, and contribute their unique perspectives to drive meaningful change. To foster a dynamic culture of innovation, we organise numerous idea-generation sessions. These sessions provide platforms for cross-functional teams to collaborate and transform these ideas into reality, harnessing the collective creativity of our workforce.

Response

Our unwavering commitment to employees is evident in the creation of a vibrant and enriching work environment. Through continuous engagement and collaboration, we recognise that our human capital forms the bedrock of the organisation, driving us to achieve excellence aligned with our visionary goals.

We entrust our future leaders with key project interventions, empowering them to shape the Company’s strategic direction. We aim to foster a sense of ownership and accountability while nurturing their professional growth by providing them with opportunities to lead and contribute at a higher level.

Impact on SDGs



HIGHLIGHT:

Employee engagement survey reflected a clear positive shift in the employee happiness index. Also a clear uptrend towards a more collaborative organisation culture.

Parameters of our Response:

We have identified three core areas to nurture our human capital:



Empowering People, Driving Success – Human Resource Management



Creating a Safe Work Environment – Occupational Health and Safety in Action

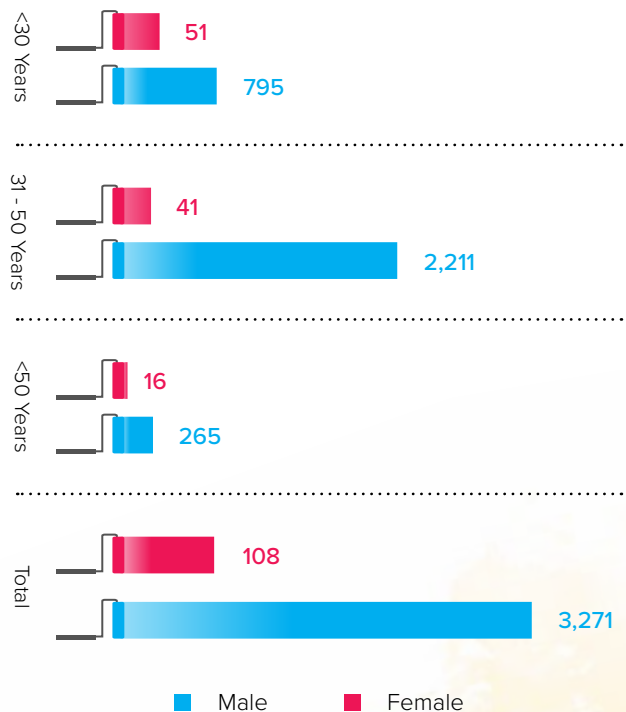


Ethics and Integrity

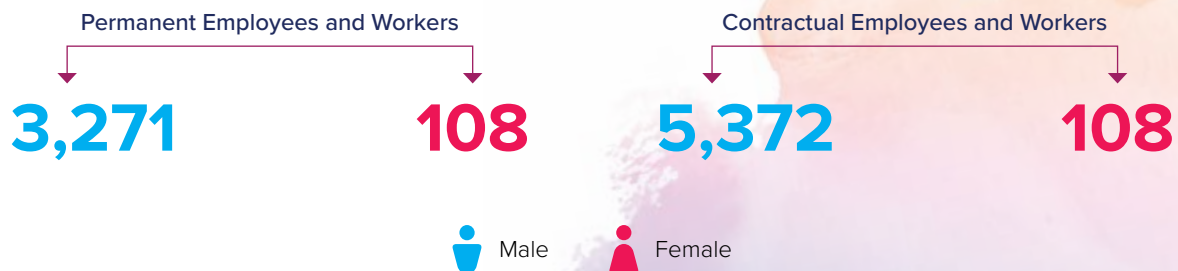
EMPOWERING PEOPLE, DRIVING SUCCESS – HUMAN RESOURCE MANAGEMENT

At KNPL, we go beyond providing jobs; we offer a unique learning experience. Our relentless focus is on creating a culture of education and enlightenment. We foster collaboration, innovation, and empowerment as the key drivers of growth and development. Through various developmental initiatives, we aim to create a stimulating environment that enables our employees to unleash their full innovative potential.

Age Group Workforce Breakdown



Gender Wise



Female Workforce Breakdown

Function	Count
Sales	22
STEM	37
Support	49
Total	108

Gender-wise

	Male	Female
New employee hiring details	1,055	60
Employee Turnover details	815	22

Category Female Male

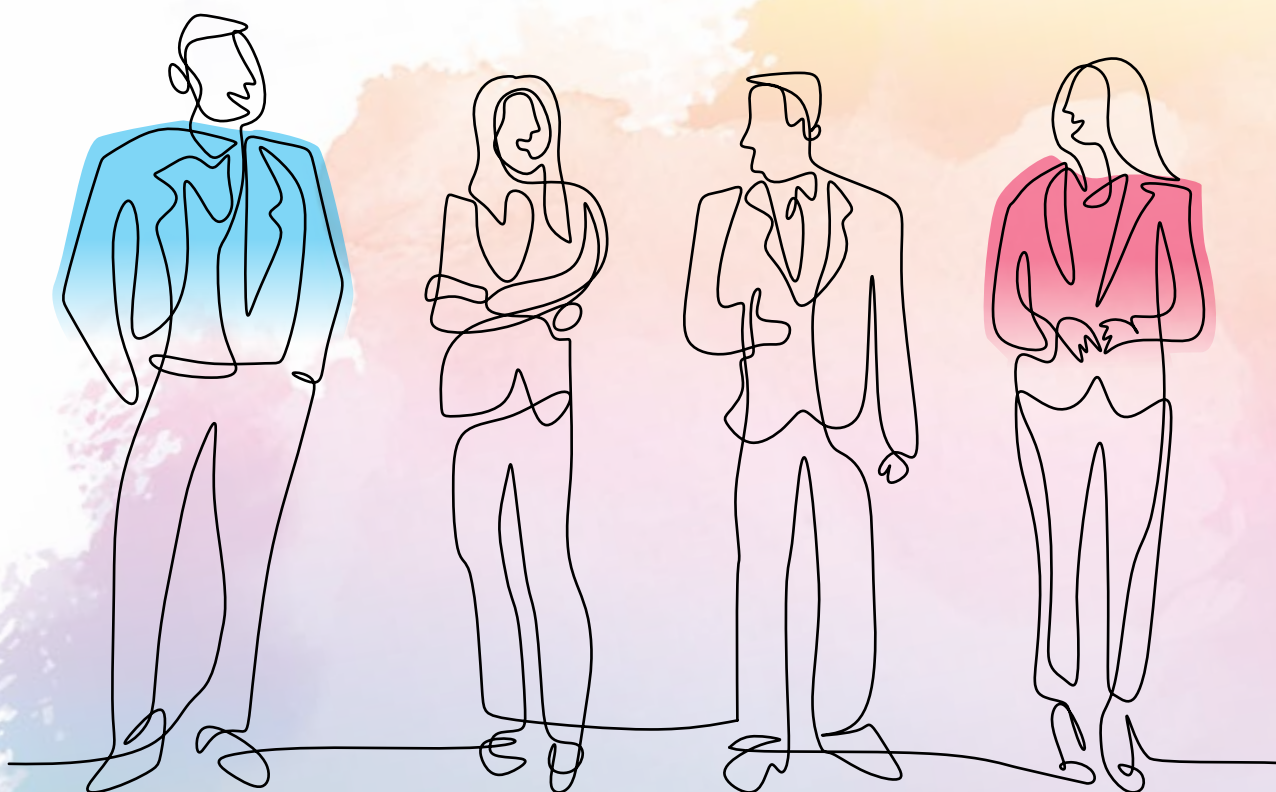
Category	Female	Male
MD & Directors	-	3
Top Management	-	8
Senior Management	1	26
Middle Management	2	93
Junior Management	12	340
Executives	88	2,079
Operators	5	722
Grand Total	108	3,271

25.8%

Employee Turnover

33%

Rate of new Hires





EMPLOYEE ENGAGEMENT

- 'I am Nerolac' page (a digital media platform to form a link between the employees and the brand)
- Quarterly Townhall Meetings (addressed by the MD the achievements and concerns of the relevant period)
- Webinars addressing the health and well-being of our employees in association with our medical insurance partner
- Yammer – an application - used by employees to show appreciation towards their fellow colleagues in case of good performance, situation handling or exceptional behaviour
- Employee engagement surveys
- Celebrating diversity
- Employee participation in CSR initiatives
- Annual Learning Conference (ALC) held for all the Managers - A Learning Conference and a notable event that provided a platform for communication to representatives of all functions about the Company's performance as well as the future plans and direction



Gender Diversity

KNPL is dedicated to expanding the recruitment of female employees by consistently identifying specific roles suitable for women and collaborating with specialised consultants who focus on Diversity Hiring. Our aim is to increase the representation of women in our workforce continuously. Women employees account for 3.2% of our permanent workforce, an increase from 2.3% in the previous year.



Inclusivity

KNPL recognises that differentially abled individuals have unique talents and perspectives that can drive innovation, enhance customer service, and foster a more inclusive workplace. We have set a target of representing a differentially abled workforce of up to 0.25% White-Collar manpower by March 2024.

In our commitment to fostering an inclusive and welcoming workplace for all employees, we have conducted an accessibility audit of our new Head Office premises with a competent third-party. This audit aims to ensure that our workplace is accessible to all individuals. Moving forward, we will continue to prioritise inclusivity in all our future workplace locations.



Employee Benefits

KNPL offers a range of employee benefits, including gratuity and superannuation, medical and life insurance, group accident insurance, maternity leave, pension and other retirement benefits and Provident Fund contributions. In FY 2022-23, a total of 108 permanent female employees were entitled to parental leave. As an organisation, we foster an equal opportunity culture within the organisation. All recruitments are based on competence, potential and candidate experience with respect to a job profile.





NURTURING TALENT

Talent Acquisition & Recruitment

We aim to support the Company's objectives while ensuring that our choices benefit our employees and improve their internal job fulfilment and advancement opportunities. Fresh talents from the management & engineering fields are recruited through reputed management and engineering / technical institutes. The industry brings in this influx through short-term internship assignments, seminars, and campus collaboration initiatives. Through our well-designed Graduate Engineering Trainee programmes and Management Trainee programmes, fresh campus graduates are given various projects and their performance cycle is managed and supported for a year, basis their performance and talent, they are finally placed in the roles where they perform well.

Learning & Development

With an endeavour to build talent across levels, our talent management programmes are designed to help the organisation spot high-potential performers within varied functions and across levels. The key positions and the talent pool are identified for every function after conducting various assessments to assess each individual's inherent strengths and discover their potential. We provide a learning environment to allow our employees to shape their careers as they aspire. It helps our employees and business flourish by always keeping us agile and relevant — today and in the future.



Initiatives

- Digital Learning platform Percipio (an L&D platform for managers of the organisation)
- Sales Competency Enhancement Programme
- A comprehensive training programme is imparted to the sales team on the topics given below:
 - Introduction to the Paint industry
 - Paint technical
 - Product training
 - Scheme management
 - Stakeholder management
 - Digital training
 - Self management
- Master Classes for enhanced product knowledge
- Training on Digital Applications for internal stakeholders for faster adoption

Behavioural training

- Corporate Grooming
- Stress Management
- Communication Skills
- Interpersonal Skills

ESG Training

- POSH Training
- Code of Conduct
- Code of Conduct for Affirmative Action
- Health Ailment Related Policy
- Policy on Social Conduct at Workplace
- Training on BRSR Principles
- Supplier Code of Conduct Policy for Purchase Function

Strategic Workforce Planning

Our workforce planning approach allows us to proactively address talent shortages, develop succession plans, and optimise workforce deployment, ensuring an agile and competent workforce.

After in-depth analysis, a talent inventory is created to prepare individual development plans for the identified performers. The plans comprise extensive training, cross-functional assignments, projects, and mentoring.

Initiatives:

Junior to First Time Managers: Internally designed scientific development centre for talent to elevate themselves from junior to mid-level management called MDC.

Accelerated Leadership Programme: TAJ is a unique programme in collaboration with world-class organisation to prepare a leadership pipeline for KNPL.

Initiatives:

➤ **Performance Management:** Our performance appraisal system is assessed based on a combination of quantitative and qualitative criteria. Key Performance Indicators (KPIs) are established in alignment with the Company's growth strategy at the start of each fiscal year, with a focus on fostering collaborative efforts to achieve our organizational objectives.

These performance dashboards we utilise are designed to be user-friendly and provide valuable insights through color-coded visuals on a monthly and cumulative yearly basis. These insights help identify areas for improvement, motivating teams to strive for better performance. This transparent system enables employees to review their own performance and track progress effectively.

➤ **Off-roles to On-roles:** We conduct DGA Assessments to evaluate our contractual employees' performance aspects and behavioural competencies in the sales department.

Employee Performance Management

We prioritise a performance evaluation process that embodies fairness, transparency, and trust. Every employee undergoes an annual performance appraisal based on their individual performance. We believe in fostering an environment where employees feel valued and recognised for their contributions.

Employee Connect

We have established effective employee connections and communication platforms. The key ones include:

Initiatives:

- **Coffee with HR** – A 'Meet and Greet' session with the HR as a part of the induction training of new employees
- **HR connects** - Understanding the road travelled so far by the high-performance employees once a year on the Nerolac journey
- **Townhall meet** – Quarterly townhall meets are held to discuss the progress of the organisation
- **Impressions** – Monthly newsletter that captures various events and news pertaining to each function and location





EMPLOYEE WELLBEING

Focusing on the well-being of our employees, we have always focused on both their physical and mental wellness. Continuing this journey, KNPL launched initiatives to holistically take care of its employees.

Wellness Corner

KNPL introduced a Wellness Corner – a customised wellness app for its employees. This app allows employees to avail benefits of a doctor on-call with 30,000+ specialists available for video or in-person consultation along with three free follow-up visits. This facility covers employees and five of their family members, who depend on them.

They can reach out to the best medical professionals. They can also have free diet regimes designed for them by nutritionist. In case of any stress, they can reach out to certified physiologist for help, and we ensure that the employee’s anonymity is maintained.

Also, another Employee well-being initiative that we implemented was Wellness Webinars. This was aimed at fostering the overall health and well-being of our employees. These webinars are online events specifically designed to promote health and well-being within our workforce. They offer a convenient and flexible platform for employees to access valuable information and engage in various wellness activities.



Step Challenge

A step challenge is an employee engagement activity that encourages employees to walk more and increase their daily step count. Employees were encouraged to participate in teams or individually in this contest. Daily scoreboard was published to motivate them. This was done individually as well as in team and acted as a fun and effective way to promote a focus on the health and wellness of employees.

Nerolac’s 100 Days Steps Challenge had a total of 550+ participants who walked 35 crore steps laying a solid foundation for a fitter Nerolac.

The winners of the challenge showed great perseverance and inspired many of us with their discipline and commitment. In the Individual event, the top 10 participants achieved a daily step count of 35,000 steps, while 100 participants maintained a minimum of 10,000 steps each day for 100 consecutive days. In the Teams event, the top three teams collectively averaged 25,000 steps per day throughout the duration of the challenge.



Discounted Gym Memberships

Engaging in regular exercise brings about numerous beneficial effects on immune function, such as boosting the production of specific immune cells and reducing inflammation. As part of our employee wellness program, we extend a well-being initiative to our employees known as 'DISCOUNTED GYM MEMBERSHIP'. This perk is intended to motivate employees to embrace healthy habits and lead an active lifestyle by providing discounted gym access.

Special Deals & Discounts

We value our employees and constantly seek innovative ways to reward their talent. We provide access to special deals and discounts from various brands. Our employees can avail of these benefits through an app, which offers discount coupons and opportunities for online purchases. This initiative has gained popularity, with over 685 registrations, allowing our employees to enjoy offers and benefits.

EMPLOYEE REWARDS & RECOGNITION

At KNPL, we understand the importance of encouraging behaviours that align with our Company's strategy. Rewards and recognition play a critical role in motivating and engaging employees. When employees feel valued and appreciated for their hard work and achievements, they are more likely to exhibit behaviours that contribute to the success of the organisation. We foster a culture of appreciation and motivation by implementing these rewards and recognition initiatives. Employees are encouraged to exhibit behaviours contributing to our Company's strategic objectives, driving overall success and creating a positive work environment.

Within the Nerolac Ecosystem, we have implemented various rewards and recognition programmes:

Team Awards were awarded across following categories:

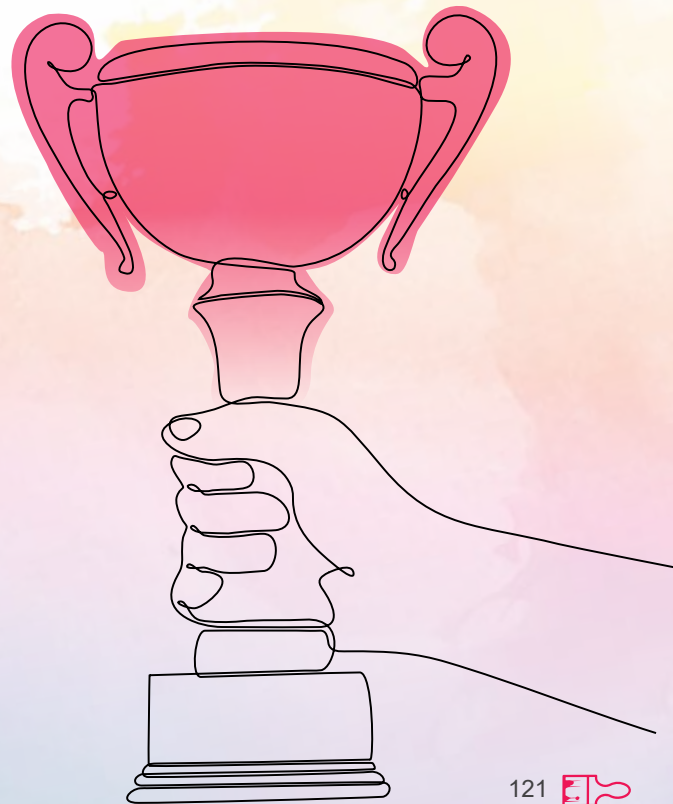
- **Best Performing Factory:** : Evaluation parameters were diverse, covering cost, quality, process, productivity and sustainability
- **Best Performing Decorative zone and Best Performing Industrial zone:** Evaluation parameters were Budget achievement, Channel participation, Inventory control, Contribution and Product mix.

We expressed our appreciation and recognised the

endeavours of our employees and employee groups by acknowledging them in the aforementioned categories. This served as a significant motivating factor for our employees to consistently deliver outstanding performance.



During the year, we organised numerous innovation workshops to foster creativity. The ideas generated underwent thorough evaluation based on various parameters. The most promising ideas were then selected for implementation. We acknowledged and rewarded the individuals who generated these ideas, recognising their valuable contributions to our innovation agenda.



ETHICS AND INTEGRITY

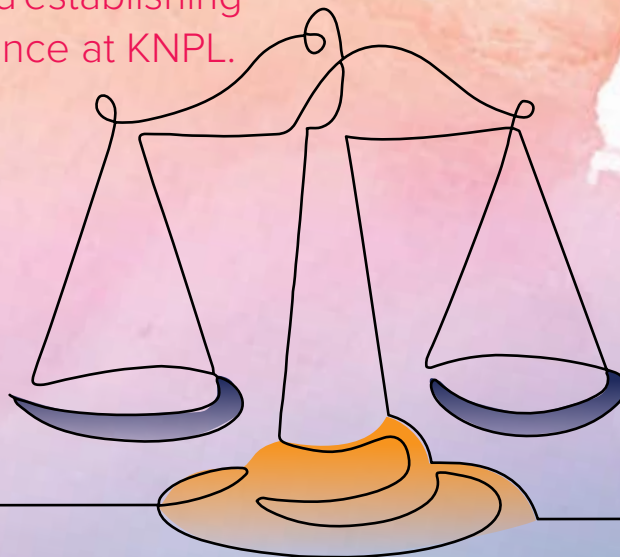
Establishing appropriate behavioural norms with discipline, professionalism, and best ethical practices as fundamental, KNPL has created a Code of Conduct for its Managerial and Executive Staff. The intent of this Code of Conduct has always been guiding and regulating the administration of its employees. It also strives to engrave the Company's core values while understanding the best-in-class practices and establishing centres of excellence at KNPL.

Code of Conduct

Designed for managerial employees and executives of KNPL and its subsidiaries to establish boundaries and spread awareness about the Company's Code of Conduct. It states fundamental aspects of appropriate behavioural norms like discipline, self-control, professionalism, and best ethical practices.

Whistle Blower

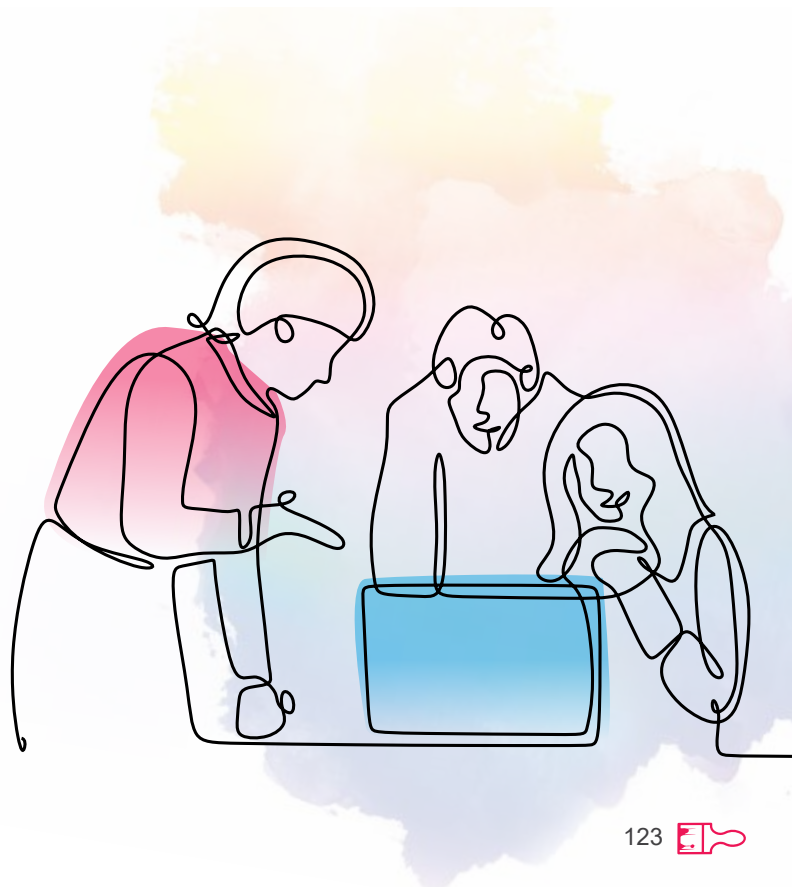
KNPL maintains a Whistleblower Policy to encourage employees to proactively voice their grievances and report legitimate concerns. The organisation remains committed to upholding elevated standards of openness, integrity, probity, and dependability throughout its operations. The Company actively encourages its employees to report any concerns related to suspected serious misconduct, assuring them they can do so without fear of punishment, reprisal, or unfair treatment. Appropriate safeguards are in place to ensure that all employee concerns are properly considered.



CREATING A SAFE WORK ENVIRONMENT: OCCUPATIONAL HEALTH AND SAFETY IN ACTION

At KNPL, we prioritise safety as a fundamental concern, ensuring its integration into every facet of the Company's operations. The Company's dedication to safety has resulted in a safer workplace for its employees and has helped foster an effective safety culture throughout the industry. We encourage employee involvement in safety initiatives and provide a platform for employees to raise safety concerns or suggestions. Regular safety audits and assessments to identify areas for improvement and implement corrective actions. By seamlessly integrating safety training and competitions into our operational framework, we have successfully fostered an ecosystem centred around safety mindfulness. This approach empowers our workforce to take unequivocal ownership

over their well-being as well as the welfare of their colleagues. This concerted approach further facilitates the deployment of robust safety measures across all organisational strata, constituting an enduring testament to our unwavering dedication to a safety-driven ethos.



Initiative	Description	Outcome
 Policy	Dedicated company-wide Occupational Health, Safety, and Environment (OHS&E) Policy	<ul style="list-style-type: none"> Clearly articulates the organisation’s dedication to health and safety across all aspects of business operations Establishes safety as an integral value within the organisational framework Instils a pervasive culture of safety to enhance awareness and consciousness
	Disciplinary action for a Safety Violation Policy in line with KPJ guidelines	<ul style="list-style-type: none"> Improvement in safety awareness and adherence to safety rules and regulations
 Committee	A well-defined Safety Committee with inclusion of workmen representation and regular evaluations	<ul style="list-style-type: none"> Adherence to the regulations outlined in the Factories Act of 1948 Promotes inclusive participation in health and safety aspects Enhances the safety framework and engages stakeholders through consultation and participation Fosters a sense of ownership at every level of the organisation
 Cross-functional Structure	Consisting of proficient individuals from Production, Engineering, and EHS backgrounds	<ul style="list-style-type: none"> Systematic identification of hazards and implementation of measures to mitigate risks, enhancing overall safety preparedness Collaborative evaluation of operational risks and implementation of effective measures to minimise their impact
 Certification	All major plants are ISO 45001 certified and periodic surveillance audits are conducted	<ul style="list-style-type: none"> Establish robustness and asserts the effectiveness of the safety management systems Periodic surveillance audit to ensure the effectiveness of OH&S management systems
 Emergency Resource	Dedicated Occupational Health Centres (OHCs) & Ambulances	<ul style="list-style-type: none"> Handle emergency medical situations Offer preventive and curative health services to its employees OHC complaint analysis enables us to determine the cause of complaints and understand the trends
 Drills	Mock drills and fire drills are conducted periodically, some in collaboration with NDRF (National Disaster Response Force)	<ul style="list-style-type: none"> Improve preparedness & responsiveness amongst employees for emergency
 Health check-ups	Conducted half yearly for all employees including contract workmen in line with the Factories Act, of 1948	<ul style="list-style-type: none"> Medical counselling by the practitioner and identifying specific areas of concern Fosters employee well-being

Initiative	Description	Outcome
 <p>Safety Audit</p>	<p><u>Internal:</u> Monitoring & review of safety indicators by corporate EHS</p> <p><u>External:</u> Periodic audits conducted by approved safety experts and OEMs</p> <p>In FY 2022-23, Global Safety and Quality (GSQ) audit was conducted by Parent Company Kansai Paint Japan at Sayakha, Hosur & Bawal</p>	<ul style="list-style-type: none"> ▶ Strengthen documentation and record-keeping ▶ Enhance safety measures & control ▶ De-risking the operations
 <p>PHA & HAZOP</p>	<p>Process Hazard Analysis & Hazard and Operability study</p>	<ul style="list-style-type: none"> ▶ Identification of likely safety risks and hazards ▶ Institution of mitigation strategy and action plan for process hazard elimination/ minimisation
 <p>HIRA study</p>	<p>Hazard Identification and Risk Assessment</p>	<ul style="list-style-type: none"> ▶ Track expected hazards and risk analysis to put control measures in place
 <p>Fire safety</p>	<p>Undertake a comprehensive fire load study to analyse the fire load densities in different areas of the plant. Implement appropriate measures for detection, provision, activation, and suppression to enhance fire safety</p>	<ul style="list-style-type: none"> ▶ Determine the adequacy and suitability of the fire-fighting equipment in case of fire
 <p>Chemical Safety</p>	<p>100% compliance to the storage of raw materials as per Chemical Compatibility</p>	<ul style="list-style-type: none"> ▶ Effective chemical management and enhanced chemical safety ▶ Reduce inherent hazards by proper segregation, storage, and handling of chemicals
 <p>Interlock system</p>	<p>Assessment of existing interlock system robustness and identification of new areas</p>	<ul style="list-style-type: none"> ▶ Establish workability & robustness of the interlock system
 <p>Internal Safety Procedures</p>	<p>Periodic earthing check at the shop floor, Safety walk, safety communication, Toolbox Talk, CFT 5S & safety inspection</p>	<ul style="list-style-type: none"> ▶ Increase robustness and create a sense of awareness about safety

Safety Trainings and Competitions

We highlight the paramount importance KNPL attributes to safety training and competitions, aligning with our steadfast commitment to fostering a safety-first culture and driving continuous improvement within our organisational framework. These pivotal endeavours serve as instrumental catalysts for augmenting our employees' safety acumen and fortifying their competencies through regular training programmes encompassing a diverse array of critical facets, including hazard identification, risk assessment, proficient utilisation of personal protective equipment (PPE), adept emergency response protocols, and unwavering adherence to safe work practices.

Furthermore, we ardently advocate for employee engagement and motivation through the dynamic platform of safety trainings and competitions like Kiken Yochi Trainings (KYT), Danger Experience Programme (DEP), Life After Accident (LAA) exercise, trainings on static electricity and human error prevention, online safety tests, safety quiz, and CAPA completion across different levels. These spirited contests not only provide a forum for our workforce to showcase their acuity in safety-related domains but also serve as fertile grounds for the cross-pollination of innovative ideas and the cultivation of synergistic collaborations. Through the cultivation of healthy rivalry, cohesive teamwork, and the dissemination of exemplary practices, we foster a collective ethos rooted in safety consciousness and ensure the pervasive assimilation of best-in-class methodologies throughout our multifaceted operations.

Behavioural Based Safety

A notable importance is provided to behaviour-based safety at KNPL, acknowledging that a considerable number of incidents arise from behavioural concerns such as non-adherence to procedures, carelessness, or failure to comply with personal protective equipment (PPE) guidelines. To address this, we have initiated BBS (Behaviour-Based Safety) observations across all our facilities and regularly conduct BBS training programmes for employees. This proactive endeavour enables us to tackle behavioural aspects, enhance safety consciousness, and cultivate a culture of responsible and conscientious conduct among our workforce.

In FY 2022-23, we achieved 52,227 man-hours of safety trainings across all levels.

Personal Level Risk Assessment

Personal level risk assessment (PLRA) is an initiative to encourage individuals to assess the risks associated with their daily occupational and routine activities. It promotes proactive identification and management of potential hazards, such as chemical exposure and proper handling of paint products. By conducting PLRA, individuals prioritize their safety and mitigate risks during paint-related tasks.

It is a systematic process of identifying, assessing, and controlling risks associated with individual activities, whether in daily occupational tasks or routine/general life activities. It aims to promote personal safety and well-being by evaluating potential hazards and taking appropriate measures to mitigate or eliminate risks.

The goal of PLRA is to eliminate or minimize the likelihood of accidents, injuries, and negative health impacts, fostering a safer environment in occupational settings.

Questions to ask when performing task or making a change

WHY am i doing it at all?

WHAT could go wrong?

HOW could it affect me, others or the environment?

HOW it is to happen?

WHAT can i do about it?

If it can be made safe, STOP & get help



Industry collaboration

We actively participated in a range of external training sessions and webinars conducted by esteemed organisations such as the Indian Chemical Council (ICC), Confederation of Indian Industry (CII), and the Federation of Indian Chambers of Commerce & Industry (FICCI) with regard to safety. These training programmes and webinars served as valuable platforms for us to enhance our knowledge and understanding of safety practices, keeping us abreast of the latest industry standards and regulations. By actively participating in these external events, we strengthened our commitment to continuous learning and

improvement, enriching our safety culture and fostering a proactive approach towards ensuring the well-being of our employees, communities, and the environment.

Safety Audits

During the reporting period, our Sayakha, Hosur, and Bawal Plants underwent audits conducted by our parent company, Kansai Paint Japan (KPJ), in accordance with the KPJ Global Safety and Quality (GSQ) Standards. These audits assessed various attributes such as Management Systems, Fire Prevention, Out-flow Prevention, Occupational Accident Prevention, Disaster Measures, and Chemical Safety. The audit findings demonstrated the plant's preparedness, implementation of measures and control mechanisms in ensuring safety.

Safety Awards

To foster a culture of continuous improvement and learning, our plant teams actively engage in external competitions. In the fiscal year 2022-23, our Jainpur Plant was honored with the prestigious "Platinum Award 2022" and "Champion Award 2022" by APEX India Foundation. Additionally, our Lote Plant received the "Prashanasa Patra" at the fourth level from the National Safety Council, while our Bawal Plant was recognised by the Government of Haryana for achieving the "Longest Accident-free period."

Incident Management

- Our unwavering dedication to attaining a state of ZERO Incidents.
- The utilisation of an online, technology-driven SAP EHS module to document, monitor, and promptly address safety issues and compliance requirements.
- Conducting root cause analyses for all safety-related incidents and implementing widespread preventive measures to eliminate their reoccurrence.



In FY 2022-23:

Particular	FY 2022-23
Lost Time Injury Frequency Rate (Per Million Man-Hours worked)	0
Severity Rate (Per Million Man-Hours worked)	0
Lost Time Injuries (LTI)	0
Minor Injuries	6
Million-man hours worked without LTI	12.06
Occupational Illness	0

Way Forward

Moving forward, our objective is to enhance our safety management system by implementing efficient safety measures, assessing their effectiveness, and fostering a culture of continuous improvement to further strengthen safety practices. We intend to horizontally apply the insights gained from the GSQ audit findings, aligning with the KPJ standards, in order to enhance readiness and preparedness across all our facilities and locations.

Dream Employer of the Year



We are thrilled to share that Kansai Nerolac Paints Limited has been honoured with the prestigious 'Dream Employer of the Year' award for 2022 in the category of "Dream Companies to Work For." This recognition was bestowed upon us at the Times Ascent - WORLD HRD CONGRESS convention held in Mumbai. It is a testament to our organisation's commitment to creating an exceptional work environment that embodies innovation, collaboration, and empowerment.



NEROLAC

KANSAI NEROLAC PAINTS LIMITED

Registered Office: NEROLAC HOUSE, Ganpatrao Kadam Marg, Lower Parel, Mumbai 400 013, Maharashtra
Corporate Office: 28th Floor, A-wing, Marathon Futurex, N.M. Joshi Marg, Lower Parel, Mumbai 400 013, Maharashtra
Tel.: +91 22 40602500 / 40602501 • **Website:** www.nerolac.com • **Investors Relations e-mail ID:** investor@nerolac.com
Corporate Identity Number (CIN): L24202MH1920PLC000825

Notice

NOTICE is hereby given that the 103rd Annual General Meeting of Kansai Nerolac Paints Limited will be held through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM"), on Monday, 26th June, 2023 at 11 a.m. (IST), to transact the following business:

Ordinary Business:

1. To consider and adopt the audited financial statements (including the consolidated financial statements) of the Company for the year ended 31st March, 2023 and the Reports of the Board of Directors and the Auditors thereon.
2. To declare a dividend of ₹2.70 (270%) per Equity Share of the nominal value of ₹1 each for the year ended 31st March, 2023.
3. To appoint a Director in place of Mr. Hitoshi Nishibayashi, Non-Executive Director (holding Director Identification Number 03169150), who retires by rotation and being eligible, offers himself for re-appointment.

Special Business:

4. To consider and, if thought fit, to pass the following Resolution as an **Ordinary Resolution**:

"RESOLVED that pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 and Companies (Cost Records and Audit) Rules, 2014 (including any statutory amendment or modification or re-enactment thereof, for the time being in force), the remuneration of the Cost Auditor, D. C. Dave & Co., Cost Accountants (Firm Registration No. 000611), to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2024, as recommended by the Audit Committee and approved by the Board of Directors, be and is hereby ratified.

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."

5. To consider and, if thought fit, to pass the following Resolution as an **Ordinary Resolution**:

"RESOLVED that pursuant to the provisions of Section 149, 152 and 161 and other applicable provisions of the Companies Act, 2013 read with applicable rules made hereunder (including any statutory amendment or modification or re-enactment thereof, for the time being in force) and Articles of Association of the Company, Mr. Pravin Digambar Chaudhari (holding Director Identification Number 02171823), be and is hereby appointed as a Non-Executive Director with effect from 26th June, 2023, liable to retire by rotation, in the casual vacancy that is being caused by the resignation of Mr. Shigeki Takahara (holding Director Identification Number 08736626).

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."

For and on behalf of the Board

P. P. Shah
Chairman

Mumbai, 8th May, 2023

NOTES:

1. In compliance with the Circular No. 10/2022 dated 28th December, 2022 read with Circular Nos. 14/2020 dated 8th April, 2020, 17/2020 dated 13th April, 2020, 20/2020 dated 5th May, 2020, 02/2021 dated 13th January, 2021, 21/2021 dated 14th December, 2021 and all other relevant Circulars ("MCA Circulars") issued by the Ministry of Corporate Affairs ("MCA") and Circular No. SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated 5th January, 2023 ("SEBI Circular") issued by the Securities and Exchange Board of India ("SEBI") and relevant provisions of the Companies Act, 2013 ("the Act") and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the Annual General Meeting ("AGM") will be held without the physical presence of Shareholders at a common venue.

In this Annual Report, the connotation of "Members" and "Shareholders" is the same.

Accordingly, in compliance with the applicable provisions of the Act read with the said Circulars and SEBI Listing Regulations, the Company has decided to convene its 103rd AGM through VC/OAVM and the Members can attend and participate in the AGM through VC/OAVM.

2. Explanatory Statement pursuant to Section 102 of the Act relating to Item nos. 4 and 5 of the Notice of the 103rd AGM, which is considered to be unavoidable by the Board of Directors of the Company, is annexed hereto. Also, relevant details in respect of Directors seeking appointment/re-appointment at the AGM, in terms of Regulation 36(3) of the SEBI Listing Regulations and Clause 1.2.5 of Secretarial Standard - 2 on General Meetings are also annexed to this Notice.

3. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. However, since this AGM is being held through VC/OAVM, whereby physical attendance of Members has been dispensed with and in line with the relevant Circulars, THE FACILITY TO APPOINT A PROXY TO ATTEND AND CAST VOTE FOR THE SHAREHOLDER IS NOT MADE AVAILABLE FOR THIS AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

However, in terms of the provisions of Sections 112 and 113 of the Act read with the relevant Circulars, Corporate Members are entitled to appoint their authorized representatives to attend the AGM through VC/OAVM on their behalf and participate thereat, including cast votes by electronic means (details of which are provided separately, hereinbelow). Such Corporate Members are requested to refer 'General Guidelines for Shareholders' provided herein below, for more information.

4. The Members can join the AGM through the VC/OAVM mode 30 minutes before the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
5. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.
6. The Shareholders, seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on

or before Tuesday, 20th June, 2023, through e-mail on agm@nerolac.com. The same will be replied by/on behalf of the Company suitably.

7. In line with the relevant Circulars issued by the MCA and SEBI, the Annual Report including Notice of the 103rd AGM of the Company inter alia indicating the process and manner of 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.

Further, in terms of the applicable provisions of the Act, SEBI Listing Regulations read with the relevant Circulars issued by MCA and SEBI, the Annual Report including Notice of the 103rd AGM of the Company will also be available on the website of the Company at www.nerolac.com. The same can also be accessed from the website 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") at <https://www.evoting.nsdl.com>.

8. 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) and Regulation 44 of SEBI Listing Regulations and the relevant Circulars issued by MCA, the Company is providing facility of e-voting to its Members in respect of the business to be transacted at the AGM by 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 facility of casting votes by a member using remote e-voting system as well as e-voting on the date of the AGM will be provided by NSDL.

Further, in accordance with Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), the Company has fixed Monday, 19th June, 2023 as the "cut-off date" to determine the eligibility to vote by remote e-voting or e-voting at the AGM. 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. Monday, 19th June, 2023, shall be entitled to avail the facility of remote e-voting or e-voting at the AGM.

Only those Shareholders, who will be present at the AGM through VC/OAVM facility and who would not have cast their vote by remote e-voting prior to the AGM and are otherwise not barred from doing so, shall be eligible to vote through e-voting at the AGM.

9. 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 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 remote e-voting and the e-voting at the AGM in a fair and transparent manner.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:-

The remote e-voting period begins on Thursday, 22nd June, 2023 at 9:00 a.m. and ends on Sunday, 25th June 2023 at 5:00 p.m. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. Monday, 19th June, 2023, 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 Monday, 19th June, 2023. A person who is not a Member as on the cut-off date should treat this Notice for information purpose only.

How do I vote electronically using NSDL e-voting system?

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 and joining virtual meeting 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 Depositories and Depository Participant(s). Shareholders are advised to update their mobile number and email 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. eservices.nsd.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 redirected to e-voting website of NSDL for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting.
	2. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com . Select " Register Online for IDeAS Portal " or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp

Type of shareholders	Login Method
	<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 held 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 or joining virtual meeting & voting during the meeting.</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 style="text-align: center;">NSDL Mobile App is available on</p> <div style="display: flex; justify-content: center; align-items: center;">   </div> <div style="display: flex; justify-content: center; align-items: center; margin-top: 10px;">   </div>

Type of shareholders	Login Method
<p>Individual Shareholders holding securities in demat mode with CDSL</p>	<ol style="list-style-type: none"> 1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing User ID and Password. Option will be made available to reach e-voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then use your existing my easi username & password. 2. After successful login the Easi / Easiest user will be able to see the e-voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-voting page of the e-voting service provider for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-voting Service Providers, so that the user can visit the e-voting service providers’ website directly. 3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. 4. Alternatively, the user can directly access e-voting page by providing demat account number and PAN from a e-voting link available on 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 able to see the e-voting option where the evoting is in progress and also be able to directly access the system of all e-voting Service Providers.

Type of shareholders	Login Method
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 or joining virtual meeting & voting during the meeting.

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

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depositories 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 022-4886 7000 and 022-2499 7000
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 toll free no. 1800 22 55 33

B) Login Method for e-voting and joining virtual meeting 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 123922 then User ID is 123922001***

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 e-mail ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your e-mail ID. Trace the e-mail sent to you from NSDL from your mailbox. Open the e-mail and open the attachment i.e. a .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 e-mail ID is not registered, please follow steps mentioned below in **process for those shareholders whose e-mail IDs are not registered.**
6. If you are unable to retrieve or have not received the "initial password" or have forgotten your password:
 - a) 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.
 - b) "**Physical User Reset Password?**" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) 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, your registered address etc.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "**Login**" button.
9. After you click on the "**Login**" button, Home page of e-voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-voting system.

How to cast your vote electronically and join General Meeting 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 and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join Meeting".
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

1. 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 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 by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-voting" tab in their login.
2. 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.
3. 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.: 022 - 4886 7000 and 022 - 2499 7000 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 with the depositories for procuring User ID and Password and registration of e-mail IDs for e-voting for the resolutions set out in this Notice:

1. 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 16th June, 2023, to receive the Notice of the AGM along with the Annual Report by completing the process as under:
 - a. Visit the link https://tcpl.linkintime.co.in/EmailReg/Email_Register.html.

- b. Select the name of the Company 'Kansai Nerolac Paints Limited' from dropdown.
- c. 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.
- d. System will send One Time Password ('OTP') on mobile no. and e-mail ID.
- e. Enter OTP received on mobile no. and e-mail ID.
- f. Click on submit button.
- g. System will then confirm the recording of the e-mail address for receiving Notice of the AGM along with the Annual Report.

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.

2. 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, client master or copy of 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 Shareholder 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 and joining virtual meeting for individual Shareholders holding securities in demat mode.**

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

1. The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/Shareholders, who will be present at the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system at the AGM.

3. Members who have voted through remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-voting on the day of the AGM shall be the same person mentioned for remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-voting system. Members may access by following the steps mentioned above for **Access to NSDL e-voting system**. After successful login, you can see link of "VC/OAVM" placed under "**Join meeting**" menu against company name. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the, Notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further, the Members will be required to allow camera and use internet with a good speed to avoid any disturbance during the Meeting.
4. Please note that participants connecting from Mobile Devices or Tablets or through Laptop connecting via mobile hotspot may experience audio/video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending a request from their registered e-mail ID mentioning their name, DP ID and Client ID/Folio Number, PAN, mobile number at agm@nerolac.com from Friday, 16th June, 2023 (from 9.00 a.m.) to Thursday, 22nd June, 2023 (upto 5.00 p.m.). Those Members who have registered themselves as a speaker will only be allowed to express

their views / ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM. Further, a facility will be provided to the Shareholders attending the meeting through VC/OAVM on 26th June, 2023, whereby they can pose questions concurrently, during the proceeding of the Meeting.

Other Information

Any person holding shares in demat or physical form and non-individual Shareholder who acquires shares of the Company and becomes a Member of the Company after sending of this Notice and holding shares in demat mode as on the cut-off date may refer the instructions mentioned in "Step 1: Access to NSDL e-voting system".

Scrutinizer's Report and declaration of results:

- (i) The Scrutinizer shall, after the conclusion of e-voting at the AGM, first count the votes cast vide e-voting at the AGM and thereafter shall unblock the votes cast through remote e-voting, in the presence of at least two witnesses not in the employment of the Company. He shall submit a Consolidated Scrutinizer's Report of the total votes cast in favour or against, not later than 48 (forty eight) hours of the conclusion of the AGM, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
 - (ii) 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 at 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.
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. Shareholders holding shares in physical form may kindly provide their e-mail ID to the Registrar and Share Transfer Agents of the Company viz. TSR Consultants Private Limited ("TCPL"), by sending an e-mail at csg-unit@tcplindia.co.in. The support of the Shareholders for the 'Green initiative' is solicited.

11. Dividend

- (i) The Board has recommended a dividend of 270% (₹ 2.70 per share) for the financial year ended 31st March, 2023 as compared to total dividend of 225% (₹ 2.25 per share) paid for the financial year ended 31st March, 2022.
- (ii) The Register of Members and Share Transfer books of the Company will remain closed from Friday, 26th May, 2023 to Tuesday, 30th May, 2023 (both days inclusive), for the purpose of AGM and Dividend. The Dividend, if declared, will be payable on or after Friday, 30th June, 2023, to those Shareholders whose names are registered as such in the Register of Members of the Company as on Thursday, 25th May, 2023 and to the beneficiary holders as per the beneficiary list as on Thursday, 25th May, 2023 provided by the Depositories, NSDL and CDSL, subject to deduction of tax at source where applicable.
- (iii) Payment of Dividend through electronic means
 - (a) The Company provides the facility to the Shareholders for remittance of Dividend directly in electronic mode through National Automated Clearing House (NACH). Shareholders holding shares in physical form and desirous of availing this facility of electronic remittance are requested to provide their latest bank account details (Core Banking Solutions Enabled Account Number, 9 digit MICR and 11 digit IFSC Code), along with their Folio Number, to the Company or TCPL. Shareholders holding shares in dematerialized form are requested to provide the said details to their respective Depository Participant(s).

In case the Company is unable to pay the Dividend to any Shareholder by the electronic mode, due to non-availability of their latest bank account details (Core Banking Solutions Enabled Account Number, 9 digit MICR and 11 digit IFSC Code), the Company shall dispatch the dividend warrant / cheque to such Shareholder by post.
 - (b) Shareholders holding shares in dematerialized form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of Dividend. The Company / TCPL

cannot act on any request received directly from the Shareholders holding shares in dematerialized form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant(s) of the Shareholders.

- (iv) Pursuant to Finance Act, 2020, dividend income is taxable in the hands of Shareholders with effect from 1st April, 2020 and the Company is required to deduct tax at source from Dividend paid to the Shareholders at the prescribed rates.

For the prescribed rates for various categories, the Shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The Shareholders are requested to update their PAN with the Company / TCPL (in case of shares held in physical mode) and their respective Depository Participant(s) (in case of shares held in dematerialized form).

A resident individual Shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by e-mail to csg-exemptforms2324@tcplindia.co.in by 30th May, 2023. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%.

Resident Shareholders whose Dividend is liable for deduction of TDS at a concessional or Nil rate as per Section 197 of the Income-tax Act, 1961 can submit the certificate/letter issued by the Assessing Officer, to avail the benefit of lower rate of deduction or non-deduction of tax at source by e-mail to csg-exemptforms2324@tcplindia.co.in by 30th May, 2023.

Non-resident Shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing the necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by sending an e-mail to csg-exemptforms2324@tcplindia.co.in. The aforesaid declarations and documents need to be submitted by the Shareholders by 30th May, 2023.

- (v) In terms of the provisions of Sections 124 and 125 of the Act, Dividend which remains unpaid/unclaimed for a period of 7 (seven) years from the date of declaration is required to be transferred to the Investor Education and Protection Fund

("IEPF") established by the Central Government. Accordingly, the unpaid/ unclaimed dividend for the financial year 2014-15, has been transferred by the Company to the IEPF. Those Shareholders who have not encashed their Dividends for the financial year 2015-16 onwards are requested to lodge their claims in that regard with the Company or TCPL.

Further, in terms of the provisions of Section 124 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), Equity Shares in respect of which dividend has not been paid or claimed for 7 (seven) consecutive years or more from the date of declaration, are also required to be transferred to an account viz. IEPF Suspense Account, which is operated by the IEPF Authority pursuant to the IEPF Rules. Accordingly, in compliance with the aforesaid Rules, the Company has already transferred Equity Shares on which Dividend remained unclaimed for 7 (seven) consecutive years starting from the financial year 2014-15 to the IEPF Suspense Account, after providing necessary intimations to the relevant Shareholders. Further, all Equity Shares of the Company on which dividend has not been paid or claimed for 7 (seven) consecutive years or more, shall be transferred by the Company to the IEPF from time to time.

Details of unpaid/unclaimed dividend and Equity Shares transferred to IEPF for the financial year 2014-15 are uploaded on the website of the Company as well as on the website of the MCA. No claim shall lie against the Company in respect of unclaimed dividend amount and Equity Shares transferred to the IEPF and IEPF Suspense Account, respectively, pursuant to the IEPF Rules. Shareholders can however claim both unclaimed dividend amount and Equity Shares from the IEPF Authority by making an online application in web Form IEPF-5, the details of which are available on www.iepf.gov.in.

12. Members may please note that SEBI, vide its Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated 25th January, 2022, has mandated Listed Companies to issue securities in demat form only while processing service requests viz. issue of duplicate securities certificate; claim from Unclaimed Suspense Account; renewal/exchange of securities certificate; endorsement; sub-division/splitting of securities certificate; consolidation of securities certificates/ folios; transmission and transposition. Accordingly,

Shareholders are requested to make service requests by submitting a duly filled and signed Form ISR-4, the format of which is available on the website of TCPL at www.tcplindia.co.in. It may be noted that any service request can be processed only after the folio is KYC compliant. SEBI, vide its notification dated 24th January, 2022, has mandated that all requests for transfer of securities including transmission and transposition requests shall be processed only in dematerialised form. In view of the same and to eliminate all risks associated with physical shares and avail various benefits of dematerialisation, Members are advised to dematerialise the shares held by them in physical form. Members can contact TCPL, for assistance in this regard.

13. SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Shareholders holding shares in dematerialized form are, therefore, requested to submit their PAN to the Depository Participant(s) with whom they maintain their demat accounts. Shareholders holding shares in physical form should submit their PAN to the Company/ TCPL.
14. Shareholders are requested to intimate changes, if any, pertaining to their name, postal address, e-mail ID, telephone/mobile numbers, PAN, mandates, nominations, power of attorney, bank details (such as name of the bank and branch details, bank account number, MICR code, IFSC code etc.), with necessary documentary evidence, to their Depository Participant(s) in case the shares are held by them in dematerialized form and to the Company/ TCPL in case the shares are held by them in physical form.
15. In terms of the provisions of Section 72 of the Act, the facility for making nomination is available for the Shareholders in respect of the shares held by them. Shareholders who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. Shareholders holding shares in dematerialized form are requested to submit the said details to their Depository Participant(s) and the Shareholders holding shares in physical form, are requested to submit the said details to the Company/TCPL.
16. Shareholders are requested to quote their Folio No. or DP ID - Client ID, as the case may be, in all correspondence with the Company/TCPL.
17. Since the AGM will be held through Video Conferencing/ Other Audio Visual Means, route map of venue of the AGM is not attached to this Notice.

EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 4

In accordance with the Companies (Cost Records and Audit) Rules, 2014, the Company is required to conduct cost audit of its cost records pertaining to the products falling under the product categories – Organic & Inorganic Chemicals, Ores & Mineral Products, Plastics and Polymers, Rubbers and Allied Products & Insecticides or any other products required by the law, for the year ending 31st March, 2024. The products of the Company covered under the aforesaid categories are different types of thinners, floor coating products, powder coating products & hardeners, fungicidal solutions and construction chemicals.

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 for the aforesaid product categories for the financial year 2023-24 on a remuneration of ₹ 3,00,000 plus GST and reimbursement of pocket expenses.

D. C. Dave & Co., Cost Accountants has also conveyed its willingness to act as Cost Auditor of the Company for the year ending 31st March, 2024. The eligibility and consent letter will be available for inspection of the Shareholders through electronic mode. Shareholders may write to the Company at agm@nerolac.com in that regard, by mentioning "Request for Inspection" in the subject of the e-mail.

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 Ordinary Resolution set out in Item no. 4 of the Notice seeks approval of the Shareholders for the same.

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 Ordinary Resolution.

The Board recommends ratification of the remuneration of the Cost Auditor, D. C. Dave & Co., Cost Accountants (Firm Registration No. 000611), as recommended by the Audit Committee and approved by the Board of Directors, as set out in Item no. 4 of the Notice, for approval of the Shareholders.

ITEM NO. 5

Mr. Shigeki Takahara, Non-Executive Director (holding Director Identification Number 08736626) is resigning from the Board of the Company with effect from 26th June, 2023. Pursuant to Section 161(4) of the Companies Act, 2013 ("Act") read with Article 114 of the Articles of Association of the Company, the Board of Directors of the Company has, on recommendation of the Nomination and Remuneration Committee, appointed Mr. Pravin Digambar Chaudhari (holding Director Identification Number 02171823) as the Non-Executive Director of the Company with effect from 26th June, 2023, in the casual vacancy that is being caused by the resignation of Mr. Shigeki Takahara.

Pursuant to the provisions of Section 161 of the Act, the appointment of Mr. Chaudhari shall be subject to the approval of the Shareholders at the Annual General Meeting.

Considering his knowledge and rich experience in the field of operations management, manufacturing, supply chain management, business development, sales management and strategy, the skills, capabilities and proficiency required for the role and pursuant to the recommendation of the Nomination and Remuneration Committee, the Board has recommended the appointment of Mr. Chaudhari as a Non-Executive Director of the Company, with effect from 26th June, 2023, subject to the approval of Shareholders of the Company. He shall be liable to retire by rotation.

The Company has received a notice in writing from a Member as per the provisions of Section 160 of the Act, to propose the candidature of Mr. Chaudhari for the office of the Non-Executive Director, to be appointed as such under the applicable provisions of the Act and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Accordingly, it is proposed to appoint Mr. Chaudhari as a Non-Executive Director of the Company and the Ordinary Resolution as set out in Item no. 5 of the Notice seeks approval of the Shareholders for the same.

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

Mr. Pravin Digambar Chaudhari and his relatives can be considered to be concerned or interested in the proposed Ordinary Resolution, as set out in Item no. 5, to the extent it relates to the appointment of Mr. Chaudhari.

Also, Mr. Hitoshi Nishibayashi, Mr. Takashi Tomioka and Mr. Shigeki Tahara, Directors, being the nominees of Kansai Paint Co., Ltd., Japan, the promoter of the Company, can be considered to be concerned or interested in the proposed Ordinary Resolution, as set out in Item no. 5, to the extent it relates to the appointment of a fellow nominee of Kansai Paint Co., Ltd., Japan.

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 Ordinary Resolution, as set out in Item no. 5.

The Board recommends the appointment of Mr. Pravin Digambar Chaudhari as a Non-Executive Director of the Company, as set out in Item no. 5 of the Notice, for approval of the Shareholders.

For and on behalf of the Board

P. P. Shah
Chairman

Mumbai, 8th May, 2023

Annexure to the Notice

Details of the directors seeking appointment / re-appointment in the 103rd Annual General Meeting, as set out in Item nos. 3 and 5 of this 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. Hitoshi Nishibayashi	Mr. Pravin Digambar Chaudhari
Director Identification Number	03169150	02171823
Age	59 years	55 years
Qualifications and experience	Mr. Hitoshi Nishibayashi is a graduate from Osaka University of Foreign Studies, Faculty of English studies. He joined Kansai Paint Co., Ltd., Japan ("KPJ") in April 1987. He has worked in various divisions of KPJ and is presently the Director of the Board, Managing Executive Officer, Head of International Business Unit of KPJ. He was associated with our Company in the capacity of a Non-Executive Director, for a period of about 4 years, during 2010 to 2014.	Mr. Pravin Digambar Chaudhari has a bachelor's degree in engineering and masters in management from Mumbai University. Mr. Chaudhari joined our Company as a trainee in 1993 and was appointed as a director on the Board in 2008. He was with the Company till 2018. In 2018, he joined Pidilite Industries to head their Pigment business and industrial operations. He has joined Kansai Paint Co., Ltd., Japan as Managing Officer and Deputy Chief of Corporate Production, Supply Chain Management and Procurement in April 2023. He has rich knowledge and experience in the field of Operations Management, Manufacturing, Supply Chain Management, Business Development, Sales Management and Strategy.
Date of First Appointment	29th July, 2019	26th June, 2023
Directorships held in other public companies (excluding this Company, foreign companies and Section 8 companies)	Nil	Nil
Memberships/Chairmanships of committees of other public companies #	Nil	Nil
Shareholding in the Company as on 31st March, 2023	Nil	Nil

* Mr. Hitoshi Nishibayashi and Mr. Pravin Digambar Chaudhari are nominees of Kansai Paint Co., Ltd., Japan, Promoter Company and they do not hold any Equity Share of the Company in their personal capacity.

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 two committees viz. Audit Committee and Stakeholders' Relationship Committee are considered.

Notes:

None of the directors are related to each other. However, Mr. Hitoshi Nishibayashi, Mr. Shigeki Takahara, Mr. Takashi Tomioka and Mr. Pravin Digambar Chaudhari are nominees of Kansai Paint Co., Ltd., Japan, Promoter Company.

For other details such as the number of meetings of the Board attended during the year and remuneration drawn in respect of the Directors, please refer to the Report on Corporate Governance which is a part of the Annual Report.

BOARD'S REPORT



Dear Members,

The Directors of your Company are pleased to present the 103rd Annual Report and the Audited Financial Statements (Standalone and Consolidated) for the year ended 31st March, 2023 ("year under review / FY 2022-23"). The section on Management Discussion and Analysis includes a review of the financial performance of the Company – Financial Highlights of the Company's standalone financial results, key financial ratios and the dividend recommended by the Directors. It also includes the particulars of the subsidiaries of the Company including overseas subsidiaries and their performance during the year under review.

1. MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

Established in 1920, Kansai Nerolac Paints Limited ('KNPL') is a subsidiary of Kansai Paint Co., Ltd., Japan ('KPJ').

Apart from its primary operations in India, KNPL operates in Nepal, Sri Lanka and Bangladesh through acquisitions and joint ventures. It is one of India's largest Coatings companies with leadership in industrial coatings. We have a sizeable market share in Performance coatings and a strong leadership position in Automotive and Powder coating businesses. In Decorative, we are the 3rd largest paint player in the country. In recent years, we have gained good traction in Auto Refinish, Wood finishes, Construction Chemicals and Adhesives.

KNPL's strong position is due to its continuous intellectual and human capital investment. The Company's access to global technology has helped provide Indian customers with products and solutions that are unique, environmentally friendly and cutting-edge.

KNPL, one of the industry's most trusted brands, designs solutions that protect, inspire, and touch lives every day. Through our painting solutions, we provide 'Beauty and Protection' to everything that a household uses on a daily basis be it paints for homes (interior & exterior, wood finishes), automobiles (4-wheeler, 2-wheeler), consumer durables (fans, microwaves, refrigerators, washing machine), personal use articles (hair clips, artificial jewellery), transportation infrastructure (bridges, metro rail). This is why we say **'There is a little bit of Nerolac in everybody's life'**.

People are at the core of KNPL's strategy. KNPL prioritises its employees, creating a culture of openness, collaboration, and empowerment while emphasising employee well-being, growth, training, and engagement. It believes that happy employees create differentiated outcomes in the workplace and marketplace.

In the Industrial business, the strategy is profitable growth, premiumisation, network expansion and entry into new segments. We leverage our global collaborations and technology leadership to provide our customers with sustainable solutions with an enhanced value proposition. In the Decorative business, the strategy is to engage with all stakeholders to provide innovative solutions. The Company offers consumers technologically superior and differentiated products under the brand 'Paint+'. This year the Company has embarked on creating a new services offering and has increased its connection with Influencers.

KNPL has been aggressively augmenting its capacity over the past few years to match the demands of its expanding product portfolio. The Company has committed investments for a new plant in Vizag and in augmenting capacities in existing plants.

We further plan to advance towards the future with the purpose, vision and the brand promise of KNPL. Aiming to

capture our customers' admiration by diversifying our product range and showcasing our commitment as a responsible member of society through a strong focus on sustainability, we continuously strive to evolve into a superior company, shaping the future of Nerolac.

INDUSTRY PROGRESS

Over the years, the Indian paint industry has achieved remarkable advancements marked by substantial growth and progress. It has witnessed notable expansion in terms of market size and emerged as one of the leading paint markets worldwide. The industry has experienced a double-digit Compound Annual Growth Rate (CAGR) in recent years, driven by various factors, including urbanisation, growing disposable income, and increased construction and infrastructure projects. This continuous expansion can be attributed to the dynamic landscape of the Indian economy.

India's per capita paint consumption has been steadily increasing, driven by a growing middle class, changing lifestyles, and a shift towards better quality and decorative paints. The rise in urbanisation has also led to an increased demand for paints and coatings in both residential and commercial sectors. The Indian paint industry has embraced technological advancements, leading to improved product

quality, durability, and eco-friendliness. Manufacturers have invested substantially in research and development, creating innovative products such as low-VOC (Volatile Organic Compound) paints, eco-friendly coatings, high-performance solutions, and specialised applications. The Indian Government's focus on infrastructure development has significantly boosted the paint industry. Initiatives like Smart Cities, affordable housing schemes, and infrastructure projects such as roads, bridges, airports, and railways have generated a surge in the demand for paints and coatings. Moreover, there has been a gradual transition from the unorganised sector to organised players in the Indian paint industry. Prominent paint companies have expanded their distribution networks, established manufacturing facilities across the nation, and implemented robust marketing strategies. This transition has increased organised players' market share and raised the industry's overall quality standards.

With a growing emphasis on environmental sustainability, the paint industry in India has been actively adopting eco-friendly practices. Manufacturers increasingly offer low-VOC, lead-free, and water-based paints, considered more environmentally friendly. Several companies have also obtained certifications for adhering to international environmental sustainability standards.

FINANCIALS

Financial Highlights

A summary of the Company's standalone financial results for the year ended 31st March, 2023 (FY 2022-23) vis-a-vis standalone financial results for the previous year (FY 2021-22) is as under:

(₹ in Crores)

	FY 2022-23	FY 2021-22
Revenue from Operations	7,081.02	5,948.90
Profit before Depreciation, Interest, Exceptional item and Tax	793.89	647.34
Less: Depreciation and Amortisation	164.63	153.82
Profit Before Interest, Exceptional Item and Tax	629.26	493.52
Less: Interest	9.73	9.87
Less: Exceptional Item	-	(11.39)
Add: Other Income	30.83	32.86
Profit Before Tax	650.36	505.12
Less: Tax Expenses	163.93	130.79
Profit After Tax	486.43	374.33
Other Comprehensive Income	0.16	2.51
Total Comprehensive Income for the Year	486.59	376.84



Revenue from Operations for the year aggregated to ₹ 7,081.02 Crores as compared to ₹ 5,948.90 Crores for the previous year, reflecting a growth of 19.0%.

Average Crude oil prices during the year increased from USD 79.8/bbl to USD 92.6/bbl, a jump of 17% over the last year. The currency further depreciated during the year, impacting raw material prices.

Inflation which was very high at the beginning of the year started tapering downwards towards the second half of the year, which helped in some margin improvement.

The Company continued its efforts to control overheads, and all departments worked on their tasks and achieved the result.

During the period, the Company granted 11,92,792 restricted stock units to eligible employees as determined by the Nomination and Remuneration Committee of the Company. Consequently, employee benefits expense includes a provision of ₹ 3.75 Crores made towards Share-Based Payment Expense for the year ended 31st March, 2023.

PBDIT for the year was higher at ₹ 793.89 Crores compared to ₹ 647.34 Crores, reflecting a growth by 22.6%.

Depreciation for the year was ₹ 164.63 Crores, slightly higher compared to the previous year.

Other income was lower at ₹ 30.83 Crores as compared to ₹ 32.86 Crores in the previous year.

PBT for the year was ₹ 650.36 Crores as compared to ₹ 516.51 Crores (before exceptional item) of the previous year, reflecting a growth of 25.9% over the previous year. PAT was higher at ₹ 486.43 Crores compared to ₹ 374.33 Crores, reflecting growth of 29.9%.

The Company did not accepted any deposits covered under Chapter V of the Companies Act, 2013, during the year.

There were no significant or material orders passed by any Regulators, Courts or Tribunals against the Company which could impact its going concern status and the Company's operations in future.

There was no change in the nature of business during the year. There were no material changes and commitments affecting the financial position of the Company that occurred between the end of the financial year of the Company to which the financial statements relate and the date of this Report.

Dividend

The Board recommended a final dividend of 270% (₹ 2.70 per share) for the year ended 31st March, 2023, compared to a total dividend of 225% (₹ 2.25 per share) for the year ended 31st March 2022.

Bonus

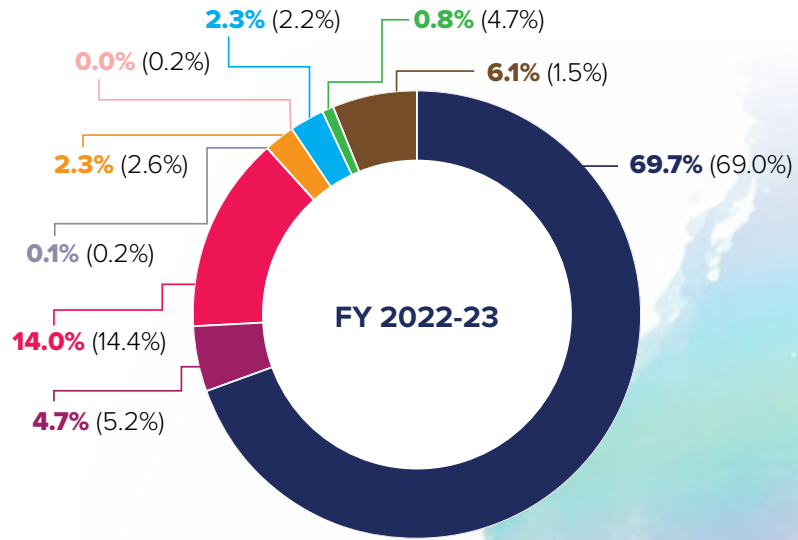
The Board has considered and approved the issue of 1 bonus equity share of the face value of ₹ 1 each against 2 equity shares of the face value of ₹ 1 each. This is subject to shareholder's approval.

Key Financial Ratios

Key Ratios	FY 2022-23	FY 2021-22	Difference	% change
Debtors Turnover (No. of Days)	45	41	4	9.8%
Inventory Turnover (No. of Days)	117	117	0	0.0%
Interest Coverage Ratio	82	66	16	24.2%
Current Ratio	2.85	2.91	-0.06	-2.1%
Debt Equity Ratio	0.02	0.02	0.0	0.0%
Operating Profit Margin (%)	11.2	10.9	0.3	2.8%
Net Profit Margin (%)	6.9	6.4	0.5	8.2%
Return on Equity (%)	11.1	9.1	2.0	22.0%

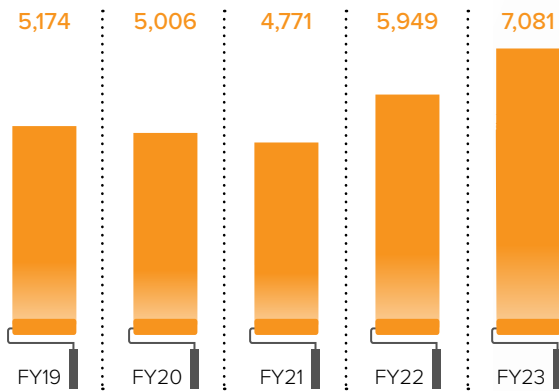
Distribution of Income

- Materials
- Manpower Cost
- Operating and Other Expenses
- Finance cost
- Depreciation
- Exceptional Item
- Corporate Tax
- Dividend
- Retained Earning

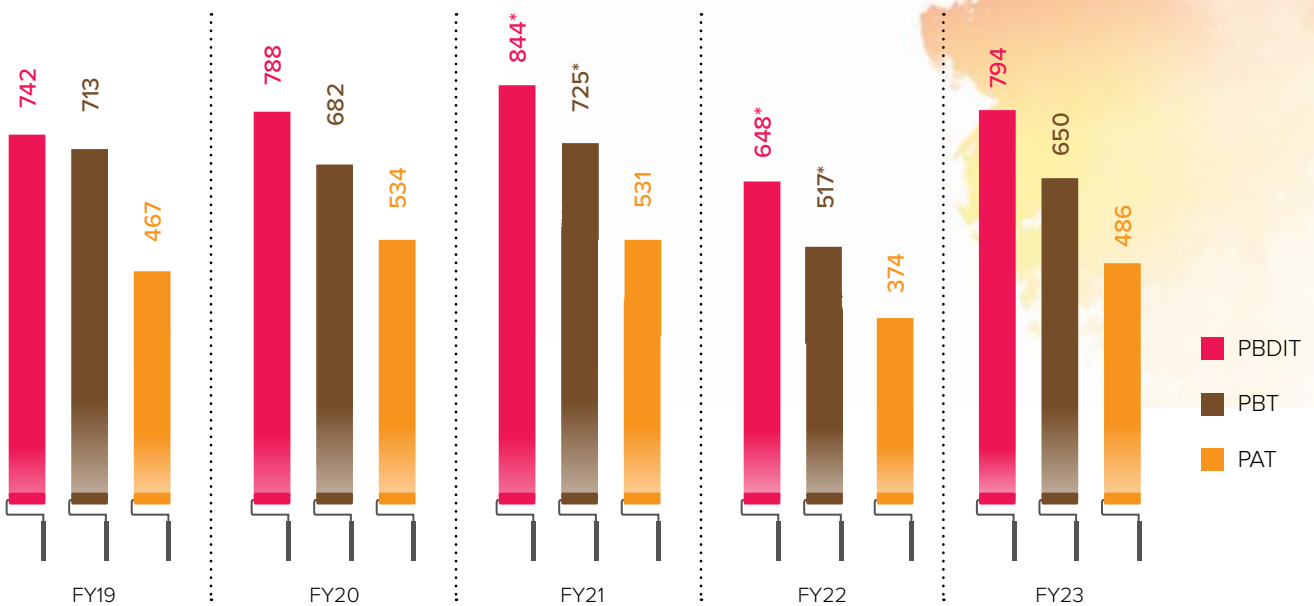


Figures in bracket are the corresponding figures in respect of the previous year

Revenue from Operations (₹ Crores)



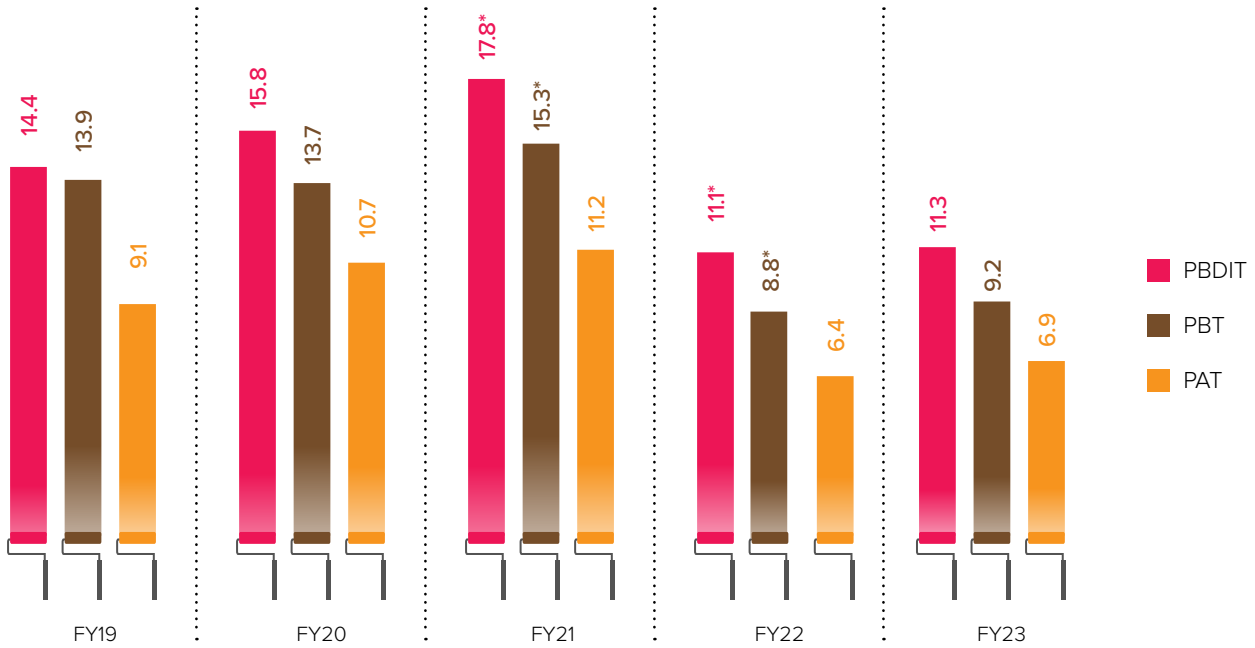
Profit (₹ Crores)



* Before Exceptional Item

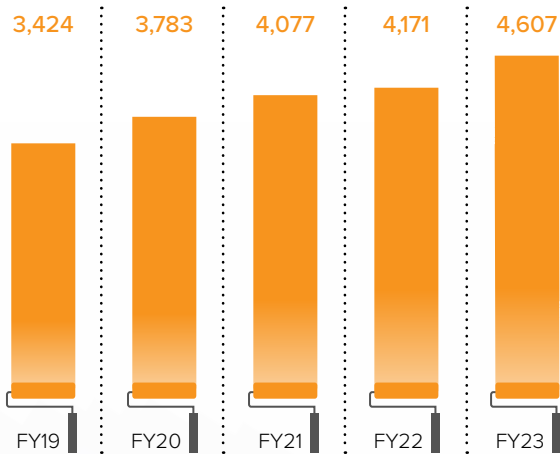
Profitability (%)

Profitability Ratios are based on Net Sales

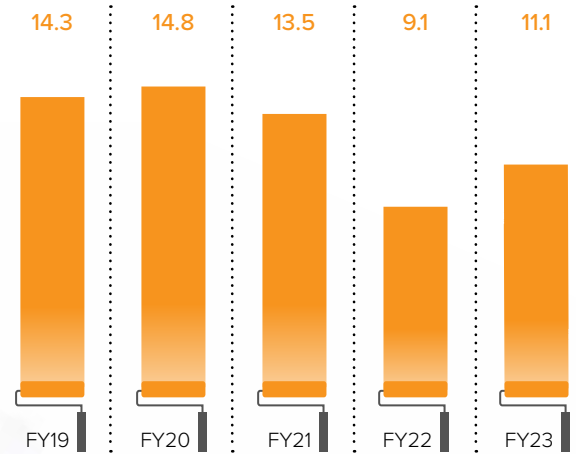


* Before Exceptional Item

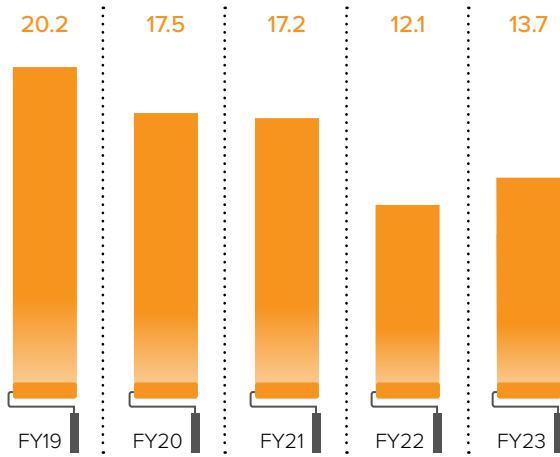
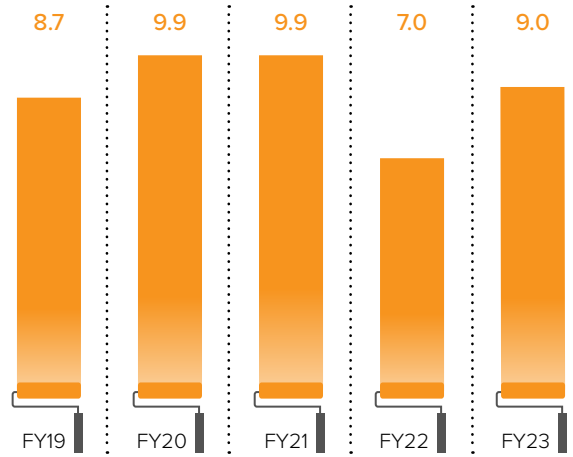
Shareholders' Funds (₹ Crores)



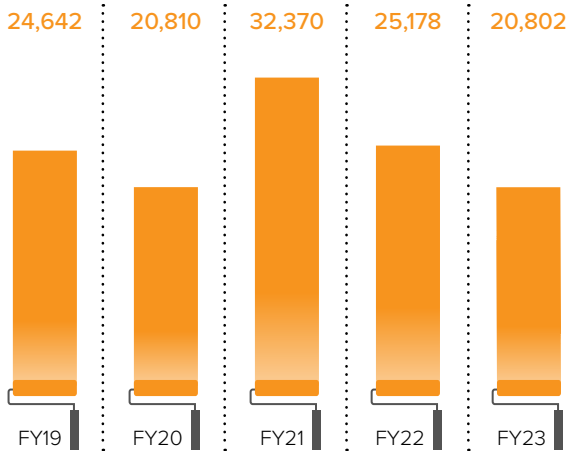
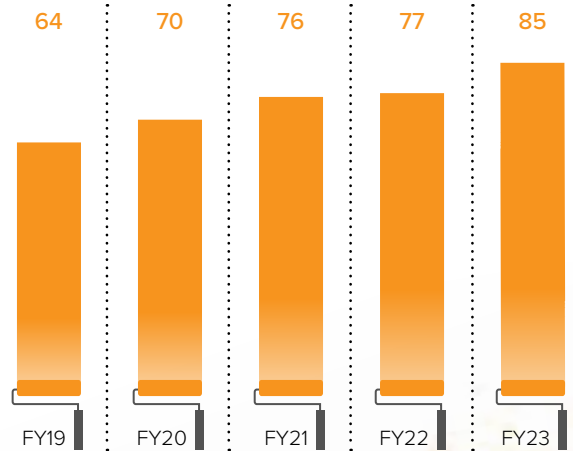
Return on Equity (%)



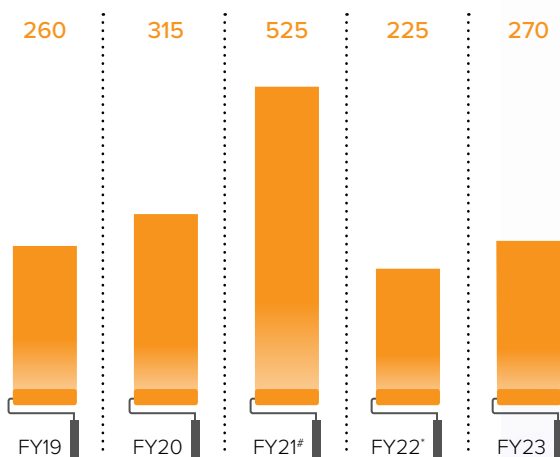
Profit after tax divided by average shareholder's equity

Return on Capital Employed (%)**Basic Earnings Per Share (EPS)***

*EPS for all years has been calculated considering face value of share of ₹ 1 Each

Market Capitalisation as on 31st March (₹ Crores)**Book Value Per Share as on 31st March* (₹)**

*Book Value of shares for all years has been calculated considering face value of shares as ₹ 1 each

Dividend (%)

*Includes interim dividend of 125% and special dividend of 200%

*Includes interim dividend of 125%

Subsidiaries and Consolidated Financial Statements

In terms of the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the Board approved a Policy for determining material subsidiaries. The same is also available on the website of the Company at www.nerolac.com. Further, in terms of the said policy, the Company does not have a material subsidiary.

Indian Subsidiaries

Nerofix Private Limited

On 31st March, 2023, KNPL has entered into a Share Purchase Agreement with Polygel Industries Private Limited (Polygel), its Promoters and Nerofix Private Limited (Nerofix) for acquisition of the remaining 40% of the total shareholding of Nerofix from Polygel for cash consideration of ₹ 37 Crores. The said shares have been transferred to the Company on the same date. Consequent to the said acquisition of shares, Nerofix has become a wholly owned (100%) subsidiary of the Company.

Nerofix has become a wholly owned (100%) subsidiary of the Company.

The turnover of Nerofix was at ₹ 146.80 Crores compared to ₹ 110.42 Crores in the previous year. EBDITA for the year grew to 3.7% as compared to 1.7% of the previous year. Nerofix achieved a profit of ₹ 0.10 Crores as compared to a loss of ₹ 3.69 Crores during the previous year.

Overseas Subsidiaries

Operations in Nepal

During the year, the turnover of KNP Japan Private Limited, the subsidiary of our Company in Nepal, was at ₹ 81.16 Crores as compared to ₹ 84.00 Crores of the previous year. EBDITA for the year decreased to 11.0% from 13.4% on Y-O-Y basis. Profit After Tax stood at ₹ 7.04 Crores compared to ₹ 9.08 Crores in the previous year.

Operations in Sri Lanka

The turnover of our subsidiary in Sri Lanka, Kansai Paints Lanka Private Limited, for the year was ₹ 26.73 Crores compared to ₹ 23.71 Crores during the previous year. The Company's loss narrowed to ₹ 3.48 Crores during the year compared to a loss of ₹ 17.64 Crores in the previous year.

Operations in Bangladesh

The turnover of our subsidiary in Bangladesh, Kansai Nerolac Paints (Bangladesh) Limited for the year stood at ₹ 239.48 Crores compared to ₹ 230.54 Crores in the previous year. EBDITA for the year improved to 2.2% from -1.4% on Y-O-Y basis. The said subsidiary incurred a loss of ₹ 13.27 Crores during the year compared to a loss of ₹ 22.41 Crores during the previous year.

The consolidated financial statements of the Company as on 31st March, 2023, were prepared in accordance with applicable Accounting Standards and form a part of this Annual Report. All the subsidiaries of the Company as on 31st March, 2023, have been considered in the preparation of consolidated financial statements. Further a separate statement in Form AOC-1, containing the salient features of the respective financial statements of subsidiaries of the Company, forms part of this Annual Report. Also, Annual Audited Financial Statements of all subsidiaries of the Company are available on the Company's website at www.nerolac.com.



SEGMENT-WISE PERFORMANCE

KNPL has only one segment of activity, namely 'paints', in accordance with the definition of 'Segment' covered under the Indian Accounting Standards (Ind AS) 108 on Operating Segments. The performance of the Company is discussed in this Report.

MARKETING

Decorative Business

Overview

During FY 2022-23, Nerolac adopted a comprehensive approach and invested in several initiatives to enhance its relevance to more customers as well as improve its value proposition. Premiumisation, Digitisation, Sustainability and Convenience are some of the key elements of the Company's approach.

The Company's growth strategy revolved around providing a unique customer experience by introducing NXTGEN painting and consultation services, enhanced engagement with painters, collaborating with Architects and Interior Designers, upgrading its digital infrastructure, expanding into smaller cities, network expansion and offering a new range of healthy home paints to enhance customer delight.

Product Proposition (Paint+) and New Product Launches

Through its Paint+ offering, the Company positions its offerings uniquely and identifies new product niches. Under Paint+ brand offering, the Company aims to offer customers the best-in-class experience and continuously develops innovative products to enhance its premium and luxury range. The unique offering can be in form of paint properties like sheen, stretch, durability, warranty or the price point at which it is offered.

New Launches in Premium Category:

The introduction of new products like 'Impressions Kashmir' and 'Nerolac Excel Everlast 12' in its healthy-homes portfolio has increased the growth in the Premium category. Impressions Kashmir is a high-end interior emulsion paint with a **unique no-smell feature**, ultra-luxury sheen finish, and HD colors. It uses Japanese technology and has high durability, making it an ideal choice.

Exterior: Suraksha + Nxt, Excel Anti peel Nxt

Interior: Beauty Smooth Nxt

Primer: Premium Primer Nxt

Nerolac Excel Everlast 12 is a highly durable UV-resistant water-based exterior emulsion with a **self-cleaning property** that removes dust with rainwater. It resists diverse harsh weather conditions with excellent anti-algae performance and durability, fortified with ENCAP additives.

The emulsion top coat offer superior and long lasting whiteness, excellent coverage, protection and durability, while the base coat primer provides better hiding and adhesion to the surface. It is suitable for use on a variety of surfaces, including wood, metal, and plaster, and is available in both oil-based and water-based variants.

Marketing and Brand Building

We further built on our new brand expression Paint + during the year by expanding the product portfolio with new launches. The products provided unique properties using Japanese technology. We brought to life our Nerolac jingle in our advertisements and communication to ensure consumers relate to our brand legacy.

**NEROLAC
PAINT+**

The Company used various channels to reach its target audience, including TV commercials, print advertisements, radio advertisements, outdoor hoardings, OTT platforms and other online advertising. It also had a presence on marquee events like IPL and Asia Cup on Star Sports, Indian Idol on Sony TV and other regional properties to showcase its products, building relationships with customers and ensuring high brand visibility across key markets. The Company launched a new TV commercial with Brand Ambassador Ranveer Singh to promote Impressions range of products.

Social media platforms like YouTube, Facebook, Instagram and LinkedIn were leveraged to reach out to a larger and relevant set of audience. Digital marketing was rightly used to reach out to a large set of consumers at the country level as well as to a very specific set of consumers in a particular locality.

The Company's website underwent a changeover to guide the visitors better with improved SEO (Search Engine Optimisation) capability. Detailed product portfolio and offerings are available on the Company's website and continuous social media presence to engage with customers and build brand awareness.

Consumer Services

NXTGEN programme is the Company's move ahead to touch base with the customer to offer superior painting experience. The Company aims to provide a hassle-free and seamless painting service, ensuring customer satisfaction. **NXTGEN Painting Services** offers a range of services, including expert visits, site preparation, colour consultation, and application, all delivered by a team of experienced professionals. The services are now present in large number of cities in the country and consumers can avail this just by placing a request on our website or any of our ad campaigns on social media platforms. During the year, the number of houses painted were more than 20,000.

Nerolac's NXTGEN Paint Consultancy services are one of its kind in the industry. It provides professional advice and guidance on painting to customers. KNPL NXTGEN Paint consultants have extensive knowledge and experience and work closely with customers to provide tailored solutions that meet their specific needs. Additionally, they offer guidance on application techniques and post-painting maintenance as well. The service was launched in one of the metro cities and received quite a good response and positive feedback from consumers who availed this service.



Nerolac's NxtGen shoppe provides a unique and immersive experience for consumers, catering to all their home painting needs. This experiential centre offers a comprehensive range of painting solutions, including an extensive selection of paints, wood coating finishes, wall design inspirations, and waterproofing solutions. The aim is to assist consumers in making informed and efficient decisions when it comes to choosing the right paint and colour for their walls. The store features a personalised colour preview service, allowing customers to visualise and select colours for both their interior and exterior walls. We have more than 40 stores nationwide and plan to expand this network further in the upcoming year.

Influencer Engagements

Influencer Management Team:

During the year, the Company significantly grew its headcount of Demand Generation Assistants (DGAs) covering a large number of cities. The DGAs are the first point of contact for painters and play a pivotal role in creating awareness of product schemes and benefits. They played a critical role in expanding the Company's reach to individual painters with customised value proposition. The sales structure to manage the influencer programme at city, State and country level was put in place.

Launch of Nerolac NXT Range:

This range of products was designed and launched exclusively for NXTGEN dealers. During the year, 4 products were launched in Nxt series in top coat and base coats:

Pragati Program for Painters

This is Nerolac's flagship programme to engage with painters and contractors. The Company offers several benefits and schemes to painters through this programme. **It has been made more attractive with the DBT initiative, a Direct transfer of rewards to painters' bank accounts in real time.** This has attracted more painters to this programme. During the year, the Pragati app was enhanced with more features and ease of use.

Also, more than 61,000 painters were imparted advanced training in paint application through classroom sessions or by using a Mobile Training Academy.

Illuminati Program for Architect & Interior Designer

Nerolac launched its first edition of 'Illuminati' programme to capture the interest of leading professionals i.e., Architects and Interior Designers (AIDs) vital to the industry. It promises to offer professionals future-ready technology in paints as well as outstanding customer services. Best-in-class AIDs were invited to be a part of this club. Members receive on-site consulting regarding paints and best practices for its application online with their project requirements. The Company has also developed an app (LEAD) for this. Through the app, the user can get details about products and schemes, and register themselves and their site.

The programme has received a very good response from the Architect community.



Illuminati Club (Exclusive Club for Architects and Interior Designers)

Wood Finishes

The Wood Finish business did extremely well during the year and more so in the premium segment. The wood finish portfolio was expanded through the launch of a specialised paint product called **Nerolac Termiprotect**, which provides long-lasting protection to wooden surfaces against termite infestation. This easy-to-apply product is suitable for both interior and exterior surfaces. In addition, specialised products such as Bio Coatings, which have Green Guard certification, were also launched.

The ICRO range, a premium wood coating range comprising Polyester, Acrylics and Water-Based PU range, has now been launched in South and East markets. **The introduction of ICRO colour dispensing and mixing machines has enabled the promotion of pigmented products to end-consumers as well as Architects & Interior Designers.**

Construction Chemicals

The construction chemicals category witnessed excellent growth during the year. The key growth drivers were distribution network expansion, deeper engagement with influencers and demand generation team for retail marketing. A dedicated technical support team was put in place for the project business. On the product side, the Company launched Damp Lock and NoDamp+ under the Perma range. **Nerolac Perma Damp Lock** is one component ready-to-use pre-putty application product that provides solution to waterproofing problems like efflorescence and dampness. **NoDamp+** is a PU Hybrid high-strength fibre reinforced elastomeric waterproof membrane coating which provides up to 12 years of waterproofing and up to 14° of surface temperature reduction.

KNPL also forayed into the tile adhesive and customised admixture category this year which has started to reap good results.

Adhesive

KNPL was present in the Adhesive business through its subsidiary Nerofix. During the year, KNPL acquired the balance 40% of equity shares of its subsidiary company Nerofix. With this, Nerofix became a wholly owned (100%) subsidiary of the Company. The subsidiary has an adhesive portfolio catering to the market's retail and project segment.

During the year, the Adhesives business grew briskly, with network strategies and person-power deployed starting to reap results. **Nerolac AquaSmart** was launched in select

markets to establish KNPL's presence in the premium adhesive category. Strong carpenter-level activations have helped improve preference for the brand. Our carpenter application, which was launched in the previous year, has helped us identify the right set of carpenters and have a more focused approach towards each market. During the year, 50% more carpenters were registered on our application compared to the previous year, with a more than 80% retention rate.

Projects

KNPL's Projects business witnessed significant growth during the year. We expanded our reach to more cities. The Government, builders, and CHS segments have emerged as the main contributors to B2B opportunities. KNPL has increased its on-ground team presence to identify and create a demand pipeline. They connect with contractors & customers across markets and establish strong relationships with them. The team is equipped with various tools to drive conversions. On the product side, the Super series range of products was suitably modified to meet the customers' specific requirements. Also, there was synergy created with the industrial products like floor coating and epoxy products, wherever required. **The integration of the construction chemical and projects teams has positioned Nerolac as a complete solution provider with customers.**

Distribution Network

Numerous initiatives were undertaken to strengthen the distribution network, effectively enhancing market penetration and serviceability. The Company has opened new dealerships and expedited the installation of CCD machines to expand its presence in the market, particularly in rural areas. **In the financial year, the Company successfully established a network of 31,000+ dealers.** Additionally, the distributor model employed by the Company enables further market penetration by allowing distributors to appoint sub-dealers directly and install CCD machines. These measures collectively contribute to the Company's increased market presence in Tier II, Tier III, and rural markets, consequently improving long-term serviceability and ensuring long-term success.

Digital Ecosystem

KNPL has implemented a digital ecosystem, a web of applications specially designed for all internal and external stakeholders. The set of applications provides visibility across the value chain. This visibility in real-time help us improve our processes and drive efficiency to reach out to our consumers. For example, an expression of interest generated online by

a consumer is tracked across all stages of the lead life cycle on the app.

We are leveraging our digital ecosystem to expand our service offerings and better exchange of information with our stakeholders viz. End Consumer, Dealers, Painters & contractors, Architect & Interior Designer.

We are also developing several tools to help our customers make the right choice – be it product selection, and scheme enrollment, among others.

Industrial Business

Overview

This year has been outstanding for our industrial coatings business segment, witnessing tremendous growth and success. Our unwavering focus on quality, cost, and delivery has made us the preferred supplier among major OEMs and ancillaries. **We are proud to say that our industrial business segment has excelled in all segments, including automotive, performance coatings, and auto refinish.** This remarkable growth was achieved on the back of high industry demand, aggressive targeting of new businesses, premiumisation of the product mix and expansion of the body shops network.

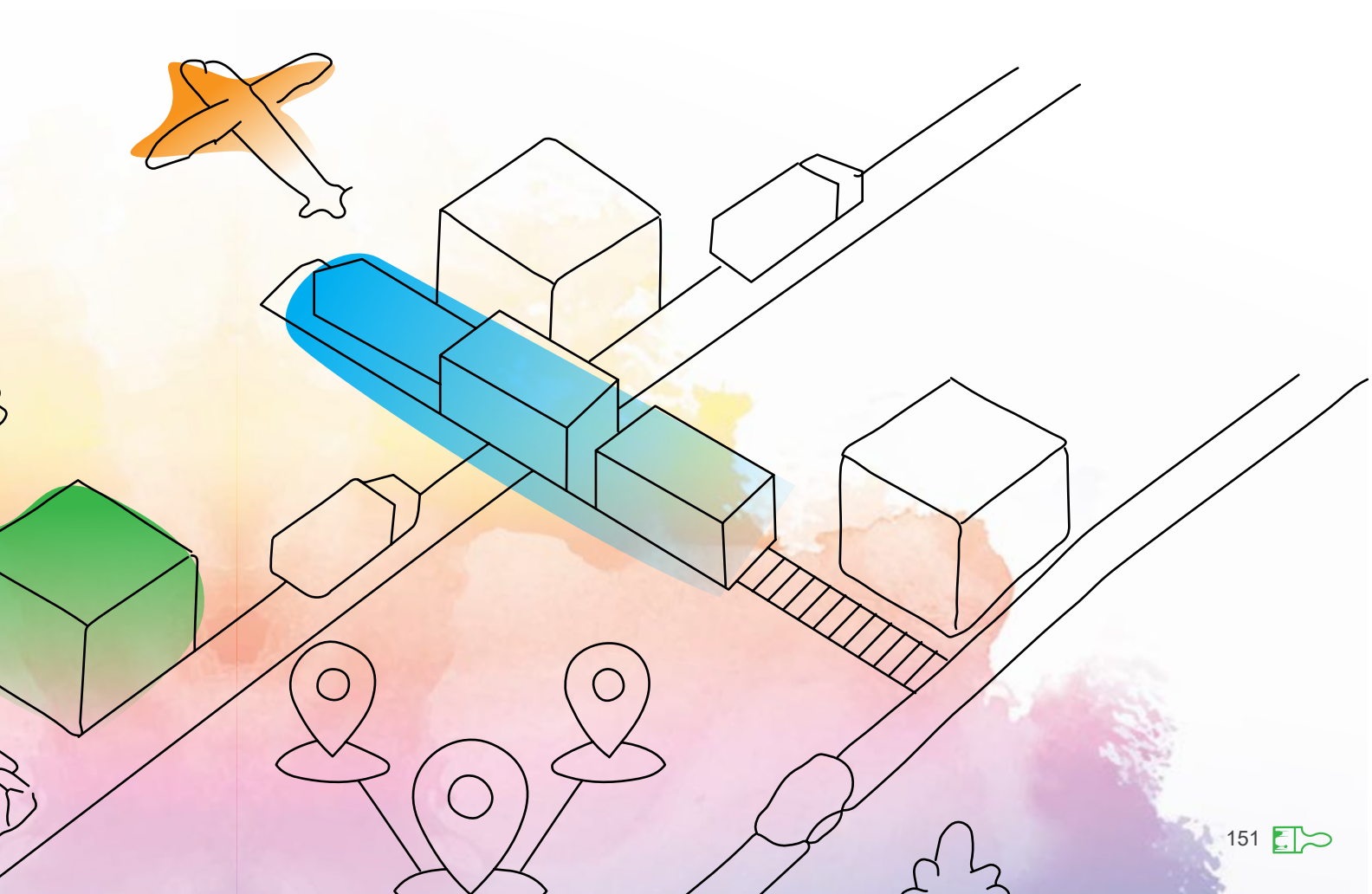
However, the cornerstone for any business and organisation is the leadership team's vision, which has to formulate a business strategy by integrating macroeconomic and market inputs with Company strengths and delivering products and performance that translate into profitability.

We at KNPL have strengthened our leadership position in the Industrial segment by investing in state-of-the-art R&D facilities, identifying multiple technical collaborations to augment skills and capabilities, and expanding our body shop network. We believe that these strategic initiatives have enabled us to meet the industry's growing demand and maintain our market leadership position.

In the recent years, due to unprecedented material price inflation, the profitability of this business has taken a severe hit. Collaborative approach with customers to ensure price increases and a profitable product mix helped us improve our profitability. We worked with customers to provide solutions based on different technology platforms like High Solids, Monocoat and Low Bake. Such technology platforms help customers reduce their carbon footprint and move them closer to their decarbonisation target.

As part of our commitment to sustainable solutions inline with global trends in green manufacturing, we have developed innovative products that reduce our carbon footprint and improve our customers' environmental performance. Many of our products are first in their class and serve as benchmarks in their segment, thereby consolidating our leadership position in the Industrial segment. We are proud of our accomplishments and believe our sustainability commitment sets us apart from our competitors.

As we move forward, we are excited about the opportunities that lie ahead. Our branding and marketing efforts have also emerged as a key area of focus. We participated in the 15th CII India Surface Coating show as the principal sponsor, which allowed us to highlight our products and services alongside other paint, chemical, and equipment manufacturers. We plan to continue to leverage our Japanese association for access to superior technology, and also continue our investments in R&D, technical collaborations, and marketing efforts to maintain our market leadership position and meet the evolving needs of our customers.



Automotive Segment

Business Overview:

KNPL paints and coatings have the unique position of featuring extensively across multiple vehicle segments, including passenger vehicles, two-wheelers, and commercial and electric vehicles, thereby reinforcing leadership position. Our competence to promptly align with and respond to strong market demand in the automotive industry has been a driving force behind KNPL's impressive performance this year, contributing to its exceptional performance. **We have been awarded the best supplier title from various OEMs customers for our high service orientation and constantly meeting customer expectations on quality.** Also, KNPL's focus on sustainable solutions and the development of environmentally friendly products has earned its recognition as a responsible industry leader committed to developing safer and sustainable products. With continued investments in R&D and technical collaborations, KNPL remains committed to maintaining its market leadership position and further expanding its presence in the automotive sector.

Passenger Vehicles:

As a market leader in the automotive industry, KNPL achieved impressive growth in the passenger vehicle (PV) segment this year. With a healthy double-digit growth in value and volume, KNPL gained market share in this highly competitive segment, supported by a record number of production by OEMs.

KNPL's advanced R&D capabilities and numerous technical partnerships have enabled the Company to offer innovative solutions for meeting the evolving needs of the automotive industry.

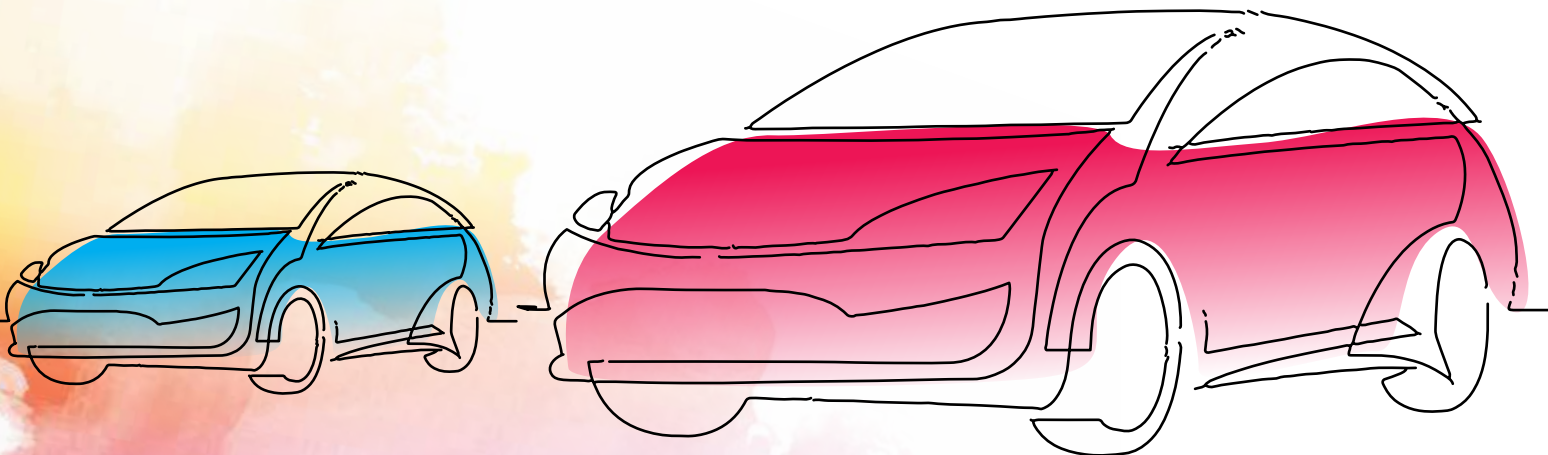
KNPL's leadership strategy in the passenger vehicle segment is centred on innovation, sustainability, and strategic partnerships. KNPL's recent foray into new

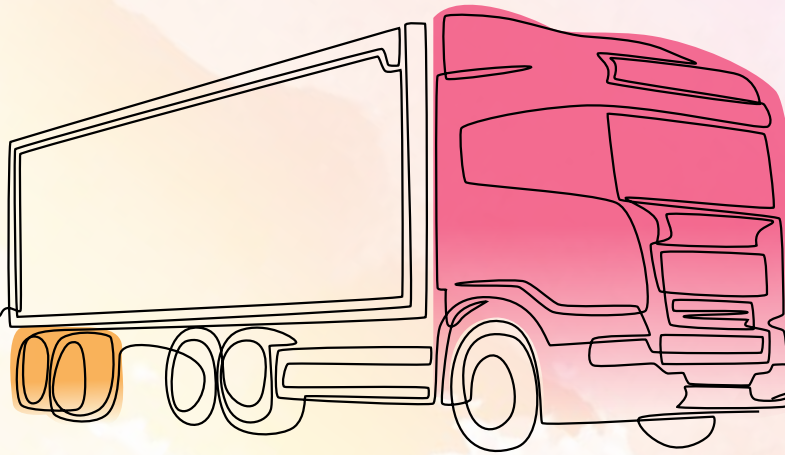
segments such as seam sealer, underbody blacks, and alloy wheels, as well as its alignment with Kansai Helios for entry into the fasteners coatings segment, has further bolstered its position as a market trailblazer-leader. **The Company has also successfully introduced a tin-free CED coating (heavy metal free) in the PV segment, furthering its commitment to providing green and sustainable solutions to its customers.**

Two Wheelers:

In the two-wheeler segment, KNPL has achieved unprecedented growth in FY 2022-23, which has enhanced its market share and established the Company as a trusted supplier for its OEM customers. **To meet the evolving needs of its customers, KNPL introduced innovative coating solutions that comply with E20 and E30, ensuring the coating's resistance to 20-30% ethanol blending in petrol, which is a formidable achievement laying the foundation for many future innovations in this segment.**

KNPL's commitment to sustainability is evident in its enhanced focus on the development of technologies to support green products and services, and significant investments in R&D capabilities back this commitment to provide innovative solutions in line with global trends for the changing needs of the automotive industry. The Company launched energy-efficient products that reduce the carbon footprint during the use/application phase at the customer end. The Company's two-wheeler segment leadership strategy focuses on maintaining its position as a market leader by providing high-quality products and excellent customer service.





Commercial Vehicles and Tractors:

In addition to the remarkable growth achieved in the two-wheeler segment, KNPL's automotive business also witnessed significant contributions from the commercial vehicle and tractor segments. We have strengthened our position with major key accounts in these segments due to our advanced R&D capabilities and numerous technical partnerships. Under this category, the Company launched energy-efficient products that reduce the carbon footprint of its products during the use/application phase at the customer end.

Electric Vehicles:

As a significant player in the high-growth EV segment, KNPL has established a substantial presence across major OEMs and gained significant traction in market share. The Company has also focused aggressively on market penetration and expanding its portfolio by introducing vibrant colours to stay ahead of colour trends and meet its customers' changing preferences in the electric passenger vehicle and two-wheeler segments.

KNPL's leadership position in the EV segment is underpinned by its commitment to innovation, sustainability, and meeting the evolving needs of its customers.

Performance Coatings Segment

Business Overview:

KNPL had a remarkable year, achieving substantial business growth during FY 2022-23. The Performance Coatings division of the Company expanded its basket of products and now provides a comprehensive range of coatings suitable for varied applications such as Powder Coatings, General Industrial, and High-Performance coatings. KNPL caters to customers across all market segments, from premium to popular and economy. **The Company's diverse client base includes industries such as Drums & Barrels, PEB, Electrical appliances, construction equipment, and helmets.** With a wide range of coatings in its portfolio, KNPL ensures that it can offer its customers an extensive selection of options that meet their unique needs and preferences through its focus on research and innovation.

Powder:

KNPL achieved impressive business growth by focusing relentlessly on the premiumisation of its products and services and incremental sales despite facing an aggressive market landscape. The Company's commitment to quality and customer satisfaction has enabled it to enter new and competitive businesses, drive healthy sales numbers, and enhance profitability.

With a formidable presence in OEMs, KNPL is now focussing on securing more approvals. The Company has a resolute commitment to delivering sustainable and environmentally friendly products, and it is pursuing a focused strategy on premium products to achieve a profitable product mix.

KNPL has the unique privilege of its products being used in some marquee projects, including the Mumbai Coastal road, Bullet train, and Mumbai Trans Harbour Link, where it uses a cutting-edge fluoro polymer-based system.

Liquid:

KNPL achieved impressive traction and success in the liquid performance coating segment by delivering high-quality products catering to a wide range of industries, including construction, architecture, packaging coating, bridges and pipe coating, and transformer coatings. This year, KNPL introduced tinting machines and focused on premiumisation. In parallel, the Company also constantly focussed on je-jigging its product portfolio by exiting non-profitable segments with a singular focus on improved profitability. KNPL's B2B distribution channel played a key role in driving sales in this segment, allowing the Company to reach a wider range of customers and deliver its products with greater efficiency.

KNPL's innovative product, Neropoxy Solvent Free Coating for Water Pipeline Internal coatings, launched recently has already shown remarkable success, driving increased sales in the business segment. With its strong foothold in this segment and technological synergy with KPJ & Group companies, KNPL is well-positioned to maintain its growth trajectory and continue to meet customers' evolving needs.

Auto Refinish**Business Overview**

Despite being a late entrant in the Auto Refinish business, KNPL has witnessed rapid growth over the past few years, and the Company's key focus now is to gain market share and continue its strong growth trajectory. To achieve this, the business strongly emphasised its body shop and retail channels. **The Company expanded its body shop network through new wins and retention strategies. It also established a strong presence for its PU and alkyd range of products in the retail channel through dealer engagement programs and secondary channel activities.**

Focus areas and achievements:

KNPL introduced eight new products to address unmet or untapped market segments and expand its range of offerings. The division now has a complete range of products to address the varying needs of the market, with a focus on launching new products and staying in sync with the latest technological and usage trends to improve and expand distribution.

KNPL has developed two fully operational training setups at Hosur and Bawal. The training facility enhances the skill set of body shop technical personnel, and the internal team. This initiative will help to develop and maintain a high standard of technical knowledge with organised training programs. KNPL has also improved its reach to customers through undertaking Digital initiatives. The Company is committed to providing a digital experience to its customers to enhance the overall customer experience. KNPL revamped the packaging across its range of products to improve visibility and create a more cohesive brand identity. KNPL has sustained and augmented its leadership position in the Industrial coatings segment backed by the Company's market penetration focus fuelled by innovation and training.



RESEARCH & DEVELOPMENT (R&D)

Overview

KNPL's R&D team is focused on developing innovative solutions that cater to its customers' dynamic needs while aligning with the organisation's sustainability objectives. During the year, we have been granted 2 patents and submitted 4 research papers. KNPL has consistently provided its customers with a range of new and unique shades and environmentally friendly products that offer the best value.

Along with its technical expertise, KNPL also possesses a keen understanding of the constantly evolving preferences of consumers. **To facilitate the development of new colour options, the Company has established a dedicated colour design studio that features over 7,400 innovative shades.** This space is utilised for design research, enabling more effective trend analysis and reporting. Additionally, the studio serves as an ideal setting for customer presentations and shade selection, ensuring a seamless experience for all involved. Silicon-PU Acrylic hybrid technology, Tin Free CED, Low-density PVC sealant were some of the key technological advancements during the year.

Collaboration with Kansai Paint, Japan, Kansai Paint Group Companies and other Partner

KNPL has sustained its technological dominance in industrial coatings by staying ahead of the competition with assistance and technical guidance from Kansai Paint Co., Ltd., Japan (KPJ), a leading global player in the field with years of experience in designing and developing technology. KNPL works hand in hand with KPJ to create customised paint and resin formulations for Indian customers. They also provide customers with knowledge of emerging colour trends worldwide and offer first-class technical assistance to Indian clients based on their experiences across the world. KNPL also collaborates with Kansai Group companies across the globe to offer Indian customers differentiated technologies across a spectrum of end-user industries in the areas of industrial coatings, coil coatings, ARF and decorative paints.

Development in Automotive Coatings:

KNPL's Automotive paints division benefits from its strong in-house R&D expertise and support from Kansai Paint Japan, giving it a competitive edge. The R&D team collaborates closely with clients to create long-term product roadmaps and shade designs, and also works closely with customers to develop customised value-added and value-engineering projects that deliver significant value in areas such as finish, consumption reduction, productivity, and energy savings.

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► Passenger Vehicle Segment

In the PV segment, KNPL launched new low-density seam sealer and underbody sealant products to complement its coating expertise in a new segment. Additionally, 8 new colours have been developed for a major OEM customer under the 3C-1B medium solid technology.

As a breakthrough and first time to market, KNPL introduced a new Tin free CED (LB-250T) that is free from heavy metals, Hazardous Air Pollutants (HAPs), and has low VOC emissions, resulting in reduced dry film thickness, resource and energy consumption during baking.

► Two-wheeler Segment

KNPL achieved significant milestones in product innovation and sustainability efforts during the year. To cater to the evolving needs of its customers, KNPL provided a major breakthrough product by converting all shades of fuel tanks for two major OEM manufacturers to be compliant with E20 and E30, ensuring coating resistance to 20-30% ethanol blending in petrol.

Additionally, KNPL introduced low-bake products that reduce baking temperature requirements and energy consumption. This has been achieved by converting the thermosetting acrylic (TSA) coatings into Polyurethane (PU) coatings. It also launched a thermal hard coat for two-wheeler headlamps with superior functionality. Furthermore, KNPL launched a ROHS compliant uni-bake primer under its sustainable coatings' portfolio.

► Commercial Vehicle Segment

KNPL commercialised 3 shades with superior functionality by using 3C-1B technology and low bake PU system. These coatings helped reduce the baking temperature requirement from the previous 140oC to 80oC. Additionally, low solids TSA product was converted to high solid PU product, aiding in 15% reduction in VOC emissions and 60oC reduction in baking temperature requirement for CV segment.

Key Developments in Decorative Paints:

KNPL launched several new and improved offerings, all certified for low VOC and heavy metal free as per IS standards. For interior applications, a superior functionality product was launched to address dampness problems, while for exteriors, we offered extended service life with a 12-year warranty. In the construction chemicals category, KNPL launched a product with a unique feature of 700% elongation, which reduces the concrete surface temperature up to 14°C during peak summer. The R&D Team also introduced customised admixtures for concrete. In wood coatings, termite-resistant product was launched, as well as 2K PU interior (sealer, matte & glossy) and high solid NC sanding sealer. Also, KNPL developed and commercialised an anti-carbonation coating specifically for the Samruddhi Express Highway.

Key developments in Performance Coatings:

The Company developed and commercialised 2K High Weather resistance PU System for Agricultural & Construction equipment manufacturer developed jointly with KPJ. **A 5-coat system for Bridges of High-Speed rail Project with Fluro Undercoat & Fluro Topcoat is also commercialised.**



Key developments in Powder Coatings

It is impressive to see KNPL's technological leadership in the powder coatings segment, which has helped the Company become a market leader serving a wide range of industries such as white goods, furniture, auto ancillaries, and electricals. **The Company's collaboration with customers in the auto industry has enabled it to convert a range of liquid coatings to powder coatings.** Super functionality Powder which offers High Abrasion resistance, was introduced for accessories to enhance the durability of coating by 2x times. Also, Powders with heat-resistant properties were developed in two shades. KNPL's R&D efforts are also focused on developing various resin backbones for powder coatings to ensure superior performance.

Key developments in Coil Coatings

During the year, KNPL focused on developing a new portfolio of premium products by introducing specialty coatings. Under this, a 3-coat metallic system with a clear topcoat was introduced in the coil coatings segment for appliance coating.

Key developments in Auto Refinish

During the year, KNPL introduced a range of High Gloss Clear PU products in the Economy range and will further expand and strengthen this portfolio in the near future. The R&D team has also developed a range of cost effective direct shades that eliminates the outlet's tinting process.

Instrument analysis and analytical capabilities

Thermal Imaging Camera: A thermal camera is a non-contact device that detects infrared energy (heat) and converts it into a visual image. This instrument will help us with a site inspection and recommend correct product for waterproofing and suitable product for roofs that can reduce surface temperature. Further this will help provide reports to customers (e.g., Co-Operative Housing Society's) better with evidence.

SUPPLY CHAIN

Macro environment

FY 2022-23 was an extremely challenging year. Global issues like cost inflation, war in Europe, shutdowns in China, and local issues like extended monsoon critically impacted the

supply across the value chain. These challenges, however, sharpened the focus on creating more value for customers and delivering results for our stakeholders. The year's theme was finding the right balance between adapting to external challenges and the agility required to run our businesses.

Cost efficiency measures

One of the key successes in the year was the Company's ability to offset the impact of raw material partially and freight cost inflation with a strong cost reduction programme along with our parent Company Kansai Paints, Japan, our local R&D, and our vendor partners. We also introduced cost and working capital reduction measures in late 2022, which will remain a priority throughout 2023.

Service level

Customer-focussed and data-driven planning processes drive KNPL's Supply chain towards excellence to help fuel our and our customers' growth. On the service front, KNPL ensured continuity of operations for all its Industrial customers despite the challenges. **On the decorative front, we increased our service points, and reduced service lead time to further improve the response time and ensure velocity in our service to market.**



INFORMATION TECHNOLOGY

Information Technology is a key enabler for Nerolac, helping the Company to achieve its business objectives by enhancing its productivity, efficiency, and customer engagement. The Company adopted a both outside-in and inside-out approach.

Under outside in, we focussed on 'Go To Market' initiatives to create a digital ecosystem for connecting with external stakeholders. For the Architects & Interior Designers, we developed a new application. It provided information about organisations, their strengths, product portfolio and loyalty programme. We upgraded the Pragati app for the painter and contractors for deeper connection with the Company. We extensively used digital initiatives to provide Painting as a service to the consumers. We created a digital platform to help consumers make better choices.

Under inside out, we focussed on digital initiatives that would drive internal efficiencies. KNPL migrated its sales team from the existing tabs to a mobile platform for enhanced user experience and anywhere access. A mobile app was launched to track market visits based on Geo-Location. The DGA app was upgraded and enhanced to provide end-to-end visibility from lead generation to lead conversion and completion. This created a user-friendly interface that provides necessary insights and dashboards on mobile screens, enabling faster access to real-time data. On the logistics side, we have leveraged digital to provide real-time visibility into shipment status, delivery times, and vehicle locations, allowing for quick and informed decision-making.

The digital initiatives have allowed us to become more agile, efficient, and responsive to our customers' needs. We will continue to invest in and embrace digitisation as an integral part of our growth strategy.

Business Continuity

In FY 2022-23, KNPL made significant strides to upgrade the IT infrastructure and enhance our business continuity measures. **KNPL has strengthened disaster recovery capabilities for its IT systems by establishing a Far Data Recovery (FDR) centre to minimise any impact that unexpected events or disasters might have on its business operations.** These data centres are designed to ensure business continuity by providing seamless access to critical data and applications in the event of any unforeseen disruptions.

Cyber Security

As digitisation continues to increase, KNPL recognises the heightened risk of cyber threats. To mitigate these risks, the Company regularly conducts vulnerability assessments, penetration testing, and security audits to identify and address potential security risks.

KNPL also has a well-defined information security policy that outlines the standards and procedures for protecting the Company's information assets. This policy is regularly reviewed and updated to ensure its effectiveness in the face of evolving security threats and technologies. Additionally, regular training and awareness sessions are conducted for employees on cyber security to promote a culture of security within the Company and ensure that everyone plays a role in safeguarding the Company's information and assets.

PEOPLE

Our philosophy at KNPL centres around building a culture that nurtures collaboration, innovation, and empowerment. We strive to offer our employees a unique and fulfilling experience by creating a sense of belonging and purpose. Over the course of the year, we have placed great emphasis on our employees' well-being, recognising that a healthy body and mind are critical components for achieving outstanding results.





Our people are our most prized asset, and we are dedicated to investing in their growth, learning, and overall well-being to create an exceptional workplace. We are committed to offering diverse role opportunities that provide structured and immersive learning journeys, enabling our employees to take on new responsibilities through on-the-job mentoring and development interventions. During the year, KNPL was also recognised as 'Dream Employer of the year - 2022' under the Category 'Dream Companies to Work For' by Times Ascent World HRD Congress.

As of the end of FY 2022-23, we had a total of 3,379 permanent employees who embody our core values and proudly identify themselves as part of the 'I AM Nerolac' family.

People Centric Approach

Under the leadership of the Managing Director, the organisation took an approach to create a work environment that considers and fulfils the needs of one of the organisation's most important assets, its employees. **The underlying belief is that success of the organisation is strongly connected with its employees' well-being and growth.** The approach revolved around creating a culture of openness, collaboration and empowerment. Special efforts were made for employee well-being, training and development and ensuring high engagement levels. Employee surveys conducted at the start and end of the year reflected a clear positive shift in organisation culture regarding openness and empowerment.

Innovation, Collaboration, Empowerment

Innovation, Collaboration and Empowerment were key thrust areas for the Company. During the year, we had multiple innovation drives, wherein, employees participated across the organisation to generate ideas that will bring value to the organisation. We had at least 3 such innovation drives with more than 500 idea submissions by employees across functions and levels. The ideas ranged across diverse areas such as topline growth, improving bottom line, operational efficiency, and sustainability. These ideas were reviewed by a cross-functional team, wherein, ideas were evaluated basis of a set of criteria, including benefits envisaged, uniqueness, feasibility and resources required for implementation. **This multi-disciplinary approach and teamwork ensured a collaborative approach and alignment across functions. There was positive interdependence created during collaboration and it also opened up hidden opportunities or challenges.**

During the year, several important projects of strategic nature were given to employees. The approach was to empower employees with delegation, autonomy, key decision making and provided required resources. During the process, both the individual employee as well as the team of employees had an experience which capitalised on their expertise and judgement, increasing their sense of commitment to the organisation and aiding them to feel empowered and motivated.

Talent Management

Learning & Development

- KNPL has launched its digital academy called **Percipio**, which provides access to upskilling opportunities. Our L&D teams have ensured that our employees receive the necessary opportunities by leveraging virtual mediums. Our employees have remained connected throughout the year through planned events such as seminars, learning programs, and self-learning modules.
- Our **Product Master Class** is another initiative that focuses on our employees' continuous learning and upskilling. Our subject matter experts come online once a month to share their views on technical subjects, making the learning experience interactive and engaging for our employees.



Competency & Capability Building

- At KNPL, we are committed to providing our employees with the necessary training and development opportunities to help them grow and succeed within our organisation. Structured training is also provided to various employee groups to enhance leadership capabilities.
- One of our key initiatives is our campus collaboration programme, through which we hire fresh talent from reputed management and technical institutes. We believe in hiring the best talent and providing them with the right opportunities to grow and succeed within our organisation.



Employee Engagement

- KNPL aims to create an open, transparent work culture and improve employee engagement platforms. It has established effective employee connection and communication platforms to foster a strong relationship between employees and the organisation. These include the MD's Townhall, Coffee with HR/Works Manager, Annual Learning Conference, and much more. These initiatives encourage employees to stay informed, participate actively, and feel valued and involved.





Diversity & Inclusion

KNPL understands that diversity and inclusion are both moral imperatives and critical components of our business strategy. We believe that a diverse workforce brings a variety of perspectives, ideas, and experiences that enhance our ability to innovate and solve challenges. Our permanent female employees are 3.9% of our total employees (excluding workers).

As an employer that provides equal opportunities, we are focused on attracting, retaining, and nurturing talented individuals without discrimination based on gender, race, religion, caste, creed, disability, or any other characteristic. To ensure that our work environment is inclusive and welcoming, we have conducted assessments at our Mumbai head office to identify and address any potential infrastructure issues that may hinder inclusivity. We will be performing such assessments in the upcoming year at our other locations.

Employee Wellbeing

At KNPL, employee wellness is highly valued, and several initiatives have been introduced to support it. These initiatives include wellness sessions that focus on topics related to health and safety, aimed at raising awareness among employees and their families about key areas related to their well-being.

One of the initiatives introduced this year was the Wellness Corner, which is a customised wellness app that provides employees with access to a doctor on call with over 30,000 specialists available for consultation through video or in person. Additionally, a Step Challenge was launched to encourage physical activity and camaraderie among employees. The Company also extended the benefit of discounted gym memberships to its employees, showing its commitment to providing them with the resources they need to maintain a healthy lifestyle and achieve their personal fitness goals.

We will continue to invest in initiatives that support our employees' physical, mental, and emotional health, creating a safe, engaging, and productive workplace where our valued employees can thrive.

For the first time, KNPL provided its employees with a sense of ownership and a stake in the Company's success, incentivising them to work harder and more effectively by announcing restricted stock units (RSUs). It also helps retain top talent and aligns employee interests with the company's long-term goals.

Performance Management

Our performance management process encompasses setting goals, mid-year check-ins and annual performance evaluations. Our performance dashboard provides timely feedback on key performance indicators, empowering employees to remain on track and make any necessary adjustments.

Rewards & Recognition

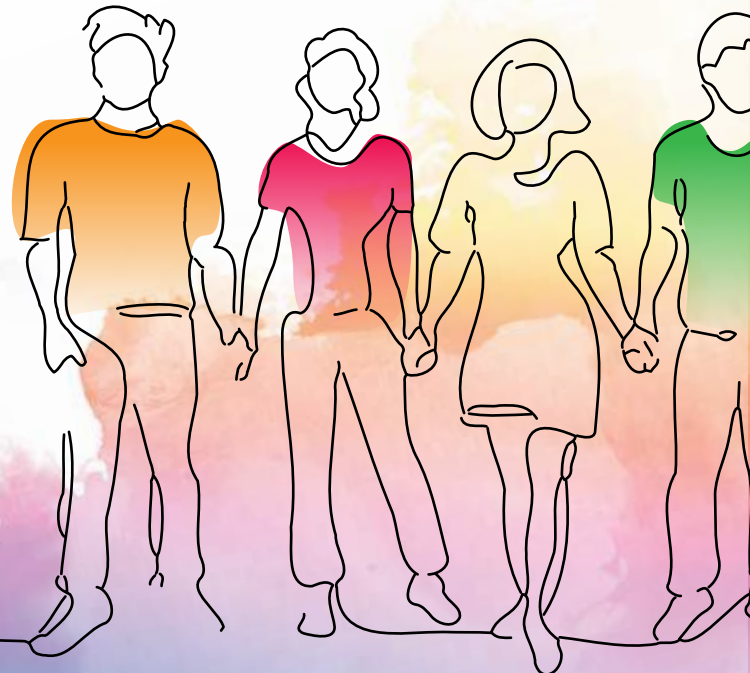
We recognise and reward our employees based on their contributions to our business objectives, adherence to our values, and demonstration of leadership and teamwork.

COMMUNITY DEVELOPMENT

KNPL's commitment to social responsibility extends beyond the confines of its operations, radiating outwards to benefit society as a whole. Guided by a philosophy of being a conscientious and compassionate neighbour, KNPL strives to contribute meaningfully to the betterment of humanity. In line with this, KNPL has linked its CSR programmes to the United Nations' Sustainability Development Goals (UNSDGs), emphasising the organisation's dedication to sustainable development and social responsibility.

The current fiscal year saw KNPL enhance its efforts, with a focus on 17 of the identified 121 aspirational districts by the Government of India. These initiatives have been designed to benefit the underprivileged sections of society and enhance KNPL's reputation as a responsible corporate citizen. Through these actions, KNPL also aims to encourage individual employees to embrace their societal duty, developing a sense of compassion and awareness towards those in need.

KNPL's CSR initiatives are varied and multifaceted, encompassing everything from rural and community development to promoting education, ensuring environmental sustainability, and providing preventive healthcare and sanitation. With more than 22% of KNPL's employees volunteering for such activities in the previous year, it is clear that the organisation is succeeding in fostering a culture of social responsibility amongst its workforce.



Through its 'Women Empowerment in farming through livelihood intervention' project, KNPL has significantly impacted the lives of 20 women farmer families, encompassing approximately 120 members. This project has inspired these families and mobilised 54 additional families to participate actively in agriculture as an entrepreneurial pursuit. As a result, the project is now self-sustainable, with women cultivating 5 acres of land. The cultivation area has increased by more than five-fold, and agricultural production has increased by nearly six-fold.

During the year, steps were taken to address human health issues through the Company's CSR initiatives. The Company has initiated and planned specific activities in the areas of HIV/AIDS, tuberculosis, and malaria. Awareness-building workshops and skits were also organised with NGOs in villages near the plants. Informative posters displayed at various locations, such as hospitals and Gram Panchayat, as well as other public places near all KNPL plants. Booklets in local languages were created in consultation with medical authorities and distributed in villages near the plants to increase awareness about these diseases. KNPL provided necessary equipment and support to nearby hospitals to aid in the treatment of related diseases.

In the pursuit of environmental sustainability, KNPL has taken a proactive approach by implementing various initiatives such as planting trees, harvesting rainwater, conducting cleanliness drives, and promoting the use of solar energy. These efforts have contributed to improving the quality of life on land and paved the way towards a greener future.



ENVIRONMENT, HEALTH & SAFETY

KNPL is dedicated to maintaining a safe and healthy workplace, complying with regulations, minimising environmental impact, and promoting sustainable practices.

Climate Change

In response to the pressing environmental challenge of climate change, KNPL has adopted the Task Force on Climate-related Financial Disclosures (TCFD) framework in FY 2022-23 to assess and quantify its risks and opportunities. We have integrated the identified risks with our Enterprise Risk Management strategy. KNPL is committed to setting and submitting science-based emission reduction targets to the Science-Based Targets initiative (SBTi) for validation. **We have estimated our current carbon footprint for Scope 1, Scope 2 & Scope 3 and actively working towards lowering our carbon footprint.** We are implementing energy-saving measures, using affordable, eco-friendly solutions such as solar and wind power, and exploring bio-based and recycled materials. We also undertake tree-planting activities both inside and outside our factory premises, planting 6496 trees within the factory boundaries and 600 trees outside in FY 2022-23. We strive to be environmentally responsible by mitigating our impact and taking steps towards a sustainable future.

Water Management

We recognise our responsibility towards promoting a sustainable ecosystem and ensuring responsible resource usage. We have implemented various water management practices and initiatives to ensure water stewardship and reduce water usage throughout our operations, including recycling wastewater, using low-flow fixtures, and collecting rainwater. We engage with local communities to understand their water needs and concerns and have taken measures to restore ponds and replenish water. Our efforts have resulted in becoming water neutral by replenishing 100% of water withdrawal across our operations. Despite commissioning in-house resin manufacturing, we have reduced specific water consumption by 1.7%. We prioritise rainwater harvesting and obtain 23% of our water supply from recycled sources while maintaining our ZERO Liquid Discharge status at all major plants.

Waste Management

Our waste management practices are guided by the principles of reduce, reuse, and recycle, as we strive to minimise our environmental impact. We have optimised our production methods to reduce waste production, including eliminating paint losses during production and recycling solvent waste. The leftover paint from manufacturing is recycled and used as a raw material to make low-grade paints, demonstrating our commitment to circular economy principles.

We are constantly working towards enhancing our waste management procedures. We aim to reduce the amount of hazardous waste generated at our manufacturing locations, which saw a 7% increase in the specific hazardous waste generation during the reporting period due to the increase in effluent generation from recently commissioned in-house resin manufacturing units. We remain committed to using responsible waste management techniques and promoting sustainable resource usage.

Our waste management practices are guided by the principles of reduce, reuse, and recycle, as we strive to minimise our environmental impact. We have optimised our production methods to reduce waste production, including eliminating paint losses during production and recycling solvent waste.

Plastic Waste Management - KNPL has taken steps to meet its EPR obligations for plastic waste through collection and recycling. The Company has set up pre-consumer plastic sheet take-back programmes to ensure they are recycled at the end of their useful lives. KNPL engages with its suppliers to ensure that they follow the PWM guidelines set forth by the CPCB, as part of its commitment to promoting a circular economy for plastics. For the reporting year, KNPL collected and recycled 7,421 MT of pre- and post-consumer plastic, fulfilling its EPR obligation as a brand owner. The Company has also eliminated the use of single-use plastic and is increasing the use of recycled content in its packing materials.

Further details on our efforts to reduce climate impact, water consumption, waste generation and disposal are outlined in the Natural Capital Section of our annual report.

For the reporting year, KNPL collected and recycled 7,421 MT of pre- and post-consumer plastic, fulfilling its EPR obligation as a brand owner.

Safety

Every individual has the right to a safe and healthy workplace, and KNPL is dedicated to ensuring this is a reality for everyone. All major factories are ISO 45001 accredited, ensuring a reliable environmental and safe working conditions. Several activities, thematic safety training, competitions, and evaluations are regularly conducted to enhance emergency readiness and build a safety culture amongst our workforce. Details of the initiatives undertaken are covered in the Occupational Health and Safety section of Human Capital.

RECOGNITION IN ESG

KNPL's continuous efforts and proactive measures towards Environmental, Social, and Governance (ESG) have significantly improved its position in the global Chemical ESG sector.

KNPL was rated in the top 10% in the S&P Corporate Sustainability Assessment (CSA) 2022 in Chemicals Category out of 400+ companies that were assessed by S&P Global and ranked in the Top Quartile of FTSE4Good Index Series June 2022 Review by Financial Times Stock Exchange (FTSE).

OPPORTUNITIES AND THREATS

Information for this section can be found in the 'Opportunities and Threats' section of the Corporate Overview.

RISKS AND CONCERNS

Information for this section can be found in the 'Risks and Concerns' section of the Corporate Overview.

OUTLOOK

The Indian paint sector presents significant opportunities for growth. The Government's emphasis on infrastructure development, affordable housing schemes, and smart cities is expected to drive demand for paints. We aim to create value for all stakeholders in the medium to long term by outpacing market growth and maintaining modest margin expansion.

The entry of newer players in the industry is expected to increase competition and drive innovation, which is positive for the industry as a whole. Secondly, as consumers are also increasingly aware of their choices' impact on the

environment, there is a growing demand for sustainable and eco-friendly products in both decorative and industrial coatings landscape.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

KNPL's Internal Control Systems are designed to track and report on its day-to-day operations to monitor and control them. These systems also effectively monitor compliance with numerous concepts, regulations, and norms and adhere to methodology requirements.

The Company has implemented an Internal Financial Control system in compliance with the provisions of Section 134(5) (e) of The Companies Act, 2013, to improve internal control systems and give the Board of Directors additional capacity to review internal controls. Implementing these systems has been guided by the framework suggested in the Guidance Note on Audit of Internal Financial Controls in Financial Reporting issued by The Institute of Chartered Accountants of India, to address the Company's operational and financial risks. In addition, the statutory auditors test the Company's systems using automated techniques.

Control Efficiency Index and Robust Control Index

The Control Efficiency Index (CEI) and the Robust Control Index (RCI) are still used by the Company to track its internal audit success. KNPL's control measures are benchmarked against industry standards for effective control mechanisms. The Company's internal audit programme focuses on determining whether gaps exist due to control design, policy design, control or process deviation, IT or regulatory compliances. It also considers which controls are capable of automation. The Company then uses the results of the audit to improve its internal controls.

Compliances

KNPL has developed a dashboard of key legislation changes that are notified by various Government authorities and tracked by the management regarding requirements and implementation. The Company tracks all regulatory compliances online through the Legatrix system. The system is updated regularly with all the changes in compliance as they occur. Online tracking and tracing of completion help ensure strict adherence to regulations. In addition, the Company also tracks any legal cases through the Roznama system.

AWARDS AND RECOGNITION

Name of Award	Award Description	Category	Awarded by	Company/ Location
Dream employer of the Year	Recognised as 'Dream Employer of the Year' under the Category "Dream Companies to Work For"	HR	Times ascent World HRD Congress	KNPL
Digital Leader	Awarded Digital leader in manufacturing (Paints)	IT - Digital	Alden	KNPL
Zero PPM Award	Received Zero PPM Award for outstanding performance quality & delivery	Quality	Daimler India Commercial Vehicle	Hosur
Zero Defect Supplier Award	Award for outstanding contributions by achieving "Zero Defect Supplier award"	Quality	Toyota Kirloskar Motors Pvt. Ltd	Hosur
Titled "Longest Accident-Free Period"	Awarded with title "Longest Accident-Free Period" in chemical sector large industry Rewari, Dharuhera region.	Safety	Haryana Government body	Bawal
Excellence Award	Awarded for productivity and process improvement case study at 36th NCQC (National Convention on Quality Concepts)	Process Improvement	Quality Circle Forum of India	Lote
HR Professional Guru Award	Awarded for outstanding performance in nearby industries and contribution towards CSR.	CSR	Rewari Chamber of Commerce and Industry	Bawal
National Safety Council of India Safety Award	Awarded Shreshtha Suraksha Puraskar – Silver Trophy Manufacturing Sector.	Safety	National Safety Council (NSC)	Lote
Apex India Safety Award	Facilitated with "Platinum Award" for the best health and safety practices at workplace	Safety	Apex India Foundation	Jainpur
	Awarded "Champion Award-2022", in individual category of Occupational Health & Safety in chemical sector	Safety	Apex India Foundation	
Kaizen	Gold Award for Batch Cycle Time (BCT) reduction case study	Process Improvement	Quality Circle Forum of India (QCFI)	Bawal
	Platinum, Gold & Silver award in 43rd edition of CII National level kaizen competition.	Process Improvement	Confederation of Indian Industry (CII)	Goindwal
	Silver Awards under Renovative Category in 44th CII National Kaizen Competition	Innovation	Confederation of Indian Industry (CII)	Lote
	17th CII National level kaizen competition.	Process Improvement	Confederation of Indian Industry (CII)	Hosur
	Gold award in "MUDA" Category in 13th Edition of CII National 3M Competition	Process Improvement	Confederation of Indian Industry (CII)	Goindwal, Hosur
	Runner-up in 5th CII National Low-Cost Automation Circle	Process Improvement	Confederation of Indian Industry (CII)	Hosur

Name of Award	Award Description	Category	Awarded by	Company/ Location
Gold Award	Gold Award for Energy saving case study	Process Improvement	Quality Circle Forum of India	Bawal
Gold Award	Gold Award at 7th Chapter Convention on Quality Control (CCQC)	Quality	Quality Circle Forum of India	Hosur
Silver Award	Silver Trophy for presenting "Reduction in Water Consumption and Water Conservation"	EHS	Confederation of Indian Industry (CII)	Jainpur
Appreciation	Efforts on raising awareness for TB under "Pradhanmantri TB mukt bharat abhiyan"	CSR	United States Agency for International Development (USAID)	Sayakha
	Appreciated the contribution in CSR activities for social work	CSR	District Administration	Bawal
	Appreciation for Occupational Health Safety & Environment from National Safety Council.	EHS	National Safety Council (NSC)	Hosur
	Appreciation for continuous efforts on Environmental Pollution Prevention & CSR Activities, Mass Plastic Removal Campaign & Meendum Manjapai Distribution Campaign.	EHS	Tamil Nadu Pollution Control Board (TNPCB)	Hosur

CAUTIONARY STATEMENT:

Statements in the Management Discussion and Analysis section of this report describing the Company's objectives, estimates and expectations may be 'forward-looking statements' within the meaning of the applicable laws and regulations. Actual results might differ materially from those either expressed or implied.

2. Directors' Responsibility Statement

As stipulated under the provisions contained in Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013, ("the Act"), the Board of Directors, to the best of its knowledge and belief and according to the information and explanations obtained by it, hereby states that:

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- ii. the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- iii. the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the directors have prepared the annual accounts of the Company on a going concern basis;
- v. the directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- vi. the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

3. New Projects

During the financial year 2022-23, the Company has commissioned the resin plant at Sayakha. It has initiated expansion of its water-based paint units at Jainpur and Hosur plants. Further, a plant for water-based paint and other products is being set up at Vizag.

4. Land Monetisation

The Board of Directors has approved a proposal for monetization of idle land parcels of the Company not being put for productive use. The Board of Directors of the Company has approved a proposal for sale of the Company's land at Kavesar, Thane to Shoden Developers Private Limited, a group company of House of Hiranandani group (hereinafter referred as the "Purchaser") for consideration of ₹ 655 Crores for an area admeasuring 96,180 sq. mts. The Company has entered into an Agreement to Sell with the Purchaser. The sale is subject to completion of procedures and approvals as may be necessary in this regard.

5. Directors

In terms of the provisions of the Act and the Articles of Association of the Company, Mr. Hitoshi Nishibayashi (holding Director Identification Number 03169150), Non-Executive Director, is liable to retire by rotation at the ensuing Annual General Meeting ("AGM") of the Company and being eligible offers himself for re-appointment.

Mr. Anuj Jain (holding Director Identification Number 08091524) has been appointed as the Managing Director of the Company for a period of 5 (five) years commencing from 1st April, 2022 and ending on 31st March, 2027 (both days inclusive).

Ms. Sonia Singh (holding Director Identification Number 07108778) has been re-appointed as an Independent Director for a second term of 5 (five) years commencing from 29th July, 2022 and ending on 28th July, 2027 (both days inclusive).

The Shareholders approved the aforesaid appointment of Mr. Anuj Jain and Ms. Sonia Singh at the 102nd AGM of the Company held on 23rd June, 2022.

Mr. N. N. Tata (holding Director Identification Number 00024713) has resigned as an Independent Director of the Company with effect from 10th August, 2022. He has tendered his resignation as an Independent Director due to increased professional commitments and requirements of various Board positions. The Company has received a confirmation from Mr. N. N. Tata that there are no other material reasons other than those provided above for his resignation from the Board.

Mr. Bhaskar Bhat (holding Director Identification Number 00148778) has been 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). The Shareholders approved the said appointment on 25th October, 2022 vide Postal Ballot.

Mr. Shigeki Takahara, Non-Executive Director (holding Director Identification Number 08736626) is resigning from the Board of the Company with effect from 26th June, 2023.

Pursuant to Section 161(4) of the Act, read with Article 114 of the Articles of Association of the Company, the Board of Directors of the Company, on recommendation of the Nomination and Remuneration Committee, appointed Mr. Pravin Digambar Chaudhari as a Non-Executive Director of the Company with effect from 26th June, 2023, in the casual vacancy that is being caused by the resignation of Mr. Shigeki Takahara. The Board, while appointing Mr. Chaudhari considered his rich experience and vast knowledge in the field of operations management, manufacturing, supply chain management, business development, sales management and strategy, the skills, capabilities and proficiency required for the role.

The Board placed on record its sincere appreciation and gratitude for the valuable contribution made by Mr. Tata and Mr. Takahara, during their association with the Company.

None of the Directors is disqualified as on 31st March, 2023 from being appointed as a Director under Section 164 of the Act.

All the Independent Directors on the Board have given a declaration of their independence to the Company as required under Section 149(6) of the Act and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). In the opinion of the Board, all the Independent Directors possess integrity, expertise and experience including proficiency required to be an Independent Director of the Company. They fulfill the conditions of independence as specified in the Act and the SEBI Listing Regulations, comply with the Code for Independent Directors as prescribed in Schedule IV of the Act and are independent of the Management.

The Company has a Code of Conduct for Directors and Senior Management. All the Directors and Senior Management have confirmed compliance with the Code.

Details with respect to the composition of the Board, the meetings of the Board held during the year and the attendance of the Directors thereat have been provided separately in the Annual Report, as a part of the Report on Corporate Governance.

6. Key Managerial Personnel

In terms of Section 203 of the Act, the Company has the following Key Managerial Personnel: Mr. Anuj Jain, Managing Director, Mr. P. D. Pai, Chief Financial Officer and Mr. G. T. Govindarajan, Company Secretary.

7. Meetings of the Board

The Board met 7 (seven) times during the financial year ended 31st March, 2023. The meeting details are provided separately in the Annual Report, as a part of the Report on Corporate Governance. The maximum interval between any two meetings did not exceed 120 days, as prescribed in the Act and the SEBI Listing Regulations.

8. Board Evaluation

In terms of the applicable provisions of the Act and the SEBI Listing Regulations, Nomination and Remuneration Committee and the Board of Directors have approved a framework, which lays down a structured approach, guidelines and processes to be adopted for carrying out an evaluation of the performance of the Directors, the Board as a whole and its Committees. The evaluation process has been separately explained in the Annual Report, as a part of the Report on Corporate Governance.

For the year under review, the Board carried out the evaluation of its own performance, its Committees and individual Directors. Evaluation results as collated and presented, were noted by the Nomination and Remuneration Committee and the Board.

9. Audit Committee

In terms of the provisions of Regulation 18 of the SEBI Listing Regulations read with Section 177 of the Act, the Audit Committee is constituted as follows:

Names of the Members	Designation
Mr. P. P. Shah (Chairman of the Audit Committee)	Chairman and Independent Director
Mr. Bhaskar Bhat*	Independent Director
Ms. Sonia Singh	Independent Director

* Mr. Bhaskar Bhat was appointed as a member of the Audit Committee with effect from 10th August, 2022. Mr. N. N. Tata ceased to be the member of the Audit Committee consequent to his resignation as a Director of the Company with effect from 10th August, 2022.

The recommendations made by the Audit Committee to the Board, from time to time during the year under review, have been accepted by the Board. Other details with respect to the Audit Committee such as its terms of reference, the meetings of the Audit Committee and attendance thereof of the members of the Committee, are separately provided in the Annual Report, as a part of the Report on Corporate Governance.

10. Statutory Auditors

At the 99th AGM of the Company, the Shareholders had approved the appointment of S R B C & CO LLP, Chartered Accountants (Firm Registration No. 324982E / E300003) as the Statutory Auditors of the Company, to hold office for a period of 5 (five) years from the 99th AGM of the Company till the conclusion of the 104th AGM of the Company, in terms of the applicable provisions of Section 139(1) of the Act read with the Companies (Audit and Auditors) Rules, 2014. Details of the remuneration paid to S R B C & CO LLP, Chartered Accountants, Statutory Auditors, during the financial year 2022-23 are disclosed in the Financial Statements of Company, which are part of the Annual Report.

The Auditors' Report on the Financial Statements (Standalone and Consolidated) of the Company for the year under review, is clean and there are no qualifications in the said Report. Also, no frauds in terms of the provisions of Section 143(12) of the Act have been reported by the Auditors in their Report for the year under review.

The Notes to the Financial Statements (Standalone and Consolidated) are self-explanatory and do not call for any further comments.

11. Particulars of Loans, Guarantees or Investments under Section 186 of the Act

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Act, are separately disclosed in the Annual Report, as a part of the Notes to the Financial Statements.

12. Related Party Transactions

The Company has in place a Policy on dealing with Related Party Transactions and on Materiality of Related Party Transactions which is available on the website of the Company at <https://www.nerolac.com/financial/policies.html>. In terms of the same, a statement in summary form of transactions with related parties in the ordinary course of business and arm's length basis is periodically placed before the Audit Committee for its review. Omnibus approval was obtained for transactions which were repetitive in nature. Transactions entered into pursuant to omnibus approval were placed before the Audit Committee for its review during the year. Related party transactions have been disclosed in Note no. 38 to the Standalone Financial Statements.

In terms of the provisions of Section 188(1) of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 23 of the SEBI Listing Regulations, all related party transactions that were entered into, during the year under review, were in the ordinary course of business of the Company and on an arm's length basis. There were no material related party transactions during the year. Accordingly, Form AOC-2, prescribed under the provisions of Section 134(3)(h) of the Act and Rule 8 of the Companies (Accounts) Rules, 2014, for disclosure of details of Related Party Transactions, which are "not at arm's length basis" and also which are "material and at arm's length basis", is not provided as an annexure to this Report as it is not applicable.

13. Corporate Governance

The Company is in full compliance with the requirements and disclosures that have to be made in terms of the requirements of Corporate Governance specified in the SEBI Listing Regulations.

In terms of the provisions of Schedule V(C) of the SEBI Listing Regulations, a detailed Report on Corporate Governance forms part of the Annual Report. Further, a Certificate from the Statutory Auditors of the Company confirming compliance with the requirements of Corporate Governance as specified in the SEBI Listing Regulations is provided together with the Report on Corporate Governance, the same shall be considered to be an annexure to this Report.

14. Remuneration Policy

The Board of Directors has adopted a policy which deals with (i) criteria for determining qualifications, positive attributes and independence of Director and (ii) remuneration for Directors, Key Managerial Personnel and other employees ("Remuneration Policy").

The features of the Remuneration Policy are as follows:

- The Company, while constituting the Board shall draw members with appropriate skills, experience and knowledge from diverse fields such as finance, law, management, sales, marketing, architecture, administration, research, corporate governance,

operations or other disciplines related to the Company's business. There shall be no discrimination on the basis of gender, race, ethnicity and nationality while determining the Board composition.

- A Director shall be a person of integrity, who possesses relevant expertise and experience. He shall uphold ethical standards of integrity and probity and act objectively and constructively. He shall exercise his responsibilities in a bona-fide manner in the interest of the Company; devote sufficient time and attention to his professional obligations for informed and balanced decision making; and assist the Company in implementing the best corporate governance practices.

An Independent Director should meet the requirements of the Act and the SEBI Listing Regulations, concerning independence of directors. The Company shall also obtain certification of independence from the Independent Director in accordance with the Act and SEBI Listing Regulations.

- The remuneration paid to Whole-time Directors is subject to the limits laid down under Section 197 and Schedule V to the Act and in accordance with the terms of appointment approved by the Shareholders of the Company. The remuneration of the Whole-time Directors is determined by the Nomination and Remuneration Committee based on factors such as the Company's performance and performance/ track record of the Whole-time Directors. The remuneration consists of Salary, Commission, Company's contribution to Provident Fund and Superannuation Fund, House Rent Allowance (HRA), Leave Travel Allowance (LTA) and other perquisites and allowances in accordance with the rules of the Company, applicable from time to time.
- The Non-Executive Independent Directors are paid commission within the ceiling of 1% of net profits of the Company as specified in Section 197 of the Act. The commission payable to Non-Executive Independent Directors is decided by the Board, on recommendation of the Nomination and Remuneration Committee, 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 the meetings of the Board or Committee thereof within the limits prescribed under the Act.
- The objective of the policy is to have a compensation framework that will reward and retain talent.
- The remuneration will be such as to ensure that the correlation of remuneration to performance is clear and meets appropriate performance benchmarks.
- Remuneration to Key Managerial Personnel, Senior Management and other employees will involve a balance between fixed and variable pay reflecting short and long term performance objectives of the employees in line with the working of the Company and its goals. The short and long term performance objectives cover amongst various aspects industry performance, customer performance, overall economic environment, financial performance and performance on Environment, Social and Governance objectives.

- For Directors, the Performance Pay will be linked to achievement of Business Plan (achievement of short term and long-term business objective).
- For Heads of Department, the Performance Pay will be linked to achievement of functional plan which is derived from the business plan. The functional plan includes both, short-term and long-term objectives.
- For other management personnel, the Performance Pay will be linked to achievement of individual set objectives and part of this will also be linked to overall Company performance.

The Remuneration Policy is also available on the website of the Company at <https://www.nerolac.com/financial/policies.html>.

15. Risk Management Policy

The Company has identified the risk areas in its operations along with its probability and severity, department wise. An effective Risk Management Framework is put in place in the Company in order to analyze, control and mitigate risk. Risk profiling is also put in place for all the areas of operations in the Company and well integrated in the business cycle. The various risks to which the Company is exposed are disclosed as a part of Management Discussion and Analysis, hereinabove.

The Risk Management Framework of the Company comprises of Risk Management Committee and the Risk Officers.

In terms of the provisions of Regulation 21 of the SEBI Listing Regulations, the constitution of Risk Management Committee as on 31st March, 2023 is as follows:

Names of the Members	Designation
Mr. P. P. Shah* (Chairman of the Risk Management Committee)	Chairman and Independent Director
Ms. Sonia Singh	Independent Director
Mr. Anuj Jain	Managing Director
Mr. Jason Gonsalves	Non-board member on the Committee
Mr. P. D. Pai	Chief Risk Officer and Non-board member on the Committee

* Appointed as the Chairman of the Risk Management Committee with effect from 1st April, 2022.

16. Vigil Mechanism – Whistle Blower Policy

The Company, pursuant to Section 177(9) of the Act and Regulation 22 of the SEBI Listing Regulations, has a Whistle Blower Policy to report genuine concerns and grievances. The Policy provides adequate safeguards against victimisation of persons who use the Whistle Blower mechanism. Details with respect to implementation of the Whistle Blower Policy are separately disclosed in the Annual Report, as a part of the Report on Corporate Governance. The same is also available on the website of the Company at <https://www.nerolac.com/financial/policies.html>.

17. Corporate Social Responsibility

In terms of Section 135 of the Act, the constitution of the Corporate Social Responsibility ("CSR") Committee as on 31st March, 2023 is as follows :

Names of the Members	Designation
Ms. Sonia Singh* (Chairperson of the CSR Committee)	Independent Director
Mr. Anuj Jain	Managing Director
Mr. Bhaskar Bhat #	Independent Director

* Ms. Sonia Singh was appointed as the Chairperson of the CSR Committee with effect from 1st April, 2022.

Mr. Bhaskar Bhat was appointed as a member of the CSR Committee with effect from 10th August, 2022. Mr. N. N. Tata ceased to be the member of the CSR Committee consequent to his resignation as a Director of the Company with effect from 10th August, 2022.

The functions of the CSR Committee are to:

- formulate and recommend to the Board, a Policy which shall indicate the activities to be undertaken by the Company in areas or subject, specified in Schedule VII of the Act;
- recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- monitor the CSR Policy of the Company from time to time.

There was 1 (one) meeting of the CSR Committee during the financial year on 27th March, 2023 which was attended by all members of the Committee.

The Board on recommendation of the CSR Committee has framed a CSR Policy and the same is available on the website of the Company at <https://www.nerolac.com/financial/policies.html>.

The Annual Report on CSR activities as required under Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, including a brief outline of the Company's CSR Policy, is annexed to this Report as Annexure 1.

18. Particulars on the Committees of the Board

The details with regard to the composition of the Committees of the Board and the number of meetings held during the year of such committees, as required under the SEBI Listing Regulations, is separately provided in the Annual Report, as part of the Report on Corporate Governance.

19. Dividend Distribution Policy

The Dividend Distribution Policy of the Company has been formulated to ensure compliance with the provisions of Regulation 43A of the SEBI Listing Regulations. The Dividend Distribution Policy is also available on the website of the Company at <https://www.nerolac.com/financial/policies.html>.

The declaration of dividend by the Company is in compliance with its Dividend Distribution Policy.

20. Prevention of Sexual Harassment at workplace

In line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("POSH Act"), the Company has adopted a "Policy on Appropriate Social Conduct at Workplace". The Policy is applicable for all employees of the organization, which includes corporate office, manufacturing locations, branches, depots etc. The Policy is applicable to non-employees as well i.e. business associates, vendors, trainees etc.

The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the POSH Act to redress complaints received on sexual harassment as well as other forms of verbal, physical, written or visual harassment.

During the year under review, the Company did not receive any complaints of sexual harassment and no case was filed under the POSH Act.

21. General Shareholder Information

General Shareholder Information is given as Item no. 11 of the Report on Corporate Governance forming part of the Annual Report.

22. Particular regarding Employees Remuneration

Disclosure comprising particulars with respect to the remuneration of directors and employees, as required to be disclosed in terms of the provisions of Section 197(12) of the Act and Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed to this Report as Annexure 2.

23. Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo

The statement giving the particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required in terms of Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014, is annexed to this Report as Annexure 3.

24. Share Capital

The paid up Equity Share Capital as at 31st March, 2023 stood at ₹ 53.89 Crores.

During the year under review, the Company did not issue any Equity Shares. Further, the Company has not issued any convertible securities or shares with differential voting rights or sweat equity shares or warrants.

The Board of Directors, at its meeting held on 8th May, 2023, approved the increase in Authorised Share Capital of the Company from ₹ 66.50 Crores to ₹ 85 Crores and issue of

bonus shares in the proportion of 1 (One) New Equity Share of ₹ 1 each for every 2 (Two) existing Equity Shares of Re. 1 each, subject to approval of the Shareholders. Approval of the Shareholders is being sought vide Postal Ballot Notice dated 8th May, 2023.

25. Restricted Stock Unit Plan

The Shareholders have approved the Kansai Nerolac Paints Limited – Restricted Stock Unit Plan 2022 ("RSU Plan 2022") on 25th October, 2022 vide Postal Ballot and authorised the Board to offer, issue and provide Restricted Stock Units ("RSUs") to such employees as may be determined by the Nomination and Remuneration Committee ("NRC") in terms of the RSU Plan 2022. The RSU Plan 2022 has been introduced to attract, retain, motivate its employees and improve performance of the Company for ensuring sustained growth.

The NRC acts as the Compensation Committee under the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI SBEB Regulations") for the administration of the RSU Plan 2022.

The NRC, during the year under review, has granted 11,92,792 RSUs to selected employees of the Company as determined by the NRC, in terms of the RSU Plan 2022. NRC, at its meeting held on 8th May, 2023, further granted 24,786 RSUs to selected employees.

During the financial year 2022-23, there has been no change in the RSU Plan 2022. There was no RSU that vested or any share issued on vesting during the year. The RSU Plan 2022 is in compliance with the SEBI SBEB Regulations.

Information as required under the SEBI SBEB Regulations have been uploaded on the Company's website at <https://www.nerolac.com/investors/financial-results.html> and is annexed to this Report as Annexure 4.

26. Annual Return

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on 31st March, 2023 is available on the website of the Company at <https://www.nerolac.com/our-financial-results.html>.

27. Details of Unclaimed Suspense Account

Details pertaining to Unclaimed Suspense Account of the Company are separately provided in the Annual Report, as part of the Report on Corporate Governance.

28. Investor Education and Protection Fund ("IEPF")

Transfer of Unclaimed Dividend to IEPF

During the year under review, dividend amounting to ₹ 12.48 Lakhs that had not been claimed by the shareholders for the year ended 31st March, 2015, was transferred to the credit of IEPF as required under Sections 124 and 125 of the Act.

Unclaimed dividend as on 31st March, 2023

As on 31st March, 2023, dividend amounting to ₹ 2.34 Crores has not been claimed by Shareholders of the Company. Shareholders are required to lodge their claims with the Registrar and Share Transfer Agents of the Company i.e. TSR Consultants Private Limited, for unclaimed dividend.

Pursuant to the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (as amended), the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 31st March, 2022, on the website of the Company at www.nerolac.com. The same are also available with the Ministry of Corporate Affairs.

Transfer of Equity Shares

As required under Section 124 of the Act, 86,731 Equity Shares, in respect of which dividend has not been claimed by the members for 7 (seven) consecutive years or more, have been transferred by the Company to the IEPF Authority during the financial year 2022-23. Details of such shares transferred have been uploaded on the website of the Company at www.nerolac.com. The same are also available with the Ministry of Corporate Affairs.

Nodal Officer

The Company has appointed Mr. G. T. Govindarajan, Company Secretary as the Nodal Officer for the purpose of verification of claims filed with the Company in terms of IEPF Rules and for co-ordination with the IEPF Authority. The said details are also available on the website of the Company at www.nerolac.com.

29. Secretarial Audit

Pursuant to the provisions of Section 204 of the Act, the Company had appointed JHR & Associates, Company Secretaries, as the Secretarial Auditor for the year under review, to conduct the Secretarial Audit of the Company.

The Secretarial Audit Report for the year under review issued by the Secretarial Auditor is annexed to this Report as Annexure 5. There is no qualification or adverse remark in their Report.

Further, in terms of the provisions of Regulation 24A of the SEBI Listing Regulations, the Company has obtained the Secretarial Compliance Report for the year ended 31st March, 2023, confirming compliance of the applicable SEBI Regulations and circulars/guidelines issued thereunder.

The Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

30. Cost Audit

The Company has maintained cost records as specified by the Central Government under Section 148(1) of the Act. Further, the Company had appointed D. C. Dave & Co.,

Cost Accountants (Registration No. 000611), as the Cost Auditor to conduct an audit of its cost accounting records for the financial year 2021-22, pertaining to products of the Company as required by the law. The Cost Audit Report submitted by the Cost Auditor for the financial year 2021-22 was clean and there was no qualification in their Report. The same was duly filed with Ministry of Corporate Affairs on 21st October, 2022.

The Company had re-appointed D.C. Dave & Co., Cost Accountants, as the Cost Auditor for the financial year ended 31st March, 2023 and the Cost Audit Report when submitted by them, will be duly filed with the Ministry of Corporate Affairs.

Further, the Company has re-appointed D.C. Dave & Co., Cost Accountants, as the Cost Auditor for the financial year 2023-24, to conduct an audit of its cost accounting records pertaining to the products of the Company as required by the law, at a remuneration of ₹ 3,00,000 plus GST and reimbursement of out of pocket expenses. The Company is seeking the approval of the Shareholders by means of ratification, for the remuneration to be paid to D. C. Dave & Co., Cost Accountants, vide Item no. 4 of the Notice of the 103rd AGM.

Certificate from D. C. Dave & Co., Cost Accountants, has been received to the effect that their appointment as Cost Auditor, if made, would be in accordance with the provisions of the Act and Rules framed thereunder.

31. Business Responsibility and Sustainability Report

The Business Responsibility and Sustainability Report as required in terms of the provisions of Regulation 34(2)(f) of the SEBI Listing Regulations, separately forms part of the Annual Report.

32. Acknowledgements

Your Directors wish to express their grateful appreciation for the co-operation and continued support received from customers, parent company, collaborators, vendors, investors, shareholders, financial institutions, banks, regulatory authorities and the society at large during the year.

We also place on record our appreciation for the contribution made by our employees at all levels and for their commitment, hard work and support.

For and on behalf of the Board

P. P. Shah
Chairman

Mumbai, 8th May, 2023

Annexure 1 to the Board's Report

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES
FOR THE FINANCIAL YEAR 2022-23

1. A brief outline of the Company's CSR Policy, including : Given separately as part of this report. overview of projects or programmes proposed to be taken

2. Composition of CSR Committee as on 31st March, 2023:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Ms. Sonia Singh	Independent Director	1	1
2.	Mr. Anuj Jain	Managing Director	1	1
3.	Mr. Bhaskar Bhat	Independent Director	1	1

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company

Composition of the CSR Committee shared above and is available on the Company's website at <https://www.nerolac.com/our-people.html>

CSR Policy - <https://www.nerolac.com/financial/policies.html>

CSR Projects - <https://www.nerolac.com/financial/csr-projects-approved.html>

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).

The Company has carried out impact assessment in terms of Rule 8(3) of the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, through an independent agency for a project having outlay of ₹1 Crore or more and that has completed not less than one year before undertaking the impact study. An executive summary of the CSR Impact Assessment Study Report is attached. The CSR Impact Assessment Report is available on the Company's website at <https://www.nerolac.com/investors/financial-results.html>.

5. Details of the amount available for set off in pursuance of sub-rule (3) of Rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
1.	2020-21	0.02 Crores	Nil
2.	2021-22	0.05 Crores	Nil
3.	—	—	—
	Total	0.07 Crores	Nil

6. Average net profit of the Company as per Section 135(5) - ₹ 633.92 Crores

7. (a) Two percent of average net profit of the Company as per Section 135(5) : ₹ 12.68 Crores.
(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.: Nil.
(c) Amount required to be set off for the financial year, if any : Nil.
(d) Total CSR obligation for the financial year (7a+7b-7c) : ₹ 12.68 Crores.

8. (a) CSR amount spent or unspent for the financial year:

Total Amount spent for the financial year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
12.70 Crores	NIL	—	—	NA	—

- (b) **Details of CSR amount spent against ongoing projects for the financial year** : There are no pending ongoing projects under CSR as at 31st March, 2023.
- (c) **Details of CSR amount spent against other than ongoing projects for the financial year** : ₹ 12.49 Crores (Separately attached to this report).
- (d) **Amount spent in Administrative Overheads** : 0.11 Crores
- (e) **Amount spent on Impact Assessment, if applicable** : ₹ 0.10 Crores
- (f) **Total amount spent for the Financial Year (8b+8c+8d+8e)** : ₹ 12.70 Crores
- (g) **Excess amount for set off, if any**

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per Section 135(5)	12.68 Crores
(ii)	Total amount spent for the financial year	12.70 Crores
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.02 Crores
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	0.07 Crores
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.09 Crores

9. (a) **Details of Unspent CSR amount for the preceding three financial years:**

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135(6) (in ₹)	Amount spent in the reporting Financial Year. (in ₹)	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
1.	–	NIL	–	–	NIL	–	–
2.	–	NIL	–	–	NIL	–	–
3.	–	NIL	–	–	NIL	–	–

- (b) **Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):**

(1) Sl. No.	(2) Project ID	(3) Name of the Project	(4) Financial Year in which the project was commenced	(5) Project duration	(6) Total amount allocated for the project (in ₹)	(7) Amount spent on the project in the reporting Financial Year (in ₹)	(8) Cumulative amount spent at the end of reporting Financial Year (in ₹)	(9) Status of the project - Completed/ Ongoing
1.	–	–	–	–	–	–	–	–

10. **In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).**

- (a) **Date of creation or acquisition of the capital asset(s).** – None
- (b) **Amount of CSR spent for creation or acquisition of capital asset.** – NIL
- (c) **Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.** – Not Applicable
- (d) **Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)** – Not Applicable

11. **Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per Section 135(5)** – Not Applicable

Anuj Jain
Managing Director

Sonia Singh
Chairperson of the CSR Committee

Mumbai, 8th May, 2023

BRIEF OUTLINE OF CSR POLICY

The Mission and philosophy of CSR function of the Company is “To contribute positively to the development of the society, by acting as a good neighbour, considerate of others, playing the role of a good corporate citizen with passion and compassion.” Hence the CSR activities undertaken by the organisation essentially focus on four core areas of Environment, Health, Education and Community Development. The focus of the Company is to contribute to various institutions and initiatives around the manufacturing locations to provide social services to the needy.

The CSR vision of the Company is to strive to be a responsible corporate by proactively partnering in the Environmental, Social and Economic development of the communities through the use of innovative technologies, products as well as through activities beyond normal business.

The Company endeavours to make a positive and significant contribution to the society by targeting social and cultural issues, maintaining a humanitarian approach and focusing on areas in and around its plants and where its establishments are located.

The Company would continue to carry out CSR activities as it has been carrying out over the years in the areas of Environment, Health, Education and Community Development. In particular, the Company will undertake CSR activities as specified in Schedule VII to the Companies Act, 2013 (including any amendments to Schedule VII and any other activities specified by the Government through its notifications and circulars) as follows:

1. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation, including contribution to the Swach Bharat Kosh set up by the Central Government for the promotion of sanitation and making available safe drinking water;
2. Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
3. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans, setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
4. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set up by the Central Government for rejuvenation of river Ganga;
5. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts;
6. Measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows;
7. Training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports;
8. Contribution to the Prime Minister’s National Relief Fund or Prime Minister’s Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) any other fund set up by the Central Government for socio-economic development and relief and welfare of the scheduled castes, the scheduled tribes, other backward classes, minorities and women;
9. (a) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and
(b) Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs);
10. Rural development projects;
11. Slum area development; Explanation. - For the purposes of this item, the term ‘slum area’ shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force;
12. Disaster management, including relief, rehabilitation and reconstruction activities.

CSR activities will be undertaken either by the Company itself or through a Trust/Section 8 Company to be established by the Company or through any other Trust engaged in similar projects and activities. The Company may also collaborate with other companies to carry out its CSR activities.

PROGRAM WISE CSR DETAILS 2022-23

Sr. No.	Name of the Project / Program	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No)	Location of the Project / Program		Amount spent for the Project/ Programs (₹ in Lakhs).	Mode of implementation - Direct (Yes/No)	Mode of implementation - through Implementing Agency.		
				State	District			Name	CSR Registration Number	
A.	1	Advanced Open Training in Painting	Livelihood & Skill Enhancement Program	YES	Punjab, M.P., Kerala, Karnataka, Gujrat, Rajasthan, Andhra Pradesh, Delhi, Goa, Puducherry, Tamilnadu, Maharashtra, Telangana, U.P., Bihar, Odisha, Uttarakhand, Haryana, Assam, Himachal Pradesh, Chhatisgarh, J&K, Jharkhand, M.P., West Bengal	ALL	521.13	NO	1.Kasturi Mrig Vidhya Vihar Samiti, Indore	CSR00011046
	2	Mobile Training Academy	Livelihood & Skill Enhancement Program	YES	Uttar Pradesh & Karnataka	ALL	48.59	NO	2. Karmdeep Foundation, Ahmedabad	CSR00018568
						Sub Total	569.72			
B.	1	Impact Assessment of CSR Activities 2021-22	Impact Assessment	YES	MAHARASHTRA	MUMBAI	10.44	YES		
	2	Implementation of Online CSR Platform for CSR Activities	Administrative Overheads	YES	MAHARASHTRA	MUMBAI	10.52	YES		
						Sub Total	20.96			
C.	1	Health Camp for villagers near Bawal Plant	Preventive Health Care & Sanitation	YES	HARYANA	REWARI	1.20	YES		
	2	Awareness sessions for Girl Students from various Govt. schools at Bawal and Rewari	Preventive Health Care & Sanitation	YES	HARYANA	REWARI	1.14	YES		
	3	Health Camp for villagers near Bawal Plant	Preventive Health Care & Sanitation	YES	HARYANA	REWARI	7.80	YES		
	4	Providing Inverter and Battery to ESIC dispensary in Bawal	Preventive Health Care & Sanitation	YES	HARYANA	REWARI	0.53	YES		
	5	Construction of Toilets and Urinals at Govt. ITI College at Hosur	Preventive Health Care & Sanitation	YES	TAMIL NADU	KRISHNAGIRI	5.80	YES		
	6	Construction of Toilet blocks at Govt. Higher Secondary School, Enusonai	Preventive Health Care & Sanitation	YES	TAMIL NADU	KRISHNAGIRI	4.02	YES		
	7	Health camps and distribution of spectacles for villagers near Hosur Plant	Preventive Health Care & Sanitation	YES	TAMIL NADU	KRISHNAGIRI	2.29	YES		
	8	Medical Camps for villagers at Bherasham,Vagra	Preventive Health Care & Sanitation	YES	GUJARAT	BHARUCH	2.08	YES		
	9	Support to Govt's "TB Mukht Bharat Abhiyan" in Vagra Taluka.	Preventive Health Care & Sanitation	YES	GUJARAT	BHARUCH	3.98	NO	Vishakha Baa Foundation	CSR00010788
	10	Providing Medical equipment to Sevashram Hospital, Bharuch	Preventive Health Care & Sanitation	YES	GUJARAT	BHARUCH	12.05	YES		
	11	Construction of 2 Nos Toilets at Primary & Higher Primary School,Swarooppur, Jainpur.	Preventive Health Care & Sanitation	YES	UTTAR PRADESH	KANPUR DEHAT	11.25	YES		
	12	Construction of 2 Nos Toilets at Dayanand College, Badhapur	Preventive Health Care & Sanitation	YES	UTTAR PRADESH	KANPUR DEHAT	11.25	YES		
	13	Health camps for villagers near Jainpur Plant	Preventive Health Care & Sanitation	YES	UTTAR PRADESH	KANPUR DEHAT	5.56	YES		
	14	Health camps for villagers near Jainpur Plant	Preventive Health Care & Sanitation	YES	UTTAR PRADESH	KANPUR DEHAT	4.54	YES		

PROGRAM WISE CSR DETAILS 2022-23 (contd.)

Sr. No.	Name of the Project / Program	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No)	Location of the Project / Program		Amount spent for the Project/ Programs (₹ in Lakhs).	Mode of implementation - Direct (Yes/No)	Mode of implementation - through Implementing Agency.	
				State	District			Name	CSR Registration Number
15	Cataract Surgeries for poor local villagers, Kapurthala	Preventive Health Care & Sanitation	YES	PUNJAB	TARN TARAN	15.00	YES		
16	Medical camp for villagers near Goindwal Sahib Plant	Preventive Health Care & Sanitation	YES	PUNJAB	TARN TARAN	2.50	YES		
17	Ambulance to Civil Hospital, Kapurthala	Preventive Health Care & Sanitation	YES	PUNJAB	TARN TARAN	19.78	YES		
18	Installation of Solar Panel at Civil Hospital, Khadursahib	Preventive Health Care & Sanitation	YES	PUNJAB	TARN TARAN	23.13	YES		
19	Awareness boards pertaining to TB/ Malaria / HIV/ Covid19 etc. at Civil Hospital, Kapurthala	Preventive Health Care & Sanitation	YES	PUNJAB	TARN TARAN	2.00	YES		
20	Medical camp for villagers near Lote Plant	Preventive Health Care & Sanitation	YES	MAHARASHTRA	RATNAGIRI	1.28	YES		
21	Medical camp for villagers near Lote Plant	Preventive Health Care & Sanitation	YES	MAHARASHTRA	RATNAGIRI	1.84	YES		
22	Medical camp for Womens near Lote Plant	Preventive Health Care & Sanitation	YES	MAHARASHTRA	RATNAGIRI	1.50	YES		
23	Medical camp for villagers near Lote Plant	Preventive Health Care & Sanitation	YES	MAHARASHTRA	RATNAGIRI	1.50	YES		
					Sub Total	142.02			
D. 1	AC donation to Police Station for community	Rural Development / Community Development	YES	HARYANA	REWARI	1.45	YES		
2	Support for Govt's "Har Ghar Tiranga " Campaign	Rural Development / Community Development	YES	HARYANA	REWARI	0.70	YES		
3	Support for Chess Olympiad sports	Rural Development / Community Development	YES	TAMIL NADU	KRISHNAGIRI	5.00	YES		
4	Repairing and Maintenance of Bus Shelter at Mornapalli	Rural Development / Community Development	YES	TAMIL NADU	KRISHNAGIRI	0.09	YES		
5	Providing Battery operated and manually operated Tricycle for Physically handicapped women near Hosur Plant	Rural Development / Community Development	YES	TAMIL NADU	KRISHNAGIRI	0.55	YES		
6	Construction of Bore well and Installation of RO ATM at Soolagiri	Rural Development / Community Development	YES	TAMIL NADU	KRISHNAGIRI	5.78	YES		
7	Financial assistance to Hosur Industries Association for construction of Skill Development Centre near Hosur Plant	Rural Development / Community Development	YES	TAMIL NADU	KRISHNAGIRI	9.36	YES		
8	Renovation of Community Hall at Awashi Village	Rural Development / Community Development	YES	MAHARASHTRA	RATNAGIRI	2.87	YES		
9	Providing ARSST Test Machine in Lote MIDC area at Gharda Institute	Rural Development / Community Development	YES	MAHARASHTRA	RATNAGIRI	2.50	YES		
10	Women Empowerment project with NGO Dishantar at Mandavkhari, Chiplun	Rural Development / Community Development	YES	MAHARASHTRA	RATNAGIRI	0.86	NO	Dishantar Sanstha, Chiplun	CSR00003091

PROGRAM WISE CSR DETAILS 2022-23 (contd.)

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				State	District			Name	CSR Registration Number
11	Upliftment of rural youth for National & International Sports at Chiplun	Rural Development / Community Development	YES	MAHARASHTRA	RATNAGIRI	0.26	YES		
12	Construction of Bore well, Awashi, Khed	Rural Development / Community Development	YES	MAHARASHTRA	RATNAGIRI	9.43	YES		
13	Construction of Bore well, Kelne, Khed	Rural Development / Community Development	YES	MAHARASHTRA	RATNAGIRI	0.93	YES		
14	Providing Water Cooler at Public Health Centre, Koregaon	Rural Development / Community Development	YES	MAHARASHTRA	RATNAGIRI	0.35	YES		
15	Providing Computer & Printer at Public Health Centre, Koregaon	Rural Development / Community Development	YES	MAHARASHTRA	RATNAGIRI	0.62	YES		
16	Providing Bus Pickup shed at Shivtar, Khed	Rural Development / Community Development	YES	MAHARASHTRA	RATNAGIRI	1.60	YES		
17	Providing Drinking water facility with RO at Shantiniketan School, Bharuch	Rural Development / Community Development	YES	GUJARAT	BHARUCH	1.95	YES		
18	"Stitching Training Course" for women from underprivileged community from surrounding villages	Rural Development / Community Development	YES	GUJARAT	BHARUCH	5.70	NO	Vishaka Baa Foundation Trust	CSR00010788
19	Bus shelter Renovation at various villages near Sayakha Plant	Rural Development / Community Development	YES	GUJARAT	BHARUCH	1.30	YES		
20	Construction of Water Tank at Kolwana vallyage, Vagra	Rural Development / Community Development	YES	GUJARAT	BHARUCH	5.14	YES		
21	Providing furniture for community to Vagra Police Station, Bharuch	Rural Development / Community Development	YES	GUJARAT	BHARUCH	1.36	YES		
22	Providing Outdoor playing equipment at Haldar Primary School and at Vilayat Primary School, Vagra	Rural Development / Community Development	YES	GUJARAT	BHARUCH	4.76	YES		
23	Shed renovation and Paver block construction at Argama village Dharmashala	Rural Development / Community Development	YES	GUJARAT	BHARUCH	2.43	YES		
24	Upliftment of rural youth for National & International Sports at Tarn Taran, Goindwal Sahib	Rural Development / Community Development	YES	PUNJAB	TARN TARAN	2.82	YES		
25	Installation of water cooler/ RO/Filters at Govt. Health Centre in Tarn Taran & Kapurthala	Rural Development / Community Development	YES	PUNJAB	TARN TARAN	9.44	YES		
26	Construction of 2 Nos S.S. Cabin with table for community at Goindwal Sahib	Rural Development / Community Development	YES	PUNJAB	TARN TARAN	3.25	YES		
27	Construction of Room & Shed for Gym Equipment in Park at Kapurthala, Goindwal Sahib.	Rural Development / Community Development	YES	PUNJAB	TARN TARAN	8.85	YES		
28	Installation of Gym Equipment in Parks at Kapurthala, Goindwal Sahib.	Rural Development / Community Development	YES	PUNJAB	TARN TARAN	9.15	YES		

PROGRAM WISE CSR DETAILS 2022-23 (contd.)

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				State	District			Name	CSR Registration Number
29	Installations of 15 New Pickup Sheds & Renovation of 25 Pickup Sheds in Srinagar	Rural Development / Community Development	YES	MAHARASHTRA	MUMBAI	51.75	YES		
30	"Thermoplastic Road Marking Work" at various Junctions in South Mumbai.	Rural Development / Community Development	YES	MAHARASHTRA	MUMBAI	10.47	YES		
					Sub Total	160.72			
E.									
1	Installation of Solar Panel in Government High School, Dhis village near Bawal Plant	Promoting Education	YES	HARYANA	REWARI	2.59	YES		
2	Installation of Solar Panel in Government High School, Baghtala village near Bawal Plant	Promoting Education	YES	HARYANA	REWARI	2.59	YES		
3	Pace setting Activity (Educational Training and Guidance) to poor Students, Raliyawas	Promoting Education	YES	HARYANA	REWARI	5.00	YES		
4	Renovation of Science Labs, Drinking Water facility, tiling of inner pathways, Installation of Solar power plant, Construction of boundary wall, class room, cycle stand in Govt School, Tatarpur	Promoting Education	YES	HARYANA	REWARI	4.73	YES		
5	Renovation of Class room, Verandah in Govt. primary school, Jathuwas village	Promoting Education	YES	HARYANA	REWARI	6.85	YES		
6	Providing school desks for Govt primary school, Rewari	Promoting Education	YES	HARYANA	REWARI	3.00	YES		
7	Providing Solar lights, Set up of library, Repairing Work at mid day meal kitchen in Govt Sr. Secondary school, Jarthal, Rewari	Promoting Education	YES	HARYANA	REWARI	8.79	YES		
8	Repair & Maintenance of play ground and hostel outside area in Jawahar Navodaya vidyalaya, Naichana	Promoting Education	YES	HARYANA	REWARI	2.77	YES		
9	Providing school desks for Govt primary school, Rewari	Promoting Education	YES	HARYANA	REWARI	2.72	YES		
10	Flooring work at Nandrampur bas Govt. school.	Promoting Education	YES	HARYANA	REWARI	3.70	YES		
11	Renovation of Class Rooms, painting, electrification of borewell and shed for students at Govt. Higher Secondary School, Enusonai	Promoting Education	YES	TAMIL NADU	KRISHNAGIRI	5.78	YES		
12	Providing various Educational material to Rajaji memorial High school, Perandapalli, Hosur	Promoting Education	YES	TAMIL NADU	KRISHNAGIRI	0.50	YES		
13	Providing Desktop Computers to Fathima Primary School, Mathigiri	Promoting Education	YES	TAMIL NADU	KRISHNAGIRI	0.99	YES		

PROGRAM WISE CSR DETAILS 2022-23 (contd.)

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				State	District			Name	CSR Registration Number
14	Development of Model Anganwadi Centre at Pauraukh village, Kanpur Dehat	Promoting Education	YES	UTTAR PRADESH	KANPUR DEHAT	16.24	YES		
15	Providing LCD TV for Digital learning at Ramvardayni Vidyalaya, Nimbade	Promoting Education	YES	MAHARASHTRA	RATNAGIRI	0.48	YES		
16	Providing LCD TV for Digital learning at Prabhat High School, Shivtar	Promoting Education	YES	MAHARASHTRA	RATNAGIRI	0.48	YES		
17	providing LCD TV for Digital learning at Z.P. School, Dhamandevi	Promoting Education	YES	MAHARASHTRA	RATNAGIRI	0.28	YES		
18	Providing LCD TV for Digital learning at Z.P. School, Velanb, Guhagar	Promoting Education	YES	MAHARASHTRA	RATNAGIRI	0.48	YES		
19	Providing LCD TV for Digital learning at Z.P. School, Shirgoan, Khed	Promoting Education	YES	MAHARASHTRA	RATNAGIRI	0.48	YES		
20	Distribution of School bags & educational material for needy children of nearby villages such as Dhamandevi, Songaon, Kotavali, Awashi, Gunde	Promoting Education	YES	MAHARASHTRA	RATNAGIRI	2.51	YES		
21	Renovation of Class rooms at Z.P. School, Nirvhal	Promoting Education	YES	MAHARASHTRA	RATNAGIRI	2.98	YES		
22	Construction of Science laboartory at Shri Ram Education Society, Chiplun	Promoting Education	YES	MAHARASHTRA	RATNAGIRI	11.98	YES		
23	Construction of Science laboartory at Hindavi Garjana Vidyalay, Awashi	Promoting Education	YES	MAHARASHTRA	RATNAGIRI	11.52	YES		
24	Construction of Boundary wall in MM Patel school, Vagara	Promoting Education	YES	GUJARAT	BHARUCH	3.90	YES		
25	Distribution of School bag & Stationary at 5 Schools near Sayakha Plant	Promoting Education	YES	GUJARAT	BHARUCH	5.44	YES		
26	Construction of Boundary wall & Main Gate at Vagara Girls Primary School school, Vagara	Promoting Education	YES	GUJARAT	BHARUCH	2.76	YES		
27	Providing Desktop Computers to Dayadara Higher Secondary School, Dayadara	Promoting Education	YES	GUJARAT	BHARUCH	1.46	YES		
28	Water Proofing at The Police HQ Primary School, Bharuch	Promoting Education	YES	GUJARAT	BHARUCH	2.53	YES		
29	Distribution of School bags & Educational material at Rahad Primary School, Vagra	Promoting Education	YES	GUJARAT	BHARUCH	1.03	YES		
30	Renovation of School building at Bharuch Shantiniketan School	Promoting Education	YES	GUJARAT	BHARUCH	3.77	YES		
31	Providing benches in Govt. Primary School, Tarn Taran, Goindwal Sahib	Promoting Education	YES	PUNJAB	TARN TARAN	3.92	YES		
					Sub Total	122.25			

PROGRAM WISE CSR DETAILS 2022-23 (contd.)

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				State	District			Name	CSR Registration Number	
F.	1	Beautification of Park at Mahendergarh, Bawal	Ensuring Environmental Sustainability	YES	HARYANA	REWARI	4.50	YES		
	2	Painting of various Govt. Offices at Rewari	Ensuring Environmental Sustainability	YES	HARYANA	REWARI	2.17	YES		
	3	Painting of Govt. School Building at Nihri	Ensuring Environmental Sustainability	YES	HARYANA	REWARI	8.50	YES		
	4	Painting and Renovation work in College at Bawal	Ensuring Environmental Sustainability	YES	HARYANA	REWARI	15.50	YES		
	5	Painting of School Building at Govt. School, Palhawas	Ensuring Environmental Sustainability	YES	HARYANA	REWARI	7.17	YES		
	6	Painting of School Building at Govt.Girls Sr.Secondary School, Majra Swaraj	Ensuring Environmental Sustainability	YES	HARYANA	REWARI	9.38	YES		
	7	School Building painting at Govt. Model School, Jaliywas	Ensuring Environmental Sustainability	YES	HARYANA	REWARI	4.50	YES		
	8	Painting of Public Health Centre,Rewari & Takri	Ensuring Environmental Sustainability	YES	HARYANA	REWARI	2.65	YES		
	9	Installation of Solar Street lights at various vilages near Bawal Plant	Ensuring Environmental Sustainability	YES	HARYANA	REWARI	5.50	YES		
	10	Cleaning at Parking Area	Ensuring Environmental Sustainability	YES	TAMIL NADU	KRISHNAGIRI	0.62	YES		
	11	Providing Paint Material to Govt. Higher Secondary School, Enusonai	Ensuring Environmental Sustainability	YES	TAMIL NADU	KRISHNAGIRI	1.00	YES		
	12	Class Rooms and building Painting at Govt.Boys Higher Secondary School, Denkanikotta	Ensuring Environmental Sustainability	YES	TAMIL NADU	KRISHNAGIRI	4.86	YES		
	13	Class Rooms and building Painting at Govt.Higher Secondary School, Udanapalli	Ensuring Environmental Sustainability	YES	TAMIL NADU	KRISHNAGIRI	5.27	YES		
	14	Painting of Annai Aravindar Rehabilitation school (Special children School) at Bharathi Dasan Nagar	Ensuring Environmental Sustainability	YES	TAMIL NADU	KRISHNAGIRI	2.43	YES		
	15	Pond Rejuvenation Project at Alasanatham, Hosur	Ensuring Environmental Sustainability	YES	TAMIL NADU	KRISHNAGIRI	21.77	YES		
	16	Maintenance of Green belt area of SIPCOT near Hosur Plant	Ensuring Environmental Sustainability	YES	TAMIL NADU	KRISHNAGIRI	1.86	YES		
	17	Installation of Solar Street lights at Sheldi, Khed	Ensuring Environmental Sustainability	YES	MAHARASHTRA	RATNAGIRI	1.03	YES		
	18	Tree Plantation in area near Lote Plant	Ensuring Environmental Sustainability	YES	MAHARASHTRA	RATNAGIRI	0.94	YES		
	19	Providing Paint to various educational institutes near Lote Plant	Ensuring Environmental Sustainability	YES	MAHARASHTRA	RATNAGIRI	8.27	YES		
	20	Painting of Shikshan Prasarak Mandal School,Chiplun near our Lote Plant	Ensuring Environmental Sustainability	YES	MAHARASHTRA	RATNAGIRI	12.55	YES		

PROGRAM WISE CSR DETAILS 2022-23 (contd.)

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				State	District			Name	CSR Registration Number
21	Providing Paint to Maharashtra High School, Chiplun	Ensuring Environmental Sustainability	YES	MAHARASHTRA	RATNAGIRI	5.87	YES		
22	Providing Paint to ZP School, Dalvatane	Ensuring Environmental Sustainability	YES	MAHARASHTRA	RATNAGIRI	0.16	YES		
23	Providing Paint to schools at Morawane, Waloti, Dalwatane	Ensuring Environmental Sustainability	YES	MAHARASHTRA	RATNAGIRI	0.48	YES		
24	Providing Paint to ZP School Posare no. 2, Posare	Ensuring Environmental Sustainability	YES	MAHARASHTRA	RATNAGIRI	0.23	YES		
25	Providing Paint to Haji S.M Mukaddem High School, Khed	Ensuring Environmental Sustainability	YES	MAHARASHTRA	RATNAGIRI	1.02	YES		
26	Providing Paint to Shradha Shikshan Sanstha, Dapoli	Ensuring Environmental Sustainability	YES	MAHARASHTRA	RATNAGIRI	1.35	YES		
27	Providing Paint to Suman Vidyalay, Terav	Ensuring Environmental Sustainability	YES	MAHARASHTRA	RATNAGIRI	0.51	YES		
28	Providing Paint to Z.P.School, Kapsal	Ensuring Environmental Sustainability	YES	MAHARASHTRA	RATNAGIRI	0.09	YES		
29	Providing Paint to Lote Industrial Association, Lote	Ensuring Environmental Sustainability	YES	MAHARASHTRA	RATNAGIRI	1.00	YES		
30	Providing Paint to Tatyasaheb Nattoo School, Mundhar	Ensuring Environmental Sustainability	YES	MAHARASHTRA	RATNAGIRI	0.13	YES		
31	Providing Paint to MSEDCL Lote	Ensuring Environmental Sustainability	YES	MAHARASHTRA	RATNAGIRI	0.09	YES		
32	Providing Paint to Z. P. School Talsure	Ensuring Environmental Sustainability	YES	MAHARASHTRA	RATNAGIRI	0.54	YES		
33	Providing Paint to LPIA, Lote	Ensuring Environmental Sustainability	YES	MAHARASHTRA	RATNAGIRI	0.32	YES		
34	Providing Paint to Z. P. School, Satvingaon	Ensuring Environmental Sustainability	YES	MAHARASHTRA	RATNAGIRI	0.23	YES		
35	Providing Paint to Z. P. School, Chirani	Ensuring Environmental Sustainability	YES	MAHARASHTRA	RATNAGIRI	0.29	YES		
36	Providing Paint to Z.P. School, Posare no 1	Ensuring Environmental Sustainability	YES	MAHARASHTRA	RATNAGIRI	0.50	YES		
37	Providing Paint to Z.P. School Gunde, Tambadwadi	Ensuring Environmental Sustainability	YES	MAHARASHTRA	RATNAGIRI	0.32	YES		
38	Providing Paint to Anganwadi, Kumbhari	Ensuring Environmental Sustainability	YES	MAHARASHTRA	RATNAGIRI	0.19	YES		
39	Providing Paint to Z.P. School, Udhale	Ensuring Environmental Sustainability	YES	MAHARASHTRA	RATNAGIRI	0.28	YES		
40	Providing Paint to Z.P. School, Aayni	Ensuring Environmental Sustainability	YES	MAHARASHTRA	RATNAGIRI	0.28	YES		
41	Providing Paint to Z.P. School, Parshuram	Ensuring Environmental Sustainability	YES	MAHARASHTRA	RATNAGIRI	0.34	YES		
42	Construction of RCC protection wall to pond at Gunde Village	Ensuring Environmental Sustainability	YES	MAHARASHTRA	RATNAGIRI	18.80	YES		
43	Cleanliness drive & Plastic Waste disposal drive at Pukhranya, Kanpur Dehat	Ensuring Environmental Sustainability	YES	UTTAR PRADESH	KANPUR DEHAT	0.50	YES		

PROGRAM WISE CSR DETAILS 2022-23 (contd.)

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				State	District			Name	CSR Registration Number	
44	Pond Rejuvenation Project at Shiv Sagar Talab, Kripalpur, Kanpur Dehat	Ensuring Environmental Sustainability	YES	UTTAR PRADESH	KANPUR DEHAT	31.11	YES			
45	Painting of Vagra Primary Boys School, Vagra	Ensuring Environmental Sustainability	YES	GUJARAT	BHARUCH	3.01	YES			
46	Painting of 3 Primary School buildings through "Rotary Club of Bharuch" near our plant	Ensuring Environmental Sustainability	YES	GUJARAT	BHARUCH	10.85	NO	Rotary Welfare Trust, Bharuch	CSR00004051	
47	Painting of Sardar Patel Trust Hospital at Ankaleshwar	Ensuring Environmental Sustainability	YES	GUJARAT	BHARUCH	2.20	YES			
48	Painting of Shri Anandi Ma Medical Centre at Nikora village	Ensuring Environmental Sustainability	YES	GUJARAT	BHARUCH	2.05	YES			
49	Pond Rejuvenation at Ankot village	Ensuring Environmental Sustainability	YES	GUJARAT	BHARUCH	24.16	YES			
50	Maintenance of Green Belt near Dadar Station, Mumbai	Ensuring Environmental Sustainability	YES	MAHARASHTRA	MUMBAI	0.21	YES			
51	Painting at various locations at Dadar Railway Station, Mumbai	Ensuring Environmental Sustainability	YES	MAHARASHTRA	MUMBAI	1.10	YES			
52	Providing Paint to Fisat Engineering college, Angamali	Ensuring Environmental Sustainability	YES	MAHARASHTRA	MUMBAI	0.27	YES			
53	Providing Paint to Sir Ratan Tata Institute, Mumbai	Ensuring Environmental Sustainability	YES	MAHARASHTRA	MUMBAI	3.75	YES			
54	Painting of Emergency Ward at Civil Hospital Kapurthala, Goindwal Sahib	Ensuring Environmental Sustainability	YES	PUNJAB	TARN TARAN	8.31	YES			
55	Maintenance of Parks at Goindwal Sahib and Dhunda villages	Ensuring Environmental Sustainability	YES	PUNJAB	TARN TARAN	3.96	YES			
					Sub Total	244.97				
G	1	Development of War Memorial Park, Colaba, Mumbai	Restoration of Buildings and Sites of Historical Importance	YES	MAHARASHTRA	MUMBAI	3.75	YES		
	2	Painting of Heritage Property at Ramlala Sadan, Ayodhya	Restoration of Buildings and Sites of Historical Importance	YES	UTTAR PRADESH	AYODHYA	1.05	YES		
	3	Donation to "A Hundred Hands" (NGO) to encourage tribal painters and artists at Art Salute initiative.	Restoration of Buildings and Sites of Historical Importance	YES	MAHARASHTRA	MUMBAI	5.00	NO	A Hundred Hands	CSR00000091
					Sub Total	9.80				
					GRAND TOTAL	1270.44				






Implementing Agencies for CSR Activities -

- 1 Kasturi Mrig Vidhya Vihar Samiti, Indore
- 2 Karmdeep Foundation, Ahmedabad
- 3 Rotary Welfare Trust, Bharuch
- 4 Sevashram Hospital Trust, Bharuch
- 5 Dishantar Sanstha, Chiplun
- 6 A Hundred Hands (NGO), Bengaluru
- 7 SoulAce Consulting Pvt.Ltd., Kolkata
- 8 Vishaka Baa Foundation Trust, Bharuch

Executive summary of the CSR Impact Assessment Study Report

Project: Skill Enhancement Project (Advance Open and Mobile Training Academy for Painters)

Implementing Partner: Kasturi Mrig and Karamdip NGO

Research Methodology				
				
Year of Implementation 2021-2022	Type of Beneficiaries Painters	Sample Covered Classroom Training 250, Mobile Training Van – 250	Project Location Maharashtra, Kerala, Karnataka, Gujrat, Uttar Pradesh, Uttarakhand, Chattisgarh, Orissa, Wesh Bengal and Rajasthan.	Stakeholders Covered Mobile Van staff and Participants, NGO staff, Advance Open Training Staff and Participants

Project Background

Kansai Nerolac Paints Limited partnering with Kasturi Mrig and Karamdi NGO implemented the skill enhancement project aimed to enhance the skills of painters. This program was delivered in two ways, training sessions through the mobile van and advanced open training in FY 2021-2022. It primarily aimed to increase the knowledge of the painter community about new technologies and techniques. It was implemented all over India and covered about 24 states 46667 painters received skill enhancement training.

Findings of the Study

Advance Open Training

- The majority of the participants 57% belong to the age group of 25 to 35 years.
- Education qualification of the majority of participants 54% is 10th and 12th std.
- The income of the majority of participants 85% before the training was between 10000rs. to 20000rs.
- Product upgradation training is received by the 97% of the participants.
- Training timings were convenient for all the participants.

Mobile Training Academy

- The majority of the participants 57% belong to the age group of 31 to 40 years.
- The education qualification of the majority of participants 56% is 10th and 12th std.
- 88% of the participants reported mobile vans were visited once.
- 52% of participants reported that Information about new painting technology was covered in the training session.

Impact Created

Advance Open Training

- The majority of the participants 75% earned more than 20000rs post-training prior to the training only 15% of participants were earning more than 20000rs.
- 63% of the participants are getting additional jobs based on enhanced skills.
- The majority of the participants 98% rated the program as very good to excellent.

Mobile Training Academy

- Participants reported the benefits of the training program. 89% said they gain knowledge about new products, 71% said they gain knowledge about new painting, and 65% reported their business improved.
- 78% of the participants received safety equipment as a gift.
- The majority of the participants 67% rated the program as very good to excellent.

Rating based on OECD Framework					
Relevance	● ● ● ● ●	Effectiveness	● ● ● ● ●	Impact	● ● ● ● ●
Coherence	● ● ● ● ●	Efficiency	● ● ● ● ●	Sustainability	● ● ● ● ●

Index: 5 Points - Very High; 4 Points - High; 3 Points - Moderate; 2 Points - Low; 1 Point - Very Low

Annexure 2 to the Board's Report

**DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12)
OF THE COMPANIES ACT, 2013 READ WITH RULE 5 OF THE COMPANIES (APPOINTMENT AND
REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

- (a) The ratio of the remuneration of each Director to the Median Remuneration of the employees of the Company for the financial year 2022-23 and
- (b) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any in the financial year.

Sr. No.	Name of Director/ Key Managerial Personnel ('KMP') and Designation [®]	Remuneration of Director/ KMP for financial year 2022-23 (₹ in Lakhs)	Percentage increase in remuneration for the financial year 2022-23 (₹ in Lakhs)	Ratio of remuneration of each Director/ KMP to the median remuneration of employees
1	Mr. P.P. Shah Chairman Non-Executive and Independent Director	45.00	3.45	19.48
2	Mr. Anuj Jain Managing Director - w.e.f. 1st April, 2022	326.73 [#]	NA [§]	39.90
3	Mr. H. Nishibayashi* Non- Executive Director	–	–	–
4	Ms. Sonia Singh Non-Executive and Independent Director	40.25	16.67	4.92
5	Mr. Shigeki Takahara* Non- Executive Director	–	–	–
6	Mr. Takashi Tomioka* Non- Executive Director	–	–	–
7	Mr. Bhaskar Bhat Non-Executive and Independent Director - w.e.f. 10th August, 2022	2.50	NA	0.31
8	Mr. P. D. Pai Chief Financial Officer	159.51 [^]	21.92	19.48
9	Mr. G.T. Govindarajan Company Secretary	84.68 [^]	29.62	10.34

[®] Information is given for Directors / KMPs as on 31st March, 2023.

[^] Remuneration mentioned in the case of the Managing Director and other KMPs is the income earned during the financial year 2022-23 as reflected in the Income-tax Computation Sheet as "Gross Income" (inclusive of perquisites). It excludes the Company's contribution to Provident Fund and Superannuation. As the future liabilities for gratuity, leave encashment along with medical benefits are provided on an actuarial valuation basis for the Company as a whole, the amount pertaining to each individual is not ascertainable and therefore not included above. It also excludes the restricted stock units granted during financial year 2022-23, which is subject to the vesting conditions in terms of Kansai Nerolac Paints Limited - Restricted Stock Unit Plan 2022.

[#] Mr. Anuj Jain has received commission of Rs. 95 Lakhs during the financial year 2022-23 for the financial year 2021-22. The Board of Directors, at its meeting held on 8th May, 2023, has approved commission of Rs. 250 Lakhs for the financial year 2022-23, which will be paid during the financial year 2023-24.

[§] The percentage increase is not applicable since the office held by Mr. Anuj Jain during the financial year 2022-23 is not the same as held by him during the previous financial year.

^{*} Mr. H. Nishibayashi, Mr. S. Takahara and Mr. T. Tomioka did not receive any sitting fees for attending Board Meetings nor were they paid any commission.

- (c) The median remuneration of employees of the Company for the year increased by 7.8% compared to the previous financial year.
- (d) The number of permanent employees on the rolls of the Company is 3379 as on 31st March, 2023
- (e) Average percentage increase made in the salaries of employee other than KMP in the financial year 2022-23 was 10.4%. The percentage increase in the remuneration of KMP was 34.41%.
- (f) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy of the Company.
- (g) The statement containing names of top ten employees in terms of remuneration drawn and the particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Key Managerial Personnel) Rules, 2014, is provided in a separate Annexure forming a part of the Report. Further, the Annual Report is being sent to the Members excluding the aforesaid Annexure. In terms of Section 136 of the Act, the said Annexure will be available for inspection of the Shareholders through electronic mode. Shareholders may write to the Company at agm@nerolac.com in that regard.
- (h) None of the employees listed in the said Annexure is a relative of any Director in the Company.
- (i) There was no employee either throughout the financial year or part thereof who was in receipt of remuneration which, in the aggregate, was in excess of that drawn by the managing director or whole-time director and who held by himself or along with his spouse or dependent children, not less than two percent of the equity shares of the Company.

For and on behalf of the Board

P. P. Shah
Chairman

Mumbai, 8th May, 2023

Annexure 3 to the Board's Report

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO, AS PRESCRIBED UNDER RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014

A. Conservation of Energy

We continue to accord utmost importance on saving and efficient usage of energy. Efficient and judicious use of energy sources has been our prime objective. In line with the energy saving goal, considerable investments have been made across organisation to improve the overall energy consumption.

We aim to gradually adopt new concepts and technologies which further lead to diversification of energy mix to reduce dependence on fossil fuels and to cut emissions. We have made considerable investments across organisation to enhance the Green Energy footprint thereby reduce dependency on Grid Power and fossil fuels. Plans are in place for enhancing solar and wind power footprint in line with corporate RE 70 theme.

We are also exploring technologies like Fuel cell, Geothermal Energy, solar battery storage etc., which would be regularly used in times to come.

The Company measures progress in energy management through various key indicators of specific power consumption, specific fuel consumption, Grid power outage, power cost, power losses, Green Energy percentage footprint etc.

We also track quantum of renewable power generated through self-owned power plants as well as through open access mechanism where in power is sourced through developers/Independent power producers via suitable power purchase agreements as well as shareholding agreements. Renewable power as a percentage of total power is tracked month on month and initiatives are consistently explored for increasing this quantum in line with Corporate RE 70 vision.

We have a strategy in place for eliminating use of fossil fuels (High speed diesel) in our process equipments through migration to Natural Gas which is environment friendly fuel. Wherever feasible we are also migrating to electric Fork Lifts.

(i) Steps taken or impact on conservation of energy:

At Kansai Nerolac Paints Limited, we continue to adopt measures to overcome the sustainability challenge. Measures are being taken to reduce energy consumption through efficiency improvement projects viz;

- a) Replacement of AHU blower fans with new energy efficient blowers
- b) Replacement of old motors and chillers with new and energy efficient ones.
- c) Horizontal deployment of energy management system for real time Energy tracking, better analysis and identify areas of improvement.
- d) Interlock on blowers with equipment operations to stop idle running of blowers
- e) Semi auto cleaning of Solar PV modules thereby ensuring plant running on optimal efficiencies as well as enhanced safety.,
- f) Optimizing compressed air network based on loading and utilization, regular leak tests, pump up tests to ensure efficient operations of compressed air network.
- g) Efficiency checks of cooling and chilling pumping systems to ensure pumps operate at their nearest duty points.

(ii) Steps taken by the Company for utilizing alternate sources of energy:

Following carbon neutrality projects have been implemented in financial year 2022-23:

1. Installation of phase 2 rooftop solar power plant of 1.2 MW at Bawal and 0.57 MW at Jainpur
2. Installation of 2 numbers of Captive wind turbines of 2.1 MW each at Hosur
3. Sourcing of solar power through Group captive route at Jainpur. Power purchase and share holding agreements signed with Amplus Energy
4. Sourcing of wind power through for third party Ms Oasis Energy at Lote.

With above projects, our renewable power green footprint for all 8 plants stands at 30%.

(iii) Capital investment on energy conservation equipment: ₹ 896.1 Lakhs

B. Technology Absorption

(i) Efforts made towards technology absorption.

Following activities carried out in Research and Development:

- Development of new products for Automotive, Performance Coating and Decorative segments
- Innovative shade development & color forecasting for OEM industry
- Upgradation of processes for cycle time reduction and energy saving
- Localization of New technology Products and intermediates for automotive coating
- Green initiatives - Development of Low bake & High solid products for OE Industries to reduce VOC & Carbon footprint, Sustainable product development.
- Formulation optimization by value engineering
- Import substitution of raw materials
- Joint projects with vendor & customers for mutual benefit & quality enhancement
- Technical support to overseas subsidiaries for new product development, value engineering, Alternate/ New Raw material development etc.
- Competitor sample evaluation and benchmarking
- Support to customers for smooth introduction of new shades & products on running production line.
- Training to customers on paint Technology & Application to upgrade knowledge & skill.

(ii) Benefits derived like product improvement, cost reduction, product development or import substitution:

Below range of products has helped us to generate additional business by way of New Product and product upgradation, also it covers the list of products where we have done cost reduction and import substitution which has helped to improve our margins.

- Excel Everlast 12.
- Nerolac Economy Interior Primer
- Nerolac Economy Exterior Primer
- Nerolac 1K Epoxy Primer.
- Nerolac NXT Range in Excel Anti peel, Suraksha+, Beauty Smooth.
- Nerolac Perma No Damp+
- Nerolac Perma Damp Lock
- Admixtures for Ready Mix Concrete.
- Nerolac Wonder Wood 2K PU Interior
- Nerolac Termiprotect
- Nerolac High Solid NC sanding Sealer
- AER 2C Natural Yellow
- Nerolac WB PU Finish White
- Neromark WB RMP
- Nerocoil Metallic Finish
- Tin free CED (LB-250T)
- 2K PU HS 50 Blue
- Unibake Chrome free primer
- Flexi fuel compliance products for 2-Wheeler (E-10; E-20; E-30)
- Lead & Chrome free Moon Yellow shade for export 2W model
- Low bake ACED coating for 2W customers.
(From 170 °C to 150 °C)
- Thermal hard coat Clears for head lamps coating of two wheelers.
- PVC Seam Sealer 4W
- PVC Low density Under Body Coating.
- 3C 1B Pearl White
- T5-H Anti-chip Primer for PV

(iii) **Details of imported technology (imported during last three years reckoned from the beginning of the financial year):**

a. Details of technology imported.

Particulars	Year of Import
Retan Karplast primer - is adhesion promoter for PP Substrate	2020-21
Retan KP 200 is PU tapping clear for two wheeler's high end motorcycle petrol tank	2020-21
Grip Eco Primer for chrome plated petrol tank of motor cycle	2020-21
Soflex 7650 PU Clear for Two wheeler application	2020-21
Low formaldehyde coatings for OEM	2020-21
Nerolac Excel Virus Guard	2020-21
Localization for PU metallic Monocoat	2021-22
High Solids Bumper Clear Coat	2021-22
Cardea Crystal clear for Refinish	2021-22
Low Bake ACED LB66	2021-22
Eco Black CED High Gloss / Circulation free Holiday	2021-22
EU 577 Paint	2021-22
AER 2C Kai Natural Yellow	2022-23
Celatect F (IND) Undercoat	2022-23
Tin free CED (LB-250T)	2022-23
Low bake ACED coating for 2W customers. (From 170 °C to 150 °C)	2022-23
T5-H Anti Chip Primer	2022-23

b. Whether the technology has been fully absorbed: Yes

c. If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: The Technology has been fully absorbed.

(iv) **Expenditure incurred on Research and Development**

(₹ in Crores)

Particulars	FY 2022-2023	FY 2021-2022
a. Capital	0.87	0.59
b. Recurring	39.52	32.41
Total	40.39	33.00

C. Foreign Exchange earnings and outgo

Foreign Exchange earnings during the year: ₹ 10.62 Crores (2021-2022: ₹ 11.60 Crores)

Foreign Exchange outgo during the year: ₹ 1315.08 Crores (2021-2022: ₹ 1106.38 Crores)

For and on behalf of the Board

P. P. Shah
Chairman

Mumbai, 8th May, 2023

Annexure 4 to the Board's Report

DISCLOSURE IN RELATION TO KANSAI NEROLAC PAINTS LIMITED - RESTRICTED STOCK UNIT PLAN 2022 ("RSU PLAN 2022 / PLAN")

[Pursuant to Regulation 14 read with Part F of Schedule I of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI SBEB & SE Regulations") and Section 62(1)(b) of the Companies Act, 2013 read with Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014]

- Relevant disclosures in terms of the accounting standards prescribed by the Central Government in terms of Section 133 of the Companies Act, 2013 (18 of 2013) including the 'Guidance note on accounting for employee share-based payments' issued in that regard from time to time.**

The disclosures are provided in Note 46 – Share based payments to the Standalone Financial Statements and Note 45 – Share based payments to the Consolidated Financial Statements.

- Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with 'Accounting Standard 20 - Earnings Per Share' issued by Central Government or any other relevant accounting standards as issued from time to time.**

The disclosures are provided in Note 37 – Earnings Per Equity Share to the Standalone Financial Statements and Note 36 – Earnings Per Equity Share to the Consolidated Financial Statements.

- Description of each ESOS that existed at any time during the year, including the general terms and conditions of each ESOS**

a) Date of Shareholders' approval	25th October, 2022
b) Total number of options approved under ESOS	The total number of Restricted Stock Units ("RSUs") to be granted under the RSU Plan 2022 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, SEBI SBEB & SE Regulations requires 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 RSU Plan 2022 granted in such a manner that the total value of the RSUs granted under the RSU Plan 2022 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) Vesting requirements	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.
d) Exercise price or pricing formula	The Exercise Price per RSU shall be the face value of Share of the Company as on Grant Date.
e) Maximum term of options granted	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) Source of shares	Primary
g) Variation in terms of options	Not applicable



4. Method used to account for ESOS – Intrinsic or fair value.

The Company has estimated fair value of RSUs.

5. Where the company opts for expensing of the options using the intrinsic value of the options, 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 options shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.

Not Applicable

6. Option movement during the year

Number of options outstanding at the beginning of the period	NA*
Number of options granted during the year	11,92,792
Number of options forfeited / lapsed during the year	12,177
Number of options vested during the year	–
Number of options exercised during the year	–
Number of shares arising as a result of exercise of options	–
Money realized by exercise of options (INR), if scheme is implemented directly by the company	–
Loan repaid by the Trust during the year from exercise price received	NA
Number of options outstanding at the end of the year	11,80,615
Number of options exercisable at the end of the year	–

* RSU Plan 2022 has been implemented during FY 2022-23.

7. Weighted-average exercise price and weighted-average fair value of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.

	Year ended 31 March 2023
Weighted-average exercise price per RSU	₹ 1
Weighted-average fair value per RSU	₹ 367.30

8. Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to -

- senior managerial personnel as defined under Regulation 16(d) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including Key Managerial Personnel:

Name of employee	Designation	No. of RSUs granted during the year (time based and performance based) Exercise price - ₹ 1 each
Mr. Anuj Jain	Managing Director & CEO (Key Managerial Personnel)	1,13,636
Mr. Prashant Pai	Director – Finance and Chief Financial Officer (Key Managerial Personnel)	39,505
Mr. G. T. Govindarajan	Company Secretary (Key Managerial Personnel)	10,792
Mr. Jason Gonsalves	Director – Corporate Planning, IT & Materials	43,266
Mr. Sudhir Rane	Sr. Vice President – HR & International Operations	32,295
Mr. Abhijit Natoo	Senior Vice President – Manufacturing	39,340
Mr. Rohit Malkani	Sr. Vice President – Decorative Sales & Marketing	45,953
Mr. Amrit Rekhi	Vice President – Industrial Sales	27,103
Mr. Ram Mehrotra	Vice President – Decorative Sales and Marketing	27,475
Mr. Laxman Nikam	Vice President – Technical	24,310

- any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year
Not Applicable
- identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.
Not Applicable

9. A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:

Method & Model	The fair value of the RSUs are determined using the Black-Scholes Model for RSUs with time based vesting conditions and Monte Carlo Simulation Model is used for RSUs with performance based vesting conditions.
Significant assumptions	
The Weighted average value of share price	₹ 439.25
Exercise price	₹ 1
Expected volatility	32 – 35%
Expected option life	4 – 7 years
Expected dividend yield	0.6%
Risk free interest rate	7.14 – 7.23%
The method used and the assumptions made to incorporate the effects of expected early exercise	Not applicable
How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility.	The expected volatility of the Company's Equity Shares is computed on the basis of the annual volatility of the Company's Equity Shares traded on the Stock Exchanges, by considering the deviations in daily returns of the Equity Shares traded, which is averaged out and then annualized to arrive at the annual volatility of the Company's Equity Shares.
Whether and how any other features of the options granted were incorporated into the measurement of fair value, such as a market condition	For deriving fair value of the RSUs by the Monte Carlo Simulation methodology, multiple simulations related to the Company's financial projections were also considered.

Annexure 5 to the Board's Report

FORM NO. MR-3

**SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2023
[PURSUANT TO SECTION 204(1) OF THE COMPANIES ACT, 2013 AND RULE NO.9 OF THE COMPANIES
(APPOINTMENT AND REMUNERATION PERSONNEL) RULES, 2014]**

The Members,
Kansai Nerolac Paints Limited
Nerolac House, Ganpatrao Kadam Marg,
Lower Parel, Mumbai-400 013

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Kansai Nerolac Paints Limited (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information / representations provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2023, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:-

We have examined the books, papers, minute books, forms and returns filed, and other records maintained by the Company, for the financial year ended on 31st March, 2023 according to the provisions of: -

- i. The Companies Act, 2013 ('the Act') and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, and Overseas Direct Investment.
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 **(Not applicable to the Company during audit period);**
 - d. Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the Company during audit period);**
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client **(Not applicable to the Company during the audit period);**
 - g. Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; **(Not applicable to the Company during audit period);**
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **(Not applicable to the Company during audit period);**
 - i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015.

There are no laws which specifically apply to the type of activities undertaken by the Company.

We have also examined compliance with the applicable clauses of the following: -

- i. Secretarial Standards issued by The Institute of Company Secretaries of India as in force from time to time.
- ii. The Listing Agreements entered into by the Company with National Stock Exchange of India Limited (NSE) and BSE Limited.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations and Guidelines, etc. mentioned above.

We further report that: -

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice of at least seven days was given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous with views of the Board members recorded in the same.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations, and guidelines.

We further report that during the audit period, the members have approved the Kansai Nerolac Paints Limited - Restricted Stock Unit Plan 2022 through Postal Ballot on 25th October, 2022.

Place: Thane
Date: 8th May 2023

For JHR & Associates
Company Secretaries

J. H. Ranade
(Partner)
FCS: 4317, CP: 2520
UDIN: F004317E000269461

The Members,
Kansai Nerolac Paints Limited
Nerolac House, Ganpatrao Kadam Marg,
Lower Parel, Mumbai-400 013

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: Thane
Date: 8th May 2023

For JHR & Associates
Company Secretaries

J. H. Ranade
(Partner)
FCS: 4317, CP: 2520

Report on Corporate Governance

Pursuant to Schedule V(C) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), a Report on Corporate Governance for the year ended 31st March, 2023 is given below:

1. Company's philosophy on Code of Governance

The Company believes in abiding by the Code of Governance so as to be a responsible corporate citizen and to serve the best interests of all the stakeholders viz., the employees, shareholders, customers, vendors and the society at large. The Company seeks to achieve this goal by being transparent in its business dealings, by disclosure of all relevant information in an easily understood manner and by being fair to all stakeholders, by ensuring that the Company's activities are managed by a professionally competent and independent Board of Directors.

2. Board of Directors ("Board")

(a) As on 31st March, 2023, the strength of Board was 7 (seven) Directors. The Board of Kansai Nerolac Paints Limited comprises of Executive and Non-Executive Directors. The Managing Director is an executive director and there are 6 (six) non-executive directors, of which 3 (three) directors including the Chairman are Independent Directors. The Board also consists of 1 (one) woman Independent Director. The composition of the Board is in conformity with the requirement of Regulation 17(1) of the SEBI Listing Regulations and the Companies Act, 2013 ("Act"). The 3 (three) Non-Executive Non-Independent Directors on the Board as on 31st March, 2023, namely, Mr. Hitoshi Nishibayashi, Mr. Shigeki Takahara and Mr. Takashi Tomioka are nominees of Kansai Paint Co., Ltd., Japan, the Promoter Company.

Mr. Anuj Jain has been appointed as the Managing Director of the Company for a period of 5 (five) years commencing from 1st April, 2022 and ending on 31st March, 2027 (both days inclusive).

Ms. Sonia Singh has been re-appointed as an Independent Director for a second term of 5 (five) years commencing from 29th July, 2022 and ending on 28th July, 2027 (both days inclusive).

Mr. N. N. Tata resigned as an Independent Director of the Company with effect from 10th August, 2022 due to increased professional commitments and requirements of various Board positions. The Company has received a confirmation from Mr. N. N. Tata that there are no other material reasons other than those provided above for his resignation from the Board.

Mr. Bhaskar Bhat has been appointed as an Independent Director for a term of 5 (five) years commencing from 10th August, 2022 and ending on 9th August, 2027 (both days inclusive).

Mr. Shigeki Takahara, Non-Executive Director is resigning from the Board of the Company with effect from 26th June, 2023.

Pursuant to Section 161(4) of the Act read with Article 114 of the Articles of Association of the Company, the Board of Directors of the Company has, on recommendation of the Nomination and Remuneration Committee, appointed Mr. Pravin Digambar Chaudhari (holding Director Identification Number 02171823) as a Non-Executive Director of the Company with effect from 26th June, 2023, in the casual vacancy that is being caused by the resignation of Mr. Shigeki Takahara.

(b) During the year ended 31st March, 2023, 7 (seven) Board Meetings were held i.e. on 15th April, 2022, 10th May, 2022, 1st August, 2022, 14th September, 2022, 1st November, 2022, 3rd February, 2023 and 3rd March, 2023. After 31st March, 2023, two Board Meetings were held on 3rd April, 2023 and 8th May, 2023.

The last year's Annual General Meeting of the Company was held on 23rd June, 2022 by Video Conferencing / Other Audio Visual Means.

Details of the Directors of the Company and their attendance at the Board Meetings held during the financial year 2022-23 and at the last year's Annual General Meeting of the Company, are as follows:

Name of the Director	Director Identification Number	Category of Directorship	No. of Board Meetings attended	Attendance at the last year's Annual General Meeting
Mr. P. P. Shah	00066242	Chairman, Non-Executive and Independent Director	7	Yes
Mr. N. N. Tata [#]	00024713	Non-Executive and Independent Director	3	Yes
Mr. Anuj Jain	08091524	Managing Director	7	Yes
Mr. H. Nishibayashi	03169150	Non-Executive Director	7	Yes
Ms. Sonia Singh	07108778	Non-Executive and Independent Director	7	Yes
Mr. S. Takahara	08736626	Non-Executive Director	7	Yes
Mr. T. Tomioka	08736654	Non-Executive Director	7	Yes
Mr. Bhaskar Bhat [*]	00148778	Non-Executive and Independent Director	4	No

[#] Resigned as an Independent Director of the Company with effect from 10th August, 2022.

^{*} Appointed as an Independent Director, for a term of 5 (five) years with effect from 10th August, 2022.

All Independent Directors of the Company have certified and confirmed their independence in accordance with Section 149 of the Act read with Regulations 16(1)(b) and 25(8) of the SEBI Listing Regulations.

- (c) Number of Directorships (other than the Company) and Committees in which the Director is a Chairperson / Member as on 31st March, 2023, is as follows:

Name of the Director	No. of Directorships in other public limited companies	No. of Committees in which Chairperson/Member (including the Company)*	
		Chairperson	Member
Mr. P. P. Shah	7	3	8
Mr. Anuj Jain	Nil	Nil	1
Mr. H. Nishibayashi	Nil	Nil	Nil
Ms. Sonia Singh	2	1	2
Mr. S. Takahara	Nil	Nil	Nil
Mr. T. Tomioka	Nil	Nil	Nil
Mr. Bhaskar Bhat	5	Nil	5

^{*} In terms of the provisions of Regulation 26(1) of the SEBI Listing Regulations,

- Committee membership/chairpersonship in Committees of the Board(s) of all public companies, whether listed or not, have been taken into consideration excluding private limited companies, foreign companies, high value debt listed entities and companies registered under Section 8 of the Act.
- Chairpersonship and membership of Audit and Stakeholders' Relationship Committees have been considered. Also, the number of membership of Committees includes chairpersonship.

Details of their directorships in listed entities other than the Company and their category of directorship as on 31st March, 2023, are as follows:

Name of the Director	Names of Listed Entities	Category of Directorship
Mr. P. P. Shah	BASF India Ltd.	Non-Executive - Independent Director, Chairperson
	KSB Ltd.	Non-Executive - Independent Director
	Pfizer Ltd.	Non-Executive - Independent Director, Chairperson
	Sonata Software Ltd.	Non-Executive - Independent Director, Chairperson
	Bajaj Auto Ltd.	Non-Executive - Independent Director
	Bajaj Holdings & Investment Ltd.	Non-Executive - Independent Director
Ms. Sonia Singh	Bharat Forge Ltd.	Non-Executive - Independent Director
Mr. Bhaskar Bhat	Trent Ltd.	Non-Executive - Non-Independent Director
	Rallis India Ltd.	Non-Executive - Non-Independent Director, Chairperson
	Titan Company Ltd.	Non-Executive - Nominee Director
	Bosch Ltd.	Non-Executive - Independent Director

As on 31st March, 2023, Mr. Anuj Jain, Mr. H. Nishibayashi, Mr. S. Takahara and Mr. T. Tomioka are not directors in any listed entity other than the Company.

The number of directorships and the positions held by Directors on board committees as on 31st March, 2023, are in conformity with the limits laid down in the Act and the SEBI Listing Regulations.

- (d) Number of meetings of the Board held and dates on which held during the year are given in Clause 2(b) above.
- (e) In terms of Regulation 36(3)(c) and Schedule V(C)(2)(e) of the SEBI Listing Regulations, none of the Directors are related to each other. However, Mr. H. Nishibayashi, Mr. S. Takahara and Mr. T. Tomioka are the nominees of Kansai Paint Co., Ltd. Japan, the Promoter Company.
- (f) Number of Equity Shares held by Non-Executive Directors:

Name of the Director	Number of Equity Shares held as on 31st March, 2023 (Own or held by/for other persons on a beneficial basis)
Mr. P. P. Shah	Nil
Mr. H. Nishibayashi	Nil*
Ms. Sonia Singh	Nil
Mr. S. Takahara	Nil*
Mr. T. Tomioka	Nil*
Mr. Bhaskar Bhat	Nil

* Mr. H. Nishibayashi, Mr. S. Takahara and Mr. T. Tomioka are the nominees of Kansai Paint Co., Ltd. Japan, the Promoter Company and they did not hold any Equity Share of the Company in their personal capacity.

- (g) Orientation of newly elected directors and updation strategy:

Newly elected directors are given a presentation on the functioning of the Company. Every quarter, reports of various departments of the Company are circulated among all the Directors. These reports give specific particulars of the respective departments. Apart from this, the Directors are intimated of the changes as and when they happen. All the functional heads are present at the Audit Committee meeting of the Company held every quarter. Presentations are also made to the Board of Directors by the functional heads. This ensures that the functional heads can apprise all the Directors about the developments in their specific areas.

Access to information

Directors, including Independent Directors, can visit the various manufacturing locations of the Company. They need not necessarily be accompanied by the Managing Director. The purpose is to ensure that the Independent Directors have free and independent access to the Company's officials and records, so that they can form an independent opinion about the situation of the Company.

Apart from this, reports of the audit carried out by the Internal Auditors and the Statutory Auditors are circulated to all the Directors.

Monthly Performance Report is also forwarded to the Chairman and other Independent Directors updating them with the performance on various parameters.

It is ensured that the Board receives qualitative and quantitative information in line with the best management practices adopted.

The details of familiarization programme for the Independent Directors of the Company is available on the website of the Company at <https://www.nerolac.com/financial/policies.html>.

Code of Conduct for Board of Directors and Senior Management

The Company has adopted a Code of Conduct for Board and Senior Management ("Code"). The Code has been communicated to the Directors and members of the Senior Management. The Code is available on the Company's website at <https://www.nerolac.com/financial/policies.html>. All the Directors and members of Senior Management have confirmed compliance with the Code for the year ended 31st March, 2023. A declaration to this effect signed by the Managing Director who is the Chief Executive Officer, is separately provided at the end of this Report.

- (h) A Chart/Matrix setting out the skills/expertise/competence of the Board of Directors:

Competency is defined as the experience, knowledge, skills, attitudes, values and beliefs of the person (member). A list of core skills/expertise/competencies identified by the Board, as required in the context of its business(es) and sector(s) for it to function effectively and available with the Board, is as follows:

Competencies:

Competency	Definition
Strategic expertise	Ability to understand, review and guide strategy by analyzing the Company's competitive position and benchmarking taking into account market and industry trends
Business and financial acumen	Demonstrate techno-commercial and business perspective, ability to comprehend, interpret and guide on financial statements, Audit Committee presentations and matters of business
Risk management	Experience in providing guidance on major risks, compliances and various legislations
Building high performance teams	Build and nurture talent to create strong and competent future business leaders
Industry knowledge	Experience in similar industries
IT – digital acumen	Ability to understand, support and guide the digital strategy in the organization with respect to AI, IOT, MI, Robotics, Big Data Analytics
Innovation	Nurture an innovation culture, encourage and embrace diverse perspectives. Ability to understand market changes for future readiness.

Personal Qualities:

Personal quality	Definition
Integrity	Fulfilling a director's duties and responsibilities, putting the organization's interests above personal interests, acting ethically
Curiosity and courage	Must have the curiosity to ask questions and the courage to persist in asking or to challenge management and fellow board members where necessary
Interpersonal skills	Must work well in a group, listen well, be tactful but able to communicate his/her point of view frankly
Instinct	Good business instincts and acumen, ability to get the crux of the issue quickly
An active contributor	The member must be one who participates and contributes actively and must allocate quality time to the organization's affairs

Details of the skills/expertise/competencies possessed by the Directors who were part of the Board as on 31st March, 2023, are as follows:

Name	Age	Qualifications	Industry Experience	Expertise
Mr. P. P. Shah	70	B.Com., Chartered Accountant and Cost Accountant, MBA (Harvard Business School)	Finance, Investments, Projects and Consultancy	Business Strategy, Financial Analyst
Mr. Anuj Jain	54	BSc, MMS	Paint	Sales, Marketing
Mr. H. Nishibayashi	59	Graduated from Osaka University of Foreign Studies, faculty of English studies	Paint	Sales, Marketing, International business
Ms. Sonia Singh	58	BA (Economics), MBA	Consumer goods and services	Brand Strategy, Sales and Marketing
Mr. S. Takahara	64	BS of Accounting (Kobe University of Commerce), US-CPA	High Technology, Pharmaceutical, Paint	Finance, Business Strategy
Mr. T. Tomioka	50	Graduated from Tokyo Gakugei University, faculty of Education	Paint	Sales, Marketing, Business Strategy, International
Mr. Bhaskar Bhat	68	B. Tech (Mechanical Engineering) (IIT Madras); PGDBM (IIM Ahmedabad)	Engineering, Consumer goods and services, Marketing and Administration	Manufacturing, Business Strategy, Sales and Marketing

- (i) The Board hereby confirms that in its opinion, the Independent Directors of the Company fulfill the conditions as specified in the SEBI Listing Regulations and are independent of the management.
- (j) Detailed reasons for the resignation of an Independent Director who resigns before the expiry of his/her tenure along with a confirmation by such director that there are no other material reasons other than those provided.

During the year, Mr. N. N. Tata resigned as an Independent Director of the Company with effect from 10th August, 2022, due to increased professional commitments and requirements of various Board positions. The Company has received a confirmation from Mr. N. N. Tata that there are no other material reasons other than those provided above for his resignation from the Board.

3. Audit Committee

The terms of reference of the Audit Committee, in accordance with the SEBI Listing Regulations, are:

- (i) oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (ii) recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
- (iii) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (iv) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - (a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - (b) changes, if any, in accounting policies and practices and reasons for the same;
 - (c) major accounting entries involving estimates based on the exercise of judgment by management;
 - (d) significant adjustments made in the financial statements arising out of audit findings;
 - (e) compliance with listing and other legal requirements relating to financial statements;
 - (f) disclosure of any related party transactions;
 - (g) modified opinion(s) in the draft audit report;
- (v) reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- (vi) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue or preferential issue or qualified institutional placement, and making appropriate recommendations to the board to take up steps in this matter;
- (vii) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (viii) approval or any subsequent modification of transactions of the listed entity with related parties;
- (ix) scrutiny of inter-corporate loans and investments;
- (x) valuation of undertakings or assets of the listed entity, wherever it is necessary;
- (xi) evaluation of internal financial controls and risk management systems;
- (xii) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (xiii) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (xiv) discussion with internal auditors of any significant findings and follow up there on;
- (xv) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- (xvi) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (xvii) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (xviii) to review the functioning of the whistle blower mechanism;
- (xix) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- (xx) Carrying out any other function as is mentioned in the terms of reference of the audit committee.
- (xxi) reviewing the utilization of loans and/or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/investments existing as on the date of coming into force of this provision.
- (xxii) consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

In addition to the above, the Audit Committee reviews information mandatorily required to be reviewed as per the SEBI Listing Regulations.

As at 31st March, 2023, Mr. P. P. Shah, Ms. Sonia Singh and Mr. Bhaskar Bhat, all Non-Executive and Independent Directors, were the members of the Audit Committee. All of them possess sound knowledge of accounts, audit, financial management expertise etc.

Mr. N. N. Tata ceased to be a member of the Audit Committee consequent to his resignation as a Director of the Company with effect from 10th August, 2022.

Mr. Bhaskar Bhat has been appointed as a member of the Audit Committee with effect from 10th August, 2022.

Mr. P. P. Shah is the Chairman of the Audit Committee and Mr. G. T. Govindarajan, Company Secretary acts as the Secretary to the Audit Committee.

The Internal Auditors, who report directly to the Audit Committee and the representatives of the Statutory Auditors also attend the meetings of the Audit Committee, besides the executives invited by the Audit Committee to be present thereat.

Mr. P. P. Shah, Chairman of the Audit Committee, was present at the last year's Annual General Meeting of the Company held on 23rd June, 2022 by Video Conferencing/Other Audio Visual Means.

During the year ended 31st March, 2023, 4 (four) meetings of the Audit Committee were held i.e. on 10th May, 2022, 1st August, 2022, 1st November, 2022 and 3rd February, 2023.

Name of the Member	Number of Audit Committee meetings attended during the year ended 31st March, 2023
Mr. P. P. Shah	4
Mr. N. N. Tata*	2
Ms. Sonia Singh	4
Mr. Bhaskar Bhat#	2

* Resigned as a Director of the Company with effect from 10th August, 2022.

Appointed as a member of the Committee with effect from 10th August, 2022.

After 31st March, 2023, an Audit Committee meeting was held on 8th May, 2023, whereat the Audited Financial Results and Audited Financial Statements of the Company for the financial year ended 31st March, 2023, were reviewed, considered and recommended by the Audit Committee to the Board.

4. Nomination and Remuneration Committee

The terms of reference of the Nomination and Remuneration Committee, in accordance with the SEBI Listing Regulations, are:

- (i) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- (ii) For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
 - a. use the services of an external agencies, if required;
 - b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - c. consider the time commitments of the candidates
- (iii) formulation of criteria for evaluation of performance of Independent Directors and the board of directors;
- (iv) devising a policy on diversity of board of directors;
- (v) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal;
- (vi) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors; and
- (vii) recommend to the Board, all remuneration, in whatever form, payable to senior management.

As at 31st March, 2023, Mr. Bhaskar Bhat, Mr. P. P. Shah and Ms. Sonia Singh, Non-Executive and Independent Directors and Mr. H. Nishibayashi, Non-Executive Director were the members of the Nomination and Remuneration Committee. Mr. N. N. Tata, Non-Executive and Independent Director ceased to be the Chairman of the Nomination and Remuneration Committee consequent to his resignation as a Director of the Company with effect from 10th August, 2022. Mr. Bhaskar Bhat has been appointed as the Chairman of the Committee with effect from 10th August, 2022.

Mr. N. N. Tata was the Chairman of the Nomination and Remuneration Committee and was present at the last year's Annual General Meeting of the Company held on 23rd June, 2022 by Video Conferencing/Other Audio Visual Means.

During the year ended 31st March, 2023, 4 (four) meetings of the Nomination and Remuneration Committee were held i.e. on 10th May, 2022, 1st August, 2022, 14th September, 2022 and 1st November, 2022.

Name of the Director	Number of Nomination and Remuneration Committee Meetings attended during the year ended 31st March, 2023
Mr. N. N. Tata*	2
Mr. Bhaskar Bhat#	2
Mr. P. P. Shah	4
Ms. Sonia Singh	4
Mr. H. Nishibayashi	4

* Resigned as a Director of the Company with effect from 10th August, 2022.

Appointed as a member and Chairman of the Nomination and Remuneration Committee with effect from 10th August, 2022.

After 31st March, 2023, a Nomination and Remuneration Committee meeting was held on 8th May, 2023, whereat the remuneration to be paid to the Managing Director and Senior Management for the financial year 2023-24, commission to be paid to the Managing Director and Independent Directors for the financial year 2022-23 was determined; evaluation of the performance of the Board, its Committees and the Directors for the financial year 2022-23 was also carried out and discussed.

5. Stakeholders' Relationship Committee

The terms of reference of the Stakeholders' Relationship Committee, in accordance with the SEBI Listing Regulations, are:

- (i) Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- (ii) Review of measures taken for effective exercise of voting rights by shareholders.
- (iii) Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- (iv) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

As at 31st March, 2023, Ms. Sonia Singh, Mr. P. P. Shah and Mr. Anuj Jain were the members of the Stakeholders' Relationship Committee.

Mr. P. P. Shah has been appointed as a member of the Stakeholders' Relationship Committee with effect from 1st April, 2022.

Ms. Sonia Singh, an Independent Director, is the Chairperson of the Stakeholders' Relationship Committee and she was present at the last year's Annual General Meeting of the Company held on 23rd June, 2022 by Video Conferencing/Other Audio Visual Means.

Mr. G. T. Govindarajan, Company Secretary, is the Compliance Officer.

During the year ended 31st March, 2023, 1 (one) meeting of the Stakeholders' Relationship Committee was held on 3rd March, 2023, which was attended by all its members.

The Company did not receive any shareholders' complaints during the financial year 2022-23. Normally, the Company ensures that all queries, complaints received / clarification sought, if any, are disposed off expeditiously. The Company had no complaint pending at the close of the financial year.

6. Risk Management Committee

The terms of reference of the Risk Management Committee, in accordance with the SEBI Listing Regulations, are:

- (1) To formulate a detailed risk management policy which shall include:
 - I. A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
 - II. Measures for risk mitigation including systems and processes for internal control of identified risks.
 - III. Business continuity plan.
- (2) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- (3) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- (4) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- (5) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- (6) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

As at 31st March, 2023, Mr. P. P. Shah, Mr. Anuj Jain, Ms. Sonia Singh, Mr. Jason Gonsalves and Mr. Prashant Pai were the members of the Risk Management Committee. Mr. Prashant Pai, Chief Risk Officer and Mr. Jason Gonsalves are non-board members of the Risk Management Committee. Mr. P. P. Shah has been appointed as the Chairman of the Risk Management Committee with effect from 1st April, 2022.

Mr. P. P. Shah, the Chairman of the Risk Management Committee was present at the last year's Annual General Meeting of the Company held on 23rd June, 2022 by Video Conferencing/Other Audio Visual Means.

During the year ended 31st March, 2023, 2 (two) meetings of the Risk Management Committee were held i.e. on 15th September, 2022 and 3rd March, 2023.

Name of the Director	Number of Risk Management Committee Meetings attended during the year ended 31st March, 2023
Mr. P. P. Shah	2
Ms. Sonia Singh	2
Mr. Anuj Jain	2
Mr. Prashant Pai	2
Mr. Jason Gonsalves	2

7. Remuneration of Directors

The Company has adopted a Remuneration Policy for its Directors, Key Managerial Personnel and other employees. The Remuneration Policy has laid down the criteria for determining qualifications, positive attributes, Independence of Director and Board diversity. The Policy lays down the factors for determining remuneration of Whole-time Directors, Non-Executive Directors, Key Managerial Personnel and other employees. The policy also lays down the performance evaluation criteria of the Independent Directors and the Board. The Remuneration Policy is also available on the website of the Company at <https://www.nerolac.com/financial/policies.html>.

The Nomination and Remuneration Committee decides the remuneration of the Whole-time Directors.

Remuneration Policy:**A. Remuneration to Whole-time Directors:**

- The remuneration paid to Whole-time Directors is subject to the limits laid down under Section 197 and Schedule V to the Act and in accordance with the terms of appointment approved by the Shareholders of the Company. The remuneration of the Whole-time Directors is determined by the Nomination and Remuneration Committee based on factors such as the Company's performance and performance/track record of the Whole-time Directors. The remuneration consists of Salary, Commission, Company's contribution to Provident Fund and Superannuation Fund, House Rent Allowance (HRA), Leave Travel Allowance (LTA) and other perquisites and allowances in accordance with the rules of the Company, applicable from time to time.
- The Whole-time Directors are not paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.
- The Agreement with the Whole-time Director is for a period not exceeding 5 (five) years at a time. In the event that there is no breach of the terms of the Agreement by the Whole-time Director, but the Company exercises the discretion to terminate his services during the term of his Agreement, without assigning any reason thereof, then and in that event, the Whole-time Director shall be paid a compensation in accordance with the provisions of the Act.

The details of remuneration paid to Mr. Anuj Jain – Managing Director, during the financial year 2022-23, are as follows:

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration#	Mr. Anuj Jain
1	<u>Fixed component</u>	
	a. Salary as per provisions contained in Section 17(1) of the Income-Tax Act, 1961	231.40
	b. Value of Perquisites u/s 17(2) of Income-Tax Act, 1961	0.33
2	<u>Variable component (performance linked)</u>	
	Commission*	95.00
Total		326.73

Excludes Company's contribution to Provident Fund and Superannuation. As the future liabilities for gratuity, leave encashment along with medical benefits are provided on an actuarial valuation basis for the Company as a whole, the amount pertaining to individual is not ascertainable and therefore not included above. It also excludes the Restricted Stock Units ("RSUs") granted during financial year 2022-23, which is subject to the vesting conditions in terms of Kansai Nerolac Paints Limited - Restricted Stock Unit Plan 2022. Details of RSUs granted during financial year 2022-23 is annexed to the Board's Report.

* Commission for the financial year 2021-22 as Executive Director paid during financial year 2022-23. The Board of Directors at its meeting held on 8th May, 2023, has approved Commission of ₹ 250 Lakhs for financial year 2022-23, which will be paid during financial year 2023-24.

B. Remuneration to Non-Executive Directors

The Non-Executive Independent Directors are paid commission within the ceiling of 1% of net profits of the Company as specified in Section 197 of the Act. The commission payable to Non-Executive Independent Directors is decided by the Board, on recommendation of the Nomination and Remuneration Committee, based on a number of factors including number of Board and Committee meetings attended, individual contribution thereat etc.

The Non-Executive Independent Directors are also paid sitting fees for attending the meetings of the Board or Committees thereof within the limits prescribed under the Act.

Apart from the commission and sitting fees paid by the Company, the Non-Executive Independent Directors, in their individual capacity, did not have any pecuniary relationship or transaction with the Company during the financial year 2022-23.

The details of payments made to Non-Executive Independent Directors during the year ended 31st March, 2023 are as under:

(₹ in Lakhs)

Name of the Director	Sitting Fees							Commission [§]	Total
	Board Meeting	AC [%] Meeting	NRC [*] Meeting	CSRC [#] Meeting	ID [^] Meeting	SRC [@] Meeting	RMC ^{&} Meeting		
Mr. P. P. Shah	1.75	1.00	1.00	–	0.50	0.25	0.50	40.00	45.00
Mr. N. N. Tata ^{**}	0.75	0.50	0.50	–	0.25	–	–	35.00	37.00
Ms. Sonia Singh	1.75	1.00	1.00	0.25	0.50	0.25	0.50	35.00	40.25
Mr. Bhakar Bhat ^{##}	1.00	0.50	0.50	0.25	0.25	–	–	–	2.50

[%] AC: Audit Committee

^{*} NRC: Nomination and Remuneration Committee.

[#] CSRC: Corporate Social Responsibility Committee.

[^] ID: Independent Director

[@] SRC: Stakeholders Relationship Committee.

[&] RMC: Risk management Committee

[§] Commission paid during the year 2022-23 was for the year ended 31st March, 2022.

^{**} Resigned as an Independent Director of the Company with effect from 10th August, 2022.

^{##} Appointed as an Independent Director of the Company with effect from 10th August, 2022.

C. Remuneration to Key Managerial Personnel and other employees

The objective of the policy is to have a compensation framework that will reward and retain talent.

As per the policy, the remuneration is such as to ensure that the correlation of remuneration to performance is clear and meets appropriate performance benchmarks.

Remuneration to Key Managerial Personnel, Senior Management and other employees involves a balance between fixed and variable pay, reflecting short and long term performance objectives of the employees in line with the working of the Company and its goals. The above takes into consideration industry performance, customer performance and overall economic environment.

For Directors, the Performance Pay is linked to achievement of Business Plan (achievement of short-term and long-term business objective).

For Heads of Department, the Performance Pay is linked to achievement of functional plan which is derived from the business plan. The functional plan includes both, short-term and long-term objectives.

For other management personnel, the Performance Pay is linked to achievement of individual set objectives and part of this will also be linked to overall Company performance.

8. Independent Directors:

The Independent Directors of the Company have been appointed in accordance with the provisions of Section 149 of the Act and applicable provisions of the SEBI Listing Regulations.

Pursuant to Schedule IV to the Act, every Independent Director has been issued a letter of appointment containing the terms and conditions of his/her appointment. The terms and conditions of appointment have been posted on the website of the Company at <https://www.nerolac.com/financial/policies.html>.

Independent director's databank registration

Pursuant to a notification dated 22nd October, 2019 issued by the Ministry of Corporate Affairs, all Independent Directors are registered with the Independent Director's Databank.

Separate meeting of Independent Directors

In accordance with the provisions of Schedule IV of the Act and Regulation 25 of the SEBI Listing Regulations, 2 (two) separate meetings of the Independent Directors were held during the year i.e. on 10th May, 2022 and 1st November, 2022, wherein the Internal Auditors and the Statutory Auditors of the Company were also invited. Both these meetings of the Independent Directors were without the attendance of Non-Independent Directors and members of management.

Name of the Director	Number of meetings of the Independent Directors attended during the year ended 31st March, 2023
Mr. P. P. Shah	2
Mr. N. N. Tata*	1
Ms. Sonia Singh	2
Mr. Bhaskar Bhat#	1

* Resigned as a Independent Director of the Company with effect from 10th August, 2022.

Appointed as an Independent Director of the Company with effect from 10th August, 2022.

After 31st March, 2023, a meeting of the Independent Directors has been held on 8th May, 2023 and the Internal Auditors and the Statutory Auditors of the Company were also invited for discussion at this meeting.

Mr. P. P. Shah, Chairman of the Company, was the Chairman of all the meetings of Independent Directors. The Independent Directors discussed matters pertaining to the Company's affairs and functioning of the Board and presented their views to the Managing Director for appropriate action.

The Independent Directors at their meetings also considered:

- Review of the performance of the Non-Independent Directors and the Board as a whole;
- Review of the performance of the Chairman of the Company, taking into account the views of the Executive Director and Non-Executive Directors;
- Assessing 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.

9. General Body Meetings:

- (a) Location and time of the last three year's Annual General Meetings ("AGM") of the Company:

Particulars of the AGM	Date and Time	Venue
102nd AGM	23rd June, 2022 at 11 a.m.	By Video Conferencing/Other Audio Visual Means
101st AGM	25th June, 2021 at 11 a.m.	By Video Conferencing/Other Audio Visual Means
100th AGM	22nd June, 2020 at 12 noon	By Video Conferencing/Other Audio Visual Means

- (b) 2 (two) special resolutions were passed in the 100th AGM of the Company, for re-appointment of Mr. P. P. Shah and Mr. N. N. Tata as Independent Directors. No Special Resolution was passed at the 101st AGM of the Company. 1 (one) special resolution was passed in the 102nd AGM of the Company, for re-appointment of Ms. Sonia Singh as Independent Director.
- (c) During the year, a Postal Ballot was conducted seeking approval of the Members of the Company (special resolutions) for appointment of Mr. Bhaskar Bhat as an Independent Director of the Company for a term of 5 (five) years with effect from 10th August, 2022 and for approval of Kansai Nerolac Paints Limited – Restricted Stock Unit Plan 2022.
- (d) Mr. J. H. Ranade, Membership No. F4317 & Certificate of Practice No. 2520 Partner of JHR & Associates, Company Secretaries in practice, was the Scrutinizer to scrutinize the postal ballot process in fair and transparent manner.

- (e) The postal ballot is conducted in accordance with the provisions contained in Section 110 and other applicable provisions, if any, of the Act read with Rule 22 of the Companies (Management and Administration) Rules, 2014. In line with the relevant MCA Circulars, the Postal Ballot Notice dated 14th September, 2022 was 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. The Company provided facility of remote e-voting to its Members in respect of the business transacted by Postal Ballot through electronic means. For this purpose, the Company has entered into an agreement with National Securities Depository Limited for facilitating voting through electronic means, as the authorized agency.

The remote e-voting period began on Monday, 26th September, 2022 at 9:00 a.m. and ended on Tuesday, 25th October, 2022 at 5:00 p.m. The Members, whose names appeared in the Register of Members/ Beneficial Owners as on the cut-off date i.e. Friday, 16th September, 2022, could cast their vote electronically. The voting right of Shareholders was in proportion to their share in the paid-up Equity Share Capital of the Company as on the cut-off date, being Friday, 16th September, 2022. In terms of the Act, the Resolution is deemed to have been passed by the requisite majority through Postal Ballot on the last date of remote e-voting i.e. Tuesday, 25th October, 2022. The Scrutinizer after scrutiny of the votes cast, submitted their report on the result of the Postal Ballot to the Chairman. The result of the Postal Ballot along with the Scrutinizer's Report was announced by the Chairman of the Company on Thursday, 27th October, 2022.

Based on the Scrutinizer's Report, the details of voting pattern in respect of the resolution passed are as under:

Item No.	Resolution	Votes cast in favour of the Resolution	Votes cast against the Resolution	% of Votes cast in favour [#]	% of Votes cast against [#]	Status of the Resolution
	Special business:					
1.	Appointment of Mr. Bhaskar Bhat as an Independent Director (holding Director Identification Number 00148778) to hold office for a term of 5 (five) years commencing from 10th August, 2022 and ending on 9th August, 2027 (both days inclusive).	48,13,02,570	11,14,719	99.7689	0.2311	Passed with requisite majority
2.	Approval of Kansai Nerolac Paints Limited – Restricted Stock Unit Plan 2022.	44,17,72,222	3,39,96,186	92.8545	7.1455	Passed with requisite majority

[#] Rounded off to 4 decimals.

- (f) The Board of Directors, at its meeting held on 8th May, 2023, has approved to conduct a Postal Ballot for seeking approval of the Members for increase in Authorised Share Capital from ₹ 66.50 Crores to ₹ 85 Crores (ordinary resolution), consequent alterations to the Memorandum of Association (ordinary resolution) and Articles of Association (special resolution) and issue of bonus shares in the ratio of 1:2 (special resolution).

10. Means of Communication

- (a) Quarterly Results: The quarterly results are published in accordance with the applicable provisions of the SEBI Listing Regulations.
- (b) Newspaper in which results are normally published: Generally, the results are published in Business Standard and Sakal. However, the results could also get published in any other reputed newspaper such as the Financial Express/Loksatta or the Economic Times/Maharashtra Times.
- (c) Any website, where displayed: <https://www.nerolac.com>.
- (d) Whether it also displays official news releases; and presentation made to institutional investors or to the analysts: Relevant information is displayed on the website of the Company at <https://www.nerolac.com/investors/details-of-business.html>.

11. General Shareholder Information

(a) Date, Time and Venue of the AGM:

The 103rd AGM of the Company will be held on Monday, 26th June, 2023 at 11 a.m. through Video Conferencing/ Other Audio Visual Means.

(b) Financial Year

	: April - March
Financial reporting for the quarter ending 30th June, 2023	: July - August, 2023
Financial reporting for the quarter ending 30th September, 2023	: October - November, 2023
Financial reporting for the quarter ending 31st December, 2023	: January - February, 2024
Financial reporting for the year ending 31st March, 2024	: April - May, 2024
Annual General Meeting for the year ending 31st March, 2024	: End June, 2024

(c) Dates of Book Closure:

Friday, 26th May, 2023 to Tuesday, 30th May, 2023 (both days inclusive) for the purpose of Annual General Meeting and dividend.

Dividend Payment Date:

Dividend, if declared, will be payable on or after Friday, 30th June, 2023 to those members whose names are registered as such in the Register of Members of the Company as on Thursday, 25th May, 2023 and to the Beneficiary holders as per the beneficiary list as on Thursday, 25th May, 2023 provided by National Securities Depository Limited and Central Depository Services (India) Limited.

(d) Listing of Stock Exchanges:

The Company's Equity Shares are listed on the BSE Limited and the National Stock Exchange of India Limited.

BSE Limited ("BSE") Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	National Stock Exchange of India Limited ("NSE") Exchange Plaza, Bandra-Kurla Complex Bandra (E), Mumbai - 400 051
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The annual listing fees of the BSE and the NSE for the financial year 2023-24 have been paid.

(e) Stock Code:

Stock Exchange	Code
BSE	500165
NSE	KANSAINER

ISIN : INE531A01024

- (f) Market Price Data - High, Low during each month in last financial year:

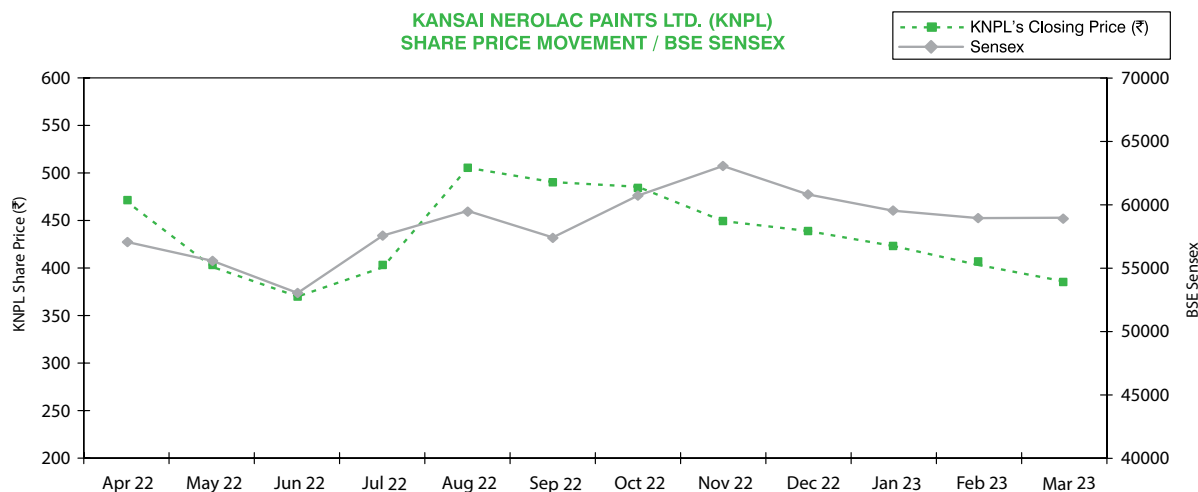
High/Low of market price of the Company's Equity Shares traded on the Stock Exchanges during the year ended 31st March, 2023 is furnished below:

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2022	479.95	452.50	480.00	451.00
May 2022	470.95	390.00	470.85	390.00
June 2022	421.00	358.05	418.30	358.15
July 2022	415.00	363.20	415.00	363.15
August 2022	535.90	402.70	535.90	402.10
September 2022	522.85	465.25	523.10	465.85
October 2022	506.85	466.00	501.00	468.00
November 2022	489.00	428.90	488.50	426.70
December 2022	452.15	411.30	452.00	411.30
January 2023	442.70	401.00	448.00	401.00
February 2023	426.55	400.35	427.40	400.50
March 2023	422.10	377.60	422.70	377.90

- (g) Performance of the Company's Stock in comparison to broad-based indices such as BSE Sensex, CRISIL Index etc.:

Details of the performance of the Company's stock vis-à-vis S&P BSE Sensex, was as below:

Month	Company's Closing Price on BSE (₹)	BSE Sensex
April 2022	469.70	57,060.87
May 2022	401.10	55,566.41
June 2022	369.80	53,018.94
July 2022	400.65	57,570.25
August 2022	506.10	59,537.07
September 2022	490.95	57,426.92
October 2022	486.00	60,746.59
November 2022	449.75	63,099.65
December 2022	439.15	60,840.74
January 2023	423.35	59,549.90
February 2023	403.25	58,962.12
March 2023	386.00	58,991.52



- (h) The securities of the Company have never been suspended from trading.

- (i) Registrar and Share Transfer Agents:

TSR Consultants Private Ltd.
C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg,
Vikhroli (West), Mumbai – 400 083.
Tel. No.: +91 810 811 8484, Fax No.: +91 22 66568494
E-mail: csg-unit@tcplindia.co.in
Website: www.tcplindia.co.in

(j) Share Transfer System:

Members may please note that SEBI, vide its Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated 25th January, 2022, has mandated Listed Companies to issue securities in demat form only while processing service requests viz. issue of duplicate securities certificate; claim from Unclaimed Suspense Account; renewal/exchange of securities certificate; endorsement; sub-division/splitting of securities certificate; consolidation of securities certificates/folios; transmission and transposition. Accordingly, Shareholders are requested to make service requests by submitting a duly filled and signed Form ISR-4, the format of which is available on the website of the Company's Registrar and Share Transfer Agents at www.tcplindia.co.in. It may be noted that any service request can be processed only after the folio is KYC compliant. SEBI, vide its notification dated 24th January, 2022, has mandated that all requests for transfer of securities including transmission and transposition requests shall be processed only in dematerialised form. In view of the same and to eliminate all risks associated with physical shares and avail various benefits of dematerialisation, Members are advised to dematerialise the shares held by them in physical form. Members can contact the Company's Registrar and Share Transfer Agents, for assistance in this regard.

(k) Distribution of Shareholding as on 31st March, 2023:

No. of Equity Shares held	No. of Folios	% to number of Folios	No. of Shares	% to number of Shares
Upto 500	79,809	93.12	46,35,244	0.86
501 to 1000	2,050	2.39	16,37,230	0.30
1001 to 2000	1,199	1.40	18,47,090	0.34
2001 to 3000	485	0.57	12,40,420	0.23
3001 to 4000	382	0.45	13,46,227	0.25
4001 to 5000	245	0.29	11,52,486	0.21
5001 to 10000	603	0.70	45,77,691	0.85
10001 to 20000	432	0.50	62,00,477	1.15
20001 and above	504	0.59	51,62,82,855	95.80
Grand Total	85,709	100.00	53,89,19,720	100.00

Geographical Distribution of Shareholders as on 31st March, 2023

Location	No. of Folios	% to number of Folios	No. of Shares	% to number of Shares
OUTSIDE INDIA				
Promoter - Kansai Paint Co., Ltd.	1	0.00	40,41,35,898	74.99
FII, NRI, OCB, FPI - Corporation	2,117	2.47	2,24,49,875	4.17
IN INDIA				
Ahmedabad	2,407	2.81	15,44,115	0.29
Bangalore	3,628	4.23	17,54,434	0.33
Chennai	2,381	2.78	7,20,950	0.13
Hyderabad	2,009	2.34	7,58,990	0.14
Jaipur	987	1.15	5,58,949	0.1
Kolkata	1,953	2.28	28,54,194	0.53
Mumbai	14,494	16.91	8,90,08,386	16.52
New Delhi	4,821	5.62	48,09,841	0.89
Pune	4,185	4.88	17,25,299	0.32
Surat	1,137	1.33	4,58,768	0.09
Vadodara	906	1.06	3,66,158	0.07
Others	44,683	52.13	77,73,863	1.44
TOTAL	85,709	100.00	53,89,19,720	100.00

Categories of Shareholders as on 31st March, 2023

Sr. No.	Category	No. of Shares held	Percentage to Shareholding
A.	Promoters' Holding		
1.	Promoters		
	Indian Promoters	Nil	Nil
	Foreign Promoters (Kansai Paint Co., Ltd., Japan)	40,41,35,898	74.99
2.	Persons acting in concert	Nil	Nil
	Sub-Total (A)	40,41,35,898	74.99
B.	Non-Promoters' Holding		
3.	Institutional Investors		
a.	Mutual Funds and UTI	2,72,56,906	5.06
b.	Banks, Financial Institutions, Insurance Companies, Alternate Investment Funds (Central/State Govt. Institutions/Non-Government Institutions)	4,17,99,440	7.76
c.	Others (Foreign Portfolio – Corp.)	2,09,30,421	3.88
d.	Foreign Institutional Investors (FIIs)	0	0.00
	Sub-Total (i)	8,99,86,767	16.70
4.	Others		
	Private Corporate Bodies	27,53,286	0.51
	Indian Public	3,98,32,584	7.39
	NBFCs	1,100	0.00
	NRIs/OCBs	15,19,454	0.28
	Any Other (Trusts)	46,730	0.01
	Unclaimed Suspense Account	88,010	0.02
	IEPF	5,55,891	0.10
	Sub-Total (ii)	4,47,97,055	8.31
	Sub-Total (B) = (i) + (ii)	13,47,83,822	25.01
	Grand Total (A) + (B)	53,89,19,720	100.00

(l) Dematerialisation of Shares and Liquidity:

As at 31st March, 2023, 99.62% of the paid-up share capital of the Company had been dematerialised. Particulars of trading on the Company's shares for the financial year 2022-23:

Stock Exchange	No. of Trades	No. of Shares
BSE	2,44,154	48,81,507
NSE	18,97,526	6,46,02,289

(m) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments:

The Company has not issued any GDRs/ADRs/Warrants or any Convertible Instruments.

(n) Commodity price risk or foreign exchange risk and hedging activities:

With reference to Circular No. SEBI/HO/CFD/CMD1/CIR/P/2018/0000000141 dated 15th November, 2018 issued by SEBI, on disclosures regarding commodity risks by listed entities, the Company is actively working on mitigating commodity risks and foreign exchange risks.

Commodity Risk

Commodity risk is an integral spectrum of the risk framework of the Company and impacts its financial performance upon fluctuations in the prices of the commodities that are out of control of the Company and are primarily driven by external market forces, government policies and international market changes. The Company does not undertake any commodity hedging activities on any exchange but procures raw materials which are derivatives of various commodities. The Company has a robust framework and governance mechanism in place that ensures Company's interests are protected despite volatility in prices and availability.

Foreign Exchange Risk

The Company manages its foreign exchange risks by hedging its net exposure with the use of appropriate hedging instruments based on its foreign exchange risk management policy. The Company does not enter into any derivative instruments for trading or speculative purposes. The details of foreign exchange exposures are disclosed in Notes to the financial statements.

(o) Plant Locations:

The Company's plants, which are operative, are located at:

1. Lote Parshuram, Ratnagiri, Maharashtra
2. Jainpur, Kanpur Dehat, Uttar Pradesh
3. Bawal, Haryana
4. Hosur, Tamil Nadu
5. Sayakha, Gujarat
6. Goindwal Sahib, Punjab
7. Kakoda, Goa
8. Sarigam, Gujarat

(p) Address for correspondence:

TSR Consultants Private Ltd.
C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg,
Vikhroli (West), Mumbai - 400 083.
Tel. No.: +91 810 811 8484, Fax No.: +91 22 66568494
E-mail ID: csg-unit@tcplindia.co.in

Shareholders can also contact the Secretarial Department at the Corporate Office of the Company at:

28th Floor, A-wing, Marathon Futurex,
N.M. Joshi Marg, Lower Parel,
Mumbai - 400 013, Maharashtra
Tel. No.: +91-22-40602500, +91-22-40602501

E-mail ID for Investor Grievances: The Company has created an e-mail ID for redressal of Investor Complaints named investor@nerolac.com.

(q) List of all credit ratings obtained by the Company:

Sr. No.	Particulars	Amount (₹ in Crores)	Rating Agency	Rating
1	Cash Credit*	158	CRISIL	Long Term Rating – CRISIL AAA/Stable
2	Commercial Paper	30	CRISIL	CRISIL A1+
3	Non-Convertible Debentures	10	CRISIL	CRISIL AAA/Stable

* Interchangeable with buyer's credit, working capital loan, letter of credit, and bank guarantee.

12. Disclosures**(a) Related Party Transactions:**

All transactions entered into with the Related Parties as defined under the Act and Regulation 23 of SEBI Listing Regulations, during the financial year were in the ordinary course of business and on arm's length basis and do not attract provisions of Section 188 of the Act. There were no materially significant transactions with the related parties during the financial year that may have potential conflict with the interest of the Company at large.

Related party transactions have been disclosed in Note no. 38 to the Standalone Financial Statements.

The Company has in place a Policy on dealing with Related Party Transactions and on Materiality of Related Party Transactions which is available on the website of the Company at <https://www.nerolac.com/financial/policies.html>. In terms of the same, a statement in summary form of transactions with related parties in the ordinary course of business and on arm's length basis is periodically placed before the Audit Committee for its review. Omnibus approval was obtained for transactions which were repetitive in nature. Transactions entered into pursuant to omnibus approval were placed before the Audit Committee for its review during the year.

- (b) Non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets, during the last three years: Nil.

- (c) Vigil mechanism and Whistle Blower Policy:

The Company, pursuant to Section 177(9) of the Act and Regulation 22 of the SEBI Listing Regulations, has a Whistle Blower Policy in place, which is available on the website of the Company at <https://www.nerolac.com/financial/policies.html>. The Company's Policy provides effective means to encourage the employees to communicate any concerns about unethical behaviour, actual or suspected fraud, or violation of Company's Code of Conduct or Ethics Policy. The employees may report such concerns to their seniors, Managing Director and/ or Chairman of the Audit Committee, without fear of punishment, reprisal or unfair treatment. There are safeguards to ensure that all employee concerns receive due consideration.

The Code of Conduct for the Board of Directors and Senior Management states that Directors and Senior Managers of the Company shall endeavour to promote ethical behaviour and to provide an opportunity to employees to report violation 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 employees in good faith.

No personnel has been denied access to the Audit Committee.

- (d) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements along with the details of any non-compliance of any requirement of the corporate governance report, pertaining to Point Nos. (2) to (10) of Schedule V(C) of the SEBI Listing Regulations:

The Company has complied with all the mandatory requirements of the SEBI Listing Regulations relating to Corporate Governance.

There is no non-compliance of any requirement of the Corporate Governance Report and necessary details as required vide Schedule V(C) of the SEBI Listing Regulations have been provided herein. Further, necessary disclosures with respect to the compliance with Corporate Governance requirements specified in Regulation 17 to 27 of the SEBI Listing Regulations, have been made in this Report on Corporate Governance. Necessary details as required in terms of clauses (b) to (i) of Regulation 46(2) of the SEBI Listing Regulations are available on the website of the Company at www.nerolac.com.

The discretionary requirements as stipulated in Part E of Schedule II of the SEBI Listing Regulations, have been adopted to the extent and in the manner as stated under the appropriate headings in this Report on Corporate Governance.

- (e) Material Subsidiaries:

The Company does not have a material subsidiary as defined under Regulation 16(1)(c) of the SEBI Listing Regulations. The Policy for determining material subsidiaries is available on the website of the Company at <https://www.nerolac.com/financial/policies.html>.

- (f) Disclosure of commodity price risks and commodity hedging activities:

This has been discussed under Point No. 11(n) of this Report on Corporate Governance.

- (g) Details of utilization of funds raised through Preferential Allotment or Qualified Institutions Placement as specified under Regulation 32(7A) of the SEBI Listing Regulations:

There was no Preferential Allotment or Qualified Institutions Placement as specified under Regulation 32(7A) of the SEBI Listing Regulations.

- (h) A Certificate has been received from JHR & Associates, Practicing Company Secretaries that none of the Directors on the Board of Directors of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India/Ministry of Corporate Affairs or any such statutory authority.

Further, in terms of Regulation 24A of the SEBI Listing Regulations, the Company has obtained the Secretarial Compliance Report for the year ended 31st March, 2023, confirming compliance of the applicable SEBI Regulations and circulars / guidelines issued thereunder.

- (i) Disclosure of instances along with the reasons, where the Board of Directors had not accepted any recommendation of any committee of the Board which is mandatorily required, in the financial year 2022-23:

There was no instance during the financial year 2022-23, where the Board of Directors did not accept the recommendation of any committee of the Board which it was mandatorily required to accept.

- (j) Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the Statutory Auditor and all entities in the network firm/network entity of which the Statutory Auditor is a part:

Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to S R B C & CO LLP, Chartered Accountants (Statutory Auditor of the Company) and other firms in the network entity of which the Statutory Auditor is a part, as included in the consolidated financial statements of the Company for the year ended 31st March, 2023, is as follows:

(₹ in Crores)

Fees for audit and related services paid to S. R. Batliboi & Affiliates firms and to entities of the network of which the Statutory Auditor is a part (excluding out of pocket expenses)	0.93
Other fees paid to S. R. Batliboi & Affiliates firms and to entities of the network of which the Statutory Auditor is a part	—
Total Fees	0.93

- (k) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:
- Number of complaints filed during the financial year 2022-23: Nil
 - Number of complaints disposed of during the financial year 2022-23: Nil
 - Number of complaints pending as on end of the financial year 2022-23: Nil
- (l) Disclosure by listed entity and its subsidiaries of loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount:
- There are no loans and advances in the nature of loans to firms/companies in which directors are interested as on 31st March, 2023.

13. CEO/CFO Certification

A certificate from the CEO and CFO as specified in Part B of Schedule II in terms of Regulation 17(8) of the SEBI Listing Regulations, was placed before the meeting of the Board of Directors held on 8th May, 2023, to approve the Audited Financial Results and Audited Financial Statements of the Company for the financial year ended 31st March, 2023.

14. Compliance certificate obtained from S R B C & CO LLP, Chartered Accountants, Statutory Auditors of the Company, regarding compliance of conditions of corporate governance, is annexed to this Report.

15. Unclaimed Dividend

Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividend upto 56th Dividend for the year ended 31st March, 1994 have been transferred to the General Revenue Account of the Central Government. Also, pursuant to Section 205A read with Section 205C of the Companies Act, 1956 as replaced by Sections 124 and 125 of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), as amended, all unclaimed dividends for the year ended 31st March, 1995 to 31st March, 2015 have been transferred to the Investor Education and Protection Fund ("IEPF").

Shareholders who have not encashed their dividend warrants for the aforesaid period are requested to claim the amount from the IEPF Authority, by submitting an online application in Form IEPF-5 available on www.iepf.gov.in.

Shareholders are requested to encash their dividend warrants immediately on receipt as dividends remaining unclaimed for seven years are to be transferred to the IEPF. Further, pursuant to Section 124 of the Act read with IEPF Rules, as amended, the shares, in respect of which dividend is not claimed for seven consecutive years, are required to be transferred by the Company in the name of IEPF. Any claimant of such transferred shares would be entitled to claim the transfer of shares from IEPF in accordance with the procedure as laid down in the aforesaid IEPF Rules.

Shareholders are requested to visit the website of the Company at <https://www.nerolac.com/financial/shareholders.html> for details of amounts lying in the unclaimed dividend accounts of the Company, unclaimed dividend for 2014-15 transferred to the IEPF, the shares transferred to IEPF and the shares due to be transferred to IEPF.

16. Disclosure with respect to demat suspense account/unclaimed suspense account

Particulars		No. of Shareholders	No. of Equity Shares
a)	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on 1st April, 2022	27	98,110 Equity Shares of ₹ 1 each
b)	Number of shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account during the year	Nil	Nil
c)	Number of shareholders to whom the shares were transferred from the Unclaimed Suspense Account during the year	Nil	Nil
d)	Number of shareholders whose unclaimed dividends were transferred to the IEPF account in terms of Ministry of Corporate Affairs General Circular No. 12/2017 dated 16th October, 2017	3	10,100 Equity Shares of ₹ 1 each
e)	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on 31st March, 2023	24	88,010 Equity Shares of ₹ 1 each
f)	It is hereby confirmed that the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.		

For and on behalf of the Board

P. P. SHAH
Chairman

Mumbai, 8th May, 2023

DECLARATION

As required under Schedule V(D) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is hereby declared that the members of the Board of Directors and the Senior Management Personnel have confirmed compliance with the Code of Conduct for the Board of Directors and the Senior Management for the year ended 31st March, 2023.

For Kansai Nerolac Paints Limited

Anuj Jain
Managing Director

Mumbai, 8th May, 2023

Independent Auditor's Report on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

The Members of Kansai Nerolac Paints Limited

1. The Corporate Governance Report prepared by Kansai Nerolac Paints Limited (hereinafter the "Company"), contains details as specified in regulations 17 to 27, clauses (b) to (i) and (t) of sub-regulation (2) of regulation 46 and para C, D, and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') for the year ended March 31, 2023 as required by the Company for annual submission to the Stock exchange.

Management's Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to provide a reasonable assurance in the form of an opinion whether, the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of procedures performed include:
 - i. Read and understood the information prepared by the Company and included in its Corporate Governance Report;
 - ii. Obtained and verified that the composition of the Board of Directors with respect to executive and non-executive directors has been met throughout the reporting period;
 - iii. Obtained and read the Register of Directors as on March 31, 2023 and verified that atleast one independent woman director was on the Board of Directors throughout the year;
 - iv. Obtained and read the minutes of the following committee meetings / other meetings held from April 01, 2022 to March 31, 2023:
 - (a) Board of Directors;
 - (b) Audit Committee;
 - (c) Annual General Meeting (AGM);
 - (d) Nomination and Remuneration Committee;
 - (e) Stakeholders Relationship Committee;
 - (f) Risk Management Committee
 - v. Obtained necessary declarations from the directors of the Company.
 - vi. Obtained and read the policy adopted by the Company for related party transactions.

- vii. Obtained the schedule of related party transactions during the year and balances at the year- end. Obtained and read the minutes of the audit committee meeting where in such related party transactions have been pre-approved prior by the audit committee.
 - viii. Performed necessary inquiries with the management and also obtained necessary specific representations from management, including that the Company is in process of submitting the secretarial compliance report to stock exchange and the due date for submission of the same is May 30, 2023.
8. The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

Opinion

9. Based on the procedures performed by us, as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations, as applicable for the year ended March 31, 2023, referred to in paragraph 4 above.

Other matters and Restriction on Use

10. This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.
11. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Anil Jobanputra

Partner

Membership Number: 110759

UDIN: 23110759BGVZSF5705

Place of Signature: Mumbai

Date: May 08, 2023

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

In terms of Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, Business Responsibility and Sustainability Report (BRSR) in the Annual Report is mandatory for the top 1000 listed companies, based on market capitalisation as on 31st March of every year. The BRSR is based on the format suggested by SEBI.

SECTION A - GENERAL DISCLOSURES

I. Details of the listed entity

1	Corporate Identity Number (CIN) of the Listed Entity	L24202MH1920PLC000825
2	Name of the Listed Entity	Kansai Nerolac Paints Limited (KNPL)
3	Year of incorporation	1920
4	Registered office address	Nerolac House, Ganpatrao Kadam Marg, Lower Parel, Mumbai, Maharashtra, 400013
5	Corporate address	28th Floor, A-Wing, Marathon Futurex, N. M. Joshi Marg, Lower Parel, Mumbai - 400 013, Maharashtra.
6	E-mail	investor@nerolac.com
7	Telephone	022 - 4060 2500
8	Website	www.nerolac.com
9	Financial year for which reporting is being done	1st April, 2022 to 31st March, 2023
10	Name of the Stock Exchange(s) where shares are listed	1. BSE Limited ("BSE") 2. National Stock Exchange of India Limited ("NSE")
11	Paid-up Capital	₹ 53.89 Crores
12	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Name - Mr. Jason. S. Gonsalves Designation - Director (Corporate Planning, IT, and Materials) Telephone No.: 022 - 4060 2500 E-mail: jasongonsalves@nerolac.com
13	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).	The disclosures under this report are made on a standalone basis for KNPL

II. Products/services

14 Details of business activities (accounting for 90% of the turnover):





Description of Main Activity	Description of Business Activity	% of Turnover of the entity
Manufacturing	Manufacturing and supply of Paints, varnishes, enamels or lacquers	100%

15 Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

Product/Service	NIC Code	% of total Turnover contributed
Manufacture of paints and varnishes, enamels or lacquers	20221	100%

III. Operations

16 Number of locations where plants and/or operations/offices of the entity are situated:

 Location	 Plants	 Offices	 Total
National	9 [8 Manufacturing Plants 1 R&D]	111 [HO 103 Depots 7 RDCs]	120

International: The Company has three subsidiaries abroad, namely KNP Japan Private Limited in Nepal, Kansai Paints Lanka (Private) Limited in Sri Lanka and Kansai Nerolac Paints (Bangladesh) Limited in Bangladesh. The Company has one domestic subsidiary, Nerofix Private Limited

17 (a) Markets served by the entity:

National (No of States)	28 States
Internatinal (No of Countries)	Minor sale is done to Bangladesh Customers

17 (b) What is the contribution of exports as a percentage of the total turnover of the entity?

0.15%





17 (c) A brief on types of customers

Kansai Nerolac Paints Limited serves a diverse set of customers, including residential, commercial, industrial, government and institutional, and retail customers. The Company offers a wide range of paint and products for various applications, including decorative paints, industrial paints, wood finishes, adhesives and construction chemicals. The industrial paints cater to the specific needs of automobiles, consumer durables, machinery, equipment, and structures.



IV. Employees

Details as at the end of Financial Year:



18 (a) Employees and workers (including differently abled)

S No		Particulars	Total (A)	 Male		 Female	
				No (B)	%(B/A)	No (C)	%(C/A)
1	 Employees	Permanent (D)	2,649	2,546	96.1%	103	3.9%
2		Other than Permanent (E)	1,950	1,843	94.5%	107	5.5%
3		Total Employees (D+E)	4,599	4,389	95.4%	210	4.6%
1	 Workers	Permanent (F)	730	725	99.3%	5	0.7%
2		Other than Permanent (G)	3,530	3,529	100%	1	0.0%
3		Total Workers (F+G)	4,260	4,254	99.9%	6	0.1%

18 (b) Differently abled Employees and workers:

S No		Particulars	Total (A)	Male		Female	
				No (B)	%(B/A)	No (C)	%(C/A)
1	 Differentially Abled Employees	Permanent (D)	1	1	100%	0	0%
2		Other than Permanent (E)	0	0	0%	0	0%
3		Total Differentially abled Employees (D+E)	1	1	100%	0	0%
1	 Differentially Abled Workers	Permanent (F)	0	0	0%	0	0%
2		Other than Permanent (G)	0	0	0%	0	0%
3		Total Differentially Abled Workers (F+G)	0	0	0%	0	0%

19 Participation/Inclusion/Representation of women

	Total (A)	No and Percentage of Females	
		No (B)	%(B/A)
 Board of Directors	7	1	14.3%
 Key Managerial Personnel#	3	0	0%

#Includes MD, CFO and CS

20 Turnover rate for Permanent employees and workers

	FY 22-23			FY 21-22			FY 20-21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	33.0%	26.2%	32.8%	26%	30%	27%	16.0%	10.2%	15.8%
Permanent Workers	1.1%	0.0%	1.1%	2%	0%	2%	2.4%	0.0%	2.4%

V. Holding, Subsidiary and Associate Companies (including joint ventures)

21(a) Names of holding / subsidiary / associate companies / joint ventures

S No	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Kansai Paint Co., Ltd., Japan	Holding	74.99%	No
2	KNP Japan Private Limited	Subsidiary	68.00%	No
3	Kansai Paints Lanka (Private) Limited	Subsidiary	60.00%	No
4	Kansai Nerolac Paints (Bangladesh) Limited (formerly known as RAK Paints Limited)	Subsidiary	55.00%	No
5	Nerofix Private Limited	Subsidiary	100% w.e.f 31st March 2023, (60% upto 30th March, 2023)	No

VI. CSR Details






22 (i) Whether CSR is applicable as per section 135 of Companies Act, 2013 : Yes

(ii) Turnover (in ₹): 7,081.02 Crores

(iii) Net worth (in ₹): 4,607.38 Crores

VII. Transparency and Disclosures Compliances

23 Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No)	FY 22-23		FY 21-22	
		No of complaints filed during the year	No of complaints pending resolution at close of the year	No of complaints filed during the year	No of complaints pending resolution at close of the year
 Communities	Yes	0	0	0	0
 Shareholders & Investors	Yes	0	0	2	0
 Employees and Workers	Yes	0	0	0	0
 Customers	Yes	761	6	682	11
 Value Chain Partners	Yes	0	0	0	0

Remarks -

Communities - All of our plants are located in village areas, the nearby communities highlight the grievances to the Panchayats and Government authorities who in turn help us to address the grievances of the communities. The highlighted issues are then taken up by our plant team as projects in that area.

Shareholders & Investors - The Company has created an e-mail ID for redressal of Investor Complaints i.e. investor@nerolac.com.

Employees and Workers - The Company has in place Internal Complaints Committee and employees and workers can approach HR Business Partners for the same

Customers - KNPL has established a dedicated consumer helpline, 1800-209-2092

Value Chain Partners - KNPL has Supplier Code of Conduct in place to address the grievances raised by value chain partners

24 Overview of the entity's material responsible business conduct issues - Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Decarbonisation - Climate Change/ Emission Management/ Energy Management	Risk / Opportunity	<p>Risk: Climate change poses a great threat as it can result in Physical and transitional risks including extreme weather events and lack of resource availability</p> <p>Opportunity: Investments in technologies to create green product portfolio</p>	<p>Assessed organisation wide risks and its preparedness resulting from climate change. Greenhouse gases inventorisation activity done and Committed to SBTi near term corporate targets.</p> <p>Increased focus on the reduction of Specific Power and fuel consumption, adoptng green renewable sources of energies</p>	Negative
2	Resource Use - Water Management	Risk	<p>Due to the availability of fresh water and presence of our manufacturing location at water stressed sites.</p> <p>Also Water is one of the major raw material component for our Finished goods (Water base paint)</p>	Being water positive by FY 2024-25. Emphasis on rain water harvesting and judicious usage of fresh water.	Negative
3	Quality of Life - Human Rights	Opportunity	KNPL ensures prevention of child labour, forced labour or any form of involuntary labour, paid or unpaid in sany of its subsidiaries, amnufcaturing units, depots	-	Positive
4	Diversity - Inclusivity	Opportunity	KNPL ensures indiscrimination in employment in any form i.e., working age, gender, nationality, race, religion, disabilities and sexual orientation	-	Positive
5	Governance	Opportunity	KNPL ensures highest level of corporate governance and compliances with the statutory authorities	-	Positive

SECTION B - MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9	
Policy and Management Process										
1(a)	Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
1(b)	Has the policy been approved by the Board?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
1(c)	Web Link of the Policies, if available	Refer to the Weblink of the policies table below								
2	Whether the entity has translated the policy into procedures.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3	Do the enlisted policies extend to your value chain partners?	Yes	Yes	Yes	No	Yes	Yes	No	No	No
4	Name of the national and international codes/certifications/ labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	P2 - Quality Management Systems - ISO 9001:2015 ; Safety Management Systems - ISO 45001: 2018 P6 - Environment Mangement Systems - ISO 14001:2015								
5	Specific commitments, goals and targets set by the entity with defined timelines, if any	To be Disclosed in Respective Capitals								
6	Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	To be Disclosed in Respective Capitals								

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9	
Governance, leadership and oversight										
7	Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)	We have set ambitious targets to reduce our carbon footprint and resource consumption, while ensuring ethical sourcing and responsible supply chain management. Our achievements include significant progress in water replenishment and thus strengthening our committment of becoming water positive as well as improved transparency and engagement with stakeholders. We remain committed to building a more sustainable future and driving positive impact in the communities where we operate.								
8	Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Name - Mr. Jason. S. Gonsalves Designation - Director (Corporate Planning, IT, and Materials)								
9	Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	ESG Committee (erstwhile EHS & Climate Change Committee)								

10 Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Performance against above policies and follow up action	The policies of the Company are reviewed periodically / on a need basis by department heads / director /board committees / board members, wherever applicable																	
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	Status of compliance with all applicable statutory requirements is reviewed by the Board on a regular basis.																	

	P1	P2	P3	P4	P5	P6	P7	P8	P9
11 Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	No, The policies are reviewed on a periodic basis internally								
If answer to question (1) above is “No” i.e. not all Principles are covered by a policy, reasons to be stated:									
12 The entity does not consider the Principles material to its business	NA								
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles	NA								
The entity does not have the financial or/human and technical resources available for the task	NA								
It is planned to be done in the next financial year	NA								
Any other reason (please specify)	NA								

Web Link of the policies		
Principle	Applicable Policies	Policies link
Principle 1	a) Code of Conduct	https://www.nerolac.com/sustainability.html
	b) Code of Conduct for Directors and Senior Management	https://www.nerolac.com/financial/policies.html
	c) Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information	https://www.nerolac.com/financial/policies.html
	d) Whistle blower Policy	https://www.nerolac.com/financial/policies.html
	e) Statutory Compliance Policy	https://www.nerolac.com/financial/policies.html
	f) Supplier Code of Conduct	https://www.nerolac.com/financial/policies.html
Principle 2	a) Occupational health, Safety & Environment Policy	https://www.nerolac.com/financial/policies.html
	b) Supplier Code of Conduct	https://www.nerolac.com/financial/policies.html
Principle 3	a) Code of Conduct	https://www.nerolac.com/sustainability.html
	b) Code of conduct on Affirmative Action	https://www.nerolac.com/financial/policies.html
	c) Occupational health, Safety & Environment Policy	https://www.nerolac.com/financial/policies.html
	d) Appropriate Social Conduct at Workplace (POSH)	Available in Employee Work line Portal
	e) Medi-claim policy	Available in Employee Work line Portal
	f) Maternity Policy	Available in Employee Work line Portal
	g) Supplier Code of Conduct	https://www.nerolac.com/financial/policies.html

Web Link of the policies		
Principle	Applicable Policies	Policies link
Principle 4	a) CSR Policy	https://www.nerolac.com/financial/policies.html
	a) Code of conduct on Affirmative Action	https://www.nerolac.com/financial/policies.html
Principle 5	b) Occupational health, Safety & Environment Policy,	https://www.nerolac.com/financial/policies.html
	c) Policy on Health Related Ailments	https://www.nerolac.com/sustainability.html
	d) Appropriate Social Conduct at Workplace (POSH)	Available in Employee Work line Portal
	e) Supplier Code of Conduct	https://www.nerolac.com/financial/policies.html
Principle 6	a) Occupational health, Safety & Environment Policy	https://www.nerolac.com/financial/policies.html
	b) Supplier Code of Conduct	https://www.nerolac.com/financial/policies.html
Principle 7	a) Policy on Advocacy of Public & Regulatory Policy	https://www.nerolac.com/financial/policies.html
Principle 8	a) CSR Policy,	https://www.nerolac.com/financial/policies.html
	b) Code of conduct on Affirmative Action	https://www.nerolac.com/financial/policies.html
Principle 9	a) Quality Policy	https://www.nerolac.com/financial/policies.html
	b) Cybersecurity Policy	https://www.nerolac.com/financial/policies.html
	c) Data Privacy Policy	https://www.nerolac.com/financial/policies.html

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as “Essential” and “Leadership”. While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

Principle 1 Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

ESSENTIAL INDICATORS

1 Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

Segment	FY 22-23		
	Total number of training & Awareness programmes held	Topic/ Principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
 Board of Directors	1 training session on ESG	9 Principles	100%
 Key Managerial Personnel	1 training session on ESG	9 Principles	100%
 Employees Other than BoD and KMPs	3 training session on ESG	9 Principles	85%
 Workers	8 training session on ESG	9 Principles	86%

2 Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format

(Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

Monetary - FY 22-23				
National Guidelines on Responsible Business Conduct (NGRBC) Principle	Name of the Regulatory/ Enforcement agencies/ judicial institutions	Amount (in ₹)	Brief of the case	Has an appeal been preferred (Yes/No)
Penalty/Fine	Nil	Nil	Nil	Nil
Settlement	Nil	Nil	Nil	Nil
Compounding Fees	Nil	Nil	Nil	Nil
Non-Monetary - FY 22-23				
Imprisonment	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil

3 Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
Nil	Nil

4 Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes, KNPL has a Code of Conduct (CoC), extended to group companies and covers acts such as deception, bribery, forgery, extortion, corruption. The CoC is applicable to any irregularity involving employees in their dealings with any external entities. Fraud detection is a part of the Statutory Audit committee and the Risk Management committee. CoC Policy, Section - Misconduct, Embezzlement of company's funds and accepting illegal gratification

The Code of Conduct of KNPL mentions that no employee is allowed to accept any form of illegal gratification. If it is proved that any employee has accepted any illegal gratification, that employee is liable for termination from employment. Thus through this we cover the anti-corruption/anti-bribery policy at KNPL. (Weblink - <https://www.nerolac.com/sustainability.html>)

Also, we have Code of Conduct for Directors and Senior Management of Kansai Nerolac Paints Limited which covers BoD and senior management to observe highest ethical standards and act with integrity and honesty (Weblink- <https://www.nerolac.com/financial/policies.html>)

5 Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

There were no instances of any disciplinary action taken by any law enforcement agency for the charges of bribery/ corruption against Directors/KMPs/employees/ workers.

6 Details of Complaints with regards to conflicts of interest:

	FY 22-23		FY 21-22	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil	-	Nil	-
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	Nil	-	Nil	-

7 Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest

Not Applicable

LEADERSHIP INDICATORS**1 Awareness programmes conducted for value chain partners on any of the Principles during the financial year:**

FY 22-23		
Total number of awareness programmes held	Topics / principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
3	9 Principles	-

We had invited more than 250 suppliers to participate in the training and awareness sessions which covered good sustainable business practices and NGRBC principles.

2 Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.

Yes, A Board-approved policy is in place providing the framework for the KNPL Corporate Governance philosophy, which covers Directors, Senior Management and all employees. It addresses conflicts of interest along with corporate opportunities; confidentiality; related-party transactions; insider trading; compliance with laws, rules & regulations; protection and proper use of Company assets; fair dealing; and ethical business practices.

The Company has a Code of Conduct for Directors and senior management personnel. All the Directors and senior management personnel have confirmed compliance with the said code.

(Weblink- <https://www.nerolac.com/financial/policies.html>)

Principle 2 Businesses should provide goods and services in a manner that is sustainable and safe**ESSENTIAL INDICATORS****1 Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

At KNPL we are constantly making investments in adopting sustainable business practices, innovating products and processes which cause positive environmental and social impacts.

Please refer Annexure 3 of the Directors Report for more details.

2 (a) Does the entity have procedures in place for sustainable sourcing? (Yes/No)

Yes, KNPL has a green procurement guidelines which factors social, ethical and environmental aspects before on-boarding of new suppliers and review of existing suppliers. The Company has a well laid out policy on Supplier Code of Conduct. The policy focusses on environment protection, human rights, anti-corruption and fair-trade practices. It is our endeavour that our suppliers adhere to the procurement guidelines laid out in the policy. The Company is also focussed on identifying and implementing material processed through the renewable source

2 (b) If yes, what percentage of inputs were sourced sustainably?

More than 65% sourcing is done from manufacturers who have a formal sustainability programme.

3 Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for:

Reclaimed Products	Reclamation Process
(a) Plastics (including packaging)	As part Extended Producer's Responsibility (EPR), KNPL has partnered with 2 PROs towards fulfillment of EPR Targets.
(b) E-waste	Sent to Authorised Recyclers
(c) Hazardous waste and	Sent to Authorised Recyclers
(d) Other waste.	Sent to Authorised Scrap Dealers

4 Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No).

If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Yes, EPR is applicable to the Company. As one of the leading manufacturer of paints & coating industry, KNPL is registered as a Brand Owner (BO) in accordance with PWM Rules, 2016 with CPCB.

The Company has initiated post-consumer waste management projects with producer responsibility organisations (PROs) as a part of EPR to ensure safe disposal of pre-consumer and post-consumer packaging. For the FY 22-23, the Company collected and recycled off, or safely disposed-off over 6771 MT rigid and 650 MT of flexible plastic waste respectively, across 28 states. Also, in addition to FY 22-23 EPR targets we have also fulfilled our EPR Targets for the year FY 20-21

LEADERSHIP INDICATORS**1 Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?**

KNPL is under process of undertaking Life Cycle Perspective/Assesments & EPD for key products - Cradle to Grave/ Cradle to Gate

2 If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

The details will be available and disclosed upon completion of Life Cycle Assessments of Key Products

3 Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry)

Indicate Input Material	Recycled or re-used input material to total material	
	FY 22-23	FY 21-22
TiO2 Dust (in MT)	16.3	17.6
Reclaimed Solvent (in MT)	344	370
Powder Fines (in MT)	169	251
Paint Sludge (in MT)	113	127

4 Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

	FY 22-23			FY 21-22		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging) -MT	-	7,421	*	-	2,499	*
E- Waste	-	-	-	-	-	-
Hazardous waste	-	-	-	-	-	-
Other waste, Paint Sludge (in MT)	-	159	-	-	115	-

Above recycled figures in line with obligation of that Financial Year

* Covered in Principle 6 waste


5 Reclaimed products and their packaging materials (as percentage of products sold) for each product category

Our paints and coatings products are consumables and hence are non-retrievable at their end-of-life


Principle 3 Businesses should respect and promote the well-being of all employees, including those in their value chains

ESSENTIAL INDICATORS

1 (a) Details of measures for the well-being of employees:

FY 22-23											
Category	 % of Employees Covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		No. (B)	% (B/A)	No. (C)	% (C/A)	No. (D)	% (D/A)	No. (E)	% (E/A)	No. (F)	% (F/A)
Permanent Employees											
Male	2,546	2,546	100%	2,546	100%	NA	NA	0	0%	0	0%
Female	103	103	100%	103	100%	103	100%	NA	NA	59	57%
Total	2,649	2,649	100%	2,649	100%	103	4%	0	0%	59	2.2%
Other than Permanent Employees											
Male	1,843	1,843	100%	1,843	100%	NA	NA	0	0%	0	0%
Female	107	107	100%	107	100%	107	100%	NA	NA	0	0%
Total	1,950	1,950	100%	1,950	100%	107	5%	0	0%	0	0%

1 (b) Details of measures for the well-being of workers:

Category	 % of Workers Covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		No. (B)	% (B/A)	No. (C)	% (C/A)	No. (D)	% (D/A)	No. (E)	% (E/A)	No. (F)	% (F/A)
Permanent Workers											
Male	725	725	100%	725	100%	NA	NA	0	0%	0	0%
Female	5	5	100%	5	100%	5	100%	NA	NA	0	0%
Total	730	730	100%	730	100%	5	1%	0	0%	0	0%
Other than Permanent Workers											
Male	3,529	3,529	100%	3,529	100%	NA	NA	0	0%	0	0%
Female	1	1	100%	1	100%	1	100%	NA	NA	0	0%
Total	3,530	3,530	100%	3,530	100%	1	0%	0	0%	0	0%

2 Details of retirement benefits, for Current FY and Previous Financial Year.

Benefits	FY 22-23			FY 21-22		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	100%	Y	100%	100%	Y
Gratuity	100%	100%	Y	100%	100%	Y
ESI	0.68%	2.64%	Y	1.21%	3.37%	Y
Others - Please specify	-	-	-	-	-	-

3 Accessibility of Workplaces:

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Currently as an organisation, we are working on absorption and provisions for differently abled friendly and accessible work place and premises as per the requirements of the Rights of Persons with Disabilities Act, 2016. All future workplace will be provided with differently abled friendly accessibility.

As a step towards Disability Inclusion at KNPL, we successfully completed Accessibility audit of new HO Premises

4 Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

KNPL does have an equal opportunity policy which is highlighted in our Code of Conduct on Affirmative Action policy. It states that the Company provides equal opportunity in employment for all sections of society and ensures indiscrimination in employment in any form ie working age, gender, nationality, race, religion, disabilities and sexual orientation.

Web-link for the policy - <https://www.nerolac.com/financial/policies.html>

5 Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent Employees		Permanent Workers	
	Return to work rate	Retention Rate	Return to work rate	Retention Rate
Male	-	-	-	-
Female	100	-	No Female Worker availed Parental Leave	
Total	100	-		

Employees who had availed Parental Leave have returned to work and are yet to complete 12 months from the date of return

6 Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

	Yes/No	(If Yes, then give details of the mechanism in brief)
Permanent Workers	Yes	Internal Complaints Committee (ICC) is available to address issues related to grievances /harassment (General/ Sexual). The complainant can approach any of the ICC members. All cases will be treated with utmost confidentiality and no complainant will face any reprisal. Contact details of ICC members are displayed on Notice boards at key common areas of the organisation.
Other than Permanent Workers	Yes	
Permanent Employees	Yes	
Other than Permanent Employees	Yes	Whistleblower Policy - The Company has a Whistle Blower Policy to report genuine concerns and grievances. The Policy provides adequate safeguards against victimisation of persons who use the Whistle Blower mechanism. Details with respect to implementation of the Whistle Blower Policy are separately disclosed in the Annual Report, as a part of the Report on Corporate Governance. The same is also available on the website of the Company at https://www.nerolac.com/financial/policies.html . In addition to this in our plants and offices there are various connect programs with Employees by HR where employees can raise grievances.

7 Membership of employees and worker in association(s) or Unions recognised by the listed entity:

Category	FY 22-23			FY 21-22		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D/C)
Total Permanent Employees	2,649	0	0%	2,400	0	0%
- Male	2,546	0	0%	2,335	0	0%
- Female	103	0	0%	65	0	0%
Total Permanent Workers	730	681	93%	705	690	98%
- Male	725	676	93%	700	685	98%
- Female	5	5	100%	5	5	100%

8 Details of training given to employees and workers:

Category	FY 22-23				
	Total (A)	On Health & Safety Measures		On Skill Upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)
Employees (Permanent)					
Male	2,546	2,249	88%	1,819	71%
Female	103	93	90%	69	67%
Total	2,649	2,342	88%	1,888	71%
Workers (Permanent)					
Male	725	725	100%	680	94%
Female	5	5	100%	5	100%
Total	730	730	100%	685	94%

For FY 21-22 kindly refer to previous years Annual Report for Trainings on Health & Safety and Skill Upgradation for all employees

9 Details of performance and career development reviews of employees and worker:

Category	FY 22-23			FY 21-22		
	Total (A)	No. (B)	% (B/A)	Total (A)	No. (B)	% (B/A)
Employees				Employees		
Male	2,546	2,546	100%	2,335	2,335	100%
Female	103	103	100%	65	65	100%
Total	2,649	2,649	100%	2,400	2,400	100%

Workers - Collective performance evaluation of Workers is done

10 Health and safety management system:

- 10 (a) **Whether an occupational health and safety management system has been implemented by the entity? (Yes/No). If yes, the coverage such system?**

Yes, we have an Occupational health, safety and Environment (OHS&E) Policy and management system in line with ISO 45001 standards and the system covers major facilities and workforce.

- 10 (b) **What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?**

All operations and processes are reviewed to identify any possible safety risks and hazards through Process Hazard Analysis (PHA) and Hazard and Operability (HAZOP) study. Hazards and Risks associated with each activity are documented in Hazard Identification and Risk Assessment (HIRA) register.

- 10 (c) **Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Y/N)**

Yes, there are processes in place for workers to report any work related hazard observed at the workplace. In case of any work related hazard observed, it is reported to the section head and documented in risk register. SAP EHS module is used to notify the risk to the relevant function and to record and track safety statistics. Also, following initiatives were taken to neutralise such risks by -

- Periodic trainings and awareness sessions to build 'Safety First' mindset and dedicated focus on chemical safety
- Safety training KIOSK & Safety Laboratories across all locations and infrastructure upgrade to achieve highest level of fire safety.
- Conscious programs which aid employee engagement: horizontal deployment of CAPA, Poka-Yoke, Kaizen competitions, Six Sigma and Improvement projects.

- 10 (d) **Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)**

Dedicated OHCs (Occupational Health Centres) and ambulances for emergency situations in case of non-occupational medical requirement. Also half yearly medical check-up of all workforce including contractual man-power.

11 Details of safety related incidents, in the following format:

Safety Incident/ Number	Category	FY 22-23	FY 21-22
Lost Time Injury Frequency Rate (LTIFR) (per one Million-person hours worked)	Employees	0	0
	Workers	0	0.099
Total recordable work-related injuries	Employees	0	0
	Workers	0	1
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

12 Describe the measures taken by the entity to ensure a safe and healthy work place.

7/8 manufacturing location being certified for Occupational Health and Safety Management System based on ISO 45001 and provision of Safety Committee and hazard identification and risk minimisation structure in place. We also involve experts through safety audits to enhance safety measures, practices and emergency preparedness.

13 Number of Complaints on the following made by employees and workers:

	FY 22-23			FY 21-22		
	Filed during the year	Pending resolution at the end of the year	Remarks	Filed during the year	Pending resolution at the end of the year	Remarks
Working Conditions	0	0	-	0	0	-
Health & Safety	0	0	-	0	0	-

14 Assessment for the year:

	%of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Working Conditions	100%
Health & Safety	100%

7/8 Assessed under ISO 45001 Audit; Marpol assessed internally under EHS Audit

15 Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

Nil

LEADERSHIP INDICATORS**1 Does the entity extend any life insurance or any compensatory package in the event of death of**

(A) Employees (Y/N) - Yes

(B) Workers (Y/N). - Yes

Employees' Group Insurance Policy (EGI): In the unfortunate event of the demise of a permanent employee and workers, the family (Nominee) of the deceased employee/worker will be supported financially by the policy. The EGI policy proposes an assured financial assistance as 'sum assured' which becomes applicable in the event of an unfortunate death of the employee/worker whilst in service and is payable to the grantees of the benefit of the Beneficiary of the employee/worker.

2 Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

The Company has a practice of informing the vendors about the statutory changes affecting their responsibilities in respect of deduction/withholding of tax at source in respect of their transactions with the Company.

- 3 Provide the number of employees / workers having suffered high consequence work related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees/ workers	No. of employees/ workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	Total no. of affected employees/ workers	No. of employees/ workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment
	FY 22-23		FY 21-22	
Employees	0	0	0	0
Workers	0	0	0	0

- 4 Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

In the event of retirement, KNPL as an organisation uses its retainership program depending on case to case and the suitability of the position.

- 5 Details on assessment of value chain partners on Working Conditions and Health & Safety

We have not carried out assessment on the mentioned parameters

- 6 Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

Not Applicable

Principle 4 Businesses should respect the interests of and be responsive to all its stakeholders



ESSENTIAL INDICATORS





- 1 Describe the processes for identifying key stakeholder groups of the entity.

KNPL has put in place systems and procedures to identify, prioritise and address the needs and concerns of its stakeholders, across businesses and units, in a continuous, consistent and systematic manner. The Company has mapped its internal and external stakeholders and believes that an effective stakeholder engagement process is necessary to achieve its sustainable goal of inclusive growth.

Internal Stakeholders: Business Partner (Kansai Paint Co., Ltd., Japan), Shareholders & Investors, Employees
External Stakeholders: Customers, Suppliers, Community

- 2 List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalised Group (Yes/No)	Channels of communication	Frequency of engagement	Purpose and scope of engagement including key topics and concerns raised during such engagement
 Business Partner	No	• Emails • Board Meetings • Company Functions • Audits and Review Meets • Multi-Stakeholder Platforms (Conferences, Knowledge sharing Conclaves)	Quarterly	Critical Disclosures, Growth Status, Strategy, Market Gaps, Technology assistance
 Shareholder & Investors	No	• Board Meetings • Investor / Analyst Meets • Annual Report • Media Updates and Press Releases • Website	Quarterly	Financial Disclosures, Business growth plan, Market challenges and coping strategy

Stakeholder Group	Whether identified as Vulnerable & Marginalised Group (Yes/No)	Channels of communication	Frequency of engagement	Purpose and scope of engagement including key topics and concerns raised during such engagement
 Customers	No	<ul style="list-style-type: none"> • Emails • Meetings • Customer Satisfaction Survey • Multi-Stakeholder Platforms (Conferences, Knowledge sharing Conclaves) 	Regular	New innovations, Grievance Redressal, Changing Customer Preferences
 Employees	No	<ul style="list-style-type: none"> • Review Meetings • Emails • Appraisals (Contest - Nerolac Premier League) • Employee Engagement Surveys • Work Line Portal, Training Programmes, Idea Management • Monthly Newsletter 'Impressions' • Town Hall meeting by MD • 'Coffee with HR' • Suggestion schemes and quality circles • Advanced Business Skills Modules • Great Place to Work Survey • I am Nerolac Application 	Regular	Human Capital Development (UDAAN, Percipio, Pulse of the Organization, Employee Well being (AllizWell), Improving productivity & morale - SAMVAAD
 Suppliers	No	<ul style="list-style-type: none"> • Emails • Meetings • Supplier Portal • Supplier Audits • Vendor Development Programmes • Vendor Performance/Rating • Multi stakeholder Platforms (Conferences, Knowledge Sharing Conclaves) • Joint Value Creation Programme for cost competitiveness 	Quarterly	Supply chain Integration, latest market innovation, Cost Reduction, Social and relationship capital development
 Community	Yes	<ul style="list-style-type: none"> • Community Welfare Programmes • Community visits / meeting • Local authority and town council meetings 	Quarterly	CSR, Grievances Redressal, Social and relationship capital development

LEADERSHIP INDICATORS

1 Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

By involving each stakeholder group in the consultation process, KNPL gathers a diverse range of perspectives on economic, environmental, and social issues and work towards creating sustainable and socially responsible business practices.

- Business Partners:** Periodic review of ESG performance is conducted and also long term goals at group level is framed by Business Partners. These consultations allow business partners to provide feedback and suggestions on economic factors and relevant topics.
- Shareholders & Investors:** KNPL values the input and feedback of its shareholders and investors. To foster effective consultation, the Company hosts annual general meetings and quarterly investor calls. These forums provide an opportunity for stakeholders to raise economic, environmental, and social concerns, and for the board to address them accordingly.
- Customers:** KNPL conducts customer satisfaction surveys, encourages customer interactions through meetings and visits to KNPL facilities, and also maintains a presence on social media platforms. Through these channels, customers can provide feedback on economic factors, as well as environmental and social aspects, helping KNPL to enhance its products and services accordingly.
- Employees:** KNPL organises employee trainings, implements well-being initiatives, establishes connect programs, and conducts satisfaction surveys to gain valuable insights and perspectives of its employees. These mechanisms allow employees to share their views on economic matters, as well as environmental and social issues. Additionally, employees actively participate in corporate social responsibility (CSR) activities, contributing to the Company's overall sustainability efforts.

- 5) **Suppliers:** KNPL acknowledges the importance of collaborating with its suppliers to promote sustainable practices throughout the supply chain. The Company conducts supplier training and awareness sessions to ensure alignment with its environmental and social objectives. Regular audits are performed to assess compliance, and meetings are held to discuss ongoing collaborations and address any concerns. KNPL also engages in collaborative projects with suppliers and implements supplier performance management systems to monitor progress and provide feedback on economic factors
- 6) **Community:** KNPL recognises the significance of engaging with the local communities surrounding its plants. The Company actively seeks to understand the needs of these communities through consultations and dialogues. This engagement allows KNPL to address economic, environmental, and social concerns specific to the community's context. Under its CSR initiatives, KNPL provides solutions that contribute to the local economy, promote environmental stewardship, and support social well-being.

2 Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Yes, the stakeholder consultation is used to support the identification and management of environmental topics

- 1) **Business Partners:** KNPL has aligned the Materialities and sustainability targets with its partners Kansai Paints, Japan
- 2) **Shareholders & Investors:** The feedback from the shareholders has helped KNPL to further strengthen its ESG disclosures and participation in leading ESG indices, through our Sustainability microsite, annual reports and through our investor presentations
- 3) **Customers:** KNPL has been working on products with positive environmental impacts for today's environmentally-conscious customers. We have developed sustainable low-VOC products which are lead and heavy metal free for the Decorative segment. Also, for our Industrial segment we are constantly developing products which consume less energy and water and we have started to discuss with our suppliers for reduction in value chain emissions.
- 4) **Employees:** KNPL has conducted multiple forums to involve employees through monthly newsletters, training and awareness, key achievements, ESG reviews.
- 5) **Suppliers:** Suppliers' feedback is used to introduce environment-friendly raw materials and green raw materials
- 6) **Community:** Various projects are undertaken post-feedback from the communities. Initiatives like pond rejuvenation, women empowerment and livelihood intervention, etc."

3 Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/marginalised stakeholder groups.

The Company participates in Corporate Social Responsibility (CSR) activities that promote social advancement, with a focus on events that benefit the underprivileged and disadvantaged. Encouraging employee participation in CSR initiatives across the country also fosters a sense of societal duty on an individual level. The following are broad definitions for all programmes:

- 1) **Livelihood & Skill Enhancement** - Contribution to the socio-economic development of the nearby communities and imparting trainings to enhance their capacity and skill-set with programs like Classroom Training and Mobile Training Academy (Pragati Express)
- 2) **Promoting Education** - Collaboration with various educational institutes to promote education in rural areas. Major activities include construction of classrooms, labs, provision of necessary equipment and school accessories
- 3) **Rural/Community Development** - Reaching out to the grassroots communities by providing basic facilities & amenities in the villages near our plant/depot locations and work to provide basic infrastructure/facilities to the rural community residing in the nearby areas of the plants, in order to improve their basic living standards. The initiatives include provision of bore wells, drinking water facilities, bus shelters, community centres, etc
- 4) **Preventive Health Care and Sanitation** - Provision of basic health care & sanitation facilities to improve general health condition and sanitation of the communities we operate in and organising health and awareness sessions and provision of necessary sanitation facilities.

- 5) Ensuring Environmental Sustainability - Strong belief in responsible consumption of resources guides our commitment to preserve natural resources & ensure clean environment and Implementation of watershed development projects - Pond cleaning, Desilting / deepening of the pond and overall pond restoration, Other activities include greenbelt development, tree platforms, parks and construction of solar lights
- 6) Restoration of Buildings & Sites of Historical Importance - Projects for conservation of National Heritage sites, Art & Culture and promotion & development of traditional arts and handicrafts. Some of our projects include painting of Ramlalla Sadan Devasthan, Ayodhya and creating a platform that aims to bring alive the lost Indian art forms and help the tribal artists earn a livelihood.

For Detailed instances of engagement please refer to Annexure 1 to the Board's Report

Principle 5 Businesses should respect and promote human rights

ESSENTIAL INDICATORS

- 1 Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 22-23			FY 21-22		
	Total (A)	No. of employees/ workers covered (B)	% (B/A)	Total (C)	No. of employees/ workers covered (D)	% (D/C)
Permanent Employees	2,649	2,260	85%	2,400	1,897	79%
Permanent Workers	730	628	86%	705	409	58%

The Code of Conduct and the policies on Human Rights are applicable to all the employees and workers including contractual

- 2 Details of minimum wages paid to employees and workers, in the following format:

Category	FY 22-23					FY 21-22				
	Total (A)	Equal to minimum wage		More than minimum wage		Total (D)	Equal to minimum wage		More than minimum wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
	Employees					Employees				
Permanent	2,649	0	0%	2,649	100%	2,400	0	0%	2,400	100%
Male	2,546	0	0%	2,546	100%	2,335	0	0%	2,335	100%
Female	103	0	0%	103	100%	65	0	0%	65	100%
Other than permanent	1,950	1,046	54%	904	46%	1,450	956	66%	494	34%
Male	1,843	978	53%	865	47%	1,386	925	67%	461	33%
Female	107	68	64%	39	36%	64	31	48%	33	52%
	Workers					Workers				
Permanent	730	0	0%	730	100%	705	0	0%	705	100%
Male	725	0	0%	725	100%	700	0	0%	700	100%
Female	5	0	0%	5	100%	5	0	0%	5	100%
Other than permanent	3,530	1,593	45%	1,937	55%	3,193	2,104	66%	1,089	34%
Male	3,529	1,593	45%	1,936	55%	3,181	2,097	66%	1,084	34%
Female	1	0	0%	1	100%	12	7	58%	5	42%

KNPL has provision for providing more than or equal to statutorily required minimum wage to all its Employees and Workers

3 Details of remuneration/salary/wages, in the following format:

Benefits	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)	6	41,00,000	1	40,25,000
Key Managerial Personnel	3	2,00,42,994	0	-
Employees other than BoD & KMP	2,543	8,16,020	103	6,89,853
Workers	725	5,80,983	5	3,66,199*

*Employees belonging to helper category

4 Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes, Respective HR Partners are responsible for addressing human rights and concerns raised by the employees or workers. They play a crucial role in ensuring that human rights are respected in the workplace and that employees' or workers concerns are addressed. They are responsible for maintaining a safe and healthy work environment, promoting diversity and inclusion, and ensuring that employees are treated fairly and with dignity and respect.

5 Describe the internal mechanisms in place to redress grievances related to human rights issues.

Whenever employees or workers raise concern related to human rights, such as discrimination, harassment, or other violations of their rights, HR Partners takes these concerns seriously and investigate them promptly and thoroughly. They also provide support and resources to employees who are in need of assistance.

6 Number of Complaints on the following made by employees and workers:

	FY 22-23			FY 21-22		
	Filed during the year	Pending resolution at the end of the year	Remarks	Filed during the year	Pending resolution at the end of the year	Remarks
Sexual Harassment	0	0	-	0	0	-
Discrimination at workplace	0	0	-	0	0	-
Child Labor	0	0	-	0	0	-
Forced Labour/ Involuntary Labour	0	0	-	0	0	-
Wages	0	0	-	0	0	-
Other human rights related issues	0	0	-	0	0	-

7 Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

Any incident reported is handled as confidential information. Person(s) mentioned in the report and alleged as having violated the relevant principles or rules shall not be informed of the report unless and until it shall be necessary for the purpose of the investigation.

Appropriate disciplinary action will be initiated against any person who retaliates, directly or indirectly, against any person for reporting an actual or suspected violation of any organisation policy, rule or regulation or assisting in any investigation of any such violation or suspected violation.

8 Do human rights requirements form part of your business agreements and contracts? (Yes/No)

KNPL understands the importance of promoting and protecting human rights throughout its value chain. We have extended our Supplier Code of Conduct to our value chain partners. Also, we include human rights in our business agreements wherever required. By doing so, we are setting clear expectations for our partners for upholding human rights standards.

9 Assessment for the year:

	%of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child Labour	Yes, external assurance for disclosures is conducted by M/s Aneja associates
Forced/ Involuntary Labour	
Sexual Harassment	
Discrimination at Workplace	
Wages	
Others - Please specify	

10 Provide details of any corrective actions taken or underway to address significant risks /concerns arising from the assessments at Question 9 above

Not Applicable

LEADERSHIP INDICATORS**1 Details of a business process being modified / introduced as a result of addressing human rights grievances/ complaints.**

No process introduced or modified as no observations reported

2 Details of the scope and coverage of any Human rights due-diligence conducted.

Our scope for Human rights due diligence conducted by a third party covered Occupational Health and Safety, Non-discrimination, freedom of association and collective bargaining, child labor, forced or compulsory labor and community engagement

3 Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Currently as an organisation, we are working on absorption and provisions for differently abled friendly and accessible work place and premises as per the requirements of the Rights of Persons with Disabilities Act, 2016.

As a step towards Disability Inclusion at KNPL, we successfully completed Accessibility audit of new HO Premises.

4 Details on assessment of value chain partners on Child Labour, Forced/ Involuntary Labour, Sexual Harassment, Discrimination at Workplace, Wages.

We have not carried out assessment on the mentioned parameters

5 Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

Not Applicable

Principle 6 Businesses should respect and make efforts to protect and restore the environment

ESSENTIAL INDICATORS

1 Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter - in GigaJoules (GJ)	FY 22-23	FY 21-22
Total Electricity Consumption (A)	2,55,621	2,26,529
Total Fuel Consumption (B)	1,10,288	90,495
Energy consumption through other Sources (C) (GJ)	1,34,835	1,27,883
Total Energy Consumption (A + B + C) (GJ)	5,00,744	4,44,907
Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees) (GJ/ ₹Crores)	71	75
Energy intensity (optional) – the relevant metric may be selected by the entity (GJ/KL of FG)	1.34	1.24

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

Yes, external assurance for disclosures is conducted by M/s Aneja associates (Link to the assessment)

2 Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any

Not Applicable

3 Provide details of the following disclosures related to water, in the following format:

Parameter	FY 22-23	FY 21-22
Water Withdrawal by sources (in kilolitres)		
(i) Surface water	0	0
(ii) Ground water	1,22,168	1,35,459
(iii) Third party water	3,09,756	2,86,199
(iv) Seawater / desalinated water	-	-
(v) Others	-	-
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	4,31,924	4,21,658
Total volume of water consumption (in kilolitres)	5,73,465	5,56,369
Water intensity per rupee of turnover (Water consumed / turnover)	81	94
Water intensity (optional) – Total fresh water consumption/Production of FG (KL/ KL of FG)	1.16	1.18

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

Yes, external assurance for disclosures is conducted by M/s Aneja associates

4 Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

KNPL has ensured Zero Liquid Discharge across our major operating facilities (Bawal, Hosur, Jainpur, Sayakha, Lote, Goindwal, Sarigam). Our ZLD strategy has two elements, reduction at source and reuse, with regard to effluent management. We had installed dedicated treatment facilities for domestic and industrial effluents across all our plants. Our industrial effluents are treated in Effluent Treatment Plant (ETP) and then passed through Reverse Osmosis (RO) and Multi-Effect Evaporator (MEE).

5 Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 22-23	FY 21-22
NOx	(µg/m ³) Concentration for Ambient air quality	20	24
SOx		13	17
Particulate Matter (PM)		PM 2.5 - 31 PM 10 - 64	PM 2.5 - 35 PM 10 - 67
Persistent Organic Pollutants (POP)		NA	NA
Volatlie Organic Compounds (VOC)	ppm	-	-
Hazardous air Pollutants (HAP)		-	-
Others - please specify		-	-

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

Yes, external assurance for disclosures is conducted by M/s Aneja associates

6 Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Please specify unit	FY 22-23	FY 21-22
Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	6,106	4,607
Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	39,717	35,292
Total Scope 1 and Scope 2 emissions per rupee of turnover		6.47	6.71
Total Scope 1 and Scope 2 emission intensity (optional)– MTCO ₂ e/KL of FG	MTCO ₂ e/KL of FG	0.12	0.11

The above emissions are on standalone basis

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

Yes, external assurance for disclosures is conducted by M/s Aneja associates

7 Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

Yes, KNPL has always been pro-active in its efforts to reduce GHG emissions. Continuous efforts are being made to reduce Scope 1, Scope 2 and Scope 3 greenhouse gas emissions. Initiatives are being taken to increase the use of renewable energy sources. KNPL has also set an ambitious goal of obtaining 70% of our electricity needs from renewable sources by FY 2029-30.

8 Provide details related to waste management by the entity, in the following format:

Parameter	FY 22-23	FY 21-22
Total Waste generated (in metric tonnes)		
Plastic waste (A)	1,037	787
E-waste (B)	5	17
Bio-medical waste (C)	0.07	0.1
Construction and demolition waste (D)	0	0
Battery Waste (E)	1	3
Radioactive waste (F)	0	0
Other Hazardous waste. Please specify, if any. (G)	2,398	2,464

Parameter	FY 22-23	FY 21-22
ETP sludge	102	82
Waste Oil(ETP), Spent/Lube Oil	1	6
Solvent Recovery Residue	731	644
Dirty Resin	1	16
Mixed Paint	32	26
Contaminated cotton waste	41	39
Filter Cartridge	11	10
Barrels, Tins Drums	1,479	1,641
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	4,000	3,346
Powder Waste (Damaged powder, powder coating fines & chips and harden lumps)	1,081	1,120
Metal Scrap (MS, Tin, SS and Iron Scrap; Aluminium sheet, other metal scrap)	1,345	663
Wooden scrap	243	144
Paper waste	281	318
Carton Waste (Scrap & Empty Carton)	252	236
Food waste	19	26
Non Commercial Value Scrap (Garbage etc.)	431	512
Boiler ash	347	328
Mix Garbage	2	
MEE Salt	0.5	0.7
Total (A + B + C + D + E + F + G + H)	7,441	6,617

For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)

Category of waste		
(i) Recycled	2,503	1,942
(ii) Re-used	1,032	639
(iii) Other recovery operations	511	449
Total	4,046	3,030

For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)

Category of waste		
(i) Incineration	688	763
(ii) Landfilling	48	58
(iii) Other disposal operations	1,714	963
Total	2,450	1,784

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

Yes, external assurance for disclosures is conducted by M/s Aneja associates

9 Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your Company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes

We are committed to managing waste efficiently within our operations and also to going beyond that to contribute more to the larger cause of protecting the natural world from manufacturing waste. We firmly believe in promoting industry best practices of waste minimisation, waste treatment, and safe disposal.

Few of the practices adopted at our premises includes:

- Dedicated storage for category-wise waste in scrap yard across all plants
- Systematic tracking of the quantity of waste generated and waste disposed off
- All the waste is disposed of as per statutory requirement to authorised Treatment, Storage and Disposal Facilities (TSDFs), who then dispose, reuse or recycle it as applicable
- Co-processing of hazardous waste across all plants
- Imbued the principle of 3Rs – Reduce, Reuse and Recycle – for efficient waste management
Hazardous waste generated due to our operations mainly includes distillation residue, ETP sludge, paint sludge, dirty resin, contaminated barrel/tins, filter cartridge and contaminated cotton waste.

- 10 If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:**

Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
None of our operations/offices are located in/ around ecologically sensitive areas	-	Not Applicable

- 11 Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:**

Not Applicable

- 12 Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:**

*Yes, we have ensured 100% compliances with all the statutory requirements. During the reporting period, no fines were levied by government or regulatory authorities.(FY 22-23)

LEADERSHIP INDICATORS

- 1 Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:**

Parameter - in GigaJoules (GJ)	FY 22-23	FY 21-22
From renewable sources		
Total electricity consumption (A)	74,631	66,764
Total fuel consumption (B)	33,932	36,465
Energy consumption through other Sources (C)	1,34,835	1,27,883
Total energy consumed from renewable sources (A + B + C)	2,43,398	2,31,112
From non-renewable sources		
Total electricity consumption (D)	1,80,990	1,59,765
Total fuel consumption (E)	76,356	54,030
Energy consumption through other Sources (F)	0	0
Total energy consumed from non-renewable sources (D + E + F)	2,57,346	2,13,795

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

Yes, external assurance for disclosures is conducted by M/s Aneja associates

2 Provide the following details related to water discharged:

Parameter	FY 22-23	FY 21-22
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water		
- No treatment	-	-
- With treatment - please specify level of treatment	-	-
(ii) To Ground water		
- No treatment	-	-
- With treatment - please specify level of treatment	-	-
(iii) To Seawater		
- No treatment	-	-
- With treatment - please specify level of treatment	-	-
(iv) Sent to third-parties		
- No treatment	-	-
- With treatment - please specify level of treatment	463	817
(v) Others		
- No treatment	-	-
- With treatment - please specify level of treatment	-	-
Total water discharged (in kilolitres)	463	817

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

Yes, external assurance for disclosures is conducted by M/s Aneja associates

3 Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

For each facility / plant located in areas of water stress, provide the following information:

- (i) Name of the area - **Bawal, Harayana & Goindwal Sahib, Punjab**
- (ii) Nature of operations - **Manufacturing**
- (iii) Water withdrawal, consumption and discharge in the following format:

Parameter	FY 22-23	FY 21-22
Water Withdrawal by sources (in kilolitres)		
(i) Surface water	0	0
(ii) Ground water	0	0
(iii) Third party water	1,21,027	1,10,893
(iv) Seawater / desalinated water	0	0
(v) Others	0	0
Total volume of water withdrawal (in kilolitres)	1,21,027	1,10,893
Total volume of water consumption (in kilolitres)	1,50,606	1,37,097
Water intensity per rupee of turnover (Water consumed / turnover)	17.1	18.6
Water intensity (optional) – Total fresh water consumption/Production of FG (KL/KL of FG)	1.29	1.26
Water discharge by destination and level of treatment (in kilolitres)		
(i) Into Surface water		
- No treatment	-	-
- With treatment - please specify level of treatment	-	-
(ii) Into Ground water		
- No treatment	-	-
- With treatment - please specify level of treatment	-	-

Parameter	FY 22-23	FY 21-22
(iii) Into Seawater		
- No treatment	-	-
- With treatment - please specify level of treatment	-	-
(iv) Sent to third-parties		
- No treatment	-	-
- With treatment - please specify level of treatment	-	-
(v) Others		
- No treatment	-	-
- With treatment - please specify level of treatment	-	-
Total water discharged (in kilolitres)	0	0

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

Yes, external assurance for disclosures is conducted by M/s Aneja associates

4 Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Please specify unit	FY 22-23	FY 21-22
Total Scope 3 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	<i>Metric tonnes of CO₂ equivalent</i>	16,57,035	15,00,740
Total Scope 3 emissions per rupee of turnover		234.0	252.3
Total Scope 3 emission intensity (optional)– the relevant metric may be selected by the entity		2.4	2.3

The above emissions figures also includes Scope 3 emissions from OPCs

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

Yes, external assurance for disclosures is conducted by M/s Aneja associates

5 With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Not applicable, since None of our operations/offices are located in/around ecologically sensitive areas

6 If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

S. No	Initiative undertaken	Outcome of the initiative
1	Improvised grinding technology	Reduction in energy consumption
2	Advanced filtration system	Reduction in emulsion filtration waste
3	Resin colour improvement	Reduction in carbon footprint
4	Usage of new valves in powder coating manufacturing	Reduction in powder waste
5	Prefilter in CED	Reduction in hazardous waste

7 Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

Yes, to sustain the business operations, minimise the impact during and after disaster event and faster recovery of the operations and services, KNPL has put in place an effective documented framework and a process for managing critical activities and their dependencies during occurrence of a disaster event or a very high impact risk event. For all Manufacturing Units, R&D Centre, Head Offices, Depots/ Regional Distribution Centres and Regional Offices respectively have a designated framework in place for such an event.

This plan applies to the factors which assumes occurrence of a disaster event or a very high impact risk event which can interrupt business. To begin with, we have in place, a containment strategy to contain the impact of the event, a business continuity strategy to ensure continuity of operations under digress circumstances and clearly established pyramid of authority and responsibility in case of such an event. “

8 Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

We have not currently monitored the impacts to the environment arising from the value chain of the entity

9 Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

Not Applicable

Principle 7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

ESSENTIAL INDICATORS

1 (a) Number of affiliations with trade and industry chambers/ associations

KNPL engages with the public and regulatory bodies in a responsible manner. It participates in the same on a need basis. KNPL is a member of the following mentioned 8 trade associations

1 (b) List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	Bombay Chamber of Commerce	National
2	Maharashtra Economic Development Council	State
3	The Indian Paint Association	National
4	Bombay Management Association	National
5	Indian Chemical Council	National
6	The Advertising Standards Council of India (ASCI)	National
7	Paint India (Colour Publications)	National
8	Employers Federation of India	National

2 Provide details of corrective action taken or underway on any issues related to anti competitive conduct by the entity, based on adverse orders from regulatory authorities.

FY 22-23		
Name of Authority	Brief of the Case	Corrective Action Taken
-	No case related to anti competitive conduct by the entity reported in FY 22-23	-

LEADERSHIP INDICATORS

1 Details of public policy positions advocated by the entity:

Public Policy Advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually/ Half yearly/Quarterly/ Others – please specify)	Web Link, if available
Extended Producers Responsibility	Through Indian Paint Association	-	-	-

KNPL has a 'Advocacy of Public & Regulatory Policy' which helps to provide inputs on matters concerning business and society in general through trade and industry chambers

For advocacy on policies related to the Paint Industry, the Company works through industry associations such as Indian Paints Association, Confederation of Indian Industries, etc. There are specified officials in the Company who are authorised for communicating with industrial bodies and managing government affairs in accordance with Communication Policy of the Company.

Principle 8 Businesses should promote inclusive growth and equitable development

ESSENTIAL INDICATORS

1 Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Not Applicable

2 Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

Not Applicable

3 Describe the mechanisms to receive and redress grievances of the community.

All of our plants are located in village areas, the nearby communities highlight the grievances to the Panchayats and Government authorities who in turn help us to address the grievances of the communities. The highlighted issues are then taken up by our plant team as projects in that area.

4 Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	FY 22-23	FY 21-22
Directly sourced from MSMEs/ small producers	16%	12%
Sourced directly from within the district and neighbouring districts	Majority of PM is sourced from neighbouring districts within 10km range from plant	

The Company gives priority to suppliers in local community for sourcing of input material, barring specialty chemicals which are procured from buyers who may not be available in local vicinity.

LEADERSHIP INDICATORS

1 Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):Details of public policy positions advocated by the entity:

Not Applicable

2 Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

S. No.	State	Aspirational District
1	Assam	Goalpara
2	Bihar	Aurangabad
3	Bihar	Begusarai
4	Bihar	Gaya
5	Bihar	Muzaffarpur
6	Chhattisgarh	Ranjandgaon
7	Jammu & Kashmir	Baramulla
8	Jammu & Kashmir	Kupwara
9	Karnataka	Gadag
10	Karnataka	Yadgir
11	Madhya Pradesh	Barwani
12	Maharashtra	Washim
13	Orissa	NuaPada
14	Rajasthan	Baran
15	Tamil Nadu	Ramanathapuram
16	Uttar Pradesh	Bahraich
17	Uttar Pradesh	Siddharth Nagar

The Amount spent is not monitored on district level will be monitored from FY 23-24 onwards

3 (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalised /vulnerable groups? (Yes/No)

Currently, there is no preferential procurement policy in place. However, company does not discriminate against any groups for sourcing we use a variety of variables like Quality, service, technical competence and price to decide the vendors.

3 (b) From which marginalised /vulnerable groups do you procure?

Not Applicable

3 (c) What percentage of total procurement (by value) does it constitute?

Not Applicable

5 Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Not Applicable

6 Details of beneficiaries of CSR Projects:

The Annual Report on CSR activities undertaken by the Company during the financial year ended 31st March, 2022 is given in Annexure 1 to the Boards Report which forms part of this Annual Report.

Principle 9 Businesses should engage with and provide value to their consumers in a responsible manner

ESSENTIAL INDICATORS

1 Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

KNPL's uncompromising commitment to providing worldclass products and services to customers is supported by its concern for the safety of its customers/consumers. The technical and production teams work together to ensure that a customer's concern is successfully resolved. If needed, teams from Kansai Paint Co., Limited, Japan are also involved.

KNPL provides technical sales service personnel who are stationed at customer lines for automotive and certain Industrial Original Equipment Manufacturer (OEM) customers to ensure that the product provided by it runs smoothly on the line. These personnel are available to support customer lines round the clock and provide various value analysis and value engineering activities to customers.

All customer product complaints are recognised and recorded in the IT system. Each complaint has a unique reference number. They are then tracked to closure at the customer end by the Quality Assurance function as per internally laid-down timeline norms. Most products are batch-managed and KNPL conducts root-cause analysis to ascertain the issue with a product when needed. KNPL extends this rigour of monitoring and control of quality to its suppliers as well.

KNPL has set up a dedicated consumer helpline, 1800-209-2092, for consumers to record their issues. Consumer related issues are also tracked to successful resolution. In addition, dealers can call up KNPL and record any grievance they may have regarding the Company. These are then tracked to successful resolution

2 Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

	As a %age to total turnover
Environmental and Social parameters relevant to the product	All of our Products
Safe and responsible usage	All of our Products
Recycling and/or safe disposal	All of our Products

KNPL discloses information such as directions for use, environmental parameter relevant to product and instructions on safe disposal also provided on the product packaging to inform and educate consumers about safe and responsible usage of products or services.

Product information is also available on the Product Data Sheet, and the MSDS (Material Safety Data Sheet) is available with customers of the Company and on the website of the Company, as applicable. It includes product description and information on product performance features & benefits, its application and usage and precautions for safe usage along with technical data. Few of this information such as description, performance features & benefits, application & safe usage instructions are also provided on the product packaging to inform and educate consumers about safe and responsible usage of products or services.

Product information is also available with the customers of the company as applicable

3 Number of consumer complaints in respect of the following:

	FY 22-23			FY 21-22		
	Received during the year	Pending Resolution at end of year	Remarks	Received during the year	Pending Resolution at end of year	Remarks
Data Privacy	Nil	-		Nil	-	
Advertising	Nil	-		Nil	-	
Cyber-Security	Nil	-		Nil	-	
Delivery of essential Services	NA	-		Nil	-	
Restrictive Trade Practices	Nil	-		Nil	-	
Unfair Trade Practices	Nil	-		Nil	-	
Other						

4 Details of instances of product recalls on account of safety issues:

	Number	Reason for Recall
Voluntary Recalls	Nil	-
Forced Recalls	Nil	-

5 Does the entity have a framework/ policy on cyber security & risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Yes, we have a Policy on Cybersecurity and Policy on Data Privacy. (Weblink- <https://www.nerolac.com/financial/policies.html>)

6 Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

No corrective action required to be undertaken on issues related to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; as there are no such cases filed against the organisation

LEADERSHIP INDICATORS

1 Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

All the required information on our products and services is available & can be accessed at our website <https://www.nerolac.com/>

The information is updated timely on the platform. Apart from this, various digital product posts are also offered on our social media handles such as Facebook, YouTube, Instagram, Twitter and LinkedIn for customer engagement

2 Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

Product information is available on the Product Data sheet, and the MSDS (Material Safety Data Sheet) is available with customers of the Company and on the website of the Company, as applicable. It includes product description and information on product performance features & benefits, its application and usage and precautions for safe usage alongwith technical data. Few of these information such as description, performance features & benefits, application & safe usage instructions are also provided on the product packaging to inform and educate consumers about safe and responsible usage of products or services

3 Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

Business continuity plan, Risk management policy, mitigation plan and review mechanism in place to take care of exigencies in supplies or services to the customer. Regular communication to our customers (OEMs. Dealers) is provided on disruption of any product or service.

4 Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

Yes, the products of KNPL display all information as mandated by law. KNPL also discloses information not mandated by law such as directions for use, environmental parameter relevant to product, safe and responsible usage and instructions on safe disposal. KNPL regularly engages with customers to get their feedback on products and gauge their satisfaction level. Engagement mechanisms include brand track, customer meets, customer satisfaction feedback and surveys, customer and product training at the customer's end. For its customers, detailed customer surveys are carried out. Based on the feedback received, KNPL undertakes and tracks various initiatives to ensure that the overall satisfaction level of a customer is improved.

5 Provide the following information relating to data breaches:

5 (a) Number of instances of data breaches along-with impact

Zero (0), no instances of data breaches reported in FY 22-23

5 (b) Percentage of data breaches involving personally identifiable information of Customer

Nil

For and on behalf of the Board
Anuj Jain
Managing Director

Mumbai, 8th May, 2023

Independent Auditor's Report

To the Members of Kansai Nerolac Paints Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Kansai Nerolac Paints Limited ("the Company"), which comprise the Balance sheet as at March 31, 2023, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2023. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone financial statements.

Key audit matters	How our audit addressed the key audit matter
Revenue recognition on sale of goods (as described in Note 28 of the standalone financial statements)	
<p>Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, rebates, scheme allowances, price concessions, incentives and returns, if any, ('variable consideration') as specified in the contracts with the customers.</p> <p>An estimate of variable consideration payable to the customers is recorded as at the year-end. Such estimation is done based on the terms of contracts, rebates and discounts schemes and historical experience.</p> <p>We identified estimation of variable consideration as a key audit matter because the Company's management exercises judgment in calculating the said variable consideration.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> • We read and evaluated the Company's policies for revenue recognition and assessed its compliance with Ind AS 115 'Revenue from contracts with customers'; • We obtained an understanding, evaluated the design and tested the operating effectiveness of internal controls related to sales including variable consideration; • We performed the following tests for a sample of transactions relating to variable consideration: <ul style="list-style-type: none"> • Read the terms of contract including rebates and discounts schemes as approved by authorized personnel. • Assessed computation of variable consideration by comparing it with the budget, schemes, past trends and evaluated the reasons for deviation, if any. • We read and assessed the relevant disclosures made within the standalone financial statements.

Independent Auditor's Report (Continued)

Key audit matters	How our audit addressed the key audit matter
Assessment of impairment of investments in subsidiaries (as described in Note 7 of the standalone financial statements)	
<p>The carrying values of the Company's investments in subsidiaries, including corporate guarantees provided by the Company to the lenders of its subsidiaries, are assessed annually by management for potential indicators of impairment. As a result, an impairment assessment was required to be performed by the Company by comparing the carrying value of these investments and guarantees to their recoverable amount to determine whether an impairment was required.</p> <p>For the above impairment testing, management has determined the value in use and the fair value less cost to sell as applicable. Value in use has been determined by forecasting and discounting future cash flows.</p> <p>The determination of value in use requires management to make estimates and judgments in respect of projected sales volume, margins, terminal growth rates and discount rates.</p> <p>We identified the assessment of potential impairment of investments including corporate guarantees as a key audit matter because impairment assessment involves significant degree of management judgement in determining the key assumptions and forecasting future cash flows.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> • We evaluated the key judgements / assumptions underlying management's assessment of potential indicators of impairment; • Where potential indicators of impairment were identified, we evaluated management's impairment assessment and assumptions around the key drivers of the cash flow forecasts, discount rates, expected growth rates and terminal growth rates by comparison with available financial information including considerations of the economic conditions and audited financial statements of the subsidiaries; • We compared the forecast of future cash flows to business plan considering economic conditions and previous forecasts to the actual results; • We performed sensitivity analysis to determine the impact of changes in current and estimated future uncertain economic conditions and key assumptions, both individually and in aggregate; • We involved our valuation specialists to assist in evaluating the key assumptions and methodology used by the Company in computing the recoverable amount; • We read and assessed the relevant disclosures made within the standalone financial statements.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with [the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Independent Auditor's Report (Continued)

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the financial year ended March 31, 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

Independent Auditor's Report (Continued)

- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2023 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 36 to the standalone financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;
 - iv.
 - a) The management has represented that, to the best of its knowledge and belief, and as disclosed in the note 47 to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - b) The management has represented that, to the best of its knowledge and belief, and as disclosed in the note 47 to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
 - v. The final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.
As stated in note 18 to the standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.
 - vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Anil Jobanputra**

Partner

Membership Number: 110759

UDIN: 23110759BGVZSD8321

Place of Signature: Mumbai

Date: May 08, 2023

Annexure 1 Independent Auditor's Report

Annexure '1' referred to in paragraph under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: Kansai Nerolac Paints Limited ("the Company")

In terms of the information and explanations sought by us and given by the company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangibles assets.
- (b) All Property, Plant and Equipment have not been physically verified during the year by the management, but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The title deeds of immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in note 2 to the financial statements included in property, plant and equipment are held in the name of the Company. Certain title deeds of the immovable Properties, in the nature of leasehold land disclosed in note 4 to the financial statements included in Right of use assets (ROU), as indicated in the below mentioned cases which were acquired pursuant to a Scheme of Amalgamation approved by National Company Law Tribunal (NCLT), are not individually held in the name of the Company.

Description of Property	Gross carrying value (₹ In Crores)	Held in name of	Whether promoter, director or their relative or employee	Period held – indicate range, where appropriate	Reason for not being held in the name of Company
Leasehold land at Goa	0.30	Marpol Private Limited	No	Less than 2 years	These properties were acquired pursuant to a scheme of amalgamation and continue to be registered in the name of amalgamating Companies. However, the deed of merger has been registered by the Company.
Leasehold land at Vapi	0.12	Perma Construction Aids Private Limited	No	Less than 2 years	

- (d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2023.
- (e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The inventory has been physically verified by the management during the year except for inventories lying with third parties and discrepancies of 10% or more in aggregate for each class of inventory were not noticed in respect of such physical verification. In our opinion, the frequency of verification by the management is reasonable and the coverage and procedure for such verification is appropriate. Inventories lying with third parties have been confirmed by them as at March 31, 2023 and discrepancies of 10% or more in aggregate for each class of inventory were not noticed in respect of such confirmations.
- (b) The Company has not been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks or financial institutions during any point of time of the year on the basis of security of current assets. Accordingly, the requirement to report on clause 3(ii)(b) of the Order is not applicable to the Company.

Annexure 1 Independent Auditor's Report (Continued)

(iii) (a) During the year the Company has stood guarantee to companies as follows:

(₹ in Crores)

	Guarantees	Security	Loans	Advances in nature of loans
Aggregate amount granted / provided during the year				
– Subsidiaries	8.60	—	—	—
– Others	—	—	—	—
Balance outstanding as at balance sheet date in respect of above cases				
– Subsidiaries	—	—	—	—
– Others	—	—	—	—

During the year the Company has not provided loans, advances in the nature of loans or provided security to companies, firms, Limited Liability Partnerships or any other parties.

- (b) During the year the Company has not provided security and granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(b) of the Order whether the security given and the terms and conditions of the grant of all loans and advances in the nature of loans is not applicable to the Company. During the year, the investments made and guarantees provided to companies are not prejudicial to the Company's interest.
- (c) The Company has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(c) of the Order is not applicable to the Company.
- (d) The Company has not granted loans or advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(d) of the Order is not applicable to the Company.
- (e) There were no loans or advance in the nature of loan granted to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(e) of the Order is not applicable to the Company.
- (f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.
- (iv) There are no loans, investments, and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable. Guarantees in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable have been complied with by the Company.
- (v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of paints, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) Undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

Annexure 1 Independent Auditor's Report (Continued)

- (b) The dues of goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess, and other statutory dues which have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount unpaid* (₹ Crores)	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act, 1944	Tax, Penalty and Interest	0.37	2000-01 and 2014-15	Commissioner (Appeals)
Sales Tax and Value Added Tax Act	Tax, Penalty and Interest	5.32	1980-81, 1991-92, 2007-08 to 2011-12 and 2014-15	Assistant Commissioner
		44.86	1991-92, 1995-96, 2001-02, 2004-05 to 2006-07, 2009-10 to 2017-18	Deputy Commissioner
		1.50	1996-97, 2004-05, 2008-09, 2009-10, 2011-12	Additional Commissioner
		21.12	2001-02, 2003-04, 2005-06, 2012-13, 2015-16	Joint Commissioner
		2.45	2005-06, 2008-09, 2009-10, 2015-16, 2016-17	Senior Additional Commissioner (Revision Board)
		0.05	2002-03	Joint Commissioner (Appeals)
		0.03	2006-07	Commissioner
		0.58	2014-15	Senior Additional Commissioner
The Finance Act, 1994	Tax, Penalty and Interest	9.54	2009-10, 2012-13 to 2016-17	CESTAT
		0.38	2016-17 and Jun-17	Commissioner (Appeals)
Goods and Services Tax Act	Tax, Penalty and Interest	0.02	2017-18	Superintendent
		91.67	2017-18 and 2018-19	Deputy Commissioner
		20.31	2020-21	Joint Commissioner
Professional Tax	Tax, Penalty and Interest	0.09	2018-19	Assistant Commissioner

* Net of amount paid under protest

- (viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- (ix) (a) The Company did not have any outstanding loans or borrowings or interest thereon due to any lender during the year. Accordingly, the requirement to report on clause 3(ix)(a) of the Order is not applicable to the Company.
- (b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.
- (c) The Company did not have any term loans outstanding during the year hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company.
- (d) The Company did not raise any funds during the year hence, the requirement to report on clause (ix)(d) of the Order is not applicable to the Company.
- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.
- (x) (a) The Company has not raised any money during the year by way of initial public offer/further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares/fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

Annexure 1 Independent Auditor's Report (Continued)

- (xi) (a) No fraud by the Company or no material fraud on the Company has been noticed or reported during the year.
 (b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
 (c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of audit procedures.
- (xii) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a), (b) and (c) of the Order is not applicable to the Company.
- (xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.
 (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.
- (xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.
 (b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.
 (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.
 (d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.
- (xvii) The Company has not incurred cash losses in the current financial year and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.
- (xix) On the basis of the financial ratios disclosed in note 48 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 41(c) to the financial statements.
 (b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in note 41(d) to the financial statements.

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Anil Jobanputra**

Partner

Membership Number: 110759
 UDIN: 23110759BGVZSD8321

Place of Signature: Mumbai
 Date: May 08, 2023

Annexure 2 Independent Auditor's Report

Annexure 2 to the Independent Auditor's Report of even date on the standalone financial statements of Kansai Nerolac Paints Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to standalone financial statements of Kansai Nerolac Paints Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to these standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to these standalone financial statements.

Meaning of Internal Financial Controls with Reference to these Standalone Financial Statements

A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Annexure 2 Independent Auditor's Report (Continued)

Inherent Limitations of Internal Financial Controls with Reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Anil Jobanputra**

Partner

Membership Number: 110759

UDIN: 23110759BGVZSD8321

Place of Signature: Mumbai

Date: May 08, 2023

Standalone Balance Sheet as at 31st March 2023

₹ in Crores

	Note	As at 31 st March, 2023	As at 31 st March, 2022
ASSETS			
Non-current Assets			
Property, Plant and Equipment.....	2	1812.96	1701.27
Capital Work-in-progress.....	3	112.62	223.88
Right of Use Assets (ROU).....	4	172.95	165.15
Investment Property.....	5	0.13	0.18
Goodwill.....		0.20	0.20
Other Intangible Assets.....	6	8.70	9.35
		2107.56	2100.03
Financial Assets:			
Investments.....	7	154.90	90.87
Other Financial Assets.....	8	16.63	13.70
		171.53	104.57
Non-current Tax Assets (Net).....		145.63	132.19
Other Non-current Assets.....	9	88.29	87.62
Total Non-current Assets		2513.01	2424.41
Current Assets			
Inventories.....	10	1648.02	1531.54
Financial Assets:			
Investments.....	11	498.13	209.46
Trade Receivables.....	12	1117.15	965.43
Cash and Cash Equivalents.....	13	90.22	66.44
Bank Balances other than Cash and Cash Equivalents.....	14	4.52	14.21
Other Financial Assets.....	15	11.72	29.17
		1721.74	1284.71
Other Current Assets.....	16	192.31	155.06
Total Current Assets		3562.07	2971.31
Asset held for sale	5A	0.05	—
Total Assets		6075.13	5395.72
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital.....	17	53.89	53.89
Other Equity.....	18	4553.49	4117.04
Total Equity		4607.38	4170.93
Liabilities			
Non-current Liabilities			
Financial Liabilities:			
Lease Liabilities.....	19	93.78	85.93
Provisions.....	20	21.13	22.27
Deferred Tax Liabilities (Net).....	21	102.25	95.55
Total Non-current Liabilities		217.16	203.75
Current Liabilities			
Financial Liabilities:			
Lease Liabilities.....	22	25.49	22.95
Trade Payables.....	23		
Total Outstanding dues of Micro Enterprises and Small Enterprises.....		88.55	101.29
Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises.....		848.96	789.11
		937.51	890.40
Other Financial Liabilities.....	24	68.32	51.51
		1031.32	964.86
Other Current Liabilities.....	25	198.38	32.61
Provisions.....	26	20.89	18.58
Current Tax Liabilities (Net).....	27	—	4.99
Total Current Liabilities		1250.59	1021.04
Total Liabilities		1467.75	1224.79
Total Equity and Liabilities		6075.13	5395.72
Significant Accounting Policies	1		
The notes referred to above form an integral part of Standalone Financial Statements			

As per our attached report of even date

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration No.: 324982E/E300003

per **Anil Jobanputra**

Partner

Membership No.: 110759

For and on behalf of the Board of Directors of **Kansai Nerolac Paints Limited****P. P. Shah**

Chairman

DIN: 00066242

Sonia Singh

Director

DIN: 07108778

P. D. Pai

CFO

Anuj Jain

Managing Director

DIN: 08091524

Bhaskar Bhat

Director

DIN: 00148778

G. T. Govindarajan

Company Secretary

ACS No. 8887

Mumbai, 8th May, 2023Mumbai, 8th May, 2023

Standalone Statement of Profit and Loss for the year ended 31st March 2023

₹ in Crores

	Note	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Income			
Revenue from Operations	28	7081.02	5948.90
Other Income	29	30.83	32.86
Total Income		7111.85	5981.76
Expenses			
Cost of Materials Consumed	30	4595.16	4013.98
Purchases of Stock-in-trade		466.56	396.22
Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-trade	31	(106.38)	(280.94)
Employee Benefits Expense	32	333.84	312.37
Finance Cost	33	9.73	9.87
Depreciation and Amortisation Expenses	34	164.63	153.82
Other Expenses	35	997.95	859.93
Total Expenses		6461.49	5465.25
Profit Before Exceptional Items and Tax		650.36	516.51
Exceptional Item		—	(11.39)
Profit Before Tax		650.36	505.12
Tax Expense			
Current Tax	21	159.71	132.35
Adjustment of tax relating to earlier periods	21	(2.43)	—
Deferred Tax	21	6.65	(1.56)
Total Tax Expense		163.93	130.79
Profit for the Year		486.43	374.33
Other Comprehensive Income			
(i) Items that will not be reclassified to Standalone Statement of Profit and Loss			
(a) Remeasurement of Defined Benefit Liability		0.21	3.35
(b) Income tax relating to items that will not be reclassified to Standalone Statement of Profit and Loss		(0.05)	(0.84)
Total Other Comprehensive Income (net of taxes)		0.16	2.51
Total Comprehensive Income for the Year		486.59	376.84
Earnings per Share (Face Value of ₹ 1 each):			
Basic (in ₹)		9.03	6.95
Diluted (in ₹)		9.02	6.95
Significant Accounting Policies	1		

The notes referred to above form an integral part of Standalone Financial Statements

As per our attached report of even date
For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration No.: 324982E/E300003
per **Anil Jobanputra**
Partner
Membership No.: 110759

For and on behalf of the Board of Directors of **Kansai Nerolac Paints Limited**
P. P. Shah
Chairman
DIN: 00066242
Sonia Singh
Director
DIN: 07108778
P. D. Pai
CFO
Anuj Jain
Managing Director
DIN: 08091524
Bhaskar Bhat
Director
DIN: 00148778
G. T. Govindarajan
Company Secretary
ACS No. 8887

Mumbai, 8th May, 2023Mumbai, 8th May, 2023

Standalone Statement of Changes in Equity

for the year ended 31st March, 2023

A. Equity Share Capital

₹ in Crores

Balance as at 1 st April, 2021.....	53.89
Changes in Equity Share Capital during 2021-2022.....	—
Balance as at the 31 st March, 2022.....	53.89
Changes in Equity Share Capital during 2022-2023.....	—
Balance as at the 31 st March, 2023.....	53.89

B. Other Equity

₹ in Crores

	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Share Based Payment Reserve	Total
Balance as at 1 st April, 2022.....	0.30	12.56	487.67	3616.51	—	4117.04
Profit for the year.....	—	—	—	486.43	—	486.43
Other Comprehensive Income:						
Remeasurement of Employee Defined Benefit Liability	—	—	—	0.21	—	0.21
Deferred Tax on Remeasurement of Employee Defined Benefit Liability	—	—	—	(0.05)	—	(0.05)
Total Other Comprehensive Income for the Year, net of tax.....	—	—	—	0.16	—	0.16
Total Comprehensive Income for the Year.....	—	—	—	486.59	—	486.59
Transaction with Owners in their Capacity as Owners, recorded directly in equity:						
Dividends	—	—	—	(53.89)	—	(53.89)
Share based payment expense	—	—	—	—	3.75	3.75
	—	—	—	(53.89)	3.75	(50.14)
Balance as at the 31 st March, 2023.....	0.30	12.56	487.67	4049.21	3.75	4553.49

₹ in Crores

	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Share Based Payment Reserve	Total
Balance as at 1 st April, 2021	0.30	12.56	487.67	3522.60	—	4023.13
Profit for the year.....	—	—	—	374.33	—	374.33
Other Comprehensive Income:						
Remeasurement of Employee Defined Benefit Liability	—	—	—	3.35	—	3.35
Deferred Tax on Remeasurement of Employee Defined Benefit Liability	—	—	—	(0.84)	—	(0.84)
Total Other Comprehensive Income for the Year, net of tax.....	—	—	—	2.51	—	2.51
Total Comprehensive Income for the Year.....	—	—	—	376.84	—	376.84
Transaction with Owners in their Capacity as Owners, recorded directly in equity:						
Dividends	—	—	—	(282.93)	—	(282.93)
	—	—	—	(282.93)	—	(282.93)
Balance as at 31 st March, 2022.....	0.30	12.56	487.67	3616.51	—	4117.04

As per our attached report of even date

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration No.: 324982E/E300003

per **Anil Jobanputra**

Partner

Membership No.: 110759

For and on behalf of the Board of Directors of **Kansai Nerolac Paints Limited**

P. P. Shah

Chairman

DIN: 00066242

Sonia Singh

Director

DIN: 07108778

P. D. Pai

CFO

Anuj Jain

Managing Director

DIN: 08091524

Bhaskar Bhat

Director

DIN: 00148778

G. T. Govindarajan

Company Secretary

ACS No. 8887

Mumbai, 8th May, 2023

Mumbai, 8th May, 2023

Standalone Statement of Cash Flow

for the year ended 31st March, 2023

₹ in Crores

Particulars	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Cash Flow from Operating Activities		
Profit Before Tax.....	650.36	505.12
Adjustments for:		
Depreciation and Amortisation Expenses.....	164.63	153.82
Fair Value (Gain)/Loss on Financial Instruments recognised through FVTPL.....	(6.54)	0.61
Unrealised Foreign Exchange Gain (Net).....	(1.11)	(0.95)
Profit on Sale of Current Investments (Net).....	(7.32)	(14.29)
Interest Income.....	(1.32)	(1.45)
Dividend Income.....	(2.79)	(2.52)
Profit on Sale of Property, Plant and Equipment (Net).....	(0.22)	(0.19)
Finance Cost.....	9.73	9.87
Impairment loss allowance on trade receivables.....	0.51	2.36
Provision/liabilities no longer required written back.....	(0.66)	(47.44)
Share based payment expense.....	3.75	—
Gain from closure of lease liability.....	(0.73)	—
Impairment of non-current investment.....	—	11.39
	157.93	111.21
Operating Profit Before Working Capital Changes.....	808.29	616.33
(Increase) in Trade and Other Receivables.....	(203.52)	(85.72)
(Increase) in Inventories.....	(116.48)	(419.73)
Increase in Trade Payables, Other Financial Liabilities and Provisions.....	73.61	98.83
	(246.39)	(406.62)
Cash Generated from Operations.....	561.90	209.71
Direct Taxes Paid (Net of Refunds).....	(175.71)	(150.62)
Net Cash Flows generated from Operating Activities.....	386.19	59.09
Cash Flow from Investing Activities		
Purchase of Property, Plant and Equipment and Other Intangible Assets (including Adjustments on Account of Capital Work-in-progress, Capital Creditors and Capital Advances).....	(111.30)	(213.78)
Proceeds from Sale of Property, Plant and Equipment.....	0.81	0.24
Advance received against Sale of Investment Property.....	162.11	—
Purchase of Investments in Subsidiaries.....	(61.89)	—
Purchase of non-current Investments.....	(2.14)	(0.14)
Purchase of Current Investments.....	(2782.50)	(3014.36)
Proceeds from Sale/Redemption of Current Investments.....	2507.69	3486.64
Interest Received.....	1.32	1.45
Dividend Received.....	2.79	2.52
Proceeds from/(Investments in) fixed deposits.....	9.57	(11.11)
Net Cash Flows (used in)/generated from Investing Activities.....	(273.54)	251.46

Standalone Statement of Cash Flow

for the year ended 31st March, 2023

₹ in Crores

Particulars	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Cash Flows from Financing Activities		
Repayment of Current Borrowings.....	—	(8.34)
Payment of Lease Liabilities	(34.98)	(32.76)
Interest Paid	—	(0.38)
Dividend Paid	(53.89)	(282.93)
Net Cash Flows (used in) Financing Activities	(88.87)	(324.41)
Net Increase/(Decrease) in Cash and Cash Equivalents	23.78	(13.86)
Cash and Cash Equivalents at beginning of the period, the components being: (Refer Note 13)		
Cash on Hand	0.08	0.08
Cheques on hand.....	23.34	16.78
Balances with Banks.....	42.04	62.46
Effect of exchange rate fluctuation.....	0.98	0.98
	66.44	80.30
Cash and Cash Equivalents at end of the period, the components being: (Refer Note 13)		
Cash on Hand	0.06	0.08
Cheques on hand.....	22.38	23.34
Balances with Banks	61.80	42.04
Deposit with Banks with less than 3 months maturity	5.00	—
Effect of exchange rate fluctuation.....	0.98	0.98
	90.22	66.44
Net Increase/(Decrease) as disclosed above.....	23.78	(13.86)

Debt Reconciliation Statement in accordance with Ind AS 7

₹ in Crores

	31 st March, 2023	31 st March, 2022
Opening Balances		
Current Borrowings	—	8.34
Movements		
Current Borrowings	—	(8.34)
Closing Balances		
Current Borrowings	—	—

Notes:

- (i) Figures in brackets are outflows/deductions.
(ii) The above Cash Flow Statement is prepared under the "Indirect Method" as set out in the Indian Accounting Standards (Ind AS-7) – Statement of Cash Flows

As per our attached report of even date

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration No.: 324982E/E300003

per **Anil Jobanputra**

Partner

Membership No.: 110759

For and on behalf of the Board of Directors of **Kansai Nerolac Paints Limited**

P. P. Shah

Chairman

DIN: 00066242

Sonia Singh

Director

DIN: 07108778

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CFO

Anuj Jain

Managing Director

DIN: 08091524

Bhaskar Bhat

Director

DIN: 00148778

G. T. Govindarajan

Company Secretary

ACS No. 8887

Mumbai, 8th May, 2023

Mumbai, 8th May, 2023

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

A. Corporate Information

Kansai Nerolac Paints Limited (the 'Company') is a public limited company domiciled in India and incorporated under the provisions of the Companies Act. The Company's shares are listed on National Stock Exchange and Bombay Stock Exchange. The registered office of the Company is located at Nerolac House, Ganpatrao Kadam Marg, Lower Parel, Mumbai-400013. The Company is principally engaged in the manufacturing of Paints.

Kansai Paint Co., Ltd., Japan is immediate and ultimate holding company of Kansai Nerolac Paints Limited and is based and listed in Japan. Financial Statements of Kansai Paint Co., Ltd., Japan are available in public domain.

The Standalone Financial Statements for the year ended 31st March, 2023 have been reviewed by the Audit Committee and approved by the Board of Directors at their meetings held on 8th May, 2023.

B. Basis of Preparation

1. Statement of compliance

The Standalone Financial Statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act as amended from time to time.

Details of the Company's Accounting Policies are included in Note 1.

2. Functional and Presentation currency

The Standalone Financial Statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest crores, unless otherwise indicated.

3. Basis of measurement

The Standalone Financial Statements have been prepared on the historical cost basis except for investments in mutual funds, non-trade equity shares, bonds and provision for employee defined benefit plans, which are measured at fair values at the end of each reporting period.

4. Use of estimates and judgements

Critical accounting judgments and key sources of estimation uncertainty:

The preparation of the financial statements in conformity with the Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosures as at date of the financial statements and the reported amounts of the revenues and expenses for the years presented. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Critical Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amount recognised in the financial statements.

Discount rate used to determine the carrying amount of the Company's defined benefit obligation.

In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

Contingencies and Commitments

In the normal course of business, contingent liabilities may arise from litigations and other claims against the Company. Where the potential liabilities have a low probability of crystallising or are very difficult to quantify reliably, we treat them as contingent liabilities. Such liabilities are disclosed in the notes but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, we do not expect them to have a materially adverse impact on our financial position or profitability.

(ii) Key Sources of Estimation Uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Useful Lives of Property, Plant and Equipment

As described in Note 1(3)(c), the Company reviews the estimated useful lives and residual values of property, plant and equipment at the end of each reporting period. During the current financial year, the management determined that there were no changes to the useful lives and residual values of the property, plant and equipment.

Impairment loss allowance on trade receivables

The Company makes loss allowances for credit impaired debts based on an assessment of the recoverability of trade and other receivables. The identification of credit impaired debts enquires use of judgments and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and credit impaired debts expenses in the period in which such estimate has been changed.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

B. Basis of Preparation (contd.)

4. Use of estimates and judgements (contd.)

Allowances for Inventories

Management reviews the inventory age listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory items with the respective net realizable value. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete and slow-moving items. Management is satisfied that adequate allowance for obsolete and slow-moving inventories has been made in the financial statements.

Impairment of Investments in Subsidiaries

The carrying amount of the Company's investments in subsidiaries including corporate guarantees provided by the Company to the lenders of its subsidiaries are assessed at the end of each reporting date to determine whether there are any potential indicators of impairment. If any such indication exists, then the Company estimates the recoverable amount of such investments. The determination of recoverable amounts of the Company's investments in subsidiaries involves significant judgements. Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount includes projected sales volume, estimated long-term growth rates, weighted average cost of capital, estimated operating margins, etc.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques, including the discounted cash flow model, which involve various judgements and assumptions.

Defined Benefit Plans

The costs and present value of the defined benefit gratuity plan and other long-term employee benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in future. These include the determination of appropriate discount rate, salary escalation rate, expected rate of return on assets and mortality rates. Due to the complexities involved in the valuation and its long-term nature, defined benefit plans are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date and the same are disclosed in Note 38, 'Employee benefits'.

Note 1: Significant Accounting Policies

1. Classification of Assets and Liabilities

Schedule III to the Act, requires assets and liabilities to be classified as either Current or Non-current.

- (a) An asset shall be classified as current when it satisfies any of the following criteria:
 - (i) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
 - (ii) it is held primarily for the purpose of being traded;
 - (iii) it is expected to be realised within twelve months after the reporting date; or
 - (iv) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.
- (b) All assets other than current assets shall be classified as non-current.
- (c) A liability shall be classified as current when it satisfies any of the following criteria:
 - (i) it is expected to be settled in the Company's normal operating cycle;
 - (ii) it is held primarily for the purpose of being traded;
 - (iii) it is due to be settled within twelve months after the reporting date; or
 - (iv) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.
- (d) All liabilities other than current liabilities shall be classified as non-current.

2. Operating Cycle

An operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Company has ascertained the operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

3. Property, Plant and Equipment

(a) Recognition and Measurement

An item of Property, Plant and Equipment that qualifies for recognition as an asset is initially measured at its cost and then carried at the cost less accumulated depreciation and accumulated impairment, if any.

The cost of an item of Property, Plant and Equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is included in the cost of an item of property, plant and equipment.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

Note 1: Significant Accounting Policies (contd.)

3. Property, Plant and Equipment (contd.)

The cost of a self-constructed item of Property, Plant and Equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Tangible Property, Plant and Equipment under construction are disclosed as Capital Work-in-progress. Item of Capital Work-in-progress is carried at cost using the principles of valuation of item of property, plant and equipment till it is ready for use, the manner in which intended by management.

(b) Subsequent Expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(c) Depreciation

The depreciable amount of an item of Property, Plant and Equipment is allocated on a systematic basis over its useful life. The Company provides depreciation on the straight line method. The Company believes that straight line method reflects the pattern in which the asset's future economic benefits are expected to be consumed by the Company. Based on internal technical evaluation, the management believes useful lives of the assets are appropriate. The depreciation method is reviewed at least at each financial year-end and, if there has been a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.

Each part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in the Standalone Statement of Profit and Loss unless it is included in the carrying amount of another asset.

The residual value and the useful life of an asset is reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) is accounted for as a change in an accounting estimate in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The estimated useful lives for the current and comparative periods are as follows:

Asset Class	Useful Lives (in years) – as per Companies Act, 2013	Useful Lives (in years) – as estimated by the Company
Buildings	30-60	30-60
Plant and Equipments	10-20	10-25
Furniture and Fixtures	10	10
Vehicles	10	10
Office Equipments	5	5
Computers	3-6	3-6
Assets for Scientific Research	10-20	20
Assets on Operating Lease	NA	5

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed off).

Depreciation charge for the year is displayed as depreciation on the face of Standalone Statement of Profit and Loss.

(d) Disposal

The carrying amount of an item of Property, Plant and Equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of Property, Plant and Equipment is included in Standalone Statement of Profit and Loss when the item is derecognised.

4. Investment Property

(a) Recognition and Measurement

Land or building held to earn rentals or for capital appreciation or both rather than for use in the production or supply of goods or services or for administrative purposes; or sale in the ordinary course of business is recognised as Investment Property. Land held for a currently undetermined future use is also recognised as Investment Property.

An investment property is measured initially at its cost. The cost of an investment property comprises its purchase price and any directly attributable expenditure. After initial recognition, the Company carries the investment property at the cost less accumulated depreciation and accumulated impairment, if any.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

Note 1: Significant Accounting Policies (contd.)

4. Investment Property (contd.)

(b) Depreciation

After initial recognition, the Company measures all of its Investment Property in accordance with Ind AS 16 – Property, Plant and Equipment requirements for cost model. The depreciable amount of an item of Investment Property is allocated on a systematic basis over its useful life. The Company provides depreciation on the straight line method. The Company believes that straight line method reflects the pattern in which the asset's future economic benefits are expected to be consumed by the Company. Based on internal technical evaluation, the management believes useful lives of the assets are appropriate. The depreciation method is reviewed at least at each financial year-end and, if there has been a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.

The depreciation charge for each period is generally recognised in the Standalone Statement of Profit and Loss.

The residual value and the useful life of an asset is reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) is accounted for as a change in an accounting estimate in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The estimated useful lives for the current and comparative periods are as follows:

Asset Class	Useful Lives (in years) – as per Companies Act, 2013	Useful Lives (in years) – as estimated by the Company
Buildings	30-60	30-60

(c) Fair Value

Fair value of investment property is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued. The fair value of investment property is disclosed in the Note 4.

(d) Gain or loss on Disposal

Any gain or loss on disposal of an Investment Property is recognised in the Standalone Statement of Profit and Loss.

5. Other Intangible Assets

(a) Recognition and Measurement

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are initially measured at its cost and then carried at the cost less accumulated amortisation and accumulated impairment, if any.

Research and Development

Research is original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding. Expenditure incurred on research of an internal project is recognised as an expense in Standalone Statement of Profit and Loss, when it is incurred.

Development is the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of commercial production or use. An intangible asset arising from development is recognised if, and only if, the following criteria are met:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale.
- the Company intends to complete the intangible asset and use or sell it.
- the Company has ability to use or sell the intangible asset.
- the Company can demonstrate how the intangible asset will generate probable future economic benefits.
- the Company has adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- the Company has ability to measure reliably the expenditure attributable to the intangible asset during its development.

Expenditure on research activities is recognised in Standalone Statement of Profit and Loss as incurred.

(b) Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in Standalone Statement of Profit and Loss as incurred.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

Note 1: Significant Accounting Policies (contd.)

5. Other Intangible Assets (contd.)

(c) Amortisation

The Company amortises Other Intangible Assets on the straight line method. The Company believes that straight line method reflects the pattern in which the asset's future economic benefits are expected to be consumed by the Company. The amortisation method is reviewed at least at each financial year-end and, if there has been a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.

The residual value and the useful life of an asset is reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) is accounted for as a change in an accounting estimate in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The estimated useful lives as estimated by management are as follows:

Asset Class	Useful Lives (in years) – as estimated by the Company
Software	3
Customer Relationship	5
Brand and Technical Knowhow	5
Non-compete	5

6. Non-current assets or disposal group held for sale

Non-current assets, or disposal groups comprising assets and liabilities are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any resultant loss on a disposal group is allocated first to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, and biological assets, which continue to be measured in accordance with the Company's other accounting policies. Losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognised in Standalone Statement of Profit and Loss.

Once assets classified as held-for-sale, then Property, Plant and Equipment, Investment Property and Other Intangible Assets are no longer required to be depreciated or amortised.

7. Employee Benefits

(a) Short-term Employee Benefits:

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

(b) Post-Employment Benefits:

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

(i) Provident and Family Pension Fund

The eligible employees of the Company are entitled to receive post employment benefits in respect of provident and family pension fund, in which both the employees and the Company make monthly contributions at a specified percentage of the employees' eligible salary (currently 12% of employees' eligible salary). The contributions are made to the Regional Provident Fund Commissioner (RPFC) which are charged to the Standalone Statement of Profit and Loss as incurred.

In respect of contribution to RPFC, the Company has no further obligations beyond making the contribution, and hence, such employee benefit plan is classified as Defined Contribution Plan. The Company's contribution is recognised as an expense in the Standalone Statement of Profit and Loss.

(ii) Superannuation

The eligible employees of the Company are entitled to receive post employment benefits in respect of superannuation fund in which the Company makes annual contribution at a specified percentage of the employees' eligible salary (currently 15% of employees' eligible salary). The contributions are made to the Life Insurance Corporation of India (LIC). Superannuation is classified as Defined Contribution Plan as the Company has no further obligations beyond making the contribution. The Company's contribution is recognised as an expense in the Standalone Statement of Profit and Loss.

Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

Note 1: Significant Accounting Policies (contd.)

7. Employee Benefits (contd.)

(b) Post-Employment Benefits (contd.):

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in Other Comprehensive Income. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in Standalone Statement of Profit and Loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Gratuity

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days to one month salary payable for each completed year of service or part thereof in excess of six months depending upon category of employee. Vesting occurs upon completion of five years of service. The Company has obtained insurance policies with the Life Insurance Corporation of India (LIC) and makes an annual contribution to LIC for amounts notified by LIC. The Company accounts for gratuity benefits payable in future based on an independent external actuarial valuation carried out at the end of the year using the projected unit credit method. Actuarial gains and losses are recognised as Other Comprehensive Income.

Provident Fund Trust

In respect of contribution to the trust set up by the Company, since the Company is obligated to meet interest shortfall, if any, with respect to covered employees, such employee benefit plan is classified as Defined Benefit Plan. Any obligation in this respect is measured on the basis of independent actuarial valuation.

(c) Retirement Benefits to Executive Directors

The liability for special retirement benefit to the Executive Directors who became entitled prior to the discontinuation of the policy, is recognised in the balance sheet at its present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the said obligation is determined by discounting the estimated future cash outflows, using market yields of government bonds that have tenure approximating the tenures of the related liability.

The interest expense is calculated by applying the discount rate to the defined benefit liability. The interest expense on the defined benefit liability is recognised in the Standalone Statement of Profit and Loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Standalone Statement of Changes in Equity and in the Standalone Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

(d) Other Long-term Employee Benefits - Compensated Absences

The Company provides for encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment/availment. The Company makes provision for compensated absences based on an independent actuarial valuation carried out at the end of the year. Actuarial gains and losses are recognised in the Standalone Statement of Profit and Loss.

(e) Share based Payments

Employees of the Company receive remuneration in the form of share-based payments in consideration of the services rendered. Under the equity settled share based payment, the fair value on the grant date of the awards given to employees is recognised as 'employee benefit expenses' with a corresponding increase in equity over the vesting period. The fair value of the options at the grant date is calculated by an independent valuer basis Black Scholes model and Monte Carlo model. At the end of each reporting period, apart from the non-market vesting condition, the expense is reviewed and adjusted to reflect changes to the level of options expected to vest. When the options are exercised, the Company issues fresh equity shares.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

Note 1: Significant Accounting Policies (contd.)

8. Inventories

(a) Measurement of Inventory

The Company measures its inventories at the lower of cost and net realisable value.

(b) Cost of Inventories

The cost of inventories shall comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The costs of purchase of inventories comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the tax authorities), and transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

The costs of conversion of inventories include costs directly related to the units of production and a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods.

Other costs are included in the cost of inventories only to the extent that they are incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned by weighted average cost formula. The Company uses the same cost formula for all inventories having a similar nature and use to the Company.

(c) Net realisable value

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Net realisable value is ascertained for each item of inventories with reference to the selling prices of related finished products.

The practice of writing inventories down below cost to net realisable value is consistent with the view that assets should not be carried in excess of amounts expected to be realised from their sale or use. Inventories are usually written down to net realisable value item by item. Estimates of net realisable value of finished goods and stock-in-trade are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. However, when a decline in the price of materials indicates that the cost of the finished products exceeds net realisable value, the materials are written down to net realisable value.

Amount of any reversal of write-down of inventories shall be recognised as an expense as when the event occurs.

A new assessment is made of net realisable value in each subsequent period. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed. Amounts such reversed shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which reversal occurs.

(d) Valuation of Spare parts, stand-by equipments and servicing equipments

Spare parts, stand-by equipment and servicing equipment are recognised as Property, Plant and Equipment if and only if it is probable that future economic benefits associated with them will flow to the Company and their cost can be measured reliably. Otherwise such items are classified and recognised as Inventory.

9. Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. For an investment to qualify as a cash equivalent it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. Therefore, an investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition. For the purpose of Cash Flow Statement cash and cash equivalent includes bank overdrafts which are repayable on demand.

10. Government Grants

Government grants are assistance by government in the form of transfers of resources to the Company in return for past or future compliance with certain conditions relating to the operating activities of the Company. Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received. Government grants are recognised in Statement of Profit and Loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

Note 1: Significant Accounting Policies (contd.)

11. Provisions and Contingent Liabilities

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on technical evaluation, historical warranty data and a weighting of all possible outcomes by their associated probabilities.

Restructuring

A provision for restructuring is recognised when the Company has approved a detailed formal restructuring plan, and the restructuring either has commenced or has been announced publicly.

Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Company recognises any impairment loss on the assets associated with that contract.

12. Revenue Recognition

Revenue is recognised upon transfer of control of promised goods to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those goods.

Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer which is usually on dispatch / delivery.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, rebates, scheme allowances, price concessions, incentives, and returns, if any, as specified in the contracts with the customers. Revenue excludes taxes collected from customers on behalf of the government. Accruals for discounts/incentives and returns are estimated (using the most likely method) based on accumulated experience and underlying schemes and agreements with customers. Due to the short nature of credit period given to customers, there is no financing component in the contract.

Interest Income

Interest income is recognised using the effective interest method as set out in Ind AS 109 – Financial Instruments: Recognition and Measurement, when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of the revenue can be measured reliably. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period.

Royalty Income

Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreement when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of the revenue can be measured reliably.

Dividend Income

Dividend income is recognised when right to receive payment is established and it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of the revenue can be measured reliably.

13. Foreign Currency Transactions

Functional currency is the currency of the primary economic environment in which the Company operates whereas presentation currency is the currency in which the financial statements are presented. Indian Rupee is the functional as well as presentation currency for the Company.

A foreign currency transaction is recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of each reporting period, foreign currency monetary items are translated using the closing rate whereas non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous Financial Statements are recognised in the Standalone Statement of Profit and Loss in the period in which they arise. When a gain or loss on a non-monetary item is recognised in Other Comprehensive Income, any exchange component of that gain or loss is recognised in Other Comprehensive Income. Conversely, when a gain or loss on a non-monetary item is recognised in Standalone Statement of Profit and Loss, any exchange component of that gain or loss is recognised in Standalone Statement of Profit and Loss.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

Note 1: Significant Accounting Policies (contd.)

14. Taxation

Income tax

Income tax comprises current tax and deferred tax expense. It is recognised in Standalone Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognised directly in Equity or in Other Comprehensive Income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- a temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- b taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/reduced to the extent that it is probable/no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

15. Lease

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use Assets (ROU Assets)

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold land	90 to 99 years
Buildings	2 to 10 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in note 19 Impairment of non-financial assets.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

Note 1: Significant Accounting Policies (contd.)

15. Lease (contd.)

(ii) Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

(iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

16. Financial Instruments

(a) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual terms of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at Fair Value through Profit and Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

(b) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is measured at

- amortised cost;
- Fair Value through Other Comprehensive Income (FVOCI) – debt investment;
- Fair Value through Other Comprehensive Income – equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

Note 1: Significant Accounting Policies (contd.)

16. Financial Instruments (contd.)

(b) Classification and subsequent measurement (contd.)

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in Standalone Statement of Profit and Loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in Standalone Statement of Profit and Loss. Any gain or loss on derecognition is recognised in Statement of Profit and Loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in Standalone Statement of Profit and Loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to Standalone Statement of Profit and Loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in Standalone Statement of Profit and Loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to Standalone Statement of Profit and Loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Standalone Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in Standalone Statement of Profit and Loss.

(c) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in Standalone Statement of Profit and Loss.

(d) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(e) Derivative Financial Instruments

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered and are subsequently re-measured at fair value. Any changes therein are recognised in the statement of profit and loss.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

Note 1: Significant Accounting Policies (contd.)

17. Borrowing Cost

The Company capitalises borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Company recognises other borrowing costs as an expense in the period in which it incurs them. Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

18. Earnings Per Share

Basic earnings per share

The Company calculates basic earnings per share amounts for profit or loss attributable to ordinary equity holders and, if presented, profit or loss from continuing operations attributable to those equity holders.

Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the period.

The weighted average number of ordinary shares outstanding during the period and for all periods presented shall be adjusted for events, other than the conversion of potential ordinary shares, that have changed the number of ordinary shares outstanding without a corresponding change in resources.

Diluted earnings per share

The Company calculates diluted earnings per share amounts for profit or loss attributable to ordinary equity holders and, if presented, profit or loss from continuing operations attributable to those equity holders.

For the purpose of calculating diluted earnings per share, the Company adjusts profit or loss attributable to ordinary equity holders, and the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares, if any.

For the purpose of calculating diluted earnings per share, the weighted average number of ordinary shares calculated for calculating basic earnings per share and adjusted the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. Dilutive potential ordinary shares are deemed to have been converted into ordinary shares at the beginning of the period or, if later, the date of the issue of the potential ordinary shares.

19. Impairment Loss

Impairment of Financial Assets

The Company recognises loss allowances for expected credit losses on:

- financial assets measured at amortised cost; and
- financial assets measured at FVOCI- debt investments.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

In accordance with Ind AS 109 – Financial Instruments, the Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime expected credit loss at each reporting date, right from its initial recognition.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Impairment of Non Financial Assets

An impairment loss is the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate.

The Company assesses at the end of each reporting period whether there is any indication that an asset is impaired. In assessing whether there is any indication that an asset may be impaired, the Company considers External as well as Internal Source of Information. If any such indication exists, the Company estimates the recoverable amount for the individual asset. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the asset is carried at revalued amount in accordance with another Accounting Standards.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

Note 1: Significant Accounting Policies (contd.)

19. Impairment Loss (contd.)

If it is not possible to estimate the recoverable amount of the individual asset, the Company determines the recoverable amount of the cash generating unit to which the asset belongs (the asset's cash-generating unit). A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Company recognises impairment loss for a cash-generating unit if, and only if, the recoverable amount of the cash-generating unit is less than the carrying amount of the cash-generating unit. The Company allocates impairment loss of cash-generating units first to the carrying amount of goodwill allocated to the cash-generating units, if any, and then, to the other assets of the cash-generating units pro rata on the basis of the carrying amount of each asset in the cash-generating unit. These reductions in carrying amounts shall be treated as impairment losses on individual assets and recognised accordingly.

20. Measurement of fair values

A number of the Companies accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

21. Business Combination

Business combinations arising from transfers or interests in entities that are under the control of the shareholders that controls the Company are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognised at their carrying amounts. The identity of the reserves is preserved and they appear in the standalone financial statements of the Company in the same form in which they appeared in the standalone financial statements of the acquired entity. The difference, if any, between the net assets acquired and cancellation of share capital of the acquired entity is transferred to other equity.

22. Investment in Subsidiaries

A subsidiary is an entity that is controlled by the Company.

The Company accounts for the investments in equity shares of subsidiaries at cost in accordance with Ind AS 27 – Separate Financial Statements.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

2. Property, Plant and Equipment

₹ in Crores

Description	Gross Block			As at 31 st March, 2023	Accumulated Depreciation			As at 31 st March, 2023	Net Block	
	As at 1 st April, 2022	Additions	Deductions		As at 1 st April, 2022	Additions	Deductions		As at 31 st March, 2023	As at 31 st March, 2023
Freehold Land	90.06 (90.06)	0.55 (—)	— (—)	90.61 (90.06)	— (—)	— (—)	— (—)	— (—)	90.61 (90.06)	
Buildings	866.77 (757.48)	82.46 (109.29)	— (—)	949.23 (866.77)	191.81 (168.06)	27.10 (23.75)	— (—)	218.91 (191.81)	730.32 (674.96)	
Plant and Equipments	1308.05 (1249.42)	110.18 (59.53)	1.35 (0.90)	1416.88 (1308.05)	518.69 (461.04)	63.19 (58.48)	0.88 (0.83)	581.00 (518.69)	835.88 (789.36)	
Furniture and Fixtures	22.67 (22.12)	0.47 (0.56)	— (0.01)	23.14 (22.67)	17.66 (16.75)	0.91 (0.92)	— (0.01)	18.57 (17.66)	4.57 (5.01)	
Vehicles	1.06 (1.32)	0.37 (0.11)	0.19 (0.37)	1.24 (1.06)	0.76 (1.02)	0.05 (0.08)	0.19 (0.34)	0.62 (0.76)	0.62 (0.30)	
Office Equipments	15.19 (14.41)	0.74 (0.79)	— (0.01)	15.93 (15.19)	13.19 (12.29)	0.89 (0.91)	— (0.01)	14.08 (13.19)	1.85 (2.00)	
Computers	52.66 (51.31)	6.43 (8.05)	0.01 (6.70)	59.08 (52.66)	41.05 (43.94)	4.30 (3.81)	— (6.70)	45.35 (41.05)	13.73 (11.61)	
Assets for Scientific Research*	78.86 (78.27)	0.87 (0.59)	0.12 (—)	79.61 (78.86)	23.59 (20.53)	3.07 (3.06)	0.01 (—)	26.65 (23.59)	52.96 (55.27)	
Assets given on Operating Lease (Refer Note 2.5)	376.05 (351.79)	40.47 (31.53)	6.55 (7.27)	409.97 (376.05)	303.35 (281.55)	30.75 (29.07)	6.55 (7.27)	327.55 (303.35)	82.42 (72.70)	
Total Tangible Assets	2811.37 (2616.18)	242.54 (210.45)	8.22 (15.26)	3045.69 (2811.37)	1110.10 (1005.18)	130.26 (120.08)	7.63 (15.16)	1232.73 (1110.10)	1812.96 (1701.27)	

* Net block includes Buildings ₹ 24.14 Crores (2021-2022 ₹ 24.58 Crores), Plant and Equipment ₹ 25.20 Crores (2021-2022 ₹ 26.94 Crores) and Furniture and Fixtures ₹ 3.62 Crores (2021-2022 ₹ 3.75 Crores).

- 2.1. Figures in the brackets are the corresponding figures in respect of the previous year.
- 2.2. No items of Property, Plant and Equipment were pledged as security for liabilities during any part of the current and comparative period.
- 2.3. Nil amount of borrowing costs is capitalised during the current and comparative period.
- 2.4. Nil amount of impairment loss is recognised during the current and comparative period.
- 2.5. The Company has given Colour Dispenser Machines on operating lease to its dealers. The Company enters into three years cancellable lease agreements. However, the corresponding lease rentals may be receivable for a shorter period or may be waived off. The minimum aggregate lease payments to be received in future is considered as ₹ Nil. Accordingly, the disclosure of the present value of minimum lease payments receivable at the Balance Sheet date is not made.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

3. Capital work-in-progress

₹ in Crores

Year	Opening	Additions	Deletions	Closing
2022-2023	223.88	131.28	242.54	112.62
2021-2022	205.83	228.50	210.45	223.88

Capital work-in-progress Ageing Schedule

As at 31st March, 2023

₹ in Crores

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress.....	57.83	43.91	6.32	4.56	112.62
Projects temporarily suspended	—	—	—	—	—
Total	57.83	43.91	6.32	4.56	112.62

As at 31st March, 2022

₹ in Crores

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress.....	78.78	44.00	75.61	17.45	215.84
Projects temporarily suspended*	1.03	4.35	1.66	1.00	8.04
Total	79.81	48.35	77.27	18.45	223.88

Project completion is overdue or has exceeded its cost compared to its original plan : Not Applicable

* Vizag project has been temporarily suspended.

4. Right of Use Assets (ROU)

₹ in Crores

Description	Gross Block			As at 31 st March, 2023	Accumulated Amortisation			As at 31 st March, 2023	Net Block As at 31 st March, 2023
	As at 1 st April, 2022	Additions	Deductions		As at 1 st April, 2022	Additions	Deductions		
Leasehold Land	75.50 (75.50)	— (—)	— (—)	75.50 (75.50)	6.37 (5.53)	0.83 (0.84)	— (—)	7.20 (6.37)	68.30 (69.13)
Buildings	146.44 (108.52)	38.39 (43.75)	8.65 (5.83)	176.18 (146.44)	50.42 (27.94)	27.74 (26.66)	6.63 (4.18)	71.53 (50.42)	104.65 (96.02)
Total Right of Use Assets (ROU)	221.94 (184.02)	38.39 (43.75)	8.65 (5.83)	251.68 (221.94)	56.79 (33.47)	28.57 (27.50)	6.63 (4.18)	78.73 (56.79)	172.95 (165.15)

4.1. Figures in the brackets are the corresponding figures in respect of the previous year.

4.2. Nil amount of borrowing costs is capitalised during the current and comparative periods.

4.3. Nil amount of impairment loss is recognised during the current and comparative periods.

4.4. The title deeds of immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) included in Right of use assets (ROU), which are not held in the name of the Company are as indicated below:

Description of Property	Gross carrying value (₹ in Crores)	Held in name of	Whether promoter, director or their relative or employee	Period held – indicate range, where appropriate	Reason for not being held in the name of Company
Leasehold land at Goa	0.30	Marpol Private Limited	No	Less than 2 year	These properties were acquired pursuant to a scheme of amalgamation and continue to be registered in the name of amalgamating Companies. However, the deed of merger has been registered by the Company.
Leasehold land at Vapi	0.12	Perma Construction Aids Private Limited	No	Less than 2 year	

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

5. Investment Property

₹ in Crores

Description	Gross Block			As at 31 st March, 2023	Accumulated Depreciation			Net Block	
	As at 1 st April, 2022	Additions	Deductions*		As at 1 st April, 2022	Additions	Deductions*	As at 31 st March, 2023	As at 31 st March, 2023
Freehold Land	0.07 (0.07)	— (—)	0.04 (—)	0.03 (0.07)	— (—)	— (—)	— (—)	0.03 (0.07)	
Leasehold Land	0.01 (0.01)	— (—)	— (—)	0.01 (0.01)	— (—)	— (—)	— (—)	0.01 (0.01)	
Buildings	3.39 (3.39)	— (—)	1.16 (—)	2.23 (3.39)	3.29 (3.29)	— (—)	1.15 (—)	2.14 (3.29)	
Total Investment Property ...	3.47 (3.47)	— (—)	1.20 (—)	2.27 (3.47)	3.29 (3.29)	— (—)	1.15 (—)	2.14 (3.29)	

- Figures in the brackets are the corresponding figures in respect of the previous year.
- Nil amount of borrowing costs is capitalised during the current and comparative periods.
- Nil amount of impairment loss is recognised during the current and comparative periods.
- During the financial year, no rental income was generated from the investment properties whereas direct operating expenses of ₹ 0.21 Crores (2021-2022 ₹ 0.26 Crores) were incurred and recorded as expense in the Standalone Statement of Profit and Loss.
- Total fair value of Investment Property is ₹ 729.88 Crores (2021-2022 ₹ 1354.98 Crores).
- *Deduction represent transfer of asset value from investment property to asset held for sale head.

Fair Value Hierarchy

The fair value of investment property has been determined by external independent property valuers, having appropriate recognised professional qualification and recent experience in the location and category of the property being valued.

The fair value measurement for all of the investment property has been categorised as a level 3 fair value based on the inputs to the valuation techniques used.

Description of Valuation Technique used

The Company obtains Independent Valuations of its investment property. The fair value of the investment property have been derived using the Direct Comparison Method. The direct comparison approach involves a comparison of the investment property to similar properties that have actually been sold in arms-length distance from investment property or are offered for sale in the same region. This approach demonstrates what buyers have historically been willing to pay (and sellers willing to accept) for similar properties in an open and competitive market, and is particularly useful in estimating the value of the land and properties that are typically traded on a unit basis. This approach leads to a reasonable estimation of the prevailing price. Given that the comparable instances are located in close proximity to the investment property; these instances have been assessed for their locational comparative advantages and disadvantages while arriving at the indicative price assessment for investment property.

5A. Asset held for Sale

₹ in Crores

	2022-2023	2021-2022
Freehold Land	0.04	—
Buildings	0.01	—
Total	0.05	—

During the year, The Company has entered into Agreement to Sell with Shoden Developers Private Limited, a group company of House of Hiranandani group (hereinafter referred as the "Purchaser") for the Company's investment property at Kavesar, Thane for the total consideration of ₹ 655 Crores against which the Company has received the advance of ₹ 162.11 Crores from the purchaser which has been accounted as Advance received against Sale of Investment Property under Note 25 - Other Current Liabilities. The sale is subject to completion of procedures and approvals as may be necessary in this regard. The transaction will be recognised as revenue during the period in which procedures and approvals for the said property gets completed.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

6. Other Intangible Assets

₹ in Crores

Description	Gross Block			As at 31 st March, 2023	Accumulated Amortisation			As at 31 st March, 2023	Net Block	
	As at 1 st April, 2022	Additions	Deductions		As at 1 st April, 2022	Additions	Deductions		As at 31 st March, 2023	As at 31 st March, 2023
Software	19.93	1.15	—	21.08	18.95	0.55	—	19.50	1.58	
	(19.15)	(0.78)	(—)	(19.93)	(17.93)	(1.02)	(—)	(18.95)	(0.98)	
Customer Relationship	5.45	—	—	5.45	3.27	1.09	—	4.36	1.09	
	(5.45)	(—)	(—)	(5.45)	(2.18)	(1.09)	(—)	(3.27)	(2.18)	
Brand and Technical Knowhow	14.38	4.00	—	18.38	10.21	2.90	—	13.11	5.27	
	(14.38)	(—)	(—)	(14.38)	(7.33)	(2.88)	(—)	(10.21)	(4.17)	
Non-compete	6.28	—	—	6.28	4.26	1.26	—	5.52	0.76	
	(6.28)	(—)	(—)	(6.28)	(3.01)	(1.25)	(—)	(4.26)	(2.02)	
Total Other Intangible Assets	46.04	5.15	—	51.19	36.69	5.80	—	42.49	8.70	
	(45.26)	(0.78)	(—)	(46.04)	(30.45)	(6.24)	(—)	(36.69)	(9.35)	

6.1. Figures in the brackets are the corresponding figures in respect of the previous year.

6.2. Nil amount of borrowing costs is capitalised during the current and comparative periods.

6.3. Nil amount of impairment loss is recognised during the current and comparative periods.

7. Non-current Investments

₹ in Crores

	As at 31 st March, 2023	As at 31 st March, 2022
Investments in Equity Instruments:		
i. Subsidiary Companies at Cost (Unquoted)		
1. KNP Japan Private Limited..... 8,84,000 Equity Shares of NPR 100 each fully paid up (8,84,000 Equity Shares of NPR 100 each fully paid up)	7.87	7.87
2. Kansai Paints Lanka (Private) Limited..... 18,49,99,998 Equity Shares of LKR 10 each fully paid up (10,39,99,998 Equity Shares of LKR 10 each fully paid up)	46.60	35.61
Less: Impairment loss	(22.21)	(22.21)
	24.39	13.40
3. Kansai Nerolac Paints (Bangladesh) Limited	70.41	56.51
6,71,00,000 Equity Shares of BDT 10 each fully paid up (5,06,00,000 Equity Shares of BDT 10 each fully paid up)		
4. Nerofix Private Limited..... 200,00,000 Equity Shares of ₹ 10 each fully paid up (120,00,000 Equity Shares of ₹ 10 each fully paid up)	49.00	12.00
ii. Others at FVTPL		
1. National Thermal Power Corporation Ltd. (Quoted)..... 48,628 Equity Shares of ₹ 10 each fully paid up (48,628 Equity Shares of ₹ 10 each fully paid up)	0.85	0.66
2. Paints and Coatings Skill Council (Unquoted)..... 10 Equity Shares of ₹ 25,000 each fully paid up (10 Equity Shares of ₹ 25,000 each fully paid up)	0.02	0.02
3. Beta Wind Farm Pvt Ltd. (Unquoted)..... 1,90,741 Equity Shares of ₹ 10 each fully paid up (1,90,741 Equity Shares of ₹ 10 each fully paid up)	0.36	0.36
4. Amplus RJ Solar Private Limited (Unquoted)..... 19,55,000 Equity Shares of ₹ 10 each fully paid up	1.96	—



Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

7. Non-current Investments (contd.)

₹ in Crores

	As at 31 st March, 2023	As at 31 st March, 2022
Investments in Debenture:		
1. 8.49% National Thermal Power Corporation (NTPC) (Quoted) 40,524 Non Convertible Debenture of ₹ 10 each fully paid up (40,524 Non Convertible Debenture of ₹ 10 each fully paid up)	0.04	0.05
Total Non-current Investments	154.90	90.87
Aggregate book value of quoted investments	0.89	0.71
Aggregate market value of quoted investments	0.89	0.71
Aggregate amount of unquoted investments	176.22	112.37
Aggregate amount of impairment in value of investments	22.21	22.21

8. Other Financial Assets

₹ in Crores

	As at 31 st March, 2023	As at 31 st March, 2022
Unsecured and Considered Good:		
Security Deposits	16.63	13.70
	16.63	13.70

9. Other non-current assets

₹ in Crores

	As at 31 st March, 2023	As at 31 st March, 2022
Unsecured and Considered Good:		
Capital Advances	28.27	56.16
Prepaid Expenses	31.44	8.25
Balances with Indirect Tax Authorities	28.58	23.21
	88.29	87.62

10. Inventories

₹ in Crores

	As at 31 st March, 2023	As at 31 st March, 2022
Raw Materials	487.38	478.50
Packing Materials	18.17	18.15
Work-in-progress	142.09	141.30
Finished Goods	899.28	807.90
Stock-in-trade	88.87	74.66
Stores and Spares	12.23	11.03
	1648.02	1531.54

Nil amount of inventories were written down to net realisable value during the current and comparable period. Similarly, Nil amount of reversal of write down was accounted during the current and comparable periods.

Cost of inventory recognised as an expense during the year as per note 30 to 31.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

11. Current Investments

₹ in Crores

	As at 31 st March, 2023	As at 31 st March, 2022
(A) Investments in Bonds at FVTPL (Quoted):	11.53	9.52
(B) Mutual Funds at FVTPL (Unquoted):	486.60	199.94
Total Current Investment (A + B)	498.13	209.46
Aggregate book value of quoted investments	11.53	9.52
Aggregate market value of quoted investments	11.53	9.52
Aggregate amount of unquoted investments	486.60	199.94
Aggregate amount of impairment in value of investments	Nil	Nil

12. Trade Receivables

₹ in Crores

	As at 31 st March, 2023	As at 31 st March, 2022
Secured, Considered Good	—	—
Unsecured, Considered Good*	1117.15	965.43
Significant increase in Credit Risk	—	—
Credit Impaired	35.73	35.22
Loss Allowance	(35.73)	(35.22)
	—	—
	1117.15	965.43
* Receivable from subsidiary company, in which director of the Company is a director		
KNP Japan Private Limited	3.47	1.97
Kansai Paints Lanka (Private) Limited	8.37	0.62
Kansai Nerolac Paints (Bangladesh) Limited	8.48	5.35
Nerofix Private Limited	1.32	0.56

Trade Receivables Ageing Schedule

As at 31st March 2023

₹ in Crores

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good ..	942.78	141.58	18.17	9.12	2.21	3.29	1,117.15
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	—	—	—	—	—	—	—
(iii) Undisputed Trade Receivables – credit impaired ...	—	—	—	—	—	—	—
(iv) Disputed Trade Receivables considered good	—	—	—	—	—	—	—
(v) Disputed Trade Receivables – which have significant increase in credit risk	—	—	—	—	—	—	—
(vi) Disputed Trade Receivables – credit impaired	—	—	1.45	5.88	4.83	23.57	35.73

As at 31st March 2022

₹ in Crores

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good ..	807.73	135.28	14.01	4.67	1.86	1.89	965.43
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	—	—	—	—	—	—	—
(iii) Undisputed Trade Receivables – credit impaired ...	—	—	—	—	—	—	—
(iv) Disputed Trade Receivables considered good	—	—	—	—	—	—	—
(v) Disputed Trade Receivables – which have significant increase in credit risk	—	—	—	—	—	—	—
(vi) Disputed Trade Receivables – credit impaired	—	—	2.59	6.05	4.56	22.02	35.22

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

13. Cash and Cash equivalents

₹ in Crores

	As at 31 st March, 2023	As at 31 st March, 2022
Cash on hand	0.06	0.08
Cheques on hand	22.38	23.34
Banks balances	62.78	43.02
Fixed Deposit with Bank with less than 3 month maturity	5.00	—
	90.22	66.44

14. Bank Balance other than Cash and cash equivalents

₹ in Crores

	As at 31 st March, 2023	As at 31 st March, 2022
Unpaid Dividend Accounts.....	2.34	2.46
Fixed Deposit with Bank with more than 3 months but less than 12 month maturity	2.18	11.75
	4.52	14.21

15. Other Current Financial Assets

₹ in Crores

	As at 31 st March, 2023	As at 31 st March, 2022
Unsecured and Considered Good:		
Security Deposits	6.89	7.09
GST Incentive Receivable.....	1.35	9.86
Other Receivable*	3.48	12.22
	11.72	29.17

* Includes ₹ 2.62 Crores (2021-2022 ₹ 2.36 Crores) receivable from subsidiary company – KNP Japan Private Limited, private company in which director of the Company is a director

16. Other Current Assets

₹ in Crores

	As at 31 st March, 2023	As at 31 st March, 2022
Unsecured and Considered Good:		
Balances with Indirect Tax Authorities	101.45	80.37
Trade Advances	52.96	53.35
Prepaid Expenses	32.60	11.40
Other Receivable	5.30	9.94
	192.31	155.06

17. Share Capital

	As at 31 st March, 2023	As at 31 st March, 2022
1. Authorised Share Capital (₹ in Crores)	66.50	66.50
Par Value per Share (₹).....	1.00	1.00
Number of Equity Shares	66,50,00,000	66,50,00,000
2. Issued, Subscribed and Fully Paid up (₹ in Crores).....	53.89	53.89
Par Value per Share (₹).....	1.00	1.00
Number of Equity Shares	53,89,19,720	53,89,19,720

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

17. Share Capital (contd.)

	As at 31 st March, 2023		As at 31 st March, 2022	
	%	No. of Shares	%	No. of Shares
3. Details of Shareholders holding more than 5% of shares:				
Holding Company:				
Kansai Paint Co., Ltd., Japan	74.99	40,41,35,898	74.99	40,41,35,898
4. Aggregated number of bonus share issued during the period of five years immediately preceding the reporting date by capitalisation of security premium reserve		Nil		Nil
5. The Company has issued one class of shares, i.e. equity shares, which enjoys similar rights in respect of voting, payment of dividend and repayment of capital. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.				
6. Reconciliation of the number of shares outstanding:				
Number of shares at the beginning of the year		53,89,19,720		53,89,19,720
Issued during the year.....		—		—
Number of shares at the end of the year.....		53,89,19,720		53,89,19,720
7. Disclosure of Shareholding of Promoters:				
Name of Promoter: Kansai Paint Co., Ltd., Japan				
Details of shares held by promoters:				
No. of shares at the beginning of the year		40,41,35,898		40,41,35,898
Change during the year.....		—		—
No. of shares at the end of the year.....		40,41,35,898		40,41,35,898
% of Total Shares		74.99		74.99
% change during the year		—		—
8. Capital Management:				
For the purpose of the Company's capital management, capital includes issued equity share capital and all other equity reserves attributable to the equity holders of the Company. The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the levels of dividends to equity shareholders. The Company is not subject to any externally imposed capital requirements.				

18. Other Equity

₹ in Crores

	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Share Based Payment Reserve	Total
Balance as at 1 st April, 2022.....	0.30	12.56	487.67	3616.51	—	4,117.04
Profit for the year.....	—	—	—	486.43	—	486.43
Other Comprehensive Income:						
Remeasurement of Employee Defined Benefit Liability	—	—	—	0.21	—	0.21
Deferred Tax on Remeasurement of Employee Defined Benefit Liability.....	—	—	—	(0.05)	—	(0.05)
Total Other Comprehensive Income for the period, net of tax.....	—	—	—	0.16	—	0.16
Total Comprehensive Income for the Year Transaction with Owners in their Capacity as Owners, recorded directly in equity:						
Dividends	—	—	—	(53.89)	—	(53.89)
Share based Payment Expense	—	—	—	—	3.75	3.75
				(53.89)	3.75	(50.14)
Balance as at 31 st March, 2023	0.30	12.56	487.67	4049.21	3.75	4553.49



Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

18. Other Equity (contd.)

₹ in Crores

	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Share Based Payment Reserve	Total
Balance as at 1 st April, 2021	0.30	12.56	487.67	3522.60	—	4023.13
Profit for the year	—	—	—	374.33	—	374.33
Other Comprehensive Income:						
Remeasurement of Employee Defined Benefit Liability	—	—	—	3.35	—	3.35
Deferred Tax on Remeasurement of Employee Defined Benefit Liability	—	—	—	(0.84)	—	(0.84)
Total Other Comprehensive Income for the Year, net of tax	—	—	—	2.51	—	2.51
Total Comprehensive Income for the Year	—	—	—	376.84	—	376.84
Transaction with Owners in their Capacity as Owners, recorded directly in equity:						
Dividends	—	—	—	(282.93)	—	(282.93)
	—	—	—	(282.93)	—	(282.93)
Balance as at 31 st March, 2022	0.30	12.56	487.67	3616.51	—	4117.04

Analysis of Accumulated OCI, Net of Tax

₹ in Crores

Remeasurement of Defined Benefit Liability/(Asset)	31st March, 2023	31st March, 2022
Opening Balance	(8.07)	(10.58)
Remeasurement of Employee Defined Benefit Liability, net of tax	0.16	2.51
Closing Balance	(7.91)	(8.07)

Capital Reserve

Capital reserve includes profit on re-issue of forfeited shares.

Securities Premium

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

General Reserve

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

Share based Payment Reserve

This represents the fair value of the stock options granted by the Company under the Restricted Stock Unit Plan ('RSU 2022 Plan') accumulated over the vesting period. The reserve will be utilised on exercise of the options.

Dividend

For the year 2021-2022, the Directors had recommended and Shareholders had approved a final dividend of 100% (₹ 1 per share), which has been accounted in current year. In addition, the Company had declared interim dividend of 125% (₹ 1.25 per share) paid on November 22, 2021.

The Board has recommended final dividend of 270% (₹ 2.70 per share) for the financial year ended March 31, 2023 as compared to total dividend of 225% (₹ 2.25 per share) declared last year.

The dividend proposed by the Directors is subject to approval of Shareholders at the annual general meeting. The proposed dividend of ₹ 145.50 Crores (2021-2022 ₹ 53.89 Crores) have not been recognised as liabilities.

Issue of Bonus Shares

The Board has considered and approved issue of 1 bonus equity shares of face value of ₹ 1 each against 2 equity share of the face value of ₹ 1 each. This is subject to shareholder's approval. The approval of the Shareholders for the issue of Bonus Shares will be obtained by means of postal ballot.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

19. Lease Liabilities

₹ in Crores

	As at 31 st March, 2023	As at 31 st March, 2022
Non-current Lease Liabilities	93.78	85.93
	93.78	85.93
The maturity analysis of lease liabilities is disclosed in Note 44.		

20. Provisions

₹ in Crores

	As at 31 st March, 2023	As at 31 st March, 2022
Provision for Retirement Benefits to Executive Director (Refer Note 39)	21.13	22.27
	21.13	22.27

21. Income Taxes

₹ in Crores

	31 st March, 2023	31 st March, 2022
A. The major components of income tax expense for the year are as under:		
(i) Income tax recognised in the Standalone Statement of Profit and Loss		
Current tax:		
In respect of current year	159.71	132.35
In respect of earlier years	(2.43)	—
Deferred tax:		
In respect of current year	6.65	(1.56)
Income tax expense recognised in the Standalone Statement of Profit and Loss	163.93	130.79
(ii) Income tax expense recognised in OCI		
Deferred tax expense on remeasurements of defined benefit plans	(0.05)	(0.84)
Income tax expense recognised in OCI	(0.05)	(0.84)
B. Reconciliation of tax expense and the accounting profit for the year is as under:		
Profit before tax	650.36	505.12
Income tax expense calculated at 25.17% (2021-2022 @ 25.17%)	163.70	127.14
Tax effect on non-deductible expenses	3.34	9.79
Effect of Income that is exempted from tax	(0.15)	(0.28)
Others	(2.96)	(5.86)
Total	163.93	130.79
Tax expense as per Standalone Statement of Profit and Loss	163.93	130.79

The tax rate used for reconciliation above is the corporate tax rate of 25.17% (2021-2022: 25.17%) payable by corporate entities in India on taxable profits under Indian tax law.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

21. Income Taxes (contd.)

C. The major components of deferred tax (liabilities) / assets arising on account of timing differences are as follows:

₹ in Crores

Particulars	Balance Sheet	Statement of Profit and Loss	OCI	Balance Sheet	Balance Sheet	Statement of Profit and Loss	OCI	Balance Sheet
	01.04.2022	2022-2023	2022-2023	31.03.2023	01.04.2021	2021-2022	2021-2022	31.03.2022
Difference between written down value / capital work-in-progress of Property, Plant and Equipment as per the books of accounts and Income Tax Act, 1961.....	(134.51)	(7.45)	—	(141.96)	(130.52)	(3.99)	—	(134.51)
Tax adjustment on account on indexation of freehold land	19.47	1.78	—	21.25	17.44	2.03	—	19.47
Expense claimed for tax purpose on payment basis	6.01	(1.13)	—	4.88	5.64	0.37	—	6.01
Provision for Loss Allowance.....	8.89	0.86	—	9.75	7.86	1.03	—	8.89
Remeasurement benefit of the defined benefit plans through OCI.....	2.03	—	(0.05)	1.98	2.87	—	(0.84)	2.03
Difference in carrying value and tax base of investments measured through FVTPL.....	(0.57)	(1.34)	—	(1.91)	(1.75)	1.18	—	(0.57)
Difference in Right-of-use asset and lease liabilities	3.13	0.63	—	3.76	2.19	0.94	—	3.13
Deferred tax (expense)/income	(95.55)	(6.65)	(0.05)	(102.25)	(96.27)	1.56	(0.84)	(95.55)
Net Deferred tax liabilities	(95.55)	(6.65)	(0.05)	(102.25)	(96.27)	1.56	(0.84)	(95.55)

22. Lease Liabilities

₹ in Crores

	As at 31 st March, 2023	As at 31 st March, 2022
Lease Liabilities - Current.....	25.49	22.95
	25.49	22.95

23. Trade Payables

₹ in Crores

	As at 31 st March, 2023	As at 31 st March, 2022
Trade Payables		
Total Outstanding dues of Micro Enterprises and Small Enterprises (Refer Note 43)...	88.55	101.29
Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises*	848.96	789.11
	937.51	890.40

*Includes Acceptances ₹ 54.31 Crores (2021-2022 ₹ Nil)

Trade Payables Ageing Schedule

As at 31st March, 2023

₹ in Crores

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	—	88.55	—	—	—	—	88.55
(ii) Others	149.79	559.56	139.07	0.16	0.36	0.02	848.96
(iii) Disputed dues – MSME	—	—	—	—	—	—	—
(iv) Disputed dues – Others	—	—	—	—	—	—	—

As at 31st March, 2022

₹ in Crores

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	—	101.29	—	—	—	—	101.29
(ii) Others	180.43	234.90	373.31	0.28	0.16	0.03	789.11
(iii) Disputed dues – MSME	—	—	—	—	—	—	—
(iv) Disputed dues – Others	—	—	—	—	—	—	—

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

24. Other Financial Liabilities

₹ in Crores

	As at 31 st March, 2023	As at 31 st March, 2022
Unclaimed/Unpaid Dividends*	2.34	2.46
Trade Deposits	48.77	29.08
Payables for Capital Goods@ (Refer Note 43)	17.21	19.97
	68.32	51.51

* There are no amounts due and outstanding to be transferred to Investor Education and Protection Fund.

@ Includes Outstanding dues of Micro Enterprises and Small Enterprises ₹ 3.96 Crores (2021-2022 ₹ 3.73 Crores)

25. Other Current Liabilities

₹ in Crores

	As at 31 st March, 2023	As at 31 st March, 2022
Statutory Obligations*	19.23	17.63
Trade Receivables with Credit Balance.....	17.04	14.98
Advance received against Sale of Investment Property	162.11	—
	198.38	32.61

* Includes payable toward GST, TDS and Employee Related Statutory Obligations.

26. Provisions

₹ in Crores

	As at 31 st March, 2023	As at 31 st March, 2022
Provision for Compensated Absences (Refer Note 39).....	13.82	12.78
Provision for Gratuity (Refer Note 39)	2.70	—
Provision for Retirement Benefits to Executive Directors (Refer Note 39).....	1.94	1.94
Provision for Indirect Taxes:		
Opening Balance	3.86	3.86
Add: Provision during the year	—	—
Less: Utilisation / reversal during the year.....	1.43	—
	2.43	3.86
	20.89	18.58

27. Current Tax Liabilities (Net)

₹ in Crores

	As at 31 st March, 2023	As at 31 st March, 2022
Current Tax Liabilities (Net)	—	4.99
	—	4.99

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

28. Revenue from Operations

₹ in Crores

	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Sale of Products		
Sales	7855.82	6563.24
Less: Discounts and Rebates	815.62	703.77
Total Sale of Products	7040.20	5859.47
Other Operating Revenues		
Sale of Scrap.....	26.85	21.45
GST Incentives.....	2.47	9.86
Others*	11.50	58.12
	40.82	89.43
Revenue from Operations	7081.02	5948.90

*Includes Royalty Income, write back of trade deposits and Others operating avenues

28.1. Disaggregation of revenue from contracts with customers

The Company derives revenue from sale of products from following major segments:

₹ in Crores

Particulars	Year ended 31 st March, 2023	Year ended 31 st March, 2022
1) Revenue from contracts with customers:		
Sale of products (Transferred at point in time)		
Manufacturing		
India	6526.00	5382.62
Export.....	10.62	11.60
(A)	6536.62	5394.22
Trading		
India	503.58	465.25
(B)	503.58	465.25
(C) = (A) + (B)	7040.20	5859.47
2) Other operating revenue:		
Sale of Scrap.....	26.85	21.45
GST Incentive	2.47	9.86
Others	11.50	58.12
(D)	40.82	89.43
Total Revenue (C) + (D)	7081.02	5948.90
Major Product lines		
Paint.....	7040.20	5859.47
	7040.20	5859.47
Sales by performance obligations		
Upon delivery	7040.20	5859.47
	7040.20	5859.47
Reconciliation of revenue from contract with customer:		
Revenue from contracts with customer as per the contract price	7855.82	6563.24
Adjustments made to contract price on account of:		
a) Discounts / Rebates / Incentives	(815.62)	(703.77)
b) Other Operating Revenue.....	40.82	89.43
Revenue from contracts with customer as per the Standalone Statement of Profit and Loss	7081.02	5948.90

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

29. Other Income

₹ in Crores

	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Dividend Income		
Dividend from Investment in Equity Shares	2.79	2.52
	2.79	2.52
Interest Income		
Interest on Loans and Deposit at amortised cost.....	0.74	0.26
Interest on Bonds recognised through FVTPL	0.58	1.19
	1.32	1.45
Profit on Sale of Current Investments (Net).....	7.32	14.29
Fair Value Gain on Financial Instruments recognised through FVTPL	6.54	—
Other Non-operating Income		
Profit on Sale of Property, Plant and Equipment (Net).....	0.22	0.19
Foreign Exchange Gain (Net)	4.09	7.00
Insurance Claims Received	5.01	3.88
Miscellaneous Income.....	3.54	3.53
	12.86	14.60
	30.83	32.86

30. Cost of Materials Consumed

₹ in Crores

	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Raw Material Consumed		
Opening Stock.....	478.50	345.01
Add: Purchase.....	4100.95	3677.86
Less: Sales.....	12.26	15.75
Less: Closing Stock.....	487.38	478.50
	4079.81	3528.62
Packing Material Consumed		
Opening Stock.....	18.15	14.58
Add: Purchase.....	515.37	488.93
Less: Closing Stock.....	18.17	18.15
	515.35	485.36
	4595.16*	4013.98*

* Includes ₹ 6.24 Crores (2021-2022 ₹ 3.95 Crores) expenditure incurred on Research and Development

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

31. Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-trade

₹ in Crores

	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Opening Stock		
Finished Goods	807.90	585.55
Work-in-progress	141.30	99.33
Stock-in-trade (in respect of goods acquired for trading)	74.66	58.04
	1023.86	742.92
Less: Closing Stock		
Finished Goods	899.28	807.90
Work-in-progress	142.09	141.30
Stock-in-trade (in respect of goods acquired for trading)	88.87	74.66
	1130.24	1023.86
	(106.38)	(280.94)

32. Employee Benefits Expense

₹ in Crores

	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Salaries and Wages	288.53	275.35
Contribution to Provident and Other Funds (Refer Note 39)	24.39	22.30
Share based Payments to Employees (Refer Note 46)	3.75	—
Staff Welfare Expense	17.17	14.72
	333.84*	312.37*

* Includes ₹ 23.25 Crores (2021-2022 ₹ 20.22 Crores) expenditure incurred on Research and Development

33. Finance Cost

₹ in Crores

	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Interest on Lease Liabilities (Refer Note 44)	9.73	9.49
Interest on Working Capital Loan	—	0.38
	9.73	9.87

34. Depreciation and Amortisation

₹ in Crores

	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Depreciation on Property, Plant and Equipment (Refer Note 2)	130.26	120.08
Amortisation on Other Intangible Assets (Refer Note 6)	5.80	6.24
Amortisation on Right of use assets (ROU) (Refer Note 4)	28.57	27.50
	164.63*	153.82*

* Includes ₹ 3.07 Crores (2021-2022 ₹ 3.06 Crores) depreciation and amortisation expenses on Research and Development

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

35. Other Expenses

₹ in Crores

	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Consumption of Stores and Spare Parts	31.18	28.98
Power and Fuel	87.73	69.09
Repairs to Buildings.....	0.51	0.40
Repairs to Machinery.....	15.86	14.04
Freight and Forwarding Charges.....	351.88	327.54
Advertisement and Sales Promotion	267.50	210.75
Rent.....	15.92	13.16
Rates and Taxes.....	2.71	3.06
Insurance.....	13.67	11.80
Miscellaneous Expenses	210.99	181.11
	997.95*	859.93*

* Includes ₹ 6.96 Crores (2021-2022 ₹ 5.18 Crores) expenditure incurred on Research and Development

35.1. Payments to Auditors'

₹ in Crores

	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Auditors' Remuneration excluding GST (Included in Miscellaneous Expenses in Note 35)		
As Auditor		
Statutory Audit	0.30	0.25
Report under Section 44AB of the Income-tax Act, 1961.....	0.03	0.04
Limited Review of Quarterly Results	0.23	0.18
In other capacity		
Certification	0.08	0.08
Other Matters	0.15	0.19
Reimbursements of Expenses	0.03	0.01
	0.82	0.75

35.2. Research and Development Expenses

₹ in Crores

	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Revenue Expenditure on Research and Development recognised in Standalone Statement of Profit and Loss is.....	39.52	32.41

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

36. Contingent Liabilities and Commitments (to the extent not provided for)

₹ in Crores

	Year ended 31 st March, 2023	Year ended 31 st March, 2022
a. Claims against the Company not acknowledged as debt:		
Excise and Service Tax	8.38	8.38
Sales Tax.....	18.15	18.15
<p>The Company has made adequate provisions in the accounts for claims against the Company related to direct and indirect taxes matters, except for certain claims not acknowledged as debts, totalling to ₹ 26.53 Crores (2021-2022 ₹ 26.53 Crores) from the Excise / Service Tax / Sales Tax / GST Authorities, in respect of disallowance of Cenvat Credit of Excise / Service Tax and Input Tax Credit of Sales Tax / GST.</p> <p>In addition, the Company is subject to other legal proceedings in respect of other matters arisen in the ordinary course of business. The Company's management is of the opinion that ultimate liability in respect of these litigations shall not exceed the amount provided in books of account, and shall not have any material adverse effect on the Company's operation and financial position.</p>		
b. Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances).....	36.09	63.93
Company has entered into Share holding agreement (SHA) with M/s Amplus Energy Solutions Private Limited to source green power through Group Captive arrangement.....	—	2.05
Corporate guarantee		
Stand by Letter of Credit (SBLC) given to Bank for loan taken by Kansai Nerolac Paints (Bangladesh) Limited (formerly known as RAK Paints Limited) – Subsidiary Company.....	22.76	25.83
Corporate guarantee given to Bank for loan taken by Kansai Nerolac Paints (Bangladesh) Limited (formerly known as RAK Paints Limited) – Subsidiary Company.....	9.01	81.01
Corporate guarantee given to Bank for Kansai Paints Lanka (Private) Limited - Subsidiary Company	8.73	8.92
	103.12	208.27
c. Contribution to Provident Fund		
<p>There are numerous interpretative issues relating to the Supreme Court (SC) judgment dated February 28, 2019 on Provident Fund (PF) on the inclusion of allowances for the purpose of PF contribution as well as its applicability of effective date. The impact is not expected to be material as per the assessment made by the Company.</p>		

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

37. Earnings Per Equity Share

₹ in Crores

	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Basic Earnings per Equity Share (in ₹)		
Numerator:		
Profit attributable to Equity Shareholders (₹ in Crores)	486.43	374.33
Denominator:		
Weighted Average Number of ordinary shares at the beginning and end of the year	53,89,19,720	53,89,19,720
Basic Earnings per Equity Share (in ₹)	9.03	6.95
Diluted Earnings per Equity Share (in ₹)		
Numerator:		
Profit attributable to Equity Shareholders (₹ in Crores)	486.43	374.33
Denominator:		
Weighted Average Number of ordinary shares and dilutive shares	53,93,32,196	53,89,19,720
Diluted Earnings per Equity Share (in ₹)	9.02	6.95

38. Related Party Disclosures

A related party is a person or entity that is related to the entity that is preparing its Financial Statements

- (a) A person or a close member of that person's family is related to a reporting entity if that person:
- has control or joint control of the reporting entity;
 - has significant influence over the reporting entity; or
 - is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:
- The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - Both entities are joint ventures of the same third party.
 - One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - The entity is controlled or jointly controlled by a person identified in (a).
 - A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Parent and ultimate controlling entity

Name	% Shareholding		Type	Principal Activities	Place of Incorporation
	2023	2022			
Kansai Paint Co., Ltd.,	74.99	74.99	Parent and ultimate controlling entity	Manufacturing paints and other related materials	Japan

Kansai Paint Co., Ltd., is the immediate and ultimate holding company of Kansai Nerolac Paints Limited and is based and listed in Japan. Financial Statements of Kansai Paint Co., Ltd., are available in public domain.

Subsidiaries Companies

Name	% Shareholding		Type	Principal Activities	Place of Incorporation
	2023	2022			
KNP Japan Private Limited.....	68	68	Subsidiary	Manufacturing paints and other related materials	Nepal
Kansai Paints Lanka (Private) Limited.....	60	60	Subsidiary	Manufacturing paints and other related materials	Sri Lanka

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

38. Related Party Disclosures (contd.)

Name	% Shareholding		Type	Principal Activities	Place of Incorporation
	2023	2022			
Kansai Nerolac Paints (Bangladesh) Limited.....	55	55	Subsidiary	Manufacturing paints and other related materials	Bangladesh
Nerofix Private Limited (W.e.f 31st March 2023, wholly owned subsidiary).....	100	60	Subsidiary	Manufacturing paints and other related materials	India

Fellow Subsidiaries Companies

Name	Type	Principal Activities	Place of Incorporation
Kansai Paint Philippines Inc.	Fellow Subsidiary	Manufacturing paints and other related materials	Philippines
Kansai Paint Asia Pacific SDN.BHD.	Fellow Subsidiary	Manufacturing paints and other related materials	Malaysia
Kansai Plascon Kenya Ltd.....	Fellow Subsidiary	Manufacturing paints and other related materials	Kenya

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. Key management personnel includes (1) Mr. P. P. Shah, Chairman (2) Mr. Anuj Jain, Managing Director w.e.f 1st April 2022 (Whole-time Director upto 31st March 2022) (3) Mr. N. N. Tata, Director upto 10th August 2022 (4) Ms. Sonia Singh, Director (5) Mr. Bhaskar Bhat, Director w.e.f 10th August 2022 (6) Mr. P. D. Pai, CFO and (7) Mr. G. T. Govindarajan, Company Secretary.

Other entities where significant influence exist

— Kansai Nerolac Paints Limited Provident Fund

Transaction with related parties and Disclosure as per Regulation 53(f) of SEBI (Listing Obligation and disclosure requirement) Regulations

₹ in Crores

Transaction Type	Relation	2022-2023	2021-2022
Sale of finished goods/Intermediates			
— Kansai Paints Lanka (Private) Limited	Subsidiary	7.38	—
— Kansai Nerolac Paints (Bangladesh) Limited.....	Subsidiary	0.24	0.77
— Kansai Paint Philippines Inc.....	Fellow Subsidiary	2.82	2.93
— Kansai Plascon Kenya Ltd.....	Fellow Subsidiary	—	1.05
Purchase of Goods			
— Nerofix Private Limited.....	Subsidiary	27.87	23.19
Dividend Paid			
— Kansai Paint Co., Ltd., Japan	Parent and ultimate controlling entity	40.41	212.17
Dividend Income			
— KNP Japan Private Limited	Subsidiary	2.76	2.48
Transfer under license agreements			
Royalty Expense			
— Kansai Paint Co., Ltd., Japan	Parent and ultimate controlling entity	22.26	15.31

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

38. Related Party Disclosures (contd.)

Transaction with related parties and Disclosure as per Regulation 53(f) of SEBI (Listing Obligation and disclosure requirement) Regulations (contd.)

₹ in Crores

Transaction Type	Relation	2022-2023	2021-2022
Technical Fees Including Reimbursement of Expenses			
— Kansai Paint Co., Ltd., Japan	Parent and ultimate controlling entity	0.42	0.06
— Kansai Paint Asia Pacific SDN.BHD.	Fellow Subsidiary	0.01	—
Royalty Income			
— KNP Japan Private Limited	Subsidiary	1.72	1.35
— Kansai Paints Lanka (Private) Limited	Subsidiary	0.31	0.20
— Kansai Nerolac Paints (Bangladesh) Limited.....	Subsidiary	2.34	2.24
— Nerofix Private Limited.....	Subsidiary	1.16	0.81
Income from Corporate guarantee issued			
— Kansai Paints Lanka (Private) Limited	Subsidiary	0.03	0.01
— Kansai Nerolac Paints (Bangladesh) Limited.....	Subsidiary	0.41	0.04
Equity Investment			
— Kansai Paints Lanka (Private) Limited	Subsidiary	10.99	—
— Kansai Nerolac Paints (Bangladesh) Limited.....	Subsidiary	13.90	—
— Nerofix Private Limited.....	Subsidiary	37.00	—
Reimbursement of Expenses Recovered			
— Kansai Paint Co., Ltd., Japan	Parent and ultimate controlling entity	—	0.55
— KNP Japan Private Limited	Subsidiary	0.95	0.63
— Kansai Paints Lanka (Private) Limited	Subsidiary	0.04	0.21
— Nerofix Private Limited.....	Subsidiary	0.15	0.21
Reimbursement of Expenses			
— Kansai Nerolac Paints (Bangladesh) Limited.....	Subsidiary	0.42	—
Contributions during the year (includes Employees' share and contribution)			
— Kansai Nerolac Paints Limited Provident Fund.....	Other entities	1.38	1.37
Amount of outstanding balances, including commitments in settlement			
Receivable as at Year End			
— Kansai Paint Co., Ltd., Japan	Parent and ultimate controlling entity	—	0.55
— KNP Japan Private Limited	Subsidiary	6.09	4.33
— Kansai Paints Lanka (Private) Limited	Subsidiary	8.37	0.62
— Kansai Nerolac Paints (Bangladesh) Limited.....	Subsidiary	8.48	5.35
— Nerofix Private Limited.....	Subsidiary	1.32	0.56
— Kansai Paint Philippines Inc.....	Fellow Subsidiary	0.44	0.35
— Kansai Plascon Kenya Ltd.	Fellow Subsidiary	—	0.40
Payable as at Year End			
— Kansai Paint Co., Ltd., Japan	Parent and ultimate controlling entity	0.19	0.01
— Kansai Nerolac Paints (Bangladesh) Limited.....	Subsidiary	0.31	—
— Nerofix Private Limited.....	Subsidiary	0.41	2.74
Corporate guarantee			
— Kansai Nerolac Paints (Bangladesh) Limited.....	Subsidiary	9.01	81.01
— Kansai Paints Lanka (Private) Limited	Subsidiary	8.73	8.92
Stand by Letter of Credit (SBLC)			
— Kansai Nerolac Paints (Bangladesh) Limited.....	Subsidiary	22.76	25.83

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

38. Related Party Disclosures (contd.)

Transaction with related parties and Disclosure as per Regulation 53(f) of SEBI (Listing Obligation and disclosure requirement) Regulations (contd.)

₹ in Crores

Transaction Type	Relation	2022-2023	2021-2022
Key Management Personnel			
— Employee benefits [#]			
Mr. H. M. Bharuka Vice Chairman and Managing Director (Upto 31 st March 2022)*		—	16.93
Mr. Anuj Jain Managing Director (W.e.f. 1 st April 2022) (Whole-time Director upto 31 st March 2022)		3.34	2.36
Mr. P. D. Pai Chief Financial Officer		1.67	1.38
Mr. G. T. Govindarajan Company Secretary		0.89	0.70
— Commission and Fee for attending Board /Committee Meetings to Independent Directors			
Mr. P. P. Shah Chairman		0.45	0.44
Mr. N. N. Tata Independent Director (Upto 10 th August 2022)		0.37	0.39
Ms. Sonia Singh Independent Director		0.40	0.35
Mr. Bhaskar Bhat Independent Director (W.e.f 10 th August 2022).....		0.03	—

Related Party Transactions:

Related party transactions were made on terms equivalent to those that prevail in an arm's length transactions. Outstanding balances at the year-end are unsecured, interest free and will be settled in cash.

[#] Includes commission paid for the previous year, company's contribution to Provident Fund and Superannuation Fund and excludes accrual for commission for the current year and restricted stock units (RSU) granted during the year worth of ₹ 6.11 Crores (2021-2022 ₹ Nil) to KMP's in accordance with the Kansai Nerolac Paints Limited - Restricted Stock Unit Plan ('RSU 2022 Plan'), However, such RSU's units would vest after fulfillment of vesting conditions in accordance with the RSU Plan 2022.

* Employee Benefits to Mr. H M Bharuka include retirement benefits of ₹ 8.24 Crores towards Gratuity, Leave Encashment and Ex-gratia.

As the future liabilities for gratuity, leave encashment and Director pension along with medical benefits are provided on an actuarial valuation basis for the Company as a whole, the amount pertaining to individual is not ascertainable and therefore not included above.

During the year, the Company has given corporate guarantee of ₹ 8.60 Crores for short-term borrowing by the Kansai Nerolac Paints (Bangladesh) Limited and the same has been repaid by the end of the year.

39. Employee Benefits

A. Defined Contribution Plans:

Contribution to defined contribution plan, recognised in the Standalone Statement of Profit and Loss under Company's Contribution to Provident Fund and Other Funds in Employee Benefits Expenses for the year are as under:

₹ in Crores

Particulars	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Employer's contribution to Regional Provident Fund Commissioner.....	4.85	4.12
Employer's contribution to Family Pension Fund	4.73	4.58
Employer's contribution to Superannuation Fund.....	8.26	7.55

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

39. Employee Benefits (contd.)

B. Defined Benefit Plans:

a. Gratuity

The following tables set out the funded status of the gratuity plans and the amounts recognised in the Company's Financial Statements as at 31 March, 2023 and 31 March, 2022:

₹ in Crores

Particulars	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Change in Defined Benefit Obligation		
Defined Benefit Obligation at the beginning	39.68	46.68
Current Service Cost	3.26	3.59
Interest Expense	2.65	2.85
Benefit Payments from Plan Assets*	(3.54)	(10.79)
Remeasurements - Actuarial (gains) / losses	0.75	(2.65)
Defined Benefit Obligation at the end	42.80	39.68
Change in Fair Value of Plan Assets		
Fair Value of Plan Assets at the beginning	45.49	43.18
Interest Income	2.89	2.61
Employer Contributions	1.79	3.37
Benefit Payments from Plan Assets	(10.22)	(4.37)
Remeasurements – Return on plan assets excluding amounts included in interest income	0.15	0.70
Fair Value of Plan Assets at the end	40.10	45.49
Net Asset/(liability)	(2.70)	5.81

* Includes direct payment by employer.

Components of Defined Benefit Cost recognized in the Standalone Statement of Profit and Loss under Employee Benefit Expenses:

₹ in Crores

Particulars	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Current Service Cost	3.26	3.59
Net Interest Cost	(0.24)	0.24
Defined Benefit Cost recognised in the Statement of Profit and Loss	3.02	3.83

Components of Defined Benefit Cost recognized in the Statement of Other Comprehensive Income:

₹ in Crores

Particulars	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Actuarial (gains) / losses on Defined Benefit Obligation	0.75	(2.65)
(Return)/loss on plan assets excluding amounts included in the net interest on the net defined benefit liability/(asset)	(0.15)	(0.70)
Defined Benefit Cost recognised in the Statement of Other Comprehensive Income	0.60	(3.35)

The assumptions used to determine net periodic benefit cost are set out below:

Particulars	Valuation Date	
	31 st March, 2023	31 st March, 2022
Discount Rate	7.51%	7.00%
Salary Escalation	7.50%	5% in next 1 year and 7.5% thereafter
Weighted average duration of the defined benefit obligation (years)	9.13	10.59

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

39. Employee Benefits (contd.)

B. Defined Benefit Plans (contd.)

a. Gratuity (contd.)

Sensitivity Analysis:

The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

Discount Rate, Salary Escalation Rate and Withdrawal Rate are significant actuarial assumptions. The change in the Present Value of Defined Benefit Obligation for a change of 100 Basis Points from the assumed assumption is given below:

₹ in Crores

Scenario	31 st March, 2023	31 st March, 2022
Under Base Scenario	42.80	39.68
Salary Escalation - Up by 1%	46.48	41.97
Salary Escalation - Down by 1%	39.53	37.57
Withdrawal Rates - Up by 1%	42.77	39.58
Withdrawal Rates - Down by 1%	42.83	39.78
Discount Rates - Up by 1%	39.61	37.76
Discount Rates - Down by 1%.....	46.48	41.80
Expected Rate of Return on Planned Asset	7.51%	7.00%

Maturity Profile of Defined Benefit Obligations

Mortality Table	31 st March, 2023		31 st March, 2022	
	Male	Female	Male	Female
Attained Age				
20	0.09%	0.09%	0.09%	0.09%
25	0.09%	0.09%	0.09%	0.09%
30	0.10%	0.10%	0.10%	0.10%
35	0.12%	0.12%	0.12%	0.12%
40	0.17%	0.17%	0.17%	0.17%
45	0.26%	0.26%	0.26%	0.26%
50	0.44%	0.44%	0.44%	0.44%
55	0.75%	0.75%	0.75%	0.75%
60	1.12%	1.12%	1.11%	1.11%

Assumptions regarding future mortality experience are set in accordance with the published statistics by the Life Insurance Corporation of India.

The Company contributes all ascertained liabilities towards gratuity to the fund maintained by the Life Insurance Corporation of India.

The Company expects to contribute ₹ 2.70 Crores (2021-2022 ₹ Nil Crores) to the fund during the subsequent accounting year.

b. Provident fund (Managed by the Trust set up by the Company)

The Company has contributed ₹ 1.38 Crores (2021-2022 ₹ 1.37 Crores) to the Provident Fund Trust. The Company has an obligation to fund any shortfall on the yield of the trust's investments over the guaranteed interest rates on an annual basis. These administered rates are determined annually predominantly considering the social rather than economic factors and in most cases the actual return earned by the Company has been higher in the past years. The actuary has provided a valuation for provident fund liabilities on the basis of guidance issued by Actuarial Society of India and based on the below provided assumptions there is no shortfall.

The details of fund and plan asset position are given below:

₹ in Crores

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Plan assets at period end, at fair value	51.05	74.11
Present value of benefit obligation at period end	49.35	71.65
Asset recognised in balance sheet.....	Nil	Nil

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

39. Employee Benefits (contd.)

B. Defined Benefit Plans (contd.)

b. Provident fund (Managed by the Trust set up by the Company) (contd.)

The plan assets have been primarily invested in Government Securities which comprises of Special Deposit Schemes (SDS), State Development Loans (SDLs) and Government Bonds

Assumptions used in determining the present value obligation of the interest rate guarantee under the Deterministic Approach:

Particulars	₹ in Crores	
	As at 31 st March, 2023	As at 31 st March, 2022
Discount Rate (%)	7.30	6.63
Guaranteed Interest Rate (%)	8.15	8.10
Expected Average Remaining Working Lives of Employees (Years)	8.30	11.07

c. Retirement Benefits to Executive Directors

Particulars	₹ in Crores	
	As at 31 st March, 2023	As at 31 st March, 2022
Opening defined benefit obligation	24.22	—
Current service cost	—	0.05
Past Service Cost	—	24.46
Interest Expenses	1.63	—
Remeasurement (gain)/loss	(0.81)	—
Benefits paid	(1.96)	(0.29)
Closing defined benefit obligation	23.08	24.22

Components of cost of Retirement Benefits to Executive Directors recognized in the Standalone Statement of Profit and Loss under Employee Benefit Expenses:

Particulars	₹ in Crores	
	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Current Service Cost	—	0.05
Net Interest Cost.....	1.63	—
Defined Benefit Cost recognised in the Statement of Profit and Loss	1.63	0.05

Components of cost of Retirement Benefits to Executive Director recognized in the Statement of Other Comprehensive Income:

Particulars	₹ in Crores	
	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Actuarial (gains) / losses on Defined Benefit Obligation.....	(0.81)	—
Defined Benefit Cost recognised in the Statement of Other Comprehensive Income	(0.81)	—

d. Compensated Absences

The increase in provision for compensated absences for the year is ₹ 1.04 Crores (2021-2022 ₹ 1.01 Crores).

40. Segment Reporting

The Management Committee of the Company, approved by the Board of Directors and Audit Committee performs the function of allotment of resources and assessment of performance of the Company. Considering the level of activities performed, frequency of their meetings and level of finality of their decisions, the Company has identified that Chief Operating Decision Maker function is being performed by the Management Committee. The financial information presented to the Management Committee in the context of results and for the purposes of approving the annual operating plan is on a consolidated basis for paints and other related products of the Company. As the Management Committee monitors the business activity as a single business segment viz. 'Paints' and the sales substantially being in the domestic market, the financial statement are reflective of the information required by Ind AS 108 "Operating Segments".

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

41. Corporate Social Responsibilities

During the year, the Company has spent ₹ 12.70 Crores (2021-2022 ₹ 14.06 Crores) towards 'Corporate Social Responsibility Activities' (CSR Activities).

- (a) Gross amount required to be spent by the Company during the year ₹ 12.68 Crores (2021-2022 ₹ 14.01 Crores).
 (b) Amount spent during the year on:

	₹ in Crores		
	In Cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any asset.....	—	—	—
	(—)	(—)	(—)
(ii) On purposes other than (i) above	12.70	—	12.70
	(14.06)	(—)	(14.06)

(previous year figures are in brackets)

- (c) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act.
 (d) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act.
 (e) Disclosure for excess CSR spent and carried forward for set-off in next year:
 In case of S. 135(5) Excess amount spent

₹ in Crores				
Financial Year	Opening Balance	Amount required to be spent during the year	Amount spent during the year	Closing Balance
2022-2023	0.07	12.68	12.70	0.09
2021-2022	0.02	14.01	14.06	0.07

42. Financial Instruments: Fair Values and Risk Management

(A) Accounting Classifications and Fair Values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

₹ in Crores						
	Year	At FVTPL	Level 1	Level 2	Level 3	Total
Financial Assets measured at Fair Value						
Non-current Assets: Investments (Note 7).....	2023	3.23	0.91	—	2.32	3.23
	2022	1.09	0.73	—	0.36	1.09
Current Assets: Investments (Note 11).....	2023	498.13	—	498.13	—	498.13
	2022	209.46	—	209.46	—	209.46

There have been no transfers between Level 1 and Level 2 during the year and previous year.

(B) Financial Risk Management

The Company has exposure to the following risks arising from financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

(i) Risk Management Framework

Risk Management Committee oversees the management of these risks. Management is supported by Risk Management Committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The Risk Management Committee provides assurance to the management that Company's risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

The Company's Risk Management Policies are established to identify and analyses the risks faced by the Company to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk Management Policies and Systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

42. Financial Instruments: Fair Values and Risk Management (contd.)

(B) Financial Risk Management (contd.)

(ii) Credit Risk

Credit Risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, loans and investments in debt securities. The carrying amounts of financial assets represent the maximum credit risk exposure.

Trade Receivables:

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Risk Management Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes financial statements, credit agency information, industry information and in some cases bank references. Sales limits are established for each customer and reviewed constantly. Any sales exceeding those limits require approval from the management.

The concentration of credit risk is limited due to the fact that the customer base is large. There is no customer representing more than 5% of the total balance of trade receivables. For trade receivables, as a practical expedient, the Company computes credit loss allowance based on a provision matrix. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates.

₹ in Crores

Movement in expected credit loss allowance on trade receivable	31 st March, 2023	31 st March, 2022
Balance at the beginning of the year.....	35.22	32.86
Loss allowance measured at lifetime expected credit losses.....	0.51	2.36
Balance at the end of the year.....	35.73	35.22

Financial Instruments and Cash Deposits

Credit risks from balances with banks and financial institutions is managed by the Company's Treasury Department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

(iii) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Maturities of Financial Liabilities:

The table below analyse the Company's financial liabilities into relevant maturing grouping based on their contractual maturities:

₹ in Crores

	Year ended	On demand	Upto 3 months	3 months to 6 months	6 months to 1 year	1 year to 2 years	3 years and above	Total
Trade Payables ...	31-03-2023	—	937.51	—	—	—	—	937.51
	31-03-2022	—	890.40	—	—	—	—	890.40
Other Financial Liabilities.....	31-03-2023	51.11	17.21	—	—	—	—	68.32
	31-03-2022	31.54	19.97	—	—	—	—	51.51

For maturity profile of lease liabilities, refer note 44.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

42. Financial Instruments: Fair Values and Risk Management (contd.)

(B) Financial Risk Management (contd.)

(iv) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market price comprises three types of risks: interest rate risk, currency risk and other price risk, such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. In respect of monetary assets and liabilities denominated in foreign currencies, the Company's policy is to ensure that its net exposure is kept to an acceptable level.

Since the Company does not have any interest bearing borrowings, the exposure to risk of changes in market interest rates is not applicable. Other price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded price. Other price risk arises from financial assets such as investments in equity instruments, debentures and bonds. Since the investments in equity instruments and debentures is not material and bonds being debt instruments, the exposure to risk of changes in market rates is minimal. The details of such investments in equity instrument and debentures is given in Note 7 and details of investments in bonds is given in Note 11.

Exposure to Currency Risk:

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. The Company enters into forward exchange contracts to hedge against its foreign currency exposures relating to the recognised underlying liabilities and firm commitments. The Company's policy is to hedge its exposures above predefined thresholds from recognised liabilities and firm commitments that fall due on timely basis. The Company does not enter into any derivative instruments for trading or speculative purposes. The carrying amounts of the Company's foreign currency denominated monetary items are as follows:

₹ in Crores

Financial Assets		EURO	JPY	BDT	GBP	USD	Total
Trade Receivables.....	31-03-2023	—	—	—	—	2.53	2.53
	31-03-2022	—	—	—	—	2.59	2.59
Financial Liabilities							
Trade Payables	31-03-2023	2.62	29.79	—	0.12	70.32	102.85
	31-03-2022	1.08	10.57	0.02	—	53.33	65.00
Net exposure to Foreign Currency Risk (Liabilities)	31-03-2023	2.62	29.79	—	0.12	67.79	100.32
	31-03-2022	1.08	10.57	0.02	—	50.74	62.41

(v) Foreign Currency Sensitivity Analysis

The following table demonstrate the sensitivity to a reasonable possible change in EURO, JPY, BDT and USD exchange rates, with all other variable held constant.

₹ in Crores

	Profit or Loss		Equity net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31st March, 2023				
EURO (5% movement).....	(0.13)	0.13	(0.10)	0.10
JPY (5% movement).....	(1.49)	1.49	(1.11)	1.11
BDT (5% movement)	—	—	—	—
USD (5% movement).....	(3.39)	3.39	(2.54)	2.54
31st March, 2022				
EURO (5% movement).....	(0.05)	0.05	(0.04)	0.04
JPY (5% movement).....	(0.53)	0.53	(0.40)	0.40
BDT (5% movement)	(0.00)	0.00	(0.00)	0.00
USD (5% movement).....	(2.54)	2.54	(1.90)	1.90

(vi) There are no outstanding Forward Foreign Exchange Contracts entered into by the Company during current and previous year.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

42. Financial Instruments: Fair Values and Risk Management (contd.)

(C) Valuation techniques and significant unobservable inputs

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Other Non-current assets: Investment measured at amortised cost	Discounted cash flows: The valuation model considers the present value of expected receipt/payment discounted using appropriate discounting rates.	<ul style="list-style-type: none"> – Forecast Annual revenue growth – Forecast EBITDA growth margin – Risk adjustment discounted rate 	Generally, a changes in the annual revenue growth rate is accompanied similar change in EBITDA margin.
Current investments – in mutual funds	The fair values of investments in mutual fund units is based on the net asset value ('NAV') as stated by the issuers of these mutual fund units in the published statements as at Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.	Not applicable	Not applicable

Carrying amounts of cash and cash equivalents, trade receivables, loans, trade payables and other financial liabilities as at 31st March 2023 and 31st March 2022 approximate the fair value. Difference between carrying amounts and fair values of bank deposits, earmarked balances with banks, other financial assets, other financial liabilities and borrowings subsequently measured at amortised cost is not significant in each of the years presented.

43. Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 are provided as under for the year 2022-2023 and 2021-2022, to the extent the Company has received intimation from the "Suppliers" regarding their status under the Act.

₹ in Crores

	As at 31 st March, 2023	As at 31 st March, 2022
(i) Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year (but within due date as per the MSMED Act)		
Principal amount due to micro and small enterprise (Refer Note 23 and 24).....	92.51	105.02
Interest due on above.....	—	—
(ii) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period.....	—	—
(iii) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006.....	—	—
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year	—	—
(v) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	—	—

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

44. Disclosure of Lease as per Ind AS 116

The following is the summary of practical expedients elected on application:

- Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The weighted average incremental borrowing rate applied to lease liabilities as at 31st March 2023 is 8.50% (2021-2022 8.50%).

The changes in the carrying value of right of use (ROU) assets for the year ended 31 March 2023 and 31 March 2022 are disclosed in Note 4.

₹ in Crores

Particulars	Amount as at 31 st March, 2023	Amount as at 31 st March, 2022
ROU Balance at the beginning of the year	165.15	150.55
Additions (Refer Note 4).....	38.39	43.75
Amortisation cost accrued during the year (Refer Note 4).....	(28.57)	(27.50)
Deletions (Net off accumulated amortisation).....	(2.02)	(1.65)
ROU Balance at the end of the year	172.95	165.15
Lease Liabilities at the beginning of the year	108.88	90.10
Additions.....	38.39	43.77
Interest cost accrued during the year.....	9.73	9.49
Payment of lease liabilities.....	(34.98)	(32.76)
Deletion.....	(2.75)	(1.72)
Lease Liabilities at the end of the year	119.27	108.88
Current Lease Liabilities.....	25.49	22.95
Non-current Lease Liabilities.....	93.78	85.93
Total Lease Liabilities	119.27	108.88

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases or cancelable in nature was ₹ 15.92 Crores (2021-2022 ₹ 13.16 Crores).

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

₹ in Crores

Particulars	Amount as at 31 st March, 2023	Amount as at 31 st March, 2022
Not later than one year.....	34.41	31.10
Later than one year and not later than five years.....	89.05	81.61
Later than five years.....	25.28	22.99

45. The details of loans, guarantees and investments under Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 are as follows:

- Details of Investments made are given in Note 7.
- There are no Loans given by the Company in accordance with section 186 of the Companies Act, 2013 read with rules issued thereunder.
- Details of guarantees/ standby letter of credits (SBLC) issued by the Company in accordance with Section 186 of the Companies Act, 2013 read with rules issued thereunder.

₹ in Crores

Name of the party	Transaction	Relationship	Amount as at 31 st March, 2023	Amount as at 31 st March, 2022
Kansai Nerolac Paints (Bangladesh) Limited (in respect of loan taken from bank).....	SBLC	Subsidiary Company	22.76	25.83
Kansai Nerolac Paints (Bangladesh) Limited (in respect of loan taken from bank).....	Guarantees	Subsidiary Company	9.01	81.01
Kansai Paints Lanka (Private) Limited (in respect of loan taken from bank).....	Guarantee	Subsidiary Company	8.73	8.92

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

46. Share based payments

The Company has granted share based incentives (Restricted Stock Units ("RSU")) to certain eligible employees on 1 January 2023, under Kansai Nerolac Paints Limited - Restricted Stock Unit Plan ('RSU 2022 Plan') approved by Nomination and Remuneration Committee (NRC). As per the scheme, the number of shares that will vest as per vesting condition mentioned in scheme along with performance measures as determined by NRC. The options granted under this scheme is exercisable by employees till four years from date of its vesting. The Company has granted options at an exercise price of Re. 1/-.

	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Options outstanding at the beginning of the year	—	—
Granted during the year.....	11,92,792	—
Forfeited/Expired during the year	12,177	—
Exercised during the year.....	—	—
Outstanding at the end of the year	11,80,615	—

The Company has estimated fair value of options using Black Scholes model for Restricted stock units and Monte Carlo Simulation model for Performance Stock units. The following assumptions were used for calculation of fair value of options granted during the year ended 31st March, 2023

Assumption factor (Black Scholes model)	Estimate
Risk free rate	7.14%–7.23%
Expected life of option	4-7 years
Expected volatility	32%-35%

Assumption factor (Monte Carlo Simulation model)	Estimate
Risk free rate	7.15%
Expected life of option	4-7 years
Expected volatility	34.2%

47. Other Statutory Information

- (i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- (ii) The Company has identified transaction with one struck off company i.e. Chemene Bombay Private Limited as Clearing and Forwarding Agent with whom transaction during the year amounts to ₹ 0.15 Crores (2021-2022 ₹ 0.13 Crores).
- (iii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,
- (iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (v) The Company has not advanced or loaned or invested funds to any other person(s) or entity, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- (vi) The Company has not received any fund from any person or entity, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,
- (vii) The Company has no such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

48. Ratio Analysis and its Elements

Ratios		Numerator	Denominator	2022-2023	2021-2022	% Variance
Current Ratio	Times	Current Assets	Current Liabilities	2.85	2.91	(2.06%)
Debt Equity Ratio	Times	Total Debt	Shareholder's Equity	0.02	0.02	0.00%
Debt Service Coverage ratio	Times	Earnings for debt service = Net profit after taxes + Non-cash operating expenses	Debt service = Interest & Lease Payments + Principal Repayments	18.63	13.06	42.65%*
Return on Equity ratio	%	Net Profits after taxes – Preference Dividend	Average Shareholder's Equity	11.08%	9.08%	22.03%
Inventory Turnover ratio	Times	Cost of goods sold	Average Inventory	3.12	3.12	0.00%
Trade Receivable Turnover Ratio	Times	Net credit sales	Average Trade Receivable	6.76	6.47	4.52%
Trade Payable Turnover Ratio	Times	Net credit purchases = Gross credit purchases - purchase return + Employee Benefits + Other Expenses	Average Trade Payables	7.01	6.68	4.76%
Net Capital Turnover Ratio	Times	Net sales = Total sales - sales return	Working capital = Current assets – Current liabilities	3.05	3.01	1.33%
Net Profit ratio	%	Net Profit	Net sales = Total sales - sales return	6.91%	6.39%	8.15%
Return on Capital Employed	%	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	13.69%	12.06%	13.59%
Return on Investment	%	Interest (Finance Income)	Investment	5.50%	4.12%	33.50%**

* Reason for variation in ratios of more than 25% is due to increase in profit as compared to previous year due to low base of previous year.

** Increase in return on investment is due to increase in interest rate in debt market during the year.

As per our attached report of even date
For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration No.: 324982E/E300003

per **Anil Jobanputra**
Partner
Membership No.: 110759

Mumbai, 8th May, 2023

For and on behalf of the Board of Directors of **Kansai Nerolac Paints Limited**

P. P. Shah
Chairman
DIN: 00066242

Sonia Singh
Director
DIN: 07108778

P. D. Pai
CFO

Mumbai, 8th May, 2023

Anuj Jain
Managing Director
DIN: 08091524

Bhaskar Bhat
Director
DIN: 00148778

G. T. Govindarajan
Company Secretary
ACS No. 8887

FORM AOC-I

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement Containing salient features of the Financial Statement of Subsidiaries/ Associate Companies/ Joint Ventures**PART "A" : Subsidiaries**

Name of Subsidiary	Period	The date since when subsidiary was acquired	Reporting Currency	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit/ (Loss) before Taxation	Provision for Taxation	Profit/ (Loss) after Taxation	Proposed Dividend	Extent of Shareholding (in percentage)
KNP Japan Private Limited	2022-23	1 st October, 2012	NPR	8.17	51.10	88.88	29.61	Nil	81.16	9.60	2.56	7.04	4.01	68%
	2021-22			8.17	47.88	88.95	32.90	Nil	84.00	11.88	2.80	9.08	3.60	68%
Kansai Lanka Paints (Private) Limited	2022-23	30 th July, 2015	LKR	77.67	(57.42)	44.74	24.49	Nil	26.73	(3.48)	Nil	(3.48)	Nil	60%
	2021-22			59.36	(55.52)	34.42	30.58	Nil	23.71	(17.64)	Nil	(17.64)	Nil	60%
Kansai Nerolac Paints (Bangladesh) Limited	2022-23	17 th July, 2018	BDT	103.20	(124.61)	155.72	177.13	Nil	239.48	(11.82)	1.45	(13.27)	Nil	55%
	2021-22			77.93	(119.58)	169.95	211.60	Nil	230.54	(21.04)	1.38	(22.41)	Nil	55%
Nerofix Private Limited	2022-23	17 th July, 2019	INR	20.00	(8.21)	77.68	65.89	Nil	146.80	0.10	Nil	0.10	Nil	100%*
	2021-22			20.00	(8.27)	73.88	62.15	Nil	110.42	(3.69)	Nil	(3.69)	Nil	60%

Notes:

- The assets and Liabilities are translated at the exchange rate prevailing at the Balance Sheet date, and income and expense items are translated at average rates of exchange for the year.
- The reporting period of KNP Japan Pvt. Ltd, Kansai Lanka Paints Pvt. Ltd., Kansai Nerolac Paints (Bangladesh) Limited and Nerofix Private Limited are same as that of holding company i.e. 1st April, 2022 to 31st March, 2023.
- Names of subsidiaries which are yet to commence operations as at 31st March, 2023 - Not Applicable
- Names of subsidiaries which have been liquidated or sold during the year - Not Applicable
- Nerofix Private Limited is wholly owned subsidiary w.e.f 31st March 2023

Since the company does not have any Associates or Joint Ventures, information pertaining to Part "B" to this form relating to Associates and Joint Ventures is not given.

For and on behalf of the Board of Directors of **Kansai Nerolac Paints Limited**

P. P. Shah
Chairman
DIN: 00066242

Anuj Jain
Managing Director
DIN: 08091524

Bhaskar Bhat
Director
DIN: 00148778

Sonia Singh
Director
DIN: 07108778

P. D. Pai
CFO

G. T. Govindarajan
Company Secretary
ACS No. 8887

Mumbai, 8th May, 2023



Independent Auditor's Report

To the Members of
Kansai Nerolac Paints Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Kansai Nerolac Paints Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance sheet as at March 31, 2023, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2023, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended March 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matters	How our audit addressed the key audit matter
Revenue recognition on sale of goods (as described in Note 27 of the consolidated financial statements)	
Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, rebates, scheme allowances, price concessions, incentives and returns, if any, ('variable consideration') as specified in the contracts with the customers.	Our audit procedures included, amongst others the following: <ul style="list-style-type: none"> We read and evaluated the Group's policies for revenue recognition and assessed its compliance with Ind AS 115 'Revenue from contracts with customers'; We obtained an understanding, evaluated the design and tested the operating effectiveness of internal controls related to sales including variable consideration;

Independent Auditor's Report (Continued)

Key audit matters	How our audit addressed the key audit matter
<p>An estimate of variable consideration payable to the customers is recorded as at the year-end. Such estimation is done based on the terms of contracts, rebates and discounts schemes and historical experience.</p> <p>We identified estimation of variable consideration as a key audit matter because the Group's management exercises judgment in calculating the said variable consideration.</p>	<ul style="list-style-type: none"> • We performed the following tests for a sample of transactions relating to variable consideration: <ul style="list-style-type: none"> • Read the terms of contract including rebates and discounts schemes as approved by authorized personnel. • Assessed computation of variable consideration by comparing it with the budget, schemes, past trends and evaluated the reasons for deviation, if any. • We read and assessed the relevant disclosures made within the consolidated financial statements.

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of their respective companies and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of their respective companies to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of their respective companies.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditor's Report (Continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the financial year ended March 31, 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

- (a) We did not audit the financial statements and other financial information, in respect of 3 subsidiaries whose financial statements include total assets of Rs. 289.35 Crores as at March 31, 2023, and total revenues of Rs. 347.37 Crores and net cash inflows of Rs. 24.07 Crores for the year ended on that date. These financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the report(s) of such other auditors.

Certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

Independent Auditor's Report (Continued)

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraph 3(xxi) of the Order.
2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph we report, to the extent applicable, that:
 - (a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2023 taken on record by the Board of Directors of the Holding Company and the subsidiary company, none of the directors of the Group's companies incorporated in India, is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary company, incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) In our opinion, the managerial remuneration for the year ended March 31, 2023 has been paid / provided by the Holding Company to their directors in accordance with the provisions of section 197 read with Schedule V to the Act. The provisions of section 197 read with Schedule V to the Act are not applicable to the subsidiary company incorporated in India for the year ended March 31, 2023;
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, as noted in the 'Other matter' paragraph:
 - i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group in its consolidated financial statements – Refer Note 35 to the consolidated financial statements;
 - ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2023;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company during the year ended March 31, 2023. There were no amounts which were required to be transferred to Investor Education and Protection Fund by the subsidiary company incorporated in India during the year ended March 31, 2023.
 - iv. a) The respective managements of the Holding Company and its subsidiary company which is incorporated in India whose financial statements have been audited under the Act have represented to us that, to the best of its knowledge and belief and as disclosed in note 46 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or such subsidiary company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or such subsidiary company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

Independent Auditor's Report (Continued)

- b) The respective managements of the Holding Company and its subsidiary company which is incorporated in India whose financial statements have been audited under the Act have represented to us that, to the best of its knowledge and belief and as disclosed in note 46 to the consolidated financial statements, no funds have been received by the respective Holding Company or such subsidiary company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or such subsidiary company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.
- v. The final dividend paid by the Holding Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.
- As stated in note 17 to the consolidated financial statements, the respective Board of Directors of the Holding Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.
- vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable only w.e.f. April 1, 2023 for the Holding Company, its subsidiary company incorporated in India, hence reporting under this clause is not applicable.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Anil Jobanputra

Partner

Membership Number: 110759

UDIN: 23110759BGVZSE3728

Place of Signature: Mumbai

Date: May 08, 2023

Annexure 1 to the Independent Auditor's Report

Annexure '1' referred to in paragraph under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: Kansai Nerolac Paints Limited ("the Holding Company")

In terms of the information and explanations sought by us and given by the Holding Company its subsidiary company incorporated in India and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

Qualifications or adverse remarks by the respective auditors in the Companies (Auditors Report) Order (CARO) reports of the companies included in the consolidated financial statements are:

S. No	Name	CIN	Holding company/ subsidiary/ associate/ joint venture	Clause number of the CARO report which is qualified or is adverse
1.	Nerofix Private Limited	U24299MH2019PTC328170	Subsidiary	Clause (ix)(d) and (xix)

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Anil Jobanputra

Partner

Membership Number: 110759

UDIN: 23110759BGVZSE3728

Place of Signature: Mumbai

Date: May 08, 2023

Annexure 2 to the Independent Auditor's Report

Annexure 2 to the Independent Auditor's Report of even date on the consolidated financial statements of Kansai Nerolac Paints Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of Kansai Nerolac Paints Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2023, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the companies included in the Group, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to these consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting with reference to these consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to these consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to these consolidated financial statements.

Meaning of Internal Financial Controls with Reference to Consolidated Financial Statements

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2)

Annexure 2 to the Independent Auditor's Report (Contd.)

provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its subsidiary company, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls with reference to these consolidated financial statements and such internal financial controls with reference to these consolidated financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Anil Jobanputra

Partner

Membership Number: 110759

UDIN: 23110759BGVZSE3728

Place of Signature: Mumbai

Date: May 08, 2023

Consolidated Balance Sheet as at 31st March, 2023

₹ in Crores

	Note	As at 31 st March, 2023	As at 31 st March, 2022
ASSETS			
Non-current Assets			
Property, Plant and Equipment.....	2	1888.24	1775.38
Capital Work-in-progress.....		113.06	224.58
Right of Use Assets (ROU).....	3	182.45	174.00
Investment Property.....	4	0.13	0.18
Goodwill on Consolidation.....	5A	19.78	19.78
Other Intangible Assets.....	5B	17.41	26.82
		2221.07	2220.74
Financial Assets:			
Investments.....	6	3.23	1.08
Other Financial Assets.....	7	16.80	13.87
		20.03	14.95
Non-Current Tax Assets (Net).....		173.83	155.77
Other Non-current Assets.....	8	88.31	87.64
Total Non-current Assets		2503.24	2479.10
Current Assets			
Inventories.....	9	1729.13	1629.55
Financial Assets:			
Investments.....	10	498.13	209.46
Trade Receivables.....	11	1237.91	1093.33
Cash and Cash Equivalents.....	12	104.61	77.04
Bank Balances other than Cash and Cash Equivalents.....	13	22.25	28.96
Other Financial Assets.....	14	9.40	26.49
		1872.30	1435.28
Other Current Assets.....	15	201.64	165.45
Total Current Assets		3803.07	3230.28
Asset held for Sale	4A	0.05	—
Total Assets		6306.36	5709.38
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital.....	16	53.89	53.89
Other Equity.....	17	4479.81	4078.33
Equity attributable to owners of the Company		4533.70	4132.22
Non-controlling Interests.....	17	26.71	19.29
Total Equity		4560.41	4151.51
Liabilities			
Non-current Liabilities			
Financial Liabilities:			
Borrowings.....	18	4.69	10.94
Lease Liabilities.....	44	99.97	92.11
Provisions.....	19	22.76	22.27
Deferred Tax Liabilities (Net).....	20	111.88	106.49
Total Non-current Liabilities		239.30	231.81
Current Liabilities			
Financial Liabilities:			
Borrowings.....	21	155.30	192.06
Lease Liabilities.....	44	27.08	23.60
Trade Payables.....	22	—	—
Total Outstanding dues of Micro Enterprises and Small Enterprises.....		90.81	102.37
Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises.....		924.74	878.27
		1015.55	980.64
Other Financial Liabilities.....	23	69.74	52.98
		1267.67	1249.28
Other Current Liabilities.....	24	215.76	51.17
Provisions.....	25	23.22	20.62
Current Tax Liabilities (Net).....	26	—	4.99
Total Current Liabilities		1506.65	1326.06
Total Liabilities		1745.95	1557.87
Total Equity and Liabilities		6306.36	5709.38
Significant Accounting Policies	1		

The notes referred to above form an integral part of Consolidated Financial Statements

As per our attached report of even date

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration No.: 324982E/E300003per **Anil Jobanputra**
Partner
Membership No.: 110759For and on behalf of the Board of Directors of **Kansai Nerolac Paints Limited****P. P. Shah**
Chairman
DIN: 00066242**Sonia Singh**
Director
DIN: 07108778**P. D. Pai**
CFO**Anuj Jain**
Managing Director
DIN: 08091524**Bhaskar Bhat**
Director
DIN: 00148778**G. T. Govindarajan**
Company Secretary
ACS No. 8887Mumbai, 8th May, 2023Mumbai, 8th May, 2023

Consolidated Statement of Profit and Loss for the year ended 31st March, 2023

₹ in Crores

	Note	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Income			
Revenue from Operations	27	7542.73	6369.35
Other Income	28	25.98	25.41
Total Income		7568.71	6394.76
Expenses			
Cost of Materials Consumed	29	4888.68	4318.57
Purchases of Stock-in-trade		470.36	401.54
Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-trade	30	(94.76)	(292.81)
Employee Benefits Expense	31	377.05	355.58
Finance Costs	32	29.00	28.59
Depreciation and Amortisation Expenses	33	180.08	169.77
Other Expenses	34	1083.41	937.11
Total Expenses		6933.82	5918.35
Profit Before Tax		634.89	476.41
Tax Expense			
Current Tax	20	163.52	136.46
Adjustment of tax relating to earlier periods	20	(2.43)	—
Deferred Tax	20	5.33	(3.20)
Total Tax Expense		166.42	133.26
Profit for the Year		468.47	343.15
Other Comprehensive Income			
(i) Items that will not be reclassified to Consolidated Statement of Profit and Loss			
(a) Remeasurement of Employee Defined Benefit Liability		(0.22)	3.05
(b) Income tax relating to items that will not be reclassified to Consolidated Statement of Profit and Loss		(0.05)	(0.84)
Net Other Comprehensive income not to be reclassified subsequently to Consolidated Statement of Profit and Loss		(0.27)	2.21
(ii) Items that will be subsequently reclassified to Consolidated Statement of Profit and Loss			
(a) Exchange Differences on translation of financial statements of foreign subsidiaries		10.42	1.00
(b) Income tax relating to items that will be reclassified to Consolidated Statement of Profit and Loss		—	—
Net Other Comprehensive income to be reclassified subsequently to Consolidated Statement of Profit and Loss		10.42	1.00
Other Comprehensive Income (net of taxes)		10.15	3.21
Total Comprehensive Income for the year		478.62	346.36
Profit Attributable to:			
Owners of the Company		473.58	358.86
Non-Controlling Interests		(5.11)	(15.71)
Profit for the year		468.47	343.15
Other Comprehensive Income attributable to:			
Owners of the Company		10.33	3.35
Non-Controlling Interests		(0.18)	(0.14)
Other Comprehensive Income for the year		10.15	3.21
Total Comprehensive Income attributable to:			
Owners of the Company		483.91	362.21
Non-Controlling Interests		(5.29)	(15.85)
Total Comprehensive Income for the year		478.62	346.36
Earnings per Share (of ₹ 1 each):			
Basic (in ₹)	36	8.79	6.66
Diluted (in ₹)	36	8.78	6.66
Significant Accounting Policies	1		

The notes referred to above form an integral part of Consolidated Financial Statements

As per our attached report of even date

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration No.: 324982E/E300003

per **Anil Jobanputra**

Partner

Membership No.: 110759

For and on behalf of the Board of Directors of **Kansai Nerolac Paints Limited****P. P. Shah**

Chairman

DIN: 00066242

Sonia Singh

Director

DIN: 07108778

P. D. Pai

CFO

Anuj Jain

Managing Director

DIN: 08091524

Bhaskar Bhat

Director

DIN: 00148778

G. T. Govindarajan

Company Secretary

ACS No. 8887

Mumbai, 8th May, 2023Mumbai, 8th May, 2023

Consolidated Statement of Changes in Equity

for the year ended 31st March, 2023

A. Equity Share Capital

₹ in Crores

Balance as at 1 st April, 2021.....	53.89
Changes in Equity Share Capital during 2021-22.....	—
Balance as at the 31 st March, 2022.....	53.89
Changes in Equity Share Capital during 2022-23.....	—
Balance as at the 31 st March, 2023.....	53.89

B. Other Equity

₹ in Crores

	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Share Based Payment Reserve	Foreign Currency Translation Reserve	Total attributable to owners of the Company	Attributable to NCI	Total
Balance as at 1 st April, 2022.....	0.30	12.56	488.51	3,582.49	—	(5.54)	4,078.33	19.29	4,097.62
Profit for the year.....	—	—	—	473.58	—	—	473.58	(5.11)	468.47
Other Comprehensive Income:									
Remeasurement of Employee Defined Benefit Liability.....	—	—	—	(0.04)	—	—	(0.04)	(0.18)	(0.22)
Deferred Tax on Remeasurement of Employee Defined Benefit Liability ...	—	—	—	(0.05)	—	—	(0.05)	—	(0.05)
Exchange differences on translation of foreign operations.....	—	—	—	—	—	10.42	10.42	—	10.42
Other Comprehensive Income, (net of tax).....	—	—	—	(0.09)	—	10.42	10.33	(0.18)	10.15
Total Comprehensive Income for the Year.....	—	—	—	473.49	—	10.42	483.91	(5.29)	478.62
Transaction with Owners in their Capacity as Owners:									
Issue of Share Capital.....	—	—	—	—	—	—	—	18.72	18.72
Dividends.....	—	—	—	(53.89)	—	—	(53.89)	(1.29)	(55.18)
Share based payment expense.....	—	—	—	—	3.75	—	3.75	—	3.75
Non Controlling Interest.....	—	—	—	(32.28)	—	—	(32.28)	(4.72)	(37.00)
	—	—	—	(86.17)	3.75	—	(82.42)	12.71	(69.71)
Balance as at 31 st March, 2023.....	0.30	12.56	488.51	3969.81	3.75	4.88	4479.81	26.71	4506.52

₹ in Crores

	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Share Based Payment Reserve	Foreign Currency Translation Reserve	Total attributable to owners of the Company	Attributable to NCI	Total
Balance as at 1 st April, 2021.....	0.30	12.56	488.51	3504.18	—	(6.54)	3999.01	36.28	4035.30
Profit for the year.....	—	—	—	358.86	—	—	358.86	(15.71)	343.15
Other Comprehensive Income:									
Remeasurement of Employee Defined Benefit Liability.....	—	—	—	3.18	—	—	3.18	(0.13)	3.05
Deferred Tax on Remeasurement of Employee Defined Benefit Liability..	—	—	—	(0.84)	—	—	(0.84)	—	(0.84)
Exchange differences on translation of foreign operations.....	—	—	—	—	—	1.00	1.00	—	1.00
Other Comprehensive Income, (net of tax).....	—	—	—	2.34	—	1.00	3.34	(0.13)	3.21
Total Comprehensive Income for the Year.....	—	—	—	361.20	—	1.00	362.20	(15.84)	346.36
Transaction with Owners in their Capacity as Owners:									
Issue of Share Capital.....	—	—	—	—	—	—	—	19.73	19.73
Dividends.....	—	—	—	(282.89)	—	—	(282.89)	(1.15)	(284.04)
	—	—	—	(282.89)	—	—	(282.89)	18.58	(264.31)
Balance as at 31 st March, 2022.....	0.30	12.56	488.51	3582.49	—	(5.54)	4078.32	19.29	4097.62

As per our attached report of even date

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration No.: 324982E/E300003

per **Anil Jobanputra**
Partner
Membership No.: 110759

For and on behalf of the Board of Directors of **Kansai Nerolac Paints Limited**

P. P. Shah
Chairman
DIN: 00066242

Sonia Singh
Director
DIN: 07108778

P. D. Pai
CFO

Anuj Jain
Managing Director
DIN: 08091524

Bhaskar Bhat
Director
DIN: 00148778

G. T. Govindarajan
Company Secretary
ACS No. 8887

Mumbai, 8th May, 2023

Mumbai, 8th May, 2023

Consolidated Statement of Cash Flows

for the year ended 31st March, 2023

₹ in Crores

	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Cash Flow from Operating Activities		
Net Profit before tax	634.89	476.41
Adjustments for:		
Depreciation and Amortization Expenses	180.08	169.77
Fair Value (Gain)/ Loss on Financial Instruments recognised through FVTPL	(6.54)	0.61
Unrealised Foreign Exchange (Gain) (net)	(1.11)	(0.95)
Profit on Sale of Current Investments (Net)	(7.32)	(14.29)
Interest Income	(2.84)	(2.59)
Dividend Income	(0.03)	(0.03)
Finance Cost	29.00	28.59
(Profit) on Sale of Property, Plant and Equipment (Net)	(0.32)	(0.60)
Impairment loss allowance on trade receivables	2.43	2.81
Provisions/Liabilities no longer required written back	(0.66)	(47.44)
Share based payment	3.75	—
Gain from Closure of Lease Liability	(0.73)	—
	195.71	135.88
Operating Profit before Working Capital Changes	830.60	612.29
(Increase) in Trade And Other Receivables	(196.94)	(106.29)
(Increase) in Inventories	(99.58)	(431.61)
Increase in Trade Payables, Other Financial Liabilities and Provisions	60.72	112.14
	(235.80)	(425.76)
Cash Generated from Operations	594.80	186.53
Direct Taxes Paid (Net of Refunds)	(186.55)	(161.76)
Net Cash Flows generated from Operating Activities	408.25	24.77
Cash Flow from Investing Activities		
Purchase of Property, Plant and Equipment and Other Intangible Assets (Including Adjustments on Account of Capital Work-In-Progress, Capital Creditors and Capital Advances)	(123.17)	(219.01)
Proceeds from Sale Property, Plant, Equipment	1.65	1.07
Advance for Sale of Investment Property	162.11	—
Purchase of non current Investments	(2.15)	(0.14)
Purchase of current Investments	(2,782.50)	(3,014.36)
Proceeds from Sale/ Redemption of Investments	2,507.69	3,486.64
Interest Received	2.84	2.59
Dividend Received	0.03	0.03
Proceeds from/ (Investments in) Fixed deposits	6.59	(7.28)
Net Cash Flows (used in)/ generated from Investing Activities	(226.91)	249.54
Cash Flow from Financing Activities		
(Repayment of) long-term Borrowings	(6.25)	(0.05)
(Repayment of)/ Proceeds from Current Borrowings	(15.59)	26.99
Payment of Lease Liabilities	(37.00)	(34.11)
Interest Paid	(18.58)	(18.10)
Dividend Paid	(55.18)	(284.04)
Net Cash Flows (used in) Financing Activities	(132.60)	(309.31)
Net Increase/ (Decrease) in Cash and Cash Equivalents	48.74	(35.00)

Consolidated Statement of Cash Flows

for the year ended 31st March, 2023

₹ in Crores

	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Cash and Cash Equivalents at Beginning of the year the components being: (Refer note 11)		
Cash on Hand.....	1.11	0.30
Cheques on hand	23.34	16.78
Balances with Banks.....	51.61	85.86
Bank overdrafts and Cash Credit (Refer Note 21).....	(88.21)	(79.00)
Effect of exchange rate fluctuation	0.98	(0.11)
	(11.17)	23.83
Cash and Cash Equivalents at end of the year the components being: (Refer note 11)		
Cash on Hand.....	0.27	1.11
Cheques on hand	22.38	23.34
Balances with Banks	75.97	51.61
Deposit with Banks with less than 3 months maturity.....	5.00	—
Bank overdrafts and Cash Credit (Refer Note 21)	(67.03)	(88.21)
Effect of exchange rate fluctuation.....	0.98	0.98
	37.57	(11.17)
Net (Decrease)/ Increase as disclosed above	48.74	(35.00)

Debt Reconciliation Statement in accordance with Ind AS 7

₹ in Crores

	31 st March, 2023	31 st March, 2022
Opening Balances		
Long-term Borrowings	10.94	17.19
Current Borrowings (Excluding Bank overdrafts and Cash Credit)	103.85	72.09
Movements		
Non-Current Borrowing	(6.25)	(6.25)
Current Borrowings (Excluding Bank overdrafts and Cash Credit)	(15.59)	31.76
Closing Balances		
Non-Current Borrowing	4.69	10.94
Current Borrowings (Excluding Bank overdrafts and Cash Credit)	88.26	103.85

Notes:

- Figures in brackets are outflows/deductions.
- The above cash flow statement is prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) - Statement of Cash Flows.

As per our attached report of even date
 For **S R B C & CO LLP**
 Chartered Accountants
 ICAI Firm Registration No.: 324982E/E300003
 per **Anil Jobanputra**
 Partner
 Membership No.: 110759

Mumbai, 8th May, 2023For and on behalf of the Board of Directors of **Kansai Nerolac Paints Limited**

P. P. Shah
 Chairman
 DIN: 00066242

Sonia Singh
 Director
 DIN: 07108778

P. D. Pai
 CFO

Mumbai, 8th May, 2023

Anuj Jain
 Managing Director
 DIN: 08091524

Bhaskar Bhat
 Director
 DIN: 00148778

G. T. Govindarajan
 Company Secretary
 ACS No. 8887

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

A. Corporate Information

Kansai Nerolac Paints Limited (the "Holding Company") is a public limited company domiciled in India and incorporated under the provisions of the Companies Act. Company's shares are listed on National Stock Exchange and Bombay Stock Exchange. The registered office of the Company is located at Nerolac House, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400013. The Holding Company is principally engaged in the manufacturing of Paints.

Kansai Paint Co. Ltd., Japan is immediate and ultimate holding company of Kansai Nerolac Paints Limited and is based and listed in Japan. Financial Statements of Kansai Paint Co. Ltd., Japan are available in public domain.

The Consolidated Financial Statements relate to Kansai Nerolac Paints Ltd (the "Holding Company") and its Subsidiary Companies, KNP Japan Private Limited, a company incorporated in Nepal in which the Holding Company has 68% equity holding, Kansai Paints Lanka (Private) Limited, a company incorporated in Sri Lanka in which the Holding Company has 60% equity holding, Kansai Nerolac Paints (Bangladesh) Limited, a company incorporated in Bangladesh in which the Holding Company has 55% equity holding and Nerofix Private Limited, a company incorporated in India in which the Holding Company has 100% equity holding, hereinafter referred to as the "Group".

The Consolidated Financial Statements for the year ended 31st March, 2023 have been reviewed by the Audit Committee and approved by the Board of Directors of the Holding Company at their meetings held on 8th May, 2023.

B. Basis of Preparation

1. Statement of Compliance

The Consolidated Financial Statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (there 'Act') and other relevant provisions of the Act, as amended from time to time.

Details of Group's Accounting Policies are included in Note 1.

2. Functional and Presentation Currency

The Consolidated Financial Statements are presented in Indian Rupees (INR), which is also the Group's functional currency. All amounts have been rounded-off to the nearest crores, unless otherwise indicated.

3. Basis of Measurement

The Consolidated Financial Statements have been prepared on the historical cost basis except for investments in mutual funds, non-trade equity shares, bonds and employee defined benefit plans, which are measured at fair values at the end of each reporting period.

4. Use of Estimates and Judgements

Critical accounting judgments and key sources of estimation uncertainty:

The preparation of the Consolidated financial statements in conformity with the Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosures as at date of the Consolidated financial statements and the reported amounts of the revenues and expenses for the years presented. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

i) Impairment of Goodwill

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including operating results, business plans, future cash flows and economic conditions. The recoverable amount of cash generating units is determined based on higher of value-in-use and fair value less cost to sell. The goodwill impairment test is performed at the level of the cash generating unit or groups of cash-generating units which are benefitting from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purposes.

Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent management's best estimate about future developments.

ii) Critical Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amount recognised in the financial statements.

Discount rate used to determine the carrying amount of the Groups's employees defined benefit obligation.

In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

Contingencies and Commitments

In the normal course of business, contingent liabilities may arise from litigations and other claims against the Group. Where the potential liabilities have a low probability of crystallising or are very difficult to quantify reliably, we treat them as contingent liabilities. Such liabilities are disclosed in the notes but are not provided for in the consolidated financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, we do not expect them to have a materially adverse impact on our financial position or profitability.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

B. Basis of Preparation (contd.)

4. Use of estimates and judgements (contd.)

iii) Key Sources of Estimation Uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Useful Lives of Property, Plant and Equipment

As described in Note 1(3)(c), the Group reviews the estimated useful lives and residual values of property, plant and equipment at the end of each reporting period. During the current financial year, the management determined that there were no changes to the useful lives and residual values of the property, plant and equipment.

Impairment loss allowance on trade receivables

The Group makes loss allowances for credit impaired debts based on an assessment of the recoverability of trade and other receivables. The identification of credit impaired debts requires use of judgments and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and credit impaired debts expenses in the period in which such estimate has been changed.

Allowances for Inventories

Management reviews the inventory age listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory items with the respective net realizable value. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete and slow-moving items. Management is satisfied that adequate allowance for obsolete and slow-moving inventories has been made in the consolidated financial statements.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques, including the discounted cash flow model, which involve various judgements and assumptions.

Defined Benefit Plans

The costs and present value of the defined benefit gratuity plan and other long-term employee benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in future. These include the determination of appropriate discount rate, salary escalation rate, expected rate of return on assets and mortality rates. Due to the complexities involved in the valuation and its long-term nature, defined benefit plans are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date and the same are disclosed in Note 38, 'Employee benefits'.

C. Basis of Consolidation

The Consolidated Financial Statements comprise the financial statements of the Holding Company and its subsidiaries as at 31st March, 2023. Subsidiaries are entities controlled by the Holding Company. The Holding Company controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date on which control ceases.

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Non-controlling Interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Group. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and consolidated balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in non-controlling interests having a deficit balance. Non-controlling interests (NCI) are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the Investments to the extent of the Holding Company's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Note 1: Significant Accounting Policies

1. Classification of Assets and Liabilities

Schedule III to the Act, requires assets and liabilities to be classified as either Current or Non-current.

- (a) An asset shall be classified as current when it satisfies any of the following criteria:
 - (i) it is expected to be realised in, or is intended for sale or consumption in, the Group's normal operating cycle;
 - (ii) it is held primarily for the purpose of being traded;
 - (iii) it is expected to be realised within twelve months after the reporting date; or
 - (iv) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.
- (b) All assets other than current assets shall be classified as non-current.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

Note 1: Significant Accounting Policies (contd.)

1. Classification of Assets and Liabilities (contd.)

- (c) A liability shall be classified as current when it satisfies any of the following criteria:
- (i) it is expected to be settled in the Group's normal operating cycle;
 - (ii) it is held primarily for the purpose of being traded;
 - (iii) it is due to be settled within twelve months after the reporting date; or
 - (iv) the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.
- (d) All liabilities other than current liabilities shall be classified as non-current.

2. Operating Cycle

An operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Group has ascertained the operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

3. Property, Plant and Equipment

(a) Recognition and Measurement

An item of Property, Plant and Equipment that qualifies for recognition as an asset is initially measured at its cost and then carried at the cost less accumulated depreciation and accumulated impairment, if any.

The cost of an item of Property, Plant and Equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is included in the cost of an item of property, plant and equipment.

The cost of a self-constructed item of Property, Plant and Equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Tangible Property, Plant and Equipment under construction are disclosed as Capital Work-in-progress. Item of Capital Work-in-progress is carried at cost using the principles of valuation of item of property, plant and equipment till it is ready for use, the manner in which intended by management.

(b) Subsequent Measurement

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(c) Depreciation

The depreciable amount of an item of property, plant and equipment is allocated on a systematic basis over its useful life. The Group provides depreciation on the straight line method. The Group believes that straight line method reflects the pattern in which the asset's future economic benefits are expected to be consumed by the Group. The depreciation method is reviewed at least at each financial year-end and, if there has been a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is generally recognised in the Consolidated Statement of Profit and Loss unless it is included in the carrying amount of another asset.

The residual value and the useful life of an asset is reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) is accounted for as a change in an accounting estimate in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. The estimated useful lives for the current and comparable periods are as follows:

Asset Class	Useful Lives (in years)	Useful Lives (in years)
	– as per Companies Act, 2013	– as estimated by the Group
Buildings	30-60	20-60
Plant and Equipments	10-20	10-25
Furniture and Fixtures	10	10-15
Vehicles	10	5-10
Office Equipments	5	5-10
Computers	3-6	3-6
Assets for Scientific Research	10-20	20
Assets on Operating lease	NA	5
Tools and Appliances	10	4

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

Note 1: Significant Accounting Policies (contd.)

3. Property, Plant and Equipment (contd.)

(c) Depreciation (contd.)

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed off).

Depreciation charge for the year is displayed as depreciation on the face of Consolidated Statement of Profit and Loss.

(d) Disposal

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in consolidated statement of profit and loss when the item is derecognised.

4. Investment Property

(a) Recognition and Measurement

Land or building held to earn rentals or for capital appreciation or both rather than for use in the production or supply of goods or services or for administrative purposes; or sale in the ordinary course of business is recognised as Investment Property. Land held for a currently undetermined future use is also recognised as Investment Property.

An investment property is measured initially at its cost. The cost of an Investment Property comprises its purchase price and any directly attributable expenditure. After initial recognition, the Group chooses the cost model and carries the investment properties at the cost less accumulated depreciation and accumulated impairment, if any.

(b) Depreciation

After initial recognition, the Group measures all of its investment properties in accordance with Ind AS 16's requirements for cost model. The depreciable amount of an item of investment properties is allocated on a systematic basis over its useful life. The Group provides depreciation on the straight line method. The Group believes that straight line method reflects the pattern in which the asset's future economic benefits are expected to be consumed by the Group. The depreciation method is reviewed at least at each financial year-end and, if there has been a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate in accordance with Ind AS 8-Accounting Policies, Changes in Accounting Estimates and Errors.

The depreciation charge for each period is generally recognised in the Consolidated Statement of Profit and Loss.

The residual value and the useful life of an asset is reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) is accounted for as a change in an accounting estimate in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. The estimated useful lives for the current and comparable periods are as follows:

Asset Class	Useful Lives (in years) – as per Companies Act, 2013	Useful Lives (in years) – as estimated by the Group
Buildings	30-60	30-60

(c) Fair Value

Fair value of investment properties is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued. The fair value of investment property is disclosed in the Note 4.

(d) Gain or loss on Disposal

Any gain or loss on disposal of an Investment Property is recognised in the Consolidated Statement of Profit and Loss.

5. Other Intangible Assets

(a) Recognition and Measurement

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are initially measured at its cost and then carried at the cost less accumulated impairment, if any.

Research and Development

Research is original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding. Expenditure incurred on research of an internal project is recognised as an expense in Consolidated Statement of Profit and Loss, when it is incurred.

Development is the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of commercial production or use. An intangible asset arising from development is recognised if, and only if, the following criteria are met:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale.
- the Group intends to complete the intangible asset and use or sell it.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

Note 1: Significant Accounting Policies (contd.)

5. Other Intangible Assets (contd.)

(a) Recognition and Measurement contd.)

- (c) the Group has ability to use or sell the intangible asset.
- (d) the Group can demonstrate how the intangible asset will generate probable future economic benefits.
- (e) the Group has adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- (f) the Group has ability to measure reliably the expenditure attributable to the intangible asset during its development.

Expenditure on research activities is recognised in Consolidated Statement of Profit and Loss as incurred.

(b) Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in Consolidated Statement of Profit and Loss as incurred.

(c) Amortisation

The Group amortises Other Intangible Assets on the straight line method. The Group believes that straight line method reflects the pattern in which the asset's future economic benefits are expected to be consumed by the Group. The amortisation method is reviewed at each financial year-end and, if there has been any significant change in the expected pattern of consumption of the future economic benefits embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in accounting estimate in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors.

The residual value and the useful life of an asset is reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) is accounted for as a change in an accounting estimate in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. The estimated useful lives as estimated by management are as follows:

Asset Class	Useful Lives (in years) – as estimated by the Group
Software	3-5
Non-Compete	5
Brand and Technical Knowhow	5-10
Customer Relationships	5

6. Non-current assets or disposal group held for sale

Non-current assets, or disposal groups comprising assets and liabilities are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any resultant loss on a disposal group is allocated first to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, and biological assets, which continue to be measured in accordance with the Group's other accounting policies. Losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in Consolidated Statement of Profit and Loss.

Once classified as held-for-sale, then Property, Plant & Equipment, Investment Property and Other Intangible Assets are no longer required to be amortised or depreciated.

7. Employee Benefits

(a) Short-term Employee Benefits:

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

(b) Post-Employment Benefits:

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

(i) Provident and Family Pension Fund

The eligible employees of the Group are entitled to receive post employment benefits in respect of provident and family pension fund, in which both the employees and the Group make monthly contributions at a specified percentage of the employees' eligible salary (currently 12% of employees' eligible salary). The contributions are made to the provident fund managed by the trust set up by the Group, or to the Regional Provident Fund Commissioner (RPFC) which are charged to the Consolidated Statement of Profit and Loss as incurred.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

Note 1: Significant Accounting Policies (contd.)

7. Employee Benefits (contd.)

(b) Post-Employment Benefits: (contd.):

In respect of contribution to RPF, the Group has no further obligations beyond making the contribution, and hence, such employee benefit plan is classified as Defined Contribution Plan. The Group's contribution is recognised as an expense in the Consolidated Statement of Profit and Loss.

In respect of contribution to the trust set up by the Group, since the Group is obligated to meet interest shortfall, if any, with respect to covered employees, such employee benefit plan is classified as Defined Benefit Plan. Any obligation in this respect is measured on the basis of independent actuarial valuation.

(ii) Superannuation

The eligible employees of the Group are entitled to receive post employment benefits in respect of superannuation fund in which the Group makes annual contribution at a specified percentage of the employees' eligible salary (currently 15% of employees' eligible salary). The contributions are made to the Life Insurance Corporation of India (LIC). Superannuation is classified as Defined Contribution Plan as the Group has no further obligations beyond making the contribution. The Group's contribution is recognised as an expense in the Consolidated Statement of Profit and Loss.

Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in Consolidated Statement of Profit and Loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Gratuity

The Group has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. The Group has obtained insurance policies with the Life Insurance Corporation of India (LIC) and makes an annual contribution to LIC for amounts notified by LIC. The Group accounts for gratuity benefits payable in future based on an independent external actuarial valuation carried out at the end of the year using the projected unit credit method. Actuarial gains and losses are recognised as Other Comprehensive Income or Loss.

Provident Fund Trust

In respect of contribution to the trust set up by the Group, since the Group is obligated to meet interest shortfall, if any, with respect to covered employees, such employee benefit plan for eligible employees is classified as Defined Benefit Plan. Any obligation in this respect is measured on the basis of independent actuarial valuation.

(c) Retirement Benefits to Executive Directors of Holding Company

The liability for special retirement benefit to the Executive Directors of Holding Company who became entitled prior to the discontinuation of the policy, is recognised in the balance sheet at its present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the said obligation is determined by discounting the estimated future cash outflows, using market yields of government bonds that have tenure approximating the tenures of the related liability.

The interest expense is calculated by applying the discount rate to the defined benefit liability. The interest expense on the defined benefit liability is recognised in the Consolidated Statement of Profit and Loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Consolidated Statement of Changes in Equity and in the Consolidated Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

Note 1: Significant Accounting Policies (contd.)

7. Employee Benefits (contd.)

(d) Other Long-term Employee Benefits – Compensated Absences:

The Group provides for encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment/availment. The Group makes provision for compensated absences based on an independent actuarial valuation carried out at the end of the year. Actuarial gains and losses are recognised in the Consolidated Statement of Profit and Loss.

(e) Share Based Payments

Employees of the Holding Company receive remuneration in the form of share-based payments in consideration of the services rendered. Under the equity settled share based payment, the fair value on the grant date of the awards given to employees is recognised as 'employee benefit expenses' with a corresponding increase in equity over the vesting period. The fair value of the options at the grant date is calculated by an independent valuer basis Black Scholes model and Monte Carlo model. At the end of each reporting period, apart from the non-market vesting condition, the expense is reviewed and adjusted to reflect changes to the level of options expected to vest. When the options are exercised, the Company issues fresh equity shares.

8. Inventories

(a) Measurement of Inventory

The Group measures its inventories at the lower of cost and net realisable value.

(b) Cost of Inventories

The cost of inventories shall comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The costs of purchase of inventories comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the tax authorities), and transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

The costs of conversion of inventories include costs directly related to the units of production and a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods.

Other costs are included in the cost of inventories only to the extent that they are incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned by weighted average cost formula. The Group uses the same cost formula for all inventories having a similar nature and use to the Group.

(c) Net Realisable Value

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Net realisable value is ascertained for each item of inventories with reference to the selling prices of related finished products.

The practice of writing inventories down below cost to net realisable value is consistent with the view that assets should not be carried in excess of amounts expected to be realised from their sale or use. Inventories are usually written down to net realisable value item by item. Estimates of net realisable value of finished goods and stock-in-trade are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. However, when a decline in the price of materials indicates that the cost of the finished products exceeds net realisable value, the materials are written down to net realisable value.

Amount of any reversal of write-down of inventories shall be recognised as an expense as when the event occurs.

A new assessment is made of net realisable value in each subsequent period. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed.

(d) Valuation of Spare parts, stand-by equipments and servicing equipments

Spare parts, stand-by equipment and servicing equipment are recognised as Property, Plant and Equipment if and only if it is probable that future economic benefits associated with them will flow to the Group and their cost can be measured reliably. Otherwise such items are classified and recognised as Inventory.

9. Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. For an investment to qualify as a cash equivalent it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. Therefore, an investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition. For the purpose of Cash Flow Statement, Cash and Cash Equivalents includes Bank overdrafts which are repayable on demand.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

Note 1: Significant Accounting Policies (contd.)

10. Government Grants

Government grants are assistance by government in the form of transfers of resources to the Group in return for past or future compliance with certain conditions relating to the operating activities of the Group. Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. Government grants are recognised in Statement of Profit and Loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

11. Provisions and Contingent Liabilities

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on technical evaluation, historical warranty data and a weighting of all possible outcomes by their associated probabilities.

Restructuring

A provision for restructuring is recognised when the Group has approved a detailed formal restructuring plan, and the restructuring either has commenced or has been announced publicly.

Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the Group from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Group recognises any impairment loss on the assets associated with that contract.

12. Revenue Recognition

Sale of Goods

Revenue is recognised upon transfer of control of promised goods to customers in an amount that reflects the consideration which the Group expects to receive in exchange for those goods.

Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer which is usually on dispatch/delivery.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, rebates, scheme allowances, price concessions, incentives, and returns, if any, as specified in the contracts with the customers. Revenue excludes taxes collected from customers on behalf of the government. Accruals for discounts/incentives and returns are estimated (using the most likely method) based on accumulated experience and underlying schemes and agreements with customers. Due to the short nature of credit period given to customers, there is no financing component in the contract.

Interest Income

Interest income is recognised using the effective interest method as set out in Ind AS 39 - Financial Instruments: Recognition and Measurement, when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of the revenue can be measured reliably. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period.

Royalty Income

Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreement when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of the revenue can be measured reliably.

Dividend Income

Dividend income is recognised when right to receive payment is established and it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of the revenue can be measured reliably.

13. Foreign Currency Transactions

Functional currency is the currency of the primary economic environment in which the Group operates whereas presentation currency is the currency in which the financial statements are presented. Indian Rupee is the functional as well as presentation currency for the Group.

A foreign currency transaction is recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of each reporting period, foreign currency monetary items are translated using the closing rate whereas non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

Note 1: Significant Accounting Policies (contd.)

13. Foreign Currency Transactions (contd.)

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous Consolidated Financial Statements are recognised in the Consolidated Statement of Profit and Loss in the period in which they arise. When a gain or loss on a non-monetary item is recognised in Other Comprehensive Income, any exchange component of that gain or loss is recognised in Other Comprehensive Income. Conversely, when a gain or loss on a non-monetary item is recognised in Consolidated Statement of Profit and Loss, any exchange component of that gain or loss is recognised in Consolidated Statement of Profit and Loss.

14. Taxation

Income tax

Income tax comprises current and deferred tax. It is recognised in Consolidated Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- a. temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- b. taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

15. Lease

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use Assets (ROU Assets)

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold land	90 to 99 years
Buildings	2 to 10 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in note 19 Impairment of non-financial assets.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

Note 1: Significant Accounting Policies (contd.)

15. Lease (contd.)

(ii) Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

16. Financial Instruments

(a) Recognition and initial Measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

(b) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- Fair Value through Other Comprehensive Income (FVOCI) – debt investment;
- Fair Value through Other Comprehensive Income – equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

Note 1: Significant Accounting Policies (contd.)

16. Financial Instruments (contd.)

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial Assets: Subsequent Measurement and Gains and Losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in Consolidated Statement of profit and loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in Consolidated Statement of Profit and Loss. Any gain or loss on derecognition is recognised in Consolidated Statement of Profit and Loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in Consolidated Statement of profit and loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Financial Liabilities: Classification, Subsequent Measurement and Gains and Losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Consolidated Statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Consolidated Statement of profit and loss. Any gain or loss on derecognition is also recognised in Consolidated Statement of profit and loss.

(c) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in Consolidated Statement of profit and loss.

(d) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(e) Derivative Financial Instruments

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered and are subsequently re-measured at fair value. Any changes therein are recognised in the Consolidated Statement of profit and loss.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

Note 1: Significant Accounting Policies (contd.)

17. Borrowing Cost

The Group capitalises borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Group recognises other borrowing costs as an expense in the period in which it incurs them. Borrowing costs are interest and other costs that the Group incurs in connection with the borrowing of funds including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

18. Earnings Per Share

Basic earnings per share

The Group calculates basic earnings per share amounts for profit or loss attributable to ordinary equity holders and, if presented, profit or loss from continuing operations attributable to those equity holders.

Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the period.

The weighted average number of ordinary shares outstanding during the period and for all periods presented shall be adjusted for events, other than the conversion of potential ordinary shares, that have changed the number of ordinary shares outstanding without a corresponding change in resources.

Diluted earnings per share

The Group calculates diluted earnings per share amounts for profit or loss attributable to ordinary equity holders and, if presented, profit or loss from continuing operations attributable to those equity holders.

For the purpose of calculating diluted earnings per share, the Group adjusts profit or loss attributable to ordinary equity holders, and the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares, if any.

For the purpose of calculating diluted earnings per share, the weighted average number of ordinary shares calculated for calculating basic earnings per share and adjusted the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. Dilutive potential ordinary shares are deemed to have been converted into ordinary shares at the beginning of the period or, if later, the date of the issue of the potential ordinary shares.

19. Measurement of Fair Values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

20. Impairment Loss

Impairment of Financial Assets

The Group recognises loss allowances for expected credit losses on:

- financial assets measured at amortised cost; and
- financial assets measured at FVOCI- debt investments.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit- impaired. A financial asset is 'credit- impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

Note 1: Significant Accounting Policies (contd.)

20. Impairment Loss (contd.)

In accordance with Ind AS 109, the Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime expected credit loss at each reporting date, right from its initial recognition.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Impairment of Non Financial Assets

An impairment loss is the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate.

The Group assesses at the end of each reporting period whether there is any indication that an asset is impaired. In assessing whether there is any indication that an asset may be impaired, the Group considers External as well as Internal Source of Information. If any such indication exists, the Group estimates the recoverable amount for the individual asset. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the asset is carried at revalued amount in accordance with another Standard.

If it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit). A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Group recognises impairment loss for a cash-generating unit if, and only if, the recoverable amount of the cash-generating unit is less than the carrying amount of the cash-generating unit. The Group allocates impairment loss of cash-generating units first to the carrying amount of goodwill allocated to the cash-generating units, if any, and then, to the other assets of the cash-generating units pro rata on the basis of the carrying amount of each asset in the cash-generating unit. These reductions in carrying amounts shall be treated as impairment losses on individual assets and recognised accordingly.

21. Business Combinations

Business combinations (other than common control business combinations)

In accordance with Ind AS 103, the Group accounts for these business combinations using the acquisition method when control is transferred to the Group. The consideration transferred for the business combination is generally measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in OCI and accumulated in equity as capital reserve if there exists clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase; otherwise the gain is recognised directly in equity as capital reserve. Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships with the acquiree. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured subsequently and settlement is accounted for within equity. Other contingent consideration is remeasured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognised in the consolidated statement of profit and loss. The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

If a business combination is achieved in stages, any previously held equity interest in the acquiree is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in the consolidated statement of profit and loss or OCI, as appropriate.

Common control transactions

Business combinations involving entities that are controlled by the Group are accounted for using the pooling of interests method as follows:

- (i) The assets and liabilities of the combining entities are reflected at their carrying amounts.
- (ii) No adjustments are made to reflect fair values, or recognise any new assets and liabilities. Adjustments are only made to harmonise accounting policies.
- (iii) The financial information in the financial statements in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, where the business combination had occurred after that date, the prior period information is restated only from that date.
- (iv) The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee or is adjusted against general reserve.
- (v) The identity of the reserves are preserved and the reserves of the transferor become reserves of the transferee.
- (vi) The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

2. Property, Plant and Equipment

₹ in Crores

Description	Gross Block					Accumulated Depreciation					Net Block	
	As at 1 st April, 2022	Additions/ Adjustments	Deductions/ Adjustments	Translation Difference	As at 31 st March, 2023	As at 1 st April, 2022	Additions/ Adjustments	Deductions/ Adjustments	Translation Difference	As at 31 st March, 2023	As at 31 st March, 2023	
Freehold Land	120.85	2.01	—	(0.59)	122.27	—	—	—	—	—	122.27	
	(120.72)	(0.11)	—	(0.02)	(120.85)	—	—	—	—	—	(120.85)	
Buildings	901.86	86.01	—	(2.37)	985.50	202.02	27.73	—	—	229.75	755.75	
	(795.28)	(109.74)	—	3.16	(901.86)	(177.28)	(25.14)	0.00	0.40	(202.02)	(699.84)	
Plant and Equipments	1338.59	114.10	1.35	(2.62)	1448.72	536.44	65.82	0.88	(1.92)	599.46	849.26	
	(1281.14)	(60.20)	(0.90)	1.85	(1338.59)	(476.56)	(60.83)	(0.83)	0.12	(536.44)	(802.15)	
Furniture and Fixtures	24.79	0.85	—	(0.25)	25.39	18.51	1.17	—	(0.13)	19.55	5.84	
	(23.84)	(1.02)	(0.01)	0.06	(24.79)	(17.42)	(1.17)	—	0.08	(18.51)	(6.28)	
Vehicles	6.37	0.49	0.36	(0.35)	6.15	5.09	0.51	0.36	(0.32)	4.92	1.23	
	(7.73)	(0.11)	(1.60)	(0.13)	(6.37)	(5.89)	(0.31)	(1.17)	(0.06)	(5.09)	(1.28)	
Office Equipments	19.05	1.37	0.02	(0.50)	19.90	15.17	1.40	0.01	(0.31)	16.25	3.65	
	(17.47)	(1.69)	(0.01)	0.10	(19.05)	(13.88)	(1.35)	0.00	0.06	(15.17)	(3.88)	
Computers	53.67	6.53	0.01	(0.05)	60.14	41.78	4.43	—	(0.04)	46.17	13.97	
	(52.45)	(8.13)	(6.70)	0.21	(53.67)	(44.77)	(3.93)	(6.70)	0.22	(41.78)	(11.89)	
Assets for Scientific Research*	78.87	0.87	0.12	—	79.62	23.78	3.13	0.01	(0.04)	26.86	52.76	
	(78.28)	(0.59)	0.00	—	(78.87)	(20.68)	(3.10)	0.00	0.00	(23.78)	(55.09)	
Assets on Operating Lease (Refer Note 2.6)	376.04	40.48	6.55	0.02	409.99	303.70	30.71	6.55	0.06	327.92	82.07	
	(351.79)	(31.57)	(7.27)	0.05	(376.04)	(281.90)	(29.07)	(7.27)	0.00	(303.70)	(72.34)	
Colourant Machine	1.07	0.62	1.00	0.15	0.84	—	—	—	—	—	0.84	
	(0.71)	(0.59)	—	0.23	(1.07)	—	—	—	—	—	(1.07)	
Tools and Appliances	1.29	0.24	—	(0.21)	1.32	0.58	0.32	—	(0.18)	0.72	0.60	
	(0.94)	(0.61)	(0.19)	0.07	(1.29)	(0.47)	(0.28)	—	0.17	(0.58)	(0.71)	
Total Tangible Assets	2922.45	253.57	9.41	(6.77)	3159.84	1147.07	135.22	7.81	(2.88)	1271.60	1888.24	
	(2730.35)	(214.36)	(16.68)	5.58	(2922.45)	(1038.85)	(125.18)	(15.97)	0.99	(1147.07)	(1775.38)	

* Net block includes Buildings ₹ 24.14 Crores (2021-2022 ₹ 24.58 Crores), Plant and Equipment ₹ 25.20 Crores (2021-2022 ₹ 26.76 Crores) and Furniture and Fixtures ₹ 3.62 Crores (2021-2022 ₹ 3.75 Crores).

- 2.1. Figures in the brackets are the corresponding figures in respect of the previous year.
- 2.2. In above assets, net block for Plant and Machinery - ₹ 5.60 Crores (2021-22: ₹ 3.77 Crores) are being secured against the term loans from banks (Refer Note 18).
- 2.3. In above assets, net block for Freehold Land - ₹ 12.48 Crores (2021-22: ₹ 1.99 Crores), Buildings - ₹ 16.15 Crores (2021-22: ₹ 5.59 Crores) are being secured against the term loans from banks (Refer Note 21).
- 2.4. Nil amount of borrowing costs is capitalised during the financial year.
- 2.5. Nil amount of impairment loss is recognised during the financial year.
- 2.6. The Group has given Colour Dispenser Machines on operating lease to its dealers. The Group enters into three years cancellable lease agreements. However, the corresponding lease rentals may be receivable for a shorter period or may be waived off. The minimum aggregate lease payments to be received in future is considered as Nil. Accordingly, the disclosure of the present value of minimum lease payments receivable at the Balance Sheet date is not made.
- 2.7. CWIP ageing schedule is not given as it is not material to the group i.e. it is not more than 10% of the respective balance sheet item in Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

3. Right of Use Assets (ROU)

₹ in Crores

Description	Gross Block				As at 31 st March, 2023	Accumulated Amortisation				Net Block	
	As at 1 st April, 2022	Additions	Deductions	Translation Difference		As at 1 st April, 2022	Additions	Deductions	Translation Difference	As at 31 st March, 2023	As at 31 st March, 2023
Leasehold Land*	82.21 (83.48)	— —	— —	-0.16 (1.27)	82.05 (82.21)	6.67 (5.77)	1.79 (1.14)	— (0.05)	-0.84 (0.19)	7.62 (6.67)	74.43 (75.54)
Buildings	152.07 (112.56)	42.13 (45.53)	11.55 (5.83)	-0.86 (0.19)	181.79 (152.07)	53.61 (29.56)	28.62 (28.46)	9.53 (4.18)	1.07 (0.23)	73.77 (53.61)	108.02 (98.46)
Total Right of Use Assets (ROU)	234.28 (196.04)	42.13 (45.53)	11.55 (5.83)	-1.02 (1.46)	263.84 (234.28)	60.28 (35.33)	30.41 (29.60)	9.53 (4.23)	0.23 (0.42)	81.39 (60.28)	182.45 (174.00)

3.1. Figures in the brackets are the corresponding figures in respect of the previous year.

3.2. Nil amount of borrowing costs is capitalised during the current and comparative periods.

3.3. Nil amount of impairment loss is recognised during the current and comparative periods.

4. Investment Property

₹ in Crores

Description	Gross Block				As at 31 st March, 2023	Accumulated Depreciation			Net Block	
	As at 1 st April, 2022	Additions	Deductions*	As at 31 st March, 2023		As at 1 st April, 2022	Additions	Deductions*	As at 31 st March, 2023	As at 31 st March, 2023
Freehold Land	0.07 (0.07)	— (—)	0.04 (—)	0.03 (0.07)	— (—)	— (—)	— (—)	— (—)	0.03 (0.07)	
Leasehold Land	0.01 (0.01)	— (—)	— (—)	0.01 (0.01)	— (—)	— (—)	— (—)	— (—)	0.01 (0.01)	
Buildings	3.39 (3.39)	— (—)	1.16 (—)	2.23 (3.39)	3.29 (3.29)	— (—)	1.15 (—)	2.14 (3.29)	0.09 (0.10)	
Total Investment Property	3.47 (3.47)	— (—)	1.20 (—)	2.27 (3.47)	3.29 (3.29)	— (—)	1.15 (—)	2.14 (3.29)	0.13 (0.18)	

4.1. Figures in the brackets are the corresponding figures in respect of the previous year.

4.2. Nil amount of borrowing costs is capitalised during the current and comparative periods.

4.3. Nil amount of impairment loss is recognised during the current and comparative periods.

4.4. During the financial year, no rental income was generated from the investment properties whereas direct operating expenses of ₹ 0.21 Crores (2021-2022 ₹ 0.26 Crores) were incurred and recorded as expense in the Standalone Statement of Profit and Loss.

4.5. Total fair value of Investment Property is ₹ 729.88 Crores (2021-2022 ₹ 1354.98 Crores).

4.6. *Deduction represent transfer of asset value from investment property to asset held for sale head.

Fair Value hierarchy

The fair value of investment property has been determined by external independent property valuers, having appropriate recognised professional qualification and recent experience in the location and category of the property being valued.

The fair value measurement for all of the investment property has been categorised as a level 3 fair value based on the inputs to the valuation techniques used.

Description of Valuation Technique used:

The Group obtains Independent Valuations of its investment property. The fair value of the investment property have been derived using the Direct Comparison Method. The direct comparison approach involves a comparison of the investment property to similar properties that have actually been sold in arms-length distance from investment property or are offered for sale in the same region. This approach demonstrates what buyers have historically been willing to pay (and sellers willing to accept) for similar properties in an open and competitive market, and is particularly useful in estimating the value of the land and properties that are typically traded on a unit basis. This approach leads to a reasonable estimation of the prevailing price. Given that the comparable instances are located in close proximity to the investment property; these instances have been assessed for their locational comparative advantages and disadvantages while arriving at the indicative price assessment for Investment Property.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

4. Investment Property (contd.)

4A. Asset held for Sale

₹ in Crores

Description	2022-2023	2021-2022
Freehold Land	0.04	—
Buildings	0.01	—
Total	0.05	—

During the year, The Holding Company has entered into Agreement to Sell with Shoden Developers Private Limited, a group company of House of Hiranandani group (hereinafter referred as the "Purchaser") for the Holding Company's investment property at Kavesar, Thane for the total consideration of ₹ 655 Crores against which the Company has received the advance of ₹ 162.11 Crores from the purchaser which has been accounted as Advance received against Sale of Investment Property under Note 24 - Other Current Liabilities. The sale is subject to completion of procedures and approvals as may be necessary in this regard. The transaction will be recognised as revenue during the period in which procedures and approvals for the said property gets completed.

5. Goodwill and Other Intangible Assets

5A. Goodwill on Consolidation

₹ in Crores

Description	Gross Block				Accumulated Amortisation				Net Block	
	As at 1 st April, 2022	Additions/ Adjustments	Deductions/ Adjustments	As at 31 st March, 2023	As at 1 st April, 2022	Additions/ Adjustments	Deductions/ Adjustments	As at 31 st March, 2023	As at 31 st March, 2023	
Goodwill.....	0.20 (0.20)	—	—	0.20 (0.20)	—	—	—	—	0.20 (0.20)	
For KNP Japan Pvt Ltd.....	2.27 (2.27)	—	—	2.27 (2.27)	—	—	—	—	2.27 (2.27)	
For Kansai Nerolac Paints (Bangladesh) Limited	17.31 (17.31)	—	—	17.31 (17.31)	—	—	—	—	17.31 (17.31)	
Total Goodwill on consolidation	19.78 (19.78)	—	—	19.78 (19.78)	—	—	—	—	19.78 (19.78)	

5B. Other Intangible Assets

₹ in Crores

Description	Gross Block					Accumulated Amortisation					Net Block	
	As at 1 st April, 2022	Additions/ Adjustments	Deductions/ Adjustments	Translation Difference	As at 31 st March, 2023	As at 1 st April, 2022	Additions/ Adjustments	Deductions/ Adjustments	Translation Difference	As at 31 st March, 2023	As at 31 st March, 2023	
Software	21.36 (19.69)	1.22 (2.38)	—	-0.04 (0.71)	22.54 (21.36)	19.38 (18.38)	0.57 (1.12)	—	0.15 (0.12)	20.10 (19.38)	2.44 (1.98)	
Customer Relationship	29.33 (29.33)	—	—	—	29.33 (29.33)	19.92 (14.05)	5.86 (5.87)	—	—	25.78 (19.92)	3.55 (9.41)	
Brand and Technical Knowhow	20.29 (20.29)	4.00	—	—	24.29 (20.29)	11.59 (8.11)	3.49 (3.47)	—	-0.01 (0.01)	15.07 (11.59)	9.22 (8.70)	
Non-Compete	22.64 (22.64)	—	—	—	22.64 (22.64)	15.91 (11.39)	4.53 (4.53)	—	—	20.44 (15.91)	2.20 (6.73)	
Total Other Intangible Assets	93.62 (91.95)	5.22 (2.38)	—	-0.04 (0.71)	98.80 (93.62)	66.80 (51.93)	14.45 (14.99)	—	0.14 (0.12)	81.39 (66.80)	17.41 (26.82)	

5.1. Figures in the brackets are the corresponding figures in respect of the previous year.

5.2. Nil amount of borrowing costs is capitalised during the current and comparative period.

5.3. Nil amount of impairment loss is recognised during the current and comparative period.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

6. Non-current Investments

₹ in Crores

	As at 31 st March, 2023	As at 31 st March, 2022
Investments in Equity Instruments:		
i. Others at Fair value through profit or loss		
Quoted	0.85	0.65
Unquoted	2.34	0.38
Investments in Debentures:		
Quoted.....	0.04	0.05
Total Non-current Investments	3.23	1.08
Aggregate book value of quoted investments	0.89	0.70
Aggregate market value of quoted investments	0.89	0.70
Aggregate amount of unquoted investments.....	2.34	0.38
Aggregate amount of impairment in value of investments	Nil	Nil

7. Other Financial Assets

₹ in Crores

	As at 31 st March, 2023	As at 31 st March, 2022
Unsecured and Considered Good:		
Security Deposits	16.80	13.87
	16.80	13.87

8. Other Non-current Assets

₹ in Crores

	As at 31 st March, 2023	As at 31 st March, 2022
Unsecured and Considered Good:		
Capital Advances	28.27	56.16
Prepaid Expenses	31.46	8.27
Balances with Indirect Tax Authorities.....	28.58	23.21
	88.31	87.64

9. Inventories

₹ in Crores

	As at 31 st March, 2023	As at 31 st March, 2022
Raw Materials	531.19	527.01
Packing Materials	22.61	22.94
Work-in-progress	143.28	142.74
Finished Goods	929.08	849.06
Stock-in-trade	88.86	74.66
Stores and Spares.....	14.11	13.14
	1729.13	1629.55

Inventories amounting to ₹ 66.44 Crores (2021-2022 ₹ 75.93 Crores) were hypothecated as security for Borrowings from Banks (Refer Note 21).

Nil amount of inventories were written down to net realisable value during the current and comparable period. Similarly, Nil amount of reversal of write down was accounted during the current and comparable periods.

Cost of Inventory recognised as an expense during the year as per note 29 and 30.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

10. Current Investments

₹ in Crores

	As at 31 st March, 2023	As at 31 st March, 2022
(A) Investments in Bonds at FVTPL (Quoted)	11.53	9.52
(B) Mutual Funds at FVTPL (Unquoted)	486.60	199.94
Total Current Investment (A + B)	498.13	209.46
Aggregate book value of quoted investments	11.53	9.52
Aggregate market value of quoted investments	11.53	9.52
Aggregate amount of unquoted investments	486.60	199.94
Aggregate amount of impairment in value of investments	Nil	Nil

11. Trade Receivables

₹ in Crores

	As at 31 st March, 2023	As at 31 st March, 2022
Secured, Considered Good	—	—
Unsecured, Considered Good	1,237.91	1,093.33
Significant Increase in Credit Risk	—	—
Credit Impaired	51.83	49.40
Loss Allowance	(51.83)	(49.40)
	—	—
	1237.91	1093.33

Trade Receivables amounting to ₹ 102.22 Crores (2021-2022 ₹ 102.94 Crores) were hypothecated as security for Borrowings from Banks (Refer Note 21)

Trade Receivables Ageing Schedule as at 31 March 2023

₹ in Crores

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	952.59	231.53	29.59	13.9	5.54	4.76	1,237.91
(ii) Undisputed Trade Receivables – which have significant increase in credit risk...	—	—	—	—	—	—	—
(iii) Undisputed Trade Receivables – credit impaired	—	—	—	—	—	—	—
(iv) Disputed Trade Receivables considered good	—	—	—	—	—	—	—
(v) Disputed Trade Receivables - which have significant increase in credit risk...	—	—	—	—	—	—	—
(vi) Disputed Trade Receivables – credit impaired	—	—	1.6	18.19	6.22	25.82	51.83

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

11. Trade Receivables (contd.)

Trade Receivables Ageing Schedule as at 31 March 2022

₹ in Crores

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	836.21	209.32	20.13	14.03	11.75	1.89	1,093.33
(ii) Undisputed Trade Receivables – which have significant increase in credit risk...	—	—	—	—	—	—	—
(iii) Undisputed Trade Receivables – credit impaired	—	—	—	—	—	—	—
(iv) Disputed Trade Receivables considered good	—	—	—	—	—	—	—
(v) Disputed Trade Receivables - which have significant increase in credit risk...	—	—	—	—	—	—	—
(vi) Disputed Trade Receivables – credit impaired	—	—	3.12	10.26	9.41	26.61	49.40

12. Cash and Cash equivalents

₹ in Crores

	As at 31 st March, 2023	As at 31 st March, 2022
Cash on hand	0.27	1.11
Cheques on hand	22.39	23.34
Banks balances	76.95	52.59
Fixed Deposit with Bank with less than 3 month maturity	5.00	—
	104.61	77.04

13. Bank Balance other than Cash and cash equivalents

₹ in Crores

	As at 31 st March, 2023	As at 31 st March, 2022
Unpaid Dividend Accounts	2.34	2.46
Fixed Deposit with Bank with more than 3 months but less than 12 month maturity	19.91	26.50
	22.25	28.96

14. Other Current Financial Assets

₹ in Crores

	As at 31 st March, 2023	As at 31 st March, 2022
Unsecured and Considered Good:		
Security Deposits	7.33	7.68
GST Incentive Receivable	1.35	9.86
Other Receivable	0.72	8.95
	9.40	26.49

15. Other Current Assets

₹ in Crores

	As at 31 st March, 2023	As at 31 st March, 2022
Unsecured and Considered Good:		
Balances with Indirect Tax Authorities	102.91	82.12
Trade Advances	59.14	56.19
Prepaid Expenses	33.30	12.88
Other Receivable	6.29	14.26
	201.64	165.45

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

16. Share Capital

	As at 31 st March, 2023		As at 31 st March, 2022	
1. Authorised Share Capital (₹ in Crores)	66.50		66.50	
Par Value per Share (₹)	1		1	
Number of Equity Shares	66,50,00,000		66,50,00,000	
2. Issued, Subscribed and Fully Paid up (₹ in Crores).....	53.89		53.89	
Par Value per Share (₹)	1		1	
Number of Equity Shares	53,89,19,720		53,89,19,720	
3. Details of Shareholders holding more than 5% of shares:				
	%	No. of Shares	%	No. of Shares
Ultimate Holding Company:				
Kansai Paint Co., Ltd., Japan	74.99	40,41,35,898	74.99	40,41,35,898
4. Aggregated number of bonus share issued during the period of five years immediately preceding the reporting date by capitalisation of security premium reserve		Nil		Nil
5. The Holding Company has issued one class of shares, i.e. equity shares, which enjoys similar rights in respect of voting, payment of dividend and repayment of capital. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.				
6. Reconciliation of the number of shares outstanding:				
Number of shares at the beginning of the year		53,89,19,720		53,89,19,720
Issued during the year		—		—
Number of shares at the end of the year		53,89,19,720		53,89,19,720
7. Disclosure of Shareholding of Promoters:				
Name of Promoter: Kansai Paint Co., Ltd., Japan				
Details of shares held by promoters:				
No. of shares at the beginning of the year		40,41,35,898		40,41,35,898
Change during the year		—		—
No. of shares at the end of the year		40,41,35,898		40,41,35,898
% of Total Shares		74.99		74.99
% change during the year		—		—
8. Capital Management:				
For the purpose of the Group's capital management, capital includes issued equity share capital and all other equity reserves attributable to the equity holders of the Group. The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the levels of dividends to equity shareholders.				
As at 31 March, 2023, the Group has only one class of equity shares. In order to maintain or achieve an optimal structure, the Group allocates its capital for distribution as dividend or re-investment into business based on its long term financial plans.				
The Group monitors capital using adjusted net debt to equity ratio. For this purpose, adjusted net debt is defined as total debt less cash and bank balances.				
Non-current Borrowings		4.69		10.94
Current Borrowings		155.30		192.06
Gross Debt		159.99		203.00
Less : Cash and Cash Equivalent		104.61		77.04
Less : Other Bank Deposits		19.91		26.50
Adjusted Net Debt		35.47		99.46
Total Equity		4560.41		4151.51
Adjusted Net Debt - Equity Ratio		0.008		0.024

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

17. Other Equity

₹ in Crores

	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Share Based Payment Reserve	Foreign Currency Translation Reserve	Total attributable to owners of the Company	Attributable to NCI	Total
Balance as at 1 st April, 2022.....	0.30	12.56	488.51	3582.49	—	(5.54)	4078.33	19.29	4097.62
Profit for the year.....	—	—	—	473.58	—	—	473.58	(5.11)	468.47
Other Comprehensive Income:									
Remeasurement of Employee Defined Benefit Liability	—	—	—	(0.04)	—	—	(0.04)	(0.18)	(0.22)
Deferred Tax on Remeasurement of Employee Defined Benefit Liability	—	—	—	(0.05)	—	—	(0.05)	—	(0.05)
Exchange differences on translation of foreign operations..	—	—	—	—	—	10.42	10.42	—	10.42
Other Comprehensive Income, (net of tax)	—	—	—	(0.09)	—	10.42	10.33	(0.18)	10.15
Total Comprehensive Income for the Year	—	—	—	473.49	—	10.42	483.91	(5.29)	478.62
Transaction with Owners in their Capacity as Owners:									
Issue of Share Capital	—	—	—	—	—	—	—	18.72	18.72
Dividends	—	—	—	(53.89)	—	—	(53.89)	(1.29)	(55.18)
Share based payment expense	—	—	—	—	3.75	—	3.75	—	3.75
Non Controlling Interest	—	—	—	(32.28)	—	—	(32.28)	(4.72)	(37.00)
	—	—	—	(86.17)	3.75	—	(82.42)	12.71	(69.71)
Balance as at 31st March, 2023	0.30	12.56	488.51	3,969.81	3.75	4.88	4,479.81	26.71	4506.52

₹ in Crores

	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Share Based Payment Reserve	Foreign Currency Translation Reserve	Total attributable to owners of the Company	Attributable to NCI	Total
Balance as at 1 st April, 2021	0.30	12.56	488.51	3504.18	—	(6.54)	3999.01	36.28	4035.30
Profit for the year.....	—	—	—	358.86	—	—	358.86	(15.71)	343.15
Other Comprehensive Income:									
Remeasurement of Employee Defined Benefit Liability	—	—	—	3.18	—	—	3.18	(0.13)	3.05
Deferred Tax on Remeasurement of Employee Defined Benefit Liability	—	—	—	(0.84)	—	—	(0.84)	—	(0.84)
Exchange differences on translation of foreign operations.....	—	—	—	—	—	1.00	1.00	—	1.00
Other Comprehensive Income, (net of tax).....	—	—	—	2.34	—	1.00	3.34	(0.13)	3.21
Total Comprehensive Income for the Year	—	—	—	361.20	—	1.00	362.20	(15.84)	346.36
Transaction with Owners in their Capacity as Owners:									
Issue of share capital	—	—	—	—	—	—	—	—	—
Dividends.....	—	—	—	(282.89)	—	—	(282.89)	(1.15)	(284.04)
Fair Value on Acquisition attributable to NCI	—	—	—	—	—	—	—	—	—
Other Adjustments	—	—	—	—	—	—	—	—	—
	—	—	—	(282.89)	—	—	(282.89)	(1.15)	(284.04)
Balance as at 31st March, 2022	0.30	12.56	488.51	3582.49	—	(5.54)	4078.33	19.29	4097.62

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

17. Other Equity (contd.)

Analysis of Accumulated OCI, Net of Tax

₹ in Crores

Remeasurement of Employee Defined Benefit Liability	As at 31st March, 2023	As at 31st March, 2022
Opening Balance	(8.72)	(10.93)
Remeasurement of Employee Defined Benefit Liability, net of tax	(0.27)	2.21
Closing Balance	(8.99)	(8.72)

₹ in Crores

Exchange differences on translation of foreign operations	As at 31st March, 2023	As at 31st March, 2022
Opening Balance	(5.54)	(6.54)
Exchange Difference on translation of foreign operations	10.42	1.00
Closing Balance	4.88	(5.54)

Capital Reserve

Capital reserve includes profit on re-issue of forfeited shares.

Securities Premium

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

General Reserve

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Group for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

Share Based Payment Reserve

This represents the fair value of the stock options granted by the Holding Company under the Restricted Stock Unit Plan ('RSU 2022 Plan') accumulated over the vesting period. The reserve will be utilised on exercise of the options.

Foreign Currency Transaction Reserve

These comprise of all exchange differences arising from translation of financial statements of foreign subsidiaries.

Dividend

For the year 2021-2022, the Directors of the Holding Company had recommended and Shareholders had approved a final dividend of 100% (₹ 1 per share), which has been accounted in current year. In addition, the Holding Company had declared interim dividend of 125% (₹ 1.25 per share) paid on November 22, 2021.

The Board of the Holding Company has recommended dividend of 270% (₹ 2.70 per share) for the financial year ended March 31, 2023 as compared to total dividend of 225% (₹ 2.25 per share) declared last year.

The dividend proposed by the Directors is subject to approval of Shareholders at the annual general meeting. The proposed dividend of ₹ 145.50 Crores (2021-2022 ₹ 53.89 Crores) have not been recognised as liabilities.

Issue of Bonus Shares

The Directors of the Holding Company has considered and approved issue of 1 bonus equity shares of face value of ₹ 1 each against 2 equity share of the face value of ₹ 1 each. This is subject to Holding Company's shareholder's approval. The approval of the Shareholders for the issue of Bonus Shares will be obtained by means of postal ballot.

18. Non-Current Borrowings

₹ in Crores

	As at 31st March, 2023	As at 31st March, 2022
a. Term Loans from Banks*	4.69	10.94
* Secured Loans from Bank at average interest rate of 9.50% (2021-2022: 8.15%) secured by first charge of Plant and Equipments at the units for the purpose of acquisition of assets under business combination repayable by quarterly instalment from February 2021, where the last instalment is payable in November 2024. Current Maturities of these Term Loans is provided separately in Note 21.		
	4.69	10.94

19. Provisions

₹ in Crores

	As at 31st March, 2023	As at 31st March, 2022
Provision for Compensated Absences (Refer note 38)	0.22	—
Provision for Gratuity (Refer note 38)	1.41	—
Provision for Special Retirement Benefits - Directors (Refer note 38)	21.13	22.27
	22.76	22.27

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

20. Income Taxes

₹ in Crores

	Year ended 31 st March, 2023	Year ended 31 st March, 2022
A. The major components of income tax expense for the year are as under:		
(i) Income tax recognised in the Consolidated Statement of Profit and Loss		
Current tax:		
In respect of current year	163.52	136.46
In respect of earlier years.....	(2.43)	—
Deferred tax:		
In respect of current year	5.33	(3.20)
Income tax expense recognised in the Consolidated Statement of Profit and Loss	166.42	133.26
(ii) Income tax expense recognised in OCI		
Deferred tax expense on remeasurements of defined benefit plans.....	(0.05)	(0.84)
Income tax expense recognised in OCI	(0.05)	(0.84)
B. Reconciliation of tax expense and the accounting profit for the year is as under:		
Profit before tax.....	634.88	476.41
Income tax expense calculated at 25.17% (2021-2022 @ 25.17%).....	159.80	119.91
Tax effect on non-deductible expenses.....	1.82	8.09
Effect of Income that is exempted from tax.....	(0.15)	(0.28)
Impact of Tax on different rates on components	2.62	(0.64)
Impact of Tax due to loss in components	5.29	12.04
Others	(2.96)	(5.86)
Total.....	166.42	133.26
Tax expense as per Consolidated Statement of Profit and Loss	166.42	133.26

The tax rate used for reconciliation above is the corporate tax rate of 25.17% (2021-2022 25.17%) payable by corporate entities in India on taxable profits under Indian tax law.

C. The major components of deferred tax (liabilities) / assets arising on account of timing differences are as follows:

₹ in Crores

Particulars	Balance Sheet	Statement of Profit & Loss	OCI	Balance Sheet
	01.04.2022	2022-23	2022-23	31.03.2023
Difference between written down value / capital work in progress of Property, Plant and Equipment as per the books of accounts and Income Tax Act, 1961	(127.15)	(7.67)	—	(134.82)
Tax adjustment on account on indexation of freehold land.....	19.47	1.78	—	21.25
Expense claimed for tax purpose on payment basis	5.87	(1.13)	—	4.74
Provision for doubtful debts and Advances	8.80	0.86	—	9.66
Remeasurement benefit of the employee defined benefit plans through OCI	2.08	—	(0.05)	2.03
Deferred Tax on Distributable Accumulated Reserves of Subsidiaries	(2.71)	(0.07)	—	(2.78)
Deferred tax Liability due to Purchase Price Allocation Adjustment	(15.45)	1.59	—	(13.86)
Lease Rentals.....	3.13	0.63	—	3.76
Net fair value loss on investment through FVTPL	(0.57)	(1.34)	—	(1.91)
MAT Credit Entitlement	—	0.02	—	0.02
Deferred tax (expense) / income				
Net Deferred tax liabilities	(106.49)	(5.33)	(0.05)	(111.88)

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

20. Income Taxes (contd.)

₹ in Crores

Particulars	Balance Sheet	Statement of Profit & Loss	OCI	Balance Sheet
	01.04.2021	2021-22	2021-22	31.03.2022
Difference between written down value / capital work in progress of Property, Plant and Equipment as per the books of accounts and Income Tax Act, 1961	(123.10)	(4.05)	—	(127.15)
Tax adjustment on account on indexation of freehold land.....	17.44	2.03	—	19.47
Expense claimed for tax purpose on payment basis.....	5.50	0.37	—	5.87
Provision for doubtful debts and Advances	7.77	1.03	—	8.80
Remeasurement benefit of the employee defined benefit plans through OCI.....	2.92	—	(0.84)	2.08
Deferred Tax on Distributable Accumulated Reserves of Subsidiaries	(2.71)	—	—	(2.71)
Deferred tax Liability due to Purchase Price Allocation Adjustment....	(17.15)	1.70	—	(15.45)
Lease Rentals	2.19	0.94	—	3.13
Net fair value loss on investment through FVTPL.....	(1.75)	1.18	—	(0.57)
Deferred tax (expense) / income				
Net Deferred tax liabilities	(108.89)	3.20	(0.84)	(106.49)

21. Borrowings

₹ in Crores

	As at 31 st March, 2023	As at 31 st March, 2022
From Banks		
Term Loans*	82.01	95.94
Overdraft #	67.04	88.21
Current Maturities of Long-term Borrowings	6.25	6.25
	155.30	190.40
<p>* The Group has obtained at 8.50% - 10.30% (2021-2022 8.00% - 9.25%) term loans from bank to fund short-term fund requirement, secured by personal guarantee of local directors incase of foreign subsidiaries and hypothecation of trade receivable (Refer Note 11) and inventories (Refer Note 9). These term loans are repayable within 180 days from date of issue of such term loans.</p> <p># The Group has obtained at 8.50% - 22.40% (2021-2022 7.00% - 9.00%) overdrafts and cash credit facilities from bank to fund working capital requirements, secured by personal guarantee of local directors incase of foreign subsidiaries, corporate guarantee by the Holding Company (Refer Note 35), hypothecation of trade receivable(refer Note 11) and inventories(Refer Note 9), pledging of Freehold Land and Building(Refer Note 2.3). These facilities are repayable on demand.</p>		
From Other Body Corporate.....	—	1.66
To support the working capital requirement, the Group had obtained short term loan carrying interest at Nil (2021-2022 - 10.30%). These loans are repayable on demand.		
	155.30	192.06

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

22. Trade Payables

₹ in Crores

	As at 31 st March, 2023	As at 31 st March, 2022
Trade Payables		
Total Outstanding dues of Micro Enterprises and Small Enterprises (Refer Note 41)	90.81	102.37
Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises*	924.74	878.27
	1015.55	980.64

* Includes Acceptances ₹ 54.31 Crores (2021-2022 ₹ Nil)

Trade Payable Ageing Schedule

As at 31 March 2023

₹ in Crores

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	—	90.81	—	—	—	—	90.81
(ii) Others	161.45	588.20	174.27	0.44	0.36	0.02	924.74
(iii) Disputed dues - MSME	—	—	—	—	—	—	—
(iv) Disputed dues - Others	—	—	—	—	—	—	—

As at 31 March 2022

₹ in Crores

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	—	102.37	—	—	—	—	102.37
(ii) Others	208.72	267.68	394.78	6.63	0.43	0.03	878.27
(iii) Disputed dues - MSME	—	—	—	—	—	—	—
(iv) Disputed dues - Others	—	—	—	—	—	—	—

23. Other Financial Liabilities

₹ in Crores

	As at 31 st March, 2023	As at 31 st March, 2022
Unclaimed/Unpaid Dividends*	2.17	2.30
Trade Deposits	50.08	30.52
Creditors for Capital Goods @ (Refer Note 41)	17.24	19.97
Other Current Liabilities	0.25	0.19
	69.74	52.98

* There are no amounts due and outstanding to be transferred to Investor Education and Protection Fund.

@ Includes Outstanding dues of Micro Enterprises and Small Enterprises ₹ 3.96 Crores (2021-2022 ₹ 3.73 Crores)

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

24. Other Current Liabilities

₹ in Crores

	As at 31 st March, 2023	As at 31 st March, 2022
Statutory Obligations*	35.98	32.40
Trade Receivables with Credit Balance	17.67	18.77
Advance received against Sale of Land	162.11	—
	215.76	51.17

* Includes payable toward VAT, GST, TDS and Employee Related Statutory Obligations.

25. Provisions

₹ in Crores

	As at 31 st March, 2023	As at 31 st March, 2022
Provision for Compensated Absences (Refer note 38)	16.08	14.82
Provision for Gratuity (Refer note 38)	2.76	—
Provision for Special Retirement Benefits - Directors (Refer note 38)	1.94	1.94
Provision for Indirect Taxes:		
Opening Balance	3.87	3.87
Add: Provision during the year	—	—
Less: Utilisation / reversal during the year	1.43	0.01
	2.44	3.86
	23.22	18.69

26. Current Tax Liabilities (Net)

₹ in Crores

	As at 31 st March, 2023	As at 31 st March, 2022
Current Tax Liabilities (Net)	—	4.99
	—	4.99

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

27. Revenue from Operations

₹ in Crores

	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Sale of Products		
Sales	8,483.19	7,126.54
Less: Discounts and Rebates	977.97	844.16
Total Sale of Products	7,505.22	6,282.38
Other Operating Revenues		
Sale of Scrap.....	28.12	22.96
GST Incentives.....	2.47	9.86
Others	6.92	54.15
	37.51	86.97
Revenue from Operations	7,542.73	6,369.35

27.1. Disaggregation of revenue from contracts with customers

The Group derives revenue from sales of products from following major segments:

₹ in Crores

Particulars	Year ended 31 st March, 2023	Year ended 31 st March, 2022
1) Revenue from contracts with customers:		
Sale of products (Transferred at point in time)		
Manufacturing		
India	6,645.47	5,469.20
Asia (Other than India).....	346.48	341.04
(A)	6,991.95	5,810.24
Trading		
India	503.58	465.25
Asia (Other than India).....	9.69	6.89
(B)	513.27	472.14
(C) = (A) + (B)	7,505.22	6,282.38
2) Other Operating Revenue		
Sale of scrap and empties	28.12	22.96
GST Incentive	2.47	9.86
Others	6.92	54.15
(D)	37.51	86.97
Total Revenue (C) + (D)	7,542.73	6,369.35
Major Product lines		
Paints.....	7,505.22	6,282.38
	7,505.22	6,282.38
Sales by performance obligations		
Upon delivery	7,505.22	6,282.38
	7,505.22	6,282.38
Reconciliation of revenue from contract with customer		
Revenue from contract with customer as per the contract price	8,483.19	7,126.54
Adjustments made to contract price on account of :-		
a) Discounts/ Rebates/ Incentives	(977.97)	(844.16)
b) Other Operating Revenue.....	37.51	86.97
Revenue from contract with customer as per the Consolidated Statement of Profit and Loss	7542.73	6,369.35

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

28. Other Income

₹ in Crores

	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Dividend Income		
Dividend from Equity Shares recognised through FVTPL.....	0.03	0.03
Interest Income		
Interest on Loans and Deposit at amortised cost.....	2.26	1.40
Interest on Bonds recognised through FVTPL.....	0.58	1.19
	2.84	2.59
Profit on Sale of Current Investments (Net).....	7.32	14.29
Fair Value Gain on Financial Instruments recognised through FVTPL	6.55	—
Other Non-operating Income		
Profit on Sale of Property, Plant and Equipment (Net).....	0.32	0.60
Foreign Exchange Gain (Net)	—	0.40
Insurance Claims Received	5.01	3.88
Miscellaneous Income.....	3.91	3.62
	9.24	8.50
	25.98	25.41

29. Cost of Materials Consumed

₹ in Crores

	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Raw Material Consumed		
Opening Stock.....	527.01	394.19
Add: Purchase.....	4341.95	3938.30
Less: Sales.....	9.08	20.85
Less: Closing Stock.....	531.19	527.01
	4328.69	3784.63
Packing Material Consumed		
Opening Stock.....	22.94	18.85
Add: Purchase.....	559.66	538.03
Less: Closing Stock.....	22.61	22.94
	559.99	533.94
	4888.68	4318.57

30. Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-trade

₹ in Crores

	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Opening Stock		
Finished Goods.....	849.06	615.06
Work-in-progress.....	142.74	100.55
Stock-in-trade (in respect of goods acquired for trading).....	74.66	58.04
	1066.46	773.65
Less: Closing Stock		
Finished Goods.....	929.08	849.06
Work-in-progress.....	143.28	142.74
Stock-in-trade (in respect of goods acquired for trading).....	88.86	74.66
	1161.22	1,066.46
	(94.76)	(292.81)

31. Employee Benefits Expense

₹ in Crores

	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Salaries and Wages	327.60	314.33
Contribution to Provident and Other Funds (Refer Note 38).....	26.30	24.36
Share based Payments to Employees (Refer Note 45).....	3.75	—
Staff Welfare Expense	19.40	16.89
	377.05	355.58

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

32. Finance Cost

₹ in Crores

	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Interest on Bank Borrowings	18.58	17.30
Net Foreign Exchange Loss on borrowings (considered as finance cost).....	—	0.80
Interest on Lease Liability (Refer Note 44)	10.42	10.49
	29.00	28.59

33. Depreciation and Amortisation

₹ in Crores

	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Depreciation on Property, Plant and Equipment.....	135.22	125.18
Amortisation on Other Intangible Assets	14.45	14.99
Amortisation on Right of use assets (ROU) (Refer Note 44).....	30.41	29.60
	180.08	169.77

34. Other Expenses

₹ in Crores

	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Consumption of Stores and Spare Parts	33.07	29.61
Power and Fuel	89.64	71.19
Repairs to Buildings.....	0.64	0.56
Repairs to Machinery.....	16.35	14.44
Freight and Forwarding Charges.....	368.44	343.21
Advertisement and Sales Promotion	300.15	242.77
Rent.....	17.81	15.34
Rates and Taxes.....	2.88	3.17
Insurance.....	15.00	12.81
Miscellaneous Expenses	239.43	204.01
	1083.41	937.11

34.1. Payments to Auditors'

₹ in Crores

	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Auditors' Remuneration excluding GST (Included in Miscellaneous Expenses in Note 34)		
As Auditor		
Statutory Audit	0.53	0.47
Report under Section 44AB of the Income-tax Act, 1961.....	0.04	0.05
Limited Review of Quarterly Results	0.26	0.20
In other capacity		
Certification	0.08	0.08
Other Matters	0.15	0.19
Reimbursements of Expenses	0.03	0.01
	1.09	1.00

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

35. Contingent Liabilities and commitments (to the extent not provided for)

₹ in Crores

	Year ended 31 st March, 2023	Year ended 31 st March, 2022
A. Claims against the Group not acknowledged as debt:		
Excise and Service Tax	8.59	8.59
Sales Tax.....	18.26	18.26
Income Tax.....	3.16	3.33
Customs Duty.....	0.61	0.61
The Group has made adequate provisions in the accounts for claims against the Group related to direct and indirect taxes matters, except for certain claims not acknowledged as debts, totaling to ₹ 30.62 Crores (2021-2022 ₹ 30.79 Crores) from the Excise / Service Tax Authorities, in respect of disallowance of Excise / Service Tax Cenvat Credit. In addition, the Group is subject to other legal proceedings in respect of other matters arisen in the ordinary course of business. The Group's management is of the opinion that ultimate liability in respect of these litigations shall not exceed the amount provided in books of account, and shall not have any material adverse effect on the Group's operation and financial position.		
B. Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances).....	36.36	63.93
The Holding Company has entered into Share holding agreement (SHA) with M/s Amplus Energy Solutions Private Limited to source green power through Group Captive arrangement.....	—	2.05
Corporate guarantee by Holding Company		
Stand by Letter of Credit (SBLC) given to Bank for loan taken by Kansai Nerolac Paints (Bangladesh) Limited – Subsidiary Company.....	22.76	25.83
Corporate guarantee given to Bank for loan taken by Kansai Nerolac Paints (Bangladesh) Limited – Subsidiary Company	9.01	81.01
Corporate guarantee given to Bank for Kansai Paints Lanka (Private) Limited - Subsidiary Company	8.73	8.92
Others Commitment		
Unexpired Letter of Credit.....	28.77	32.79
Bank Guarantee	6.80	2.41
Disputed Claims	0.27	—
	143.32	247.73
C. Contribution to Provident Fund as per Supreme Court Judgment		
There are numerous interpretative issues relating to the Supreme Court (SC) judgment dated February 28, 2019 on Provident Fund (PF) on the inclusion of allowances for the purpose of PF contribution as well as its applicability of effective date. The impact is not expected to be material as per the assessment made by the Group.		

36. Earnings Per Equity Share

	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Basic Earnings per Equity Share (in ₹)		
Numerator:		
Profit attributable to Equity Shareholders (₹ in Crores).....	473.58	358.86
Denominator:		
Weighted Average Number of ordinary shares at the beginning and end of the year	53,89,19,720	53,89,19,720
Basic Earnings per Equity Share (in ₹).....	8.79	6.66
Diluted Earnings per Equity Share (in ₹)		
Numerator:		
Profit attributable to Equity Shareholders (₹ in Crores).....	473.58	358.86
Denominator:		
Weighted Average Number of ordinary shares and dilutive shares	53,93,32,196	53,89,19,720
Diluted Earnings per Equity Share (in ₹).....	8.78	6.66

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

37. Related Party Disclosures

A related party is a person or entity that is related to the entity that is preparing its Financial Statements

- (a) A person or a close member of that person's family is related to a reporting entity if that person:
- has control or joint control of the reporting entity;
 - has significant influence over the reporting entity; or
 - is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:
- The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - Both entities are joint ventures of the same third party.
 - One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - The entity is controlled or jointly controlled by a person identified in (a).
 - A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Parent and ultimate controlling entity

Name	% Shareholding		Type	Principal Activities	Place of Incorporation
	2023	2022			
Kansai Paint Co., Ltd.....	74.99	74.99	Parent and ultimate controlling entity	Manufacturing Paints	Japan

Kansai Paint Co., Ltd., Japan is the immediate and ultimate holding company of Kansai Nerolac Paints Limited

Fellow Subsidiary Companies

Name	Type	Principal Activities	Place of Incorporation
Kansai Paint Philippines Inc.	Fellow Subsidiary	Manufacturing Paints and other related products	Philippines
Kansai Paint Asia Pacific SDN.BHD.....	Fellow Subsidiary	Manufacturing Paints and other related products	Malaysia
Kansai Plascon Kenya Ltd.....	Fellow Subsidiary	Manufacturing Paints and other related products	Kenya

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. Key management personnel includes (1) Mr. P. P. Shah, Chairman (2) Mr. Anuj Jain, Managing Director w.e.f 1st April 2022 (Whole-time Director upto 31st March 2022) (3) Mr. N. N. Tata, Director upto 10th August 2022 (4) Ms. Sonia Singh, Director (5) Mr. Bhaskar Bhat, Director w.e.f 10th August 2022 (6) Mr. P. D. Pai, CFO and (7) Mr. G. T. Govindarajan, Company Secretary.

Other entities where significant influence exist

— Kansai Nerolac Paints Limited Provident Fund

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

37. Related Party Disclosures (contd.)

Transaction with Related Party:

₹ in Crores

Transaction Type	Relation	2022-2023	2021-2022
Sale of finished goods/Intermediates			
— Kansai Paint Philippines Inc.	Fellow Subsidiary	2.82	2.93
— Kansai Plascon Kenya Ltd	Fellow Subsidiary	—	1.05
Dividend Paid			
— Kansai Paint Co., Ltd., Japan	Parent and ultimate controlling entity	40.41	212.17
Transfer under license agreements			
Royalty Expense			
— Kansai Paint Co., Ltd., Japan	Parent and ultimate controlling entity	22.26	15.31
Technical Fees Including Reimbursement of Expenses			
— Kansai Paint Co., Ltd., Japan	Parent and ultimate controlling entity	0.42	0.06
— Kansai Paint Asia Pacific SDN.BHD.	Fellow Subsidiary	0.01	—
Reimbursement of Expenses Recovered			
— Kansai Paint Co., Ltd., Japan	Parent and ultimate controlling entity	—	0.55
Contributions during the year (includes Employees' share and contribution)			
— Kansai Nerolac Paints Limited Provident Fund	Other entities	1.38	1.37
Amount of outstanding balances, including commitments in settlement			
Receivable as at Year End			
— Kansai Paint Co., Ltd., Japan	Parent and ultimate controlling entity	—	0.55
— Kansai Paint Philippines Inc.	Fellow Subsidiary	0.44	0.35
— Kansai Plascon Kenya Ltd	Fellow Subsidiary	—	0.40
Payable as at Year End			
— Kansai Paint Co., Ltd., Japan	Parent and ultimate controlling entity	0.19	0.01
— Kansai Paint Asia Pacific SDN.BHD.	Fellow Subsidiary	0.01	—

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

37. Related Party Disclosures (contd.)

Transaction with Related Party:

₹ in Crores

Transaction Type	Relation	2022-2023	2021-2022
Key Management Personnel			
— Employee Benefits #			
Mr. H M Bharuka Vice Chairman and Managing Director (Upto 31 March 2022)*		—	16.93
Mr. Anuj Jain, Managing Director (W.e.f. 1 April 2022)		3.34	2.36
Mr. P. D. Pai Chief Financial Officer		1.67	1.38
Mr. G. T. Govindarajan Company Secretary		0.89	0.70
— Commission and Fee for attending Board / Committee Meetings to Independent Directors.....			
Mr. P. P. Shah, Chairman		0.45	0.44
Mr. N. N. Tata, Independent Director (Upto 10th August 2022)		0.37	0.39
Ms. Sonia Singh, Independent Director		0.40	0.35
Mr. Bhaskar Bhat, Independent Director (W.e.f 10th August 2022)		0.03	—

Related Party Transactions:

Related party transactions were made on terms equivalent to those that prevail in an arm's length transactions. Outstanding balances at the year-end are unsecured, interest free and will be settled in cash.

Includes commission paid for the previous year, Holding Company's contribution to Provident Fund and Superannuation Fund and excludes accrual for commission for the current year and restricted stock units (RSU) granted during the year worth of ₹ 6.11 Crores (2021-2022 ₹Nil) to KMP's in accordance with the Kansai Nerolac Paints Limited - Restricted Stock Unit Plan ('RSU 2022 Plan'), However, such RSU's units would vest after fulfillment of vesting conditions in accordance with the RSU Plan 2022.

* Employee Benefits to Mr. H M Bharuka include retirement benefits of ₹ 8.24 Crores towards Gratuity, Leave Encashment and Ex-gratia.

As the future liabilities for gratuity, leave encashment and Director pension along with medical benefits are provided on an actuarial valuation basis for the Holding Company as a whole, the amount pertaining to individual is not ascertainable and therefore not included above.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

38. Employee Benefits

A. Defined Contribution Plans:

Contribution to defined contribution plan, recognised in the Consolidated Statement of Profit and Loss under Groups Contribution to Provident Fund and Other Funds in Employee Benefits Expenses for the year are as under:

₹ in Crores

Particulars	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Employer's contribution to Regional Provident Fund Commissioner.....	6.20	5.43
Employer's contribution to Family Pension Fund	4.73	4.58
Employer's contribution to Superannuation Fund.....	8.26	7.55

B. Defined Benefit Plans:

a. Gratuity

The following tables set out the funded status of the gratuity plans and the amounts recognised in the Group's Financial Statements as at 31 March, 2023 and 31 March, 2022:

₹ in Crores

Particulars	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Change in Defined Benefit Obligation		
Defined Benefit Obligation at the beginning	42.62	48.76
Current Service Cost	3.99	4.25
Interest Expense.....	2.86	3.03
Benefit Payments from Plan Assets	(3.80)	(11.14)
Remeasurements - Actuarial (gains)/ losses	1.01	(2.28)
Defined Benefit Obligation at the end.....	46.68	42.62
Change in Fair Value of Plan Assets		
Fair Value of Plan Assets at the beginning	47.55	45.06
Interest Income	3.06	2.66
Employer Contributions	2.46	3.95
Benefit Payments from Plan Assets	(10.47)	(4.68)
Increase / (Decrease) due to Plan combination	(0.06)	(0.21)
Remeasurements – Return on plan assets excluding amounts included in interest income.....	(0.03)	0.77
Fair Value of Plan Assets at the end.....	42.51	47.55
Net Asset/(Liability).....	(4.17)	4.93

Components of Defined Benefit Cost recognized in the Consolidated Statement of Profit and Loss under Employee Benefit Expenses:

₹ in Crores

Particulars	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Current Service Cost	3.99	4.25
Net Interest Cost.....	(0.20)	0.37
Defined Benefit Cost recognised in the Consolidated Statement of Profit and Loss	3.79	4.62

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

38. Employee Benefits (contd.)

B. Defined Benefit Plans (contd.)

a. Gratuity (contd.)

Components of Defined Benefit Cost recognised in the Statement of Other Comprehensive Income:

₹ in Crores

Particulars	Year ended	Year ended
	31 st March, 2023	31 st March, 2022
Actuarial (gains) / losses on Defined Benefit Obligation.....	1.01	(2.28)
(Return)/loss on plan assets excluding amounts included in the net interest on the net defined benefit liability/(asset)	0.03	(0.77)
Defined Benefit Cost recognised in the Statement of Other Comprehensive Income.....	1.04	(3.05)

The assumptions used to determine net periodic benefit cost are set out below:

Particulars	Valuation Date	
	31 st March, 2023	31 st March, 2022
Discount Rate	7.51% to 23.00%	7.00% to 14.00%
Salary Escalation.....	7.50% to 15.00%	5.00% to 12.00%
Weighted average duration of the defined benefit obligation (years).....	9.13	10.59

Sensitivity Analysis:

The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

Discount Rate, Salary Escalation Rate and Withdrawal Rate are significant actuarial assumptions. The change in the Present Value of Defined Benefit Obligation for a change of 100 Basis Points from the assumed assumption is given below:

₹ in Crores

Scenario	31 st March, 2023	31 st March, 2022
Under Base Scenario	45.55	42.60
Salary Escalation - Up by 1%	49.75	45.44
Salary Escalation - Down by 1%	41.94	40.03
Withdrawal Rates - Up by 1%.....	45.47	39.81
Withdrawal Rates - Down by 1%	45.59	40.02
Discount Rates - Up by 1%	42.00	40.21
Discount Rates - Down by 1%.....	49.76	45.29

Maturity Profile of Defined Benefit Obligations

Mortality Table	31 st March, 2023		31 st March, 2022		
	Attained Age	Male	Female	Male	Female
	20	0.09%	0.09%	0.09%	0.09%
	25	0.09%	0.09%	0.09%	0.09%
	30	0.10%	0.10%	0.10%	0.10%
	35	0.12%	0.12%	0.12%	0.12%
	40	0.17%	0.17%	0.17%	0.17%
	45	0.26%	0.26%	0.26%	0.26%
	50	0.44%	0.44%	0.44%	0.44%
	55	0.75%	0.75%	0.75%	0.75%
	60	1.12%	1.12%	1.11%	1.11%

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

38. Employee Benefits (contd.)

B. Defined Benefit Plans (contd.)

a. Gratuity (contd.)

Assumptions regarding future mortality experience are set in accordance with the published statistics by the Life Insurance Corporation of India.

The Holding Company contributes all ascertained liabilities towards gratuity to the fund maintained by the Life Insurance Corporation of India. Other companies in the Group have not funded their liabilities.

The Group expects to contribute ₹ 2.70 Crores (2021-2022 Nil) to the fund during the subsequent accounting year.

b. Provident fund (Managed by the Trust set up by the Group)

The Holding Company has contributed ₹ 1.38 Crores (2021-2022 ₹ 1.37 Crores) to the Provident Fund Trust. The Holding Company has an obligation to fund any shortfall on the yield of the trust's investments over the guaranteed interest rates on an annual basis. These administered rates are determined annually predominantly considering the social rather than economic factors and in most cases the actual return earned by the Holding Company has been higher in the past years. The actuary has provided a valuation for provident fund liabilities on the basis of guidance issued by Actuarial Society of India and based on the below provided assumptions there is no shortfall.

The details of fund and plan asset position are given below:

₹ in Crores

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Plan assets at period end, at fair value	51.05	74.11
Present value of benefit obligation at period end	49.35	71.65
Asset recognised in balance sheet.....	Nil	Nil

The plan assets have been primarily invested in government securities.

Assumptions used in determining the present value obligation of the interest rate guarantee under the Deterministic Approach:

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Discount Rate (%)	7.30	6.63
Guaranteed Interest Rate (%)	8.15	8.10
Expected Average Remaining Working Lives of Employees (Years)	8.30	11.07

The Group other than the Holding Company in India contributes all ascertained liabilities towards provident fund as per rules and regulations in force in respective countries amounting to ₹ 1.35 Crores (2021-2022: ₹ 1.31 Crores) to respective provident authority.

C. Retirement Benefits to Executive Directors

₹ in Crores

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Opening defined benefit obligation	24.22	—
Current service cost	—	0.05
Past Service Cost.....	—	24.46
Interest Expense.....	1.63	—
Remeasurement (gain)/loss	(0.82)	—
Benefits paid	(1.95)	0.29
Closing defined benefit obligation	23.08	24.22

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

38. Employee Benefits (contd.)

C. Retirement Benefits to Executive Directors (contd.)

Components of cost of Retirement Benefits to Executive Directors recognized in the Consolidated Statement of Profit and Loss under Employee Benefit Expenses:

₹ in Crores

Particulars	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Current Service Cost	—	0.05
Net Interest Cost.....	1.63	—
Defined Benefit Cost recognised in the Statement of Profit and Loss	1.63	0.05

Components of cost of Retirement Benefits to Executive Director recognized in the Consolidated Statement of Other Comprehensive Income:

₹ in Crores

Particulars	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Actuarial (gains) / losses on Defined Benefit Obligation	(0.82)	—
Defined Benefit Cost recognised in the Statement of Other Comprehensive Income.....	(0.82)	—

D. Compensated Absences:

In FY 2022-2023, increase in provision for compensated absences for the year is ₹ 1.48 Crores. (In FY 2021-2022 ₹ 0.27 Crores has been recognised in the Consolidated Statement of Profit and Loss as an expense for compensated absences)

39. Segment Reporting

The Management Committee of the Group, approved by the Board of Directors and Audit Committee performs the function of allotment of resources and assessment of performance of the Group. Considering the level of activities performed, frequency of their meetings and level of finality of their decisions, the Group has identified that Chief Operating Decision Maker function is being performed by the Management Committee. The financial information presented to the Management Committee in the context of results and for the purposes of approving the annual operating plan is on a consolidated basis for paints and other related products of the Group. As the Management Committee monitors the business activity as a single business segment viz. 'Paints' and the sales substantially being in the domestic market, the financial statement are reflective of the information required by Ind AS 108 "Operating Segments".

As the Group mainly caters to the domestic market in India, the total overseas turnover is 4.75% (2021-2022 5.54%) of the total turnover of the group, which is insignificant and hence is not separately monitored by the Management Committee.

40. Financial Instruments: Fair values and Risk Management

(A) Accounting Classifications and Fair Values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

₹ in Crores

	Year	At FVTPL	Level 1	Level 2	Level 3	Total
Financial Assets measured at Fair Value						
Non-current Assets: Investments (Note 6).....	2023	3.23	0.89	—	2.34	3.23
	2022	1.08	0.70	—	0.38	1.08
Current Assets: Investments (Note 10).....	2023	498.13	—	498.13	—	498.13
	2022	209.46	—	209.46	—	209.46

There have been no transfers between Level 1 and Level 2 during the year and previous year.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

40. Financial Instruments: Fair Values and Risk Management (contd.)

(B) Financial Risk Management

The Group has exposure to the following risks arising from financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

(i) Risk Management Framework

Risk Management Committee oversees the management of these risks. Management is supported by Risk Management Committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The Risk Management Committee provides assurance to the management that Group's risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives.

The Group's Risk Management Policies are established to identify and analyses the risks faced by the Group to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk Management Policies and Systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

(ii) Credit Risk

Credit Risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, loans and investments in debt securities. The carrying amounts of financial assets represent the maximum credit risk exposure.

Trade Receivables:

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Risk Management Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes financial statements, credit agency information, industry information and in some cases bank references. Sales limits are established for each customer and reviewed constantly. Any sales exceeding those limits require approval from the management.

The concentration of credit risk is limited due to the fact that the customer base is large. There is no customer representing more than 5% of the total balance of trade receivables. For trade receivables, as a practical expedient, the Group computes credit loss allowance based on a provision matrix. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates.

₹ in Crores

Movement in expected credit loss allowance on trade receivable	31 st March, 2023	31 st March, 2022
Balance as beginning of the year	49.40	46.59
Loss allowance measured at lifetime expected credit losses	2.43	2.81
Balance at the end of the year.....	51.83	49.40

Financial Instruments and Cash Deposits

Credit risks from balances with banks and financial institutions is managed by the Group's Treasury Department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

(iii) Liquidity Risk

Liquidity risk the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

40. Financial Instruments: Fair Values and Risk Management (contd.)

(B) Financial Risk Management (contd.)

(iii) Liquidity Risk (contd.)

Maturities of Financial Liabilities:

The table below analyse the Group's financial liabilities into relevant maturing grouping based on their contractual maturities:

₹ in Crores

	Year ended	On demand	Upto 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	3 years and above	Total
Borrowings (Current and Non-current)	31-03-2023	67.02	1.56	68.58	18.13	4.69	—	159.98
	31-03-2022	88.21	5.92	94.81	3.12	10.94	—	203.00
Trade Payables ...	31-03-2023	—	1,015.55	—	—	—	—	1,015.55
	31-03-2022	—	980.64	—	—	—	—	980.64
Other Financial Liabilities.....	31-03-2023	52.50	17.24	—	—	—	—	69.74
	31-03-2022	33.01	19.97	—	—	—	—	52.98

For maturity profile of lease liabilities, refer note 44

(iv) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market price comprises three types of risks: interest rate risk, currency risk and other price risk, such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. In respect of monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level.

Other price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded price. Other price risk arises from financial assets such as investments in equity instruments, debentures and bonds. Since the investments in equity instruments and debentures is not material and bonds being debt instruments, the exposure to risk of changes in market rates is minimal. The details of such investments in equity instrument and debentures is given in Note 6 and details of investments in bonds is given in Note 10.

Exposure to Currency Risk:

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. The Group enters into forward exchange contracts to hedge against its foreign currency exposures relating to the recognised underlying liabilities and firm commitments. The Group's policy is to hedge its exposures above predefined thresholds from recognised liabilities and firm commitments that fall due on timely basis. The Group does not enter into any derivative instruments for trading or speculative purposes. The carrying amounts of the Group's foreign currency denominated monetary items are as follows:

₹ in Crores

Financial Assets		EURO	JPY	BDT	USD	GBP	Total
Trade Receivables.....	31-03-2023	—	—	—	2.59	—	2.59
	31-03-2022	—	—	—	2.02	—	2.02
Financial Liabilities							
Trade Payables (Net of Hedge)	31-03-2023	(2.62)	(29.79)	—	(114.71)	(0.12)	(147.24)
	31-03-2022	(1.08)	(10.57)	(0.02)	(53.93)	—	(65.60)
Net exposure to Foreign Currency Risk (Liabilities)	31-03-2023	(2.62)	(29.79)	—	(112.12)	(0.12)	(144.65)
	31-03-2022	(1.08)	(10.57)	(0.02)	(51.34)	—	(63.01)

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

40. Financial Instruments: Fair Values and Risk Management (contd.)

(B) Financial Risk Management (contd.)

(iv) Market Risk (contd.)

Foreign Currency Sensitivity Analysis

The following table demonstrate the sensitivity to a reasonable possible change in CHF, EURO, JPY, BDT, GBP and USD exchange rates, with all other variable held constant.

₹ in Crores

	Profit or Loss		Equity Net of Tax	
	Strengthening	Weakening	Strengthening	Weakening
31st March, 2023				
EURO (5% movement).....	0.13	(0.13)	0.10	(0.10)
JPY (5% movement).....	1.49	(1.49)	1.11	(1.11)
BDT (5% movement).....	—	—	—	—
USD (5% movement).....	5.61	(5.61)	4.19	(4.19)
GBP (5% movement).....	0.01	(0.01)	0.00	(0.00)
31st March, 2022				
EURO (5% movement).....	(0.05)	0.05	(0.04)	0.04
JPY (5% movement).....	(0.53)	0.53	(0.40)	0.40
BDT (5% movement).....	(0.00)	0.00	(0.00)	0.00
USD (5% movement).....	(2.57)	2.57	(1.92)	1.92

(v) There are no outstanding Forward Foreign Exchange Contracts entered into by the Group during current and previous year.

(vi) Interest Rate Risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

Group's interest rate risk arises from borrowings and finance lease obligations. Borrowings issued at fixed rates exposes to fair value interest rate risk. The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows:

₹ in Crores

	As at 31 st March, 2023	As at 31 st March, 2022
Fixed-Rate Instruments		
Financial Assets.....	24.91	26.50
Financial Liabilities	138.19	188.50
Net Liabilities/ (Assets).....	113.28	162.00
Variable-Rate Instruments		
Financial Liabilities	21.79	14.50
	21.79	14.50

Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

40. Financial Instruments: Fair Values and Risk Management (contd.)

(B) Financial Risk Management (contd.)

(vi) Interest Rate Risk (contd.)

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	100 bps increase	100 bps decrease
31st March 2023		
Variable-Rate Instruments	0.11	0.11
Cash Flow Sensitivity (net)	0.11	0.11
31st March 2022		
Variable-Rate Instruments	0.20	0.20
Cash Flow Sensitivity (net)	0.20	0.20

(C) Valuation techniques and significant unobservable inputs

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between inputs
Other Non-current assets: Investment measured at amortised cost	Discounted cash flows: The valuation model considers the present value of expected receipt/payment discounted using appropriate discounting rates.	<ul style="list-style-type: none"> – Forecast Annual revenue growth – Forecast EBITDA growth margin – Risk adjustment discounted rate 	Generally, a changes in the annual revenue growth rate is accompanied similar change in EBITDA margin.
Current investments – in mutual funds	The fair values of investments in mutual fund units is based on the net asset value ('NAV') as stated by the issuers of these mutual fund units in the published statements as at Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors	Not applicable	Not applicable

The Group determined the fair value measurements of investments – unquoted categorised in Level 2 based on price agreed in a sale transaction between unrelated parties.

Carrying amounts of cash and cash equivalents, trade receivables, loans and trade payables as at 31st March, 2023 and 31st March, 2022 approximate the fair value. Difference between carrying amounts and fair values of bank deposits, earmarked balances with banks, other financial assets, other financial liabilities and borrowings subsequently measured at amortised cost is not significant in each of the years presented.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

41. Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 are provided as under for the year 2022-2023 and 2021-2022 to the extent the Group has received intimation from the "Suppliers" regarding their status under the Act.

₹ in Crores

	As at 31 st March, 2023	As at 31 st March, 2022
(i) Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year (but within due date as per the MSMED Act)		
Principal amount due to micro and small enterprise (Refer Note 22 and 23)....	90.81	106.10
Interest due on above.....	—	—
(ii) Interest paid by the Group in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period	—	—
(iii) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006.	—	—
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.....	—	—
(v) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	—	—

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

42. Impairment of Goodwill (Refer with Note 5A)

(a) Kansai Nerolac Paints (Bangladesh) Limited, Bangladesh

The business was taken over by Kansai Nerolac Paints Limited on 17th July 2018. The recoverable amount of this CGU was based on fair value less costs of disposal, estimated using discounted cash flows. The fair value measurement was categorised as a Level 3 fair value based on inputs in the valuation technique used.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

Particulars	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Discount Rate.....	15.87%	10.58%
Terminal Value Growth Rate.....	3.00%	3.00%
Sales Growth Rate	15.00 - 12.00%	23.00 - 12.00%

The discount rate for 2022-2023 was post tax measure estimated based on the weighted-average cost of capital, with the possible debt leveraging of 50.00% (2021-2022 - 40.00%) at a risk free interest rate of 8.45% (2021-2022 - 7.10%).

The cash flow projections include specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate has been determined based on management's estimate of the long-term business growth rate, consistent with the assumptions that a market participant would make.

Sales growth rate has been considered based on past performance duly adjusted with future growth as envisaged by the management.

With regard to assessment of value in use, no reasonably possible change in any of the above key assumptions would cause the carrying amount of the CGU's to exceed their recoverable amount.

(b) KNP Japan Private Limited

The business was taken over by Kansai Nerolac Paints Limited on 1st October 2012. The recoverable amount of this CGU was based on fair value less costs of disposal, estimated using discounted cash flows. The fair value measurement was categorised as a Level 3 fair value based on inputs in the valuation technique used.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

42. Impairment of Goodwill (Refer with Note 5A) (contd.)

(b) KNP Japan Private Limited (contd.)

Particulars	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Discount Rate	12.29%	12.29%
Terminal Value Growth Rate	5.00%	5.00%
Sales Growth Rate	12.00%	12.00%

The discount rate for 2022-2023 was post tax measure estimated based on the weighted-average cost of capital with the no debt leveraging as the company is debt-free.

The cash flow projections include specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate has been determined based on management's estimate of the long-term business growth rate, consistent with the assumptions that a market participant would make.

Sales growth rate has been considered based on past performance duly adjusted with future growth as envisaged by the management.

With regard to assessment of value in use, no reasonably possible change in any of the above key assumptions would cause the carrying amount of the CGU's to exceed their recoverable amount.

43. Disclosures as required under Schedule III to the Companies Act 2013 with respect to Consolidated Financial Statements.

(a) As at and for the year ended 31 March, 2023

Name of the entity in the Group	As at 31 March, 2023		For the year ended 31 March, 2023		For the year ended 31 March, 2023		For the year ended 31 March, 2023	
	Net assets*		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	₹ in Crores	As % of consolidated profit or loss	₹ in Crores	As % of consolidated other comprehensive income	₹ in Crores	As % of consolidated total comprehensive income	₹ in Crores
Holding Company								
Kansai Nerolac Paints Limited...	101.03%	4,607.38	103.83%	486.43	1.58%	0.16	101.67%	486.59
Subsidiaries (Group's share)..								
Indian								
Nerofix Private Limited	0.26%	11.79	0.02%	0.10	(0.39%)	(0.04)	0.01%	0.06
Foreign								
KNP Japan Private Limited	1.30%	59.34	1.50%	7.04	—	—	1.47%	7.04
Kansai Paints Lanka Private Limited	0.44%	20.25	(0.74%)	(3.48)	0.20%	0.02	(0.72%)	(3.46)
Kansai Nerolac Paints (Bangladesh) Limited.....	(0.47%)	(21.41)	(2.83%)	(13.27)	(4.04%)	(0.41)	(2.86%)	(13.68)
Total Eliminations/ Adjustments	(2.56%)	(116.94)	(1.78%)	(8.35)	—	—	(1.74%)	(8.35)
Exchange differences on translation of foreign operations	—	—	—	—	102.66%	10.42	2.18%	10.42
Total	100.00%	4,560.41	100.00%	468.47	100.00%	10.15	100.00%	478.62

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

43. Disclosures as required under Schedule III to the Companies Act 2013 with respect to Consolidated Financial Statements. (contd.)

(b) As at and for the year ended 31 March, 2022

Name of the entity in the Group	As at 31 March, 2022		For the year ended 31 March, 2022		For the year ended 31 March, 2022		For the year ended 31 March, 2022	
	Net assets*		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	₹ in Crores	As % of consolidated profit or loss	₹ in Crores	As % of consolidated other comprehensive income	₹ in Crores	As % of consolidated total comprehensive income	₹ in Crores
Holding Company								
Kansai Nerolac Paints Limited	100.47%	4,170.93	109.09%	374.33	78.19%	2.51	108.80%	376.84
Subsidiaries (Group's share)								
Indian								
Nerofix Private Limited	0.28%	11.73	(1.08%)	(3.69)	—	—	(1.07%)	(3.69)
Foreign								
KNP Japan Private Limited	1.35%	56.12	2.65%	9.08	—	—	2.62%	9.08
Kansai Paints Lanka Private Limited	0.09%	3.84	(5.14%)	(17.64)	0.00%	—	(5.09%)	(17.64)
Kansai Nerolac Paints (Bangladesh) Limited.....	(1.00%)	(41.64)	(6.53%)	(22.41)	(9.35%)	(0.30)	(6.56%)	(22.71)
Total Eliminations/ Adjustments.....	(1.19%)	(49.46)	1.01%	3.48	—	—	1.00%	3.48
Exchange differences on translation of foreign operations	—	—	—	—	31.15%	1.00	0.29%	1.00
Total	100.00%	4,151.51	100.00%	343.15	100.00%	3.21	100.00%	346.36

* Net assets = total assets minus total liabilities

44. Disclosure of Lease as per Ind AS 116

The following is the summary of practical expedients elected on application:

- Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The weighted average incremental borrowing rate applied to lease liabilities as at 31 March 2023 is 8.50% (31st March 2022: 8.50%)

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

44. Disclosure of Lease as per Ind AS 116 (contd.)

The changes in the carrying value of right of use (ROU) assets for the year ended 31 March 2023 and 31 March 2022 are disclosed in Note 3.

₹ in Crores

Particulars	Amount as at 31 st March, 2023	Amount as at 31 st March, 2022
ROU Balance at the beginning of the year	174.00	160.71
Additions (Refer Note 3).....	42.13	45.53
Deletions (Net off accumulated depreciation) (Refer Note 3).....	(2.02)	(1.60)
Amortisation cost accrued during the year.....	(30.41)	(29.60)
Translation difference.....	(1.25)	(1.04)
ROU Balance at the end of the year	182.45	174.00
Lease Liabilities at the beginning of the year	115.71	95.90
Additions.....	42.13	45.53
Interest cost accrued during the year.....	10.42	10.49
Payment of lease liabilities.....	(37.00)	(34.11)
Deletion.....	(4.21)	(2.10)
Lease Liabilities at the end of the year	127.05	115.71
Current Lease Liabilities.....	27.08	23.60
Non-Current Lease Liabilities.....	99.97	92.11
Total Lease Liabilities	127.05	115.71

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases or cancelable in nature was ₹ 17.81 Crores (2021-2022 ₹ 15.34 Crores).

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

₹ in Crores

Particulars	Amount as at 31 st March, 2023	Amount as at 31 st March, 2022
Not later than one year.....	36.43	31.96
Later than one year and not later than five years.....	91.68	83.57
Later than five years.....	31.83	22.99

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

45. Share based payments

The Holding Company has granted share based incentives to certain eligible employees on 1 January 2023, under Kansai Nerolac Paints Limited - Restricted Stock Unit Plan ('RSU 2022 Plan') approved by Nomination and Remuneration Committee (NRC). As per the scheme, the number of shares that will vest as per vesting conditions mentioned in scheme along with performance measures as determined by NRC. The options granted under this scheme is exercisable by employees till four years from date of its vesting. The Company has granted options at an exercise price of Re. 1/-.

₹ in Crores

	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Options outstanding at the beginning of the year	—	—
Granted during the year	11,92,792	—
Forfeited/Expired during the year	12,177	—
Exercised during the year	—	—
Outstanding at the end of the year	11,80,615	—

The Holding Company has estimated fair value of options using Black Scholes model for Time based RSU's and Monte Carlo Simulation model for Performance based RSU's. The following assumptions were used for calculation of fair value of options granted during the year ended 31st March, 2023

Assumption factor (Black Scholes model)	Estimate
Risk free rate	7.14%–7.23%
Expected life of option	4-7 years
Expected volatility	32%-35%
Assumption factor (Monte Carlo Simulation model)	Estimate
Risk free rate	7.15%
Expected life of option	4-7 years
Expected volatility	34.2%

46. Other Statutory Information

- (i) The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.
- (ii) The Group has identified transaction with one struck off company i.e. Chemene Bombay Private Limited as Clearing and Forwarding Agent with whom transaction during the year amounts to ₹ 0.15 Crores (2021-2022 ₹ 0.13 Crores).
- (iii) The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,
- (iv) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (v) The Group has not advanced or loaned or invested funds to any other person(s) or entity, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- (vi) The Group has not received any fund from any person or entity, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,
- (vii) The Group has no such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

- 47.** The figures for the previous year have been regrouped/ reclassified wherever necessary to confirm with the current year's classification.

As per our attached report of even date

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration No.: 324982E/E300003

per **Anil Jobanputra**

Partner

Membership No.: 110759

Mumbai, 8th May, 2023

For and on behalf of the Board of Directors of **Kansai Nerolac Paints Limited**

P. P. Shah

Chairman

DIN: 00066242

Sonia Singh

Director

DIN: 07108778

P. D. Pai

CFO

Mumbai, 8th May, 2023

Anuj Jain

Managing Director

DIN: 08091524

Bhaskar Bhat

Director

DIN: 00148778

G. T. Govindarajan

Company Secretary

ACS No. 8887

Summarised Standalone Statement of Profit and Loss of 15 Years

₹ in Crores

Year	Total Revenue [#]	Cost of Materials/ Products	Employee Benefits Expenses	Other Expenses	Finance Costs	Depreciation and Amortisation Expenses	Exceptional Item	Tax Expense	Profit after Tax	Dividend	Dividend per Share (₹)	Earnings per Share Basic (₹)	Earnings per Share Diluted (₹)	Net Worth per Share (₹)
2008-2009	1396.71	899.58	73.30	244.20	1.84	37.61	—	41.60	98.58	32.34	12.00	36.59	—	242.87
2009-2010	1726.77	1071.82	75.05	295.83	1.20	44.26	—	73.11	165.50	40.42	15.00	30.71 [^]	—	286.80
2010-2011	2187.56	1400.25	91.64	356.34	0.84	49.36	—	83.15	205.98	53.89	10.00 ^{**}	38.22	—	170.00 ⁺
2011-2012	2624.84	1740.41	106.94	415.91	0.09	56.35	—	89.24	215.90	59.28	11.00	40.06	—	197.28
2012-2013	2872.94	1942.62	118.14	459.76	0.02	47.11	—	90.80 ^{&}	214.49 ^{&}	59.28	11.00	39.80 ^{&}	—	224.21 ^{&}
2013-2014	3174.35	2133.95	135.88	532.10	0.45	64.98	—	100.42	206.57	59.28	1.10 [~]	3.83 ^{\$}	—	26.41 ^{\$}
2014-2015	3570.85	2364.44	143.30	596.50	0.02	67.69	—	127.23	271.67	75.45	1.40 [~]	5.04 ^{\$}	—	29.63 ^{\$}
2015-2016	3765.88	2348.36	170.11	640.08	—	67.72	—	176.10	363.51 ^{&}	164.37	3.05 ^{^^}	6.65 ^{&}	—	46.44
2016-2017	4097.29	2342.95	198.12	727.31	—	69.49	—	253.48	505.94	161.67 [€]	3.00 [€]	9.39	—	52.06
2017-2018	4658.99	2774.07	226.56	796.17	—	75.79	—	270.00	516.40	140.11 [€]	2.60 [€]	9.58	—	57.99
2018-2019	5235.50	3302.53	255.38	873.71	—	90.47	—	246.06	467.35	140.11 [€]	2.60 [€]	8.67	—	63.55
2019-2020	4970.03	3057.62	269.38	834.55	5.00	119.88	—	148.20	535.40	169.76 [€]	3.15 [€]	9.94	—	70.00
2020-2021	4809.75	2957.44	268.62	686.91	8.48	149.01	10.82	183.47	530.60	282.93 ^{™€}	5.25 ^{™€}	9.85	—	75.65
2021-2022	5981.76	4129.26	312.37	859.93	9.87	153.82	11.39	130.79	374.33	121.25 ^{™€}	2.25 ^{™€}	6.95	—	77.40
2022-2023	7111.85	4955.34	333.84	997.95	9.73	164.63	—	163.93	486.43	145.50 [€]	2.70 [€]	9.03	9.02	85.50

Net of Rebates & Excise Duty upto 2014-2015, From 2015-2016, net of Rebates and Discounts.

[^] Re-calculated consequent to the Bonus Issue of 1:1 2010-2011.

^{**} On enhanced Share capital consequent to the Bonus Issue in 2010-2011.

⁺ Consequent to the Bonus Issue in 2010-2011.

[&] Before Exceptional Items (Net of Tax).

^{\$} Re-calculated consequent to the subdivision of Equity Share of face value of Rs. 10 each to 10 (ten) equity shares of Re. 1 each

[~] Consequent to the subdivision of Equity Share

^{^^} Includes Special Dividend of Rs 1.25 per share.

[€] The dividend proposed by the Directors is subject to approval of shareholders at the annual general meeting. The proposed dividend have not been recognised as liabilities.

^{*} Includes Interim Dividend ₹ 1.25 per share paid on 27th November 2020 and Special Dividend of ₹ 2.00 per share for FY 2020-2021

Includes Interim Dividend ₹ 1.25 per share paid on 22nd November 2021 for FY 2021-2022

Figures pertaining to 31 March, 2021 have been recast to give effect of merger of Marpol Private Limited and Perma Construction Aids Private Limited with Company.

Figures from financial year 2015-2016 are Ind AS compliant



Kansai Nerolac Paints Limited

A Subsidiary of Kansai Paint Co., Ltd., Japan
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