KANSAI PAINT

NEROLAC

KANSAI NEROLAC PAINTS LIMITED

105th Annual Report 2025

Transforming Spaces, Enriching Lives.

Transforming Spaces, Enriching Lives

The theme this year captures the essence of what we strive to do every day - to go beyond the surface, and create lasting value in the lives we touch. At Kansai Nerolac Paints Ltd., colour is not just about appearance. It is about emotion, well-being and a sense of belonging. When we transform a space, we also influence the mood, health and aspirations of the people who live in it.

Our solutions are designed not just to beautify, but to protect, inspire, and touch lives every day – staying true to our vision. That belief continues to shape how we innovate. Across our product portfolio, we are deepening our commitment to sustainability by formulating safer, low-VOC and water-based solutions. These choices may begin in our labs and factories, but their real impact is felt in the comfort of homes, the safety of workplaces and the quality of air we breathe.

But true transformation cannot stop at products alone. We see every blank wall, every public space, as an opportunity to add meaning. Through community initiatives, murals and partnerships that bring colour into areas in need of revitalisation, we are helping create environments that uplift, inspire and connect people. These interventions might seem small, but their emotional resonance is often profound.

Guided by a culture of customer focus, integrity, and respect for all stakeholders, we innovate with purpose and execute with passion. For us, enriching lives is not a tagline. It reflects our mission to serve society sustainably through superior technology and a competent workforce. It is a responsibility we embrace with intention and care - to innovate with purpose, operate with conscience, and serve with heart. Because every shade we create carries the promise of something more: a brighter, healthier, more inclusive future for all.

Corporate Information

BOARD OF DIRECTORS

(As on the date of Board's Report - 6th May, 2025)

Mr. Bhaskar Bhat
Chairman, Non-Executive,
Independent Director
(Chairman from 30th January, 2025)

Mr. Hitoshi Nishibayashi
Non-Executive Director
(Retiring as a Director at the ensuing Annual General Meeting on 30th June, 2025)

Ms. Sonia Singh
Non-Executive, Independent Director

Mr. Takashi Tomioka
Non-Executive Director

Mr. Pravin D. Chaudhari
Managing Director
(from 1st April, 2025)
Non-Executive Director
(up to 31st March, 2025)

Mr. Hirokazu Kotera
Executive Director
(from 1st August, 2024)

Mr. Uday S. Bhansali
Non-Executive, Independent Director
(from 6th November, 2024)

Mr. Gen Yokota
Non-Executive Director
(from 6th May, 2025)

Directors who have retired since the 104th Annual Report

Mr. P. P. Shah
(Chairman, Non-Executive,
Independent Director
up to 29th January, 2025)

Mr. Anuj Jain
(Managing Director
up to 31st March, 2025)

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

28th Floor, A-wing, Marathon Futurex,
N. M. Joshi Marg, Lower Parel,
Mumbai – 400 013, Maharashtra

TELEPHONE NO.

+91-22-4060 2500, +91-22-4060 2501

CORPORATE WEBSITE

www.nerolac.com

INVESTOR RELATIONS

E-mail ID: investor@nerolac.com
Corporate Identity Number (CIN): L24202MH1920PLC000825

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 from 1^{st} April, 2024 to 31^{st} March, 2025.

APPROACH TO REPORTING

The Report takes an integrated approach by providing information on various capitals beyond financial, including natural, intellectual, manufactured, social and 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 and, 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 follows the content and guiding principles guidelines of the Integrated Reporting Framework by the International Integrated Reporting Council (IIRC).

APPROACH TO MATERIALITY

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

ASSURANCE

M/s. Aneja Assurance Pvt. Ltd. has provided limited assurance on KNPL's selective non-financial disclosures, ensuring alignment with the GRI's Sustainability Reporting Standards. Assurance was undertaken in line with the requirements of the International Federation of Accountants (IFAC) and International Standard on Assurance Engagement (ISAE) 3000.

Contents

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

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Farewell Note from Mr. Anuj Jain

Dear Shareholders,

I wish to express my sincere and heartfelt appreciation for the trust and support you have extended to me during my tenure as the Managing Director. Over the past three years in this role, and across a fulfilling 35-year journey with KNPL, it has been both a privilege and responsibility to contribute meaningfully to our growth and nurture a culture of Innovation, Collaboration and Empowerment.

Together, we have navigated dynamic market conditions, embraced transformation, and achieved significant milestones, each guided by our enduring commitment to excellence and the values embedded in our mission. Your steadfast belief in our strategy and leadership has been instrumental in our progress, and I remain deeply grateful for the opportunity to have been part of shaping this remarkable journey with you.

As we enter our next chapter, I am pleased to share that Mr. Pravin Chaudhari will be taking over as the incoming Managing Director. Mr. Chaudhari brings with him not only deep industry experience but also a nuanced understanding of the Company, having been associated with KNPL earlier and currently holding a leadership position within our parent company, Kansai Paint Co., Ltd., Japan. His familiarity with our ethos and strategic direction, uniquely position him to carry forward our legacy and steer us towards continued success.

Along with Mr. Pravin Chaudhari, our leadership team remains dedicated to executing our strategic vision and driving sustained growth.

Thank you for your unwavering support and belief in our shared vision. I look forward to seeing KNPL reach new heights in the years to come.

Warm regards,

Anuj Jain

Message from the Managing Director

Dear Shareholders,

It is with immense honour I assume the role of the Managing Director of Kansai Nerolac Paints Limited. I look forward to leading this great organisation, backed by a legacy of excellence and a team that stands committed to progress.

It gives me immense pleasure to present to you the 105th Annual Report of Kansai Nerolac Paints Limited reflecting not only our achievements but our relentless pursuit of excellence.

Economic and Business Scenario

The paint industry is currently navigating a complex landscape influenced by various economic and geopolitical factors. On the macroeconomic front, the outlook appears promising, with rural markets showing encouraging signs of recovery. The government's continued focus on infrastructure development and the creation of smart cities, bodes well for sustained industry growth. While a decline in crude oil prices contributed to stable raw material costs, the depreciation of the Indian Rupee has offset some of these gains by increasing import costs. However, ongoing geopolitical tensions continue to present potential risks, impacting supply chains and raw material sourcing. In this context, strategic foresight and operational agility will be critical in ensuring business continuity and building long-term resilience.

The paint industry witnessed the entry of new players, which significantly increased the competitive intensity leading to a strong push for innovation and the development of value-added products and services. Despite existing challenges, the paint industry is well-positioned for sustained growth as it adapts its strategies to leverage emerging opportunities in both urban and rural markets.

Organisational Philosophy – People

At KNPL, we are deeply committed to our **People, Planet, and Profit** approach, strategically managing our six capitals—Natural, Human, Manufactured, Financial, Intellectual and Social and Relationship—to achieve long-term value creation. People remain at the core of KNPL's journey; their talent and dedication fuel our progress. We foster a high-performance culture, ensuring our employees grow in an ecosystem where they can thrive in their professional journey. Employee well-being is a key priority, reflected in initiatives such as Wellness Wednesdays, which promote holistic health. Our Life@Nerolac platform and regular engagement forums, including the MD's Townhall, reinforce transparency, build connection, and ensure every team member feels informed, included, and valued. At the heart of our people philosophy lies a commitment to nurturing and advancing the skills and capabilities of our workforce, which we consider a top priority.

Performance Overview

Amidst a challenging demand environment and heightened competitive intensity, the Company demonstrated resilience and delivered a commendable performance. For the year ended March 2025, the topline registered a growth of 1.4%, while EBITDA declined by 4.8%, and PBT before exceptional items decreased by 1.8%. The Board recommended a dividend of 375%, including a special dividend of 125%.

The decorative segment witnessed muted demand during the year, while business segments such as wood coating and construction chemicals showcased strong growth. The project business also witnessed robust growth trajectory, supported by expansion into new towns and geographies. Our strategic initiatives including Paint as a Service and deeper engagement with painters, architects, and interior designers scaled new heights, driving higher efficiency and greater market penetration during the year. The Industrial business registered good demand growth, led by the automotive and performance coating businesses. In the automotive segment, growth was primarily driven by the performance of the passenger vehicles segment. In the performance coatings segment, infrastructure-led momentum, including the development of roads, bridges, and railway networks, served as key growth drivers.

The High-Performance coatings business delivered excellent growth momentum, while the Powder Coating business registered marginal gains. In the Auto Refinish category, we witnessed good growth in premium products.

To enhance profitability, KNPL undertook a series of targeted measures, including disciplined cost management, collaborative initiatives with value chain partners, and a sustained focus on increasing the share of premium offerings within the portfolio.

The Nerolac Story – Our Strength

With a legacy of over a century, the Company takes pride in offering a diverse portfolio of products that cater to a wide spectrum of segments across the decorative and industrial coatings sector. Our painting solutions are built on the core philosophy of **Beauty and Protection,** enriching everyday life by enhancing not only homes, through architectural paints (interior and exterior), wood coating, construction chemicals, but also automobiles and emerging new-age applications. Furthermore, our offerings also include consumer durables, personal accessories, and transportation infrastructure.

This comprehensive reach underscores our belief that **There is a little bit of Nerolac in everyone's life.**

In the current fiscal year, we have successfully introduced 10 new products within the Paint+ category, contributing to a total of 28 offerings.

Strategy

At KNPL, we have leveraged our over a century of experience in developing innovative painting solutions and have consistently pursued excellence, broadened our product offerings and proactively explored new avenues for success.

In the decorative segment, a cornerstone of our strategy is the Paint+ initiative, which focusses on creating unique products with differentiated features tailored to customer needs. In the current fiscal year, we have successfully introduced 10 new products within the Paint+ category, contributing to a total of 28 offerings.

To drive growth in secondary sales, we have engaged with influencers and reached out to more architects and interior designers through our Illuminati Programme. Our marketing campaigns have further solidified brand recognition, while our value-added services have enhanced the customer experience, providing a unique retail environment. In the current year, we increased our presence to 100+ Nerolac NextGen Shoppe and 200+ Shop-in-Shop outlets across the country. Additionally, our NxtGen painting services received an excellent consumer response and is now present in over 250 cities.

In the Construction Chemicals and Wood Coating segments, we introduced targeted solutions that cater to diverse customer demands. Our Wood Coating portfolio now features a new series of PU products (Sealer, Clear, Matt, Glossy) offered at competitive price points.

To strengthen our project business, we expanded our presence to over 80+ towns nationwide and developed a robust pipeline of project leads. In our commitment to preserving significant cultural heritage for future generations, we contributed to the transformation of the National Railway Museum in Delhi by curating a series of wall artworks that illustrate the historical journey of Indian Railways.

Our distribution strategy has focussed on expanding our network to enhance market penetration and serviceability. During the year, we successfully increased our network of dealers and distributors, strengthening last-mile connectivity and enhancing our market presence in both rural and high-growth urban areas.

In the industrial sector, we emphasised unique high-end technology solutions that align with our commitment to sustainability, operational efficiency, and resource optimisation. In the automotive segment, we deployed superior technologies to deliver products that meet stringent performance benchmarks and evolving customer requirements.

In the performance coating segment, we concentrated on high-tech premium products, including coatings for bridges, windmills, appliances, construction equipment, and helmets, reflecting our focus on durability, functionality, and sector-specific needs.

In the Auto Refinish business, we continued to increase our presence in A-class body shops and introduced a customised, performance-oriented product range for the commercial segment.

Through these strategic initiatives, KNPL remained committed to delivering innovative solutions that meet the evolving needs of our customers while reinforcing our leadership across decorative and industrial coatings through differentiated value, technological excellence, and trusted partnerships.

In the industrial sector, we emphasise unique high-end technology solutions that align with our commitment to sustainability, operational efficiency, and resource optimisation.

Technology

At KNPL, we leverage our strong in-house research and development (R&D) capabilities, supported by Kansai Paint Co., Ltd., Japan and its group companies, to gain a competitive edge that has been honed over more than a century of global expertise. This collaboration ensures that the latest technologies and best practices are seamlessly integrated into KNPL's operations, enabling the Company to adapt innovative solutions that meet the unique demands of the industry. With a state-of-the-art R&D centre in Vashi, Navi Mumbai, KNPL focusses on developing high-performance, sustainable products that meet customer needs and address specific application challenges. The partnership with Kansai Paint enhances KNPL's technical expertise and access to global innovations, positioning the Company to continuously evolve its offerings, deepen customer engagement in the coatings market.

Vendor Management: Sustainable Supply Chain

At KNPL, we recognise the vital role that collaboration with our suppliers plays in fostering value creation and sustainability. We are committed to engaging our suppliers in strategic, future-focussed discussions that further these objectives.

In our pursuit of sustainability across our operations and supply chain, we have initiated a programme in partnership with a third party to enhance our suppliers' understanding of greenhouse gas (GHG) monitoring and measurement. We conducted a comprehensive Capability Building initiative where we invited more than 200 suppliers, focussing on climate change, GHG accounting, and management practices. By engaging in joint projects, we harness the expertise and resources of our partners to implement scalable, high-impact solutions that benefit both parties and contribute to a more sustainable future.

Creating Digital Assets

We are committed to ensuring the efficiency and security of our digital infrastructure. By leveraging advanced technology, we aim to enhance and expand our digital capabilities.

Our diverse range of applications is designed to meet the specific needs of various stakeholders. This integrated digital ecosystem includes applications tailored for dealers, painters, architects, and interior designers, facilitating effective communication between the Company and its stakeholders. We have launched several initiatives to provide personalised benefits to the painters through our digital application 'Pragati'.

We have consistently prioritised the protection of our business-critical information from unauthorised access, emphasising privacy and data integrity through advanced cybersecurity measures. Recognising the ever-evolving threat landscape, we continuously evolve our practices to incorporate globally benchmarked standards and proactive risk mitigation strategies in this domain.

Purpose-Led Inclusive Growth

At KNPL, we are unwavering in our commitment to driving positive change through a holistic approach that prioritises environmental stewardship, social responsibility, and exemplary governance practices. Our Environmental, Social, and Governance (ESG) strategy has five key materialities: Decarbonisation, Resource Use, Quality of Life, Diversity, and Governance, which collectively shape our vision embedding sustainability into core operations and enabling long-term impact.

We consistently prioritise social responsibility in our operations, striving to effect positive change through our Corporate Social Responsibility (CSR) initiatives. Reinforcing this commitment, we are proud to announce that KNPL has been awarded the prestigious 'Golden Peacock Award for Corporate Social Responsibility' for the year 2024.

In recognition of our efforts towards sustainability, we engage in various ESG assessments. In FY 2024-25, KNPL was rated in the top 8th percentile within the Chemical Industry Group of the S&P Global Large-Midcap ESG Index. We have received a Bronze Medal from EcoVadis in FY 2024-25 assessment and are also ranked in the top 12th percentile globally within the Construction and Materials sector by FTSE.

Subsidiaries

The international subsidiaries in Bangladesh and Sri Lanka faced multiple challenges due to the adverse macroeconomic conditions prevailing in those countries. Revenue and profitability of these subsidiaries were significantly impacted during the year. In Nepal, despite a subdued demand environment, the subsidiary achieved revenue growth and sustained profitability. Our domestic subsidiary, Nerofix, faced a challenging market landscape, and focussed efforts are underway to address these headwinds and strengthen performance.

Building Future Capabilities for a Better Tomorrow

Our unwavering dedication to anticipating future demand and enhancing service speed is reflected in our continual investments in manufacturing infrastructure and our supply chain network. We wish to inform you that, in the reporting year, our newly set up state-of-the-art Atchutapuram (Vizag) manufacturing unit commenced commercial production. Furthermore, in view of the projected expansion in the automotive paint industry, we are undertaking capacity augmentation at the Sayakha Plant in the upcoming year.

Outlook and Way Forward

The Indian paint industry is undergoing a transformative phase, marked by accelerated growth and increasing diversification, driven by changing consumer preferences, the entry of new players, and supportive government initiatives. This growth can be attributed to the government's focus on infrastructure development and affordable housing projects, which are creating substantial demand for architectural coatings.

As urbanisation accelerates and disposable incomes rise, there is a discernible shift in consumer preferences towards high-quality paints.

The industrial segment is also thriving as India positions itself as a major manufacturing hub. The expansion of manufacturing facilities across various sectors, including electronics and automotive, has led to increased demand for specialised industrial coatings that meet stringent performance standards while complying with evolving environmental regulations. The industrial coating segment is emerging as a key growth engine, and moving forward, the Company will continue to leverage advanced technologies in close collaboration with group companies to introduce next-generation, high-performance products for customers.

The Indian paint industry presents a landscape rich with opportunities for growth, driven by government initiatives, evolving consumer preferences, and technological advancements. Companies that embrace innovation and sustainability at the core of their strategy will be best positioned to lead and grow in this dynamic market environment as it continues to evolve through 2025 and beyond.

Pravin Chaudhari
Managing Director

Key Highlights

ESG

- **EcoVadis Bronze Medal 2025:** Recognised for our commitment to sustainability, we have been awarded the EcoVadis Bronze Medal, placing us among the top 26% of assessed companies globally
- **S&P Global Corporate Sustainability Assessment (CSA) 2024:** Ranked in the top 8% within the chemicals category, for demonstrating strong performance in environmental, social, and governance practices
- **FTSE4Good Index December 2024 Review:** Positioned in the top 12%, reflecting our dedication to ESG excellence and responsible business practices
- **CRISIL ESG Ratings:** Classified in the Strong Category, underscoring our robust ESG framework and commitment to sustainability

BRONZE | Top 35%
ecovadis
Sustainability Rating
MAR 2025

FTSE4Good

S&P Global
Ratings

CRISIL
Ratings

Consumer Services

- **NxtGen Painting Service:** Present in 250+ cities

Influencer Initiatives

- **AID Engagement:** Onboarded 8,000+ architects through the 'Illuminati' programme launched in 45+ cities and scaling up
- **Painter Network:** Trained over 80,000 painters in paint application through classroom and hands-on sessions

Brand Building

- **Digital Marketing:** Increased brand visibility through digital marketing, resulting in 20% increase in organic traffic and 15% increase in organic leads
- **Mahakumbh 2025:** Empowered Mahakumbh 2025 street vendors with Dukan-It-Yourself (DIY), a shade card-inspired storefront, boosting their visibility, protection, and brand identity
- **Awards & Recognition:** Earned multiple prestigious awards in 2024, including Gold and Silver at Imagexx and E4M Real Time Awards, a Bronze at Front Benchers, Quoraverse's Most Impactful Campaign on Quora, and for Best Digital and Programmatic Campaigns

Igniting Innovation

- **Avinya:** Launched 2 seasons of 'Avinya', with a strong focus on enhancing the quality of ideas and ensuring effective implementation

Projects

- **Geographical Expansion:** Expanded reach to 80+ towns

Capability Building

- **Unnati+:** Launched a comprehensive talent development programme offering dedicated development plans, and a personalised development centre to enhance employees' skills and performance

Recognition

- Won the **Golden Peacock Award for Corporate Social Responsibility (GPACSR)**
- Won the **Best Quality Supplier Award** for our Hosur plant from TKML for continuous commitment to maintaining high quality and for our **green project initiatives**

Performance Highlights

Financial Highlights

Revenue from Operations

(₹ in Crores)

1.4

Change In %

FY 2024-25	7,496.71
FY 2023-24	7,393.30

EBITDA

(%)

80

Change in Base Points

FY 2024-25	13.0
FY 2023-24	13.8

PAT*

(₹ in Crores)

13.7

Change In %

FY 2024-25	1,021.24
FY 2023-24	1,182.87

* Including gains from exceptional items

Non-financial Highlights

Capacity

Million litres

8.8

Change In %

FY 2024-25	664.3
FY 2023-24	610.6

R&D Expenses

(₹ in Crores)

21.9

Change In %

FY 2024-25	51.86
FY 2023-24	42.53

CSR Spend

(₹ in Crores)

8.3

Change In %

FY 2024-25	13.51
FY 2023-24	12.48

Electricity Consumption through Renewable Sources
(Manufacturing Facilities)
(%)

93
Change in Base Points

FY 2024-25	39
FY 2023-24	38

Energy Consumption through Renewable Sources
(Organisation Wide - Manufacturing Facilities, R&D, Depots, Offices)
(%)

416
Change in Base Points

FY 2024-25	45
FY 2023-24	49

Total Emissions
(Scope 1 + Scope 2) (KNPL India, Including Subsidiaries)
($MTCO_2e$)

13.3
Change In %

FY 2024-25	50,470
FY 2018-19 (Baseline)	58,241

Scope 3 Emission Intensity
(Within SBTi Target Boundary Categories) (KNPL and its Subsidiaries)
($MTCO_2e$/ KL of FG)

11.1
Change in % from Baseline

FY 2024-25	0.88
FY 2018-19 (Baseline)	0.99

Specific Water Consumption
(Manufacturing Facilities)
(KL/KL of FG)

7
Change In %

FY 2024-25	1.06
FY 2023-24	1.14

Water Replenishment
(Organisation Wide - Manufacturing Facilities, R&D, Depots, Offices)
(%)

Water Positive

FY 2024-25	126
FY 2023-24	118

Corporate Profile

Kansai Nerolac Paints Limited (KNPL), a subsidiary of Kansai Paint Co., Ltd. Japan, is one of India's leading players in the paint industry. Focussed on delivering advanced coating solutions, the Company consistently meets the changing demands of its customers. As 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.

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.

VISION

We design Solutions that Protect, Inspire and Touch Lives everyday.

PURPOSE

Create environment for a healthy and beautiful future.

BRAND PROMISE

Renew Life

BRAND EXPRESSION

PAINT+

ORGANISATIONAL VALUES

Core Values

icare!

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 society.

Customer Focus

We continuously strive to understand and exceed customer expectations.

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.

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.

Entrepreneurial Mindset

We facilitate the emergence of entrepreneurial ideas that have a longterm 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.

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.

Our Product Portfolio

Decorative (New Launches)

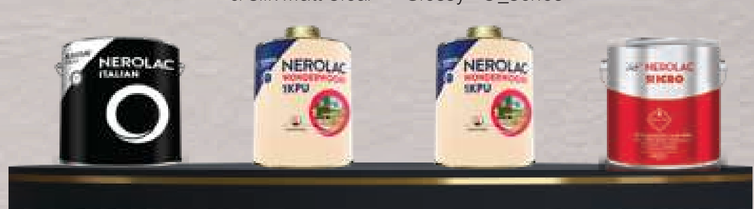
New Launches

Kansai Select (Shikisai) | Beauty Gold Washable NXT | Beauty Smooth Wow White | Impressions HD NXT | Impressions Sheen | Neu Latex Interior White | Excel No Dust

Excel Wow White | Excel Mica Marble Stretch & Sheen NXT | Neu Latex Exterior White | Suraksha Primer

Suraksha Plus Wow White | Nerolac Perma Neroself XL | Gloria NXT | 2K PU White (Sealer, Gloss, Satin Matt)

Universal PU Primer Grey | 1K PU Interior/ Exterior Glossy & Silk Matt Clear | PU Clear/White Sealer, Matt, Glossy - O_Series | Nerolac Icro Special Effect



Decorative Portfolio

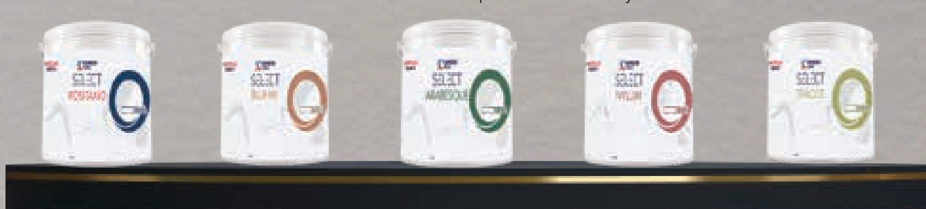
Interior Range

Impressions Kashmir | Impressions Kashmir Hi-Sheen | Impressions Kashmir Matt | Impressions UHD | Impressions HD | Beauty Gold Washable | Beauty Gold

Beauty Sheen | Beauty Smooth NXT | Beauty Smooth | Beauty Little Master Sheen | Beauty Ceiling Emulsion | Beauty Little Master

Candis: Italian Textures

Positano | Bluhm | Arabesque | Nylum | Tracce



Decorative Portfolio

Exterior Range

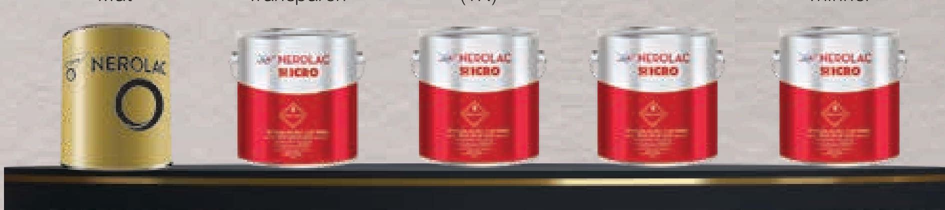
Excel Everlast 12 | Excel Top Guard (Topcoat) | Excel Top Guard (Basecoat) | Excel Total | Excel Total PU Floor Coat | Excel Mica Marble Stretch & Sheen | Excel Mica Marble

Excel Anti Peel NXT | Excel Anti Peel | Suraksha Dust Resist | Suraksha Sheen | Suraksha Plus NXT | Suraksha Plus | Suraksha Acrylic

Wood Coating

Italian 2K PU | Gloria 2K PU | ICRO Range | TermiProtect | Wonderwood 111 Thinner | 1K Melamine Matt/ Glossy

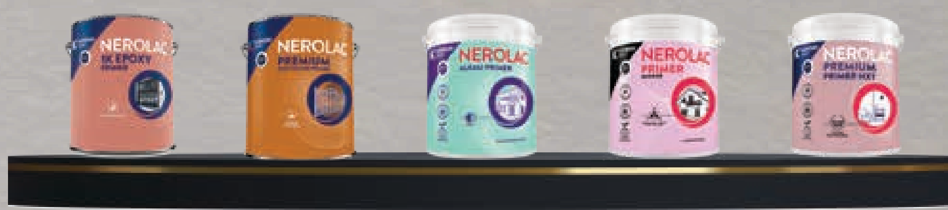
RTU Acrylic Lacquer Mat | Marble Filamento Transparen | Liquid Aluminium (1K) | ICE Effect | ICRO PU Slow Thinner



Decorative Portfolio

Primers

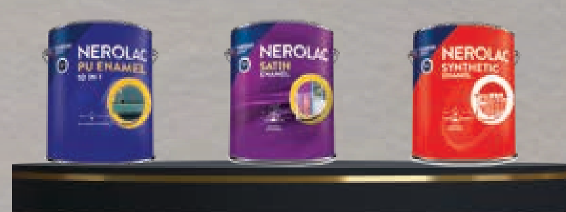
1K Epoxy Primer	Nerolac Zinc Yellow Primer	Excel Alkali Primer	Exterior Primer	Premium Primer NXT



Premium Primer WB	Popular Primer WB	Economy Exterior Primer	Economy Interior Primer	Ready Mix

Enamels

PU Enamel 10 in 1	Satin	Synthetic



Decorative Portfolio

Waterproofing

Nerolac Perma Damp Lock

Nerolac Perma NoDamp+

Nerolac Perma NoDamp

Nerolac Perma Damp Protect Interior

Nerolac Perma Damp Protect Exterior

Nerolac Perma Super 2K

Nerolac Perma Rapid Set

Nerolac Perma Waterproof Putty

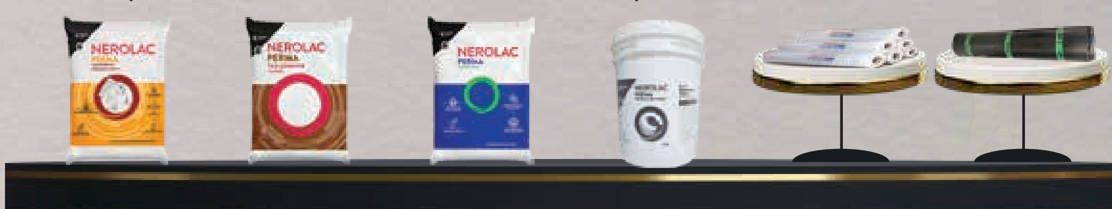
Tile Adhesive

Nerolac Perma Crystal Seal

Nerolac Perma Crystalline

Nerolac Perma Neroshield HDPE

Nerolac Perma Nerotorch

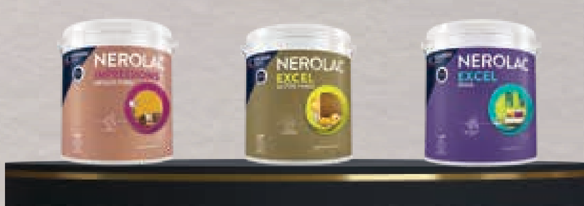


Designer Range

Metallics

Glitter

Ideaz



Decorative Portfolio

Adhesives

Nerofix Gold	Nerofix Aqua Smart	Nerofix	Nerofix Smart	Nerofix Super

Soldier

Soldier Super Sheen Interior Emulsion	Soldier Interior Emulsion	Soldier Popular Exterior Emulsion	Soldier Popular Interior Emulsion

Industrial (New Launches)

Automotive

4-Wheelers

- **Stoving Primer and Topcoat:** Introduced new primer and topcoat designed for superior chip resistance and high solid content, working seamlessly with the 3C1B process.
- **Advanced Appearance Coat:** Enhanced line workability reduces sagging and popping for a smoother finish.
- **Innovative Clear Coat:** Launched a unique clear coat with a refined matting effect, built to resist harsh weather and alkali exposure for long-term durability and elegance.

2-Wheelers

- **Vibrant Two-Coat Shade:** Developed a rich two-coat system for Monocoat that performs exceptionally well on black primers and elevates the design appeal of modern bikes.
- **Versatile Low-Bake Product:** Introduced a new low-bake solution compatible with both plastic and metal surfaces, broadening usage across different parts.
- **Special PU Clear Product:** Launched a Special PU clear product that achieves an exceptional finish at lower dry film thickness and provides superior sagging resistance even at high thicknesses.

Commercial Vehicles

- **Casting Sealer:** Launched a high-end casting sealer with excellent corrosion resistance, ideal for durability in harsh environments.
- **PU Solid Superior Product:** Introduced a PU solid product with superior non-yellowing properties, maintaining long-lasting aesthetics and functionality.
- **Unique Heat-Resistant Product:** Developed a textured finish coating with exceptional heat resistance, enhancing both durability and appearance.
- **Low-Bake Epoxy CED:** Launched low-bake epoxy CED, reducing bake time from 160°C for 10 minutes to 160°C for just 5 minutes, improving efficiency and sustainability.

Performance Coating

General Industrial (GI)

- **Matt Anti-Dust Lacquer:** Developed for electrical appliances, this coating features easy-to-clean properties, reducing maintenance efforts and ensuring a dust-free appearance.
- **Monocoat Paint:** Designed innovative paint, specifically formulated for direct application on oily substrates.

High Performance Coatings (HPC)

- **High-Build Epoxy Glass Flake Coating:** Launched a coating to meet the demands of industrial applications, this coating offers enhanced durability and resistance.
- **Special High-Build Epoxy Paint:** Tailored for use in highly humid areas and jetties in tidal zones.

Powder Coating

- **Anti-Static Coating:** Designed specifically for ESD (Electrostatic Discharge) applications.
- **Monocoat Metallic:** Developed for auto ancillary applications, this coating boasts better abrasion resistance, maintaining its appearance and functionality over time.

Refinish

- **Economy Range Product for Auto Refinish (ARF)** Crafted as an affordable alternative for the automotive refinish segment, delivering consistent results where cost-efficiency matters.

Industrial Portfolio

Automotive

Applications in Industries

Catering to a wide spectrum of the automotive system, including passenger vehicles, commercial vehicles, tractors, 2-wheelers, 3-wheelers, wheels and auto ancillaries.

Key Offerings

- Cathodic Electro Deposition (CED) and Acrylic Cathodic Electro Deposition (ACED) Primers
- 3-Coat 1-Bake System
- Medium Solid & Thermo Setting Acrylic (TSA)
- Polyester Amino Finishes
- Metallic Monocoats
- High-Mar Resistant Clear Coats
- Super Durable Monocoats
- Heat-Resistant Paints
- Interior Coatings for Vehicles
- Polyurethane (PU) Coatings for Metals and Plastics

Performance Coatings – Liquid

(General Industrial + High Performance Coating)

Applications in Industries

Catering to a wide spectrum, including petroleum, metal, chemicals and fertilisers, infrastructure, cement, railways, pipes, precoated steel, bridges, drums and barrels, cylinders, electricals, helmets, pre-engineered buildings and construction equipment.

Key Offerings

- Polyurethane (PU) Primer and Top Coats
- Chlorinated Rubber Coatings
- Epoxy Coating
- Alkyd Primer and Topcoat
- 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

Used extensively across white goods like refrigerators, washing machines, and air conditioners, as well as in lighting, electrical systems, auto parts, architectural frameworks, steel rebars, and pipes, among others.

Key Offerings

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

Auto Refinish

Applications in Industries

Tailored for after-market refinishing and touch-up applications across passenger cars, commercial vehicles, 2 and 3-wheelers, bus bodies, auto components, and furniture.

Key Offerings

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

Our Operational Footprint

KNPL's operations span the length and breadth of India, with manufacturing facilities strategically located to serve both OEM clients and a broad customer base. This strategic positioning provides us with a distinct competitive edge and strengthens our position in the market.

MUMBAI
Headquarters (HO)

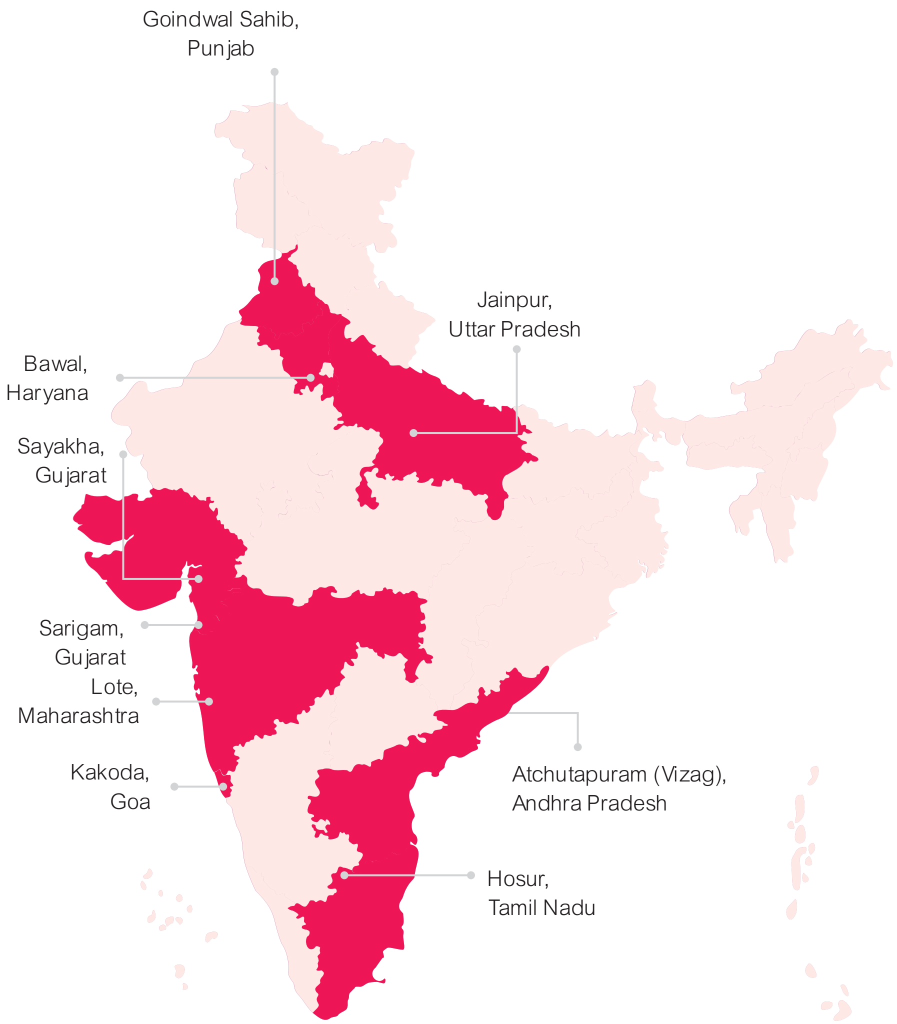
9
Plants

1
Centralised R&D unit at Navi Mumbai

5
Satellite R&D units (2 at Lote and 1 each at Hosur, Bawal and Sayakha)

114
Pan India Depots

7
Regional Distribution Centres (RDCs)



Disclaimer: This map is a generalised illustration only for the ease of the reader to understand the locations and it 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 with its accuracy or completeness.

Marquee Projects

India International Convention Centre - Yashobhoomi (Delhi, DL)

Airport Flyover (Varanasi, UP)

Mausam Bhawan (Delhi, DL)

Mumbai Coastal Road (Mumbai, MH)

Trans Harbour Link (Mumbai, MH)

National Railway Museum (New Delhi, DL)

Our Strategy and Future Orientation

Decorative Business

Paint+, New Products, and Premiumisation

- Launch differentiated, unique products under Paint+
- Facilitate growth in the premium segment, while sustaining and growing in the economy and popular segments

Influencer Strategy: Painters, Architects and Interior Designers

- Enhance NxtGen painting services
- Expand reach, nurture deeper connections and offer loyalty programmes for painters
- Engage with architects and interior designers

New Businesses: Construction Chemicals, Wood Finish, and Adhesives

- Offer a comprehensive product range
- Improve distribution network
- Increase contractor participation

Project Business

- Expand geographical reach
- Develop a pipeline of project sites
- Increase contractor reach
- Separate range of products

Branding and Digital Spending

- Develop Paint+ equity through differentiated product campaigns
- Increase digital spend
- Promote Japanese connect and the Nerolac jingle

Retail Experience

- Provide superior retail experience
- Expand the NxtGen Shoppe network
- Increase shop-in-shop network

Industrial Business

- Provide unique and sustainable solutions as per customer needs
- Use of high-end technology
- Promote premiumisation
- Strengthen presence in new product segments
- Obtain new approvals
- Expand network

Sustainability

- Promote sustainability by focussing on decarbonisation, efficient resource use, improving quality of life and fostering diversity
- Safeguard data privacy and ensure robust cybersecurity measures
- Uphold the highest standards of governance, compliance and risk management practices

Building Organisational Capability

- Enhance digital thrust
- Foster a people-centric approach, prioritising employee well-being and capability building
- Nurture a culture of innovation, collaboration and empowerment
- Deliver quality products and solutions driven by state-of-the-art R&D and advanced manufacturing capabilities

Our Value Creation Model

Input

Financial Capital

Total Borrowings (₹ Crores)	Nil
Total Equity (₹ Crores)	80.84
Retained Earnings (₹ Crores)	6,285.39
Capital Expenditure (₹ Crores)	350.37

Manufactured Capital

No. of Plants	9
Property, Plant and Equipment as on 31st March, 2025 (₹ Crores)	1,935.67
Material Cost (₹ Crores)	4,844.85

Intellectual Capital

Spend on R&D (including Capex) (₹ Crores)	51.86
Innovation and Technical Sessions Held in Different Forums (Nos.)	95
Royalty (₹ Crores)	30.88

Natural Capital

Total Energy Consumption (GJ) (Organisation Wide-Manufacturing Facilities, R&D, Depots, Offices)	5,31,874
Renewable Energy (GJ)	2,40,450
Specific Water Consumption (Manufacturing Facilities) (KL/KL of FG)	1.06
Rainwater Used in Process (KL)	22,815
Green Belt %	33%

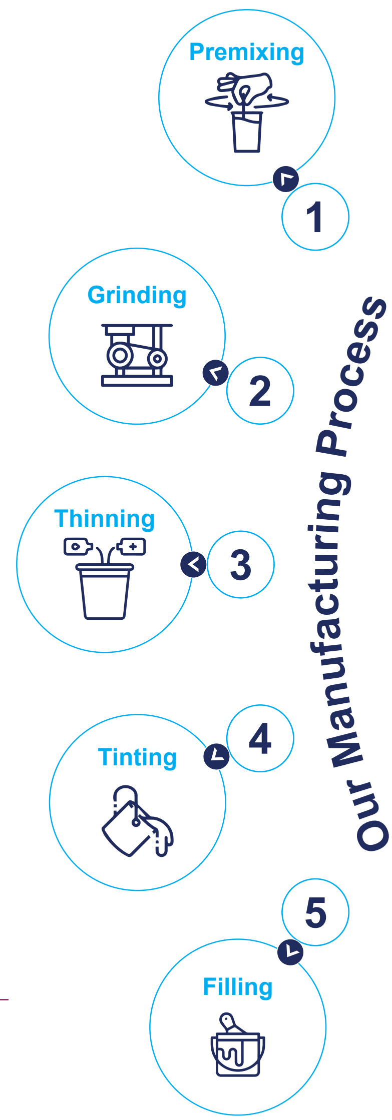
Human Capital

Total Permanent Employees	3,859
Total Man-Hours Dedicated to Safety Training	90,714

Social and Relationship Capital

Raw Material Supplier Base (Nos.)	500+
Total Suppliers Audited (Nos.)	28
CSR Spend (₹ Crores)	13.51

Value Creation Process



Output and Outcomes

Key Enablers

- ICE Culture
- Effective Risk Management
- Technology Robustness
- Customer Services and Experience
- Commitment to ESG
- Governance Beyond Compliance
- Digitalisation

Creating Lasting Value for All Stakeholders

- Business Partners
- Shareholders and Investors
- Employees
- Customers
- Suppliers
- Community
- Influencers
- Government and Regulatory Bodies

Financial Capital

Market Capitalisation (₹ Crores) (As of 31st March, 2025)	18,804
Revenue from Operations (₹ Crores)	7,496.71
EBITDA (₹ Crores)	974.13
PAT (₹ Crores)	1,021.24
Operating Cash Flow (₹ Crores)	647.48
Free Cash Flow (₹ Crores)	324.18
Dividend Paid (₹ Crores)	303.14

Manufactured Capital

Increase in Plant Capacity (Million Litres)	53.7

Intellectual Capital

No. of Patents Filed	4
New Products Launched (Decorative + Industrial)	75+

Natural Capital

GHG Emissions ($MTCO_2e$) (Scope 1 + Scope 2) *including Bioenergy	50,470
Hazardous Waste Generated (% of Finished Goods)	0.25%
Recycled water used (KL)	1,39,029
Plastic Recycled under EPR - PWM (Plastic Waste Management)	12,115 MT
Zero Liquid Discharge at Major Facilities	

Human Capital

Revenue per Permanent Employee (₹ Crores)	1.94
GPTW Trust Index (%) (Once in 2 Years)	76%

Social and Relationship Capital

No. of New Raw Material Manufacturers Added	12
% of Local Sourcing	75%
Lives Touched through CSR Initiatives	80,000+
Income Tax Paid (₹ Crores)	358.64

Staying Engaged with Our Stakeholders

At KNPL, we understand the importance of engaging with our stakeholders regularly, focussing on key aspects like economic, environmental, social and governance. These discussions are essential for identifying the issues that can impact the long-term value we create as a company. By actively involving stakeholders, we ensure that their perspectives play a vital role in our decision-making processes, allowing us to deliver meaningful and sustainable outcomes. Our approach to stakeholder engagement is systematic and ensures timely information exchange, promoting transparency and strengthening the relationships we have built across various groups. We actively seek feedback, using it to refine our approach, increase our positive impact on stakeholders' interests, and prioritise engagement with vulnerable and marginalised stakeholder groups, ensuring their development and fostering strong relationships.

Stakeholder Group

Internal Stakeholder | External Stakeholder | Yes | No

Business Partner

Stakeholder Importance

KNPL's parent company, 'Kansai Paint Co., Ltd., Japan' provides us with technological expertise and supports product development for our business

Stakeholder Category

Whether Identified as Vulnerable and Marginalised Group

Channels of Communication	Frequency of Engagement	Purpose and Scope of Engagement, including Key Topics and Concerns Raised during Such Engagement
Emails	Continuous/Ongoing	Strategy, Business Plans, Performance Status, and Key Initiatives
Board Meetings	Quarterly	
Audits	Continuous/Ongoing	Internal Control Systems
Conferences, Knowledge Sharing Conclaves Meetings	Need Basis	Market Strategy, Knowledge and Best Practices Sharing, and Benchmarking R&D and Manufacturing Assistance

Shareholders and Investors

Stakeholder Importance

They provide financial capital to drive business growth and enhance the Company's image.

Stakeholder Category

Whether Identified as Vulnerable and Marginalised Group

Channels of Communication	Frequency of Engagement	Purpose and Scope of Engagement, including Key Topics and Concerns Raised during Such Engagement
Investor/Analyst Meets	Quarterly	Quarterly and Annual Results, Key Developments and Initiatives, and Q&A
Annual Report	Annual	Corporate Information and Happenings
Annual General Meeting	Annual	
Media Updates and Press Releases	Quarterly/Need Basis	
Website	Continuous/Ongoing	

Stakeholder Group

Internal Stakeholder | External Stakeholder | Yes | No

Employees

Stakeholder Importance

The Company's continued success is driven by the skills, knowledge, experience, and persistent commitment of its employees.

Stakeholder Category: Internal Stakeholder

Whether Identified as Vulnerable and Marginalised Group: No

Channels of Communication	Frequency of Engagement	Purpose and Scope of Engagement, including Key Topics and Concerns Raised during Such Engagement
Emails	Continuous/Ongoing	Human Capital Development
HRMS Portal	Continuous/Ongoing	
Training Programmes	Continuous/Ongoing	
HR Connect Sessions	Continuous/Ongoing	Employee Well-being
Review Meetings	Continuous/Ongoing	Goal and Performance Update
Appraisals	Annual	
Newsletter	Monthly	Company Happenings
Town Halls	Continuous/Ongoing	Improving Productivity and Morale
Employee Engagement Surveys	Biennial	
Annual Conference	Annual	

Stakeholder Group

Internal Stakeholder | External Stakeholder | Yes | No

Customers

Stakeholder Importance

KNPL's success and sustained business growth hinge on effectively meeting customer expectations within the current business environment.

Stakeholder Category: External Stakeholder

Whether Identified as Vulnerable and Marginalised Group: No

Channels of Communication	Frequency of Engagement	Purpose and Scope of Engagement, including Key Topics and Concerns Raised during Such Engagement
Emails	Continuous/Ongoing	New Innovations Sustainability
Meetings	Continuous/Ongoing	
Customer Satisfaction Survey	Annual	Complaint Management and Grievance Redressal
Social Media Platforms	Continuous/Ongoing	Company, Product and Service Information/Advertisements, and Awareness Campaigns
Website	Continuous/Ongoing	Corporate Information, Product and Services Information, Technical and Safety Literature
Digital Apps	Continuous/Ongoing	Customer Interaction

Suppliers

Stakeholder Importance

They are integral to KNPL's value chain, driving operational efficiency and enabling us to exceed customer expectations.

Stakeholder Category: External Stakeholder

Whether Identified as Vulnerable and Marginalised Group: No

Channels of Communication	Frequency of Engagement	Purpose and Scope of Engagement, including Key Topics and Concerns Raised during Such Engagement
Emails	Continuous/Ongoing	Procurement-Related Transactions and Discussions – Material Roadmap – Quality Roadmap
Meetings	Continuous/Ongoing	
Supplier Portal	Continuous/Ongoing	Transaction Interface on Various Supplier-Related Information
Supplier Audits	Continuous/Ongoing	Supplier Qualification
Vendor Development Programmes	Continuous/Ongoing	Quality Enhancement, ESG, Localisation, Capability and Competency Enhancement
Vendor Performance/ Rating	Continuous/Ongoing	Supplier Performance Management
Vendor Conference	Annual	Vendor Interaction with Management

Stakeholder Group

Internal Stakeholder | External Stakeholder | Yes | No

Community

Stakeholder Importance

Communities provide KNPL with a social licence to operate, and it is our responsibility to nurture and strengthen these relationships.

Stakeholder Category: External Stakeholder

Whether Identified as Vulnerable and Marginalised Group: Yes

Channels of Communication	Frequency of Engagement	Purpose and Scope of Engagement, including Key Topics and Concerns Raised during Such Engagement
Community Welfare Programmes	Continuous/Ongoing	CSR
Community Visits/ Meeting	Continuous/Ongoing	Grievances Redressal
Local Authority and Town Council Meetings	Continuous/Ongoing	Community Interaction

Influencer

Stakeholder Importance

Influential individuals like painters, interior designers, architects, contractors, and carpenters, play a key role in shaping consumer preferences and driving purchasing decisions.

Stakeholder Category: External Stakeholder

Whether Identified as Vulnerable and Marginalised Group: No

Channels of Communication	Frequency of Engagement	Purpose and Scope of Engagement, including Key Topics and Concerns Raised during Such Engagement
Meetings	Continuous/Ongoing	Product Offerings
Industry Events and Conferences	Continuous/Ongoing	Engagement and Knowledge Sharing
Training Programmes	Continuous/Ongoing	Skill Upgradation
Digital Apps	Continuous/Ongoing	Transaction Interface on Various Business-related Information

Stakeholder Group

Internal Stakeholder | External Stakeholder | Yes | No

Government Regulatory Bodies

Stakeholder Importance

Ensuring that KNPL's business operations comply with applicable laws and regulations.

Stakeholder Category: External Stakeholder

Whether Identified as Vulnerable and Marginalised Group: No

Channels of Communication	Frequency of Engagement	Purpose and Scope of Engagement, including Key Topics and Concerns Raised during Such Engagement
• Disclosures on Stock Exchanges	Continuous/Ongoing	Compliance with Applicable Laws
• Regulatory Filings	Continuous/Ongoing	
• Regulatory Publications	Continuous/Ongoing	
• Annual Report	Annual	
• Government Websites	Continuous/Ongoing	

Materiality Assessment

At KNPL, materiality assessment serves as the compass for identifying the key factors that significantly impact both the Company's performance and stakeholders' interests. By analysing these material topics, we set clear goals and ambitions, ensuring the creation of a strong sustainability framework. Our materiality processes are in line with the Global Reporting Initiative (GRI) Standards, guaranteeing both transparency and accountability at every step of our sustainability efforts.

Our process for identifying key material topics is comprehensive and data-driven. We analyse industry sectors, benchmark against peer organisations, reference established sustainability standards and leverage historical insights to compile a comprehensive list of material topics. Through meaningful consultations with both internal and external stakeholders, including senior management, we prioritise these topics based on their impact and relevance. With a clear understanding of our focus areas, we create actionable plans with strategic goals and targets. We continuously monitor performance against these targets, adjusting the plan as needed to ensure alignment with our long-term objectives.

1. Identification and Assessment of Material Topics
2. Prioritisation of Material Topics
3. Set Strategic Goals and Targets
4. Develop Action Plan
5. Review of Performance

Materiality

Our material topics have been divided into five essential areas: Decarbonisation, Resource Use, Quality of Life, Diversity and Governance.

DECARBONISATION

- Energy Management
- Emission Management
- Climate Change

RESOURCE USE

- Water Management
- Waste Management
- Product Stewardship
- Responsible Product
- Sustainable Supply Chain

QUALITY OF LIFE

- Human Rights
- Occupational Health and Safety
- Employee Engagement and Well-being
- Community Development
- Customer Satisfaction

DIVERSITY

- Diversity (Age, Gender, and Regional)
- Inclusivity

GOVERNANCE

- Corporate Governance
- Risk Management
- Innovation/IP Management
- Compliances

Materiality	Material Topic	GRI Topic	Boundary	Capitals Impacted
Decarbonisation	Energy Management	GRI 302: Energy	Internal, External	Natural Capital
	Emissions Management	GRI 305: Emissions	Internal, External	Natural Capital
	Climate Change	Non-GRI	Internal, External	Natural Capital
Resource Use	Water Management	GRI 303: Water and Effluents	Internal, External	Natural Capital
	Waste Management	GRI 306: Waste	Internal, External	Natural Capital
	Product Stewardship	GRI 416: Customer Health and Safety	Internal, External	Intellectual Capital, Manufactured Capital, Social Capital
	Responsible Product	Non-GRI	Internal, External	Intellectual Capital, Manufactured Capital, Social Capital
	Sustainable Supply Chain	GRI 308: Supplier Environmental Assessment GRI 414: Supplier Social Assessment	Internal, External	Social Capital, Natural Capital
Diversity	Diversity (Age, Gender, and Regional)	GRI 405: Diversity and Equal Opportunity	Internal	Human Capital
	Inclusivity	GRI 406: Non-Discrimination	Internal	Human Capital

Internal

Financial Capital

Intellectual Capital

Manufactured Capital

External

Natural Capital

Human Capital

Social Capital

Materiality	Material Topic	GRI Topic	Boundary	Capitals Impacted
Quality of Life	Human Rights	GRI 408: Child Labour GRI 409: Forced and Compulsory Labour	Internal, External	Human Capital, Social Capital
	Occupational Health and Safety	GRI 403: Occupational Health and Safety	Internal	Human Capital
	Employee Engagement and Well-being	GRI 401: Employment GRI 404: Training and Education	Internal	Human Capital
	Community Development	GRI 413: Local Communities	External	Social Capital
	Customer Satisfaction	Non-GRI	External	Social Capital
Governance	Corporate Governance	GRI 2: General Disclosures	Internal	Financial Capital, Human Capital, Social Capital
	Risk Management	GRI 2: General Disclosures	Internal	Financial Capital, Manufactured Capital, Intellectual Capital, Natural Capital, Human Capital, Social Capital
	Compliances	GRI 2: General Disclosures	Internal, External	Financial Capital, Manufactured Capital, Natural Capital, Social Capital
	Innovation/IP Management	Non-GRI	Internal, External	Financial Capital, Manufactured Capital, Intellectual Capital

Internal | **External** | **Financial Capital** | **Natural Capital** | **Intellectual Capital** | **Human Capital** | **Manufactured Capital** | **Social Capital**

Opportunities and Threats

Opportunities

CONSUMER TRENDS

- **Premium Products:** Rising disposable incomes lead to increased demand for high-quality paints
- **Service Orientation:** Increasing preference for services and a growing focus on aesthetics
- **Eco-friendly Options:** Growing consumer awareness drives demand for sustainable and low-VOC paints
- **Urbanisation:** New homeowners are seeking decorative solutions

POLICY SUPPORT

- **Government Impetus for 'Make in India':** Rising government impetus creates additional demand for paints and coatings
- **Real Estate Growth:** Increasing investments in real estate helps create substantial opportunities
- **Infrastructure Projects:** Growing government focus on infrastructure drives demand for durable coatings

DIGITAL

- **Digital Marketing:** Enhancing engagement through targeted digital strategies boosts brand loyalty
- **Digitisation of Operations:** Improving efficiency and product offerings through the adoption of technology
- **Data Analytics:** Insights into consumer preferences enable tailored marketing and product development

PER CAPITA CONSUMPTION

- **Paint Consumption per Capita:** India's low per capita paint consumption, compared to developed nations, underscores the sector's untapped growth potential
- **Renovation Trends:** Increased home improvement projects drive higher paint usage
- **Urbanisation Impact:** Increasing overall consumption, growth in urban areas plays a key role

NEW MARKET SEGMENTS

- **Industrial Applications:** Growth in sectors like automotive and construction creates demand for specialised coatings
- **Decorative Segment Growth:** Innovative products tailored to evolving preferences, enable brands to cater to the diverse tastes of home décor consumers

SPECIALTY NICHES

- **Customisable Solutions:** Tailored paint options attract niche markets seeking unique aesthetics
- **Innovative Finishes:** Unique textures and finishes can differentiate products in the market

ENVIRONMENT, SOCIAL, AND GOVERNANCE (ESG)

- **Sustainability Focus:** Adopting sustainable practices and embracing inclusivity & diversity
- **Investment in Green Technologies:** Researching eco-friendly technologies to provide sustainability-focussed products

Threats

CLIMATE CHANGE

- **Supply Chain Disruptions:** Extreme weather events can impact raw material availability and production timelines, disrupting supply chains
- **Regulatory Challenges:** Stricter environmental regulations may require costly investments in sustainability
- **Resource Scarcity:** Climate-related factors can cause shortages of key raw materials and natural resources like water, hindering production continuity

CYBERSECURITY

- **Data Breaches:** Growing dependence on digital systems can result in cyberattacks, threatening sensitive data
- **Operational Disruptions:** Cyber threats can disrupt manufacturing and supply chain processes
- **Website Non-Availability:** Interruptions in website availability limit customer access

NEW COMPETITION

- **New Market Players:** Intensifying competition from new entrants is leading to aggressive pricing strategies and reduced margins

GEOPOLITICAL

- **Trade Tariffs:** Changes in trade policies can raise costs for imported raw materials
- **Supply Chain Disruptions:** Geopolitical uncertainties can create challenges, leading to supply chain instability

FINANCIAL

- **Currency Fluctuations:** Volatile exchange rates can impact costs
- **Duties & Quality Control Orders:** Increased cost of imported materials

Risk 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

IDENTIFYING RISKS

- Taking a holistic view of the business environment, both internal and external to identify any potential risks that could impact operations

ANALYSING 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

PROMOTING RISK CULTURE

- Fostering a culture of raising awareness through programmes and raising understanding about risk, controls and mitigation strategies

MANAGING AND MONITORING RISKS

- Developing clear and actionable plans to address critical risks, with operational teams responsible for ensuring these strategies are carried out effectively
- Ensuring adherence to relevant regulations, the Risk Management Committee convenes at least twice a year to review progress and compliance

REPORTING RISKS AND MITIGATION PLANS TO THE AUDIT COMMITTEE

- Sharing detailed updates on risks, exposures, and mitigation plans to the Audit Committee by the Risk Management Committee

Risk Classification

STRATEGIC RISK

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.

STATUTORY RISK

KNPL is exposed to multitudes of constantly changing local legislations. There exists a risk of non-compliance or delay in compliance with statutory requirements.

FINANCIAL RISK

Risks arising from currency fluctuations and market volatility, which can directly impact profitability.

SYSTEM RISK

The increasing reliance on IT systems calls for a firm foundation of digital controls. Safeguarding against threats to information security and maintaining system reliability are now critical to smooth and secure operations.

OPERATIONAL RISK

This covers the full range of business processes, from sourcing and production to delivery and service. Operational risk also includes environmental performance, workforce behaviour, and how we uphold our core values and conduct guidelines.

Emerging Risks

Climate Change Related Risks

CLASSIFICATION

Strategic Risk

OVERVIEW

- Physical Risks: These include extreme weather conditions, including flash floods, rising sea levels, storm surges and heavy rainfall
- Transitional Risks : These include climate change risks such as market reputation and technology risk

IMPACT

- Stoppage of business operations
- A decline in brand reputation and loss of customer confidence
- The costs associated with adopting low-carbon technologies could raise overall operational expenditures

MITIGATION STRATEGY

- **Business Continuity:** A comprehensive framework and policy in place to manage disruptions
- **Product Development**
  - Focussed efforts on developing environmentally sustainable products.
  - Working towards securing green product certifications to meet environmental standards
- **Emissions & Climate Action**
  - Meeting near-term emission reduction goals set by SBTi
  - Aligning financial risk mitigation strategies with the TCFD framework

Risks arising due to emerging ESG regulations within the country

CLASSIFICATION

Statutory Risk

OVERVIEW

- Changing Regulations: The evolving landscape of Environmental, Social, and Governance (ESG) regulations is impacting multiple areas, including:
  - Plastic Waste Management
  - Chemical Safety Management

IMPACT

- Legal and regulatory repercussions stemming from non-compliance with new or updated regulations
- Risk of reputational harm if the Company fails to meet ESG standards, impacting public perception and customer trust

MITIGATION STRATEGY

- **Proactive Monitoring:** Tracking government websites regularly to stay informed of emerging regulatory changes
- **Regulatory Dashboard:** Implementing a dynamic dashboard to efficiently track and monitor upcoming regulations
- **Tech-driven Compliance:** Leveraging IT-enabled system to ensure continuous compliance and swift responses to regulatory updates

Risks from Water Scarcity

CLASSIFICATION

Operational Risk

IMPACT

- Disruption in production due to insufficient water supply
- Rising expenditure on alternative water sources

OVERVIEW

- Growing pressure on freshwater availability poses a tangible threat to operations, especially in water-stressed geographies

MITIGATION STRATEGY

- **Driving Down Consumption Intensity:** Reducing specific water consumption per unit of output
- **Reclaiming & Reusing Water:** Reusing treated water wherever feasible
- **Harvesting Every Drop:** Increasing water regeneration through rainwater harvesting systems
- **Monitoring with Precision:** Conducting regular water audits and assessments

Nurturing Our Capitals and ESG Approach

At KNPL, we follow a holistic triple bottom-line philosophy (3P: People, Planet and Profit), carefully managing the six essential capitals: Natural, Human, Financial, Manufactured, Intellectual and Social and Relationship, to achieve our strategic objectives. With a deep sense of corporate responsibility, we carefully align these capitals with the United Nations' Sustainable Development Goals (UN SDGs), driving both our purpose and progress across our endeavours.

NATURAL CAPITAL

- 6 CLEAN WATER AND SANITATION
- 7 AFFORDABLE AND CLEAN ENERGY
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 15 LIFE ON LAND

FINANCIAL CAPITAL

- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

SOCIAL AND RELATIONSHIP CAPITAL

- 3 GOOD HEALTH AND WELL-BEING
- 4 QUALITY EDUCATION
- 5 GENDER EQUALITY
- 6 CLEAN WATER AND SANITATION
- 7 AFFORDABLE AND CLEAN ENERGY
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 10 REDUCED INEQUALITIES
- 11 SUSTAINABLE CITIES AND COMMUNITIES
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 15 LIFE ON LAND
- 17 PARTNERSHIPS FOR THE GOALS

MANUFACTURED CAPITAL

- 8 DECENT WORK AND ECONOMIC GROWTH
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION

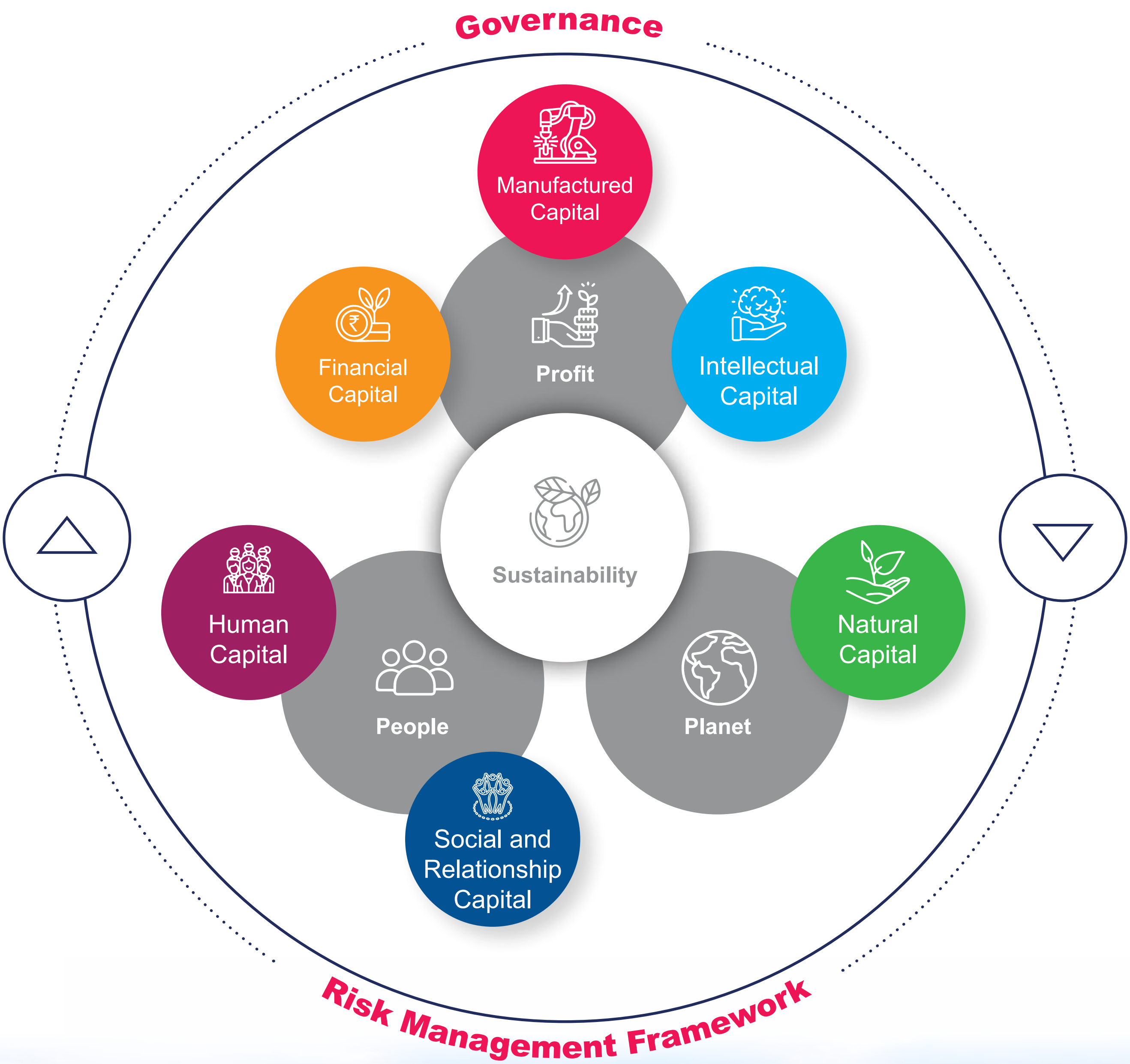
INTELLECTUAL CAPITAL

- 4 QUALITY EDUCATION
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION

HUMAN CAPITAL

- 3 GOOD HEALTH AND WELL-BEING
- 4 QUALITY EDUCATION
- 5 GENDER EQUALITY
- 8 DECENT WORK AND ECONOMIC GROWTH

ESG Approach



Progress on Materiality

ENVIRONMENTAL

Reducing Environmental Impact and Sustainable Sourcing

DECARBONISATION

(MATERIALITY 1)

(The initiatives undertaken and their performance are detailed in the Natural Capital section of the Annual Report.)

APPROACH

- Increase the contribution of energy from renewable sources
- Align with targets set as per the Science Based Targets initiative (SBTi) for near-term emissions reduction in line with the 1.5°C trajectory
- Use alternative clean and green fuels
- Assess risks as per the Task Force on Climate-Related Financial Disclosures (TCFD) framework
- Reduce specific power consumption (SPC)
- Develop greenbelt areas near factory locations

COMMITMENT

- Reduce Scope 1 & 2 emissions by 46.2% by 2030, from the baseline of FY 2018-19
- Minimise Scope 3 intensity by 55% by 2030, from the baseline FY 2018-19
- Achieve 70% renewable electricity (RE70) by 2030

PROGRESS

- Utilised 39% of electricity from renewable sources
- Achieved 13% reduction in Scope 1 & 2 emissions from the baseline of FY 2018-19
- Accomplished 11% reduction in Scope 3 intensity from the baseline of FY 2018-19
- Planted 23,789 trees

Greenbelt Development - Sayakha Plant

RESOURCE USE

(MATERIALITY 2)

(The initiatives undertaken and their performance are provided in the Natural Capital section of the Annual Report.)

APPROACH

- Reduce water footprint by increasing water efficiency, rainwater and recycled water consumption within operations
- Improve water availability in the communities where KNPL operates through watershed development projects
- Facilitate co-processing of waste across all plants
- Implement Specific Water Consumption (SWC) and Specific Hazardous Waste Generation (SHWG) reduction targets
- Leverage R&D strength to develop green, sustainable and responsible products
- Recycle post-consumer plastic waste
- Increase the use of recycled content in plastic packaging material
- Engage with suppliers to assess their carbon footprint

COMMITMENT

- Sustain ‘Water Positive’ status
- Divert waste away from landfill
- Increase sustainable product portfolio
- Manage plastic waste by reducing and recycling post-consumer plastic waste

PROGRESS

- Maintained 'Water Positive' status in FY 2024-25
- Recycled 12,115 MT of plastic waste as part of EPR
- Included 10% of recycled content in plastic PM in select products
- Engaged with 200+ suppliers to train them on the importance of GHG accounting and assessment of GHG emissions
- Conducted training for value chain partners on the 9 principles of BRSR

Progress on Materiality

Crop Donation under Project Annapurna

Social

Empowering People & Communities

QUALITY OF LIFE

(MATERIALITY 3)

(The initiatives undertaken and their performance are detailed in the Human Capital and Social and Relationship Capital of the Annual Report.)

APPROACH

- Foster safe and healthy working conditions
- Promote equality
- Engage employees
- Champion human rights
- Incorporate a robust code of conduct
- Maintain a dedicated internal complaints committee (ICC)
- Implement community development initiatives

COMMITMENT

- Ensure zero incident/accident
- Foster behavioural-based safety culture
- Ensure zero human rights abuse
- Encourage employee participation in CSR initiatives

PROGRESS

- Achieved zero incident/accident across manufacturing plants
- Conducted trainings on social conduct at work place, human rights, for employees
- Received the 'Golden Peacock' Award for Corporate Social Responsibility (GPACSR)
- Touched 80,000+ lives through CSR
- Observed >28% employee participation in CSR initiatives
- Zero observations on discrimination

Promoting Education through CSR Activities

DIVERSITY

(MATERIALITY 4)

(The initiatives undertaken and their performance are provided in the Human Capital and Social and Relationship Capital of the Annual Report.)

APPROACH

- Foster diversity and nurture inclusivity by promoting advancement for colleagues, culture and communities
- Ensure zero discrimination on the basis of gender, race, age, religion, or ethnicity
- Nurture an inclusive culture, guarantee equitable opportunities, and strengthen diverse talent pipelines

COMMITMENT

- Sustain and progressively enhance gender diversity and inclusivity

PROGRESS

- Achieved 4.7% gender diversity among permanent employees, excluding workers, and 3.9% among permanent employees, including workers

Women's day celebration at Hosur Plant

Progress on Materiality

Governance

Ensuring Ethical, Transparent and Accountable Actions

GOVERNANCE
(MATERIALITY 5)

(The initiatives undertaken and their performance are detailed in the Corporate Overview and Statutory Reports sections of the Annual Report.)

APPROACH

- Conduct risk assessment via enterprise risk management (ERM) framework
- Board oversight on ESG
- Ensure statutory compliance
- Promote fair practices across the value chain
- Adopt best practices in corporate governance
- Conduct third-party assurance on selected non-financial parameters and impact assessments for CSR activities

COMMITMENT

- Zero non-compliance
- Reduce enterprise risk
- Promote risk culture
- Promote ESG and sustainability among the value chain partners

PROGRESS

- Conducted biannually, Board-level Risk Committee review
- Board oversight on ESG performance
- Held annual ESG performance reviews by ESG Committee
- Trained 400+ employees on risk management

Safety Week Activities - Sayakha Plant

Recognition – Celebrating Awards and Accolades

EcoVadis

Awarded a Bronze medal, KNPL ranks in the top 26% of companies assessed by EcoVadis.

FTSE

Rated within the top 12% of companies in the FTSE4Good Assessment 2024, KNPL has been recognised as a constituent of the FTSE4Good Index.

S&P Global CSA 2024

Rated among the top 8% globally within the chemical industry group in the S&P Global Corporate Sustainability Assessment 2024, KNPL is also a constituent company of the S&P Global LargeMidCap ESG Index.

CRISIL ESG

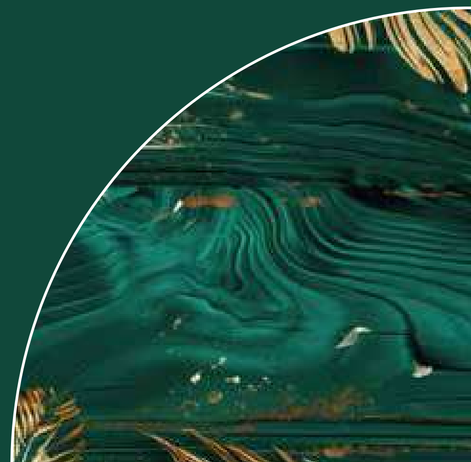
Classified in the 'Strong Category' by CRISIL ESG Ratings, we underscore our robust ESG framework and commitment to sustainability.

Assurance

In line with our commitment to transparency, KNPL's ESG disclosures undergo independent assurance. For FY 2024-25, we continued the engagement with M/s Aneja Assurance Pvt Ltd, a trusted external agency, which follows the globally recognised International Standard on Assurance Engagement (ISAE) 3000. Additionally, this process ensures that our reports fully comply with the GRI's Sustainability Reporting Standards. The complete assurance report is available at: https://www.nerolac.com/sustainability.html

NATURAL CAPITAL

Our commitment to environmental stewardship continues to deepen as we reach key milestones in our sustainability journey. We have raised our share of renewable electricity usage to 39%, marking strong progress in our transition to cleaner energy sources and significantly reducing our carbon footprint. In parallel, we have sustained our 'Water Positive' status for another consecutive year, demonstrating that we consistently replenish more water than we consume, and reinforcing our long-term dedication to responsible resource management. Through innovative water recycling systems and conservation measures, we have reduced our specific water consumption while enhancing local watershed health. Our zero liquid discharge (ZLD) facilities continue to set the standard for responsible water management in manufacturing operations.



Linkages

STAKEHOLDERS

- Employees
- Customers
- Suppliers
- Community
- Government
- Regulatory Bodies

MATERIALITY

- Decarbonisation
- Resource Use
- Governance

UN SDGs

- 6 CLEAN WATER AND SANITATION
- 7 AFFORDABLE AND CLEAN ENERGY
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 15 LIFE ON LAND

HIGHLIGHTS

45%
Energy from Renewable Sources

39%
Electricity from Renewable Sources

Water Positive

BACKDROP

As a responsible corporate citizen, we recognise that sustainable development is integral to our long-term success and the well-being of the communities we serve. Our environmental stewardship is driven by a holistic approach that balances operational excellence with the need to protect natural resources and mitigate the climate change impact.

RESPONSE

Over the years, we have accelerated our transition to cleaner energy by significantly increasing our use of renewable electricity, thereby reducing greenhouse gas emissions and supporting global climate goals. Water stewardship remains a priority, with water conservation and recycling initiatives ensuring that we replenish more water than we consume, while safeguarding local ecosystems. Our waste management approach prioritises resource recovery and circularity, transforming by-products into useful inputs and minimising waste to landfill. As part of our commitment to environmental preservation, we have initiated the creation of Miyawaki forests at our plant sites, enhancing local biodiversity and promoting green cover. Additionally, we continue to strengthen environmental governance across our supply chain, ensuring that sustainability standards are embedded at every level. These efforts collectively reinforce our pledge to lead by example in building a more sustainable future.

OUR FOCUS

Climate Action

- Commitment to Science Based Targets initiative (SBTi)
- Alignment with Taskforce on Climate-Related Financial Disclosures (TCFD)
- Reporting of GHG emissions
- Improving air quality by controlling air emissions

Water Management

- Conserving water through recycling and reuse
- Increasing the usage of rainwater
- Ensuring zero liquid discharge practices
- Reducing specific water consumption (SWC) by minimising freshwater consumption

Energy Management

- Implementing diverse ENCON programmes to optimise energy efficiency across operations
- Maximising renewable portfolio in total energy consumption
- Adopting new and innovative technologies for energy optimisation

Waste Management

- Diverting waste away from the landfill
- Ensuring plastic waste management through recycling and reduction

Product Stewardship

- Obtaining green product certifications
- Conducting life cycle assessment
- Using renewable raw materials
- Reducing or eliminating the usage of hazardous materials

Material Management

- Ensuring sustainable sourcing
- Ensuring rigorous quality standards for incoming materials
- Increasing resource efficiency

Greenbelt Development

- Creating and maintaining green spaces within Company properties and surrounding communities
- Implementing advanced Miyawaki forestry techniques for rapid, dense greenbelt development

Ensuring Environmental Compliance

- Securing proper environmental permissions and authorisations
- Meeting all documentation and reporting obligations to regulatory bodies

Effluent Treatment at Sayakha Plant

Climate Change Management and Emissions Management

As climate-related challenges such as flash floods, rising sea levels, storm surges, and intense rainfall become increasingly frequent, KNPL recognises the need for proactive and innovative strategies to strengthen business resilience and ensure continuity. These extreme weather events not only pose immediate operational risks but also have implications on resource availability and long-term sustainability. In response, we have reaffirmed our commitment to a transformative path forward, prioritising the integration of renewable energy sources like wind and solar power into our operations. This strategic shift is designed to significantly reduce the Company's carbon footprint, ensuring a cleaner and more sustainable energy supply that aligns with global initiatives to combat climate change.

Renewable Energy

At KNPL, we remain firmly committed to accelerating our renewable energy transition, with a continued focus on integrating wind and solar power as core components of our energy portfolio. This year, we have further expanded our renewable electricity portfolio to 39%, increasing the share of clean energy in our operations. Currently, a substantial portion of our energy comes from renewable sources like biomass, solar, and wind. This positions us as a leader in sustainable energy practices. Our ongoing efforts to diversify our energy sources reflect our dedication to reducing greenhouse gas (GHG) emissions and promoting environmental sustainability.

Task Force on Climate-Related Financial Disclosures (TCFD)

This year, we continued to leverage the TCFD framework to manage climate-related risks and opportunities effectively. By evaluating and quantifying various climate-related aspects, including physical and transitional risks, and opportunities, we gain a comprehensive understanding of the financial implications and potential impacts on our operations, supply chain, and overall business strategy. This approach enables us to mitigate risks and capture opportunities arising from climate-related changes, aligning our business strategy with the transition to a low-carbon and sustainable future.

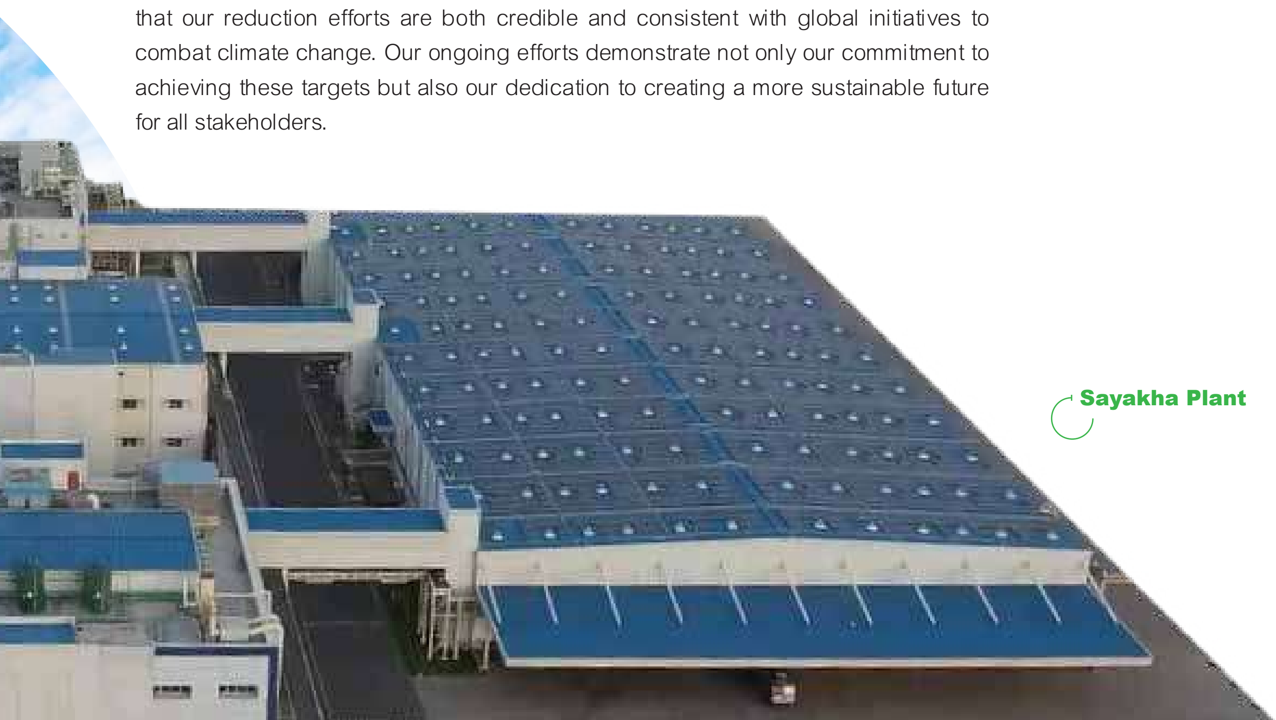
Greenhouse Gas Emission Reduction Targets

Building on the momentum of our sustainability journey, we remain steadfast in our commitment to reducing GHG emissions. Last year, we achieved a significant milestone by receiving approval from the Science Based Targets Initiative (SBTi) for our ambitious near-term science-based targets. This approval underscores our ambition and the credibility of our goals, which are aligned with the global initiative to limit global warming to 1.5° C.

By aligning our GHG emissions targets with the latest climate science, KNPL ensures that our reduction efforts are both credible and consistent with global initiatives to combat climate change. Our ongoing efforts demonstrate not only our commitment to achieving these targets but also our dedication to creating a more sustainable future for all stakeholders.

GHG Emissions Reporting and Management

In line with our commitment to transparency, we continue to adhere to the Greenhouse Gas Protocol for measuring and disclosing our GHG emissions. We collect GHG emissions data in a structured manner across our operations, covering both direct emissions from combustion and indirect emissions from purchased electricity and other energy sources. Our ongoing adherence to the SBTi Guidelines ensures that our emissions align with ambitious reduction goals.



Sayakha Plant

Approach to Emissions Calculation

We continue to estimate GHG emissions using guidelines from the World Resource Institute's (WRI) GHG Protocol, the Central Electrical Authority (CEA) database, and the GaBi database. This comprehensive approach ensures that our emissions reporting is accurate, reliable, and aligned with global standards, reflecting our commitment to transparency and accountability in our sustainability efforts.

Types of GHG Emissions Accounted

Scope 1 GHG Emissions

- Captive Power Generation from DG
- Fuel Consumption in Boilers
- Emissions from Bioenergy

Scope 2 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
- Category 4: Upstream Transportation and Distribution
- Category 5: Waste Generated in Operations
- Category 6: Business Travel
- Category 7: Employee Commuting
- Category 9: Downstream Transportation and Distribution
- Category 10: Processing of Sold Products (Optional)
- Category 12: End of Life Disposal

Performance

KNPL's boundary includes 9 manufacturing locations in India, along with R&D, regional offices, depots, OPCs and domestic/international subsidiaries.

GHG Emission (MT CO_2e)	FY 2018-19 (Baseline)	FY 2023-24	FY 2024-25
Scope 1	6,522	7,886	8,750
Scope 2	51,719	43,051	41,720
Scope 1 + 2	58,241	50,937	50,470
Scope 3 (Mandatory)	8,47,466	10,36,073	9,73,658
Scope 3 (Optional)	7,76,321	8,38,374	9,12,879

Our GHG emissions (Scope 1 + Scope 2) decreased by 13% from baseline FY 2018-19.

Solar Tree at Bawal

GHG Emissions Reduction Initiatives

This year, we have continued to implement a multifaceted strategy to reduce GHG emissions:

- **Detailed Inventory and Monitoring:**
  Ensuring accurate tracking of greenhouse gases to inform reduction efforts
- **Lower Emission Fuels:**
  Utilising fuels with lower emissions to reduce direct emissions and enhance operational efficiency
- **Renewable Portfolio Expansion:**
  Increasing the use of solar and wind power continuously to reduce reliance on fossil fuels and enhance sustainability
- **Value Chain Collaboration:**
  Collaborating with value chain partners to achieve broader emissions reductions and promote sustainable practices across the supply chain

Air Quality

We place strong emphasis on maintaining and improving air quality across our operations. This stems from the understanding that clean air is vital to the health and well-being of our employees, the surrounding environment, and the communities in which we operate.

AHU at Jainpur Plant

Improved Air Quality Initiatives

Monitoring Approach

- Comprehensive ambient air quality monitoring
- Tracking stack emissions and VOC levels
- Installing cutting-edge air quality management systems

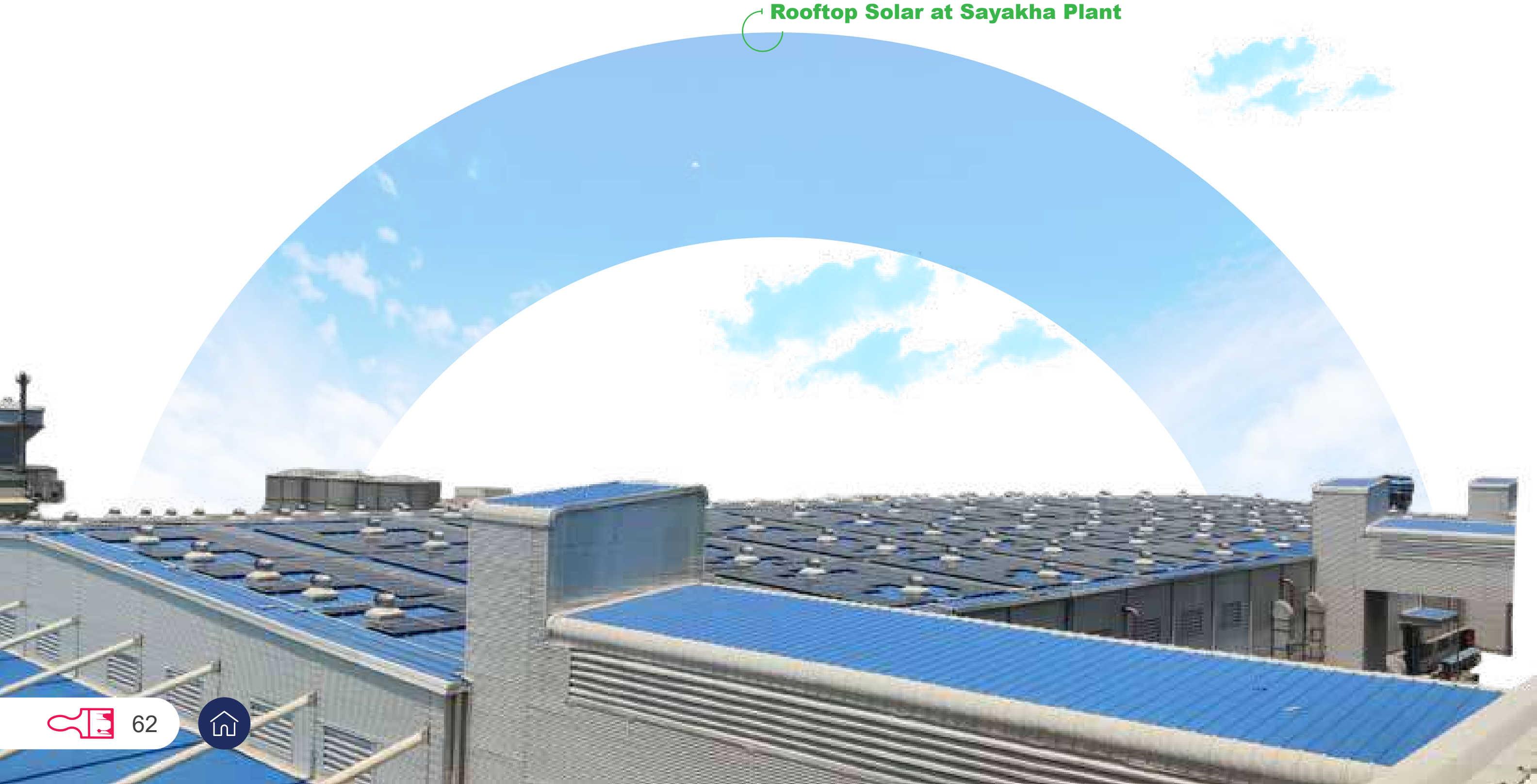
Approach to Air Quality Management

External Monitoring and Control

Air Quality/VOC Monitoring

All our manufacturing facilities undergo regular emissions and air quality monitoring by accredited external agencies. In line with the 2009 National Ambient Air Quality Standards (NAAQS), we have implemented comprehensive control measures to ensure emissions remain well within prescribed limits.

Rooftop Solar at Sayakha Plant



Advanced Pollution Control

We have implemented state-of-the-art pollution control technologies including:

- Air handling units (AHUs)
- Dust collectors
- Fume extractors
- Forced draft ventilation systems
- Installed scrubbers in resin areas
- Cyclone separators in solid fuel boilers
- Suspended particulate matter (SPM) control: Our Suspended Particulate Matter system is equipped with an activated carbon filter to filter air emissions

Continuous Monitoring

Our online stack monitoring systems enable real-time tracking to ensure compliance with prescribed emission limits.

In regard to ODS emissions, ozone depleting R-22 refrigerant is in use only in limited quantities at old facilities for work-area air conditioning; while R-134a and R-407c, refrigerant gas with zero ozone depleting potential is majorly used organisation-wide.

Performance Metrics

Company-wide Ambient Air Quality

PM10
($\mu g/m^3$)

FY 2024-25	68
Statutory Limit	100

PM2.5
($\mu g/m^3$)

FY 2024-25	33
Statutory Limit	60

NO_x
($\mu g/m^3$)

FY 2024-25	22
Statutory Limit	80

SO_x
($\mu g/m^3$)

FY 2024-25	14
Statutory Limit	80

Way Forward

We have continued to implement our holistic emission reduction strategy, including the identification of emission hotspots across Scope 1, 2, and 3 operations. This enables us to better understand our carbon impact and target our reduction efforts more effectively. Our commitment to sustainability remains steadfast, with a continued focus on eco-innovative solutions that minimise our environmental footprint, mitigate climate impact, and safeguard natural resources for future generations. Looking ahead, we will build on these efforts to drive tangible progress in emissions management and reinforce our environmental accountability.

Energy Management

At KNPL, energy efficiency is a key environmental priority that drives our commitment to implementing diverse energy-saving initiatives. We continuously seek environmentally responsible and cost-effective solutions to reduce consumption and optimise performance. We remain committed to reducing our energy footprint.

At KNPL, we measure our energy management progress using key performance indicators (KPIs), such as specific power consumption (SPC) and specific fuel consumption (SFC), capacity addition of green power, percentage of green power utilisation, power factor controls, fuel mapping, and adoption of greener alternatives. These metrics help us track and evaluate the advancements made in optimising energy usage and transitioning to more sustainable energy sources.

During the year, our facility at Hosur was certified by ISO 50001 and we aim to have all our plants and energy management systems certified through ISO 50001. This international standard certifies our commitment to energy performance and sustainability.

Approach

Energy Conservation

- Adopting new technologies which help reduce energy consumption and decrease energy intensity: SFC and SPC
- Focussing on horizontal deployment of successful initiatives
- Digitising the entire energy distribution network through energy management for effective tracking, monitoring and identifying areas for improvement
- Migrating to open access renewable power sourcing through 'group captive' and 'third-party power,' among others, thereby reducing dependency on the state grid
- Migrating to cleaner fuels like PNG and usage of additives to improve efficiency

Performance

In FY 2024-25, we consumed 5,31,874 GJ of energy within the Company, with an overall energy intensity of 1.44 GJ/KL of finished goods (FG). The total renewable energy consumed was 2,40,450 GJ, accounting for 45% of the Company's total energy consumption.

Maximising Renewable Energy Consumption in Our Total Energy Mix

At KNPL, we continue to explore and adopt to environment-friendly options. This includes renewable energy sources like solar and wind power. By doing so, we have gradually decreased our reliance on fossil fuels and contributed to overall decarbonisation efforts.

The following green energy projects were commissioned in the reporting year:

- A captive wind turbine of 2.1 MW in the state of Gujarat
- A PNG system in factories at Lote and Sayakha

We are committed to steadily advancing towards achieving our RE 70 targets on a Company-wide scale.

Electricity from Renewable Sources - Manufacturing Facilities (%)

FY 2024-25	39
FY 2023-24	38
FY 2018-19	19

Process Heat and Steam from Renewable Source - Manufacturing Facilities (%)

FY 2024-25	100
FY 2023-24	100
FY 2018-19	92

Energy Efficiency Initiatives

- Implementation of heat recovery system in compressors
- Implementation of fuel catalyst to improve efficiency
- Merging of chillers and compressed air systems
- Implementation of Pump Coatings for reduction of frictional losses on high capacity Centrifugal Pumps

Case Study

Waste heat recovery system

Compressed air is among the most energy-intensive utilities, with approximately 80% of the electrical energy used being lost as untapped heat. The waste heat recovery system captures heat from hot compressor oil to raise water temperature. This heated water is then repurposed for applications such as boiler preheating, cleaning, and chemical processes, reducing the need for additional energy and improving overall efficiency.

Our Commitment

At KNPL, we aim to achieve a 70% Renewable Power contribution to our overall power mix by 2030.

Use of Cleaner Fuels with Lower Emissions

The Company continuously explores the availability of cleaner, greener fuels, such as piped natural gas (PNG), in and around our manufacturing locations, and plans fuel transitions accordingly. Currently, PNG is being used at four of our manufacturing facilities.

Specific Power Consumption (SPC) - Manufacturing Facilities (KWH/ KL of FG)

FY 2024-25	203
FY 2023-24	206
FY 2018-19	185

Specific Fuel Consumption (SFC) - Manufacturing Facilities (LT/ MT of Resin)

FY 2024-25	49
FY 2023-24	54
FY 2018-19	50

Water Management

In an era of increasing environmental challenges, our approach to water management goes beyond traditional metrics. We view water not as a commodity, but as a vital shared resource that requires holistic and innovative stewardship. Through forward-thinking practices and an unwavering commitment to conservation, we continue to strengthen our position as an industry leader in sustainable water management. Building on our achievement of Water Positive status in FY 2023-24, we further enhanced our water sustainability initiatives in FY 2024-25 and increased a water-positive index of 1.26. We have set rigorous criteria for limiting water consumption to decrease our environmental effects. Water is generally required for water-based paint products, manufacturing processes, and utilities. We support Water, Sanitation, and Hygiene (WASH), which guarantees every worker access to clean water, sanitary facilities, and hygienic practices at work. As part of our commitment, we sustainably monitor and reduce water consumption through targeted conservation measures.

Strategic Water Vision

Our water management strategy is built on some fundamental pillars:

- Resource efficiency
- Sustaining zero liquid discharge
- Utilising rainwater and recycled water
- Increasing water replenishment projects to sustain water-positive status
- Technological innovation

Water Conservation in Operation

At KNPL, we implement comprehensive internal water audit protocols to optimise conservation and identify efficiency improvement opportunities. These systematic assessments encompass quantitative consumption analysis, leak detection procedures, technological efficacy evaluation, and strategic water usage optimisation recommendations. We methodically implement water conservation initiatives across all our operational units with subsequent horizontal deployment at all facilities where technically feasible.

We continuously monitor our freshwater withdrawal and consumption through specialised water accounting systems, allowing us to improve efficiency and set measurable benchmarks to strengthen water security across our operations. Our freshwater requirements are met through a diversified mix of sources, including groundwater, State Industrial Development Corporation (SIDC) supply, and certified third-party providers.

Freshwater Consumption is Categorised into:

57%
State Industrial Development Corporation (SIDC)

31%
Groundwater

12%
Third Party

Water Withdrawal

In FY 2024-25, KNPL's Company-wide freshwater withdrawal totalled 4,19,470 KL.

Water Consumption

During the reporting year, our company wide total water consumption was 4,42,285 KL (Fresh Water + Rainwater used). In previous years, for the calculation of water consumption the methodology Water consumption = Fresh Water + Rainwater + Recyled Water was used. The Company's Specific Water Consumption (SWC) for manufacturing facilities was quantified at 1.06 KL/KL of FG. To increase the usage of rainwater in the operations, more than 75% of our manufacturing facilities have rainwater harvesting system in place.

Highlights

4,19,470 KL

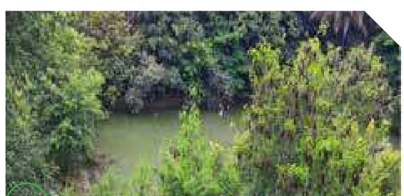
Water Withdrawal (Freshwater)

1,39,029 KL

Recycled Water Usage

22,815

Rainwater Usage



Rainwater Ponds near Hosur Plant

Specific Water Consumption - Manufacturing Facilities (KL/KL of FG)

FY 2024-25	1.06
FY 2023-24	1.17
FY 2018-19	1.58

Since FY 2018-19, our specific water consumption across our manufacturing facilities decreased by 32%.

Rainwater Usage in Process - Manufacturing Facilities (KL)

FY 2024-25	22,815
FY 2023-24	15,521
FY 2018-19	8,574

Rain Water Harvesting Tanks at Hosur Plant

Water Management in a Water-Stressed Region

Two of our manufacturing facilities are located in water-stressed areas of Goindwal Sahib and Bawal. Throughout FY 2024-25, these facilities recorded total water withdrawal of 1,25,548 KL.

Water Management Initiatives

Case Study 1

Reactor Jacket Water Recirculation System

Our Jainpur facility implemented a closed-loop recirculation system for reactor jacket water. This engineering modification conserves water while maintaining optimal thermal regulation of production equipment.

Case Study 2

High-Efficiency Water Fixture Implementation

A strategic installation of 15 aeration-enhanced water taps and precision flow regulators throughout the Jainpur facility has delivered water savings. These specialised fixtures maintain functional water pressure while significantly reducing volumetric consumption through controlled dispersion technology.

Case Study 5

ETP-RO Treated Water Reuse for Solar Panel Cleaning

Our Sayakha facility deployed ETP-RO treated water reclamation technology for solar panel maintenance operations. This helped in establishing a tertiary water utilisation pathway that maintains optimal generation efficiency while reducing draw on potable water resources.

Case Study 3

STP-Integrated Drip Irrigation Implementation

The Jainpur plant is implementing a drip irrigation network covering the area of landscaping. This system will utilise tertiary-treated effluent from the on-site STP, eliminating freshwater requirements for the green belt while ensuring optimised delivery to root zones.

Case Study 4

Rainwater Harvesting System Integration

Our Sayakha facility implemented a closed-loop rainwater collection and filtration system with direct integration to fire water storage reservoirs. This enables sustainable resource utilisation during mandatory testing protocols and operational drills while maintaining compliance standards.

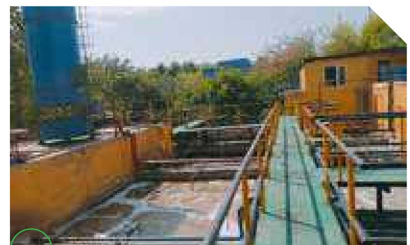
Case Study 6

Horizontal Deployment - Use of AC Condensate Water

Our Hosur plant started using the AC condensate water for gardening/floor mopping purposes.

Zero Liquid Discharge

At KNPL, we are committed to protecting the environment and people from possible harm caused by water discharge from our industrial sites. We strictly comply with Zero Liquid Discharge regulations at our major facilities, making sure that all wastewater is efficiently cleaned and recycled without being released into the environment. This ensures that runoff from our processes does not contaminate surrounding water sources. After undergoing primary and secondary treatment, wastewater is further processed in advanced water recovery systems, including Agitated Thin Film Dryers (ATFD), Multiple Effect Evaporators (MEE), and Reverse Osmosis (RO) units. These technologies enable us to recover water efficiently and support our goal of responsible water stewardship. We have dedicated treatment facilities for both domestic and industrial effluents, supported by an in-house laboratory to monitor effluent quality across all major manufacturing facilities. Moreover, KNPL's ETP-treated water is further treated in ZLD and recycled for utility makeup, while the STP-treated water is reused for gardening and toilet flushing. Recycled water contributed to 31% of our total water consumption during the reporting year.



Effluent Treatment Plant, Bawal

UF-RO Plant, Sayakha

ETP Plant Overview, Sayakha

Community-Level Water Restoration

Water is the essence of life and community water resources are critical to local ecosystems, agriculture, and sustainable development. Our pond restoration initiative embodies a holistic approach to water conservation, community upliftment, and ecological renewal. Through this effort, we aim to replenish more water annually than we consume in our operations, reinforcing KNPL's long-term commitment to sustainable water management. The Company is committed to revitalising nearby water resources around our manufacturing sites in Hosur, Sayakha, Jainpur, Goindwal Saheb, and Lote as part of our broader water conservation initiatives.

Performance

Water Replenishment

We successfully replenished 126% of the freshwater we withdrew, giving back more water to the communities where we operate than we consumed.

Water Restoration Impact Assessment

A comprehensive impact assessment was conducted to evaluate the multi-dimensional effects of our pond and lake restoration initiatives. The assessment employed a dual methodology approach, integrating extensive secondary research with rigorous primary data collection through both quantitative and qualitative methods.

The evaluation utilised the IRECS Framework to systematically analyse programme performance across key parameters including inclusiveness, relevance, appropriateness, coherence, effectiveness, impact potential, and operational efficiency. This structured framework, combined with logic modelling, enabled precise measurement of our contribution to observed outcomes while accounting for external influencing factors.

Pond Restoration near Hosur Plant

The social impact assessment was structured around five fundamental pillars

Service Delivery
Evaluating the extent to which cost-efficient and time-efficient methods and processes are used to achieve results

Inclusiveness
Quantifying equitable community access to created assets and delivered services

Relevance
Determining alignment between project interventions and expressed community needs

Expectations
Measuring both anticipated and unanticipated socioeconomic and cultural benefits for stakeholders

Convergence
Evaluating synergies with governmental and partner initiatives while analysing stakeholder engagement

Way Forward

Our water management strategy is anchored in four key imperatives: optimising freshwater consumption through advanced efficiency measures; scaling up water recycling infrastructure to enhance reuse potential; integrating rainwater harvesting more deeply across our manufacturing operations; and reinforcing watershed replenishment efforts in surrounding communities through focused CSR initiatives. Together, these initiatives will not only help sustain our Water Positive status but also deepen our contribution to regional water security in the year ahead.

Our restoration initiatives go beyond conventional water management approaches by integrating

- **Ecological rehabilitation**
- **Community engagement**
- **Water security enhancement**
- **Biodiversity conservation**

Waste Management

At KNPL, waste management plays a vital role in upholding environmental stewardship, ensuring regulatory compliance, and driving operational efficiency. Our waste streams include plastic waste, hazardous waste, Biomedical waste, e-waste and non-hazardous waste all of which are managed responsibly. We ensure that disposal and recycling are carried out by authorised third parties in full adherence to applicable regulations and sustainability standards. Effective waste management methods help reduce pollution in the environment by appropriately getting rid of hazardous substances and keeping them from contaminating the air, water, and soil. They also lower health hazards for surrounding communities and employees. Additionally, our approach promotes sustainability and resource conservation by prioritising the recycling and reuse of materials. This not only reduces operational costs but also reinforces a culture of environmental responsibility. Our waste management strategy is designed to achieve well-defined goals across every facet of the Company's operations, embedding circular practices into our everyday processes.

Our goals at KNPL are to:

- Reduce material wastage and minimise sticking material losses
- Zero waste to landfill for all manufacturing locations
- Reuse plastic bags in-house
- Recover solvent through distillation unit operation
- Reuse solvents for multiple cleaning batches
- Recover powder fines
- Reuse wash water in water-based paints
- Reuse drums/barrels
- Recover TiO_2
- Establish a plastic container take-back mechanism with suppliers

Approach

Our comprehensive waste management framework is built on the pillars of regulatory excellence and active workforce engagement. We rigorously adhere to all applicable local and national waste disposal regulations and often exceed compliance benchmarks through proactive pollution prevention initiatives. To complement our technical systems, we conduct regular, specialised training programmes that equip employees with the knowledge and skills required for proper waste handling and advanced disposal practices, fostering a strong culture of environmental responsibility across our operations.

Performance

Waste Generation:

In FY 2024-25, KNPL generated a total of 9,624 MT of waste. This included 924 MT of hazardous waste, 8 MT of e-waste, 0.6 MT of biomedical waste, 4,170 MT of contaminated container waste (barrels, tins, and drums), 973 MT of other hazardous waste, 8.7 MT of battery waste, and non-hazardous waste of 2,513 MT.

Specific Hazardous Waste Generation - Manufacturing Facilities

The specific hazardous waste generation (SHWG) for our manufacturing facilities was 2.64 kg/KL of FG, an decrease of 3% since the baseline FY 2018-19.

FY 2024-25	2.64
FY 2023-24	2.53
FY 2018-19	2.71

Case Study 1

At our Sayakha facility, we implemented an innovative closed-loop system for equipment flushing and water reuse in premixing operations. This approach significantly reduces hazardous waste generation and minimises environmental impact, while also optimising wastewater treatment costs and sludge management.

Case Study 2

Our Sayakha plant has extended the Resin sampling line up to the sparkler filer to reuse the sampling drain resin. This modification has decreased hazardous waste in our resin production line.

Waste Disposal

At KNPL, we implement a systematic waste segregation protocol, directing all materials to authorised treatment, storage, and disposal facilities (TSDFs) for appropriate disposal, reuse, or recycling in strict compliance with regulatory frameworks. Our strategic implementation of hazardous waste co-processing in cement kilns has enabled significant landfill diversion across our operations. Additionally, we have successfully converted 24 MT of organic canteen and food waste into 15 MT of premium-grade manure through bio-composting techniques. This internally generated manure supports our landscaping and horticultural requirements across facilities. This comprehensive approach to organic waste management delivers multiple environmental benefits, including reduced carbon emissions, decreased methane generation, and substantial landfill waste diversion.

Waste Disposal through Landfilling (MT)

FY 2024-25	9
FY 2023-24	25
FY 2022-23	48
FY 2021-22	58

Our waste management priorities are threefold: minimising the generation of hazardous waste; converting hazardous materials into less hazardous or non-hazardous forms; and applying the principles of Reduce, Reuse, Recycle, and Recover (4Rs), followed by responsible treatment and disposal.

Vermicompost Machine at Goindwal Sahib Plant

Primary Priority

- Produce less hazardous waste
- Change in industrial processes to reduce or eliminate the waste

Secondary Priority

Converting hazardous to non-hazardous using 4Rs

- Reduce
- Reuse
- Recycle
- Recovery

Last Priority

- Treatment and disposal
- Sending waste to incineration and
- Co-processing and avoiding landfilling

Management of Hazardous Waste

In line with our waste management philosophy, waste that is reused, recycled, or co-processed is classified as recovered, underscoring our commitment to sustainable and responsible waste handling.

Initiatives for Hazardous Waste Management

- Diversion of hazardous waste from landfill
- Sending the hazardous waste to authorised scrap dealers
- Implementing hazardous waste co-processing across all plants
- Using recovery process to convert residue into low-grade paint

Scrap Yard at Jainpur Plant

Plastic Waste Management at Hosur plant

Plastic Waste Management at Hosur plant

Awareness Training on Waste Handling and Disposal Procedures

To promote safe practices, sustainability, and reduced environmental impact, we have intensified our focus on waste management education and awareness. Through targeted workshops, seminars, and information campaigns, we empower employees to embed sustainable practices into their daily routines, contributing to a cleaner, greener workplace and broader environmental responsibility.

Circular Economy

At KNPL, we have strategically embedded circular economy principles across our operations, delivering measurable benefits in waste reduction and enhanced resource efficiency. Our comprehensive approach encompasses implementing sophisticated systems for post-consumer paint collection and recycling; engineering products with inherent end-of-life recyclability considerations; and assuming full product stewardship through rigorous life cycle assessments. Through continuous optimisation of manufacturing protocols and cultivating partnerships, KNPL is systematically unlocking innovative pathways for sustainable business growth while minimising environmental impact.

Extended Producer Responsibility

In FY 2024-25, KNPL effectively managed post-consumer plastic waste (rigid and flexible) in compliance with PWM Rules 2016 and EPR Guidelines 2022. Through partnerships with CPCB-registered recyclers and cement manufacturing units, the Company executed comprehensive collection, recycling, and co-processing operations. KNPL fulfilled both producer and importer obligations, maintaining requisite CPCB registrations and documentation. This achievement reflects our commitment to environmental sustainability and regulatory compliance.

Highlights

12,115 MT

Plastic waste recycled as a part of EPR

Way Forward

We are implementing a strategic verification programme whereby selected independent external organisations will conduct objective third-party audits across a representative sample of our waste management agencies (WMAs) and recycling partners. This rigorous assessment framework serves dual objectives: ensuring timely fulfillment of our Extended Producer Responsibility (EPR) commitments while verifying that our WMAs' standard operating procedures are strictly aligned with established governmental regulatory requirements.

Classroom Safety Training

Material Management

As one of the industry leaders in the paint manufacturing sector, KNPL sources four primary categories of raw materials: pigments, binders, additives, and solvents. We implement conscious material management practices that prioritise resource efficiency across our production processes. Through systematic optimisation initiatives, we continuously strive to minimise material waste while maximising the conversion ratio of raw materials into finished products. This approach not only enhances our operational efficiency but also supports our broader sustainability objectives by reducing our environmental footprint throughout the manufacturing lifecycle.

Material Management- Segregated Storage Areas, Solvent Storage Area, Bawal

Responsible Sourcing

At KNPL, we view responsible sourcing as a core pillar of our sustainability agenda. Guided by our deep commitment to social responsibility and environmental stewardship, we recognise that our actions influence the supply chain both directly and indirectly. Our sourcing strategy is designed to uphold the well-being of people and the planet, reflecting our core values and reinforcing our dedication to ethical and responsible business practices. We actively prioritise the use of environment friendly materials in our paints and seek out inputs with a lower carbon footprint to minimise our overall environmental impact.

Approach

Sustainability Sourcing

At KNPL, our approach to sustainable sourcing is centred on eliminating environmental harm and promoting social responsibility throughout our supply chain. We collaborate with industry partners to drive innovation and adopt sourcing practices that align with our sustainability objectives and industry best standards.

More than 65% of our materials are sourced from suppliers with formal sustainability initiatives. By partnering with like-minded suppliers, we ensure that the inputs used in our operations support our environmental commitments and advance our broader sustainability goals. This not only reinforces our sourcing integrity but also encourages a shift towards greener practices across our supply network.

Through this strategic alignment, we gain multiple benefits:

- We influence our supplier base to prioritise sustainable products and resources.
- We create a foundation for responsible production that sets the stage for efficient and low-impact resource utilisation.

Approach

- **Resource Efficiency:** Our commitment to sustainability continues beyond responsible sourcing and extends deeply into how we use materials across our production lifecycle. By integrating measurement, optimisation, innovation, and circularity into our processes, we ensure that every resource is used efficiently and responsibly.
- **Measurement and Monitoring:** We leverage advanced metrics and tracking systems to monitor material consumption, conversion rates, and waste generation at every stage of production.
- **Process Optimisation:** Using continuous improvement methodologies, we regularly refine production workflows to minimise material loss. Our teams conduct value stream mapping exercises to identify inefficiencies and improve material yield.
- **Innovation and Technology Integration:** We invest in advanced technologies that enhance formulation efficiency, enable precision application, and support high-efficiency material recovery systems.
- **Circular Economy Integration:** We actively implement recovery and reuse systems to close material loops, thereby extending resource life and reducing waste. This circular approach ensures that sustainability is embedded not just in how we source, but in how we operate end-to-end.

Performance

Sustainable Packaging

In FY 2024-25, KNPL made substantial progress in sustainable packaging. Our packaging portfolio—including metal tins, drums, plastic barrels, containers, and plastic bags—was optimised to support our environmental goals.

We are using recycled plastic in our containers, with plans to extend this practice across more product lines and increase the proportion of recycled content over time. These solutions, developed by our technical teams, maintain the structural integrity and protective function of packaging while significantly reducing the use of virgin materials.

Material Circularity

We continued efforts to reduce and recover key material streams, including:

Highlights

13 MT

of Titanium Dioxide (TiO_2)

194 MT

of Powder fines

408 MT

of Reclaimed Solvent

164 MT

of Water-based Paint Sludge

Warehouse at Bawal Plant

Product Sustainability

At KNPL, we incorporate product sustainability into every aspect of our innovation and development processes. Our approach to product sustainability is rooted in a holistic lifecycle perspective, evaluating environmental impact from raw material selection through to end-of-life management. This approach is guided by a structured sustainability framework built on several strategic pillars, each aimed at minimising impact while maximising long-term value.

Case Study 1

Innovative Low-VOC Paint Formulation Initiative

We have made encouraging progress in select industrial paint formulations by advancing from mid-solid to high-solid compositions. This transition is designed to reduce the need for thinners during application, with a potential reduction in VOC emissions. This development marks a meaningful step forward in our commitment to environmentally responsible manufacturing, achieved without compromising the high-performance standards our customers rely on.

Product Certification

In the previous year KNPL's line of construction chemicals and interior/exterior emulsions was certified by the Green Ratings for Integrated Habitat Assessment (GRIHA). This certification demonstrates our dedication to providing our clients with sustainably manufactured products.

Life Cycle Assessment

KNPL undertook a cradle-to-grave life cycle assessment (LCA) spanning 25 representative products across our diverse portfolio in the previous year. This comprehensive analysis encompassed wood coating, solvent-based paints, water-based formulations, industrial coatings, and powder coating systems, providing a holistic view of our environmental impact across product categories. The study was conducted by an independent entity by applicable ISO standards and international regulations. The Company's Life Cycle Assessment (LCA) conforms to the Product Category Rules (PCR) for construction products (2019:14/version 1.3.2). The study aims to objectively and transparently communicate the environmental impacts of our products across their entire lifecycle, with the goal of developing a Type III Environmental Product Declaration (EPD) in accordance with the ISO 14025 and ISO 14040 series of standards. This detailed assessment quantified key environmental indicators throughout each product's lifecycle, including carbon footprint, resource depletion, water usage, and potential toxicity impacts. The findings provide critical insights that inform our formulation strategies, guide our sustainability roadmap, and enable us to communicate verified environmental performance data.

Renewable Raw Materials

We actively seek renewable alternatives to conventional raw materials, reinforcing our commitment to circular economy principles and sustainable resource utilisation. Our portfolio includes vegetable oils, fatty acids, glycerine, and bio-based solvents that offer sustainable alternatives to fossil fuel-derived materials. These renewable resources naturally replenish themselves and typically feature enhanced biodegradability, significantly reducing our environmental footprint. Our R&D department continuously evaluates and incorporates innovative renewable materials, resulting in products with lower carbon footprints and reduced environmental impact throughout their lifecycle. This strategic shift not only helps us meet evolving regulatory requirements but also addresses the growing market demand for environmentally responsible coating solutions.

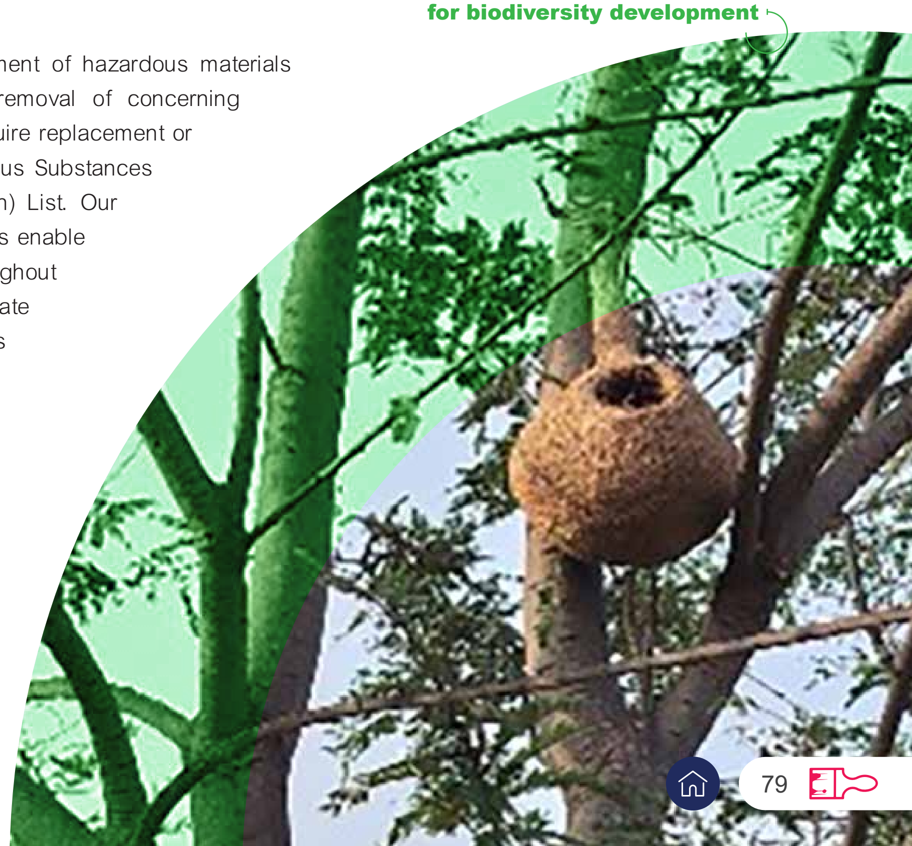
Reduction of Use of Hazardous Substances

We use an organised approach for the management of hazardous materials focussing on the systematic identification and removal of concerning substances. We carefully identify materials that require replacement or reduced use by using the REACH List of Hazardous Substances and the SVHC (Substances of Very High Concern) List. Our ongoing research and manufacturing enhancements enable us to steadily reduce hazardous components throughout our product range. Our technical teams collaborate closely with suppliers to develop safer alternatives that maintain product performance while eliminating potentially harmful ingredients. This proactive approach has resulted in significant reductions in VOC content and the complete elimination of several concerning substances from our formulations, positioning us as one of the major players in environmentally responsible coatings.

Biodiversity

We are aware of how our operations affect the local biodiversity and take proactive measures to reduce any adverse consequences, although none of our manufacturing sites are in or close to any protected area. We actively support local biodiversity by cultivating native plant species within our facilities, protecting existing green cover, and safeguarding wildlife, all while fully complying with regulatory green belt requirements. Our long-term goal is to increase the biodiversity value of the site and, whenever feasible, collaborate with locals outside the building.

Provision of bird nests on trees for biodiversity development



Greenbelt Development

At KNPL, safeguarding the environment is a fundamental principle embedded in the way we operate. All our facilities are located within designated industrial zones approved by industrial development corporations. We have undertaken comprehensive environmental impact assessments to identify potential ecological and ecosystem risks, enabling us to implement effective mitigation strategies and ensure responsible, sustainable operations. In addition to enhancing the green belt, the Company has planted a total of 23,789 trees, 6,507 trees inside the premises, and over 17,282 in areas beyond its sites. At KNPL, we ensure full compliance with the Central Pollution Control Board's (CPCB) mandate of maintaining a 33% greenbelt across all our manufacturing facilities.

Our commitment to environmental sustainability is reflected in the implementation of innovative Miyawaki forest restoration initiatives across our manufacturing facilities. At our Hosur plant, we have established three dedicated Miyawaki plantation zones, covering a total area of 757 square metres and featuring 2,104 native tree saplings, enhancing biodiversity and contributing to long-term ecological regeneration. Our Jainpur facility further demonstrates our commitment to sustainability through the creation of a substantial Miyawaki forest as part of our corporate social responsibility initiatives. This green project spans 1,200 square metres outside the factory premises and includes the plantation of 6,000 trees, significantly enhancing our ecological footprint and contributing to local biodiversity.

Greenbelt at Hosur Plant

Greenbelt development at Sayakha

Environmental Compliances

KNPL maintains an unwavering commitment to environmental responsibility across all operations. To guarantee adherence to the relevant rules and regulations, the Company has put in place strong processes and controls. We have implemented a comprehensive tracking and monitoring process to make sure that our actions consistently conform to these rules. Additionally, during the reporting year, KNPL complied fully with all environmental laws and regulations and avoided any adverse effects or financial penalties for non compliance.

Third-Party Assurance

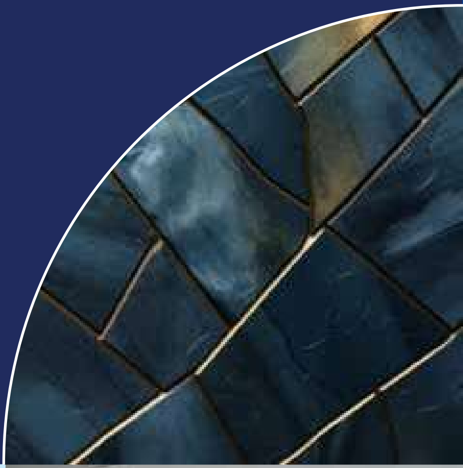
To ensure transparency and accountability, KNPL's environmental performance disclosures, including energy management, GHG emissions, water management, and waste management, have been independently verified by a third-party external agency. This verification follows the International Standard on Assurance Engagements (ISAE) 3000 and confirms our adherence to GRI's Sustainability Reporting Standards. The complete assurance report is available on our website at www.nerolac.com.

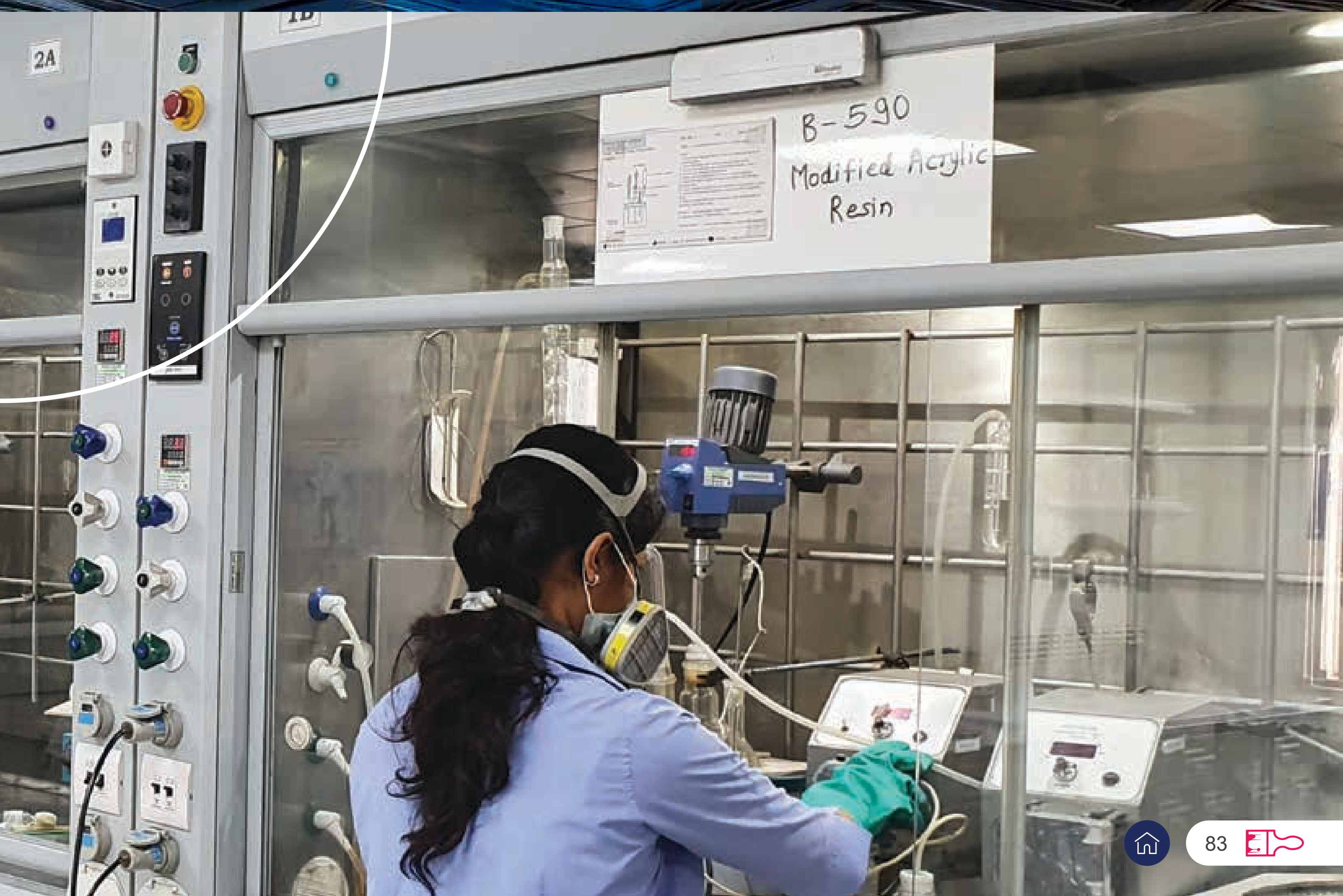
Investment in Environmental Infrastructure

A capital expenditure of 14.7 Crores was allocated towards strengthening our environmental infrastructure. These investments were directed towards key areas such as environmental monitoring systems, advanced effluent treatment facilities, water conservation technologies, energy efficiency enhancements, renewable energy installations, and upgraded safety and emergency preparedness resources. These strategic initiatives have not only helped us reduce our carbon footprint compared to the previous fiscal year but have also contributed to greater operational efficiency. Our investment in state-of-the-art environmental monitoring systems, in particular, has significantly improved our ability to track and respond to environmental indicators in real time, enabling more proactive and informed ecological management.

INTELLECTUAL CAPITAL

At KNPL, we place knowledge and continuous learning at the centre of our operations, viewing intellectual capital as a key contributor to our performance. It reflects the combined expertise, skills, and insights within the Company that support consistent value creation across functions. By nurturing and leveraging intellectual capital, we drive sustainable growth and reinforce our position as an industry leader. This core asset, comprising the collective expertise, insights, and innovation within the Company, continues to power our success. Through focussed investments in knowledge development, we maintain our competitive advantage and set industry benchmarks. Our commitment to continuous innovation enables us to deliver consistent value to stakeholders while shaping the future of the paints and coatings sector.




2A
B-590
Modified Acrylic
Resin

Linkages

STAKEHOLDERS

- Business Partners
- Employees
- Customers
- Government
- Regulatory Bodies

MATERIALITY

- Resource Use
- Governance

UN SDGs

HIGHLIGHTS

24 Patents

were filed in total, out of which 12 were granted

4 Patents

Filed during the year

₹ **51.86** Crores

were invested in R&D during the year

1

Dedicated R&D centre in Navi Mumbai

5

Satellite R&D centres at respective plant locations (Bawal, Sayakha, Lote liquid, Lote Powder, Hosur)

1

Colour Lab to create colour shades that help meet customer requirements

BACKDROP

KNPL has developed a deep understanding of the paints and coatings sector, enabling us to anticipate market needs, deliver specialised solutions, and drive continuous improvement across our product portfolio. This extensive knowledge empowers us to consistently deliver products and services that meet and exceed customer expectations, ensuring exceptional quality. Our strong foundation fosters trust and confidence among consumers, enhancing their satisfaction and loyalty. Furthermore, our advanced IT infrastructure facilitates smooth and efficient interactions with stakeholders, strengthening relationships and instilling assurance in our customers.

RESPONSE

A strong commitment to innovation guides us and we are consistently advancing through rigorous research, in-depth trend analysis, and the development of forward-looking, high-performance solutions. This focus enables us to introduce products that cater to evolving consumer needs while staying ahead of market dynamics. Our commitment goes beyond product innovation to actively promoting sustainability, environmental responsibility, and positive social impact. By creating environmentally conscious coatings and adopting sustainable practices, we aim to minimise our environmental impact while contributing to a greener future.

PRODUCTS/SOLUTIONS DESIGN PHILOSOPHY

Our design philosophy is centred on delivering innovative, sustainable, and resource-efficient solutions that cater to the evolving needs of our customers. This principle is deeply embedded in every stage of our product development process, ensuring that our offerings consistently align with the highest standards of quality, performance, and environmental responsibility. Our expertise in polymer chemistry and advanced paint technology, combined with a culture of innovation, enables us to craft distinctive solutions tailored to specific client requirements.

OUR FOCUS

- Building a future-ready organisation
- Innovation for impact
- Creating a competitive edge

Building A Future Ready Organisation

We are committed to achieving unparalleled excellence in R&D, leveraging cutting-edge technologies to position ourselves as one of the most advanced and technology-driven companies in the industry. Consistent investments in strategic initiatives and information technology enhance our capabilities and stakeholder experience. Through continuous innovation and technology-led progress, we are reshaping industry standards and setting new benchmarks. Our focus on excellence and a future-ready mindset keeps us at the forefront of the paints and coatings sector.

R&D Centre, Navi Mumbai

Innovation for Impact

We focus on enriching lives by providing innovative paint solutions that protect surfaces from harsh weather while enhancing the aesthetic and functional value of homes, vehicles, and industrial spaces. We continuously adapt to evolving customer needs through technological expertise and extensive R&D, developing coatings that combine durability with visual appeal. Our aim is to exceed industry standards by delivering ground-breaking products tailored to specific demands, thereby redefining quality and functionality in the paint and coatings sector.

New Technology Intervention

Our technology interventions span decorative, industrial, automotive, and performance coatings, each designed to meet stringent industry standards and evolving customer needs. In the decorative coatings segment, we expanded our Paint+ range with distinctive products such as Kansai Select Shikisai, inspired by natural stone textures, and the Wow White Range exterior emulsion, which offers superior whiteness and enhanced durability in harsh climatic conditions.

Our innovations in industrial coatings are focussed on improving functionality while reducing VOC emissions, carbon footprint, and overall energy consumption. In the automotive space, we have introduced several advancements including a compact 3C-1B roof painting system for passenger vehicles that reduces both energy and paint usage; the Everlast Matt Clear Coat; a vibrant PU Monocoat for two-wheelers; and a low-bake 2K PU system for commercial vehicles, all designed to boost performance and sustainability.

Within performance coatings, solutions like NEROCOIL SDP offer high resilience in extreme environments, while our powder coatings and anti-static technologies enhance performance in alloy wheels and other specialised applications. Additionally, in our Auto Refinish segment, we provide tailored shades and products to meet the specific needs of our customers.

Increasing Digital Capabilities

We are harnessing cutting-edge digital and cloud technologies, to enhance operational efficiency and drive business growth. Our digital transformation initiatives are designed to improve customer-facing processes in real-time, making them more adaptable to market requirements. This ecosystem caters to various stakeholders including painters, dealers, architects, interior designers, and sales personnel. This further ensures seamless operations while providing rich customer experience and valuable insights. We conducted 2 seasons of Innovation challenge on Avinya platform to encourage innovation across the Company, with a focus on problem-based idea generation. It has helped foster a culture of creativity and continuous improvement.

At the same time, we have continued to strengthen our cybersecurity framework, striking a balance between robust security and user-friendliness. These efforts are helping us build a future-ready organisation that is well-prepared to meet evolving industry demands while consistently delivering exceptional experiences to all our stakeholders.

Creating A Competitive Edge

By delivering innovative, high-performance paints and coatings that offer unique features and superior durability, we maintain our competitive edge, driven by customer-focused research and a sharp understanding of emerging market trends. We leverage our technical expertise to create advanced solutions in specialised segments such as construction chemicals, wood coating, and setting new benchmarks for quality and innovation.

Through continuous product expansion, strategic acquisitions, and technology-led customisation, we consistently exceed customer expectations and strengthen our leadership in a fast-evolving, competitive market.

Decorative - Our Edge

Enhancing Coating Performance

We focus on megatrends that improve the longevity and effectiveness of our coatings.

Innovative Product Features

Our Paint+ range is designed to address changing customer needs and preferences with unique product attributes.

Industrial – Our Edge

Technical Expertise

We provide best-in-class technical services to support our industrial customers.

Collaborative Innovation

We partner with industry experts and customers to drive innovation and stay ahead on latest trends.

Innovative Solutions

Our portfolio includes groundbreaking products like tin-free CED and top coats and primers with high aesthetic and functional performance.

Customised Solutions

We offer cost-effective, tailored solutions designed to meet the unique requirements of each customer.

Breakthrough Products Launched in FY 2024-25

Decorative

WoW White Range

Excel Wow White | Suraksha Plus Wow White | Beauty Smooth Wow White

Universal PU primer in wood coating range having multi surface adhesion

Auto

- Low Bake Epoxy CED
- High-build casting sealer having superior corrosion resistance on shot blasting surface

PC Liquid

- 2K Epoxy Anti-corrosive primer graphene based

Products with Superior Quality

Decorative

Excel No Dust | Impressions Sheen Interior Luxury Emulsion | Neu Interior Latex | Neu Exterior Latex

Suraksha common primer which can be used as interior as well as exterior primer

Auto

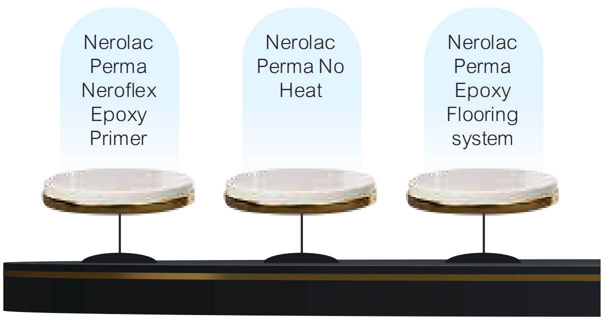
- Low Flash off single stage compact 3C1B for dual tone application
- DTM Monocoat for two-wheeler application having superior corrosion and weather resistance
- Low Bake 2K, 3C1B system for tractor industry with reduction in baking temperature

PC Liquid

- High performance DTM coating without Pretreatment for Barrels
- Universal Epoxy primer excellent multiple substrate adhesion
- High durable Nerocoil coating with QUV A 340-2000 hrs and C4 environment

Products for New Segments/Business

Decorative



Auto

- Everlast matt clear for PV segment having superior aesthetic and weatherability

PC Liquid

- Epoxy primer & mid coat meeting EU norms
- TSA paint for perfume glass bottle

Powder

- Powder Primer for alloy wheel

Industry Knowledge and Collaborations

Our leadership position in industrial coatings is an outcome of strong partnership with Kansai Paint Co., Ltd., Japan. This collaboration gives us access to advanced technologies, global colour trend insights, and world-class technical support, allowing us to develop customised paint and resin solutions tailored to the needs of Indian customers. We also work closely with Kansai Group companies and global technology partners such as Oshima Kogyo, Cashew Co., Protech Chemicals, and Kluthe. These partnerships help us combine international expertise with our in-house capabilities to deliver innovative, industry-specific solutions that meet evolving customer demands and strengthen our competitive advantage.

Way Forward

We are deeply committed to innovation and sustainability, drawing on our strong R&D capabilities and core strengths to develop high-quality, value-driven products. We continuously upgrade our competencies to stay aligned with evolving customer needs, with a clear focus on creating durable, environmentally responsible solutions that deliver superior performance. By combining deep sector knowledge with the latest technological advancements, we strive to exceed customer expectations, uphold our leadership in the industry, and contribute to overall well-being through products that reflect a thoughtful balance of innovation, quality, and sustainability.

FINANCIAL CAPITAL

One of our major competencies is cost leadership, which remains critical to driving operational excellence. We are always looking for profitable growth opportunities supported by a feedback-driven approach to customer needs, continuous investment in R&D, sustainable solutions, innovation, and enhanced customer service. We view financial capital as a tool for long-term value creation, building wealth for our shareholders through the strategic and responsible deployment of both the Company's and the community's resources.

Linkages

STAKEHOLDERS

Business Partners

Employees

Suppliers

Government

Regulatory Bodies

MATERIALITY

Governance

UN SDGs

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

HIGHLIGHTS

NET REVENUE

₹ 7,496.71 Crores

Recording a growth of 1.4% over the previous year

EBITDA

₹ 974.13 Crores

A decrease of 4.8% over the previous year

STRATEGIC CAPITAL INVESTMENT

₹ 350.37 Crores

Spent on capital expenditure for various projects

BACKDROP

The raw material prices were stable during the year as a result of lower crude oil prices.

RESPONSE

Our EBITDA percent was lower at 13.0 for the year compared to 13.8 in the previous year. Details on financial capital performance can be found in the statutory part and later sections of this Report.

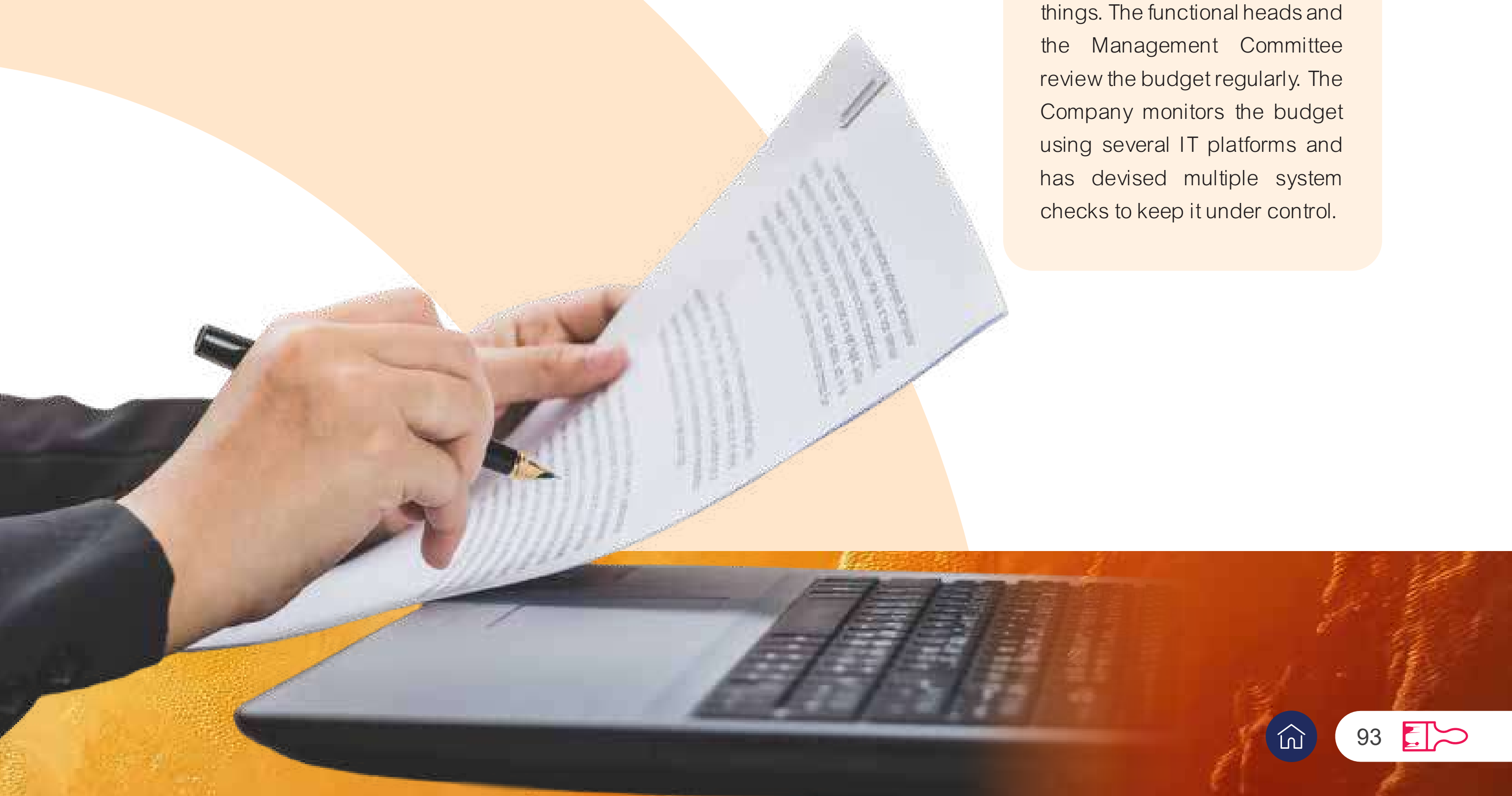
KNPL maintains an apolitical stance and does not support any specific political party or candidate for political office. Furthermore, we did not offer or provide any Company funds or property as donations to any political party, candidate, or campaign during the year.

Taking The Right Decisions

Our Board of Directors are responsible for making all strategic economic decisions. These decisions are then carried out by the Managing Director, other members of the Management Committee and department heads as necessary for day-to-day business operations.

Way Forward: Budgeting and Control

At KNPL, the agenda and preparations for the upcoming fiscal year are strategically charted and meticulously aligned 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 and Managing Director. It is 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

At KNPL, we are committed to building a future of sustainable growth and operational excellence through strategic investments in our manufacturing capabilities. Our approach centres on embedding sustainability across the entire value chain, ensuring environmental stewardship and economic resilience. Safety continues to be a priority, supported by a strong safety culture deeply ingrained in our operations to safeguard our people and the communities we serve. By embracing cutting-edge digitalisation and automation, we have enhanced our manufacturing capabilities to drive efficiency and innovation. Our steadfast commitment to quality ensures that every product meets the highest standards. Complementing this, our customer-centric approach drives us to consistently exceed expectations, reinforcing our position as a top player in the paint industry.

Linkages

STAKEHOLDERS

- Business Partners
- Employees
- Customers
- Community
- Government
- Regulatory Bodies

MATERIALITY

- Decarbonisation
- Resource Use
- Governance

UN SDGs

8 DECENT WORK AND ECONOMIC GROWTH

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

HIGHLIGHTS

9
Strategically-located manufacturing facilities

186
X-matrix projects undertaken

114
Depots

11,200+
Kaizens Received across all Plants

7 RDCs
Serving customers pan India

14 Awards
Received from CII, QCFI, and other prominent bodies

4
Subsidiaries with manufacturing facilities - 1 Domestic (India), 3 International (Bangladesh, Nepal, Sri Lanka)

BACKDROP

Our manufacturing facilities form the backbone of KNPL's efficient supply chain and are central to driving excellence across the value chain. These facilities are equipped to meet the growing and diverse demand across all segments, including decorative paints, automotive coatings, powder coatings, general industrial, and high-performance coatings, while upholding the highest standards of quality and durability. Each site operates in full compliance with stringent environmental and safety regulations, ensuring sustainable operations. Together, they enable us to offer a comprehensive and reliable product portfolio, delivering consistent performance and a seamless experience to our customers.

RESPONSE

At KNPL, we are widely recognised for delivering exceptional products and services, underpinned by our commitment to value engineering and continuous innovation. We consistently raise industry benchmarks by remaining agile in the face of evolving market dynamics and by embracing cutting-edge technological advancements that enhance both performance and customer satisfaction. Our aim is to transform ethical manufacturing practices in the paint industry by leveraging our robust organisational culture, digitalisation initiatives, and innovative capabilities. Through strategic investments in sustainability and advanced manufacturing technologies, we remain at the forefront of creating long-term value for our stakeholders, while upholding agility, transparency, and operational excellence across the Company.

OUR FOCUS

- Ensuring product quality as per market and customer expectations
- Horizontal deployment of best practices and learning from benchmarking
- Leveraging low-cost automation and digitalisation tools
- Promoting safety across all levels
- Ensuring a cross functional team (CFT) approach across the value chain
- Encouraging 5S and ownership-based housekeeping culture at all levels
- Structure review mechanism with a Plan Do Check Act (PDCA) and Sustain Do Check Act (SDCA) approach

MANUFACTURING FOOTPRINT

At KNPL, we have established a strong presence across India with nine manufacturing facilities, three international subsidiaries, and one Indian subsidiary. This extensive network of manufacturing units supports both the decorative and industrial segments, allowing us to effectively cater to the varied needs of our customers nationwide. Our facilities are equipped with state-of-the-art technologies and automated systems that significantly enhance operational efficiency and uphold rigorous quality standards. We remain deeply committed to pursuing innovative solutions that strengthen process efficiency, drive financial sustainability, enhance operational security, and reinforce our environmental responsibility.

Bawal Plant

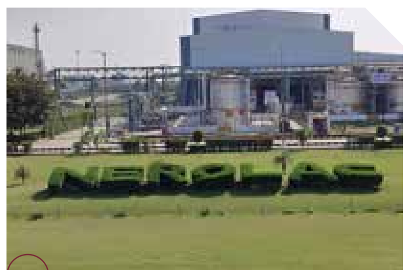
CAPACITY ADDITIONS

At KNPL, we undertook the following capacity additions in the reporting period in alignment with the growing customer demands and our investment plans. Capacity projects are in pipeline for finished products as well as intermediates at Jainpur, Sayakha, Hosur, Goindwal Sahib, and Atchutapuram (Vizag) sites.

Jainpur Plant

Sayakha Plant

Hosur Plant



Goindwal Sahib Plant

Atchutapuram (Vizag) Plant

DECORATIVE SEGMENT

Our cutting-edge manufacturing facilities in Hosur, Jainpur, Lote, Goindwal Sahib, Sarigam and Atchutapuram (Vizag), cater to the decorative paint segment. With a comprehensive product portfolio, the Company offers interior and exterior paints, designer water-based finishes, enamels, primers, wood coating, waterproofing solutions, construction chemicals, niche products, and soldier paints. These state-of-the-art plants are designed for agility and economies of scale, enabling flexible and efficient production across diverse product streams to meet evolving customer demands. Our commitment to operational excellence and maintenance excellence is evident through our focus on innovation, digitalisation, process standardisation, and adoption of advanced technologies. By continuously refining standard operating procedures (SOPs) and leveraging modern systems and innovative tools, the Company ensures superior product quality and consistently exceeds customer expectations across our operations.

INDUSTRIAL SEGMENT

Our strategic manufacturing footprint in the Industrial segment is reinforced through the positioning of our plants across Bawal, Sayakha, Lote, Hosur, Jainpur, and Marpol. This well-planned geographic distribution enables us to deliver efficient just-in-time (JIT) services, optimise logistics costs, and enhance our overall operational agility.

Our extensive portfolio of industrial coatings includes automotive coatings, powder coatings, performance coating liquids (covering both general industrial and high-performance coatings), and auto refinish solutions. These products are designed to meet stringent industry requirements while ensuring durability and superior aesthetics.

Our manufacturing facilities leverage advanced infrastructure and technology to deliver customised, innovative solutions that cater to diverse industry requirements. We incorporate advanced equipment such as robotic bells and paint booths to replicate OEM line conditions, while also deploying low-cost automation to optimise processes and ensure consistent product quality. This helps us enhance product quality and ensure high safety standards across all operations.

We are dedicated to sustainability through collaborative initiatives with OEM customers. Using a value analysis/value engineering (VA/VE) approach, we work together to reduce carbon footprints, conserve energy, and improve operational parameters. Our powder coatings contribute to sustainability by eliminating VOC emissions and enabling material recovery.

Through global collaboration with Kansai Paint Co., Ltd., Japan, and other group companies, we leverage advanced technological developments. It also facilitates the introduction of innovative products and homegrown technological solutions, driving efficiencies and cost savings throughout the supply chain. We remain strongly committed to manufacturing excellence by upholding best-in-class quality practices and maintaining the highest safety standards across all our shop floors.

Solutions like advanced digital enablers, data analytics, and training effectiveness, enable us to drive efficiency and innovation throughout our operations. This further ensures responsiveness to evolving market demands and customer needs and underscores our dedication to delivering superior products, sustainable solutions, and operational excellence in alignment with evolving industry standards.

KEY THEMES

- Core KPIs: Cost Optimisation, Productivity Enhancement, Yield Improvement and Safety Excellence
- Subsidiary Support
- Innovation, New Technology and Digitalisation
- Actionable Alignment Based on Internal and External Benchmarking
- Adoption of Best Practices (ENCON - Power Factor, Solar Power, Safety, Water Conservation and Waste Reduction)
- Training and Awareness Sessions, Periodic Audits, and Reviews

CERTIFICATIONS

	Bawal	Hosur	Jainpur	Lote	Sayakha	Goindwal Sahib	Sarigam	Goa	Atchutapuram (Vizag)
IATF 16949:2016	Yes	Yes	Yes	Yes	Yes	NA	NA	NA	NA
ISO 9001:2015	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-
ISO 14001:2015	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-
ISO 45001:2018	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-
ISO 50001:2018	WIP	Yes	WIP	-	-	Yes	-	-	-

Technology-enabled Operational Excellence

Operational Excellence

At KNPL, we have extended the principles of 'Operational Excellence' beyond our plant operations to include depots and customer interactions. Our aim is to improve customer satisfaction and meet evolving market demands. Through various cross-functional initiatives, we have successfully driven improvements in operational costs, product quality, and delivery timelines. Our approach combines focussed analysis with time-tested methodologies such as the Maynard Operational Sequential Technique (MOST) and the Kaizen philosophy. These tools have facilitated the adoption of best practices and the optimisation of work processes, leading to enhanced efficiency across KNPL's manufacturing units.

Capability Building

At KNPL, we recognise that building the right blend of experienced and emerging talent is vital to sustaining operational excellence. To support this, we have implemented a structured, three-tier capability development model that spans the entire manufacturing hierarchy: from shopfloor associates to senior leadership.

Tier 1 focusses on practical, shopfloor-based training, including on-the-job training (OJT), with a strong emphasis on 5S, Autonomous Maintenance, and Kaizen Blitz practices.

Tier 2 is designed for shift-in-charge level employees, equipping them with tools and techniques linked to Advanced Engineering Tools (AET)-related KPIs. This includes training in statistical problem-solving, Measurement System Analysis (MSA), and LEAN methodologies.

Tier 3, the topmost tier, targets senior roles and includes advanced training modules such as Define, Measure, Analyse, Improve, Control (DMAIC), Maynard Operation Sequence Technique, and other high-end statistical tools aimed at driving process optimisation and operational efficiency.

Initiatives to Drive Excellence

Kaizen & Six Sigma Methodology

- Embracing the 3M approach (Muda, Mura, Muri) and reuse strategies in quality control, resulting in cost savings and reduced hazardous waste generation
- Strengthening data-driven decision-making through Statistical Process Control and Capability Analysis to enhance gate control and reduce Excess Give Away (EGA) at filling lines
- Fostering a culture of continuous improvement through focussed monthly Kaizen themes, such as cycle time reduction, delivery enhancement, hazardous waste reduction, and visual management, tailored to address site-specific challenges
- Reducing industrial waste and optimising inventory by modifying processes to enable safe reuse of consumables, thereby enhancing workplace safety and sustainability
- Implementing an AET-based framework to identify Opportunities for Improvement (OFIs) and address them using collaborative, team-based problem-solving across industrial, decorative, and powder coating operations

Digitalisation

Digitalisation has enabled us to further strengthen our smart manufacturing environment throughout FY 2024-25, with strategic expansion of digital initiatives across multiple manufacturing locations. Our focussed deployment of advanced technological solutions has resulted in significant improvements in operational efficiency and process optimisation:

Raw Material Traceability: We have successfully implemented a comprehensive barcode-based tracking system at our Bawal facility to ensure complete traceability of raw materials throughout the paint manufacturing process. This system also enables real-time verification of material authenticity, automated quantity validation, and process compliance monitoring in accordance with customer specifications. Additionally, it helps build consumer confidence in the process. All these systems are also being extended to other locations.

IoT-based Predictive Maintenance: Building on our previous success, we have extended our IoT-enabled predictive maintenance platform to Jainpur facility's Decorative section and Goindwal Sahib facility's Powder Coating section. These implementations interconnect process and utility equipment with IoT platforms, facilitating automated monitoring and maintenance scheduling to improve equipment reliability, performance, and safety.

Quality Control Enhancement: We have implemented camera-based detection mechanisms for coupons in decorative lines at the Jainpur and Hosur manufacturing facilities. This automation has strengthened our quality inspection capabilities and maintain consistent product standards.

These strategic digital initiatives continue to strengthen our market position by driving operational efficiency, ensuring quality consistency, and enhancing manufacturing reliability. Their successful implementation across multiple facilities underscores our commitment to scaling smart manufacturing capabilities across our entire network.

Key Awards

Our continued focus on operational excellence has been recognised through sustained success in external industry forums. In FY 2024–25, KNPL secured its 14th award for achievements in quality improvement, cost reduction, automation, and delivery enhancement. These accolades were earned at prestigious platforms such as the CII and Quality Circle Forum of India (QCFI), including the Chapter Convention on Quality Concepts (CCQC) and the National Convention on Quality Concepts (NCQC). These flagship events bring together leading companies from across the Indian paint industry and beyond. Our active participation not only reinforces our competitive positioning but also provides valuable insights that drive continuous improvement across our shopfloor operations.

Hosur Plant Won 'Gold Award' at Chapter Convention for Quality Concepts 2024

Safety and Employee Engagement

At KNPL, we are committed to workplace safety through our comprehensive Occupational Health, Safety and Environment (OHS&E) Policy. All major facilities, including our R&D centre, are ISO 45001:2018 certified and regularly audited. We have built a robust safety framework and integrated comprehensive safety protocols throughout our operations. In addition to this, our facilities undergo regular infrastructure enhancements to achieve superior fire safety standards, with particular attention to chemical storage protection measures. Multiple risk assessment methodologies, including Process Hazard Analysis (PHA), Job Safety Analysis (JSA), Hazard and Operability (HAZOP) studies, and Kiken Yochi Training (KYT) help us identify and mitigate potential hazards.

Our 'Safety First' culture is reinforced through regular training sessions, dedicated safety laboratories, and infrastructure upgrades for enhanced fire safety. Implementation of CAPA protocols, Poka-Yoke initiatives, and Six Sigma projects enables us to further strengthen our safety framework. Employee well-being is supported through fully equipped occupational health centres with ambulances, bi-annual medical check-ups for all staff, and recently installed automated external defibrillators (AEDs) at all locations. Our multi-tiered safety governance framework encompasses plant-level Safety Committees, comprehensive Corporate EHS audits, external safety evaluations, and periodic oversight by our parent company, Kansai Paint Co., Ltd., Japan. This robust structure reflects our unwavering commitment to maintaining a safe, compliant, and engaging workplace environment.

GSQ Audit at Lote Plant

Maintenance Strategy

Optimal maintenance practices are vital to ensuring uninterrupted production and minimising unplanned downtime. We recognise that key contributors to operational disruptions include gaps in maintenance protocols, limited spare parts availability, suboptimal strategies, and skill deficiencies: areas we continue to address through targeted interventions. To address these issues, the Company has devised a multi-faceted maintenance excellence strategy, encompassing critical maintenance facets to maximise equipment uptime.

- Managing and optimising spare inventory
- Ensuring focussed approach to indigenisation of spares for reducing cost and lead times
- Improving quality of preventive maintenance checklists
- Standardising preventive maintenance and adhering to schedule
- Developing and documenting SOPs for critical maintenance processes
- Leveraging AI-based IoT CBM for maintenance in powder coatings section as a pilot has been implemented with considerable reduction in downtime
- Replicating digital maintenance strategy on other critical assets like Conti, Grinding Mills, and Utilities, among others
- Leveraging technology and data analytics to optimise maintenance processes, predict potential failures, and improve asset performance through reduction in downtime and improvement in efficiency
- Strengthening technical expertise by developing subject matter experts (SMEs) in electrical and instrumentation domains
- Leveraging SAP for process changes and automation
- Using of advanced tools and tackles to reduce mean time to repair (MTTR)

KNPL's strategy is rooted in Plan, Do, Check and Act **(PDCA)** principles. We have developed specific metrics in these areas to monitor the health of maintenance sub-processes and make necessary corrections. Additionally, we actively benchmark our operations against industry best practices to foster continuous improvement and maintain a competitive edge.

IMPROVEMENTS IN QUALITY, PRODUCTIVITY, AND EFFICIENCY

1. Streamlining production to increase quality, boost worker productivity, and reduce waste production.
2. Focussing on asset utilisation through SAP, process optimisation, cutting-edge technology, and internal capacity creation, including the implementation of an energy management system.
3. Taking an 'end-to-end improvement' approach for quality improvement (from raw material to finished goods application).
4. Leveraging modern diagnostic technologies to analyse present assets in terms of usable life and improve utilisation.
5. Revisiting the Maynard Operations Sequence Technique (MOST) to improve workforce efficiency (both white and blue collar) and Measure of Performance (MOP).
6. Implementing various cost-cutting theme programmes aimed at reducing power and fuel usage, general works charges (GWC), and spares and consumables costs.
7. Conducting Quality-Kiken-Yochi Training (Q-KYT), 3S and 4M analysis for quality improvement.

SUBSIDIARIES (INTERNATIONAL & DOMESTIC)

Throughout the year, our main focus was on enhancing operations within our subsidiary companies. The Company achieved this by implementing successful practices established at KNPL and nurturing employee capabilities through various engagement initiatives.

Nerofix-India
Building Kaizen culture, skills and competencies training, and conducting GSQ audit

Bangladesh
Best practices to ensure product quality

Nepal
Best yield improvement techniques

Sri Lanka
Best safety practices

In our effort to strengthen manufacturing capabilities at our subsidiaries, we implemented several supporting initiatives. These include:

- Sharing periodic knowledge and guidance from the KNPL plant
- Adopting 5S and safety training practices
- Implementing cost reduction initiatives and profitability enhancement
- New product development
- Yokoten (horizontal deployment of best practices)

Alongside these initiatives, we also emphasised on enhancing the current level of safety and ensuring a safer work environment for all employees. Collectively, these efforts contributed to cost savings and ensuring product excellence, apart from enabling a culture of safety and operational excellence.

STRENGTHENING THE SUPPLY CHAIN

At KNPL, we emphasise on the critical role of a well-optimised supply chain in achieving operational excellence. By focussing on strategies such as continuous improvement, supplier collaboration, advanced technology adoption, and precise demand forecasting, the Company ensures that our supply chain remains robust, agile, and responsive to market needs. These efforts enable us to meet customer demands effectively, minimise lead times, reduce costs, and enhance overall efficiency.

Our integrated supply chain is designed to serve both industrial and decorative customers efficiently through tailored planning and distribution strategies:

Industrial Customers
Operate on a *pull-type* system, where production is driven by actual demand.

Decorative Consumers
Follow a ***push-type*** system, ensuring product availability based on forecasted demand.

To further strengthen our supply chain capabilities, we integrate best practices such as:

Supplier Collaboration

Building strong partnerships with suppliers to ensure consistent quality and timely deliveries.

Lean Inventory Management

Minimising excess stock while maintaining availability to meet customer needs promptly.

Continuous Improvement

Monitoring key performance indicators (KPIs) for improvements and enhancements.

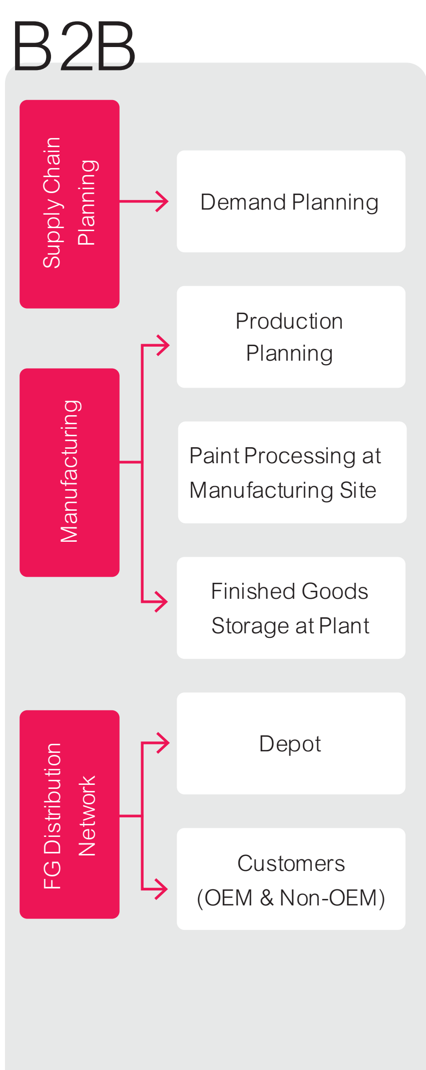
HOW THE SUPPLY CHAIN WORKS

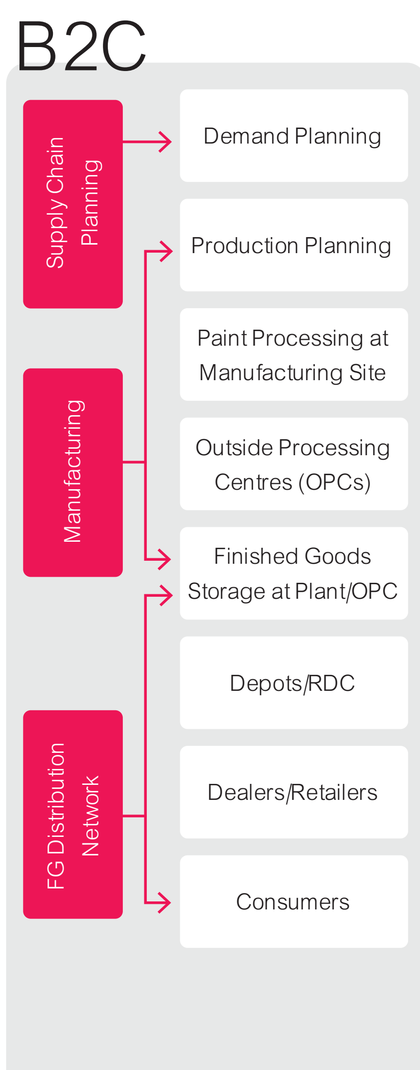
Production Planning

A comprehensive plan is developed which provides clear instructions to the manufacturing team on the finished goods to be produced.

Procurement Guidance

The production plan informs the purchase department about the raw materials required, ensuring seamless alignment between production and procurement activities.





To cater to our customers in time, we identified single-source suppliers and deployed suitable alternatives. Our commitment to supply chain excellence ensures reliable service delivery across diverse customer segments while maintaining cost efficiency and operational resilience.

WAY FORWARD

At KNPL, our strategy for the future revolves around expanding our manufacturing capabilities to meet market demand. This will be done through capacity growth, product innovation, operational excellence, quality assurance, sustainability initiatives, and capability development. Currently, the Company is developing a future-ready manufacturing system that is flexible, robust, customer-centric, and sustainable by prioritising innovation and digital activities. Furthermore, we are committed to safeguarding and protecting the well-being of our workers, customers, and the communities in which we operate by focussing on safety excellence.

SOCIAL AND RELATIONSHIP CAPITAL

KNPL recognises that strong social and relationship capital, woven from community development, customer satisfaction and responsible supply chain management, is vital for its long-term success. Guided by our Corporate Social Responsibility Policy and Supplier Code of Conduct, we integrate the social fabric into our value chain and community we operate in. Fostering trust among communities ensures the social license to operate, enhancing brand reputation and customer loyalty.

Linkages

STAKEHOLDERS

Supplier

Community

Customers

Influencers

MATERIALITY

Quality of Life

Governance

UN SDGs

HIGHLIGHTS

89.5

Customer Satisfaction Index

75%

Local Sourcing

28%

Employee Participation Rate in CSR Activities

38

Aspirational Districts Covered through CSR Activities

BACKDROP

We have always been at the forefront of recognising the gradual shift in customer preferences and remain committed to delivering a differentiated value proposition that meets evolving expectations. Our close collaborations with suppliers have played a key role in driving business growth. At the same time, our commitment to fostering positive relationships with local communities has enabled us to support and uplift lives in a responsible manner. This belief in the power of collaboration continues to inspire us to design solutions that make a meaningful difference.

RESPONSE

At KNPL, we thrive on the strength of the extensive and diverse customer base representing our industry. We earn our customers' trust and strengthen our relationships by consistently delivering high-quality products and services that go beyond their expectations. A vast network of suppliers and dealers facilitates our supply chain efficiency. We communicate with them regularly to foster mutual understanding and drive value for both sides. Additionally, our commitment extends beyond business transactions, evident from our active engagement in social outreach programmes and CSR initiatives aligned with the UN SDGs. These initiatives help build social stability and empower local communities, strengthening our stakeholder relationships and enhancing social value. Going beyond traditional business practices, we harness innovative technologies, products, and initiatives to collaborate with communities effectively and support their comprehensive development plans actively.

OUR FOCUS

- Delivering a superior customer experience
- Strengthening relationships with supply chain partners
- Touching lives across the community

Delivering a Superior Customer Experience

At KNPL, our dedication to understanding and addressing the unique needs of each customer is central to our operations. We offer a comprehensive range of products, services, and support that empowers customers to transform their spaces into reflections of their individuality and style, ensuring satisfaction and delight with every brushstroke. Customer satisfaction is of paramount importance to us, and we proactively implement the following measures to exceed expectations:

- Understand the diverse needs of customers and provide tailored solutions utilising advanced technologies
- Use omnichannel integrated marketing to communicate responsibly and establish a strong connect with key stakeholders
- Regularly monitor and assess satisfaction levels among different client groups
- Maintain a comprehensive record of client attributes, considering their objectives and expectations
- Devise strategies for deeper customer and influencer engagement using digital platforms and physical infrastructure
- Utilise our NxtGen painting service to cater to diverse painting needs of the consumer
- Enhance customers' retail experience through NxtGen Premium Shoppe and Shop-in-Shop

Brand Equity Index

Nerolac has maintained a strong Brand Equity Index (BEI) score for the customers surveyed in FY 2024-25 and consistently has the 2nd highest BEI score in the paints category.

FY 2024-25	3.0
FY 2023-24	3.2
FY 2022-23	3.2

Customer Satisfaction Index

(Assessment Year)

FY 2023-24	89.5
FY 2022-23	89.1
FY 2021-22	88.8

Batches with Customer Complaints

(%)

FY 2024-25	0.96
FY 2023-24	1.10
FY 2022-23	0.95

Customer Centricity

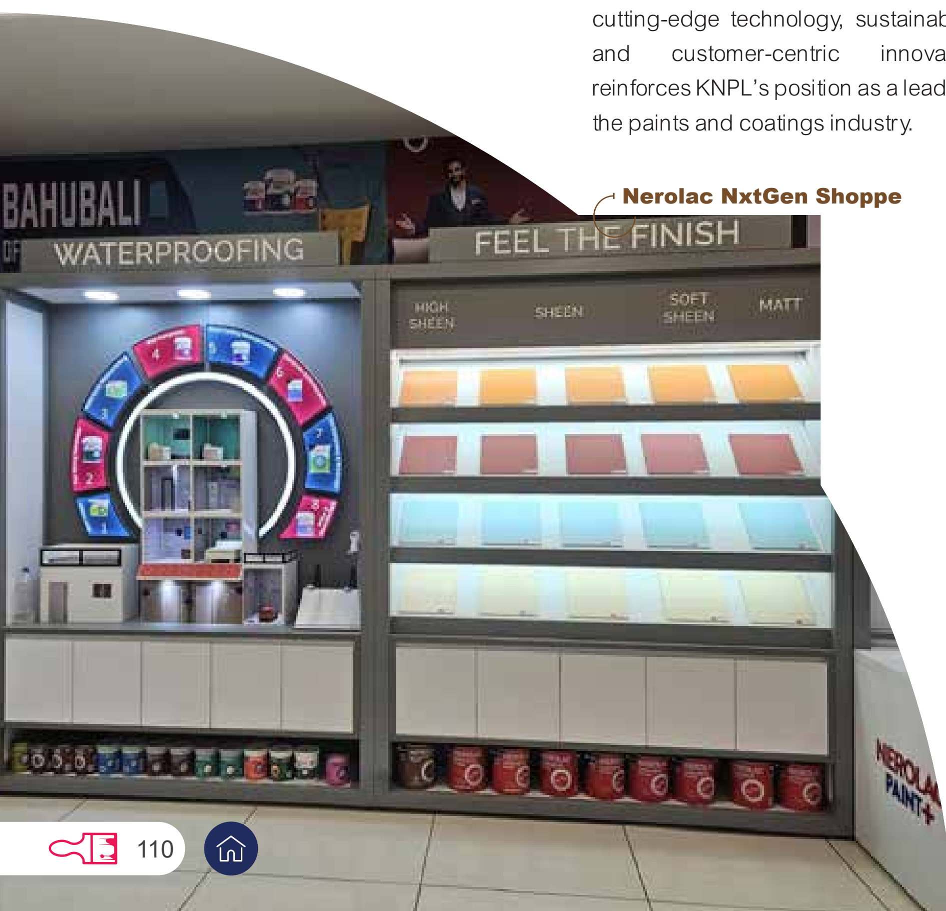
At KNPL, our pioneering concepts and technology-driven paint solutions underscore our unwavering commitment to prioritising customer interests.

In the industrial segment, we deliver unique and customised solutions leveraging advanced technologies. We actively adopt environmentally friendly and resource-efficient innovations such as low-bake, high solids, low-VOC, monocoats, and direct-to-metal applications. These technologies significantly enhance productivity, reduce emissions, and promote energy efficiency for our customers.

In the decorative segment, our emphasis lies on providing low-VOC, heavy metal-free, and sustainable products. Through our Paint+ portfolio, we integrate distinctive features and functionalities into our paints to meet diverse customer needs and preferences. We continuously introduce new products to address evolving market demands and expand our offerings to include construction chemicals, and wood coatings, among others.

KNPL also focusses on delivering an engaging and seamless retail experience via our NxtGen Shoppe and Shop-in-Shop outlets. We invest in robust digital infrastructure to facilitate hassle-free painting services and employ innovative digital tools such as the Paint Budget Calculator, Colour Picker, and Colour Visualiser. These tools incorporate the latest trends and aesthetics, enabling customers to make informed and effective paint and color selections.

This holistic approach, combining cutting-edge technology, sustainability, and customer-centric innovation, reinforces KNPL's position as a leader in the paints and coatings industry.



Nerolac NxtGen Shoppe

Product Responsibility and Safe Usage

The Company provides all essential information about our products' physical dimensions and/or chemical compositions through the product labels/pack declaration and/or catalogues. This information is also readily available on our website.

Directions for usage, relevant environmental information, and safe disposal instructions are always provided on our product packaging to help consumers use our products safely and responsibly. The Product Data Sheet includes all information regarding our products, while the Material Safety Data Sheet (MSDS) is available to customers on the Company's website. The MSDS includes the product's description, information on its performance, features and benefits, application and usage, precautions for safe use and technical data.

Customers can access the required information about our products and services on our website: https://www.nerolac.com. We also have a dedicated consumer helpline: 1800-209-2092.

We promote our products and enhance our brand value on merit, without infringing on the rights of others or using unscrupulous means. We only associate with respectable advertising companies that are members of The Advertising Standard Council of India (ASCI) and willingly adhere to the Council's marketing communications criteria.

Awards and Recognitions

Reflecting on the past year, we take pride in the distinguished accolades conferred upon us by our esteemed customers, which underscore our steadfast commitment to excellence in products and services. Our unwavering focus on quality, reliability, and customer satisfaction has been recognised through prestigious honours. Notably, we were awarded the 'Best Supplier Award' in the Quality and Delivery category by Royal Enfield, affirming our dedication to customer centricity. Additionally, Toyota Kirloskar Motors acknowledged our continuous commitment to maintaining high-quality standards and advancing green project initiatives. These recognitions reinforce our resolve to uphold the highest standards and deliver sustained value to our customers.

KNPL has been awarded "Best Supplier Award" by Royal Enfield

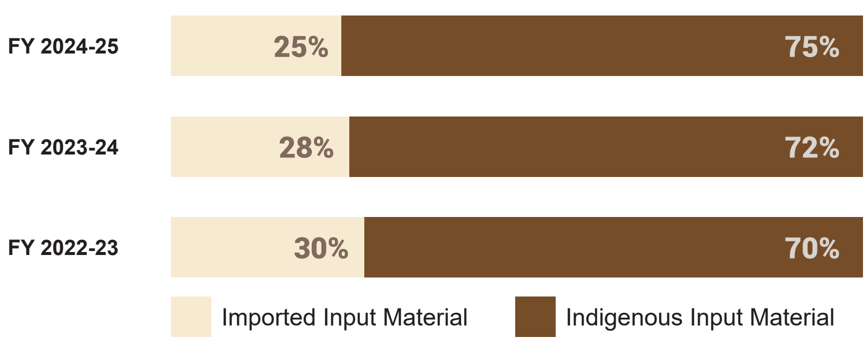
Strengthening Relationships with Supply Chain Partners

At KNPL, we prioritise close collaboration and cultivate trusted, mutually beneficial relationships with our supply chain partners for our long-term performance.

Emphasising Local Expansion

Recognising the critical role of high-quality raw materials in our operations, we have developed a robust network comprising over 500 direct raw material suppliers. We actively promote local sourcing to support the regional economy, optimise logistics, and minimise transportation-related environmental emissions. A significant portion of our packaging materials is procured from within a 10-kilometre radius of our manufacturing facilities, enabling us to prioritise proximity and substantially reduce our carbon footprint. Through these localisation initiatives, we invest in local development, promote sustainable practices, and uphold the stringent quality standards fundamental to our business.

Promoting Local Procurement



Supply Chain Ethics

At KNPL, we place paramount importance on the implementation of ethical practices throughout our supply chain. To this end, we proactively educate and engage all our supply chain partners on our Supplier Code of Conduct. This Code underscores core principles, including fairness, transparency, respect for human rights, strict adherence to environmental laws and standards, and compliance with health and safety requirements. We are committed to fostering responsible behaviour, promoting ethical interactions, and upholding social and environmental accountability across our entire supply chain.

Supply Chain Engagement

To strengthen collaboration and engagement with our suppliers, we Conduct the Annual Supplier Conference. This event serves as a platform to connect and network with our supplier partners while articulating our strategic goals and future plans. Additionally, the conference provides an opportunity to recognise and honour suppliers who have demonstrated excellence in innovation and collaboration, underscoring the significance of these values in driving mutual success.

Establishing a Sustainable Supply Chain

Proactive engagement with our supply chain partners remains a cornerstone of our Sustainable Supply Chain strategy. During the financial year, we launched a Sustainable Supply Chain Programme in collaboration with a third-party partner. This initiative is designed to foster close collaboration with our suppliers in advancing our sustainability objectives. Through this programme, we have conducted comprehensive training and awareness sessions for our suppliers on key ESG parameters, including climate change, GHG Inventorisation, and initiatives to mitigate environmental impact. By promoting such collaboration and knowledge sharing, we are committed to building a Sustainable Supply Chain that aligns with our core values and contributes to the development of a responsible and ethical business ecosystem.

Supplier Audits

Regular audits are conducted to assess the value chain performance, including on-site factory visits to evaluate suppliers. During FY 2024-25, we conducted supplier audits for 28 suppliers. To evaluate our supplier partners, we consider several parameters such as quality and process control, statutory compliance, sustainability initiatives, documentation and data controls, health and safety measures, material handling/storage, human rights, and fair-trade practices.

Touching Lives Across the Community

As a responsible corporate citizen, we are deeply committed to the well-being of society. Adopting a partnership-driven approach, we actively participate in impactful initiatives that foster shared progress and inclusive growth. These endeavours complement our core business proposition, which revolves around encouraging well-being through colours. We combine our business goals with a genuine commitment to societal welfare, creating a positive impact and contributing to the holistic development of the communities we serve. Our approach reflects the belief that achieving success requires both our business and the wider society to thrive together. Through our CSR intervention, we brought positive change in the lives 80,000+ people. Together with our communities, we are painting a canvas of progress and prosperity.

Corporate Social Responsibility

At KNPL, our CSR activities are overseen by a dedicated CSR Committee constituted in accordance with the provisions of Section 135 of the Companies Act, 2013. This Committee is responsible for ensuring the effective achievement of the Company's CSR objectives and the prudent allocation and utilisation of resources. Our CSR Policy serves as the foundational framework guiding our community engagement initiatives and is periodically reviewed and updated to reflect evolving needs. We actively collaborate with our employees, NGO partners, and government agencies to implement impactful CSR programmes. Furthermore, we encourage our employees to contribute their time and expertise through volunteering, reinforcing our commitment to fostering sustainable development and enhancing the well-being 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:

- Stakeholder Consultation
- Need Assessment
- Identifying Potential Opportunities
- Periodic Monitoring and Evaluation
- Stakeholder Engagement During Implementation
- Resource Mobilisation and Planning

Our CSR initiatives focus on the following key areas:

- Livelihood and Skill Enhancement
- Rural/Community Development
- Ensuring Environmental Sustainability
- Preventive Healthcare and Sanitation
- Promoting Education

Livelihood and Skill Enhancement

Aligned with our vision of empowering individuals and fostering sustainable communities, we launched a transformative skill enhancement initiative for painters this year in partnership with Kasturi Mrig Vidhya Vihar Samiti and Karmdeep Foundation. This programme was delivered through classroom sessions as well as the Mobile Training Academy (Pragati Express), introducing advanced technologies and techniques that have significantly elevated the skills of the participants. In support of the nation's vision to develop underdeveloped districts through the Aspirational District Programme we have actively expanded our painter training in these districts. Over the past three years, we have consistently increased our outreach in these regions, reinforcing our commitment to inclusive growth and capacity building.

Classroom Training Sessions on Skill Enhancement

Aspirational Districts covered through Livelihood and Skill Enhancement Training

FY 2024-25	38
FY 2023-24	29
FY 2022-23	17

As a result, we successfully trained more than 80,000 painters, equipping them with essential skills for career advancement.

Women's Empowerment through Livelihood Intervention

A) Annapurna – Women Farm Entrepreneurship

KNPL, in collaboration with the Dishantar NGO, is spearheading the Annapurna Project to empower marginalised women farmers in **Juvaad Island, Chiplun, Ratnagiri, Maharashtra.** This initiative has equipped marginal and landless women farmers with essential skills and resources, enabling them to become successful farm entrepreneurs while promoting **sustainable agricultural practices** that nurture both livelihoods and the environment. Our **'Annapurna Project'** has resulted in enhanced capacities of landless and marginal women farmers to generate income through natural resource-based livelihood.

Enhanced Economic Status

- Twelve women farmers witnessing an increase in monthly income
- Number of crops have increased from 3 to 12
- Two of the women are now directly selling vegetables in the market, having previously relied on middle agents to sell their produce

Social Transformation

Enhanced ability to undertake natural farming and utilise available backyard for income generation has given them the confidence to scale up the farming and kitchen garden.

B) Empowering Women through Skill Development

Under our Women's Empowerment Programme, our CSR initiatives focused on equipping women with essential skills to achieve financial independence. We conducted a Handicraft and Jewellery-Making Workshop for 50 women, enabling them to create and market handmade products. Additionally, we provided stitching machines and organised stitching course for 40 women, helping them develop tailoring skills for self-employment. To further enhance livelihood opportunities, we introduced a Beautician Course for 20 women, equipping them with professional grooming and beauty skills. These initiatives have empowered numerous women by fostering self-reliance and opening doors to sustainable income sources.

Preventive Healthcare and Sanitation

As a part of our commitment to community well-being, KNPL undertook various initiatives under preventive healthcare and sanitation. We organised health and eye check-up camps and facilitated cataract surgeries for the poor and needy villagers near our plants. Our health awareness campaigns educated communities on hygiene and disease prevention. Moreover, we provided nutrition kits to TB patients under TB Mukt Bharat Abhiyan, which helped them in their recovery. Additionally, we contributed to improved sanitation by constructing toilets and distributing mosquito nets to prevent vector-borne diseases. These efforts reflect our dedication to fostering healthier communities and improving overall public health. We have reached around 6,500 community members so far.

Ensuring Environmental Sustainability

As part of our commitment to environmental sustainability, we undertook various initiatives to enhance green spaces and improve global environment. Our efforts included beautification through painting of educational institutions, hospitals, and rehabilitation centres, helping create a vibrant and uplifting environment for students, patients, and residents. Additionally, we conducted extensive tree plantation drives to promote biodiversity and combat climate change. Through these activities, we aimed to foster a cleaner, greener, and healthier ecosystem while actively engaging with local communities to build a sustainable future.

Training Programme for Women's Empowerment

Contribution to TB Mukt Bharat Abhiyan

Tree Plantation Activity Carried Out Using 'Miyawaki Technique'

Promoting Education

As a part of our commitment to education, we have undertaken several initiatives to support underprivileged students and schools, especially in rural areas. We provided essential school stationery and kits to ensure that students have the necessary learning materials. To enhance digital literacy, we equipped schools with computers and laptops, enabling students to access modern educational resources. Additionally, we contributed to improving school infrastructure by providing furniture, constructing shades, observatory towers, compound walls, and hall flooring. These efforts aim to create a conducive learning environment, empowering students from underprivileged backgrounds with better educational opportunities. We have reached out to 4,500 students so far through this initiative.

Providing education essential material to schools

Rural/Community Development

At KNPL, we have undertaken several initiatives to improve infrastructure in remote areas near our plants. Our efforts include the installation of borewells to ensure water availability, lighting towers for enhanced safety, and CCTV cameras for better security. We have also contributed to the construction of community halls, pickup sheds, and paver block roads to improve public amenities. Additionally, tin shades have been provided for public spaces, and PlayStation infrastructure has been developed to promote recreation and well-being. We have also extended support to government departments by enhancing their infrastructure facilities, fostering sustainable growth, and improving the quality of life in rural communities. We have reached out to 20,000 community members through these initiatives.

Provision of bus shed

Recognition

As a testament to our commitment towards effective CSR initiatives, in FY 2024-25, KNPL was awarded the prestigious 'Golden Peacock Award for Corporate Social Responsibility'. This award underscores our dedication to sustainable and socially impactful initiatives. This achievement inspires us to continue to paint a brighter, more responsible future together.

Way Forward

Looking ahead, our skilled workforce, deep market insight, and strong research capabilities drive our unwavering commitment to innovation, quality, and customer centricity. We will continue to empower communities through targeted initiatives that improve access to education and healthcare and promote sustainable livelihoods. We are committed to delivering exceptional experiences and earning the trust and affection of our customers through strategic investments, transformative technologies, and a relentless focus on meeting their evolving needs. Furthermore, we will prioritise responsible sourcing and eco-friendly practices throughout our supply chain, collaborating with suppliers to reduce our environmental footprint, ensure fair labour conditions, and promote local sourcing.

HUMAN CAPITAL

At KNPL, we firmly believe that our people are central to our success. Their talent, dedication, and creativity power our growth and define who we are as an organisation. We foster a performance-driven environment where individuals are supported with the right tools, resources, and opportunities to thrive. By cultivating a culture that values innovation, collaboration, and empowerment, we encourage our teams to challenge limits, take initiative, and continuously strive for excellence.


NEROLAC
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Linkages

STAKEHOLDERS

- Employees
- Government
- Regulatory Bodies

MATERIALITY

- Quality of Life
- Diversity
- Governance

UN SDGs

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

HIGHLIGHTS

GPTW
Certified

90,714
Workforce Safety Training Hours

34.07 Million
Man-hours worked without LTI

0
Lost Time Injury Frequency Rate (Per Million Man-Hours worked)

0
Lost Time Injuries (LTI)

3
Minor Injuries

0
Occupational Illness

BACKDROP

At KNPL, we are committed to fostering a work environment that enables our employees to thrive. The Company places a high priority on the health, safety, and overall well-being of our workforce, while actively promoting a diverse and inclusive culture where individuals from all backgrounds are valued and respected. We uphold the principle of equal opportunity and are dedicated to respecting the fundamental rights of our employees, including freedom of association, expression, and protection against discrimination.

Our people initiatives are designed to support the comprehensive growth of our team members. Our goal is to foster ownership and accountability, while nurturing their professional growth through opportunities to lead and contribute at higher levels.

RESPONSE

We display our commitment towards our employees through seamless efforts towards a healthy and stimulating work culture. Through perpetual contributions and engagement with the human resource, we acknowledge that they are the core of the organisation as they help us deliver excellence inspired by organisation's vision.

OUR FOCUS

- Creating a safe and hygienic work environment (occupational health and safety in action)
- Building a culture of innovation, collaboration, and empowerment
- Upholding ethics and integrity
- Engaging employees, enhancing well-being, and building capabilities
- Promoting diversity and inclusivity

Building A Culture of Innovation, Collaboration, and Empowerment

At KNPL, we strive to go beyond merely providing employment; we are dedicated to offering a distinctive learning experience. Our continuous commitment to fostering a culture of learning and enlightenment drives Innovation, Collaboration, and Empowerment—essential elements for growth and development.

Through a variety of developmental initiatives, we cultivate a stimulating environment that empowers our employees to realise their full potential. The introduction of Avinya has been a pivotal step in democratizing the innovation process, enabling all employees to actively participate and share their ideas through this accessible platform.

Each submission is rigorously evaluated for its merits, ensuring that only the most promising ideas are considered for implementation. The digitisation of this process has created a structured and user-friendly approach that can be accessed anytime, anywhere, further promoting a culture of innovation. A cross-functional team meticulously reviews these ideas based on criteria such as anticipated benefits, uniqueness, feasibility, and resource requirements. This multidisciplinary collaboration not only fosters alignment across functions but also cultivates positive interdependence, revealing hidden opportunities for growth and innovation.

24th Inter-Plant Kaizen Competition

Promoting Diversity and Inclusivity

Gender Diversity

KNPL is dedicated to promoting gender diversity by increasing the recruitment of women employees. We consistently identify roles suited for women and collaborate with agencies that specialise in 'diversity hiring', to support this objective. We are steadily increasing the representation of women in our workforce. Currently, women employees constitute 4.7% (excluding workers) and 3.9% (including workers) of our permanent workforce. Across all KNPL offices, including depot, R&D, HO, plants, and frontline sales, we are committed to expanding the female workforce with the goal of continuously improving the representation of women in our workforce.

Inclusivity

At KNPL, we celebrate the unique talents and perspectives that individuals with disabilities contribute to our organisation, recognising their vital role in driving innovation and cultivating a more inclusive workplace. Our strategy involves collaborating with experts to identify and screen candidates for roles that align with their skills and abilities.

We are committed to creating inclusive and accessible workplaces and premises for differently abled individuals to foster inclusivity at our workplace, we have also conducted accessibility audit at our Head Office.

As we move forward, we remain committed to this approach, continuously striving to enhance the inclusion of differently abled individuals within our workforce as we advance on this important journey.

Workforce Categorisation (Age-Wise) (Including Workers)

	Male	Female
< 30 Years	925	85
30-50 Years	2,439	55
> 50 years	344	11
Total	**3,708**	**151**

Workforce Categorisation (Gender-Wise)

	Male	Female
Permanent Employees and Workers	3,708	151
Contractual Employees and Workers	6,525	191

Female Workforce Categorisation (Function-Wise) (Including Workers)

Function	Count
Sales	21
R&D and Manufacturing	59
Support	71
Total	**151**

Workforce Categorisation (Management Level-Wise)

	Male	Female
MD and Non-Board Directors	3	0
President, SVP, VP & AVP	11	0
GM & DGM	30	2
Chief Manager & Senior Manager	113	2
Manager & Assistant Manager	431	33
Executives	2,408	112
Operators	712	2
Total	**3,708**	**151**

Employee Engagement, Well-being, and Capability Building

Employee Engagement Initiatives

- Life@Nerolac platform designed to enhance employee experience by fostering collaboration, knowledge exchange, and engagement. It provides team members the opportunity to share news, insights, and appreciation with each other
- Quarterly townhall meetings addressed by the MD
- Webinars addressing employee health and well-being
- Employee engagement surveys, including the Great Place to Work and Willis Towers Watson
- Celebrating diversity with Women's Day celebrations
- Employee participation in CSR initiatives
- Annual Learning Conference (ALC) for all managers, providing a platform for communication about our performance, future plans, and direction
- Periodic addresses by the works manager at manufacturing facilities
- Celebrations of festivals, including Independence Day, Republic Day, Holi, Diwali, and Navratri
- Impressions, a monthly newsletter captures various events and news pertaining to each function and location

Celebration of Tsukimi Festival at Head Office

This year, as part of the Kansai Paint Group, we celebrated the Japanese Tsukimi festival at our Head Office. During the celebration, we gained insights into the festival's history and traditional practices in Japan. Tsukimi is a centuries-old Japanese festival centred on admiring the autumn full moon, expressing gratitude for the harvest, and enjoying traditional foods and decorations that symbolise abundance and seasonal change.

Employee Benefits

KNPL provides various employee benefits like gratuity, superannuation, medical and life insurance, group accident insurance, parental leave, pension and retirement benefits and provident fund contributions. In FY 2024-25, 151 permanent female employees were entitled to maternity leave. We also introduced paternity leave for our male employees during the year. We foster an equal opportunity culture where recruitment is based on competence, potential, and the candidates' experience relevant to the job profile.

Women's Day Celebration

Festive Celebrations

Celebrating Tsukimi

Nurturing Talent

Talent Acquisition and Recruitment

Our employees represent the most valuable asset of our Company and are integral to our growth strategy. We believe that Effective talent management, which focusses on nurturing the skills and competencies of our workforce while ensuring a safe and inclusive work environment, is essential for building an unparalleled human capital. We are committed to fostering an open, safe, and inclusive workplace that fosters diversity in both capability and thought leadership. By encouraging open communication and engagement with employees at all levels, we cultivate positive human relations that enhance collaboration and drive our collective success.

Our aim is to align our decisions with our organisational objectives, ensuring they contribute to employee well-being while enhancing job satisfaction and internal growth opportunities. We recruit fresh talent from reputed management and engineering institutes through structured internship programmes and campus collaboration initiatives. These efforts help us build a strong talent pipeline and bring fresh perspectives into the industry. Our well-designed Graduate Engineering Trainee and Management Trainee Programmes provide fresh campus graduates with various projects. Their performance is managed and supported for a year and based on that, they are placed in roles where they excel.

INITIATIVES

Campus Collaboration

This is a key initiative through which we hire fresh talent from reputed management and technical institutes.

Gurukul/Aarambh Campus Programme

This programme is aimed at recruiting freshers for various positions like summer trainees, management trainees, graduate engineer trainees, technology trainees and sales trainees.

Plant Induction for New Joinees at Sayakha Plant

Capability Building

As part of our commitment to nurturing talent at all levels, our talent management programmes are structured to identify high-potential individuals across functions and organisational tiers. We recognise key positions and talent pools within each function through various assessments to evaluate the strengths and potential of individuals. The Company creates a learning environment that allows our employees to shape their careers as they aspire. By granting our employees access to resources that facilitate the development of new skills and attributes, we are committed to building and enhancing their capabilities.

INITIATIVES

Abhyaas

An online product training platform designed to enhance knowledge of product features, unique selling propositions, product comparisons, and benchmarking.

Percipio

Our digital academy that provides employees with opportunities to develop skills and advance their careers.

Building Awareness on ESG

Addresses the BRSR 9 Principles, POSH, Code of Conduct, Anti-corruption and Whistleblower policy, Supplier Code of Conduct, and other critical aspects of Environmental, Social, and Governance practices.

Lead with Impact Training

A programme specifically tailored for managers to upgrade their skills and knowledge, enabling career advancement, achievement of professional goals, and improved overall team efficiency.

Training on Digital Applications

Offers internal stakeholders training to facilitate the efficient adoption of digital applications as per their needs.

Building Awareness on Enterprise Risk Management (ERM)

Covering the ERM framework and Risk Management Policy.

Advanced Sales Training Programme

Aimed at empowering frontline sales staff with the essential skills, knowledge, and confidence necessary for effective customer interactions, understanding client needs, and successfully closing deals.

Behavioural Training

Focusses on key areas such as corporate grooming, stress management, communication skills, and interpersonal skills.

Strategic Workforce Planning

Our approach to workforce planning enables us to proactively address talent requirements, develop succession plans and optimise workforce deployment, ensuring an agile and competent workforce. Following in-depth analysis, a talent inventory is created to prepare individual development plans for identified performers. These plans include extensive training, cross-functional assignments, projects, and mentoring.

INITIATIVES

Management Development Centre

We have internally designed a scientific development centre called the MDC to help talent progress from junior to mid-level management roles.

Accelerated Leadership Programme

TAJ is a unique programme developed in collaboration with a world-class organisation to prepare a leadership pipeline for KNPL.

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. Our goal is to foster an environment where employees feel valued and recognised for their contributions.

INITIATIVES

Performance Management

Our performance appraisal system is assessed based on a combination of quantitative and qualitative criteria. At the beginning of each fiscal year, we establish key performance indicators (KPIs) aligned with our growth strategy, emphasising collaboration to drive progress towards our organisational goals.

Performance Dashboards

These insights are designed to be user friendly and provide valuable insights on a periodic basis. They 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.

Absorption Plan

We conduct structured assessments to evaluate the performance and behavioural competencies of our contractual employees, supporting their potential transition to permanent roles within the Company.

Management Trainees' Induction at Head Office

Employee Well-being

Employee engagement and well-being are our foremost prioritises, as we recognise that our workforce is the foundation of our Company's values. We maintain open channels for communication and feedback, fostering a positive environment where employees can thrive authentically. To assess satisfaction and motivation, we conduct comprehensive surveys that explore various aspects of the employee experience, including work environment, company culture, safety, openness, and work-life balance. We understand that overall well-being plays a crucial role in an individual's life. Therefore, we take proactive measures to ensure that our wellness initiatives, facilitated by experts, are not only relevant but also relatable to our employees.

Wellness Corner

The Wellness Corner App is a personalised wellness solution for employees, providing access to oncall doctors and specialists for video or in-person consultations. This benefit is extended to employees and their families, enabling them to connect with top medical professionals, nutritionists, and physiologists. Additionally, we introduced Wellness Wednesdays, a new initiative aimed at boosting the overall health and well-being of Nerolites. This consists of a series of health and wellness webinars conducted every alternate Wednesday, covering various topics to empower Nerolites to improve their physical health, enhance their mental well-being and nurture healthy habits.

Employee Rewards and Recognition

At KNPL, we recognise the significance of encouraging behaviours that are in line with the Company's strategy. Rewards and recognition are crucial in motivating and engaging employees. When employees feel valued and appreciated for their hard work and achievements, they are more inclined to exhibit behaviours that contribute to the Company's success. By implementing rewards and recognition initiatives, we foster a culture of appreciation that motivates employees to demonstrate behaviours aligned with our strategic goals, overall success, and a positive work environment.

To recognise and celebrate employee contributions, KNPL has implemented the 'Titan+' recognition system. This initiative allows employees to acknowledge their peers, for achievements. In FY 2024-25, more than 1,000 employees were recognised for their efforts through Titan+, reflecting our culture of appreciation and mutual respect.

Awards were distributed among teams within the Nerolac Ecosystem in various categories, including:

- The Best Performing Factory
- The Best Performing Decorative Zone and the Best Performing Industrial Zone

Ethics and Integrity

We have implemented a Code of Conduct for our managerial and executive staff, establishing clear behavioural norms grounded in discipline, professionalism, and ethical practices. This framework is designed to guide and regulate employee conduct while reinforcing KNPL's core values and aligning with best-in-class practices. Furthermore, our comprehensive whistleblower policy encourages employees to voice any concerns, ensuring that all necessary measures are in place to maintain confidentiality and protect those who come forward.

Code of Conduct

Our Code of Conduct is designed for managerial employees and executives of KNPL and its subsidiaries, establishing clear behavioural boundaries and promoting awareness of ethical standards. It outlines key principles such as discipline, self-control, professionalism, and adherence to best ethical practices.

Key Elements of KNPL's Code of Conduct

- Conflict of Interest
- Anti-corruption
- Confidentiality
- Compliance with Laws, Rules, and Regulations
- Protection and Proper Use of Company Assets
- Fair Dealing and Ethical Business Conducts
- Handling Patents of the Company
- Appropriate Social Conduct

Whistleblower Policy

KNPL has a Whistleblower Policy in place to encourage employees to voice their grievances and report legitimate concerns proactively. The Company is committed to upholding high standards of openness, integrity, probity, and dependability across our operations.

Employees are actively encouraged to report any concerns related to suspected serious misconduct 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 and Hygienic Work Environment: Occupational Health and Safety in Action

At KNPL, health and safety are ingrained across our business operations. We believe all accidents are preventable. The safety and well-being of our people are vital for sustained and sustainable business growth. Led by our focus on nurturing a 'Safety Without Compromise' workplace environment, we have committed ourselves to the creation of a company-wide culture of safety.

We regular conduct comprehensive safety audits and assessments to identify improvement opportunities and implement effective corrective measures. Through strategic integration of safety training initiatives and competitive programmes within our operational infrastructure, we have cultivated a robust ecosystem centred on safety awareness. This strategic approach enables our employees to assume complete responsibility for their well-being and that of their colleagues across the Company.

Our collaborative safety framework ensures the effective implementation of comprehensive safety protocols across all levels of the Company, reflecting our ongoing commitment to safety excellence. By establishing safety as a cornerstone of our operational philosophy, we ensure protection for our workforce while maintaining uninterrupted productivity.

Safety week at Sayakha Plant

KNPL implements a comprehensive company-wide Occupational Health, Safety, and Environment (OHS&E) Policy that explicitly communicates the Company's commitment to maintaining health and safety standards across all business operations. This policy establishes safety as a fundamental organisational value and promotes a widespread culture of safety consciousness to heighten awareness and vigilance. We conduct structured evaluations, in addition to OHS&E measures, aligned with Kansai Paint Co., Ltd., Japan guidelines, to strengthen safety awareness and ensure strict compliance with established protocols and regulations. We maintain a meticulously structured Safety Committee with active participation from workmen representatives and conduct systematic evaluations in compliance with the applicable rules. This committee encourages inclusive involvement in health and safety initiatives, strengthens safety frameworks, engages diverse stakeholders through consultation and active participation, and instils a sense of responsibility at every organisational tier. Through regular site visits, the management team engages in discussions with employees and their representatives regarding health and safety protocols and opportunities for improvement.

We have expanded our Process Hazard Analysis and Hazard and Operability studies to proactively identify potential safety risks and hazards across all operational areas. These assessments lead to the development of comprehensive mitigation strategies and action plans designed to eliminate or minimise process hazards. Our facilities comply with raw material storage requirements according to Chemical Compatibility guidelines, thereby reducing inherent hazards through appropriate segregation, storage, and handling procedures for chemicals.

To enhance safety infrastructure and promote safety consciousness, we conduct systematic activities, including regular earthing verification on production floors, structured safety walks, targeted safety communications, focussed toolbox discussions, and comprehensive CFT, 5S & safety inspection. Additionally, we have established a cross-functional Safety Excellence Team dedicated to identifying industry best practices and implementing innovative safety solutions across our manufacturing network. The team conducts quarterly safety performance reviews, benchmarking against international standards to drive continuous improvement in our safety management systems. Our commitment to safety goes beyond compliance through our Safety Awareness Programme, which equips supervisors and managers with advanced skills in hazard recognition, risk assessment, and effective safety communication, further reinforcing a strong safety culture across the organisation.

Safety Training

At KNPL, we continue to highlight the fundamental importance of comprehensive training programmes. This demonstrates our unwavering commitment to nurturing a culture of safety excellence and facilitating ongoing enhancement throughout our organisational framework.

These strategic initiatives serve as key enablers in raising our workforce's safety awareness while strengthening their professional skills through structured training modules. Our expansive educational framework addresses essential components, including methodical risk evaluation, systematic hazard recognition, appropriate utilisation of personal protective equipment (PPE), proper use of Automated External Defibrillator (AED), precise emergency management protocols, and rigorous adherence to established safety practices.

Kiken Yochi Training

We have significantly broadened our employee participation strategies through innovative platforms, including the immersive Danger Experience Programme (DEP), the analytical Kiken Yochi Trainings (KYT), the reflective Life After Accident (LAA) simulations,

Safety Training at Sayakha Plant

specialised instruction on human error prevention methodologies and static electricity management protocols, digital safety evaluations, interactive safety knowledge assessments, and systematic CAPA implementation across multiple organisational tiers. These engagements enable our personnel to showcase their proficiency in safety-related domains while fostering environments conducive to innovative concept development and synergistic partnerships.

We have significantly enhanced our Behaviour-Based Safety (BBS) programme by increasing observation frequency and introducing advanced training methodologies across all operational facilities. This initiative enables more effective management of behavioural factors, elevates safety mindfulness, and promotes a culture of accountability among our team members. We have also refined our Personal Level Risk Assessments (PLRA) framework to empower individuals to comprehensively analyse potential hazards associated with their routine professional activities.

For FY 2024-25, we have recorded an impressive 58,450 man-hours of dedicated safety training throughout all organisational levels. This achievement reflects our strengthened commitment to safety education and hazard prevention. We consistently ensure that industry-leading methodologies are effectively implemented across our diverse operational spectrum, cultivating an organisational ethos centred on safety awareness. We do this through the propagation of exemplary standards, team-oriented approaches, and positive competitive engagement.

Case Study

DOJO Board

We have successfully rolled out our innovative Safety DOJO Board across all major plants, reinforcing hands-on learning and safety awareness at the shopfloor level. These installations provide exceptional resources for practical safety instruction and a comprehensive understanding of fire prevention systems. The fundamental purpose remains supporting personnel in exploring, analysing, formulating, and implementing enhanced safety protocols. In Japanese tradition, the concept of 'DOJO' represents a dedicated space for collective learning and knowledge dissemination.

Case Study

Automated External Defibrillators

We have significantly enhanced our emergency medical response capabilities by installing AEDs across all KNPL locations. These life-saving devices are strategically placed in easily accessible areas with high-visibility signage throughout our manufacturing facilities, R&D centres, and administrative offices. The AEDs feature user-friendly interfaces, enabling efficient responses during cardiac emergencies, making it possible for more people to respond to a medical emergency where defibrillation is required. AEDs are designed to be portable and user-friendly, allowing even non-medical individuals to operate them effectively during emergencies. It will be made part of the emergency management programme, which also includes the rapid use of emergency numbers and the prompt delivery of cardiopulmonary resuscitation (CPR). All three of these activities are vital to improving survival from cardiac arrest. This investment in advanced emergency medical equipment demonstrates our commitment to workplace safety and employee well-being, significantly strengthening our emergency preparedness infrastructure across the Company. Adequate training is also provided to the targeted employees about the usage of AED.

Classroom Training on AED Handling

Occupational Health Centres

Our manufacturing facilities are equipped with fully operational occupational health centres (OHCs) that deliver extensive medical care and support to all employees. These centres are staffed by licensed doctors and skilled medical professionals. Each centre offers 24/7 emergency ambulance services, supported by trained paramedics. The main goal of our OHCs is to promote employee health and wellness while preventing work-related illnesses and injuries. We also review and analyse complaints and records at the OHC to more effectively identify the root causes of health concerns and recognise emerging patterns. We conduct half yearly health checkups for all employees, including contract workers. Additionally, we offer services such as specialised medical counselling, nutritional advice, and ergonomic evaluations to enhance overall employee well-being.

Comprehensive Safety Oversight

We maintain a robust safety monitoring programme by conducting regular, comprehensive evaluations of our Occupational Health and Safety (OH&S) management systems. This year, KPJ conducted thorough inspections at our primary facilities based on the enhanced KPJ Global Safety and Quality Standards. These detailed reviews assessed critical safety domains, including Management Systems, Fire Safety Protocols, Containment Procedures, Workplace Accident Prevention Measures, Emergency Response Capabilities, and Chemical Handling Safety.

The evaluation results highlight significant improvements in facility preparedness, the adoption of proactive safety measures, and the strengthening of operational safeguards. Our manufacturing units across India demonstrated improved audit performance metrics, highlighting our unwavering dedication to continuously elevating safety standards.

During the reporting period, we conducted comprehensive safety risk assessments of vehicle routes of the inside premises of major manufacturing factories. All facilities now maintain current route maps with clearly marked vehicle zones, pedestrian walkways, speed limits, and loading areas.

National Safety Week at Jainpur Plant

Industry Recognition for Safety Leadership

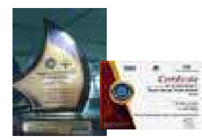
Our strong commitment to safety has earned us notable recognition within the industry. During FY 2024-25, The Confederation of Indian Industry (CII) recognised our Sayakha facility with the esteemed 'Excellence in Safety Management' award. These recognitions affirm the effectiveness of our comprehensive safety initiatives implemented throughout our operations.

Awards Received in FY 2024-25

Gold Award in Safety category in 12th QCFI Kaizen Competition Sep-2024 (Sayakha)

7th CII Silver Award in National Safety Excellence Competition May-2024 (Sayakha)

YAMAHA Supplier Contest 2024 (Gold Award Hosur for Mitigating The Potential Slip and Fall Hazard at Height Work)



17th CII National Poka Yoke Competition (GOLD AWARD HOSUR)

The Apex India Occupational Health and Safety 'Platinum' Award-2024 in Chemical Sector, Jainpur

NSCI Safety Award-2024-Manufacturing Sector (2024) –Received 'Certificate of Appreciation' on 27th March, 2025, Jainpur

The Apex India Occupational Health and Safety 'OHS Champion' Award 2024, Jainpur

Appreciation Certificate from the Uttar Pradesh Pollution Control Board Dated 30th May, 2024 for Initiatives Around Helping The Environment

Additional Safety Achievements

- Implementation of advanced hazard identification and risk assessment protocols
- Enhanced employee safety training programmes with increased participation rates
- Development of comprehensive emergency response capabilities
- Strengthened safety culture through leadership engagement and employee involvement initiatives
- Improvement in leading safety indicators across all operational metrics

Incident Management

We have enhanced our incident investigation framework to ensure a comprehensive analysis of all safety events. In the event of an incident, a specialised cross-functional team at the respective manufacturing site is tasked with analysing and determining the underlying causes. Our teams employ sophisticated root cause analysis techniques to thoroughly examine each event, followed by the development of detailed corrective and preventive action (CAPA) plans based on investigation outcomes.

To maximise organisational learning, investigation findings, root causes, and CAPA plans are systematically communicated across multiple levels throughout the Company. We have implemented a structured knowledge-sharing system between all manufacturing facilities to prevent the recurrence of similar incidents. At KNPL, knowledge sharing extends beyond internal incidents to include learnings from allied industries, enhancing our preventive measures and safety practices. The Board of Directors is kept actively informed through quarterly reports that detail all incidents and the status of Corrective and Preventive Action (CAPA) implementations.

Training on Personal Risk Assessment

Focus on Fire Safety

Our manufacturing facilities maintain robust fire safety standards through rigorous protocols, regular inspections, and advanced fire suppression technology. We have significantly expanded employee training initiatives focussed on fire safety procedures and emergency evacuation protocols, ensuring quick and effective responses during potential incidents. This unwavering dedication to thorough fire safety measures creates a secure working environment while protecting our manufacturing infrastructure and assets.

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Fire Hydrant Pump House at Jainpur Plant

Enhanced Safety Initiatives

- Developed a standardised investigation methodology across all facilities
- Created a centralised incident database for improved trend analysis
- Undertook expanded emergency response training with regular simulation exercises
- Introduced advanced fire detection and suppression technologies
- Implemented more frequent safety patrol schedules for early identification and prompt correction of unsafe conditions
- Ensured up-to-date protocols for the handling and storage of hazardous chemical substances
- Strengthened fire safety in scrapyard areas through sophisticated waste segregation and improved storage systems
- Upgraded electrical safety standards for flameproof systems and equipment
- Developed comprehensive static electricity prevention measures with associated training initiatives
- Conducted thorough Fire Risk Assessments utilising Hazard Identification and Risk Assessment (HIRA) and Hazard and Operability Study (HAZOP) methodologies
- Performed regular safety overhaul inspections in compliance with updated KPJ guidelines
- Extended CCTV monitoring systems to provide enhanced surveillance coverage in high-risk areas, particularly scrapyards and chemical storage facilities

Comprehensive Fire Safety Infrastructure

Advanced Firefighting Preparedness

- Implemented enhanced scenario-based emergency response training through frequent mock drills and evacuation exercises
- Strategically optimised placement and increased quantity of firefighting equipment, including extinguishers, hydrant systems, and hose reels across all facilities
- Deployed fire hydrant networks that significantly surpass Factory Act compliance requirements
- Installed cutting-edge fire detection technology, including integrated smoke/heat/beam detectors and accessible manual call point alarm systems
- Upgraded to next-generation fire suppression systems, featuring advanced sprinkler technologies and high-efficiency modular fire extinguishers

Structural and Design Safety Measures

- Incorporated purpose-designed buffer zones between manufacturing buildings to prevent fire spread and enable effective firefighting access
- Developed specialised hazardous material fire containment systems with customised extinguishing agents for specific chemical risks
- Expanded dedicated firefighting water reservoirs with redundant supply systems to ensure uninterrupted availability
- Implemented comprehensive flame-proof electrical installations throughout all solvent handling and resin manufacturing areas
- Engineered all fire protection systems to exceed the latest IS Standards and National Building Code requirements

Way Forward

Looking ahead, we remain dedicated to strengthening our human capital by fostering a culture of continuous learning, inclusivity, and innovation. We will continue to invest in talent development and well-being initiatives, empowering our employees to drive sustained growth and uphold KNPL's commitment to excellence. We remain steadfast in our commitment to excel in safety management through continuous enhancement of our systems, implementation of robust protective measures, rigorous effectiveness monitoring, and cultivation of a proactive safety culture. We will systematically integrate insights from Global Safety and Quality audits, in line with KPJ's requirements, to further strengthen operational resilience across the Company. This comprehensive strategy is designed to strengthen our position as an industry benchmark in occupational health and safety, while delivering the highest level of protection for our most valuable asset: our people.

KANSAI PAINT

NEROLAC

KANSAI NEROLAC PAINTS LIMITED

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Corporate Identity Number (CIN): L24202MH1920PLC000825

Notice

NOTICE is hereby given that the 105th Annual General Meeting of Kansai Nerolac Paints Limited will be held through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM"), on Monday, 30th June, 2025 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, 2025 and the Reports of the Board of Directors and the Auditors thereon.

2. To declare a dividend of ₹ 3.75 (375%) which includes special dividend of ₹ 1.25 (125%) per Equity Share of the nominal value of ₹ 1 each for the year ended 31st March, 2025.

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

   "RESOLVED that pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013, Mr. Hitoshi Nishibayashi, Non-Executive Director (holding Director Identification Number 03169150), who retires by rotation at this Annual General Meeting and does not offer himself for re-appointment, do hereby retire as a Director of the Company.

   RESOLVED FURTHER that the vacancy caused by retirement of Mr. Nishibayashi be not filled in at this meeting or at any adjournment thereof.

   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."

4. To appoint a Director in place of Mr. Takashi Tomioka, Non-Executive Director (holding Director Identification Number 08736654), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.

Special Business:

5. 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, 2026, 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."

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

   "RESOLVED that pursuant to the provisions of Section 204 of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, read with Regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory amendment or modification or re-enactment thereof, for the time being in force), JHR & Associates, Company Secretaries in Practice (Firm registration no. P2015MH059200), be and is hereby appointed as the Secretarial Auditor of the Company, for a term of 5 (five) consecutive years commencing from 1st April, 2025 to 31st March, 2030, on such terms and conditions, including remuneration, as may be approved by the Board of Directors, from time to time.

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."

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

"RESOLVED that pursuant to the provisions of Sections 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. Gen Yokota (holding Director Identification Number 11084786), who was appointed as an Additional Director and Non-Executive Director of the Company with effect from 6th May, 2025 and who holds office up to the date of this Annual General Meeting, be and is hereby appointed as a Non-Executive Director of the Company, liable to retire by rotation.

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

Bhaskar Bhat
Chairman

Mumbai, 6th May, 2025

NOTES:

1. In compliance with the Circular No. 09/2024 dated 19th September, 2024 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, 10/2022 dated 28th December, 2022, 09/2023 dated 25th September, 2023 and all other relevant Circulars ("MCA Circulars") issued by the Ministry of Corporate Affairs ("MCA") and Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2024/133 dated 3rd October, 2024 ("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. The SEBI Circulars and MCA Circulars are collectively referred to as the "said Circulars".

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

2. Explanatory Statement pursuant to Section 102 of the Act relating to Item nos. 3 and 5 to 7 of the Notice of the 105th AGM is annexed hereto. Also, relevant details in respect of the director seeking 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. The matters of Special Business as set out in Item nos. 5 to 7 of the Notice are considered to be unavoidable by the Board of Directors of the Company.

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, herein below). 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 VC/OAVM 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), Promoters, Institutional Investors, Directors, Key Managerial Personnel, Auditors, Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee 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 Monday, 23rd June, 2025, through e-mail at agm@nerolac.com. The same will be replied by/on behalf of the Company suitably.

7. In line with the said Circulars, the Annual Report including Notice of the 105th 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 Registrar and Share Transfer Agents ("RTA") of the Company viz. MUFG Intime India Private Limited (formerly Link Intime India Private Ltd.) / Depository Participant(s) and to all other persons so entitled.

   Further, in terms of the applicable provisions of the Act, SEBI Listing Regulations read with the said Circulars, the Annual Report including Notice of the 105th 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 websites of the Stock Exchanges i.e. BSE Limited at www.bseindia.com and National Stock Exchange of India Limited at www.nseindia.com and on the website of National Securities Depository Limited ("NSDL") 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 the 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 as the authorized agency, for facilitating voting through electronic means. 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, 23rd June, 2025 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, 23rd June, 2025, shall be entitled to avail the facility of remote e-voting or e-voting at the AGM.

   Only those Shareholders attending the AGM through VC/OAVM, who have not 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.

   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 Jogal, 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 Friday, 27th June, 2025 at 9 a.m. and ends on Sunday, 29th June, 2025 at 5 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 cut-off date i.e. Monday, 23rd June, 2025, 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 Friday, 23rd June, 2025. 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) <u>Login method for e-voting and joining virtual meeting for Individual shareholders holding securities in demat mode</u>

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. https://eservices.nsdl.com either on a personal computer or on a mobile. On the e-Services home page click on the "**Beneficial Owner**" icon under "**Login**" which is available under '**IDeAS**' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-voting services under value added services. Click on "**Access to e-voting**" under e-voting services and you will be able to see e-voting page. Click on company name or **e-voting service provider i.e. NSDL** and you will be re-directed to e-voting website of NSDL for casting your vote during the remote e-voting period 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.nsdl.com. Select "**Register Online for IDeAS Portal**" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp
	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.
	4. Shareholders / Members can also download NSDL Mobile App "**NSDL Speede**" facility by scanning the QR code mentioned below for seamless voting experience. NSDL Mobile App is available on App Store Google Play

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with Central Depository Services (India) Limited ("CDSL")	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 e-voting 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 Number & Email as recorded in the demat account. After successful authentication, user will be able to see the e-voting option where the e-voting 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 abovementioned website.

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

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.com or call at 022 - 4886 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. 1800-21-0991

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 133870 then user ID is 133870001***

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.com mentioning your demat account number/ folio number, your PAN, your name and 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.com. 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 or send a request to Ms. Pallavi Mhatre, Senior Manager at evoting@nsdl.com.

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:

If your e-mail address is not registered with the Depository Participant(s) (if shares held in electronic form)/RTA of the Company (if shares held in physical form), you may register on or before Friday, 20th June, 2025, to receive the Notice of the AGM along with the Annual Report by completing the process as under:

a. Visit the link https://web.in.mpms.mufg.com/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.com for procuring the User ID and Password for e-voting.

In case shares are held in demat mode, please provide DPID-CLID (16 digit DP ID + CL 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.com. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **Step 1 (A)** i.e. **Login method for e-voting 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 attending the AGM through VC/OAVM, who 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, 20th June, 2025 (from 9 a.m.) to Thursday, 26th June, 2025 (up to 5 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 AGM through VC/OAVM on Monday, 30th June, 2025, 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 dematerialised 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 RTA, by sending an e-mail at csg-unit@in.mpms.mufg.com. The support of the Shareholders for the 'Green Initiative' is solicited.

11. **Dividend**

(i) The Board has recommended a dividend of 375% (₹ 3.75 per Equity Share) which includes special dividend of 125% (₹ 1.25 per Equity Share) for the financial year ended 31st March, 2025. This is same as dividend paid for the financial year ended 31st March, 2024.

(ii) The Company has fixed Monday, 23rd June, 2025 as the record date for AGM and determining entitlement of Members to dividend for the financial year ended 31st March, 2025. The Register of Members and Share Transfer books of the Company will remain closed from Tuesday, 24th June, 2025 to Monday, 30th June, 2025 (both days inclusive), for the purpose of AGM and dividend. The dividend, if declared, will be payable on or after Saturday, 5th July, 2025, to those Shareholders whose names are registered as such in the Register of Members of the Company as on Monday, 23rd June, 2025 and to the beneficiary holders as per the Register of Beneficial Owners as on Monday, 23rd June, 2025 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). SEBI vide its Master Circular No. SEBI/HO/MIRSD/ POD-1/P/CIR/2024/37 dated 7th May, 2024, has mandated that, with effect from 1st April, 2024, dividend to security holders who are holding securities in physical form shall be paid only through electronic mode. Such payment shall be made only after the shareholders furnish their PAN, contact details (postal address with PIN and mobile number), bank account details and specimen signature ("KYC") and choice of Nomination. As per the aforesaid SEBI Circular, members holding securities in physical form may note that dividend payable against their shareholdings would be withheld if their KYC details are not updated with the RTA of the Company, MUFG Intime India Private Limited (formerly Link Intime India Private Ltd.).

The forms for updation of PAN, KYC, bank details and nomination viz., Forms ISR-1, ISR-2, ISR-3, SH-13 are available on RTA's website at https://web.in.mpms.mufg.com/KYC-downloads.html.

In view of the above, we urge the Shareholders holding shares in physical form to submit the required forms along with the supporting documents at the earliest to the RTA. The Company has completed the process of sending letters to the Members holding shares in physical form in relation to the applicable SEBI Circular(s).

(b) Shareholders holding shares in dematerialised 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/RTA cannot act on any request received directly from the Shareholders holding shares in dematerialised 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 (TDS) 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 RTA of the Company (in case of shares held in physical mode) and their respective Depository Participant(s) (in case of shares held in dematerialised 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 csgexemptforms2526@in.mpms.mufg.com by Monday, 23rd June, 2025. 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 csgexemptforms2526@in.mpms.mufg.com by Monday, 23rd June, 2025.

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 amitvora@nerolac.com and ganeshmogaveera@nerolac.com. The aforesaid declarations and documents need to be submitted by the Shareholders by Monday, 23rd June, 2025.

(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 2016-17, has been transferred by the Company to the IEPF. Those Shareholders who have not encashed their dividends for the financial year 2017-18 onwards are requested to lodge their claims in that regard with the RTA of the Company.

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 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 2016-17 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 2016-17 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. In terms of Regulation 40(1) of the SEBI Listing Regulations, as amended from time to time, transfer, transmission and transposition of securities shall be effected only in dematerialised form.

Members may please note that pursuant to SEBI Circular dated 25th January, 2022, the listed companies shall issue the securities in dematerialised form only, for processing any service requests from Shareholders viz., issue of duplicate share certificates, endorsement, transmission, transposition, etc. The 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 RTA at https://in.mpms.mufg.com/. After processing the service request, a letter of confirmation will be issued to the Shareholder that shall be valid for a period of 120 days, within which the Shareholder shall make a request to the Depository Participant for dematerializing those shares. If the Shareholder fails to submit the dematerialisation request within 120 days, then the Company shall credit those shares to the Suspense Escrow Demat Account held by the Company which can be claimed by the Shareholders on submission of necessary documentation.

13. Further, pursuant to the SEBI Circular No. SEBI/ LAD-NRO/GN/2023/130 dated 23rd May, 2023 and consequent amendment to Regulation 294 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 which inter-alia states that the allotment of bonus shares shall be made only in dematerialised form, the Company has transferred the Bonus Shares allotted to the Shareholders holding Equity Shares in physical form as on the record date, to

an Escrow Demat Account maintained by the Company. Shareholders can claim these Bonus Shares transferred to the said Escrow Demat Account on submission of necessary documentation.

SEBI has mandated the submission of PAN by every participant in securities market. Shareholders holding shares in dematerialised 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 RTA of the Company.

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 dematerialised form and to the RTA of the Company 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 dematerialised 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 RTA of the Company.

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/RTA.

17. Since the AGM will be held through VC/OAVM, 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. 3

Mr. Hitoshi Nishibayashi, Non-Executive Director (holding Director Identification Number 03169150), retires by rotation at this Annual General Meeting. He is not seeking re-appointment due to health reasons and shall retire as a Director of the Company at this Annual General Meeting. The Board placed on record its sincere appreciation and gratitude for the valuable contribution made by Mr. Nishibayashi, during his association with the Company.

The Board does not propose to fill the vacancy at this meeting or any adjournment thereof. Hence, as required under Section 152 of the Companies Act, 2013, it is proposed not to fill up the vacancy caused by the retirement of Mr. Nishibayashi and the Ordinary Resolution as set out in Item no. 3 of the Notice seeks approval of the Shareholders for the same.

ITEM NO. 5

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, Plastics and Polymers, Rubbers and Allied Products & Insecticides or any other products required by the law, for the financial year ending 31st March, 2026. The products of the Company covered under the aforesaid categories are different types of thinners, additives, powder coating products, hardeners, construction chemicals etc.

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 (Firm Registration No. 000611), as the Cost Auditor for the financial year ending 31st March, 2026 on a remuneration of ₹ 4,00,000 plus GST and reimbursement of out-of-pocket expenses.

D. C. Dave & Co., Cost Accountants has conveyed its willingness to act as Cost Auditor of the Company for financial year ending 31st March, 2026. 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. 5 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 payable to D. C. Dave & Co., Cost Accountants, Cost Auditor of the Company, as recommended by the Audit Committee and approved by the Board of Directors, as set out in Item no. 5 of the Notice, for approval of the Shareholders.

ITEM NO. 6

Pursuant to the Regulation 24A of the Securities and Exchange of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and other applicable provisions if any, the Board of Directors at its meeting held on 6th May, 2025 has approved the appointment of JHR & Associates, Company Secretaries in practice (Firm Registration No. P2015MH059200), as the Secretarial Auditor for a term of 5 (five) consecutive years from 1st April, 2025 to 31st March, 2030, subject to approval of the Shareholders of the Company.

JHR & Associates, a peer reviewed firm, was established in 2017 by a team of experienced professionals. Prior to this, the founding partners had been active in the industry since 1996 under the name J.H. Ranade & Associates. The firm specializes in various areas including core-secretarial compliance, FEMA regulations, due diligence, secretarial audits, corporate governance, mergers and acquisitions, charge management and XBRL services.

JHR & Associates has conveyed its willingness to act as Secretarial Auditor of the Company. 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.

The proposed remuneration to be paid to the Secretarial Auditor, as approved by the Board of Directors, for the financial year 2025-26 is ₹ 1,15,000 plus GST and reimbursement of conveyance and out of pocket expenses. The fees could be revised by the Board of Directors, as and when necessitated.

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 the appointment of JHR & Associates, Company Secretaries in practice, as Secretarial Auditor of the Company, as set out in Item no. 6 of the Notice, for approval of the Shareholders.

ITEM NO. 7

Pursuant to Section 161(1) of the Companies Act, 2013 read with Article 113 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. Gen Yokota (holding Director Identification Number 11084786) as an Additional Director and Non-Executive Director of the Company with effect from 6th May, 2025, subject to the approval of the Shareholders.

Considering his technical knowledge and rich experience in the field of research along with 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. Yokota as a Non-Executive Director of the Company, with effect from 6th May, 2025, 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 Companies Act, 2013 to propose the candidature of Mr. Yokota for the office of Non-Executive Director, to be appointed as such under the applicable provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Accordingly, it is proposed to appoint Mr. Yokota as a Non-Executive Director of the Company and the Ordinary Resolution as set out in Item no. 7 of the Notice seeks approval of the Shareholders for the same.

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

Mr. Gen Yokota and his relatives can be considered to be concerned or interested in the proposed Ordinary Resolution, as set out in Item no. 7, to the extent it relates to the appointment of Mr. Yokota.

Also, Mr. Hitoshi Nishibayashi and Mr. Takashi Tomioka, Non-Executive Directors, Mr. Pravin Chaudhari, Managing Director and Mr. Hirokazu Kotera, Executive Director, 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. 7, 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. 7.

The Board recommends the appointment of Mr. Gen Yokota as a Non-Executive Director of the Company, as set out in Item no. 7 of the Notice, for approval of the Shareholders.

For and on behalf of the Board

Bhaskar Bhat
Chairman

Mumbai, 6th May, 2025

Annexure to the Notice

Details of the Director seeking re-appointment in the 105th Annual General Meeting, as set out in Item nos. 4 and 7 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. Takashi Tomioka	Mr. Gen Yokota
Director Identification Number	08736654	11084786
Age	52 years	51 years
Brief Profile including qualifications and experience	Mr. Takashi Tomioka graduated from Tokyo Gakugei University, Faculty of Education. He joined Kansai Paint Co., Ltd., Japan ("KPJ") in April 1996 and has worked in various divisions of Kansai Paint Co., Ltd., Japan. He is currently Director of the Board, Managing Executive Officer, Chief Financial Officer and Head of Head Office at KPJ.	Mr. Gen Yokota is a M.S. in Material and Life Science Engineering from Graduate School of Engineering, Osaka University. He joined Kansai Paint Co., Ltd., Japan ("KPJ") in April 1999 as a Chemist. During his association with KPJ, he developed and launched water-based coatings for Automotive Original Equipment Manufacturers (OEMs). In 2004, Mr. Yokota joined PPG Kansai Automotive Finishes US in Cleveland, Ohio USA as a Chemist and in 2008 joined PPG Kansai Automotive Finishes EU in Quattordio, Italy as an Assistant Technical Manager. In 2011, he rejoined KPJ at R&D centre as a Lead Researcher. He was assigned to be a Technical Manager at Technical Development division for Automotive Coatings. Mr. Yokota had been seconded to Kansai Nerolac Paints Limited from 2020-2023, as the Director - Technical, QA & QC. Currently, he is the Executive Officer in R&D/Procurement unit at KPJ.
Date of First Appointment	7th May, 2020	6th May, 2025
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, 2025*	Nil	Nil

* Mr. Takashi Tomioka and Mr. Gen Yokota 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 Audit Committee and Stakeholders' Relationship Committee are considered.

Notes:

None of the directors are related to each other. However, Mr. Hitoshi Nishibayashi, Mr. Takashi Tomioka and Mr. Gen Yokota, Non-Executive Directors, Mr. Hirokazu Kotera, Executive Director and Mr. Pravin D. Chaudhari, Managing Director, are the 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 above 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 105th Annual Report and the Audited Financial Statements (Standalone and Consolidated) for the year ended 31st March, 2025 ('year under review/FY 2024-25'). 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

Kansai Nerolac Paints Limited (referred to as 'KNPL,' 'the Company,' or 'We'), established in 1920, is a subsidiary of Kansai Paint Co., Ltd., Japan. In addition to our primary operations in India, we have established a presence in Nepal, Sri Lanka, and Bangladesh through a combination of strategic acquisitions and joint ventures. As one of the largest manufacturers of paints and coatings in India, we have established a strong leadership position in the decorative and industrial coatings sector. The Company continues to lead the automotive and powder coating segments and commands a significant market share in performance coatings backed by deep technical expertise and longstanding industry partnerships. In the decorative segment, we are recognised as the third-largest paint manufacturer in India. Our strong market position is driven by sustained investments in intellectual and human capital, complemented by access to advanced global technologies. This enables us to deliver differentiated, environmentally responsible, and innovation-led solutions, tailored to the evolving needs of Indian consumers.

As a trusted name in the industry, KNPL is committed to designing solutions that protect, inspire, and touch lives every day. Our painting solutions provide 'Beauty and Protection' to a wide array of applications, including decorative paints (interior and exterior, wood coating, construction chemicals, tile adhesives), automotive coatings (for 2,3, and 4-wheelers, electric vehicles, commercial vehicles, and tractors), emerging segments (underbody coatings, alloy wheels, and seam sealers), consumer durables (fans, microwaves, refrigerators, washing machines), personal items (hair clips, artificial jewellery), and transportation infrastructure (bridges, metro rail). This commitment is encapsulated in our belief that **'There is a little bit of Nerolac in everybody's life.'**

At KNPL, we remain firmly committed to our purpose of transforming spaces and enriching lives by offering high-quality paints that enhance everyday environments and make a positive contribution to the world around us. Guided by innovation and a relentless pursuit of excellence, we strive to deliver solutions that not only inspire and protect but also leave a meaningful, lasting impact on our stakeholders and the communities we serve.

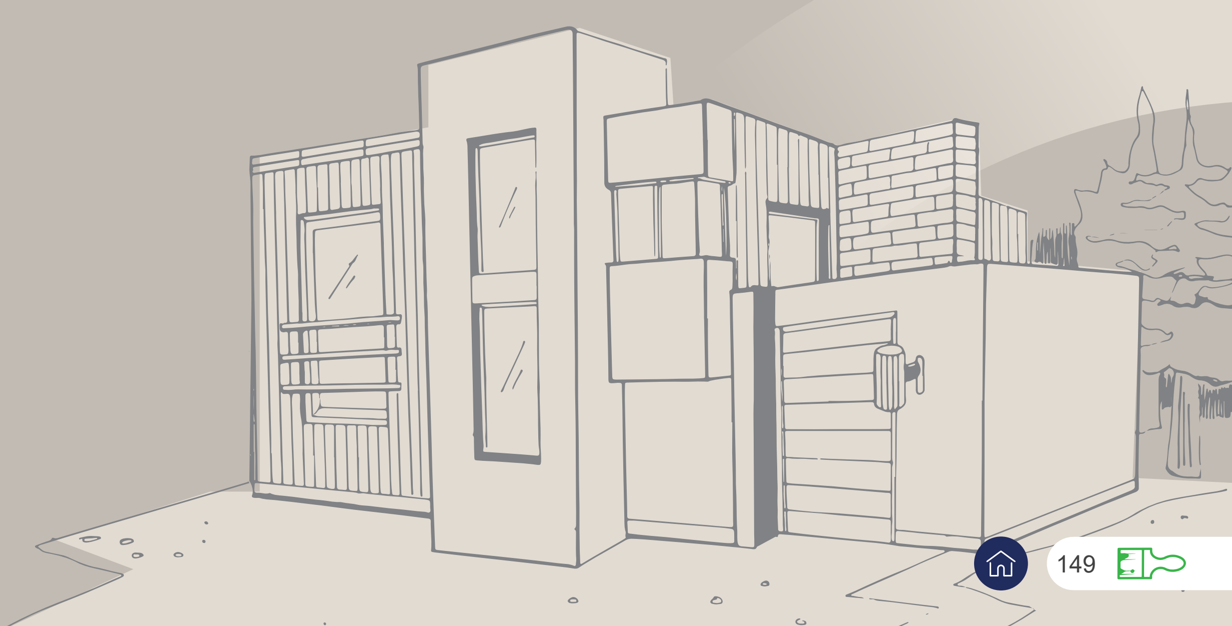
As we look ahead to FY 2025-26, we remain firmly focussed on building upon the momentum of recent years to further reinforce our market position. This continued drive is rooted in our long-standing commitment to innovation and customer-centricity: principles that have consistently defined our journey and underpinned our success over the decades. This year, the competitive landscape has undergone a marked shift, presenting us with both new challenges and emerging opportunities. Throughout this period of change, we have remained focussed on meeting evolving customer expectations. This continued emphasis has enabled us to launch products that directly address consumer needs, enhance engagement through better service delivery, and reinforce our position in the market.

Industry Progress

In FY 2024-25, the Indian paints industry demonstrated resilience in the face of subdued demand and intensifying competitive pressures. Rural demand remained muted for much of the year, with signs of recovery emerging towards Q3. The entry of new players into the market further intensified competition, prompting more aggressive pricing strategies. Additionally, an extended monsoon season impacted demand during the second quarter, affecting both retail and project sales.

The automotive coatings segment recorded healthy growth, driven largely by the launch of new passenger vehicle models. Meanwhile, industrial coatings experienced stable demand, supported by ongoing infrastructure development and government-led stimulus measures. Demand in the performance coatings segment was primarily driven by strong growth in high-performance protective coatings, particularly within the oil and gas sector. Powder coatings saw subdued demand while general industrial paints registered healthy traction, especially in applications related to pre-engineered buildings and other industrial products.

The industry's focus on premiumisation has continued to strengthen, supported by increased investments in innovation and responsiveness to evolving consumer preferences. This strategic shift highlights the sector's adaptability and sustained commitment to long-term growth.



FINANCIALS

FINANCIAL HIGHLIGHTS

A summary of KNPL's standalone financial results for the year ended 31st March, 2025

(FY 2024-25) compared to the standalone financial results for the previous year, FY 2023-24, is as follows:

₹ in Crores

Particulars	FY 2024-25	FY 2023-24
Revenue from Operations	7,496.71	7,393.30
Profit before Depreciation, Interest, Exceptional Item, and Tax (PBDIT)	974.13	1,022.88
Less: Depreciation and Amortisation	193.68	179.96
Profit Before Interest, Exceptional Item, and Tax (Operating Profit)	780.45	842.92
Less: Interest	15.09	12.46
Add: Other Income	142.06	93.11
Profit Before Exceptional Item and Tax	907.42	923.57
Add: Exceptional Item	479.19	642.25
Profit Before Tax (PBT)	1,386.61	1,565.82
Less: Tax Expenses	365.37	382.95
Profit after Tax	1,021.24	1,182.87
Other Comprehensive Income	(3.46)	(3.77)
Total Comprehensive Income for the Year	1,017.78	1,179.10

Revenue from operations for the year aggregated to ₹ 7,496.71 Crores as compared to ₹ 7,393.30 Crores for the previous year, reflecting a growth of 1.4%.

While average crude oil prices declined compared to the previous year, the impact was partially offset by currency depreciation during the same period. As a result, overall raw material prices remained largely stable throughout the year. We continued our efforts to control overheads, with all departments working on their tasks and achieving positive results.

PBDIT for the year stood at ₹ 974.13 Crores, registering a decline from ₹ 1,022.88 Crores in the previous year, reflecting a degrowth of 4.8%. On the other hand, other income rose to ₹ 142.06 Crores, a notable increase from ₹ 93.11 Crores recorded in the previous year. During the year, the Company sold its factory land and building at Lower Parel, Mumbai and a gain of ₹ 665.4 Crores was accounted. Due to the continued losses incurred by our subsidiaries in Sri Lanka and Bangladesh, the Company has recognised an impairment loss of ₹ 186.25 Crores in the year. The net amount of ₹ 479.19 Crores is shown as an exceptional item.

PBT for the year stood at ₹ 907.42 Crores, marginally lower than ₹ 923.57 Crores (before exceptional items) in the previous year, reflecting a degrowth of 1.7%. PAT declined to ₹ 1,021.24 Crores from ₹ 1,182.87 Crores in the previous year, marking a degrowth of 13.7%.

Return on net worth (excluding exceptional items) for the year is 11.3% as compared to 13.4%.

During the year, KNPL did not accept any deposits covered under Chapter V of the Companies Act, 2013. There are no significant or material orders passed by any regulators, courts, or tribunals against us that could impact our going concern status or our operations in the future.

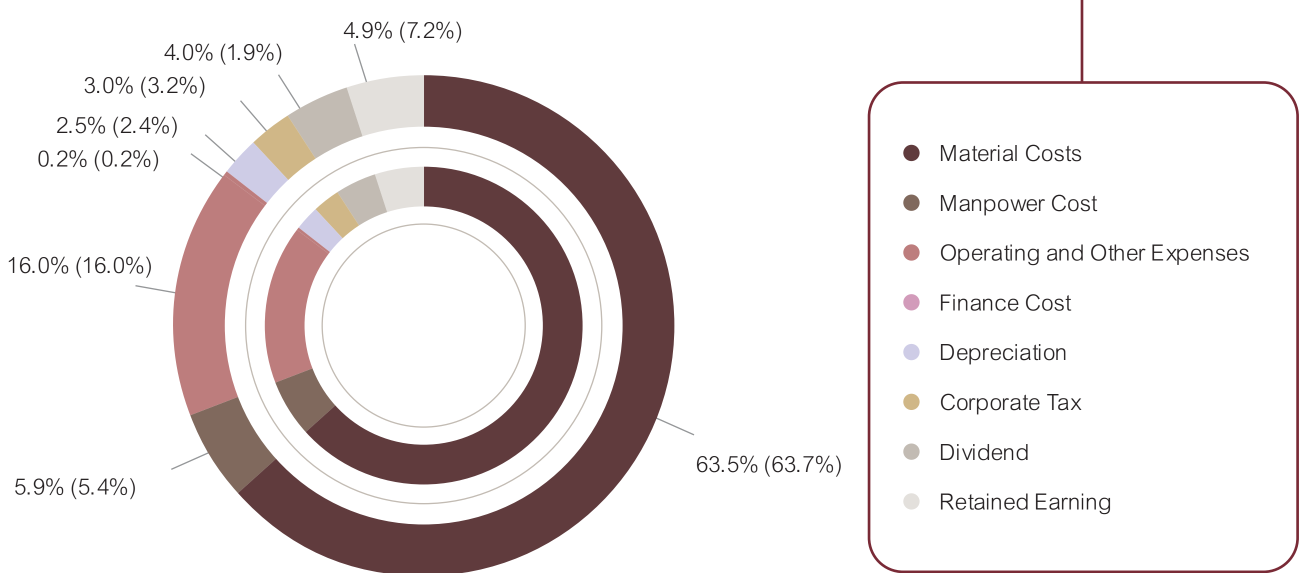
There has been no change in the nature of our business during the year. Additionally, there have been no material changes or commitments affecting our financial position that occurred between the end of the financial year to which the financial statements relate and the date of this report.

DIVIDEND

The Board has recommended dividend of 375% (₹ 3.75 per share) including special dividend of 125% (₹ 1.25 per share) for the financial year ended 31st March, 2025. This compared with a final dividend of 375% (₹ 3.75 per share) including special dividend of 125% (₹ 1.25 per share) declared last year.

Key Ratios	FY 2024-25	FY 2023-24	Difference	% Change
Debtors Turnover (No. of Days)	47	46	1.4	3.1%
Inventory Turnover (No. of Days)	121	125	3.7	2.9%
Interest Coverage Ratio	65	82	17.5	21.3%
Current Ratio	4.02	3.48	0.5	15.5%
Debt Equity Ratio	-	-	-	-
Operating Profit Margin (%)	13.0	13.8	0.8	5.9%
Net Profit Margin (%)	13.7	16.1	2.4	15.0%
Return on Equity (%)	17.0	23.1	6.1	26.3%

Distribution of Income



Figures in brackets are the corresponding figures for the previous year.
Note: Excluding exceptional item and tax thereon

Revenue from Operations

(₹ in Crores)

FY 2024-25	7,497
FY 2023-24	7,393
FY 2022-23	7,081
FY 2021-22	5,949
FY 2020-21	4,771

Profit

(₹ in Crores)

	PBDIT	PBT	PAT
FY 2024-25	974	907*	679*
FY 2023-24	1,023	924*	691*
FY 2022-23	794	650	486
FY 2021-22	648	517*	386
FY 2020-21	844	725*	541

* Before Exceptional Item

Profitability

(Profitability Ratios are based on Net Sales)

(%)

	PBDIT	PBT	PAT
FY 2024-25	13.0	12.1*	9.1*
FY 2023-24	13.8	12.5*	9.3*
FY 2022-23	11.3	9.2	6.9
FY 2021-22	11.1	8.8*	6.6*
FY 2020-21	17.8	15.3*	11.4*

* Before Exceptional Item

Shareholders' Funds

(₹ in Crores)

FY 2024-25	6,366
FY 2023-24	5,653
FY 2022-23	4,607
FY 2021-22	4,171
FY 2020-21	4,077

Return on Capital Employed

(%)

FY 2024-25	13.8*
FY 2023-24	15.8*
FY 2022-23	13.7
FY 2021-22	12.1
FY 2020-21	17.2

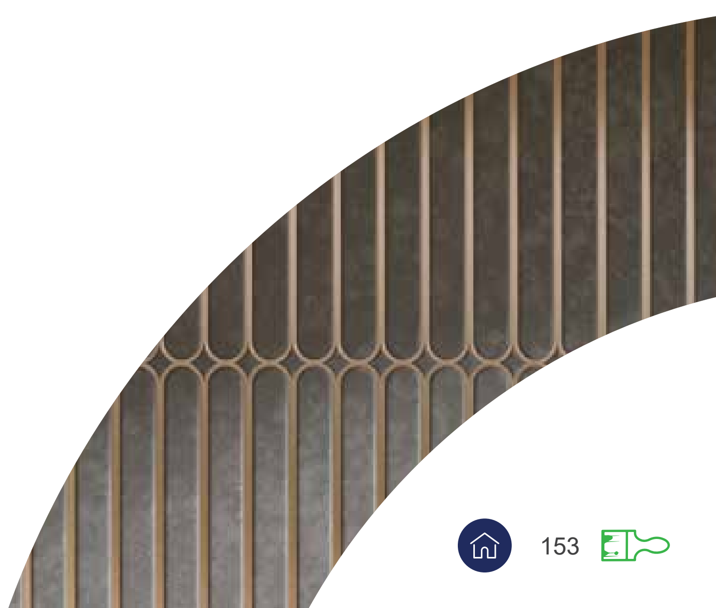
Profit after tax divided by Average Shareholder's Equity
*Excluding exceptional items

Basic Earnings Per share (EPS)

(₹)

FY 2024-25	12.6^^
FY 2023-24	14.6^
FY 2022-23	6.0
FY 2021-22	4.6
FY 2020-21	6.6

(EPS for all years has been calculated considering face value of share of ₹ 1 each and has been restated on account of bonus issue)
^^ EPS for FY 2024-25 excluding exceptional gain is ₹ 8.4
^ EPS for FY 2023-24 excluding exceptional gain is ₹ 8.4
(including exceptional item)



Market Capitalisation (as on 31st March)

(₹ in Crores)

FY 2024-25	18,828
FY 2023-24	21,200
FY 2022-23	20,802
FY 2021-22	25,178
FY 2020-21	32,370

Book Value per Share (as on 31st March)

(₹)

FY 2024-25	79
FY 2023-24	70
FY 2022-23	85
FY 2021-22	77
FY 2020-21	76

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

Dividend

(%)

FY 2024-25***	375
FY 2023-24***	375
FY 2022-23	270
FY 2021-22**	225
FY 2020-21*	525

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

SUBSIDIARIES AND CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations), the Board has approved a policy for determining material subsidiaries. The policy is available on the website of KNPL at: www.nerolac.com. Further, based on this policy, we do not have any material subsidiaries.

Indian Subsidiary

Nerofix Private Limited

The Company's turnover was recorded at ₹ 125.33 Crores, compared to ₹ 132.8 Crores the previous year. The Company recorded a loss of ₹ 15.26 Crores, compared to ₹ 2.74 Crores in the previous year. Strategic initiatives have also been taken to revamp the business.

The consolidated financial statements of KNPL, as of 31st March, 2025, are prepared in accordance with applicable accounting standards and form a part of this report. All subsidiaries of the Company as of 31st March, 2025, have been considered in the preparation of consolidated financial statements. Additionally, a separate statement in Form AOC-1, highlighting the key features of the financial statements of the Company's subsidiaries, is included in this report. Furthermore, the Annual Audited Financial Statements of all KNPL subsidiaries are available on the Company's website at: www.nerolac.com.

Overseas Subsidiaries

Operations in Nepal

During the year, the turnover of KNP Japan Private Limited, our subsidiary in Nepal, rose to ₹ 69.43 Crores, up from ₹ 65.92 Crores in the previous year. Profit after tax stood at ₹ 5.97 Crores, as compared to ₹ 5.49 Crores in the previous year.

Operations in Bangladesh

Kansai Nerolac Paints (Bangladesh) Limited, our subsidiary in Bangladesh, registered a turnover of ₹ 143.18 Crores for the year, as compared to ₹ 202.27 Crores in the previous year. The Company incurred a loss of ₹ 30.95 Crores during the year, compared to a loss of ₹ 17.52 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 stood at ₹ 2.03 Crores, compared to ₹ 34.25 Crores the previous year. The Company incurred a loss of ₹ 19.89 Crores during the year, as compared to ₹ 7.21 Crores in the previous year.

SEGMENT-WISE PERFORMANCE

We have 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.

Decorative Business

OVERVIEW

In FY 2024-25, we continued to build on our rich legacy of over 100 years in delivering a comprehensive range of painting solutions that embodied both **'Beauty and Protection.'**

In our commitment towards meeting the evolving needs of our customers, we launched 22 new products in the decorative segment and 10 new products in the Paint+ category. The idea was to create unique products with differentiated features.

Recognising the rising consumer preference for value-added services, we expanded our Nerolac NxtGen Painting Services to over 250 towns, positively impacting a broader ecosystem of consumers, painters, and channel partners.

In line with this expansion, our Premium Wood Coating and Construction Chemicals segments sustained its strong performance throughout the year. The project business also maintained its growth momentum in FY 2024-25. We also increased our showroom concepts as well as shop-in-shop outlets and expanded to more towns in a bid towards providing consumers with superior retail experience. Our Programme for Architects and Interior Designers saw increased momentum, fuelled by targeted engagement initiatives led by exhibitions and seminars centred around the Company's strong emphasis on sustainability.

PAINT+ AND NEW PRODUCT LAUNCHES

Value Creation at Every Step

In the reporting year, we remained firmly committed to our strategic growth agenda and strengthening our position as a market leader. Under the Paint+ category, we continued to emphasise unique product offerings that enhance our market presence. We also introduced the Wow Whites range (Whitest of White), across both interior and exterior emulsions that provides best-in-class whiteness along with 15% more coverage.

As part of our efforts to strengthen the exterior product portfolio, we launched Excel No Dust, an acrylic emulsion paint designed to deliver superior performance. We further expanded this range with the introduction of Nerolac Excel Mica Marble Stretch and Sheen NXT, a highly durable, water-based, high-performance exterior paint. Additional launches in this category included Neu Latex Exterior White and Nerolac Suraksha Primer, broadening our offerings to meet varied customer needs.

In the Interior Range, we launched the Nerolac Beauty Gold Washable NXT and Impressions Sheen Emulsion, which provides a radiant sheen and smooth finish. The other new products in the interior range are Kansai Select Shikisai and Neu Latex Interior White.

These product introductions not only strengthen our portfolio but also reaffirm our commitment to delivering high-quality, differentiated solutions that align with evolving customer expectations.

Consumer Services

The NxtGen Painting Service Programme continued to offer a seamless, digitally enabled experience through its streamlined, end-to-end processes designed for ease and efficiency. This year, we continued to uphold our commitment to delivering exceptional value by connecting homeowners with trained professionals and offering affordable solutions that significantly enhance customer satisfaction.

Our strong growth and adaptability are reflected in the continued expansion of our painting services, now spanning over 250 cities across the country and serving over 25,000 customers.

Through the expansion of our Contractor Service across diverse geographies, we have built strong partnerships with trained contractors who serve as trusted contributors within their local communities. This approach not only enables us to provide our customers with cost-effective painting solutions but also fosters a sense of trust and reliability.

Superior Retail Experience

We have enhanced customer experience through our NxtGen Premium Shoppe concepts customised to meet retailer requirements. These platforms provide a solution based comprehensive approach to home renovation including repair, waterproofing and painting. AI based colour recommendations, an industry first, basis existing furnishings and furniture is the unique feature across all our format.

As of FY 2024-25, we have increased our Nerolac NxtGen Shoppe outlets to 100+ and Shop in Shop outlets to 200+ across the country.

KNPL booth at FOAID

Influencer Engagement Programme

Pragati Programme for Painters

Our Painter Loyalty Programme, Pragati, is a key element of our strategy to drive engagement and derive higher share of wallet from the painting contractor segment. Our focus is on capability building and skill development in this set of key influencers that impact the final delivery of the finished product. We trained over 80,000 painters in paint application through classroom and hands-on sessions, further enhancing their skills and expertise. This year, through our existing programmes of Shop Meets and Expos we upskilled our existing loyalists as well as built awareness of the KNPL range of products and services across key markets. The entire engagement for this category is driven by our digital app called 'Pragati', which established the foundation for our Painter Training Academies. Additionally, we utilised artificial intelligence to gain insights into painters' purchasing behaviours, leading to product recommendations from our side that meet their specific needs. This personalised approach not only improved the painter experience but also boosted sales.

Illuminati Programme for Architects and Interior Designers

At KNPL, we recognise the indispensable role of architects and interior designers in shaping our environment, crafting spaces that were both functional and visually captivating.

Over the past two years, we successfully engaged with 8,000+ professionals across the country, cultivating trust and loyalty through our Lunch & Learn presentations. To further support their creative process, we provided colour consultancy services and ensured that our shade palettes were seamlessly integrated into their 3D design rendering software.

We also actively participated in leading exhibitions, such as FOAID Delhi and Mumbai, providing a platform to showcase our diverse offerings, engage meaningfully with the design community, and stay attuned to emerging market trends. All these strategic initiatives have enabled us to grow our brand awareness and brand equity among this set of future influencers.

Growth Businesses

Wood Coating

The wood coating business delivered good growth for KNPL over the past year, notably outperforming broader market trends. This expansion can be attributed to several key factors, including our strategic partnership with ICRO which allows us to bring the latest trend in this segment from Italy.

In the reporting year, we have significantly increased our demand for economical polyurethane (PU) finishes. New product introductions specific to key markets of Jammu & Kashmir as well as expanding our retail footprint across the country have been the key drivers for our gains in this segment.

Moreover, we have strengthened our connections with contractors by building trust and recognising their contributions through the PU+ Loyalty Programme, which rewards their efforts and fosters long-term relationships.

Construction Chemicals and Waterproofing

In FY 2024-25, we sustained robust performance in the construction chemicals and waterproofing segment, reinforcing our position in this growing category. The introduction of new products, coupled with increased engagement from contractors, significantly contributed to the overall sales growth within the Decorative Segment.

During the current year, we entered the high-performance waterproofing segment of membranes and new technologies through tie-ups. The groundwork to build core waterproofing segment across industries based on specifications and approvals is gaining momentum. Furthermore, our existing product range, including Nerolac Perma No Damp and Nerolac Perma No Damp+ gained significant share across markets.

Projects

At KNPL, our projects business showed excellent growth trajectory in FY 2024-25. Our business strategy during the year centred on expanding geographical reach, strengthening our presence in the builder segment (fresh painting), and accelerating growth in the housing society repainting segment, alongside deepening engagement with the government sector. The government's increased investment in infrastructure development also contributed positively to the growth of our projects business.

We increased our presence across 80+ towns, resulting in additional business and increased brand visibility. To ensure a robust pipeline of future opportunities, we reinforced our project team, demonstrating a proactive stance in identifying and securing upcoming business prospects.

We executed marquee projects such as the India International Convention Centre – Yashobhoomi (Delhi) and the Airport Flyover in Varanasi (UP), while also contributing to the preservation of cultural heritage through our involvement in the transformation of the National Rail Museum in Delhi.

Marketing and Branding

In our ongoing efforts to strengthen brand connections and enhance visibility, we launched several impactful campaigns throughout the year. To complement these campaigns, we substantially ramped up our digital marketing initiatives, targeting both top- and bottom-funnel activities, with a strong focus on promoting NxtGen Painting Services.

Our strategies included collaborations with third-party third-party platforms and robust social media engagement, leading to a remarkable 40% increase in website traffic. We also integrated our iconic Nerolac jingle across all consumer communications and collaborated with our brand ambassador, Ranveer Singh, to further strengthen brand appeal.

To transform the lives of vendors involved in the Mahakumbh, KNPL helped their businesses blend with beauty by providing them with Dukan-It-Yourself (DIY) shade card-inspired store.

Our efforts to expand our presence by marketing campaigns have been recognised by various awards and certifications. In the reporting year, we were recognised by Quora for executing the platform's most impactful campaign, while our performance marketing efforts earned KNPL a 'Bronze Medal' from Front Benchers.

Industrial Business Overview

India is experiencing significant investment in infrastructure development, which in turn is driving demand for industrial paints. Simultaneously, as one of the largest automotive markets globally, the country is witnessing rapid growth in the sector, fuelled by rising domestic demand for passenger vehicles and a surge in vehicle exports to international markets.

The powder coating segment experienced steady growth, primarily driven by demand from the white goods and electrical appliances sectors. The liquid coatings market saw significant expansion, fuelled by the increasing adoption of high-performance coatings that cater to specialised industrial applications.

The industrial paints business caters to a large variety of industrial customers like automotive OEMs, auto refinish body shops, general industrial customers and high-performance coatings users such as oil and gas, chemical plants, power plants, and infrastructure companies.

Technological advancements played a crucial role in shaping the industrial paints market, with innovations in application techniques and product formulations. Our state-of-the-art R&D centre has been instrumental in solidifying our leadership position within the industry.

As we navigate this vibrant landscape, we remain committed to innovation and excellence, ensuring that we continue to meet the demands of a rapidly evolving industry.

Automotive Business

OVERVIEW

Building on an already substantial presence in the automotive segment, we successfully gained additional market share and maintained our position as the dominant leader in this category during the year. Our strategy focussed on the development of technologically advanced products and the introduction of sustainable technologies, which align with our customers' evolving requirements.

The passenger vehicles and 2-wheelers segment witnessed good growth during the festive season. In contrast, the commercial vehicles segment witnessed a subdued demand.

The launch of new models by car manufacturers further reinforced this momentum, driving consumer interest and supporting the continued expansion of the passenger vehicles market. This growth was supported by rising demand in the small car segment, a growing preference for sustainable alternatives, and increasing income levels across the Indian population, all of which contributed to higher automotive demand.

As we move forward, our focus on innovation, strategic partnerships, and sustainability will continue to drive our growth in the automotive sector. We are well-positioned to capitalise on emerging opportunities and maintain our leadership in this dynamic industry.

NEW SEGMENT IN THE AUTOMOTIVE BUSINESS

In FY 2024-25, we achieved notable progress across our automotive segments, showcasing our commitment to innovation and quality. By strategically investing in new business segments, advancing product development, and upgrading our technologies, we have effectively enhanced our market position. In addition, we have concentrated our efforts on new segments, including seam sealer, underbody coatings, and alloy wheels. The successful implementation of these initiatives has significantly contributed to our overall performance.

Passenger Vehicles

The passenger vehicle segment recorded good growth during the year, driven by rising demand across both urban and rural markets. In line with this growth and evolving consumer needs, we have consistently been introducing new, high-functionality products within this segment.

Furthermore, we remain committed to sustainability by offering solutions that support energy conservation and optimise paint usage, reinforcing our focus on technological innovation and operational efficiency.

Automotive Coating - 4-Wheeler

Two-Wheeler

The 2-wheeler segment experienced good growth in FY 2024-25. This can be attributed to increased demand for newly launched variants from manufacturers and a heightened consumer focus on EVs, across both urban and rural markets.

The rise in demand for two-wheelers has led to an increased need for paints and coatings. In response, KNPL has introduced a range of innovative solutions in FY 2024-25 to strengthen its competitive position in this dynamic market.

For 2-wheelers, we have prioritised solutions that deliver a superior gloss finish. Our Special PU clear product is engineered to provide an exceptional finish and anti-stain properties.

Overall, we remain dedicated to meeting the evolving needs of the 2-wheeler market through continuous innovation and a focus on quality, reinforcing our position as one of the leaders in the industry.

Automotive Coating - 2-Wheeler

Commercial Vehicles and Tractors

The commercial vehicles segment experienced subdued demand during the year. In response to specific industry needs, KNPL introduced a high-performance casting sealer for tractors, offering superior corrosion resistance. Engineered to withstand harsh conditions, particularly during puddling operations involving fertilisers, this solution helps prevent paint peeling and enhances long-term durability.

Automotive Coating - Commercial Vehicles

Electric Vehicles (EVs)

Amid growing emphasis on environmental sustainability, the EV segment has witnessed significant growth across all categories of mobility. As a market leader in automotive coatings, we have strategically enhanced our presence in this segment, successfully maintaining a strong market share and leadership position in the EV sector.

In the reporting year, we achieved remarkable growth in the electric 2-wheeler segment, accompanied by a similar upward trajectory in the electric 3-wheeler space. By leveraging advanced technologies such as our Super Durable Topcoat and a range of energy-efficient solutions, we remained focussed on effectively addressing the evolving needs of this fast-growing market.

Automotive Coating - EVs

Performance Coating

BUSINESS OVERVIEW

The performance coatings business delivered strong growth, led by the high-performance coatings segment, which recorded robust demand across the various industries it serves. This momentum was largely fuelled by an uptick in infrastructure development projects, which drove the need for high-quality, premium-grade paint solutions. The general industrial paints and coil coating segments witnessed marginal and strong growth respectively, driven by the premium category. Additionally, the powder coating segment also experienced modest growth.

During the year, we prioritised the expansion of our business in the performance coating segment to enhance our market share. We are also consistently enhancing our offerings in high-end coatings for railways, bridges, and the oil and gas sector through the adoption of advanced technologies.

Looking ahead, we are introducing a series of new products that further strengthen our portfolio. These innovations reflect our continued commitment to addressing evolving market needs while reinforcing our leadership position within the industry.

Powder Coating

In FY 2024-25, the Company achieved modest growth in the powder coating segment, due to the demand from white goods and electrical appliances. The segment continues to cater to diverse industries, including rebar, pipe coating, alloy wheels, and construction equipment, with a focus on delivering premium solutions. Customers are also transitioning from liquid paints to environmentally friendly (zero VOC) powder coatings.

At KNPL, we also focussed on innovation and premium offerings to meet evolving customer needs, including the introduction of pigmented primer-cum-basecoats to enhance both performance and aesthetics. Additionally, we launched breakthrough product to deliver one-shot matt black finishes without the need for a matting agent. Another key innovation was Monocoat metallic coatings for 4W ancillary applications.

Liquid Coating

The liquid coatings segment at KNPL sustained its growth momentum in FY 2024-25, supported by strong performance in high-performance coatings, driven by increased infrastructure activity and rising demand for durable, high-quality solutions.

During this period, we witnessed strong growth in the premium segment driven by demand from oil & gas and heavy engineering segments. We also focussed on enhancing our product range with an emphasis on the premium segment.

Technologically, we remain well-equipped to navigate the evolving market landscape, ensuring our continued success in delivering cutting-edge solutions to our customers.

Auto Refinish

In the auto refinish segment, KNPL achieved good growth during FY 2024-25 with the overall momentum being driven by strong growth in premium category.

Responding to evolving customer preferences, the Company observed a notable shift towards sustainable products. We also focussed on providing water-based solutions over traditional solvent-based options, reinforcing our commitment to sustainability.

Additionally, the Company implemented a digital platform for Body Shop Management during the reporting year. This innovative platform is designed to enhance customer experience and engagement, ensuring streamlined operations and superior service delivery in the auto refinish domain. These initiatives underscore our dedication to meeting market demands while fostering sustainable practices and technological advancement.

Research & Development (R&D)

OVERVIEW

In recent years, we have maintained our position as one of the leaders in the coatings industry. The Company's R&D team is dedicated to creating innovative solutions that address the evolving needs of our customers while aligning with our sustainability objectives. During the year, we successfully filed 24 patents related to paint composition and the processes involved in paint preparation.

A notable achievement was the introduction of groundbreaking technologies that meet the stringent requirements of the industry. KNPL has excelled in automotive coatings, achieving significant success by implementing technologies that reduce resource consumption and energy usage. We have engineered high-performance products that are entirely free of heavy metals, ensuring both superior functionality and adherence to stringent environmental regulations.

In our performance coatings business, we introduced advanced, application-specific solutions, including a high-performance coating system developed for semi high-speed railway coaches. These innovations reflect our ongoing commitment to addressing critical industry challenges through targeted technological advancement. Our R&D team continues to work closely with value chain partners, with a strong focus on value engineering, localisation, and mitigating supply-side risks.

Collaboration with Kansai Paint, Japan, Kansai Paint Group Companies

Over the years, we have maintained our technological leadership in the industrial coatings sector by consistently staying ahead of competition. Our partnership with Kansai Paint Co., Ltd. (KPJ), a prominent global leader with extensive experience in technology design and development, has been instrumental in this endeavour. Through close collaboration with KPJ, we have successfully developed customised paint and resin formulations specifically tailored to meet the needs of Indian customers.

Among our notable innovations are tin-free cathodic electrodeposition (CED) coatings and stoving primers for 4-wheeler body applications, along with several other products that excel in both aesthetics and functional performance. KPJ also brings deep insights into emerging global colour trends and extends robust technical support to our clients in India, leveraging its rich international expertise to add significant value across engagements. Furthermore, KNPL also collaborates with KPJ Group companies worldwide to deliver differentiated technologies to Indian customers across a diverse range of end-user industries, including industrial coatings, coil coatings, auto refinish, and decorative paints.

1

Key Developments in Decorative Paints

Aligned with our Paint+ strategy, which focusses on delivering products with distinct, value-added features, our R&D team has made meaningful progress in developing innovative solutions tailored to evolving customer needs. During the year, we further strengthened our portfolio with several strategic product introductions.

We launched Kansai Select Shikisai, inspired by the natural beauty of stones, which offers a sophisticated matte finish embodying elegance and luxury.

Additionally, our Wow White Range features superior whiteness and provides 15% greater coverage. In the wood coating category, we launched Nerolac Wonderwood Gloria NXT, an offering that stands out for its high-gloss finish and superior resistance to scratches and stains. These advancements underscore our commitment to innovation and our responsiveness to the evolving preferences of our customers.

2

Key Developments in Automotive Segment

Passenger Vehicles Segment

The Company has made significant strides in the passenger vehicles segment, with the launch of innovative low flash off compact 3C-1B system for roof painting. This solution offers a range of sustainability benefits, including the elimination of one baking cycle, resulting in energy conservation, and a low film build that enables reduced paint consumption.

Additionally, we introduced Everlast Matt clear coat for one of the country's leading passenger vehicle manufacturers. The product offers superior workability and enhances functional performance.

Two-Wheeler Segment

In the 2-wheeler segment, we have introduced several noteworthy products that cater to the evolving needs of the market. These innovative products stand out as a vibrant two-coat shade developed in Monocoat for excellent workability. Our versatile low-bake product suitable for both metal and plastic substrates, further expands application possibilities. Furthermore, our economical solution for the general OEM market, provides high-quality performance at a competitive price. These innovations reflect KNPL's commitment to meeting the specific requirements of the 2-wheeler industry.

Commercial Vehicles Segment

In the commercial vehicles segment, the Company introduced several key products that enhance performance and durability. Our casting sealer provides excellent corrosion resistance, making it ideal for harsh environments encountered in commercial applications. Our high-solid paint recognised for its exceptional durability, is suitable for demanding commercial uses. In addition to it, the combination of Texture Primer and Topcoat offers a unique textured finish enhancing aesthetic appeal and ensuring robust protection. These developments highlight KNPL's commitment to innovation and quality in the commercial vehicles sector.

3

Key Developments in Performance Coating Segment

In the performance coatings segment, we have introduced several impressive products that enhance durability and functionality. In coil coating application, we have introduced a highly resilient product capable of withstanding QUV test conditions. Additionally, the newly introduced products offer exceptional flexibility on high-thickness substrates. Additionally, the Antidust Lacquer is perfect for electrical appliances, maintaining a sleek matte finish.

These advancements solidifies KNPL's commitment to sustainability and customer satisfaction within the performance coatings sector for FY 2024-25. We have launched special high build epoxy paint for the highly humid areas and jetties in the tidal zone application.

4

Key Developments in Powder Coatings

In the powder coatings segment, we have made significant advancements by introducing innovative products that cater to diverse market needs. Notably, we developed a new pigmented primer-cum-basecoat specifically designed for alloy wheels, enhancing both performance and aesthetics. We also introduced a specialised anti-static coating technology tailored for ESD applications. These new products exemplify our commitment to innovation and quality, reinforcing KNPL's position as a trusted provider of powder coating solutions in the market.

5

Key Developments in Coil Coatings

With regard to coil coatings, we have developed a high-build system engineered for enhanced durability and longevity, specifically suited for applications such as puff panels used in high-rise buildings, airports, and similar infrastructure. This innovative product is suitable for both domestic and international markets, addressing the increasing demand for coated metals in infrastructure development and construction projects.

6

Key Developments in Auto Refinish

In FY 2024-25, we launched an Economy Range Product crafted as an affordable alternative in the automotive refinish segment, delivering consistent results where cost-efficiency matters.

Supply Chain

The supply chain landscape continues to undergo rapid shifts, shaped by geopolitical uncertainties, crude oil price volatility, foreign exchange fluctuations, and import-related logistical constraints. At KNPL, we view these disruptions not as setbacks, but as catalysts, driving us to strengthen our supply chain resilience through proactive innovation and strategic adaptation. Over the years, our supply chain has remained a critical pillar of our competitive edge, enabling us to uphold the highest standards of quality and deliver reliable customer service. Our extensive network comprises nine owned manufacturing facilities that produce our products using materials and services from over 500 key suppliers. We efficiently reached dealers and distributors nationwide, through a robust distribution system of 114 depots and 7 RDCs.

At KNPL, our long-term performance and brand value are deeply anchored in the strength and agility of our supply chain. To meet these objectives, we place strong emphasis on close collaboration and foster trusted, mutually rewarding partnerships across our supply chain ecosystem. Our Annual Suppliers Conference enables us to engage with all our suppliers, recognise their excellence, and foster open communication.

We also recognise the importance of inclusive growth among all our stakeholders. During FY 2024-25, approximately 20% of our input materials were sourced from MSMEs, supporting inclusive growth initiatives. Additionally, to promote local sourcing, 75% of our input material was sourced within India. Furthermore, to engage our suppliers in our commitment to sustainability, we initiated a ‘Value Chain Sustainability’ programme. This includes training many of our suppliers on climate change awareness and greenhouse gas (GHG) inventorisation. As a proactive step, KNPL has begun engaging with suppliers on emissions management.

The end-to-end digital transformation of our supply chain, coupled with purpose-led partnerships, will enable us to create a future-fit supply chain that is resilient, efficient, and sustainable.

Information Technology

In recent years, we have made substantial enhancements to our information technology capabilities across all operational functions by deploying a suite of new applications. Our IT ecosystem extends seamlessly to both internal and external stakeholders, with customised solutions developed specifically for dealers, painters, architects, interior designers, and our frontline sales teams. While managing a diverse array of applications, KNPL is committed to upholding the highest standards of security, as an essential and non-negotiable component of our operations. We utilise state-of-the-art tools and processes to safeguard our intellectual property and IT infrastructure. Through advanced threat monitoring and prevention measures overseen by the Corporate Information Security Steering Committee, we are committed to ensuring the early detection and mitigation of cyber threats across the Company.

Furthermore, we have made cybersecurity training mandatory for all the employees to keep them aware of potential threats and security concerns. We routinely disseminate cybersecurity awareness materials to employees, offering practical guidance on digital security best practices, spam and fraud prevention, safe usage of AI tools, and other key aspects of cyber hygiene. These initiatives collectively ensure that we are well-prepared to face future challenges, safeguard our valuable information, and support our continuous growth.

We are making significant progress on our digital ecosystem, including transforming our IT landscape by digitalising our operations. This is being done through the implementation of the latest technologies in core processes, supply chain, and procurement, among others.

People

At KNPL, we are committed to the holistic development of our employees and translating this belief into tangible actions through various initiatives and activities. The Company prioritises the health, safety, and overall well-being of the workforce while fostering a diverse and inclusive environment where individuals from all backgrounds feel valued and respected. As of the end of FY 2024-25, we are driving KNPL's transformation with the strength of 3,859 dedicated NEROLITEs, who take pride in being part of the 'I AM Nerolac' family.

Works Manager addressal at the Bawal Plant

Inauguration ceremony at Atchutapuram (Vizag) Plant

Innovation (AVINYA)

Building on the success of previous years, we launched two innovation seasons, each targeting specific strategic agendas aligned with our organisational goals.

In addition to promoting innovation, we have prioritised culture building among employees through cross-functional participation, training, and development initiatives.

By continuing to promote a collaborative environment for idea generation and execution, our AVINYA platform empowers employees to take ownership of their innovations, driving success and positioning the Company for future growth.

Employee Well-being

At KNPL, we remain steadfast in our commitment to enhancing the well-being of our employees, recognising them as the cornerstone of organisational success. One of the key initiatives in this regard is the Wellness Corner App, which serves as a comprehensive platform for both physical and mental well-being.

Through our Wellness Wednesday Sessions, we consistently raise awareness among employees around mental and physical health, productivity, emotional intelligence, and work-life balance. Additionally, our monthly newsletter, 'Impressions,' features Nerolites' sharing their experiences in maintaining a healthy lifestyle.

These initiatives reflect our unwavering dedication to creating a supportive and thriving workplace environment where employees feel valued, empowered, and inspired to excel.

For more information, kindly check the **Human Capital** Section.

Demo on use of PPE

Capability Building

Our initiative, TAJ 2.0 (Tap-Abhyaas-Jap), exemplifies our dedication to nurturing leadership potential. By collaborating with world-class organisations, this programme is aimed at building a strong leadership pipeline. Additionally, through Abhyaas, new joinees are introduced to all our products. For our sales front-liners, we rolled out Advanced Sales Training modules, while at the managerial level, our 'Lead with Impact' programme continued to strengthen leadership capabilities. We also leveraged the Percipio digital learning platform to promote self-directed learning and upskilling. In addition, we expanded our capability-building initiatives by training employees on Enterprise Risk Management (ERM) and the nine principles of BRSR, reinforcing our commitment to sound corporate governance practices. Through these diverse programmes spanning all employee levels, we reaffirm our commitment to individual growth and organisational excellence.

Employee Connect

At KNPL, we emphasise on cultivating strong relationships with employees through a variety of engagement initiatives.

To recognise and celebrate employee contributions, the Company has implemented the 'Titan+' recognition system. This initiative allows employees to acknowledge their peers, for achievements. Our engagement initiative, Life@Nerolac, embodies the spirit of community and collaboration by platform, enabling employees to share updates, ideas, and accolades, fostering a cohesive and engaged workforce.

We have also established robust employee communication platforms such as the MD's Townhall, MD Samvaad, Coffee with HR, Works Manager Address sessions, and the Annual Learning Conference.

Throughout the year, the Company actively celebrates cultural and festive occasions across its plants, head office, R&D centres, and depots. On International Women's Day, we established the Women Impact Network (WIN), an employee-led resource group aimed at empowering women within the Company.

Through these thoughtfully designed programmes, we reaffirm our commitment to creating an engaging workplace where employees feel valued and connected.

Safety Training at Hosur

Nurturing Talent

KNPL emphasises on nurturing talent to align individual aspirations with organisational objectives. A cornerstone of this talent development strategy is the Campus Collaboration Programme, designed to attract exceptional talent from premier management and technical institutes across the country. The Gurukul programme offers summer training opportunities, while the Aarambh Campus Programme facilitates the seamless transition of trainees into full-fledged Nerolites into roles such as management trainee, graduate engineer trainee, technical trainee, and sales trainee based on their qualifications.

For more information, kindly check the **Human Capital** Section.

Advanced Sales Training

CSR activity at Shraddhanand Women Welfare Society, Mumbai

Community Development

At KNPL, CSR is not merely an obligation but a fundamental aspect of our business philosophy. We believe that responsible conduct and social contribution are fundamental to our way of doing business, empowering us to serve as a catalyst for positive change in the communities we engage with. Our sustained efforts to enhance lives through targeted social interventions underscore our role as a conscientious corporate citizen and align closely with the United Nations' Sustainable Development Goals (UN SDGs). In FY 2024-25, we continued our journey of impactful CSR initiatives at KNPL, positively transforming over 80,000 lives through programmes focussed on livelihood and skill enhancement, preventive healthcare and sanitation, promoting education, environmental sustainability, and rural and community development. Among these, Project Annapurna stands out as a remarkable initiative aimed at empowering women by equipping them with essential farming skills to foster self-reliance and sustainable livelihoods.

Our commitment to CSR excellence was honoured with the prestigious Golden Peacock Award for Corporate Social Responsibility 2024, an affirmation that our efforts are making a meaningful impact and progressing in the right direction. This accolade reflects not only the scope of our initiatives but also the tangible impact they have had on underprivileged communities.

In FY 2024-25, 28% of KNPL employees actively engaged in CSR activities, exemplifying their commitment to enabling social change. This collective effort strengthens our ability to drive meaningful projects while cultivating a culture of responsibility within the Company.

Environment, Social and Governance

At KNPL, the concept of material issues involves identifying and prioritising key concerns that significantly influence our capacity to generate value for stakeholders. These material issues are considered critical, given their potential to significantly influence our commercial sustainability, social relevance, and the strength of our stakeholder relationships. By recognising and addressing these material issues, we aim to proactively manage our impact, enhance our resilience, and uphold our commitment to creating sustainable value for all stakeholders.

KNPL has Identified Five Materiality Topics

- Decarbonisation
- Resource Use
- Quality of Life
- Diversity
- Governance

Information for this section can be found in the **Natural Capital** section.

Opportunities and Threats

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

Risks and Concerns

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

Outlook

The Indian paints industry is anticipated to experience modest growth in FY 2025-26, driven by favourable macroeconomic conditions, rising urbanisation, and increased construction and infrastructure development activities. This growth can also be attributed to decent demand in both the decorative and industrial segments. In the decorative segment, growth will be supported by higher disposable incomes, premiumisation trends, a rising consumer preference for eco-friendly products, and government initiatives such as the Housing for All programme and the Smart Cities Mission. The industrial segment is also projected to maintain healthy momentum, bolstered by automotive production and significant infrastructure expansion.

Competition within the industry is intensifying, with the entry of new players challenging the market share of established companies. This is paving the way for increased investment, innovation, and enhanced distribution networks. While the sector may continue to face challenges related to raw material price fluctuations and margin pressures, companies are expected to mitigate these risks through product innovation, digitalisation, and a strong focus on sustainability. Overall, the Indian paints industry is well-positioned for sustained growth in FY 2025-26, supported by resilient demand drivers, a growing consumer base, and an evolving competitive landscape.

Internal Control Systems and their Adequacy

Our internal control systems are designed to monitor and manage our day-to-day operations efficiently. These systems ensure compliance with numerous concepts, regulations, and norms, adhering to methodology requirements. To enhance our internal control mechanisms, we have implemented an Internal Financial Control system in compliance with the provisions of Section 134(5)(e) of The Companies Act, 2013. This system provides the Board of Directors with additional oversight capabilities. The implementation of these systems follows the framework outlined in the Guidance Note on Audit of Internal Financial Controls in Financial Reporting issued by The Institute of Chartered Accountants of India, aimed at addressing KNPL's operational and financial risks. Moreover, our systems undergo testing by statutory auditors using automated techniques.

Control Efficiency Index and Robust Control Index

The CEI and RCI remain integral to the Company's strategy for assessing internal audit effectiveness. We measure our control mechanisms against industry benchmarks to maintain efficient operations. Our internal audit programme focusses on determining gaps in control design, policy design, control or process deviations, IT systems, and regulatory compliance. Additionally, our internal audit programme evaluates the potential for automation in control processes and we leverage audit results to enhance the Company's internal controls.

Compliances

KNPL has developed a dashboard to monitor key legislative changes notified by various government authorities, which are then tracked by the Management for requirements and implementation. The Company tracks and ensures regulatory compliance online through the Legatrix system. The system is updated regularly with all the changes in compliance as they occur. The online tracking and tracing of completion help ensure strict adherence to regulations. In addition, the Company tracks any legal cases through the Roznama System.

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. The actual results might differ materially from those either expressed or implied.

Awards and Recognition

Award Category	Forum	Award
Sustainability	EcoVadis	KNPL has been awarded the Bronze Medal in EcoVadis assessment in recognition of our sustainability achievement. This puts us among the top 26% of companies assessed by EcoVadis.
	DJSI	KNPL achieved top 8 percentile in S&P Global LargeMidcap ESG index 2024 maintaining the top 10 percentile rank for 3 consecutive years.
	FTSE	KNPL Ranked in the Top 12 Percentile of FTSE4Good Index 2024 Review in the constructions and materials sector.
	Gujarat Pollution Control Board	Our Sayakha plant received a recognition from Gujarat Pollution Control Board for Sustaining Green Environment in plant premises.
	Uttar Pradesh Government	Our Jainpur plant received an appreciation certificate from Uttar Pradesh Pollution Control Board for efforts taken towards helping the nature initiative.
Customers	TKML	Our Hosur plant won the Best Quality Supplier Award from TKML for continuous commitment to maintain high quality and green project initiatives.
	HMSI	Our Bawal plant along with Corporate Planning team was honoured as the Winner (North Region) in the Supplier NH Circle Competition FY 2024-25 of Honda Motorcycle & Scooter India Pvt Ltd.
	Royal Enfield	KNP has received the 'Best Supplier Award' in the 'Quality & Delivery' category from Royal Enfield.

Award Category	Forum	Award
CSR	Golden Peacock Award	KNPL won Golden Peacock Award for Corporate Social Responsibility for year 2024 hosted by Institute of Directors (IoD).
Kaizen	Confederation of Indian Industry (CII)	Hosur Plant won the Gold Award in the innovation category in the CII National Kaizen Conference.
	Quality Circle Forum of India	Our Sayakha team received two 'Gold Awards' in the Quality and Safety categories at the 12th Quality Circle Kaizen Virtual Competition by QCFI.
Manufacturing	Confederation of Indian Industry (CII)	The Bawal plant won a 'Silver Medal' in the Productivity Improvement category by CII.
		Our Hosur plant won 'Platinum award' in the Alarm category and 'Gold award' in Control category in CII National Poka Yoke competition.
		Our Sayakha plant won the ‘Silver Award’ in the ‘National Safety Practice Competition’ organised by Confederation of Indian Industry (CII) for presenting case study on ‘Safety Culture Transformation at Workplace.’
	National Centre for Quality Calibration Laboratory	Our Hosur plant won 'Excellent Award' at the National Level National Centre for Quality Calibration Laboratory (NCQC) for quality and excellence.
	Ministry of Labour and Employment	Jainpur won the Apex India Occupational Health and Safety ‘Platinum’ Award 2024 in the chemical sector.
	Quality Circle Forum of India	Our Hosur plant won 2 Gold Awards for SGA and VSM project in the 9th Chapter Convention on Quality Concepts 2024, hosted by the Quality Circle Forum of India-Hosur Chapter.
		Our Hosur plant - Quality Circle (QIT) team and Poka-Yoke team won Gold Award in the 9th Chapter Convention on Quality Concepts 2024, organised by the Quality Circle Forum of India-Coimbatore Chapter.
Marketing	Quoraverse	We were recognised for the Most Impactful Campaign on Quora (Performance).
	Front Benchers 2024	We won a 'Bronze Award' in the Performance category.
	E4M Real Time Awards	We won one 'Gold' and two 'Silver' awards for Best Paid Search Ad Campaign, Best Use of Technology, and Best Digital Campaign (Rich Media).
	Imagexx	We received a 'Gold' and a 'Silver' award for Best Omnichannel Marketing Campaign and for Emerging Technology Integration (Rich Media).

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 state 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, the Company has:

1. completed Greenfield manufacturing project at Atchutapuram, Andhra Pradesh (Vizag Plant) and production has commenced;
2. started capacity enhancement of industrial Alkyd and Polyester Resin at Sayakha Plant and of Acrylic Resin at Bawal Plant, to meet the increased automotive paint demand;
3. commenced automotive paint capacity addition project at Sayakha Plant, to meet the future demand of Original Equipment Manufacturers (OEMs);
4. completed and put in operation, captive wind turbine project for Sayakha Plant; and
5. initiated offsite Solar power plant project for Bawal Plant, to optimise the power cost.

4. Land Monetisation

In the previous financial year, the Board of Directors of the Company had approved a proposal for sale of the Company's land parcels at Lower Parel, Mumbai, together with building thereon to Aethon Developers Private Limited (hereinafter referred to as Aethon Developers), for an aggregate consideration of ₹ 726 Crores. Accordingly, the Company entered into an Agreement for Sale with Aethon Developers. The sale was subject to completion of certain procedures and approvals as were necessary in this regard.

As a part of the procedures, on 30th September, 2024, the Company entered into a Deed of Conveyance with the Bombay Zoroastrian Jashan Committee, the Lessor, for acquiring the ownership and title of one of the land parcels of which the Company was the Lessee, by purchase of the revisionary rights for a consideration of ₹ 48 Crores.

After completion of the procedures and approvals as required for the sale, on 24th October, 2024, the Company entered into definitive agreements for conveyance/assignment of lease with Aethon Developers for an aggregate consideration of ₹ 726 Crores.

5. Directors

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. He is not seeking re-appointment due to health reasons and shall retire as a Director of the Company at the AGM on 30th June, 2025. The Board placed on record its sincere appreciation and gratitude for the services rendered by Mr. Nishibayashi during his association with the Company.

In terms of the provisions of the Act and the Articles of Association of the Company, Mr. Takashi Tomioka (holding Director Identification Number 08736654), Non-Executive Director, is liable to retire by rotation at the ensuing AGM of the Company and being eligible, offers himself for re-appointment.

Mr. Hirokazu Kotera (holding Director Identification Number 10707431) has been appointed as a Whole-time Director designated as the Executive Director of the Company for a term of 3 (three) years commencing from 1st August, 2024 and ending on 31st July, 2027 (both days inclusive). The Shareholders approved the terms of appointment, vide Postal Ballot, on 26th September, 2024.

For the period from 1st August, 2024 to 31st March, 2025, Mr. Kotera has received a remuneration of ₹ 51.95 Lakhs from Kansai Paint Co. Ltd., Japan ("KPJ") as a General Manager in KPJ.

Mr. Uday S. Bhansali (holding Director Identification Number 00363902) has been appointed as an Independent Director of the Company to hold office for a term of 5 (five) years commencing from 6th November, 2024 and ending on 5th November, 2029 (both days inclusive). The Shareholders approved his appointment, vide Postal Ballot, on 8th January, 2025.

Mr. P. P. Shah (holding Director Identification Number 00066242) retired upon completion of his second term of office as an Independent Director and consequently, ceased to be a Director and Chairman of the Company, from close of business on 29th January, 2025. The Board placed on record its sincere appreciation and gratitude for the valuable contribution made by Mr. Shah, during his association with the Company.

Mr. Bhaskar Bhat (holding Director Identification Number 00148778), Independent Director has been appointed as the Chairman of the Company with effect from 30th January, 2025.

Mr. Anuj Jain (holding Director Identification Number 08091524), Managing Director, took an early retirement from the services of the Company at the close of business on 31st March, 2025. The Board placed on record its sincere appreciation and gratitude for the valuable contribution made by Mr. Jain, during his association with the Company.

Mr. Pravin D. Chaudhari (holding Director Identification Number 02171823) has been appointed as the Managing Director of the Company for a term of 3 (three) years commencing from 1st April, 2025 and ending on 31st March, 2028 (both days inclusive). The Shareholders approved the terms of appointment, vide Postal Ballot, on 18th April, 2025. As Mr. Chaudhari is not a resident of India as per the requirements of Schedule V of the Act, approval of the Central Government has been sought for the appointment of Mr. Chaudhari as the Managing Director of the Company.

Pursuant to 161(1) of the Act, read with the Articles of Association of the Company, the Board of Directors of the Company, on recommendation of the Nomination and Remuneration Committee, appointed Mr. Gen Yokota (holding Director Identification Number 11084786) as an Additional Director and Non-Executive Director of the Company with effect from 6th May, 2025, subject to the approval of the Shareholders. The Board, while appointing Mr. Yokota considered his technical knowledge and rich experience in the field of research along with the skills, capabilities and proficiency required for the role.

None of the Directors are disqualified as on 31st March, 2025 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, relevant 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 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 members of 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

Mr. Anuj Jain, Managing Director, took an early retirement from the services of the Company at the close of business on 31st March, 2025.

Mr. Pravin D. Chaudhari has been appointed as the Managing Director of the Company with effect from 1st April, 2025.

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

7. Meetings of the Board

The Board met 6 (six) times during the financial year ended 31st March, 2025. The meeting details are provided separately in the Annual Report, as a part of the Report on Corporate Governance. The maximum time gap between any two meetings did not exceed 120 days, as prescribed in the Act and SEBI Listing Regulations.

8. Board Evaluation

In terms of the applicable provisions of the Act and SEBI Listing Regulations, the Nomination and Remuneration Committee and Board of Directors have approved a framework which lays down a structured approach, guidelines and processes to be adopted for carrying out evaluation of the performance of the Directors, the Board as a whole and its Committees. The criteria are broadly based on the Guidance Note on Board Evaluation, issued by the Securities and Exchange Board of India.

Detailed questionnaires covering various parameters relevant for the evaluation are circulated to the Directors. The feedback received from the Directors is discussed at the meetings of Independent Directors, Nomination and Remuneration Committee and Board.

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 Independent Directors, Nomination and Remuneration Committee and Board.

9. 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.

10. Audit Committee

In terms of the provisions of Regulation 18 of the SEBI Listing Regulations read with Section 177 of the Act, the constitution of Audit Committee as on 31st March, 2025 is as follows:

Name of the Member	Designation
Mr. Uday S. Bhansali (Chairman of the Audit Committee)	Independent Director
Ms. Sonia Singh	Independent Director
Mr. Bhaskar Bhat	Chairman and Independent Director

Mr. P. P. Shah ceased to be a member and Chairman of the Audit Committee consequent to his retirement upon completion of second term of office as an Independent Director from close of business on 29th January, 2025.

Mr. Uday S. Bhansali has been appointed as a member and Chairman of the Audit Committee with effect from 30th January, 2025.

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, meetings and attendance thereat are separately provided in the Annual Report, as a part of the Report on Corporate Governance.

11. Corporate Social Responsibility

In terms of Section 135 of the Act, the constitution of the Corporate Social Responsibility ("CSR") Committee as on 31st March, 2025 is as follows:

Name of the Member	Designation
Ms. Sonia Singh (Chairperson of the CSR Committee)	Independent Director
Mr. Anuj Jain*	Managing Director
Mr. Bhaskar Bhat	Chairman and Independent Director

* Mr. Anuj Jain ceased to be a member of the CSR Committee consequent to his early retirement from the services of the Company at the close of business on 31st March, 2025.

Mr. Pravin D. Chaudhari has been appointed as a member of the CSR Committee with effect from 1st April, 2025.

The functions of the CSR Committee are to:

(a) formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company in areas or subject, specified in Schedule VII of the Act;

(b) recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and

(c) monitor the CSR Policy of the Company from time to time.

During the financial year ended 31st March 2025, 2 (two) meetings of CSR Committee were held on 25th November, 2024 and 20th March, 2025 which were 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.

12. 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 Officer.

In terms of the provisions of Regulation 21 of the SEBI Listing Regulations, the constitution of Risk Management Committee as on 31st March, 2025 is as follows:

Name of the Member	Designation
Ms. Sonia Singh (Chairperson of the Risk Management Committee)^	Independent Director
Mr. Anuj Jain*	Managing Director
Mr. Hirokazu Kotera#	Executive Director
Mr. Uday S. Bhansali#	Independent Director
Mr. P. D. Pai	Chief Risk Officer and Non-board member on the Committee
Mr. Jason Gonsalves	Non-board member on the Committee

^ Ms. Sonia Singh has been appointed as the Chairperson of the Risk Management Committee with effect from 30th January, 2025.

Mr. Uday S. Bhansali and Mr. Hirokazu Kotera have been appointed as the members of the Risk Management Committee with effect from 30th January, 2025.

* Mr. Anuj Jain ceased to be a member of the Risk Management Committee consequent to his early retirement at the close of business on 31st March, 2025.

Mr. P. P. Shah ceased to be a member and Chairman of the Risk Management Committee consequent to his retirement upon completion of second term of office as an Independent Director from the close of business on 29th January, 2025.

Mr. Pravin D. Chaudhari has been appointed as a member of the Risk Management Committee with effect from 1st April, 2025.

13. 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 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 Independent 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.

14. 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. The Policy also provides for direct access to the Chairman of the Audit Committee.

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 Policy is also available on the website of the Company at https://www.nerolac.com/financial/policies.html.

15. 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.

16. 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 to all employees and non-employees including 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, three complaints of sexual harassment was received and resolved as per the provisions of the POSH Act.

17. 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 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. 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 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.

18. 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.

19. Particulars 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.

20. 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.

21. 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.

22. 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.

23. Share Capital

The paid-up Equity Share Capital as at 31st March, 2025 stood at ₹ 80.84 Crores.

During the year under review, the Company allotted 65,300 Equity Shares of Re. 1 each pursuant to exercise of Restricted Stock Units ("RSUs") granted under the Kansai Nerolac Paints Limited – Restricted Stock Unit Plan, 2022 ("RSU Plan 2022").

Further, after 31st March, 2025, the Company allotted 45,799 Equity Shares of Re. 1 each pursuant to exercise of RSUs granted under the RSU Plan 2022.

During the year under review, the Company has not issued any convertible securities or shares with differential voting rights or sweat equity shares or warrants.

24. Restricted Stock Unit Plan

The Company introduced the Kansai Nerolac Paints Limited - Restricted Stock Unit Plan 2022 ("RSU Plan 2022") in terms of the approval of the Shareholders vide Postal Ballot on 25th October, 2022, to attract, retain, motivate its employees and improve performance of the Company for ensuring sustained growth.

During the financial year 2024-25, there has been no change in the RSU Plan 2022. The RSU Plan 2022 is available on the Company's website at https://www.nerolac.com/investors/restricted-stock-units.html.

Information as required under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI SBEB & SE Regulations") 2021 has 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.

The certificate from the Secretarial Auditor, certifying that the RSU Plan 2022 has been implemented in accordance with SEBI SBEB & SE Regulations and in accordance with the Special Resolution passed by the Members of the Company through Postal Ballot on 25th October, 2022 and 15th June 2023, 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.

25. 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.

26. Investor Education and Protection Fund ("IEPF")

Transfer of Unclaimed Dividend to IEPF

During the year under review, dividend amounting to ₹ 34.21 Lakhs that had not been claimed by the Shareholders for the year ended 31st March, 2017, was transferred to the credit of IEPF as required under Sections 124 and 125 of the Act.

Unclaimed dividend as on 31st March, 2025

As on 31st March, 2025, dividend amounting to ₹ 2.46 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. MUFG Intime India Private Limited (formerly Link Intime India 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, 2024, 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, 23,101 Equity Shares, in respect of which dividend has not been claimed by the Shareholders for 7 (seven) consecutive years or more, have been transferred by the Company to the IEPF Authority during the financial year 2024-25.

Details of such Equity 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.

27. Statutory Auditors

At the 104th AGM of the Company, the Shareholders had approved the re-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 second term of 5 (five) consecutive years from the conclusion of the 104th AGM until the conclusion of the 109th 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 2024-25 are disclosed in the Financial Statements of Company, which forms 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.

28. Secretarial Auditors

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.

The Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

Further, in terms of Regulation 24A of the SEBI Listing Regulations, as amended with effect from 13th December, 2024, the Board has appointed JHR & Associates, Company Secretaries, (Firm registration no. P2015MH059200) as the Secretarial Auditor of the Company for a term of 5 (five) consecutive years commencing from 1st April, 2025 to 31st March, 2030, subject to the approval of the Shareholders at the ensuing 105th AGM. The Company is seeking the approval of the Shareholders for appointment of JHR & Associates, Company Secretaries, as the Secretarial Auditors of the Company, vide Item no. 6 of the Notice of 105th AGM.

JHR & Associates, a peer reviewed firm, was established in 2017 by a team of experienced professionals. Prior to this, the founding partners had been active in the industry since 1996 under the name J.H. Ranade & Associates. The firm specializes in various areas including core-secretarial compliance, FEMA regulations, due diligence, secretarial audits, corporate governance, mergers and acquisitions, charge management and XBRL services.

The Company has obtained a written consent for such appointment along with a certificate from JHR & Associates confirming that they are not disqualified from being appointed as Secretarial Auditor of the Company.

29. 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 2023-24, pertaining to products of the Company as required by the law. The Cost Audit Report submitted by the Cost Auditor for the financial year 2023-24 was clean and there was no qualification in their Report. The same was duly filed with Ministry of Corporate Affairs.

The Company had re-appointed D.C. Dave & Co., Cost Accountants, as the Cost Auditor for the financial year 2024-25 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 2025-26, 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 ₹ 4,00,000 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. 5 of the Notice of 105th AGM.

The eligibility and consent letter 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.

30. General Disclosure

1. During the year under review, there was no application made or proceeding pending under the Insolvency and Bankruptcy Code, 2016.
2. During the year under review, there were no instances of onetime settlement with any Banks or Financial Institutions.

31. General Shareholder Information

General Shareholder Information is given as Item no. 12 of the Report on Corporate Governance forming part of the Annual Report.

32. Annual Return

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on 31st March, 2025 is available on the website of the Company at https://www.nerolac.com/investors/annual-return.html.

33. Acknowledgements

Your Directors wish to express their grateful appreciation for the co-operation and continued support received from customers, promoter 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

Bhaskar Bhat
Chairman

Mumbai, 6th May, 2025

Annexure 1 to the Board's Report

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2024-25

1. **A brief outline of the Company's CSR Policy:** Given separately as part of this Annexure.

2. **Composition of CSR Committee as on 31st March, 2025:**

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	Chairperson of the CSR Committee, Independent Director	2	2
2.	Mr. Anuj Jain	Managing Director	2	2
3.	Mr. Bhaskar Bhat	Independent Director	2	2

Mr. Anuj Jain ceased to be a member of the CSR Committee consequent to his early retirement from the services of the Company from the close of business on 31st March, 2025.

Mr. Pravin D. Chaudhari has been appointed as a member of the CSR Committee with effect from 1st April, 2025.

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 - 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 executive summary along with web-link(s) 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.**

During the financial year 2024-25, 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 and its executive summary forms part of this Annexure.

5. (a) **Average net profit of the Company as per sub-section (5) Section 135:** ₹ 673.60 Crores
   (b) **Two percent of average net profit of the Company as per sub-section (5) Section 135:** ₹ 13.47 Crores
   (c) **Surplus arising out of the CSR projects or programmes or activities of the previous financial years:** Nil
   (d) **Amount required to be set off for the financial year, if any:** Nil
   (e) **Total CSR obligation for the financial year (5b+5c-5d):** ₹ 13.47 Crores

6. (a) **Amount spent on CSR projects (both Ongoing Project and other than Ongoing Project):** ₹ 13.47 Crores (Separately attached to this Annexure)
   (b) **Amount spent in administrative overheads:** ₹ 0.04 Crores
   (c) **Amount spent on impact assessment, if applicable:** Nil
   (d) **Total amount spent for the financial year (6a+6b+6c):** ₹ 13.51 Crores

(e) **CSR amount spent or unspent for the financial year:**

Total amount spent for the financial year	Amount Unspent				
	Total amount transferred to Unspent CSR Account as per sub-section (6) of Section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of Section 135		
Amount (in ₹)	Amount (in ₹)	Date of transfer	Name of the Fund	Amount (in ₹)	Date of transfer
13.51 Crores	NIL	–	–	NA	–

(f) **Excess amount for set off, if any:**

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the Company as per sub-section (5) Section 135	13.47 Crores
(ii)	Total amount spent for the financial year	13.51 Crores
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.04 Crores
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	–
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.04 Crores

7. **Details of Unspent Corporate Social Responsibility amount for the preceding three financial years:**

Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of Section 135 (in ₹)	Amount spent in the reporting financial year (in ₹)	Amount transferred to any fund specified under Schedule VII as per sub-section (6) of Section 135, if any		Amount remaining to be spent in succeeding financial years (in ₹)	Deficiency, if any
				Amount (in ₹)	Date of transfer		
1.	2021-22	NIL	–	–	–	–	–
2.	2022-23	NIL	–	–	–	–	–
3.	2023-24	NIL	–	–	–	–	–

8. **Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the financial year:** No

9. **Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub-section 5 of Section 135:** Not Applicable

Pravin D. Chaudhari
Managing Director

Sonia Singh
Chairperson of the CSR Committee

Mumbai, 6th May, 2025

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 2024-25

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.		Advanced Open Training in Painting	**Livelihood & Skill Enhancement Program**	YES	Andhra Pradesh, Arunachal Pradesh, Assam, Bihar, Chhattisgarh, Delhi, Goa, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Odissa, Punjab, Rajasthan, Tamil Nadu, Uttar Pradesh, Uttarakhand, West Bengal	ALL	909.42	NO	Kasturi Mrig Vidhya Vihar Samiti, Indore	CSR00011046
						Sub Total	**909.42**			
B.		Implementation of Online CSR Platform for CSR Activities	**Online Platform**	YES	Maharashtra	Mumbai	3.75	YES		
						Sub Total	**3.75**			
C.	1	Awareness sessions on cervical cancer / UTI /breast cancer / personal hygiene for women near Bawal Plant	**Preventive Health Care & Sanitation**	YES	Haryana	Rewari	1.86	NO	Morning Glory Public Society, Bawal	CSR00008529
	2	Medical camp for villagers near Bawal Plant	**Preventive Health Care & Sanitation**	YES	Haryana	Rewari	1.20	YES		
	3	Awareness session on mental health for school children near Bawal Plant	**Preventive Health Care & Sanitation**	YES	Haryana	Rewari	2.20	YES		
	4	Eye Checkup & Cataract Surgeries in coordination with Local Hospital near Goindwal Plant	**Preventive Health Care & Sanitation**	YES	Punjab	Tarn Taran	8.50	YES		
	5	Health Camps for poor community near Goindwal Plant	**Preventive Health Care & Sanitation**	YES	Punjab	Tarn Taran	2.16	YES		
	6	Providing nutrition Kits to TB patients under TB Mukt Bharat Abhiyan near Goindwal Plant	**Preventive Health Care & Sanitation**	YES	Punjab	Tarn Taran	5.04	YES		
	7	First Aid Camp for people visiting Goindwal Sahib near Goindwal Plant	**Preventive Health Care & Sanitation**	YES	Punjab	Tarn Taran	0.50	YES		
	8	Construction of Girls Wash rooms at St. Antony's Aided Higher sec school, Elathagiri near Hosur Plant	**Preventive Health Care & Sanitation**	YES	Tamil Nadu	Krishnagiri	6.12	YES		
	9	Public Health Camps in surrounding villages near Hosur Plant	**Preventive Health Care & Sanitation**	YES	Tamil Nadu	Krishnagiri	3.79	YES		
	10	Providing Lab Instruments near Hosur Plant	**Preventive Health Care & Sanitation**	YES	Tamil Nadu	Krishnagiri	1.16	YES		
	11	Construction of School Toilet at Kendriy Vidyalaya Mati, Kanpur Dehat near Jainpur Plant	**Preventive Health Care & Sanitation**	YES	Uttar Pradesh	Kanpur Dehat	11.17	YES		
	12	Health Camp at Kanpur Dehat near Jainpur Plant	**Preventive Health Care & Sanitation**	YES	Uttar Pradesh	Kanpur Dehat	15.82	YES		
	13	Construction of Toilets for Patients at CHC, Akbarpur near Jainpur Plant	**Preventive Health Care & Sanitation**	YES	Uttar Pradesh	Kanpur Dehat	8.33	YES		

PROGRAM WISE CSR DETAILS 2024-25 (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 implemen-tation - Direct (Yes/No)	Mode of implementation - through Implementing Agency	
					State	District			Name	CSR Registration Number
	14	Construction of Public Toilet at Jainpur Fire Station, Kanpur Dehat near Jainpur Plant	**Preventive Health Care & Sanitation**	YES	Uttar Pradesh	Kanpur Dehat	6.00	YES		
	15	Providing nutrition Kits to TB patients under TB Mukt Bharat Abhiyan near Jainpur Plant	**Preventive Health Care & Sanitation**	YES	Uttar Pradesh	Kanpur Dehat	1.46	YES		
	16	Health camps in surrounding villages near Lote Plant	**Preventive Health Care & Sanitation**	YES	Maharashtra	Ratnagiri	3.32	YES		
	17	Providing water filter, chairs at Anganwadi near Lote Plant	**Preventive Health Care & Sanitation**	YES	Maharashtra	Ratnagiri	0.24	YES		
	18	Medical camp for villagers near Sayakha Plant	**Preventive Health Care & Sanitation**	YES	Gujarat	Bharuch	3.00	YES		
	19	Providing mosquito nets for poor people near Vizag Plant	**Preventive Health Care & Sanitation**	YES	Andhra Pradesh	Anakapalli	2.09	YES		
	20	Medical camp for community near Goa Plant	**Preventive Health Care & Sanitation**	YES	Goa	South Goa	0.52	YES		
						Sub Total	**84.48**			
D.	1	Construction of community hall at Rudh near Bawal Plant	**Rural / Community Development**	YES	Haryana	Rewari	10.91	YES		
	2	Installation of Solar panels in Labor office, providing cooling system for visitors at DSP office, Rewari near Bawal Plant	**Rural / Community Development**	YES	Haryana	Rewari	2.08	YES		
	3	CCTV Installation in Chirhada village near Bawal Plant	**Rural / Community Development**	YES	Haryana	Rewari	9.57	YES		
	4	Providing shed at Samarprit School for physically challenged children near Bawal Plant	**Rural / Community Development**	YES	Haryana	Rewari	2.01	YES		
	5	Providing shed at Kasola Police Station near Bawal Plant	**Rural / Community Development**	YES	Haryana	Rewari	2.05	YES		
	6	Development of playground in Aakoda village near Bawal Plant	**Rural / Community Development**	YES	Haryana	Rewari	5.66	YES		
	7	Provision of Kubota Combine Harvestor for farmers near Goa Plant	**Rural / Community Development**	YES	Goa	South Goa	23.00	NO	Reginaldo Trust, Goa	CSR00046393
	8	Providing Shed for Mahadev Sansthan, Kakoda near Goa Plant	**Rural / Community Development**	YES	Goa	South Goa	5.81	YES		
	9	Providing computer, printer, scanner at Curchorem Police Stn near Goa Plant	**Rural / Community Development**	YES	Goa	South Goa	1.53	YES		
	10	Providing medical bed and sewing machines to Umeed Centre near Goa Plant	**Rural / Community Development**	YES	Goa	South Goa	0.60	YES		
	11	Stitching Training Course and providing stitching machines for underpriviledged village women near Goindwal Plant	**Rural / Community Development**	YES	Punjab	Tarn Taran	6.41	YES		

PROGRAM WISE CSR DETAILS 2024-25 (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
12	Beautician Course and distribution of Beauty Kits for underpriviledged women from surrounding villages near Goindwal Plant	**Rural / Community Development**	YES	Punjab	Tarn Taran	3.80	YES		
13	Fixing and installation of kids play station and open gym equipment at Kapurthala near Goindwal Plant	**Rural / Community Development**	YES	Punjab	Tarn Taran	8.26	YES		
14	Security Post Cabin at Kapurthala near Goindwal Plant	**Rural / Community Development**	YES	Punjab	Tarn Taran	2.55	YES		
15	Road reapir work near Goindwal Plant	**Rural / Community Development**	YES	Punjab	Tarn Taran	2.07	YES		
16	Construction of Community Hall at Marasandiram near Hosur Plant	**Rural / Community Development**	YES	Tamil Nadu	Krishnagiri	11.89	YES		
17	Providing RO Water plant in JJ nagar near Hosur Plant	**Rural / Community Development**	YES	Tamil Nadu	Krishnagiri	7.50	YES		
18	Construction of public toilet at fire station office near Hosur Plant	**Rural / Community Development**	YES	Tamil Nadu	Krishnagiri	5.59	YES		
19	Installation of water cooler in Govt. offices near Jainpur Plant	**Rural / Community Development**	YES	Uttar Pradesh	Kanpur Dehat	3.00	YES		
20	Construction of speed breaker near Jainpur Plant	**Rural / Community Development**	YES	Uttar Pradesh	Kanpur Dehat	1.07	YES		
21	Donation to Ashray Citizen's Home, Mumbai	**Rural / Community Development**	YES	Maharashtra	Mumbai	1.05	YES		
22	Providing stalls to the poor vendors during Prayagraj Kumbh Mela	**Rural / Community Development**	YES	Maharashtra	Mumbai	10.00	YES		
23	Group Farming Project at Juvaad, near Lote Plant	**Rural / Community Development**	YES	Maharashtra	Ratnagiri	8.00	NO	Dishantar Sanstha, Chiplun	CSR00003091
24	Providing borewell at Nirvhal near Lote Plant	**Rural / Community Development**	YES	Maharashtra	Ratnagiri	1.11	YES		
25	Renovation of Grampanchayat Office, Gunade near Lote plant	**Rural / Community Development**	YES	Maharashtra	Ratnagiri	5.60	YES		
26	Providing water tank at Vaghanwadi, Sheldi near Lote Plant	**Rural / Community Development**	YES	Maharashtra	Ratnagiri	0.80	YES		
27	Construction of pick up shed at Gotalwadi, Gunade near Lote Plant	**Rural / Community Development**	YES	Maharashtra	Ratnagiri	1.89	YES		
28	Pick up shed at Hanuman Nagar, Gunade near Lote Plant	**Rural / Community Development**	YES	Maharashtra	Ratnagiri	1.89	YES		
29	Providing computer/ printer at Traffic Police Chowky near Lote Plant	**Rural / Community Development**	YES	Maharashtra	Ratnagiri	0.63	YES		
30	Installation of paver blocks in Argama village near Sayakha Plant	**Rural / Community Development**	YES	Gujarat	Bharuch	3.19	YES		
31	Installation of paver blocks in Saladara village near Sayakha Plant	**Rural / Community Development**	YES	Gujarat	Bharuch	4.12	YES		

PROGRAM WISE CSR DETAILS 2024-25 (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 implemen-tation - Direct (Yes/No)	Mode of implementation - through Implementing Agency	
					State	District			Name	CSR Registration Number
	32	Installation of High Mass Lighting Towers in Derol village, Ankot village, Vagara village and Vachhnad village near Sayakha Plant	**Rural / Community Development**	YES	Gujarat	Bharuch	16.63	YES		
	33	Jewellery & Handicraft Making Course for underprivileged women from surrounding villages near Sayakha Plant	**Rural / Community Development**	YES	Gujarat	Bharuch	4.52	NO	Vishakha Baa Foundation Trust, Bharuch	CSR00010788
	34	Donation to Kalrav Charitable Trust for vocational training, physiotherapy of intellectually challenged children near Sayakha Plant	**Rural / Community Development**	YES	Gujarat	Bharuch	0.50	NO	Kalarav Charitable Trust, Bharuch	CSR00001331
						Sub Total	**175.29**			
E.	1	Providing computers and sound systems to Higher Secondary School, Mollem near Goa Plant	**Promoting Education**	YES	Goa	South Goa	4.29	YES		
	2	Construction of observatory tower at Community Resource Foundation, Mollem near Goa Plant	**Promoting Education**	YES	Goa	South Goa	6.00	YES		
	3	Providing RO, sound system, computer tables at Higher Secondary School, Mollem near Goa Plant	**Promoting Education**	YES	Goa	South Goa	1.49	YES		
	4	Installation of informative boards on Nutrition, Health, and Hygiene in Govt. Schools near Goindwal Plant	**Promoting Education**	YES	Punjab	Tarn Taran	3.12	YES		
	5	Construction of compound wall and class rooms painting at Government Girls High School, Seetharam Nagar near Hosur Plant	**Promoting Education**	YES	Tamil Nadu	Krishnagiri	8.43	YES		
	6	Book Fair near Hosur Plant	**Promoting Education**	YES	Tamil Nadu	Krishnagiri	0.20	YES		
	7	Provision of study desks to Primary School at Kanpur Dehat near Jainpur Plant	**Promoting Education**	YES	Uttar Pradesh	Kanpur Dehat	4.31	YES		
	8	Providing school bags & educational kit for school students of surrounding villages near Lote Plant	**Promoting Education**	YES	Maharashtra	Ratnagiri	2.80	YES		
	9	Providing computer Lab at R C Kale English School near Lote Plant	**Promoting Education**	YES	Maharashtra	Ratnagiri	6.06	YES		
	10	Construction of wall compound for Z. P. School Awashi near Lote Plant	**Promoting Education**	YES	Maharashtra	Ratnagiri	6.06	YES		
	11	Providing computers at Z.P. School Malkarwadi, Awashi, Murud School, Z.P. School Awashi, New English School, Khadpoli near Lote Plant	**Promoting Education**	YES	Maharashtra	Ratnagiri	4.08	YES		

PROGRAM WISE CSR DETAILS 2024-25 (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
	12	Providing cupboards at Kadsiddheshwar Pratishthan, Khopi and Siddhi Vinayak Vidya Mandir, Mundhar near Lote Plant	**Promoting Education**	YES	Maharashtra	Ratnagiri	1.35	YES		
	13	Providing Educational Kits to Primary School students near Sayakha Plant	**Promoting Education**	YES	Gujarat	Bharuch	5.77	YES		
	14	Providing Science books & stationery for the students of the Govt. Higher Secondary school, Vagra near Sayakha Plant	**Promoting Education**	YES	Gujarat	Bharuch	2.62	YES		
	15	Construction of boundary wall for Smt. MMM Patel Sarvajanik Vidyalaya, Vagra near Sayakha Plant	**Promoting Education**	YES	Gujarat	Bharuch	4.64	YES		
	16	Providing shed at Primary School near Sayakha Plant	**Promoting Education**	YES	Gujarat	Bharuch	3.42	YES		
	17	Providing shed at Vanta Primary School near Sayakha Plant	**Promoting Education**	YES	Gujarat	Bharuch	3.56	YES		
	18	Providing shed at Maktampur Primary School near Sayakha Plant	**Promoting Education**	YES	Gujarat	Bharuch	3.49	YES		
	19	Providing shed at Karmad Primary Girls School near Sayakha Plant	**Promoting Education**	YES	Gujarat	Bharuch	3.42	YES		
	20	Renovation of hall flooring at Govt. school, Dibbapalem near Vizag Plant	**Promoting Education**	YES	Andhra Pradesh	Anakapalli	3.86	YES		
						Sub Total	**78.97**			
F.	1	Painting of Govt. Senior Secondary school, Karnawas near Bawal Plant	**Ensuring Environmental Sustainability**	YES	Haryana	Rewari	13.22	YES		
	2	Renovation & Painting of Health centre in Bharangi village, Rewari near Bawal Plant	**Ensuring Environmental Sustainability**	YES	Haryana	Rewari	0.94	YES		
	3	Painting to Observatory, Community Hall, roadside compound painting near Goa Plant	**Ensuring Environmental Sustainability**	YES	Goa	South Goa	1.04	YES		
	4	Maintenance of parks near Goindwal Plant	**Ensuring Environmental Sustainability**	YES	Punjab	Tarn Taran	4.67	YES		
	5	Painting road side poles at Goindwal village near Goindwal Plant	**Ensuring Environmental Sustainability**	YES	Punjab	Tarn Taran	2.27	YES		
	6	Painting at Govt. Sec. School. Haleseebam, High School, Moranapalli near Hosur Plant	**Ensuring Environmental Sustainability**	YES	Tamil Nadu	Krishnagiri	14.71	YES		
	7	Painting of Bathlapalli Substation, mentally challenged people's rehabilitation centre near Hosur Plant	**Ensuring Environmental Sustainability**	YES	Tamil Nadu	Krishnagiri	8.33	YES		
	8	Painting of Govt. Buildings, Kanpur Dehat near Jainpur Plant	**Ensuring Environmental Sustainability**	YES	Uttar Pradesh	Kanpur Dehat	3.54	YES		

PROGRAM WISE CSR DETAILS 2024-25 (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
9	Providing Paint material to Paranjape School, Nagpur	Ensuring Environmental Sustainability	YES	Maharashtra	Mumbai	6.12	YES		
10	Providing Paint material for Canossa High School Mumbai	Ensuring Environmental Sustainability	YES	Maharashtra	Mumbai	0.22	YES		
11	Providing Paint material for Prasanna Jyoti Trust, Bangalore	Ensuring Environmental Sustainability	YES	Karnataka	Bangalore	1.03	YES		
12	Providing Paint material to Shushrusha Hospital, Mumbai	Ensuring Environmental Sustainability	YES	Maharashtra	Mumbai	6.28	YES		
13	Providing Paint material to Z.P. School Valope, Z.P. School Moravane near Lote Plant	Ensuring Environmental Sustainability	YES	Maharashtra	Ratnagiri	0.71	YES		
14	School building painting at Shiv Shankar Vidyalay, Kulvandi near Lote Plant	Ensuring Environmental Sustainability	YES	Maharashtra	Ratnagiri	1.36	YES		
15	Painting of Pickup Sheds in Awashi, near Lote Plant	Ensuring Environmental Sustainability	YES	Maharashtra	Ratnagiri	0.59	YES		
16	Painting Sane Guruji Udyan near Lote Plant	Ensuring Environmental Sustainability	YES	Maharashtra	Ratnagiri	0.43	YES		
17	Painting Traffic Police Centre, Kashedi near Lote Plant	Ensuring Environmental Sustainability	YES	Maharashtra	Ratnagiri	0.42	YES		
18	Providing Paint material to Z. P. School Saveni, Z. P. School Dadar, Z.P. School Awashi near Lote Plant	Ensuring Environmental Sustainability	YES	Maharashtra	Ratnagiri	0.82	YES		
19	Providing Paint material to Z. P. School Nigade Boraj no 2, Z. P. School Ambav Ponkshe, Khed Panchayat Samiti, Khed ST depot	Ensuring Environmental Sustainability	YES	Maharashtra	Ratnagiri	2.81	YES		
20	Providing Paint material for SP Office near Lote Plant	Ensuring Environmental Sustainability	YES	Maharashtra	Ratnagiri	5.41	YES		
21	Painting school building of Shri. BH Modi, Vejalpur school near Sayakha Plant	Ensuring Environmental Sustainability	YES	Gujarat	Bharuch	5.47	YES		
22	Painting R.K. Vakil Higher Secondary School near Sayakha Plant	Ensuring Environmental Sustainability	YES	Gujarat	Bharuch	8.77	YES		
23	Painting Vahalu Primary School near Sayakha Plant	Ensuring Environmental Sustainability	YES	Gujarat	Bharuch	5.84	YES		
24	Renovation and beautification of District Police Office near Vizag Plant	Ensuring Environmental Sustainability	YES	Andhra Pradesh	Anakapalli	3.91	YES		
					Sub Total	98.91			
					GRAND TOTAL	1350.82			

Implementing Agencies for CSR Activities -

1 Kasturi Mrig Vidhya Vihar Samiti, Indore
2 Morning Glory Public Society, Bawal
3 Vishakha Baa Foundation Trust, Bharuch
4 Dishantar Sanstha, Chiplun
5 Kalrav Charitable Trust, Bharuch
6 SoulAce Consulting Pvt.Ltd., Kolkata
7 Reginaldo Trust, Goa

Executive summary of the CSR Impact Assessment Study Report

Project: Livelihood & Skill Enhancement Program (Advanced Open Training in Painting)

Implementing Partner: Kasturi Mrig Vidhya Vihar Samiti, Indore

Research Methodology				
Year of Implementation	**Beneficiaries**	**Sample Size**	**Project Location**	**Stakeholders Covered**
FY 2023-2024	55,732 painters were directly trained	600	Pan India	Painters, Implementing NGO Staff

Project Background

The Livelihood & Skill Enhancement Program (Advanced Open Training in Painting), implemented by Kasturi Mrig Vidhya Vihar Samiti under Kansai Nerolac Paints Limited's CSR initiative, is a targeted intervention designed to address unemployment, poverty, and gender disparity by equipping painters with industry-relevant skills and certifications. Through a community-driven model combining classroom learning and hands-on training in designer techniques, wood finishing, and construction chemicals, the program promotes employability and sustainable livelihoods. With a special focus on women's inclusion, the initiative has directly benefited over 55,000 individuals across multiple locations in India. This Impact Assessment report draws on quantitative data, field insights, and beneficiary testimonials to evaluate the program's effectiveness in fostering economic empowerment, advancing social inclusion and contributing to skill development and sustainable growth.

Findings of the Study

- 1,113 training sessions were conducted across India, reaching 55,732 painters, including 14 women beneficiaries trained through a newly introduced women's component aimed at enhancing livelihood opportunities for female artisans.
- The average monthly income of painters increased from ₹14,104 pre-training to ₹23,422 post-training, marking a 66.0% increase in income, indicating strong economic returns from skills acquisition.
- 73.4% of the texture designing trainees achieved high proficiency post-training, compared to 0% prior.
- 57.3% of the wood finishing trainees reached high proficiency, compared to 9.7% prior.
- 65.5% of the painters received strong appreciation from customers and 84.3% were appreciated by supervisors, affirming external validation of improved work quality.

Impact Created

- Expanded access to industry-relevant skill development, reaching over 55,000 painters across India, including dedicated training for women.
- Significant improvement in technical proficiency, with over 70.0% of the beneficiaries reporting high proficiency in key skill areas post-training.
- Strengthened income generation capacity, as reflected by a 66.0% rise in average monthly income post-training.
- Enhanced practical understanding of modern products and application techniques, with focused modules on designer finishes, woodwork, construction chemicals and premium product usage, increasing both confidence and work quality.
- Increased professional confidence and market recognition, with a majority of trainees reporting appreciation from customers and supervisors, leading to more referrals and repeat work.
- Growing aspiration for entrepreneurship and self-employment, particularly among wood finishing and design trainees who expressed interest in launching independent services after acquiring new skills and certifications.

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 2024-25 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 2024-25 (₹ in Lakhs)	Percentage increase in remuneration for the financial year 2024-25	Ratio of remuneration of each Director/ KMP to the median remuneration of employees
1.	Mr. P. P. Shah Chairman Non-Executive and Independent Director *(up to the close of business on 29th January, 2025)*	53.50	6.47	5.63
2.	Mr. Bhaskar Bhat Chairman *(with effect from 30th January, 2025)* Non-Executive and Independent Director	50.00	61.29	5.26
3.	Mr. Anuj Jain Managing Director *(up to the close of business on 31st March, 2025)*	886.11^#	71.46	93.30
4.	Mr. Hitoshi Nishibayashi* Non-Executive Director	–	–	–
5.	Ms. Sonia Singh Non-Executive and Independent Director	50.50	10.38	5.32
6.	Mr. Takashi Tomioka* Non-Executive Director	–	–	–
7.	Mr. Pravin D. Chaudhari* Non-Executive Director *(up to 31st March, 2025)*	–	–	–
8.	Mr. Hirokazu Kotera Executive Director *(with effect from 1st August, 2024)*	49.20	NA	5.18
9.	Mr. Uday S. Bhansali Non-Executive and Independent Director *(with effect from 6th November, 2024)*	1.75	NA	0.18
10.	Mr. P. D. Pai Chief Financial Officer	234.34#	17.48	24.67
11.	Mr. G.T. Govindarajan Company Secretary	106.00#	6.23	11.16

@ Information is given for Directors / KMPs as on 31st March, 2025.

^ Remuneration to Mr. Anuj Jain includes Commission paid in financial year 2024-25 for the financial year 2023-24 and 2024-25 and excludes the Company's contribution to Provident Fund and Superannuation and retirement benefits of ₹ 444 Lakhs towards Gratuity and Leave Encashment.

* Mr. Hitoshi Nishibayashi, Mr. Takashi Tomioka and Mr. Pravin D. Chaudhari (as a Non-Executive upto 31st March, 2025) did not receive any sitting fees for attending Board/Committee meetings nor were they paid any commission.

Remuneration mentioned in the case of the Managing Director and other KMPs is the income earned during the financial year 2024-25 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.

(c) The median remuneration of employees of the Company for the year increased by 9.8% compared to the previous financial year.

(d) The number of permanent employees on the rolls of the Company is 3,859 as on 31st March, 2025.

(e) Average percentage increase made in the salaries of employee other than KMP in the financial year 2024-25 was 9.7%. The percentage increase in the remuneration of KMP was 50.29%.

(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 Companies Act, 2013 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 Companies Act, 2013, 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

Bhaskar Bhat
Chairman

Mumbai, 6th May, 2025

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 ensuring efficient usage of various sources of energy. Efficient and judicious use of energy sources has been our prime objective. We aim to gradually adopt new concepts and technologies which further lead to diversification of energy mix in turn reducing our dependency on fossil fuels. We have made considerable investments across organisation to enhance our Renewable Power footprint. For this, we have been exploring various renewable energy options available across states and accordingly plan for Green Energy projects (both Solar and Wind) in line with our Corporate RE 70 theme.

Our company measures progress in energy management through various key indices like SPC (specific power consumption), SFC (specific fuel consumption), absolute power consumption, green power consumption, percentage green power, percentage grid outage, power cost, power losses, power factor etc.

We receive renewable power through self-owned rooftop Solar power plants as well as through Captive Wind turbines. We also source 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 aim to gradually adopt new concepts and technologies which further lead to energy conservation and increased energy efficiency. We have now forayed into offsite installations for increasing our Solar and Wind capacity. We have windmill installations across the states of Maharashtra and Tamil Nadu. We have recently commissioned 2100 KW capacity Wind turbine at our Sayakha Plant. With this, our Captive wind mill capacity have increased to 8400 KW. Also, Commissioning work is in progress for 3000 KW offsite Captive Solar farm in the district of Yavatmal in Maharashtra which shall cater to power requirements at our Lote Plant.

Various New Technologies have been implemented like Waste Heat recovery system, additives for increasing fuel efficiency. Going ahead, we are exploring technologies like Axial fans, IRIS, Geothermal energy, Solar battery storage, etc. which would further enable us optimize our energy cost and efficiency.

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. These metrics help track and evaluate the advancements made in optimizing energy usage and transitioning to more sustainable energy sources. We plan to have all our Plants, Energy Management Systems certified through ISO 50001, an international standard which certifies our commitment towards energy performance and sustainability. Currently, our manufacturing plants at Lote, Hosur and Goindwal are ISO 50001 certified and other 3 Plants would be certified by the end of 1st quarter of FY 2025-26.

We are strategically moving towards eliminating use of fossil fuels (High Speed Diesel/Furnace oil) in our process equipments through migration to Natural Gas which is a cleaner fuel. In current year, we have substituted fossil fuels with PNG at 2 of our Plants in Maharashtra and Gujarat. With this, 5 of our Plants have eliminated usage of fossil fuels in our process equipments. Wherever feasible we are also migrating from diesel based fork lifts 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;

- Coatings of pumps to improve efficiency
- Air Compressor Heat recovery system
- Use of smart positioners to reduce air consumption
- FRP Cooling Tower fan blades replacement with Epoxy coated technology
- Intelligent Air flow controllers to ensure Compressors operating at optimal efficiency
- Migration to Piped Natural Gas at our Plants and usage of Fuel catalyst in PNG
- Replacement of AHU blower fans with new energy efficient blowers

- Replacement of old motors and chillers with new and energy efficient ones
- Horizontal deployment of energy management system for real time energy tracking, better analysis and identify areas of improvement
- VFD installation on certain Mixers

(ii) Steps taken by the Company for utilizing alternate sources of energy:

The Carbon Neutrality projects executed so far have been closely monitored with respect to generation and efficiency. New Technologies like Solar Trees have been implemented wherever feasible. Same will be horizontally deployed across all plants.

With above projects, our renewable power green footprint for all Plants stands at 38.5%.

(iii) Capital investment on energy conservation equipment: ₹ 2.4 Crores

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.

- Kansai Select (SHIKISAI)
- Kansai Select (TRACCE)
- Beauty Gold Washable NXT
- Beauty Smooth WOW White
- Impressions HD NXT
- Impressions Sheen
- Neu Latex Interior White
- Excel No Dust
- Excel WOW White
- Mica Marble Stretch & Sheen NXT
- Nerolac Suraksha Primer
- Nerolac Suraksha Plus WOW White
- Nerolac Perma Neroself XL

- Gloria NXT
- Universal PU Primer
- 2K PU White (Sealer, Gloss, Satin, Matt)
- 1K PU Interior / Exterior Glossy & Silk matt clear
- PU Clear Sealer Matt / Glossy O series
- PU White Sealer Matt / Glossy O series
- Nerolac ICRO Special effect
- Low Flash off single stage compact 3C1B Roof System
- Everlast Matt Clear - Special matting effect, superior alkali & weather resistance
- DTM Monocoat HP Black
- Metallic High Solids Base Coat FEARLESS CORAL
- PU SFX Clear - High Solid PU Clear with superior finish
- PU Monocoat Racing Red - Two coat to one coat system
- 1K HB 65 Casting Sealer - Casting Sealer with excellent corrosion resistance
- Special P U Clear - Excellent finish at lower dry film thicknes
- Common Coat for HMSI - Low bake product common for Metal and plastic substrate
- Low bake 2K PU 3C1B system
- Nerolac HR Texture Primer & Raven Black Topcoat - Unique product introduced in texture finish
- PM_XL products - Economy range product for ARF
- EPP GLOSSY PRIMER – for Alloy Wheel
- PP & EPP ESD MATT- Anti Static Coating for ESD application
- PP GL New Ebony Black, Racing Red, White - Single coat application Grab Handle
- PP SD Matt Black - Super durable matt black for 2000 Hr Xenon resistance
- PP Matt Black - One Shot Matt Black without any matting agent
- PP MM DP SILVER - Monocoat metallic for 4W ancillary - better abrasion
- NEROCOIL RMP TC_GL 80U - high flexible product on high thickness substrate (1 mm to 2.6 mm)
- NEROCOIL SDP - High durable product with QUV A 340 - 2000 hrs and C4 environment
- NEROCOIL ROHS - More flexible product for front load washing machine
- TSA Matt Antidust Lacquer - Matt Antidust Lacquer for Electrical appliances with easy to clean properties
- NEROSTOVE HPST - Monocoat Paint for Direct application on Oily barrel substrate
- Ep Grundierfuller Red Brown - Epoxy primer & mid coat designed for Locomotives spare parts, meeting EU norms
- Neromastic 5000 GFA LT Grey - High build Epoxy glass flake coating
- Nerotide 1054 LT Grey - Special High build Epoxy paint for the highly humid areas & tidal zone

(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
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
YKK PFAS Free products (White and Black)	2023-24

Particulars	Year of Import
EBEPHEN AC HS DECK NOVA for Engines	2023-24
EBEPHEN PU HS GRUND NOVA WHITE Surfacer for Engines	2023-24
EP PRIMER FILLER RED BROWN	2023-24
Tin free CED (LB-1033)	2023-24
ALC 2 SKE Clear for Alloy Wheel	2023-24
Magicron EN2 Kai Clear	2023-24
Magicron AL 2500 Base Coat	2023-24
TP 65 Primer & Colour Base for 4-Wheeler	2023-24
Elecron KG-435 Grey	2024-25
Two resins for New generation CED	2024-25
Four High Solids Acrylic resins	2024-25
PU SFX CLEAR	2024-25
Epoxy 51 Universal Primer	2024-25
Remoplast MSR Ultra Primer	2024-25
Remoplast DS Glimmer	2024-25

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 2024-25	FY 2023-24
a.	Capital	**2.24**	1.01
b.	Recurring	**49.62**	41.52
Total		**51.86**	42.53

Foreign Exchange earnings and outgo

1. Foreign Exchange earnings during the year: ₹ **9.43 Crores** (2023-2024: ₹ 8.60 Crores)
2. Foreign Exchange outgo during the year: ₹ **1099.75 Crores** (2023-2024: ₹ 1189.89 Crores)

For and on behalf of the Board

Bhaskar Bhat
Chairman

Mumbai, 6th May, 2025

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]

1. **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.

2. **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.

3. **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	The RSU Plan 2022 was initially approved by the Shareholders on 25th October, 2022. The total number of RSUs granted were adjusted vide resolution for bonus issue on 15th June, 2023.
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 80,83,795 (Eighty lakhs eighty three thousand seven hundred ninety five) RSUs which upon exercise shall be convertible into not more than 80,83,795 (Eighty lakhs eighty three thousand seven hundred ninety five) Equity Shares of face value of ₹ 1 each fully paid-up. Each RSU when exercised would be converted into one Equity Share of ₹ 1 each. During the financial year 2023-24, the Company approved bonus issue in the ratio 1:2. In terms of the RSU Plan 2022, necessary adjustments had been made by increasing the total number of RSUs to be granted under the RSU Plan 2022 from 53,89,197 (Fifty three lakhs eighty nine thousand one hundred ninety seven) RSUs to 80,83,795 (Eighty lakhs eighty three thousand seven hundred ninety five) RSUs.
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	18,22,737
Number of options granted during the year	3,03,480
Number of options forfeited / lapsed during the year	2,75,642
Number of options vested during the year	1,30,438
Number of options exercised during the year	1,11,099
Number of shares arising as a result of exercise of options	1,11,099
Money realized by exercise of options (INR), if scheme is implemented directly by the company	1,11,099
Loan repaid by the Trust during the year from exercise price received	NA
Number of options outstanding at the end of the year	17,39,476
Number of options exercisable at the end of the year	70,190

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 31st March, 2025
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:**

     (during the year ended 31st March 2025)

Name of employee	Designation	No. of RSUs granted during the year (time based and performance based) Exercise price - ₹ 1 each
Mr. Yash Ahuja	Sr. Vice President – Finance (CFO Designate)	26,216
Mr. Debashish Vanikar	Sr. Vice President designated as the Chief Executive Officer of Nerofix Private Limited	49,992
Mr. G. T. Govindarajan	Company Secretary (Key Managerial Personnel)	17,953
Mr. Ram Mehrotra	Chief Business Officer - Decorative Sales	27,824

   - **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, 2025
[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
28th Floor, A-wing, Marathon Futurex, N. M. Joshi Marg,
Lower Parel, Mumbai 400 013, Maharashtra.

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 2025, generally 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, 2025 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') as amended up to date: -

   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 Non- Convertible Securities) Regulations, 2021 **(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.

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.

For JHR & Associates
Company Secretaries

J. H. Ranade
(Partner)
FCS: 4317, CP: 2520
UDIN: F004317G000283046

Place: Thane
Date: 06th May, 2025

The Members,
Kansai Nerolac Paints Limited
28th Floor, A-wing, Marathon Futurex, N. M. Joshi Marg,
Lower Parel, Mumbai 400 013, Maharashtra.

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. Wherever 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.

For JHR & Associates
Company Secretaries

J. H. Ranade
(Partner)
FCS: 4317, CP: 2520

Place: Thane
Date: 06th May, 2025

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, 2025 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, 2025, the strength of Board was 8 (eight) Directors. The Board of Kansai Nerolac Paints Limited comprises of Executive and Non-Executive Directors. The Managing Director and the Whole-time Director were the 2 (two) Executive Directors. There were 6 (six) Non-Executive Directors, of which 3 (three) directors including the Chairman were Independent Directors. The Board also consists of 1 (one) woman Independent Director. The 3 (three) Non-Executive Non-Independent Directors, namely, Mr. Hitoshi Nishibayashi, Mr. Takashi Tomioka and Mr. Pravin D. Chaudhari (Non-Executive Director till 31st March, 2025 and Managing Director from 1st April, 2025), and 1 (one) Executive Director, Mr. Hirokazu Kotera on the Board of the Company as on 31st March, 2025, were nominees of Kansai Paint Co., Ltd., Japan, the Promoter Company. 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").

Mr. Hirokazu Kotera has been appointed as a Whole-time Director designated as an Executive Director of the Company for a term of 3 (three) years commencing from 1st August, 2024 and ending on 31st July, 2027 (both days inclusive).

Mr. Uday S. Bhansali has been appointed as an Independent Director of the Company for a term of 5 (five) years commencing from 6th November, 2024 and ending on 5th November, 2029 (both days inclusive).

Mr. P. P. Shah retired upon completion of his second term of office as an Independent Director and consequently, ceased to be a Director and Chairman of the Company, with effect from close of business on 29th January, 2025.

Mr. Bhaskar Bhat, Independent Director of the Company, has been appointed as the Chairman of the Company with effect from 30th January, 2025.

Mr. Anuj Jain, Managing Director, took an early retirement from the services of the Company at the close of business on 31st March, 2025.

Mr. Pravin D. Chaudhari has been appointed as the Managing Director of the Company, for a term of 3 (three) years commencing from 1st April, 2025 up to and ending on 31st March, 2028 (both days inclusive).

Mr. Gen Yokota has been appointed as an Additional Director and Non-Executive Director of the Company with effect from 6th May, 2025, subject to approval of the Shareholders of the Company at the ensuing Annual General Meeting.

Mr. Hitoshi Nishibayashi, Non Executive Director, is liable to retire by rotation at the ensuing Annual General Meeting of the Company. He is not seeking re-appointment due to health reasons and shall retire as a Director of the Company at the ensuing Annual General Meeting on 30th June, 2025.

(b) During the year ended 31st March, 2025, 6 (six) Board Meetings were held i.e. on 4th May, 2024, 29th July, 2024, 6th November, 2024, 21st January, 2025, 5th February, 2025 and 11th March, 2025. After 31st March, 2025, 2 (two) Board Meetings were held on 22nd April, 2025 and 6th May, 2025.

Last year's Annual General Meeting of the Company was held on 28th June, 2024 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 2024-25 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. Bhaskar Bhat	00148778	Chairman (with effect from 30th January, 2025), Non-Executive and Independent Director	6	Yes
Mr. P. P. Shah*	00066242	Chairman, Non-Executive and Independent Director (up to close of business on 29th January, 2025)	4	Yes
Mr. Anuj Jain@	08091524	Managing Director	6	Yes
Mr. Hitoshi Nishibayashi	03169150	Non-Executive Director	5	Yes
Ms. Sonia Singh	07108778	Non-Executive and Independent Director	6	Yes
Mr. Takashi Tomioka	08736654	Non-Executive Director	5	Yes
Mr. Pravin D. Chaudhari^	02171823	Non-Executive Director	6	Yes
Mr. Hirokazu Kotera**	10707431	Executive Director	4	NA
Mr. Uday S. Bhansali##	00363902	Non-Executive and Independent Director	4	NA

* Retired upon completion of his second term of office as an Independent Director and consequently, ceased to be a Director and Chairman of the Company, with effect from close of business on 29th January, 2025.

@ Took an early retirement from the services of the Company at the close of business on 31st March, 2025.

^ Appointed as the Managing Director of the Company with effect from 1st April, 2025.

** Appointed as an Executive Director of the Company with effect from 1st August, 2024.

Appointed as an Independent Director of the Company with effect from 6th November, 2024.

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, 2025, 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. Bhaskar Bhat	3	0	3
Mr. Anuj Jain	Nil	Nil	1
Mr. Hitoshi Nishibayashi	Nil	Nil	Nil
Ms. Sonia Singh	5	2	4
Mr. Takashi Tomioka	Nil	Nil	Nil
Mr. Pravin D. Chaudhari	Nil	Nil	Nil
Mr. Hirokazu Kotera	Nil	Nil	Nil
Mr. Uday S. Bhansali	1	1	1

* In terms of the provisions of Regulation 26(1) of the SEBI Listing Regulations,

- 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, 2025, are as follows:

Name of the Director	Names of Listed Entities	Category of Directorship
Mr. Bhaskar Bhat	Metro Brands Ltd.	Non-Executive – Independent Director
Ms. Sonia Singh	Pfizer Ltd.	Non-Executive – Independent Director
	BASF India Ltd.	Non-Executive – Independent Director
	Bharat Forge Ltd.	Non-Executive – Independent Director
	Voltas Ltd.	Non-Executive – Independent Director
Mr. Uday S. Bhansali	IDFC First Bank Ltd.	Non-Executive – Independent Director

As on 31st March, 2025, Mr. Anuj Jain, Mr. Hitoshi Nishibayashi, Mr. Takashi Tomioka, Mr. Pravin D. Chaudhari and Mr. Hirokazu Kotera were 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, 2025, 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. Hitoshi Nishibayashi, Mr. Takashi Tomioka, Mr. Pravin D. Chaudhari and Mr. Hirokazu Kotera are the nominees of Kansai Paint Co., Ltd. Japan, the Promoter Company.

(f) Number of Equity Shares held by Non-Executive Directors as on 31st March, 2025:

Name of the Director	Number of Equity Shares (Own or held by / for other persons on a beneficial basis)
Mr. Bhaskar Bhat	Nil
Mr. Hitoshi Nishibayashi	Nil*
Ms. Sonia Singh	Nil
Mr. Takashi Tomioka	Nil*
Mr. Pravin D. Chaudhari	Nil*
Mr. Uday S. Bhansali	Nil

* Mr. Hitoshi Nishibayashi, Mr. Takashi Tomioka and Mr. Pravin D. Chaudhari 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.

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, 2025. 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 analysing 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, 2025, are as follows:

Name	Age	Qualifications	Industry Experience	Skills / Expertise / Competencies
Mr. Bhaskar Bhat	70	B. Tech (Mechanical Engineering) (IIT Madras); PGDBM (IIM Ahmedabad)	Engineering, Consumer goods and services, Marketing and Administration	Manufacturing Expertise, People Management and Leadership, Business Strategy, Sales and Marketing, Mergers and Acquisitions, Corporate Governance
Mr. Anuj Jain	56	BSc, MMS	Paint	Business Strategy, Sales, Marketing, People Management and Leadership, Mergers and Acquisitions, Risk Management, Sustainability, Corporate Governance
Mr. Hitoshi Nishibayashi	61	Graduated from Osaka University of Foreign Studies, faculty of English studies	Paint	Sales, Marketing, International Business, Corporate Governance, People Management and Leadership, Risk Management
Ms. Sonia Singh	60	BA (Economics), MBA	Consumer goods and services	Brand Strategy, Sales and Marketing, Risk Management, People Management, ESG
Mr. Takashi Tomioka	52	Graduated from Tokyo Gakugei University, faculty of Education	Paint	Sales, Marketing, Business Strategy, International Business, Sustainability, IT, Mergers and Acquisitions
Mr. Pravin D. Chaudhari	56	Bachelors in Engineering and Masters in Management from Mumbai University	Paint	Operations Management, Manufacturing, Supply Chain Management, Business Development, Sales Management and Strategy
Mr. Hirokazu Kotera	43	Bachelor of Arts from Kyoto University of Foreign Studies, MBA from the Institute of Business and Accounting of Kwansei Gakuin University	Consumer goods, Marketing	Sales, Marketing, Brand Management, Corporate Planning, International Business and Project Management
Mr. Uday S. Bhansali	63	Chartered Accountant, Bachelors' degree from Sydenham College, Bombay University	Banking and Financial Services, Consulting	Strategic Investing, Large Scale Business Transformation, Business Development, Mergers and Acquisitions, IPO advisory, Financial Due Diligence, Valuation, Forensics, Restructuring and Bankruptcy

(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, no Independent Director resigned from the Company, before the expiry of his/her tenure.

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, 2025, Mr. Uday S. Bhansali, Ms. Sonia Singh and Mr. Bhaskar Bhat, 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. P. P. Shah, Non-Executive and Independent Director, ceased to be a member and Chairman of the Audit Committee consequent to his retirement upon completion of second term of office as an Independent Director with effect from close of business on 29th January, 2025.

Mr. Uday S. Bhansali has been appointed as a member and the Chairman of the Audit Committee with effect from 30th January, 2025.

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 Statutory Auditors also attend the meetings of the Audit Committee, besides the executives invited by the Audit Committee to be present thereat.

The Chairman of the Audit Committee was present at the last year's Annual General Meeting of the Company held on 28th June, 2024.

During the year ended 31st March, 2025, 4 (four) meetings of the Audit Committee were held i.e. on 4th May, 2024, 29th July, 2024, 6th November, 2024 and 5th February, 2025.

Name of the Member	Number of Audit Committee meetings attended during the year ended 31st March, 2025
Mr. P. P. Shah*	3
Mr. Uday S. Bhansali#	1
Ms. Sonia Singh	4
Mr. Bhaskar Bhat	4

* Ceased to be a member and Chairman of the Audit Committee consequent to his retirement upon completion of second term of office as an Independent Director with effect from close of business on 29th January, 2025.

\# Appointed as a member and Chairman of the Audit Committee with effect from 30th January, 2025.

After 31st March, 2025, an Audit Committee meeting was held on 6th May, 2025, whereat the Audited Financial Results and Audited Financial Statements of the Company for the financial year ended 31st March, 2025, 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, 2025, Mr. Uday S. Bhansali, Mr. Bhaskar Bhat and Ms. Sonia Singh, Non-Executive and Independent Directors and Mr. Hitoshi Nishibayashi, Non-Executive Director, were the members of the Nomination and Remuneration Committee.

Mr. P. P. Shah, Non-Executive and Independent Director, ceased to be a member of the Nomination and Remuneration Committee consequent to his retirement upon completion of second term of office as an Independent Director with effect from close of business on 29th January, 2025.

Mr. Bhaskar Bhat ceased to be the Chairman of the Nomination and Remuneration Committee with effect from 30th January, 2025 and continues to be a member of the Committee.

Mr. Uday S. Bhansali has been appointed as a member and the Chairman of the Committee with effect from 30th January, 2025.

Mr. Hitoshi Nishibayashi ceased to be a member of the Nomination and Remuneration Committee with effect from 22nd April, 2025.

Mr. Takashi Tomioka, Non-Executive Director, has been appointed as a member of the Nomination and Remuneration Committee with effect from 22nd April, 2025.

The Chairman of the Nomination and Remuneration Committee was present at the last year's Annual General Meeting of the Company held on 28th June, 2024.

During the year ended 31st March, 2025, 5 (five) meetings of the Nomination and Remuneration Committee were held i.e. on 4th May, 2024, 29th July, 2024, 6th November, 2024, 5th February, 2025 and 11th March, 2025.

Name of the Member	Number of Nomination and Remuneration Committee Meetings attended during the year ended 31st March, 2025
Mr. Bhaskar Bhat*	5
Mr. Uday S. Bhansali#	2
Mr. P. P. Shah@	3
Ms. Sonia Singh	5
Mr. Hitoshi Nishibayashi	4

* Ceased to be the Chairman of the Nomination and Remuneration Committee with effect from 30th January, 2025 and continues to be a member of the Committee.

Appointed as a member and Chairman of the Nomination and Remuneration Committee with effect from 30th January, 2025.

@ Ceased to be a member of the Nomination and Remuneration Committee consequent to his retirement upon completion of second term of office as an Independent Director with effect from close of business on 29th January, 2025.

After 31st March, 2025, a Nomination and Remuneration Committee meeting was held on 6th May, 2025, whereat the remuneration to be paid to the Executive Director and Senior Management for the financial year 2025-26, commission to be paid to Independent Directors for the financial year 2024-25 was determined; evaluation of the performance of the Board, its Committees and the Directors for the financial year 2024-25 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, 2025, Ms. Sonia Singh and Mr. Bhaskar Bhat, Non-Executive and Independent Directors and Mr. Anuj Jain, Managing Director, were the members of the Stakeholders' Relationship Committee.

Mr. P. P. Shah, Non-Executive and Independent Director, ceased to be a member of the Stakeholders' Relationship Committee consequent to his retirement upon completion of second term of office as an Independent Director with effect from close of business on 29th January, 2025.

Mr. Bhaskar Bhat has been appointed as a member of the Stakeholders' Relationship Committee with effect from 30th January, 2025.

Mr. Anuj Jain ceased to be a member of the Stakeholders' Relationship Committee consequent to his early retirement from the services of the Company at the close of business on 31st March, 2025.

Mr. Pravin D. Chaudhari, Managing Director, has been appointed as a member of the Stakeholders' Relationship Committee with effect from 1st April, 2025.

Mr. G. T. Govindarajan, Company Secretary, is the Compliance Officer.

Ms. Sonia Singh is the Chairperson of the Stakeholders' Relationship Committee and was present at the last year's Annual General Meeting of the Company held on 28th June, 2024.

During the year ended 31st March, 2025, 1 (one) meeting of the Stakeholders' Relationship Committee was held on 20th March, 2025, which was attended by all its members.

The Company did not receive any shareholders' complaints during the financial year 2024-25. 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, 2025, Ms. Sonia Singh and Mr. Uday S. Bhansali, Non-Executive and Independent Directors, Mr. Anuj Jain, Managing Director, Mr. Hirokazu Kotera, Executive Director, Mr. P. D. Pai and Mr. Jason Gonsalves were the members of the Risk Management Committee. Mr. P. D. Pai, Chief Risk Officer and Mr. Jason Gonsalves are non-board members of the Risk Management Committee.

Mr. P. P. Shah, Non-Executive and Independent Director, ceased to be a member and Chairman of the Risk Management Committee consequent to his retirement upon completion of second term of office as an Independent Director with effect from close of business on 29th January, 2025.

Ms. Sonia Singh has been appointed as a Chairperson of the Risk Management Committee with effect from 30th January, 2025.

Mr. Anuj Jain ceased to be a member of the Risk Management Committee consequent to his early retirement from the services of the Company at the close of business on 31st March, 2025.

Mr. Pravin D. Chaudhari, Managing Director, has been appointed as a member of the Risk Management Committee with effect from 1st April, 2025.

The Chairman of the Risk Management Committee was present at the last year's Annual General Meeting of the Company held on 28th June, 2024.

During the year ended 31st March, 2025, 2 (two) meetings of the Risk Management Committee were held i.e. on 2nd August, 2024 and 21st January, 2025.

Name of the Member	Number of Risk Management Committee meetings attended during the year ended 31st March, 2025
Mr. P. P. Shah*	2
Ms. Sonia Singh#	2
Mr. Anuj Jain$	2
Mr. Uday S. Bhansali@	Nil
Mr. Hirokazu Kotera@	Nil
Mr. P. D. Pai	2
Mr. Jason Gonsalves	2

* Ceased to be a member and Chairman of the Risk Management Committee consequent to his retirement upon completion of second term of office as an Independent Director with effect from close of business on 29th January, 2025.

\# Appointed as Chairperson of the Risk Management Committee with effect from 30th January, 2025.

@ Appointed as a Member of the Risk Management Committee with effect from 30th January, 2025.

$ Ceased to be a member of the Risk Management Committee consequent to his early retirement from the services of the Company at the close of business on 31st March, 2025.

7. Senior Management

As on 31st March, 2025, the following are the members of the Senior Management* as defined in the SEBI Listing Regulations:

Name	Designation
Mr. P. D. Pai	Director – Finance and Chief Financial Officer
Mr. Jason Gonsalves	Director – Corporate Planning, IT and Materials
Mr. Sudhir Rane	Chief Human Resource Officer
Mr. Abhijit Natoo	Chief Manufacturing Officer
Mr. Rohit Malkani	Chief Strategy & Customer Officer
Mr. Ram Mehrotra	Chief Business Officer - Decorative Sales
Mr. Amrit Rekhi	Chief Business Officer – Industrial
Mr. Laxman Nikam	Chief Technology Officer
Mr. Yash Ahuja	Sr. Vice President – Finance (CFO Designate)
Mr. Debashish Vanikar	Sr. Vice President designated as the Chief Executive Officer of Nerofix Private Limited
Mr. G. T. Govindarajan	Company Secretary

* Senior Management includes officers and personnel of the Company but does not include secondees deputed by Kansai Paint Co., Ltd., Japan, the Promoter Company.

Changes in the Senior Management during the year:

1. Mr. Yash Ahuja has been appointed as Senior Vice President - Finance (CFO Designate) with effect from 16th April, 2024.
2. Mr. Debashish Vanikar has been appointed as a Senior Vice President designated as the Chief Executive Officer of Nerofix Private Limited, Company's wholly owned subsidiary, with effect from 3rd June, 2024.
3. Mr. Ram Mehrotra has been appointed as Chief Business Officer - Decorative Sales with effect from 7th February, 2025.

8. 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 and Mr. Hirokazu Kotera – Executive Director during the financial year 2024-25, are as follows:

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Mr. Anuj Jain	Mr. Hirokazu Kotera
1	Fixed component		
	a. Salary as per provisions contained in Section 17(1) of the Income-Tax Act, 1961	304.71	44.53
	b. Value of Perquisites u/s 17(2) of Income-Tax Act, 1961	0.40	4.67
		305.11	49.20
2	Variable component (performance linked)		
	Commission	581.00*	–
	Total	**886.11@**	**49.20**

* Commission paid in FY 2024-25 for FY 2023-24 and FY 2024-25.

@ Remuneration to Mr. Anuj Jain excludes Company's contribution to Provident Fund and Superannuation, and retirement benefits of Rs. 444 Lakhs towards Gratuity and Leave Encashment.

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 2024-25

The details of payments made to Non-Executive Independent Directors during the year ended 31st March, 2025 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. Bhaskar Bhat	1.50	1.00	1.25	0.50	0.50	0.25	–	45.00	**50.00**
Mr. P. P. Shah**	1.00	0.75	0.75	–	0.50	–	0.50	50.00	**53.50**
Ms. Sonia Singh	1.50	1.00	1.25	0.50	0.50	0.25	0.50	45.00	**50.50**
Mr. Uday S. Bhansali##	1.00	0.25	0.50	–	–	–	–	–	**1.75**

% 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 2024-25 was for the year ended 31st March, 2024.

** Retired upon completion of his second term of office as an Independent Director and consequently, ceased to be a Director and Chairman of the Company, with effect from close of business on 29th January, 2025.

Appointed as an Independent Director of the Company with effect from 6th November, 2024.

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.

9. 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 4th May, 2024 and 6th November, 2024, wherein the Internal Auditors and the Statutory Auditors of the Company were 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, 2025
Mr. P. P. Shah*	2
Mr. Bhaskar Bhat	2
Ms. Sonia Singh	2
Mr. Uday S. Bhansali#	Nil

* Retired upon completion of his second term of office as an Independent Director and consequently, ceased to be a Director and Chairman of the Company, with effect from close of business on 29th January, 2025.

\# Appointed as an Independent Director of the Company with effect from 6th November, 2024.

After 31st March, 2025, a meeting of the Independent Directors was held on 6th May, 2025 and the Internal Auditors and the Statutory Auditors of the Company were invited for discussion.

The Chairman of the Company was the Chairman of 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:

a. review of the performance of the Non-Independent Directors and the Board as a whole;

b. review of the performance of the Chairman of the Company, taking into account the views of the Executive Director and Non-Executive Directors;

c. 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.

10. 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
104th AGM	28th June, 2024 at 11 a.m.	By Video Conferencing / Other Audio Visual Means
103rd AGM	26th June, 2023 at 11 a.m.	By Video Conferencing / Other Audio Visual Means
102nd AGM	23rd June, 2022 at 11 a.m.	By Video Conferencing / Other Audio Visual Means

(b) 1 (one) special resolution was passed in the 102nd AGM of the Company, for re-appointment of Ms. Sonia Singh as Independent Director. No Special Resolution was passed at the 103rd and 104th AGM of the Company.

(c) During the year, the Company conducted 3 (three) postal ballots, the details of the Resolutions passed and the voting pattern based on the Scrutinizer's Report are as under:

(i) Postal Ballot Notice dated 29th July, 2024:

Item No.	Resolution (Special Business)	Type of 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
1.	Appointment of Mr. Hirokazu Kotera (holding Director Identification Number 10707431) as a Whole-time Director designated as the Executive Director of the Company, for a term of 3 years commencing from 1st August, 2024 and ending on 31st July, 2027, liable to retire by rotation.	Ordinary Resolution	67,97,39,045	2,72,11,612	96.1508	3.8492	Passed with requisite majority on 27th September, 2024

Rounded off to 4 decimals.

(ii) Postal Ballot Notice dated 6th November, 2024:

Item No.	Resolution (Special Business)	Type of 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
1.	Appointment of Mr. Uday S. Bhansali (holding Director Identification Number 00363902) as an Independent Director of the Company, not liable to retire by rotation, for a term of 5 years commencing from 6th November, 2024 and ending on 5th November, 2029 (both days inclusive).	Special Resolution	70,94,91,251	1,13,538	99.9840	0.0160	Passed with requisite majority on 8th January, 2025.

Rounded off to 4 decimals.

(iii) Postal Ballot Notice dated 11th March, 2025:

Item No.	Resolution (Special Business)	Type of 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
1.	Payment of (1) compensation in the form of special gratuity on his retirement as the Managing Director and (2) non-compete, non-solicitation and non-poaching fee, to Mr. Anuj Jain.	Ordinary Resolution	69,87,42,309	37,05,654	99.4725	0.5275	Passed with requisite majority on 18th April, 2025.
2.	Appointment of Mr. Pravin D. Chaudhari (holding Director Identification Number 02171823) as the Managing Director of the Company, not liable to retire by rotation, for a term of 3 (three) years commencing from 1st April, 2025 upto and ending on 31st March, 2028 (both days inclusive).	Ordinary Resolution	67,11,53,468	20,82,194	99.6907	0.3093	Passed with requisite majority on 18th April, 2025.

Rounded off to 4 decimals.

(d) Mr. Sohan J. Ranade, Membership No. A33416 & Certificate of Practice No. 12520, Partner of JHR & Associates, Company Secretaries in practice, was the Scrutinizer to scrutinize the above postal ballot processes in fair and transparent manner.

(e) The postal ballots were conducted in accordance with the provisions of Section 110 and other applicable provisions of the Act read with the procedure mentioned in Rule 22 of the Companies (Management and Administration) Rules, 2014, including any amendment thereof. In line with the relevant MCA Circulars, the Postal Ballot Notice dated 29th July, 2024 in respect of item in point 10(c)(i) hereinabove, Postal Ballot Notice dated 6th November, 2024 in respect of item in point 10(c)(ii) hereinabove and Postal Ballot Notice dated 11th March, 2025 in respect of items in point 10(c)(iii) hereinabove, were 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 through National Securities Depository Limited.

(f) As on date of this Report, no Special Resolution is proposed to be conducted through Postal Ballot.

11. Means of Communication

(a) Quarterly Results: The quarterly results are published in accordance with the applicable provisions of the SEBI Listing Regulations.

(b) Newspaper wherein 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 / Economic Times or the Loksatta / 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/conference-call-with-investors.html.

12. General Shareholder Information

(a) Date, Time and Venue of the AGM:

The 105th AGM of the Company will be held on Monday, 30th June, 2025 at 11 a.m. (IST) through Video Conferencing / Other Audio Visual Means.

(b)

Financial Year	:	April - March
Financial reporting for the quarter ending 30th June, 2025	:	July - August, 2025
Financial reporting for the quarter ending 30th September, 2025	:	October - November, 2025
Financial reporting for the quarter ending 31st December, 2025	:	January - February, 2026
Financial reporting for the year ending 31st March, 2026	:	April - May, 2026
Annual General Meeting for the year ending 31st March, 2026	:	End June, 2026

(c) Record Date:

Monday, 23rd June, 2025, for AGM and determining entitlement of Members to dividend for the financial year ended 31st March, 2025.

Dividend Payment Date:

Dividend, if declared, will be payable on or after Saturday, 5th July, 2025 to those members whose names are registered as such in the Register of Members of the Company as on Monday, 23rd June, 2025 and to the Beneficiary holders as per the Register of Beneficial Owners as on Monday, 23rd June, 2025 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")	**National Stock Exchange of India Limited ("NSE")**
Phiroze Jeejeeebhoy Towers, Dalal Street, Mumbai - 400 001	Exchange Plaza, Bandra-Kurla Complex Bandra (E), Mumbai - 400 051

The annual listing fees of BSE and NSE for the financial year 2025-26 have been paid.

(e) The securities of the Company have never been suspended from trading.

(f) Registrar and Share Transfer Agents:

MUFG Intime India Private Limited (formerly known as Link Intime India Private Limited)

C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg,
Vikhroli (West), Mumbai – 400 083.
Tel. No.: +91 810 811 8484
E-mail: csg-unit@in.mpms.mufg.com
Website: www.in.mpms.mufg.com

(g) Share Transfer System:

In terms of Regulation 40(1) of the SEBI Listing Regulations, as amended from time to time, transfer, transmission and transposition of securities shall be effected only in dematerialised form. Members may please note, pursuant to Circular dated 25th January, 2022 issued by Securities and Exchange Board of India ("SEBI"), the listed companies shall issue the securities in dematerialised form only, for processing any service requests from shareholders viz., issue of duplicate share certificates, endorsement, transmission, transposition etc. The 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 https://in.mpms.mufg.com. After processing the service request, a letter of confirmation will be issued to the shareholder that shall be valid for a period of 120 days, within which the shareholder shall make a request to the Depository Participant for dematerializing those shares. If the shareholder fails to submit the dematerialisation request within 120 days, then the Company shall credit those shares to the Suspense Escrow Demat Account held by the Company which can be claimed by the shareholders on submission of necessary documentation.

Further, pursuant to the Circular bearing No. SEBI/LAD-NRO/GN/2023/130 dated 23rd May, 2023 issued by SEBI and consequent amendment to Regulation 294 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 which inter-alia states that the allotment of shares shall be made only in dematerialised form. Accordingly, the Company has transferred the Bonus Shares allotted to the Shareholders holding Equity Shares in physical form as on the Record date, to an Escrow Demat Account maintained by the Company. Shareholders can claim these Bonus Shares transferred to the said Escrow Demat Account on submission of necessary documentation.

(h) Distribution of Shareholding as on 31st March, 2025:

No. of Equity Shares held	No. of Folios	% to number of Folios	No. of Equity Shares	% to number of Shares
Upto 500	1,55,193	92.74	1,21,20,040	1.50
501 to 1000	5,357	3.20	39,80,161	0.49
1001 to 2000	2,846	1.70	41,59,941	0.51
2001 to 3000	1,027	0.61	26,11,351	0.32
3001 to 4000	476	0.28	16,94,594	0.21
4001 to 5000	411	0.25	19,10,669	0.24
5001 to 10000	785	0.47	57,19,149	0.71
10001 to 20000	555	0.33	81,09,519	1.00
20001 and above	692	0.41	76,81,39,456	95.01
Grand Total	**1,67,342**	**100.00**	**80,84,44,880**	**100.00**

Geographical Distribution of Shareholders as on 31st March, 2025

Location	No. of Folios	% to number of Folios	No. of Equity Shares	% to number of Shares
OUTSIDE INDIA				
Promoter - Kansai Paint Co., Ltd.	1	0.00	60,62,03,847	74.98
FII, NRI, OCB, FPI - Corporation	3,704	2.21	4,58,85,150	5.68
IN INDIA				
Mumbai	23,550	14.07	11,40,52,752	14.11
New Delhi	9,239	5.52	88,10,238	1.09
Ahmedabad	4,970	2.97	27,95,560	0.35
Bangalore	6,675	3.99	28,06,642	0.35
Pune	7,356	4.40	30,73,453	0.38
Kolkata	4,004	2.39	23,98,988	0.30
Chennai	3,856	2.30	12,72,323	0.16
Hyderabad	3,467	2.07	11,06,895	0.14
Surat	2,937	1.76	9,03,159	0.11
Vadodara	1,821	1.09	6,79,192	0.08
Jaipur	2,206	1.32	10,96,089	0.14
Others	93,556	55.91	1,73,60,592	2.15
TOTAL	**1,67,342**	**100.00**	**80,84,44,880**	**100.00**

Categories of Shareholders as on 31st March, 2025

Sr. No.	Category	No. of Equity Shares held	Percentage to Shareholding
A.	**Promoters' Holding**		
1.	Promoters		
	Indian Promoters	Nil	Nil
	Foreign Promoters (Kansai Paint Co., Ltd., Japan)	60,62,03,847	74.98
2.	Persons acting in concert	Nil	Nil
	Sub-Total (A)	**6,06,203,847**	**74.98**
B.	**Non-Promoters' Holding**		
3.	Institutional Investors		
a.	Mutual Funds and UTI	1,52,98,554	1.89
b.	Banks, Insurance Companies	6,58,38,857	8.14
c.	Alternate Investment Funds	5,41,230	0.07
d.	Foreign Portfolio Investors	4,28,76,414	5.30
	Sub-Total (i)	**12,45,55,055**	**15.41**
4.	Non-Institutional Investors		
	Private Corporate Bodies	58,01,439	0.72
	Indian Public	6,68,34,899	8.27
	NBFCs	2,275	0.00
	NRIs / OCBs	30,08,736	0.37
	Any Other (Trusts)	19,265	0.00
	Clause 5A	89,865	0.01
	Suspense Escrow Demat Account	8,48,485	0.10
	IEPF	10,81,014	0.13
	Sub-Total (ii)	**7,76,85,978**	**9.61**
	Sub-Total (B) = (i) + (ii)	**20,22,41,033**	**25.02**
	Grand Total (A) + (B)	**80,84,44,880**	**100.00**

(i) Dematerialisation of Shares and Liquidity:

As on 31st March, 2025, 99.81% of the paid-up share capital of the Company had been dematerialised. Particulars of trading on the Company's shares for the financial year 2024-25:

Stock Exchange	No. of Trades	No. of Equity Shares
BSE	3,12,351	96,66,177
NSE	45,11,975	14,73,78,157

(j) Outstanding GDRs / ADRs / Warrants or any Convertible Instruments:

The Company has not issued any GDRs / ADRs / Warrants or any Convertible Instruments.

(k) 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.

(l) 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
9. Atchutapuram, Andhra Pradesh

(m) Address for correspondence:

MUFG Intime India Private Limited
C-101, 1st Floor, 247 Park,
Lal Bahadur Shastri Marg, Vikhroli (West),
Mumbai - 400 083.
Tel. No.: +91 810 811 8484
E-mail ID: csg-unit@in.mpms.mufg.com

Shareholders can also contact the Secretarial Department at the Registered 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.

(n) List of all credit ratings obtained by the Company:

Sr. No.	Particulars	Amount (in Crores)	Rating Agency	Rating
1	Cash Credit*	350	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.

13. Disclosures

(a) Related Party Transactions:

All transactions entered into with the Related Parties as defined under the Act and Regulation 23 of the 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 members of the Senior Management 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. 12(k) 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.

(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 2024-25:

There was no instance during the financial year 2024-25, 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 financial year ended 31st March, 2025, 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)	1.02
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	**1.02**

(k) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

a. Number of complaints filed during the financial year 2024-25: 3

b. Number of complaints disposed off during the financial year 2024-25: 3

c. Number of complaints pending as on end of the financial year 2024-25: 0

(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, 2025.

14. 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 6th May, 2025, to approve the Audited Financial Results and Audited Financial Statements of the Company for the financial year ended 31st March, 2025.

15. Independent Auditors Report on compliance with conditions of Corporate Governance

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.

16. 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, 2016 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 financial year 2016-17 transferred to the IEPF, the shares transferred to IEPF and the shares due to be transferred to IEPF.

17. 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, 2024	24	1,02,715 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	2	12,850 Equity Shares of ₹ 1 each
e)	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on 31st March, 2025	24	89,865 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

Bhaskar Bhat
Chairman

Mumbai, 6th May, 2025

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, 2025.

For Kansai Nerolac Paints Limited

Pravin Chaudhari
Managing Director

Mumbai, 6th May, 2025

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, 2025 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, 2025 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, 2024 to March 31, 2025:

      (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 the process of submitting the secretarial compliance report to stock exchange and the due date for submission of the same is May 31, 2025.

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, 2025, 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: 25110759BMKXNW7495

Place of Signature: Mumbai
Date: May 06, 2025

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 1,000 listed companies, based on market capitalisation as on 31st March of every year. The BRSR is based on the format suggested by SEBI vide SEBI Circular SEBI/HO/CFD/CFD-PoD-1/P/CIR/2025/42 Dated March 28, 2025.

SECTION A: GENERAL DISCLOSURES

I. DETAILS

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	28th Floor, A-Wing, Marathon Futurex, N. M. Joshi Marg, Lower Parel, Mumbai - 400 013, Maharashtra	
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, 22 - 4060 2501	
8	Website	www.nerolac.com	
9	Commencement date of financial years	**Start Date**	**End Date**
	Current financial year	01st April, 2024	31st March, 2025
	Previous financial year	01st April, 2023	31st March, 2024
	Prior to previous financial year	01st April, 2022	31st March, 2023
10	Name of the Stock Exchange(s) where shares are listed	1. BSE Ltd. 2. NSE Ltd.	
11	Paid-up capital	₹ 80.84 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 Director (Corporate Planning, IT, and Materials)	
	Mobile no.	022 - 4060 2500	
	Email	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).	Standalone basis	
14	Name of Assurance Provider	Aneja Assurance Pvt. Ltd.	
15.	Type of assurance obtained	Limited Assurance	

II. PRODUCTS/SERVICES

16. Details of business activities

S. no.	Description of main activity	Description of business activity	% of turnover
1	Manufacturing	Manufacture and supply of paints, varnishes, enamels and lacquers.	100

17. Products/services sold by the entity (accounting for 90% of the entity's Turnover):

S. no.	Product/service	NIC code	% of total turnover contributed
1	Manufacturing of paints, varnishes, enamels, and lacquers.	20221	100

III. OPERATIONS

18. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	10 (9 Manufacturing plants and 1 R&D Centre)	122 (Head office, 114 depots and 7 RDC)	132
International	0	0	0

KNPL's global footprint includes three overseas subsidiaries, including KNP Japan Private Limited in Nepal, Kansai Paints Lanka (Private) Limited in Sri Lanka, and Kansai Nerolac Paints (Bangladesh) Limited in Bangladesh. The Company also operates one subsidiary within India, Nerofix Private Limited.

19. Markets served by the entity:

a. Number of locations

Location	Number
National (No. of states)	28
International (No. of countries)	Minor sale is done to Bhutan & Bangladesh Customers

b. What is the contribution of exports as a percentage of the total turnover of the entity?

0.13%

c. A brief on types of customers

KNPL serves a broad and diverse clientele, spanning residential, commercial, industrial, governmental, institutional, and retail segments. With an extensive product portfolio, including decorative paints, industrial paints, wood finishes, adhesives, and construction chemicals, the Company addresses a wide spectrum of application needs. Furthermore, the Company's industrial paints are tailored to meet the specific demands of sectors like automotive, consumer durables, machinery, equipment, and structural industries.

IV. EMPLOYEES

20. Details as at the end of financial year:

a. Employees and workers (including differently abled):

S. no.	Particulars		Total (A)	Male		Female		Others	
				No. (B)	% (B/A)	No. (C)	% (C/A)	No. (H)	% (H/A)
Employees									
1.	Employees	Permanent (D)	3,145	2,996	95.26	149	4.74	0	0.00
2.		Other than permanent (E)	2,347	2,242	95.53	105	4.47	0	0.00
3.		Total employees (D + E)	5,492	5,238	95.38	254	4.62	0	0.00
Workers									
4.	Workers	Permanent (F)	714	712	99.72	2	0.28	0	0.00
5.		Other than permanent (G)	4,369	4,283	98.03	86	1.97	0	0.00
6.		Total workers (F + G)	5,083	4,995	98.27	88	1.73	0	0.00

b. Differently abled employees and workers:

S. no.	Particulars		Total (A)	Male		Female		Others	
				No. (B)	% (B/A)	No. (C)	% (C/A)	No. (H)	% (H/A)
Differently abled employees									
1.	Differently abled employees	Permanent (D)	2	2	100.00	0	0.00	0	0.00
2.		Other than permanent (E)	0	0	0.00	0	0.00	0	0.00
3.		Total differently abled employees (D + E)	2	2	100.00	0	0.00	0	0.00
Differently abled workers									
4.	Differently abled workers	Permanent (F)	0	0	0.00	0	0.00	0	0.00
5.		Other than permanent (G)	0	0	0.00	0	0.00	0	0.00
6.		Total differently abled workers (F + G)	0	0	0.00	0	0.00	0	0.00

21. Participation/inclusion/representation of women

	Total (A)	No. and percentage of females	
		No. (B)	% (B/A)
Board of Directors	7	1	14.29
Key Management Personnel	3	0	0.00

The Key Management Personnel (KMP) comprises the Managing Director (MD), Chief Financial Officer (CFO), and Company Secretary (CS).

22. Turnover rate for permanent employees and workers

(Disclose trends for the past 3 years)

	FY 2024-25 (Turnover rate in current FY) [values in %]				FY 2023-24 (Turnover rate in previous FY) [values in %]				FY 2022-23 (Turnover rate in the year prior to the previous FY) [values in %]			
	Male	Female	Others	Total	Male	Female	Others	Total	Male	Female	Others	Total
Permanent employees	30.61	32.06	0.00	30.68	31.34	34.02	0.00	31.45	33.05	26.19	0.00	32.82
Permanent workers	2.39	85.71	0.00	2.80	3.34	0.00	0.00	3.32	1.13	0.00	0.00	1.12

V. HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES (INCLUDING JOINT VENTURES)

23. (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	No
3	Kansai Paints Lanka (Private) Limited	Subsidiary	60	No

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)
4	Kansai Nerolac Paints (Bangladesh) Limited (formerly known as RAK Paints Limited)	Subsidiary	55	No
5	Nerofix Private Limited	Subsidiary	100	No

VI. CSR DETAILS

24. CSR details

Whether CSR is applicable as per section 135 of Companies Act, 2013	Yes
Turnover (in ₹)	7,496.7 Crores
Net worth (in ₹)	6,366.2 Crores

VII. TRANSPARENCY AND DISCLOSURES COMPLIANCES

25. 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)	if yes, then provide web-link for grievance redress policy	FY 2024-25			FY 2023-24		
			Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes	-	0	0	-	0	0	-
Investors (other than shareholders)	Yes	-	0	0	-	0	0	-
Shareholders	Yes	-	0	0	-	8	0	-
Employees and workers	Yes	-	3	0	-	1	0	-
Customers	Yes	-	794	9	-	836	24	-
Value chain partners	Yes	-	0	0	-	0	0	-

Communities: All KNPL facilities are strategically located in rural areas, where local communities frequently express their concerns to the Panchayats and government authorities. In response, the Company's plant teams proactively address these issues by implementing tangible projects that directly benefit these communities.

Shareholders and Investors: KNPL has set up a dedicated communication channel, investor@nerolac.com, to ensure swift resolution of shareholder inquiries and complaints, fostering effective engagement with the investment community.

Employees and Workers: The Company has established an Internal Complaints Committee to address workplace grievances, with additional support available through HR Business Partners for those seeking further assistance.

Customers: KNPL places a high priority on customer engagement, providing a dedicated helpline and email, 1800-209-2092 and complaints@nerolac.com to ensure prompt and effective responses to all customer queries and concerns.

Value Chain Partners: To maintain the highest standards of integrity and transparency, KNPL has established a Supplier Code of Conduct, providing a clear framework for addressing any grievances raised by its value chain partners.

This extensive approach underscores KNPL's commitment to building trust, fostering collaboration, and addressing the concerns of all stakeholder groups.

26. 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	R	Climate change presents a significant threat, giving rise to both physical and transitional risks, including extreme weather events resource scarcity.	1. Conducting organisation-wide assessments to evaluate climate-related risks and preparedness, including periodic greenhouse gas (GHG) Inventorisation activity and in-depth analysis. 2. Achieving the approved emission reduction targets.	Negative
2	Decarbonisation - Climate change/emission management/ energy management	O	1. Invest in advanced technologies to develop and expand a sustainable, eco-friendly product portfolio. 2. Enhance reliance on electricity generated from renewable energy sources.		Positive

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)
3	Resource use - Water management	R	Given the limited availability of freshwater and the location of two KNPL manufacturing facilities in water-stressed regions, water conservation is a critical focus. Additionally, water is a vital raw material in the production of the Company's water-based paints.	1. Sustaining the water-positive status already attained. 2. Implementing effective rainwater harvesting measures and promoting the responsible use of freshwater resources.	Negative
4	Quality of life - Human rights	O	KNPL is committed to preventing child labour, forced labour, or any form of involuntary labour, whether paid or unpaid, across any of its subsidiaries, manufacturing facilities, and depots.		Positive
5	Diversity - Inclusivity	O	The Company ensures equal employment opportunities by prohibiting discrimination in any form, including based on age, gender, nationality, race, religion, disabilities, or sexual orientation.		Positive
6	Governance	O	KNPL upholds the highest standards of corporate governance and ensures strict compliance with all statutory authorities and regulatory 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.

P1	Businesses should conduct and govern themselves with integrity in a manner that is ethical, transparent and accountable.
P2	Businesses should provide goods and services in a manner that is sustainable and safe.
P3	Businesses should respect and promote the well-being of all employees, including those in their value chains.
P4	Businesses should respect the interests of and be responsive towards all its stakeholders.
P5	Businesses should respect and promote human rights.
P6	Businesses should respect, protect and make efforts to restore the environment.
P7	Businesses when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.
P8	Businesses should promote inclusive growth and equitable development.
P9	Businesses should engage with and provide value to their consumers in a responsible manner.

Disclosure question		1(a). Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	1(b). Has the policy been approved by the Board? (Yes/No)*	1(c). Web link of the policies, if available
Policy and management processes				
P1	Ethics & transparency	Yes	Yes	https://www.nerolac.com/ investors/ policies.html
P2	Product responsibility	Yes	Yes	https://www.nerolac.com/ investors/ policies.html
P3	Human resources	Yes	Yes	https://www.nerolac.com/ investors/ policies.html
P4	Responsiveness to stakeholders	Yes	Yes	https://www.nerolac.com/ investors/ policies.html
P5	Respect for human rights	Yes	Yes	https://www.nerolac.com/ investors/ policies.html
P6	Efforts to restore the environment	Yes	Yes	https://www.nerolac.com/ investors/ policies.html
P7	Public policy advocacy	Yes	Yes	https://www.nerolac.com/ investors/ policies.html
P8	Inclusive growth	Yes	Yes	https://www.nerolac.com/ investors/ policies.html
P9	Customer engagement	Yes	Yes	https://www.nerolac.com/ investors/ policies.html

*KNPL's policies undergo periodic evaluation by departmental heads, Directors, Board Committees, and members of the Board, as applicable.

Disclosure question		2. Whether the entity has translated the policy into procedures. (Yes/No)	3. Do the enlisted policies extend to your value chain partners? (Yes/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.
Policy and management processes				
P1	Ethics & transparency	Yes	Yes	-
P2	Product responsibility	Yes	Yes	Quality Management Systems: ISO 9001:2015
P3	Human resources	Yes	Yes	Safety Management Systems: ISO 45001:2018
P4	Responsiveness to stakeholders	Yes	No	-
P5	Respect for human rights	Yes	Yes	-
P6	Efforts to restore the environment	Yes	Yes	Environment Management Systems: ISO 14001:2015 Energy Management: ISO 50001
P7	Public policy advocacy	Yes	No	-
P8	Inclusive growth	Yes	No	-
P9	Customer engagement	Yes	No	-

Disclosure question	5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.
Policy and management processes		
BRSR 9 Principles	Disclosed in the Respective Capitals.	Disclosed in the Capital Section of this Annual Report.

Governance, leadership, and oversight	
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements.	With a clear focus on sustainability, KNPL has set ambitious targets to reduce carbon emissions and minimise resource consumption, complemented a strong emphasis on ethical sourcing and responsible supply chain management. The Company has demonstrated tangible improvements in water stewardship and has enhanced its transparency and stakeholder engagement. The Company continues to be championing sustainability, striving to generate lasting positive outcomes in the communities it serves.
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Mr. Jason. S. Gonsalves 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).	Yes

If yes, provide details.	KNPL has ESG Committee to guide and monitor the Company's sustainability agenda. This committee advises Management on identifying and addressing ESG-related risks and provides confidence in the delivery of the Company's ESG goals. The committee ensures compliance with the Occupational Health, Safety, and Environment (OHSE) policy, conducting periodic reviews to ensure policies remain aligned with KNPL's ESG commitments. Through this mechanism, the Board of Directors maintains effective oversight of the Company's climate action initiatives and broader sustainability performance.

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								
	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action Indicate whether review was undertaken by Director/Committee of the Board/Any other Committee	The policies of the Company are reviewed periodically/on a need basis by Department Heads, Directors, Board Committees, and Board Members, wherever applicable								
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances Indicate whether review was undertaken by Director/Committee of the Board/Any other Committee	The status of compliance with all applicable statutory requirements is reviewed by the Department Heads/Director/Board on regular basis.								
Subject for Review	**Frequency (Annually/Half yearly/Quarterly/Any other - please specify)**								
Performance against above policies and follow up action Frequency (Annually/Half yearly/Quarterly/Any other - please specify)	The status of compliance with all applicable statutory requirements is reviewed by the Department Heads/Director/Board on regular basis.								
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances Frequency (Annually/Half yearly/Quarterly/Any other - please specify)	The status of compliance with all applicable statutory requirements is reviewed by the Department Heads/Director/Board on regular basis.								
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								

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

Question	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the Principles material to its business (Yes/No)	NA								
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	NA								
The entity does not have the financial or/ human and technical resources available for the task (Yes/No)	NA								
It is planned to be done in the next financial year (Yes/No)	NA								
Any other reason (please specify)	NA								

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 categorised 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	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	% age of persons in respective category covered by the awareness programmes
Board of Directors	1	9 Principles of BRSR	100.00
Key Managerial Personnel	1	9 Principles of BRSR	100.00
Permanent Employees	1*	9 Principle of BRSR	99.43
Permanent Workers	17	9 Principles of BRSR	42.86

*Training on 9 Principles of BRSR is available as a part of compliance training on the employee portal.

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				
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		
Principle 1	Joint Commissioner of Central GST (Jharkhand)	₹ 3,88,65,879	A demand has arisen for the FY 2017-18, 2018-19 and 2019-20 mainly on account of disallowance of Input Tax Credit and alleged discrepancy between turnover as per books of accounts and GST returns. The Company has relevant records to prove its claim and shall file an appeal against the said order.	Yes

Monetary				
NGRBC Principle	Name of the regulatory/ enforcement agencies/judicial institutions	Amount (In ₹)	Brief of the case	Has an appeal been preferred? (Yes/No)
Principle 1	Joint Commissioner of CGST & Central Excise, Patna I (Bihar)	₹ 1,86,12,842	The demand has arisen on account of disallowance of transitional input tax credit claimed by the Company during FY 2017-18. The Company has relevant records to prove its claim for ITC and shall file an appeal against the said order.	Yes
Principle 1	Joint Commissioner, Mumbai Central, CGST & Central Excise	₹ 2,78,89,642	The demand has arisen on account of disallowance of transitional input tax credit availed but not utilised by the Company during the FY 2017-18. The relevant facts of the case are not considered by the Authority while passing the order and there is a legal precedence in favour of the Company. The Company will file an appeal against the said order.	Yes
Principle 1	GST Appellate Authority & Joint Commissioner State Tax, Indore	₹ 15,74,757	A demand has arisen on account of partial disallowance of input tax credit claimed by the Company during FY 2017-18. The Company has relevant records to prove its claim for ITC and shall file an appeal against the said order.	Yes
Principle 1	Additional Commissioner, CGST Commissionerate, Kanpur	₹ 29,26,459	The demand has arisen on account of disallowance of Input Tax Credit ("ITC") claimed by the Company during FY 2020-21, for the state of Uttar Pradesh. The Company has relevant records to prove its claim for ITC and shall file an appeal against the said order.	Yes
Principle 1	Deputy Commissioner of State Tax, Mumbai	₹ 3,90,63,811	The demand has arisen mainly on account of alleged short payment of tax on various points and partial disallowance of Input Tax Credit ("ITC") claimed by the Company during FY 2020-21 for the state of Maharashtra. The order has been passed based on wrong understanding of the facts/records/law and there are apparent errors in the order. The Company has already paid adequate and appropriate taxes, as required in the GST Returns. The Company has relevant records to prove its claim and is in the process of filing an appeal and application for rectification of the order.	Yes
Principle 1	Deputy Commissioner State Tax, Amritsar	₹ 1,03,90,691	The demand has arisen mainly on account of partial disallowance of input tax credit claimed by the Company during FY 2020-21 for the state of Punjab. The Company has relevant records to prove its claim for ITC and shall file an appeal against the said order.	Yes
Settlement				
NA	NA	0	NA	
Compounding fee				
NA	NA	0	NA	

Non-Monetary			
NGRBC Principle	Name of the regulatory/enforcement agencies/judicial institutions	Brief of the case	Has an appeal been preferred? (Yes/No)
Imprisonment			
NA	NA	NA	
Punishment			
NA	NA	NA	

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.**

   In terms of the instances wherein appeal has been referred to as disclosed in question 2 above, the necessary appeals have been filed with the respective state GST Appellate Authorities.

4. **Does the entity have an anti-corruption or anti-bribery policy?**

   Yes

   If yes, provide details in brief

   KNPL maintains a well-defined and comprehensive Code of Conduct (CoC), applicable to all Group companies, that strictly prohibits unethical practices like bribery, forgery, deception, extortion, and corruption. The CoC governs employee conduct in dealings with external parties and is enforced through oversight by the Statutory Audit Committee and the Risk Management Committee. Significantly, under the Policy's provisions on misconduct and embezzlement, the acceptance of illegal gratification constitutes a serious offence, leading to termination of employment. KNPL's CoC thus provides a strong framework for anti-bribery and anti-corruption governance. Furthermore, a separate Code of Conduct is in place for the BoD and senior management, mandating the highest level of integrity and ethical conduct in all professional dealings.

   Provide a web-link if the entity has anti-corruption or anti-bribery policy

   https://www.nerolac.com/sustainability.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:**

	FY 2024-25	FY 2023-24
Directors	0	0
KMPs	0	0
Employees	0	0
Workers	0	0

6. **Details of complaints with regard to conflict of interest:**

	FY 2024-25		FY 2023-24	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	0	NA	0	NA
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	0	NA	0	NA

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.**

   NA

8. **Number of days of accounts payables:**

	FY 2024-25	FY 2023-24
Number of days of accounts payables	57	59

9. **Openness of business:**

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

Parameter	Metrics		FY 2024-25	FY 2023-24
Concentration of purchases	a.	Purchases from trading houses as % of total purchases	9.71%	11.00%
	b.	Number of trading houses where purchases are made from	111	116
	c.	Purchases from top 10 trading houses as % of total purchases from trading houses	78.56%	80.00%
Concentration of sales	a.	Sales to dealer/distributors as % of total sales	51.16%	55.09%
	b.	Number of dealers/distributors to whom sales are made	32,500+	33,000+
	c.	Sales to top 10 dealers/distributors as % of total sales to dealer/distributors	3.14%	3.29%
Share of RPTs in	a.	Purchases (Purchases with related parties as % of total purchases)	0.20%	0.48%
	b.	Sales (Sales to related parties as % of total sales)	0.16%	0.08%
	c.	Loans & advances given to related parties as % of total loans & advances	0	21.31%
	d.	Investments in related parties as % of total Investments made	0	0

LEADERSHIP INDICATORS

1. **Awareness programmes conducted for value chain partners on any of the principles during the financial year:**

Sr. no	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
1	2	A training programme was organised for value chain partners to enhance their awareness and understanding of climate change, GHG inventorisation, and GHG management practices.	-

Over 200 suppliers were invited by KNPL to participate in training sessions designed to advance sustainability-focussed business practises and adherence to NGRBC principles.

2. **Does the entity have processes in place to avoid/manage conflict of interests involving members of the Board?**

Yes

If yes, provide details of the same.

Yes, KNPL has a Board-approved policy that established a structured framework for its Corporate Governance philosophy, which is applicable to Directors, Senior Management, and all employees. This policy encompasses key governance elements, including conflict of interest, corporate opportunities, confidentiality, related-party transactions, insider trading, regulatory compliance, responsible use of Company assets, fair business dealing, and adherence to ethical business practises. In addition, a distinct Code of Conduct has been adopted for Directors and Senior Management, with all concerned individuals having affirmed their compliance. The policy can be accessed at: 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.**

	FY 2024-25	FY 2023-24	Details of improvements in environmental and social impacts
R&D	15%	8%	For the procurement and upgrading of assets aimed at advancing environmental monitoring, optimising effluent treatment, promoting water conservation, improving energy efficiency, harnessing renewable energy, driving emergency preparedness, conducting testing for sustainable product development, and enhancing safety equipment.
Capex	4.2%	6.6%	

2. a. **Does the entity have procedures in place for sustainable sourcing? (Yes/No)**

   Yes

   b. **If yes, what percentage of inputs were sourced sustainably?**

   65%

3. **Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for**

   (a) **Plastics (including packaging)**

   KNPL ensures the responsible recovery of plastic packaging used in its products by collecting post-consumer plastic waste from across India. The collected plastic waste is reprocessed, recycled, or disposed of in accordance with the Plastic Waste Management guidelines, ensuring complete regulatory compliance.

   (b) **E-waste**

   E-waste is sent to recyclers authorised by the Central Pollution Control Board (CPCB) for responsible processing

   (c) **Hazardous Waste**

   Hazardous waste is carefully managed by being sent to Treatment, Storage, and Disposal Facilities (TSDFs) accredited by the SPCB/CPCB, or processed through co-processing, in accordance with applicable statutory mandates.

   (d) **Other Waste**

   Non-hazardous waste and other types of waste are carefully segregated at the source before being dispatched to authorised scrap dealers for responsible recycling or appropriate disposal.

4. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes/No).**

   Yes

   If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards?

   Yes

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?**

   While KNPL has not performed any Life Cycle Assessments in FY 2024-25, the Company has previously executed LCAs for a range of 25 products, including interior and exterior emulsions, enamels, construction chemicals, coil and powder coatings, performance coatings and automotive refinish solutions.

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.**

   There is no significant risk arising from production or disposal of products as identified in LCA.

3. **Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**

Indicate input material	Recycled or re-used input material to total material	
	FY 2024-25	FY 2023-24
TiO_2 Dust (in MT)	13	12
Reclaimed solvent (in MT)	408	427
Powder fines (in MT)	194	136
Water base sludge (in MT)	164	135

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 2024-25			FY 2023-24		
	Reused	Recycled	Safely Disposed	Reused	Recycled	Safely Disposed
Plastics (including packaging)	0	12,115	0	0	12,068	0
E-waste	0	0	0	0	0	0
Hazardous waste	0	0	0	0	0	0

   The recycled statistics provided above are fully aligned with the obligations established for the financial year, as per the stipulations of Principle 6.

5. **Reclaimed products and their packaging materials (as percentage of products sold) for each product category.**

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
Rigid plastic	100
Flexible plastic	100

   Plastic waste is managed in compliance with Extended Producer Responsibility (EPR) mandates.

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

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent employees											
Male	2,996	2,996	100.00	2,996	100.00	0	0.00	2,996	100.00	0	0.00
Female	149	149	100.00	149	100.00	149	100.00	0	0.00	86	57.72
Others	0	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Total	3,145	3,145	100.00	3,145	100.00	149	4.74	2,996	95.26	86	2.73

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Other than permanent employees											
Male	2,242	2,242	100.00	2,242	100.00	0	0.00	0	0.00	0	0.00
Female	105	105	100.00	105	100.00	105	100.00	0	0.00	0	0.00
Others	0	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Total	2,347	2,347	100.00	2,347	100.00	105	4.47	0	0.00	0	0.00

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	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent workers											
Male	712	712	100.00	712	100.00	0	0.00	0	0.00	0	0.00
Female	2	2	100.00	2	100.00	2	100.00	0	0.00	0	0.00
Others	0	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Total	714	714	100.00	714	100.00	2	0.28	0	0.00	0	0.00
Other than permanent workers											
Male	4,283	4,283	100.00	4,283	100.00	0	0.00	0	0.00	0	0.00
Female	86	86	100.00	86	100.00	86	100.00	0	0.00	0	0.00
Others	0	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Total	4,369	4,369	100.00	4,369	100.00	86	1.97	0	0.00	0	0.00

c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format –

	FY 2024-25	FY 2023-24
Cost incurred on well-being measures as a % of total revenue of the Company	0.31%	0.30%

2. Details of retirement benefits

Benefits	FY 2024-25			FY 2023-24		
	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	Yes	100	100	Yes
Gratuity	100	100	Yes	100	100	Yes
ESI	0.4	5.6	Yes	0.3	5.1	Yes

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?

Yes

KNPL actively works to ensure that its workplaces and premises are accessible and friendly to differently abled individuals, in accordance with the Rights of Persons with Disabilities Act, 2016. All future workplaces will also prioritise accessibility for differently abled individuals. KNPL's HO premises were found to be accessible as per the accessibility audit.

4. **Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016?**

Yes

If so, provide a web-link to the policy.

https://www.nerolac.com/sites/default/files/uploads/Policies/code-of-conduct-on-affirmative-action-final-approved-17-2-2021.pdf

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	100.00	Employees who availed parental leave have resumed their duties, although they have not yet reached the 12-month mark since their return.	0.00	No female worker availed parental leave during the year.
Female	100.00		0.00	
Others	0.00		0.00	
Total	100.00		0.00	

6. **Is there a mechanism available to receive and redress grievances for the following categories of employees and worker?**

Yes

If yes, give details of the mechanism in brief.

Category	Yes/No (If yes, then give details of the mechanism in brief)	Remark
Permanent workers	Yes	The Internal Complaints Committee (ICC) is readily accessible to address grievances or harassment issues, including both general and sexual harassment. Complainants can approach any ICC member, and all concerns are addressed with the highest level of confidentiality, ensuring no retaliation against the individual raising the issue. The contact details of the ICC members are displayed prominently on notice boards in key common areas across the organisation. In addition to this, KNPL has implemented a Whistleblower Policy, providing a secure mechanism for the reporting of genuine concerns and grievances, with robust safeguards against victimisation. The details of the policy's execution are separately disclosed in the Annual Report under the Corporate Governance section and are also available on the Company's website at: https://www.nerolac.com/financial/policies.html. Furthermore, KNPL conducts various HR-led connect programmes at its plants and offices to provide employees with a forum for raising concerns and grievance.
Other than permanent workers	Yes	
Permanent employees	Yes	
Other than permanent employees	Yes	

7. **Membership of employees and worker in association(s) or Unions recognised by the listed entity:**

Category	FY 2024-25			FY 2023-24		
	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	3,145	0	0.00	3,068	0	0.00
Male	2,996	0	0.00	2,930	0	0.00
Female	149	0	0.00	138	0	0.00
Others	0	0	0.00	0	0	0.00
Total permanent workers	714	661	92.58	716	665	92.88
Male	712	659	92.56	711	660	92.83
Female	2	2	100.00	5	5	100.00
Others	0	0	0.00	0	0	0.00

8. **Details of training given to employees and workers:**

Category	FY 2024-25					FY 2023-24				
	Total (A)	On health and safety measures		On skill upgradation		Total (D)	On health and safety measures		On skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Male	2,996	977	32.61	1,238	41.32	2,930	2,437	83.17	2,104	71.81
Female	149	52	34.90	56	37.58	138	130	94.20	86	62.32
Others	0	0	0.00	0	0.00	0	0	0.00	0	0.00
Total	3,145	1,029	32.72	1,294	41.14	3,068	2,567	83.67	2,190	71.38
Workers										
Male	712	712	100.00	712	100.00	711	711	100.00	711	100.00
Female	2	2	100.00	2	100.00	5	5	100.00	5	100.00
Others	0	0	0.00	0	0.00	0	0	0.00	0	0.00
Total	714	714	100.00	714	100.00	716	716	100.00	716	100.00

9. **Details of performance and career development reviews of employees and worker:**

Category	FY 2024-25			FY 2023-24		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
Employees						
Male	2,996	2,996	100.00	2,930	2,930	100.00
Female	149	149	100.00	138	138	100.00
Others	0	0	0.00	0	0	0.00
Total	3,145	3,145	100.00	3,068	3,068	100.00
Workers						
Male	712	712	100.00	711	711	100.00
Female	2	2	100.00	5	5	100.00
Others	0	0	0.00	0	0	0.00
Total	714	714	100.00	716	716	100.00

Workers undergo collective performance evaluation.

10. **Health and safety management system:**

a. **Whether an occupational health and safety management system has been implemented by the entity? (Yes/No/NA).**

Yes

If yes, the coverage such system?

Yes, KNPL complies with its Occupational Health, Safety and Environment (OHS&E) Policy, and its principal facilities, including R&D, hold ISO 45001:2018 certification. Internal audits and third-party reviews ensure ongoing conformity to safety standards.

b. **What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?**

In line with its safety-first policy, KNPL subjects all operations to detailed risk assessment protocols. These include Process Hazard Analysis (PHA), Job Safety Analysis (JSA) and Hazard and Operability (HAZOP) studies. Additionally, Kiken Yochi Trainings (KYT) are conducted to identify and address hidden operational hazards. All risks are logged in the Hazard Identification and Risk Assessment (HIRA) register, and corrective measures are continuously monitored to ensure risk reduction and regulatory compliance.

c. **Whether you have processes for workers to report the work related hazards and to remove themselves from such risks.**

Yes, KNPL has established well-defined protocols enabling workers to report any workplace hazards they encounter. Observed hazards are promptly escalated to the respective section heads and documented in the Abnormality register. The SAP EHS module facilitates systematic tracking under the ‘Safety Concern’ functionality. In its commitment to nurturing a safety-oriented culture, KNPL conducts regular training and awareness programmes, reinforces chemical safety protocols, and provides safety training through KIOSKs and safety laboratories. Fire safety infrastructure has been strengthened, and continuous improvement is driven by cross-functional deployment of CAPA, Poka-Yoke, Kaizen, Six Sigma, and other strategic quality initiatives.

d. **Do the employees/worker of the entity have access to non-occupational medical and healthcare services?**

Yes

To support workplace health and emergency responsiveness, KNPL has operationalised Occupational Health Centres (OHCs) and positioned ambulances across all sites to manage both occupational and non-occupational health incidents. Biannual medical examinations are administered to the entire workforce, including contract personnel. In alignment with global emergency response standards, the Company has introduced Automated External Defibrillators (AEDs) at all sites and subsidiaries. Targeted training sessions have been implemented to ensure workforce readiness in addressing Sudden Cardiac Arrest (SCA).

11. **Details of safety related incidents, in the following format:**

Safety incident/Number	Category	FY 2024-25	FY 2023-24
Lost Time Injury Frequency Rate (LTIFR) (per one Million-person hours worked)	Employees	0	0
	Workers	0	0
Total recordable work-related injuries	Employees	0	0
	Workers	0	0
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

*Inclusive of all contract-based employees.

12. **Describe the measures taken by the entity to ensure a safe and healthy work place.**

All major plants of KNPL are certified for the Occupational Health and Safety Management System in accordance with ISO 45001:2018. Furthermore, each plant has a Safety Committee and a structured approach for hazard identification and risk minimisation. KNPL also engages experts to conduct safety audits aimed at enhancing safety measures, practises, and emergency preparedness. In addition, the Corporate EHS team periodically performs Safety Audits in alignment with GSQ guidelines. Moreover, KNPL's parent organisation, Kansai Paint Co., Ltd., Japan, conducts periodic audits of health and safety practises.

13. Number of complaints on the following made by employees and workers:

	FY 2024-25			FY 2023-24		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working conditions	0	0	-	0	0	-
Health & safety	0	0	-	0	0	-

14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practises	100
Working conditions	100

As per ISO 45001 and 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 practises and working conditions.

During the reporting period, no corrective measures were required in response to safety-related incidents, as no major incidents were recorded.

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 a permanent employee's or worker's passing, their family or designated nominee will be provided financial support under the policy. The EGI guarantees a 'specified amount', which becomes payable upon the untimely death of the employee or worker while in service. This amount is allocated to the grantees for the benefit of the beneficiary, ensuring their financial well-being.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

KNPL diligently apprises its vendors of any statutory amendments that may impact their obligations concerning tax deductions or withholdings in relation to transactions conducted 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 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 2024-25	FY 2023-24	FY 2024-25	FY 2023-24
Employees	0	0	0	0
Workers	0	0	0	0

4. Does the entity provide transition assistance programmes to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No/ NA)

Yes, upon retirement, KNPL leverages its retainership programme, which is tailored on a case-by-case basis and in alignment with the appropriateness of the position.

5. **Details on assessment of value chain partners:**

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practises	28 Supplier Assessed
Working conditions	28 Supplier Assessed

6. **Provide details of any corrective actions taken or underway to address significant risks/concerns arising from assessments of health and safety practises and working conditions of value chain partners.**

   No major risk identified.

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.**

   The Company has established a structured framework to continuously identify, prioritise, and resolve the concerns and needs of its stakeholders across all divisions and operations. KNPL has meticulously mapped its internal and external stakeholders, understanding that an efficient engagement process is necessary for achieving its goal of inclusive growth.

   Internal Stakeholders: Business Partners (Kansai Paint Co., Ltd., Japan), Shareholders, Investors and Employees

   External Stakeholders: Customers, Suppliers, Local Communities, Industry Influencers, Governmental and Regulatory Bodies

2. **List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.**

   KNPL has identified and defined its engagement strategies, including the frequency of interactions with its stakeholders. For more information, please refer to the chapter on 'Staying Engaged with Our Stakeholders.'

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.**

   KNPL engages with each stakeholder group through a comprehensive and all-encompassing consultation process, capturing a broad spectrum of perspectives on economic, environmental, and social matters. This strategic approach empowers the Company to nurture sustainable and socially responsible business practises.

   1. **Business Partners:** ESG performance is reviewed periodically, with long-term objectives established at the Group level, incorporating insights from business partners. These consultations provide a platform for partners to offer feedback and suggestions on economic considerations and relevant topics.
   2. **Shareholders & Investors:** The Company values the perspectives of its shareholders and investors. KNPL hosts annual general meetings and quarterly investor calls, offering stakeholders the opportunity to voice their economic, environmental, and social concerns, which are subsequently addressed by the Board.
   3. **Customers:** The Company actively conducts customer satisfaction surveys, fosters customer interactions via meetings and plant visits, and maintains an active social media presence. These channels enable customers to provide feedback on economic, environmental, and social matters, facilitating continuous improvement in products and services.
   4. **Employees:** KNPL emphasises employee engagement through training programmes, well-being initiatives, connect forums, and satisfaction surveys. These platforms offer employees the opportunity to express their views on economic, environmental and social topics. Furthermore, employees contribute to the Company's sustainability efforts by participating in CSR initiatives.
   5. **Suppliers:** KNPL collaborates with its suppliers to advance sustainability across the supply chain. The Company organises supplier training and awareness sessions to ensure alignment with its environmental and social objectives.

Regular audits assess compliance, and meetings are held to discuss ongoing collaborations and address concerns. Moreover, KNPL monitors progress through supplier performance management systems and collaborates on joint projects, providing valuable feedback on economic considerations.

6. **Community:** KNPL engages with the local communities surrounding its plants to understand their unique needs through consultations and dialogues. This interaction allows the Company to address specific economic, environmental, and social concerns, contributing to the local economy, promoting environmental stewardship, and enhancing social well-being through CSR initiatives.
7. **Influencers:** KNPL engages with painters and contractors through specialised meetings, training workshops, and loyalty programmes. In addition, architects and interior designers are engaged through exhibitions, conferences, seminars, and architect meets. These collaborations help customise product offerings, increase brand visibility, and drive innovation, strengthening brand reputation and fostering market growth.
8. **Government & Regulatory Bodies:** KNPL recognises the critical role of Government and Regulatory bodies in shaping industry standards, regulations, and policies. The Company ensures compliance with the established standards and works closely with these stakeholders to align with regulatory requirements.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes/No).

Yes

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.

KNPL utilises stakeholder consultations as a foundational approach to identify and govern environmentally significant topics.

1. **Business Partners:** KNPL aligns its materiality assessments and sustainability goals with those of Kansai Paints, Japan, ensuring a unified strategic direction.
2. **Shareholders & Investors:** Shareholder feedback has been instrumental in strengthening KNPL's ESG disclosures. These enhancements are reflected in the Company's sustainability microsites, annual reports, and investor presentations, contributing to improved performance in leading ESG indices.
3. **Customers:** KNPL remains committed to creating environmentally responsible products meets the expectations of today's sustainability-conscious consumers. In the decorative segment, the Company has launched eco-friendly, low-VOC paints that are free from lead and heavy metals. For the industrial segment, KNPL continues to innovate by developing solutions that reduce energy and water consumption, while collaborating with suppliers to reduce emissions across the value chain.
4. **Employees:** The Company fosters employee engagement through regular initiatives, including a monthly newsletter, training programmes, awareness campaigns, recognition of key accomplishments, and ESG performance reviews.
5. **Suppliers:** Supplier insights are proactively incorporated to drive the adoption of green and environmentally sustainable raw materials.
6. **Community:** KNPL undertakes a various of community-focussed initiatives based on local input, including pond restoration projects, women's empowerment programmes, and livelihood development efforts.
7. **Influencers:** KNPL supports painters and applicators by offering skill development opportunities through both classroom-based training and a mobile training academy.
8. **Government & Regulatory Bodies:** The Company proactively monitors regulatory developments in the ESG space and ensures transparent compliance through detailed and consistent reporting.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalised stakeholder groups.

KNPL is deeply committed to Corporate Social Responsibility (CSR), actively implementing initiatives aimed at fostering social development, particularly those that uplift underprivileged and marginalised communities. By encouraging employees to participate in CSR efforts nationwide, the Company nurtures a strong sense of personal responsibility and social consciousness among its workforce. Outlined below are broad overviews of the key programmes undertaken:

1. **Livelihood & Skill Enhancement:** KNPL is dedicated to contributing to the socio-economic development of nearby communities by providing training programmes designed to enhance skills and capacities. Initiatives such as Classroom Training and the Mobile Training Academy (Pragati Express) exemplify this commitment.
2. **Promoting Education:** The Company collaborates with various educational institutions to advance education in rural areas. Key activities include the construction of classrooms and laboratories, as well as the provision of essential equipment and school supplies.
3. **Rural/Community Development:** KNPL reaches out to grassroots communities by providing essential facilities and amenities in villages near its plant and depot locations. The Company works diligently to improve basic living standards by enhancing infrastructure, which includes the provision of bore wells, drinking water facilities, bus shelters, and community centres.
4. **Preventive Healthcare and Sanitation:** The Company is committed to improving the general health and sanitation of the communities in which it operates. KNPL organises health awareness sessions and provides necessary sanitation facilities to promote better health outcomes.
5. **Ensuring Environmental Sustainability:** Guided by the principle of responsible resource consumption, KNPL is committed to preserving natural resources and ensuring a clean environment. The Company implements watershed development projects, including pond cleaning, desilting, and overall pond restoration. Additional initiatives encompass greenbelt development, tree planting, park construction, and the installation of solar lights.

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 2024-25			FY 2023-24		
	Total (A)	No. of employees/ workers covered (B)	% (B/A)	Total (C)	No. of employees/ workers covered (D)	% (D/C)
Permanent employees	3,145	3,127	99.43	3,068	3,017	98.34
Permanent workers	714	306	42.86	716	628	87.71

The Code of Conduct and Human Rights Policies apply to all employees and workers, including contractual staff.

2. **Details of minimum wages paid to employees and workers, in the following format:**

Category	FY 2024-25					FY 2023-24				
	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										
Permanent	3,145	0	0.00	3,145	100.00	3,068	0	0.00	3,068	100.00
Male	2,996	0	0.00	2,996	100.00	2,930	0	0.00	2,930	100.00
Female	149	0	0.00	149	100.00	138	0	0.00	138	100.00
Others	0	0	0.00	0	0.00	0	0	0.00	0	0.00
Other than permanent	2,347	905	38.56	1,442	61.44	2,173	602	27.70	1,571	72.30
Male	2,242	883	39.38	1,359	60.62	2,080	596	28.65	1,484	71.35
Female	105	22	20.95	83	79.05	93	6	6.45	87	93.55
Others	0	0	0.00	0	0.00	0	0	0.00	0	0.00

Category	FY 2024-25					FY 2023-24				
	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)
Workers										
Permanent	714	0	0.00	714	100.00	716	0	0.00	716	100.00
Male	712	0	0.00	712	100.00	711	0	0.00	711	100.00
Female	2	0	0.00	2	100.00	5	0	0.00	5	100.00
Others	0	0	0.00	0	0.00	0	0	0.00	0	0.00
Other than permanent	4,369	1,639	37.51	2,730	62.49	3,945	2,145	54.37	1,750	44.36
Male	4,283	1,617	37.75	2,666	62.25	3,894	2,122	54.49	1,722	44.22
Female	86	22	25.58	64	74.42	51	23	45.10	28	54.90
Others	0	0	0.00	0	0.00	0	0	0.00	0	0.00

3. **Details of remuneration/salary/wages, in the following format:**

a. **Median remuneration/wages:**

	Male		Female	
	Number	Median remuneration/ salary/wages of respective category	Number	Median remuneration/ salary/wages of respective category
Board of Directors (BoD)	6	₹ 50,00,000	1	₹ 50,50,000
Key Managerial Personnel	3	₹ 1,76,62,160	0	0
Employees other than BoD and KMP	2,993	₹ 9,18,516	149	₹ 7,99,752
Workers	712	₹ 7,76,928	2	₹ 4,51,926

b. **Gross wages paid to females as % of total wages paid by the entity, in the following format:**

	FY 2024-25	FY 2023-24
Gross wages paid to females (Gross wages paid to females as % of total wages)	3.28%	3.10%

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, designated HR partners are entrusted with the responsibility of addressing human rights issues and concerns raised by employees or workers. They play a crucial role in fostering a workplace culture that upholds human rights and ensures that employee grievances are effectively addressed. Their responsibilities also encompass maintaining a safe and healthy work environment, championing diversity and inclusion, and ensuring that all employees are treated fairly and with respect. Furthermore, an Internal Complaints Committee (ICC) is in place to handle grievances related specifically to sexual harassment, in accordance with applicable regulations.

5. **Describe the internal mechanisms in place to redress grievances related to human rights issues.**

When employees or workers raise concerns related to human rights, including discrimination, harassment, or other rights violations like HR partners address these matters with utmost seriousness. They initiate prompt and thorough investigations, while also offering necessary support and resources to affected individuals. Furthermore, an Internal Complaints Committee (ICC) has been established to specifically handle grievances pertaining to sexual harassment, ensuring due process and a safe reporting mechanism.

6. Number of complaints on the following made by employees and workers:

	FY 2024-25			FY 2023-24		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual harassment	3	0	NA	1	0	NA
Discrimination at workplace	0	0	NA	0	0	NA
Child labour	0	0	NA	0	0	NA
Forced labour/Involuntary labour	0	0	NA	0	0	NA
Wages	0	0	NA	0	0	NA
Other human rights related issues	0	0	NA	0	0	NA

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

	FY 2024-25	FY 2023-24
Total complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	3	1
Complaints on POSH as a % of female employees/workers	2.03	0.70
Complaints on POSH upheld	3	1

8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

All reported incidents are treated as confidential. Individuals mentioned in the Report and accused of breaching applicable principles or rules will not be informed of the Report, unless disclosure is necessary for investigative purposes. Any retaliation, whether direct or indirect, against those who report actual or suspected violations of company policies, rules, or regulations, or who assist in related investigations, will result in appropriate disciplinary actions.

9. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes

KNPL acknowledges the critical importance of promoting and safeguarding human rights across its entire value chain. The Company extends its Supplier Code of Conduct to all value chain partners, ensuring that human rights considerations are integrated into business agreements where applicable. This proactive approach allows KNPL to clearly communicate its expectations to partners, guaranteeing their commitment to upholding human rights standards.

10. Assessments for the year

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	100
Forced/involuntary labour	100
Sexual harassment	100
Discrimination at workplace	100
Wages	100

Limited assurance was conducted by a third party: M/s Aneja Assurance Pvt. Ltd

11. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 10 above.

NA

LEADERSHIP INDICATORS

1. **Details of a business process being modified/introduced as a result of addressing human rights grievances/complaints.**

   No changes or new processes have been implemented.

2. **Details of the scope and coverage of any Human rights due-diligence conducted.**

   The scope of KNPL's human rights due diligence, conducted by an independent third party, covered the following areas: occupational health and safety, non-discrimination, freedom of association and collective bargaining, child labour, forced or compulsory labour, and community involvement.

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?**

   Yes

4. **Details on assessment of value chain partners:**

	% of value chain partners (by value of business done with such partners) that were assessed
Child labour	28 Suppliers Assessed
Forced/involuntary labour	-
Sexual harassment	-
Discrimination at workplace	-
Wages	-
Others - please specify	-

5. **Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 4 above.**

   NA

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:**

   Whether total energy consumption and energy intensity is applicable to the Company?

   Yes

Parameter	Please specify unit	FY 2024-25	FY 2023-24
From renewable sources			
Total electricity consumption (A)	GJ	1,04,176	1,00,502
Total fuel consumption (B)	GJ	11,307	31,795
Energy consumption through other sources (C)	GJ	1,24,968	1,35,158
Total energy consumed from renewable sources (A+B+C)	GJ	2,40,450	2,67,455
From non-renewable sources			
Total electricity consumption (D)	GJ	1,72,067	1,75,152
Total fuel consumption (E)	GJ	1,19,357	99,124
Energy consumption through other sources (F)	GJ	0	0
Total energy consumed from non-renewable sources (D+E+F)	GJ	2,91,424	2,74,276
Total energy consumed (A+B+C+D+E+F)	GJ	5,31,874	5,41,731

Parameter	Please specify unit	FY 2024-25	FY 2023-24
Energy intensity per rupee of turnover (Total energy consumed/ Revenue from operations)	GJ/₹ Crores	71	73
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed/Revenue from operations adjusted for PPP)	GJ/ ₹ Crores		
Energy intensity in terms of physical output	GJ/KL	1.43	1.5

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N)

Yes

If yes, name of the external agency.

Limited assurance was conducted by M/s Aneja Assurance Pvt. Ltd.

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**

   NA

3. **Provide details of the following disclosures related to water, in the following format:**

Parameter	Please specify unit	FY 2024-25	FY 2023-24
Water withdrawal by source (in kilolitres)			
(i) Surface water	KL	0	0
(ii) Groundwater	KL	1,30,304	1,28,228
(iii) Third party water	KL	2,89,166	2,96,907
(iv) Seawater/desalinated water	KL	0	0
(v) Others	KL	0	0
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	KL	4,19,470	4,25,135
Total volume of water consumption (in kilolitres)*	KL	4,42,285	4,40,656
Water intensity per rupee of turnover (Total water consumption/ Revenue from operations)	KL/₹ Crores	59	60
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)(Total water consumption/Revenue from operations adjusted for PPP)	KL/₹ Crores		
Water intensity in terms of physical output	KL/KL	1.14	1.18

*During the reporting year, our company wide total water consumption was calculated by the methodology Fresh Water + Rainwater used. In previous years, for the calculation of water consumption the methodology Water consumption = Fresh Water + Rainwater + Recycled Water was used.

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N)

Yes

If yes, name of the external agency.

Limited assurance was conducted by M/s Aneja Assurance Pvt. Ltd.

4. **Provide the following details related to water discharged:**

Parameter	Please specify unit	FY 2024-25	FY 2023-24
Water discharge by destination and level of treatment (in kilolitres)			
(i) To Surface water	KL	0	0.00
- No treatment	KL	0	0
- With treatment - please specify level of treatment	KL	0	0
(ii) To Groundwater	KL	0.00	0.00
- No treatment)	KL	0	0
- With treatment - please specify level of treatment	KL	0	0
(iii) To Seawater	KL	0.00	0.00
- No treatment	KL	0	0
- With treatment - please specify level of treatment	KL	0	0
(iv) third party water	KL	817	1,045
- No treatment	KL	817	1,045
- With treatment - please specify level of treatment	KL	0	0
(v) Others	KL	0.00	0.00
- No treatment	KL	0	0
- With treatment - please specify level of treatment	KL	0	0
Total water discharged (in kilolitres)	KL	817	1,045

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N)

Yes

If yes, name of the external agency.

Limited assurance was conducted by M/s Aneja Assurance Pvt. Ltd.

5. **Has the entity implemented a mechanism for Zero Liquid Discharge?**

Yes

If yes, provide details of its coverage and implementation.

KNPL has implemented a Zero Liquid Discharge system at key manufacturing facilities nationwide. This system has significantly reduced its freshwater withdrawal in FY 2024-25 and completely eliminated industrial wastewater discharge into external water bodies. Domestic wastewater is treated through the STP (Sewage Treatment Plant), while processed wastewater undergoes treatment via the ETP (Effluent Treatment Plant). The ZLD system employs a multi-stage effluent treatment process (primary, secondary, and tertiary) followed by treatment in Multiple Effect Evaporators (MEE). The condensates from the MEE are recycled for process use, and the MEE salts and residue are sent for co-processing.

6. **Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:**

Whether air emissions (other than GHG emissions) by the entity is applicable to the Company?

Yes

Parameter	Please specify unit	FY 2024-25	FY 2023-24
NOx	*µg/m³*	22	22
SOx	µg/m³	14	14
Particulate Matter (PM 2.5)	µg/m³	33	37
Persistent organic pollutants (POP)			
Volatile organic compounds (VOC)	ppm	12	12
Hazardous air pollutants (HAP)			
Others - please specify			
Particulate Matter (PM 10)	µg/m³	68	66

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N)

Yes

If yes, name of the external agency.

Limited assurance was conducted by M/s Aneja Assurance Pvt. Ltd.

7. **Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:**

Whether greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity is applicable to the Company?

Yes

Parameter	Unit	FY 2024-25	FY 2023-24
Total Scope 1 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)	TCO_2e	8,514	7,606
Total Scope 2 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFC_s, PFC_s, SF_6, NF_3, if available)	TCO_2e	41,219	42,356
Total Scope 1 and Scope 2 emission intensity per rupee of turnover (Total Scope 1 and Scope 2 GHG emissions/Revenue from operations)	TCO2e/₹ Crores	6.6	6.8
Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total Scope 1 and Scope 2 GHG emissions/ Revenue from operations adjusted for PPP)	TCO_2e/ ₹ Crores		
Total Scope 1 and Scope 2 emission intensity in terms of physical output	TCO_2e	0.13	0.14

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N)

Yes

If yes, name of the external agency.

Limited assurance was conducted by M/s Aneja Assurance Pvt. Ltd.

8. **Does the entity have any project related to reducing Green House Gas emission?**

Yes

If yes, then provide details.

KNPL consistently takes proactive steps to reduce greenhouse gas (GHG) emissions across Scope 1, Scope 2, and Scope 3 categories. To support its sustainability goals, the Company has established Science-Based Targets Initiative (SBTi) approved emission reduction targets, aligned with a 1.5°C trajectory. The Company is committed to achieving a 46.2% reduction in absolute Scope 1 and 2 GHG emissions by FY 2029-30, compared to its baseline FY 2018-19. The Company's strategies include increasing the use of renewable energy sources like solar and wind, and adopting alternative fuels with lower emissions for energy generation. Furthermore, KNPL aims to reduce Scope 3 GHG emissions by 55% by FY 2029-30, based on the FY 2018-19 baseline. As part of its dedication to sustainability across its operations and supply chain, the Company has partnered with a third party to launch a programme focused on enhancing its suppliers' understanding of GHG monitoring and measurement. Over 200 suppliers were invited to in training sessions covering climate change, GHG accounting, and management practises. Additionally, the Company has implemented energy-efficient initiatives throughout its facilities. For further details, please refer to the Natural Capital Section of this Annual Report.

9. Provide details related to waste management by the entity, in the following format:

Parameter	Parameter	FY 2024-25	FY 2023-24
Total waste generated (in metric tonnes)			
Plastic waste (A)	MT	1,025	1,081
E-waste (B)	MT	8	2
Bio-medical waste (C)	MT	1	0
Construction and demolition waste (D)	MT	0	0
Battery waste (E)	MT	9	13
Radioactive waste (F)	MT	0	0
Other Hazardous waste. Please specify, if any. (G)	MT	6,068	4,895
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	MT	2,513	3,282
Total (A+B + C + D + E + F + G + H)	MT	9,624	9,274
Waste intensity per rupee of turnover (Total waste generated/Revenue from operations)	MT / ₹ Crores	1.28	1.25
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated/Revenue from operations adjusted for PPP)	MT/ ₹ Crores		
Waste intensity in terms of physical output	MT	0.03	0.03
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	MT	7,339	5,602
(ii) Re-used	MT	713	1,135
(iii) Other recovery operations	MT	28	716
Total	MT	8,080	7,453
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)			
Category of Waste			
(i) Incineration	MT	212	486
(ii) Landfilling	MT	9	25
(iii) Other Disposal Operations	MT	664	1657
Total	MT	885	2,168

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N)

Yes

If yes, name of the external agency.

Limited assurance was conducted by M/s Aneja Assurance Pvt Ltd.

10. **Briefly describe the waste management practises 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 practises adopted to manage such wastes.**

KNPL is committed to sustainable waste management practices, ensuring that environmental responsibility remains a core operational principle. Leveraging leading industry methodologies, the Company focusses on reducing, treating, and safely disposing of waste through a comprehensive process that includes:

a) Waste segregation at source and storage in designated areas across all plants.

b) Monitoring and recording of waste volumes for transparency and control.

c) Disposal via certified Treatment, Storage, and Disposal Facilities (TSDFs) in accordance with environmental regulations.

d) Co-processing of hazardous waste at key manufacturing sites.

e) Adherence to the 3Rs: Reduce, Reuse, Recycle to drive efficiency and minimise impact.

To limit the use of hazardous substances, KNPL has:

a. Developed low-VOC formulations

b. Implemented material substitution programmes

c. Enforced rigorous chemical management protocols.

These measures have enabled the Company to achieve 98% diversion of waste from landfills, reflecting its leadership in environmental performance.

11. **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:**

KNPL's operational sites and offices are not situated within or in the vicinity of ecologically sensitive areas.

12. **Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:**

NA

13. **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/NA).**

Yes

LEADERSHIP INDICATORS

1. **Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):**

Water withdrawal, consumption and discharge in areas of water stress			
(i) Name of the area		Goindwal Sahib (Punjab) and Bawal (Haryana)	
(ii) Nature of operations		Manufacturing	
(iii) Water withdrawal, consumption and discharge in the following format:		FY 2024-25	FY 2023-24
Parameter	Please Specify Unit		
Water withdrawal by source (in kilolitres)			
Surface water	KL	0	0
Groundwater	KL	0	0
Third party water	KL	1,25,548	1,17,357
Seawater/desalinated water	KL	0	0
Others	KL	0	0

Water withdrawal, consumption and discharge in areas of water stress			
(i) Name of the area		Goindwal Sahib (Punjab) and Bawal (Haryana)	
(ii) Nature of operations		Manufacturing	
(iii) Water withdrawal, consumption and discharge in the following format:		FY 2024-25	FY 2023-24
Parameter	Please Specify Unit		
Total volume of water withdrawal (in kilolitres)	KL	1,25,548	1,17,357
Total volume of water consumption (in kilolitres)	KL	1,26,973	1,19,970
Water intensity per rupee of turnover (Water consumed/ turnover)	KL	17	16
Water intensity (optional) - the relevant metric may be selected by the entity	KL	1.3	1.3
Water discharge by destination and level of treatment (in kilolitres)			
(i) Into Surface water	KL	0	0
- No treatment	KL	0	0
- With treatment - please specify level of treatment	KL	0	0
(ii) Into Groundwater	KL	0	0
- No treatment	KL	0	0
- With treatment - please specify level of treatment	KL	0	0
(iii) Into Seawater	KL	0	0
- No treatment	KL	0	0
- With treatment - please specify level of treatment	KL	0	0
(iv) third party water	KL	0	0
- No treatment	KL	0	0
- With treatment - please specify level of treatment	KL	0	0
(v) Others	KL	0	0
- No treatment	KL	0	0
- With treatment - please specify level of treatment	KL	0	0
Total water discharged (in kilolitres)	KL	0	0

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N)

Yes

If yes, name of the external agency.

Limited assurance was conducted by M/s Aneja Assurance Pvt Ltd.

2. **Please provide details of total Scope 3 emissions & its intensity, in the following format:**

Whether total Scope 3 emissions & its intensity is applicable to the Company?

Yes

Parameter	Unit	FY 2024-25	FY 2023-24
Total Scope 3 Emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)	TCO_2e	9,21,369	9,69,212
Total Scope 3 Emissions per Rupee of Turnover	TCO_2e/₹ Crores	123	131
Total Scope 3 Emission Intensity (Optional) - The Relevant Metric May be Selected by the Entity	TCO_2e	2.5	2.7

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N)

Yes

If yes, name of the external agency.

Limited assurance was conducted by M/s Aneja Assurance Pvt Ltd

3. **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.**

   This is not applicable, as none of KNPL's facilities or operations are situated within or in proximity to ecologically sensitive zones.

4. **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	Reduction in number of baking cycle	Energy conservation
2	Enhanced durability	High UV resistance and long life
3	Low bake monocoat	Energy conservation, higher productivity
4	Liquid-to-powder	Low VOC and higher durability

5. **Does the entity have a business continuity and disaster management plan?**

   Yes

   Details of entity at which business continuity and disaster management plan is placed or weblink.

   KNP has a well-documented Business Continuity policy and framework in place. The Company initiates a containment protocol to limit the immediate impact, followed by a structured business continuity strategy to sustain essential operations under emergency situations.

6. **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.**

   Currently, KNPL has not undertaken systematic monitoring of the environmental impacts associated with its value chain activities.

7. **Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.**

   To assess broader implications of KNPL's value chain partners, it has commenced the Value Chain Sustainability Programme. The data-gathering and analytical phases are currently in progress.

8. **How many Green Credits have been generated or procured:**

   A. **By the listed entity.**

      We are currently not monitoring Green Credits

   B. **By the top ten (in terms of value of purchases and sales, respectively) value chain partners.**

      NA

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.**

   9

   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
9	Federation of Indian Chambers of Commerce & Industry (FICCI)*	National

* With effect from 1st April,2025

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.**

Name of Authority	Brief of the Case	Corrective Action Taken
Nil	KNPL did not encounter any allegations or occurrences of anti-competitive conduct throughout FY 2023-24.	-

LEADERSHIP INDICATORS

1. **Details of public policy positions advocated by the entity:**

   KNPL's 'Advocacy of Public & Regulatory Policy' initiative provides valuable perspectives on matters pertinent to both business and society. Through active participation in trade and industry chambers, the Company champions policies concerning the paint industry. KNPL collaborates closely with esteemed industry associations like the Indian Paints Association and the Confederation of Indian Industry, among others. Additionally, specific representatives within KNPL are entrusted with engaging industrial bodies and managing government affairs in strict accordance with the Company's established Communication Policy.

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.**

   NA

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:**

   NA

3. **Describe the mechanisms to receive and redress grievances of the community.**

   All KNPL manufacturing facilities are situated in rural areas, where local communities often their raise concerns through Panchayats and Government authorities. These governing bodies work in collaboration with the Company to facilitate the resolution of community grievances. The issues raised are subsequently addressed by the respective plant teams through targeted development initiatives implemented in the affected areas.

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

	FY 2024-25	FY 2023-24
Directly Sourced from MSMEs/Small Producers	20	16
Directly from within India	75	72

   KNPL prioritises sourcing input materials from suppliers within the local community. However, specialty chemicals, which might not be available locally, could require procurement from buyers outside the local vicinity.

5. **Job creation in smaller towns - Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent/on contract basis) in the following locations, as % of total wage cost**

Location	FY 2024-25	FY 2023-24*
Rural	19	21
Semi-Urban	14	13
Urban	20	17
Metropolitan	47	49

   *The numbers for FY 2023-24 have been corrected and includes job creations in both on-roll and off-role positions

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):**

   NA

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	Amount Spent (In ₹)*
1	Andhra Pradesh	Y.S.R. Kadapa	1,25,250
2	Assam	Goalpara	2,56,500
3	Bihar	Araria	44,000
4	Bihar	Aurangabad	44,000
5	Bihar	Begusarai	1,56,750
6	Bihar	Gaya	1,84,750
7	Bihar	Jamui	1,40,000
8	Bihar	Khagaria	1,40,750
9	Bihar	Muzaffarpur	6,55,750
10	Bihar	Nawada	1,30,000
11	Bihar	Purnia	77,500
12	Bihar	Sitamarhi	1,52,000

S. No.	State	Aspirational District	Amount Spent (In ₹)*
13	Chhattisgarh	Kondagaon	55,000
14	Chhattisgarh	Korba	79,000
15	Chhattisgarh	Rajnandgaon	1,22,500
16	Jammu & Kashmir	Baramulla	1,12,500
17	Jammu & Kashmir	Kupwara	86,500
18	Jharkhand	Bokaro	58,750
19	Jharkhand	Chatra	42,500
20	Jharkhand	Dumka	89,250
21	Jharkhand	Hazaribagh	21500
22	Jharkhand	Ramgarh	2,07,500
23	Jharkhand	Ranchi	1,63,750
24	Madhya Pradesh	Chhatarpur	42,500
25	Madhya Pradesh	Damoh	27,500
26	Maharashtra	Washim	1,13,000
27	Odisha	Balangir	46,250
28	Odisha	Kalahandi	61,000
29	Odisha	Nabarangpur	43,250
30	Punjab	Firozpur	1,77,500
31	Punjab	Moga	49,250
32	Rajasthan	Baran	1,21,250
33	Tamil Nadu	Ramanathapuram	67,000
34	Uttar Pradesh	Bahraich	35,000
35	Uttar Pradesh	Balrampur	47,750
36	Uttar Pradesh	Fatehpur	48,500
37	Uttar Pradesh	Siddharthnagar	1,60,000
38	Uttarakhand	Haridwar	1,21,250

*Estimated

3. **(a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalised /vulnerable groups? (Yes/No)**

   No

   (b) From which marginalised/vulnerable groups do you procure?

   NA

   (c) What percentage of total procurement (by value) does it constitute?

   NA

4. **Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:**

   NA

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.**

   NA

6. **Details of beneficiaries of CSR Projects:**

   The Annual Report highlights the details of Corporate Social Responsibility (CSR) initiatives undertaken by KNPL during the financial year ending 31st March, 2025. These disclosures are comprehensively presented in Annexure 1 of the Board's Report, which is an integral 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 is deeply committed to delivering high-quality products and services, with consumer well-being at the core of its operations. The Company's technical and production teams work hand-in-hand to resolve any consumer concerns, with expert guidance from Kansai Paint Co., Limited, Japan, when needed. To support key clients in the automotive and Industrial OEM sectors, KNPL deploys technical service personnel directly at customer sites. These professionals provide round-the-clock assistance and contribute to value analysis and engineering activities that enhance product performance. All customer concerns are carefully documented within KNPL's IT systems, assigned a unique reference number, and tracked until full resolution within specified timeframes. For products managed by batch, any reported concerns trigger in-depth root cause analysis to prevent recurrence. Additionally, KNPL applies its rigorous quality control protocols to supplier processes, ensuring consistent product quality. The Company further supports its customers through a dedicated consumer helpline (+1800-209-2092) and email at complaints@nerolac.com where issues are logged and monitored until resolution. Dealers are also encouraged to report grievances directly for prompt and effective resolution.

2. **Turnover of products and/services as a percentage of turnover from all products/service that carry information about:**

	As a Percentage to Total Turnover
Environmental and Social Parameters Relevant to the Product	100
Safe and Responsible Usage	100
Recycling and/or Safe Disposal	100

   At KNPL, empowering customers through clarity and transparency is a priority. To encourage safe and responsible product use, every package features clear directions for use, environmental impact details, and disposal guidance. In addition, comprehensive product information, including descriptions, performance features, application methods, and essential safety instructions, is provided in both Product Data Sheets and Material Safety Data Sheets (MSDS), which are available via the Company's website and through direct channels. This integrated, multi-channel approach ensures consumers are consistently well-informed and confident in their product interactions.

3. **Number of consumer complaints in respect of the following:**

	FY 2024-25 (Current Financial Year)		Remarks	FY 2023-24 (Previous Financial Year)		Remarks
	Received During the Year	Pending Resolution at End of Year		Received During the Year	Pending Resolution at End of Year	
Data Privacy	0	0	-	0	0	-
Advertising	0	0	-	0	0	-
Cybersecurity	0	0	-	0	0	-
Delivery of Essential Services	0	0	-	0	0	-
Restrictive Trade Practises	0	0	-	0	0	-
Unfair Trade Practises	0	0	-	0	0	-
Other*	794	9	-	836	24	-

   *Customer complaints (Reference Section A - Table on complaints and grievances on any of the principles)

4. **Details of instances of product recalls on account of safety issues:**

	Number	Reasons for recall
Voluntary recalls	0	NA
Forced recalls	0	NA

5. **Does the entity have a framework/policy on cyber security and risks related to data privacy? (Yes/No)**

   Yes

   If available, provide a web-link of the policy.

   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.**

   There have been no reported incidents necessitating corrective action in relation to advertising standards, the continuity of essential service delivery, cybersecurity breaches, data protection violations, or recurring product recalls, as no formal cases have been filed against the Company in these domains.

7. **Provide the following information relating to data breaches:**

   a. **Number of instances of data breaches along-with impact**

      0

   b. **Percentage of data breaches involving personally identifiable information of customers**

      0

   c. **Impact, if any, of the data breaches**

      NA

LEADERSHIP INDICATORS

1. **Channels/platforms where information on products and services of the entity can be accessed (provide web link, if available).**

   All key insights into KNPL's offerings can be found on its official website, https://www.nerolac.com/, where content is diligently curated and regularly updated to ensure both accuracy and relevance. To further amplify its reach and customer interaction, the Company provides various digital product content across its digital channels, including Facebook, YouTube, Instagram, Twitter, and LinkedIn, enhancing brand engagement in real-time.

2. **Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

   Comprehensive product-related information, encompassing detailed descriptions, functional attributes, advantages, application areas, usage advisories, and technical specifications, is systematically documented in the Product Data Sheet and the Material Safety Data Sheet (MSDS). This information readily accessible to customers via the Company's website and it is also prominently displayed on product packaging. This integrated dissemination strategy ensures that consumers are thoroughly equipped with the necessary knowledge to handle KNPL's products in a safe, informed, and responsible manner.

3. **Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

   The Company has established a robust framework that includes a Business Continuity Plan, Risk Management Policy, Mitigation Plan, and Review Mechanism to effectively manage any unexpected disruptions in the supply chain or service delivery to customers. Additionally, KNPL ensures continuous communication with its customers, including OEMs and dealers, to promptly notify them of any disruptions affecting products or services.

4. **Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not applicable)**

   Yes

   If yes, provide details in brief.

   KNPL thoroughly ensures that all its products bear requisite information in strict adherence to prevailing legal statutes. Beyond mere compliance, the Company proactively surpasses regulatory expectations by providing additional details, including comprehensive usage instructions, environmentally relevant information, recommendations for safe and responsible handling, and clear directives for proper disposal. The Company actively engages with its customers to solicit feedback and gauge satisfaction. This is achieved through a multifaceted approach encompassing brand tracking studies, client consultations, structured satisfaction surveys, and on-site product training programmes. Tailored surveys are conducted across key business segments to derive customer insights. Leveraging this input, KNPL implements and continually evaluates strategic initiatives designed to elevate customer satisfaction across the board.

   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

For and on behalf of the Board
Pravin Chaudhari
Managing Director

Mumbai, 6th May, 2025

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 standalone financial statements of Kansai Nerolac Paints Limited ("the Company"), which comprise the Balance sheet as at March 31 2025, 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 material 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 standalone 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, 2025, 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, 2025. 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)	

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.
 	
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.
 	
We identified estimation of variable consideration as a key audit matter because the Company's management exercises judgment in calculating the said variable consideration.
	Our audit procedures included, amongst others:
	• 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:
	  • 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, loan, trade receivables and provision for corporate guarantees in subsidiaries (as described in note 7 and 47 of the standalone financial statements)	
The Company has investments, loan, and trade receivables in certain subsidiaries. Further, the Company has also provided corporate guarantees on behalf of certain subsidiaries. During the year ended March 31, 2025, the Company has recognized an impairment allowance of ₹ 186.25 Crores in respect of investments, loan, trade receivables and corporate guarantees given to subsidiaries incorporated in Sri Lanka and Bangladesh as described in note 47 to the standalone financial statements. Assessment of the recoverable amount of the investments, trade receivables, loan including interest thereon given to these subsidiaries and provision for corporate guarantees given on behalf of these subsidiaries has been identified as a key audit matter due to: • Significance of the carrying amount of these balances. • Significance of Impairment • The assessment requires management to make significant estimates concerning projected sales volume, margins, discount rates and terminal growth rates	Our audit procedures included, amongst others: • 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.

Those 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, 2025 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, to the extent applicable, 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 except for the matters stated in the paragraph (i) (vi) below on reporting under Rule 11(g);
   (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;
   (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;

Independent Auditor’s Report (Continued)

(e) On the basis of the written representations received from the directors as on March 31, 2025 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2025 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) The modification relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph (b) above on reporting under Section 143(3)(b) and paragraph (i) (vi) below on reporting under Rule 11(g).

(g) 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;

(h) In our opinion, the managerial remuneration for the year ended March 31, 2025 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;

(i) 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, as disclosed in the note 48 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, as disclosed in the note 48 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 19 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. Based on our examination which included test checks, the Company has used two accounting softwares for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software except that in case of one software, audit trail feature is not enabled for certain changes made, if any, using privileged/ administrative access rights, as described in note 49 to the standalone financial statements. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with in respect of the accounting softwares to the extent it was enabled. Additionally, the audit trail of prior year(s) has been preserved by the Company as per the statutory requirements for record retention to the extent it was enabled and recorded in the respective years.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Anil Jobanputra**
Partner
Membership Number: 110759
UDIN: 25110759BMKXNY8596

Place of Signature: Mumbai
Date: May 06, 2025

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 intangible assets.

(b) All Property, Plant and Equipment have not been physically verified during the year by the management, but there is a planned programme of verifying them once in three years, which 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 standalone financial statements included in property, plant and equipment are held in the name of the Company. The title deeds of the immovable properties, in the nature of leasehold land disclosed in note 4 to the standalone financial statements included in Right of use assets (ROU), as indicated in the below mentioned case which was acquired pursuant to a Scheme of Amalgamation approved by National Company Law Tribunal (NCLT), is 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 Vapi	0.12	Perma Construction Aids Private Limited	No	Less than 4 years	The said land was acquired pursuant to a scheme of amalgamation and continues to be registered in the name of amalgamating Company. However, the deed of merger has been registered by the Company.

(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, 2025.

(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) Physical verification of inventory has been conducted at reasonable intervals during the year by management except for inventories lying with third parties. In our opinion, the coverage and procedure for such verification by management is appropriate. Inventories lying with third parties have been confirmed by such third parties as at March 31, 2025. There were no discrepancies of 10% or more noticed, in the aggregate for each class of inventory.

(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.

(iii) (a) During the year the Company has provided loans, advances in the nature of loans, stood guarantee and provided security to companies as follows:

(₹ in Crores)

	Guarantees	Security	Loans	Advances in nature of loans
Aggregate amount granted / provided during the year*				
– Subsidiaries	—	—	—	—
Balance outstanding as at balance sheet date in respect of above cases				
– Subsidiaries	16.73	—	—	—

* Does not include loans mentioned in clause iii(e) below. Further, refer note 45 of the standalone financial statements.

Annexure 1 Independent Auditor's Report (Continued)

During the year the Company has not provided loans, advances in the nature of loans, stood guarantee and provided security to firms, Limited Liability Partnerships or any other parties.

(b) During the year the Company has not provided security 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 advances in the nature of loans is not applicable to the Company. During the year, the investments made and the terms and conditions of all loans, investments and guarantees provided to companies are not prejudicial to the Company's interest.

(c) In respect of loan granted to a company, the schedule of repayment of principal and payment of interest has been stipulated. The principal and interest due during the year has been renewed (refer clause iii(e) below). The Company has not granted loans and advances in the nature of loans to firms, Limited Liability Partnerships or any other parties.

(d) There is no amount of loan granted to a company which is overdue for more than ninety days. The Company has not granted loans or advances in the nature of loans to firms, Limited Liability Partnerships or any other parties.

(e) During the year, the Company had renewed loan granted to a subsidiary company which had fallen due during the year. There were no loans or advance in the nature of loan granted to firms, Limited Liability Partnerships or any other parties.

The aggregate amount of such dues renewed and the percentage of the aggregate to the total loans or advances in the nature of loans granted during the year are as follows:

(₹ in Crores)

Name of Party	Aggregate amount of loans or advances in the nature of loans granted during the year*	Aggregate overdue amount settled by renewal or extension or by fresh loans granted to same parties	Percentage of the aggregate to the total loans or advances in the nature of loans granted during the year
Kansai Neroalc Paints (Bangladesh) Limited	53.00	53.00	100%

* Loans renewed / extended are considered as fresh loans granted during the year for the purpose of reporting under this clause. Further, refer note 45 of the standalone financial statements.

(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) Loan and guarantees in respect of which provisions of sections 185 and 186 of the Act are applicable have been complied with by the Company. There are no investments and securities given during the year in respect of which provisions of section 185 and 186 of the Act are applicable.

(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 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 Act, 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	0.19	2000-01	Commissioner (Appeals)
		0.17	2014-15	CESTAT
Sales Tax and Value Added Tax Act	Tax, Penalty and Interest	6.18	1980-81, 1991-92, 2007-08 to 2011-12, 2014-15 and 2016-17	Assistant Commissioner
		45.97	1991-92, 1995-96, 2001-02, 2004-05 to 2006-07, 2009-10 to 2015-16 and 2017-18	Deputy Commissioner
		1.50	1996-97, 2004-05, 2008-09, 2009-10 and 2011-12	Additional Commissioner
		28.46	2001-02, 2003-04, 2005-06, 2012-13, 2015-16 and 2017-18	Joint Commissioner
		2.45	2005-06, 2008-09, 2009-10, 2015-16 and 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	9.94	2009-10, 2012-13 to 2017-18	CESTAT
		0.03	2016-17	Commissioner (Appeals)
Goods and Service Tax Act	Tax, Penalty and Interest	17.51	2017-18 to 2019-20	Assistant Commissioner
		0.83	2017-18 and 2019-20	Superintendent
		124.38	2017-18 to 2019-20	Deputy Commissioner
		2.10	2018-2019	Commissioner
		50.95	2017-18 to 2021-22	Joint Commissioner
		41.40	2018-19	Sales Tax Officer Class II
		0.56	2017-18	Excise and Taxation officer
		0.91	2018-19 and 2019-20	State tax officer
Professional Tax	Tax, Penalty and Interest	0.09	2018-19	Assistant Commissioner

* Net-off 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 wilful 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. The Company does not have any associate or joint venture.

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries. The Company does not have any associate or joint venture. 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.

Annexure 1 Independent Auditor's Report (Continued)

(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.

(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 Act 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 Act. 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 the Act 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 50 to the standalone financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone 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 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 standalone 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 the Act. This matter has been disclosed in note 41(d) to the standalone 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: 25110759BMKXNY8596

Place of Signature: Mumbai
Date: May 06, 2025

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, 2025 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 Act.

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 Company's 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;

Annexure 2 Independent Auditor's Report (Continued)

(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.

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, 2025, 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: 25110759BMKXNY8596

Place of Signature: Mumbai
Date: May 06, 2025

Standalone Balance Sheet as at 31st March 2025

₹ in Crores

	Note	As at 31st March, 2025		As at 31st March, 2024	
ASSETS					
Non-current Assets					
Property, Plant and Equipment	2	**1935.67**		1866.62	
Capital Work-in-progress	3	**220.97**		148.06	
Right of Use Assets (ROU)	4	**217.44**		199.72	
Investment Property	5	**0.12**		0.12	
Goodwill		**0.20**		0.20	
Other Intangible Assets	6	**6.55**		7.10	
Intangible assets under development	3A	**4.78**		3.55	
			2385.73		2225.37
Financial Assets:					
Investments	7	**60.68**		136.39	
Other Financial Assets	8	**70.98**		19.90	
			131.66		156.29
Non-current Tax Assets (Net)			**183.12**		150.49
Other Non-current Assets	9		**94.97**		114.50
Total Non-current Assets			**2795.48**		2646.65
Current Assets					
Inventories	10		**1609.71**		1616.04
Financial Assets:					
Investments	11	**1845.98**		1322.90	
Trade Receivables	12	**1274.70**		1215.25	
Cash and Cash Equivalents	13	**85.72**		162.37	
Bank Balances other than Cash and Cash Equivalents	14	**174.52**		67.27	
Loans	15	**—**		53.00	
Other Financial Assets	16	**22.87**		9.55	
			3403.79		2830.34
Other Current Assets	17		**160.26**		131.72
Total Current Assets			**5173.76**		4578.10
Asset held for sale	5A		**—**		0.05
Total Assets			**7969.24**		7224.80
EQUITY AND LIABILITIES					
Equity					
Equity Share Capital	18	**80.84**		80.84	
Other Equity	19	**6285.39**		5572.28	
Total Equity			**6366.23**		5653.12
Share Application Money Pending Allotment			**0.00**		—
Liabilities					
Non-current Liabilities					
Financial Liabilities:					
Lease Liabilities	20	**139.46**		119.54	
Provisions	21	**20.95**		20.56	
Deferred Tax Liabilities (Net)	22	**155.27**		117.07	
Total Non-current Liabilities			**315.68**		257.17
Current Liabilities					
Financial Liabilities:					
Lease Liabilities	23	**31.74**		29.11	
Trade Payables	24				
Total Outstanding dues of Micro Enterprises and Small Enterprises		**33.81**		78.42	
Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises		**989.84**		901.97	
		1023.65		980.39	
Other Financial Liabilities	25	**161.84**		129.21	
		1217.23		1138.71	
Other Current Liabilities	26	**45.28**		144.57	
Provisions	27	**24.82**		31.23	
Total Current Liabilities			**1287.33**		1314.51
Total Liabilities			**1603.01**		1571.68
Total Equity and Liabilities			**7969.24**		7224.80
Material 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

Mumbai, 6th May, 2025

For and on behalf of the Board of Directors of **Kansai Nerolac Paints Limited**

Bhaskar Bhat
Chairman
DIN: 00148778

Pravin D. Chaudhari
Managing Director
DIN: 02171823

Sonia Singh
Director
DIN: 07108778

Hirokazu Kotera
Wholetime Director
DIN: 10707431

Uday S. Bhansali
Director
DIN: 00363902

P. D. Pai
CFO

G. T. Govindarajan
Company Secretary
ACS No. 8887

Mumbai, 6th May, 2025

Standalone Statement of Profit and Loss for the year ended 31st March 2025

₹ in Crores

	Note	Year ended 31st March, 2025		Year ended 31st March, 2024	
Income					
Revenue from Operations	28		**7496.71**		7393.30
Other Income	29		**142.06**		93.11
Total Income			**7638.77**		7486.41
Expenses					
Cost of Materials Consumed	30	**4357.87**		4287.76	
Purchases of Stock-in-trade		**486.98**		483.72	
Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-trade	31	**7.76**		(1.75)	
Employee Benefits Expense	32	**447.18**		401.76	
Finance Cost	33	**15.09**		12.46	
Depreciation and Amortisation Expenses	34	**193.68**		179.96	
Other Expenses	35	**1222.79**		1198.93	
Total Expenses			**6731.35**		6562.84
Profit Before Exceptional Items and Tax			**907.42**		923.57
Exceptional Items	47		**479.19**		642.25
Profit Before Tax			**1386.61**		1565.82
Tax Expense					
Current Tax	22	**326.01**		366.86	
Deferred Tax	22	**39.36**		16.09	
Total Tax Expense			**365.37**		382.95
Profit for the Year			**1021.24**		1182.87
Other Comprehensive Income					
(i) Items that will not be reclassified to Standalone Statement of Profit and Loss					
(a) Remeasurement of Defined Benefit Liability		**(4.62)**		(5.04)	
(b) Income tax relating to items that will not be reclassified to Standalone Statement of Profit and Loss		**1.16**		1.27	
Total Other Comprehensive Income (net of taxes)			**(3.46)**		(3.77)
Total Comprehensive Income for the Year			**1017.78**		1179.10
Earnings per Share (Face Value of ₹ 1 each):	37				
Basic (in ₹)			**12.63**		14.63
Diluted (in ₹)			**12.62**		14.62
Material 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

Mumbai, 6th May, 2025

For and on behalf of the Board of Directors of **Kansai Nerolac Paints Limited**

Bhaskar Bhat
Chairman
DIN: 00148778

Pravin D. Chaudhari
Managing Director
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Sonia Singh
Director
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Hirokazu Kotera
Wholetime Director
DIN: 10707431

Uday S. Bhansali
Director
DIN: 00363902

P. D. Pai
CFO

G. T. Govindarajan
Company Secretary
ACS No. 8887

Mumbai, 6th May, 2025

Standalone Statement of Changes in Equity

for the year ended 31st March, 2025

A. Equity Share Capital

₹ in Crores

Balance as at 1st April, 2023	**53.89**
Changes in Equity Share Capital during 2023-2024	26.95
Balance as at the 31st March, 2024	**80.84**
Changes in Equity Share Capital during 2024-2025	0.00
Balance as at the 31st March, 2025	**80.84**

B. Other Equity

₹ in Crores

	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Share Based Payment Reserve	Total
Balance as at 1st April, 2024	**0.30**	**—**	**473.28**	**5082.80**	**15.90**	**5572.28**
Profit for the Period	**—**	**—**	**—**	**1021.24**	**—**	**1021.24**
Other Comprehensive Income:						
Remeasurement of Employee Defined Benefit Liability	—	—	—	(4.62)	—	(4.62)
Deferred Tax on Remeasurement of Employee Defined Benefit Liability	—	—	—	1.16	—	1.16
Total Other Comprehensive Income for the Year, net of tax	**—**	**—**	**—**	**(3.46)**	**—**	**(3.46)**
Total Comprehensive Income for the Year	**—**	**—**	**—**	**1017.78**	**—**	**1017.78**
Transaction with Owners in their Capacity as Owners, recorded directly in equity:						
Dividends	—	—	—	(303.14)	—	(303.14)
Share based payment Expense	**—**	**—**	**—**	**—**	**(1.53)**	**(1.53)**
RSU exercised during the year	**—**	**1.88**	**—**	**—**	**(1.88)**	**—**
	—	**1.88**	**—**	**(303.14)**	**(3.41)**	**(304.67)**
Balance as at the 31st March, 2025	**0.30**	**1.88**	**473.28**	**5797.44**	**12.49**	**6285.39**

₹ in Crores

	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Share Based Payment Reserve	Total
Balance as at 1st April, 2023	0.30	12.56	487.67	4049.21	3.75	4553.49
Profit for the year	—	—	—	1182.87	—	1182.87
Other Comprehensive Income:						
Remeasurement of Employee Defined Benefit Liability	—	—	—	(5.04)	—	(5.04)
Deferred Tax on Remeasurement of Employee Defined Benefit Liability	—	—	—	1.27	—	1.27
Total Other Comprehensive Income for the Year, net of tax	—	—	—	(3.77)	—	(3.77)
Total Comprehensive Income for the Year	—	—	—	1179.10	—	1179.10
Transaction with Owners in their Capacity as Owners, recorded directly in equity:						
Dividends	—	—	—	(145.51)	—	(145.51)
Share based payment Expense	—	—	—	—	12.15	12.15
Issue of Bonus Shares	—	(12.56)	(14.39)	—	—	(26.95)
	—	(12.56)	(14.39)	(145.51)	12.15	(160.31)
Balance as at 31st March, 2024	0.30	—	473.28	5082.80	15.90	5572.28

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, 6th May, 2025

For and on behalf of the Board of Directors of **Kansai Nerolac Paints Limited**

Bhaskar Bhat
Chairman
DIN: 00148778

Pravin D. Chaudhari
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DIN: 00363902

P. D. Pai
CFO

G. T. Govindarajan
Company Secretary
ACS No. 8887

Mumbai, 6th May, 2025

Standalone Statement of Cash Flow

for the year ended 31st March, 2025

₹ in Crores

Particulars	Year ended 31st March, 2025		Year ended 31st March, 2024	
Cash Flow from Operating Activities				
Profit Before Tax		1386.61		1565.82
Adjustments for:				
Depreciation and Amortisation Expenses	193.68		179.96	
Fair Value Gain on Financial Instruments recognised through FVTPL	(53.54)		(24.60)	
Unrealised Foreign Exchange Gain (Net)	(0.70)		(1.63)	
Profit on Sale of Current Investments (Net)	(60.55)		(41.03)	
Interest Income	(10.43)		(3.42)	
Dividend Income	(2.80)		(1.14)	
Loss / (Profit) on Sale of Property, Plant and Equipment (Net)	0.12		(0.27)	
Finance Cost	15.09		12.46	
Impairment loss allowance on trade receivables	11.99		3.29	
Share based payment expense	(1.53)		12.15	
Gain from closure of lease liability	(0.25)		(2.18)	
Profit on Sale of Investment Property	(665.44)		(661.25)	
Impairment of long-term investment / loan / trade receivables and financial guarantees	186.25		19.00	
		(388.11)		(508.66)
Operating Profit Before Working Capital Changes		998.50		1057.16
Increase in Trade and Other Receivables	(150.77)		(55.27)	
Decrease in Inventories	6.33		31.98	
Increase in Trade Payables, Other Financial Liabilities and Provisions	47.39		91.52	
		(97.05)		68.23
Cash Generated from Operations		901.45		1125.39
Direct Taxes Paid (Net of Refunds)		(253.97)		(230.30)
Net Cash Flows generated from Operating Activities		647.48		895.09
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)	(324.53)		(232.57)	
Proceeds from Sale of Property, Plant and Equipment	0.77		0.36	
Proceeds from Sale of Investment Property	608.74		499.14	
Tax paid on Sale of Investment Property	(104.67)		(141.42)	
Advance received against Sale of Investment Property	—		109.89	
Purchase of non-current Investments	0.09		(0.49)	
Purchase of Current Investments	(5368.10)		(5157.50)	
Proceeds from Sale/Redemption of Current Investments	4958.91		4398.36	
Interest Received	10.43		3.42	
Dividend Received	2.80		1.14	
Investments in fixed deposits	(156.92)		(62.96)	
Loan given to subsidiary company	—		(53.00)	
Net Cash Flows (used in) from Investing Activities		(372.48)		(635.63)

Standalone Statement of Cash Flow

for the year ended 31st March, 2025 (contd.)

₹ in Crores

Particulars	Year ended 31st March, 2025		Year ended 31st March, 2024	
Cash Flows from Financing Activities				
Payment of Lease Liabilities	**(48.51)**		(41.80)	
Dividend Paid	**(303.14)**		(145.51)	
Net Cash Flows (used in) Financing Activities		**(351.65)**		(187.31)
Net (Decrease)/Increase in Cash and Cash Equivalents		**(76.65)**		72.15
Cash and Cash Equivalents at beginning of the period, the components being: (Refer Note 13)				
Cash on Hand	**0.08**		0.06	
Cheques on hand	**25.75**		22.38	
Balances with Banks	**136.54**		62.78	
Deposit with Banks with less than 3 months maturity	**—**		5.00	
		162.37		90.22
Cash and Cash Equivalents at end of the period, the components being: (Refer Note 13)				
Cash on Hand	**0.09**		0.08	
Cheques on hand	**22.85**		25.75	
Balances with Banks	**62.78**		136.54	
		85.72		162.37
Net (Decrease)/Increase as disclosed above		**(76.65)**		72.15

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

Total amount of taxes paid amounts to ₹ 358.64 Crores (2023-2024 ₹ 371.72 Crores) during the year ended 31 March 2025 out of which ₹ 253.97 Crores (2023-2024 ₹ 230.30 Crores) pertains to tax cash flow from operating activities and balance amount of ₹ 104.67 Crores (2023-2024 ₹ 141.42 Crores) pertains to tax cash flow from investing activities.

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, 6th May, 2025

For and on behalf of the Board of Directors of **Kansai Nerolac Paints Limited**

Bhaskar Bhat
Chairman
DIN: 00148778

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Managing Director
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P. D. Pai
CFO

G. T. Govindarajan
Company Secretary
ACS No. 8887

Mumbai, 6th May, 2025

Notes to the Standalone Financial Statements
for the year ended 31st March, 2025

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 28th Floor, A-wing, Marathon Futurex, N. M. Joshi 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. are available in public domain.

The Standalone Financial Statements for the year ended 31st March, 2025 have been reviewed by the Audit Committee and approved by the Board of Directors at their meetings held on 6th May, 2025.

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 on-going 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.

Contingences 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, 2025

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 39, 'Employee benefits'.

Share-based payments

The fair value of Restricted Stock Units ("RSU") is measured using the Black Scholes model for Time based RSU's and Monte Carlo Simulation model for Performance based RSU's. Measurement inputs include share price on grant date, exercise price of the instrument, expected volatility (based on weighted average historical volatility), expected life of the instrument (based on expected exercise behaviour), expected dividends, and the risk free interest rate (based on government bonds). Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 46.

Note 1: Material 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.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2025

Note 1: Material Accounting Policies (contd.)

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 labour, 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) 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
CCD Machines and Others	NA	5

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (up to) 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.

(c) 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.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2025

Note 1: Material Accounting Policies (contd.)

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.

(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:

(a) it is technically feasible to complete the intangible asset so that it will be available for use or sale.

(b) the Company intends to complete the intangible asset and use or sell it.

(c) the Company has ability to use or sell the intangible asset.

(d) the Company can demonstrate how the intangible asset will generate probable future economic benefits.

(e) the Company has adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

(f) 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.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2025

Note 1: Material Accounting Policies (contd.)

5. Other Intangible Assets (contd.)

(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.

(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.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2025

Note 1: Material Accounting Policies (contd.)

7. **Employee Benefits** (contd.)

(b) **Post-Employment Benefits** (contd.):

(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.

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 united 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.

Notes to the Standalone Financial Statements
for the year ended 31st March, 2025

Note 1: Material Accounting Policies (contd.)

7. Employee Benefits (contd.)

(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. The obligations are presented as current liabilities in the balance sheet since the Company does not have an unconditional right to defer the settlement for at least twelve months after the reporting date.

(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 Carle 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 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 taxing 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.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2025

Note 1: Material Accounting Policies (contd.)

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 be 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.

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.

Notes to the Standalone Financial Statements
for the year ended 31st March, 2025

Note 1: Material Accounting Policies (contd.)

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.

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.

Notes to the Standalone Financial Statements
for the year ended 31st March, 2025

Note 1: Material Accounting Policies (contd.)

15. Lease (contd.)

(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.

(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

Notes to the Standalone Financial Statements
for the year ended 31st March, 2025

Note 1: Material Accounting Policies (contd.)

16. Financial Instruments (contd.)

(b) Classification and subsequent measurement (contd.)

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.

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.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2025

Note 1: Material Accounting Policies (contd.)

16. Financial Instruments (contd.)

(b) Derecognition (contd.)

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.

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.

Notes to the Standalone Financial Statements
for the year ended 31st March, 2025

Note 1: Material Accounting Policies (contd.)

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.

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, 2025

2. Property, Plant and Equipment

₹ in Crores

Description	Gross Block				Accumulated Depreciation				Net Block
	As at 1st April, 2024	Additions	Deductions	As at 31st March, 2025	As at 1st April, 2024	Additions	Deductions	As at 31st March, 2025	As at 31st March, 2025
Freehold Land	90.61 (90.61)	0.67 (—)	— (—)	**91.28** (90.61)	— (—)	— (—)	— (—)	**—** (—)	**91.28** (90.61)
Buildings	994.38 (949.23)	40.00 (45.22)	— (0.07)	**1034.38** (994.38)	247.17 (218.91)	28.96 (28.32)	— (0.06)	**276.13** (247.17)	**758.25** (747.21)
Plant and Equipments	1490.94 (1416.88)	83.77 (82.45)	2.16 (8.39)	**1572.55** (1490.94)	639.32 (581.00)	70.52 (66.64)	1.24 (8.32)	**708.60** (639.32)	**863.95** (851.62)
Furniture and Fixtures	26.00 (23.14)	3.07 (3.91)	— (1.05)	**29.07** (26.00)	18.66 (18.57)	1.42 (1.14)	— (1.05)	**20.08** (18.66)	**8.99** (7.34)
Vehicles	1.32 (1.24)	0.29 (0.08)	— (—)	**1.61** (1.32)	0.71 (0.62)	0.08 (0.09)	— (—)	**0.79** (0.71)	**0.82** (0.61)
Office Equipments	18.67 (15.93)	3.50 (2.78)	— (0.04)	**22.17** (18.67)	15.03 (14.08)	1.47 (0.99)	— (0.04)	**16.50** (15.03)	**5.67** (3.64)
Computers	75.42 (59.08)	9.11 (16.34)	2.60 (—)	**81.93** (75.42)	52.64 (45.35)	9.34 (7.29)	2.60 (—)	**59.38** (52.64)	**22.55** (22.78)
Assets for Scientific Research*	80.22 (79.61)	2.24 (1.01)	— (0.40)	**82.46** (80.22)	29.37 (26.65)	3.12 (3.12)	— (0.40)	**32.49** (29.37)	**49.97** (50.85)
CCD Machines and Others	450.08 (409.97)	78.85 (42.09)	0.88 (1.98)	**528.05** (450.08)	358.12 (327.55)	36.60 (32.55)	0.86 (1.98)	**393.86** (358.12)	**134.19** (91.96)
Total Tangible Assets	3227.64 (3045.69)	221.50 (193.88)	5.64 (11.93)	**3443.50** (3227.64)	1361.02 (1232.73)	151.51 (140.14)	4.70 (11.85)	**1507.83** (1361.02)	**1935.67** (1866.62)

* Net block includes Buildings ₹ 23.27 Crores (2023-2024 ₹ 23.70 Crores), Plant and Equipment ₹ 24.32 Crores (2023-2024 ₹ 24.21 Crores) and Furniture and Fixtures ₹ 2.38 Crores (2023-2024 ₹ 2.94 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.

3. Capital work-in-progress

₹ in Crores

Year	Opening	Additions	Capitalisation	Closing
2024-2025	**148.06**	**346.02**	**273.11**	**220.97**
2023-2024	112.62	229.59	194.15	148.06

Capital work-in-progress Ageing Schedule

As at 31st March, 2025 ₹ 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	**164.10**	**55.06**	**1.81**	**—**	**220.97**
Projects temporarily suspended	**—**	**—**	**—**	**—**	**—**
Total	**164.10**	**55.06**	**1.81**	**0.00**	**220.97**

Notes to the Standalone Financial Statements

for the year ended 31st March, 2025

3. Capital work-in-progress (contd.)

As at 31st March, 2024

₹ 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	111.16	28.86	1.03	7.01	148.06
Projects temporarily suspended	—	—	—	—	—
Total	111.16	28.86	1.03	7.01	148.06

Project completion is overdue or has exceeded its cost compared to its original plan : Not Applicable

3A. Intangible assets under development

₹ in Crores

Year	Opening	Additions	Capitalisation	Closing
2024-2025	**3.55**	**3.64**	**2.41**	**4.78**
2023-2024	—	7.38	3.83	3.55

Intangible assets under development

As at 31st March, 2025

₹ 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	**3.64**	**1.14**	**—**	**—**	**4.78**
Projects temporarily suspended	**—**	**—**	**—**	**—**	**—**
Total	**3.64**	**1.14**	**—**	**—**	**4.78**

As at 31st March, 2024

₹ 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	3.55	—	—	—	3.55
Projects temporarily suspended	—	—	—	—	—
Total	3.55	—	—	—	3.55

Project completion is overdue or has exceeded its cost compared to its original plan : Not Applicable

4. Right of Use Assets (ROU)

₹ in Crores

Description	Gross Block				Accumulated Amortisation				Net Block
	As at 1st April, 2024	Additions	Deductions	As at 31st March, 2025	As at 1st April, 2024	Additions	Deductions	As at 31st March, 2025	As at 31st March, 2025
Leasehold Land	75.77 (75.50)	0.71 (0.27)	— (—)	**76.48** (75.77)	8.04 (7.20)	0.84 (0.84)	— (—)	**8.88** (8.04)	**67.60** (67.73)
Buildings	218.06 (176.18)	60.28 (69.84)	28.55 (27.96)	**249.79** (218.06)	86.07 (71.53)	38.37 (33.55)	24.49 (19.01)	**99.95** (86.07)	**149.84** (131.99)
Total Right of Use Assets (ROU)	293.83 (251.68)	60.99 (70.11)	28.55 (27.96)	**326.27** (293.83)	94.11 (78.73)	39.21 (34.39)	24.49 (19.01)	**108.83** (94.11)	**217.44** (199.72)

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 Vapi	0.12	Perma Construction Aids Private Limited	No	Less than 4 years	The said land was acquired pursuant to a scheme of amalgamation and continues to be registered in the name of amalgamating Company. However, the deed of merger has been registered by the Company.

Notes to the Standalone Financial Statements
for the year ended 31st March, 2025

5. Investment Property

₹ in Crores

Description	Gross Block				Accumulated Depreciation				Net Block
	As at 1st April, 2024	Additions	Deductions	As at 31st March, 2025	As at 1st April, 2024	Additions	Deductions	As at 31st March, 2025	As at 31st March, 2025
Freehold Land	0.03 (0.03)	50.90 (—)	50.90 (—)	**0.03** (0.03)	— (—)	— (—)	— (—)	**—** (—)	**0.03** (0.03)
Leasehold Land*	— (0.01)	— (—)	— (0.01)	**—** (—)	— (—)	— (—)	— (—)	**—** (—)	**—** (—)
Buildings*	1.98 (2.23)	— (—)	— (0.25)	**1.98** (1.98)	1.89 (2.14)	— (—)	— (0.25)	**1.89** (1.89)	**0.09** (0.09)
Total Investment Property	2.01 (2.27)	50.90 (—)	50.90 (0.26)	**2.01** (2.01)	1.89 (2.14)	— (—)	— (0.25)	**1.89** (1.89)	**0.12** (0.12)

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 periods.

5.3. Nil amount of impairment loss is recognised during the current and comparative periods.

5.4. During the financial year, no rental income was generated from the investment properties whereas direct operating expenses of ₹ 0.08 Crores (2023-2024 ₹ 0.28 Crores) were incurred and recorded as expense in the Standalone Statement of Profit and Loss.

5.5. Total fair value of Investment Property is ₹ 59.18 Crores (2023-2024 ₹ 59.18 Crores).

5.6. *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 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

Description	2024-2025	2023-2024
Freehold Land	—	0.01
Buildings	—	0.02
Plant and Equipments	—	0.02
Furniture and Fixtures	—	0.00
Total	—	0.05

(i) On 24th October, 2024, the Company had entered into a Deed of conveyance / assignment of lease with Aethon Developers Private Limited, subsidiary of Runwal Developers Private Limited ("Purchaser") for sale of the Company's land parcel at Lower Parel, Mumbai together with Building thereon for an aggregate consideration of ₹ 726.00 Crores. Accordingly, the profit on sale of ₹ 665.44 Crores has been presented as an exceptional item in the year ended 31st March 2025.

(ii) In previous year, on 30th June, 2023, the Company had entered into a Deed of Conveyance with Shoden Developers Private Limited, a group company of House of Hiranandani for sale of its land at Kavesar, Thane for the total consideration of ₹ 671.00 Crores. Accordingly, the profit on sale of ₹ 661.25 Crores has been disclosed as an exceptional item in the year ended 31st March 2024.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2025

6. Other Intangible Assets

₹ in Crores

Description	Gross Block				Accumulated Amortisation				Net Block
	As at 1st April, 2024	Additions	Deductions	**As at 31st March, 2025**	As at 1st April, 2024	Additions	Deductions	**As at 31st March, 2025**	**As at 31st March, 2025**
Software	24.91	2.41	—	**27.32**	20.99	2.15	—	**23.14**	**4.18**
	(21.08)	(3.83)	(—)	(24.91)	(19.50)	(1.49)	(—)	(20.99)	(3.92)
Customer Relationship	5.45	—	—	**5.45**	5.45	—	—	**5.45**	**—**
	(5.45)	(—)	(—)	(5.45)	(4.36)	(1.09)	(—)	(5.45)	(—)
Brand and Technical Knowhow	18.38	—	—	**18.38**	15.21	0.80	—	**16.01**	**2.37**
	(18.38)	(—)	(—)	(18.38)	(13.11)	(2.10)	(—)	(15.21)	(3.17)
Non-compete	6.28	—	—	**6.28**	6.27	0.01	—	**6.28**	**—**
	(6.28)	(—)	(—)	(6.28)	(5.52)	(0.75)	(—)	(6.27)	(0.01)
Total Other Intangible Assets	55.02	2.41	—	**57.43**	47.92	2.96	—	**50.88**	**6.55**
	(51.19)	(3.83)	(—)	(55.02)	(42.49)	(5.43)	(—)	(47.92)	(7.10)

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 31st March, 2025		As at 31st March, 2024	
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 (18,49,99,998 Equity Shares of LKR 10 each fully paid up)	**46.60**		46.60	
Less: Impairment loss (Refer note 47)	**(46.60)**		(33.71)	
		—		12.89
3. Kansai Nerolac Paints (Bangladesh) Limited (formerly known as RAK Paints Limited) 6,71,00,000 Equity Shares of BDT 10 each fully paid up (6,71,00,000 Equity Shares of BDT 10 each fully paid up)	**70.41**		70.41	
Less: Impairment loss (Refer note 47)	**(70.41)**		(7.50)	
		—		62.91
4. Nerofix Private Limited 200,00,000 Equity Shares of ₹ 10 each fully paid up (200,00,000 Equity Shares of ₹ 10 each fully paid up)		**49.00**		49.00
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)		**1.74**		1.63
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) 47,741 Equity Shares of ₹ 10 each fully paid up (47,741 Equity Shares of ₹ 10 each fully paid up)		**0.09**		0.09
4. Amplus RJ Solar Private Limited (Unquoted) 19,55,000 Equity Shares of ₹ 10 each fully paid up (19,55,000 Equity Shares of ₹ 10 each fully paid up)		**1.96**		1.96

Notes to the Standalone Financial Statements

for the year ended 31st March, 2025

7. Non-current Investments (contd.)

₹ in Crores

	As at 31st March, 2025	As at 31st March, 2024
Investments in Debenture:		
1. 8.49% National Thermal Power Corporation (NTPC) (Quoted) (40,524 Non Convertible Debenture of ₹ 10 each fully paid up)	—	0.02
Total Non-current Investments	**60.68**	136.39
Aggregate book value of quoted investments	**1.74**	1.65
Aggregate market value of quoted investments	**1.74**	1.65
Aggregate amount of unquoted investments	**175.95**	175.95
Aggregate amount of impairment in value of investments	**117.01**	41.21

8. Other Financial Assets

₹ in Crores

	As at 31st March, 2025	As at 31st March, 2024
Unsecured and Considered Good:		
Security Deposits	**20.98**	19.90
Fixed Deposit with Bank with more than 12 month maturity	**50.00**	—
	70.98	19.90

9. Other non-current assets

₹ in Crores

	As at 31st March, 2025	As at 31st March, 2024
Unsecured and Considered Good:		
Capital Advances	**12.76**	41.11
Prepaid Expenses	**45.22**	43.49
Balances with Indirect Tax Authorities	**36.99**	29.90
	94.97	114.50

10. Inventories

₹ in Crores

	As at 31st March, 2025	As at 31st March, 2024
Raw Materials	**452.03**	454.04
Packing Materials	**18.00**	16.55
Work-in-progress	**151.50**	156.15
Finished Goods	**893.07**	875.82
Stock-in-trade	**79.66**	100.02
Stores and Spares	**15.45**	13.46
	1609.71	1616.04

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, 2025

11. Current Investments

₹ in Crores

	As at 31st March, 2025	As at 31st March, 2024
(A) Investments in Bonds at FVTPL (Quoted):	**8.27**	8.93
(B) Mutual Funds at FVTPL (Unquoted):	**1837.71**	1313.97
Total Current Investment (A + B)	**1845.98**	1322.90
Aggregate book value of quoted investments	**8.27**	8.93
Aggregate market value of quoted investments	**8.27**	8.93
Aggregate amount of unquoted investments	**1837.71**	1313.97
Aggregate amount of impairment in value of investments	**Nil**	Nil

12. Trade Receivables

₹ in Crores

	As at 31st March, 2025		As at 31st March, 2024	
Secured, Considered Good		**—**		—
Unsecured, Considered Good*		**1274.70**		1215.25
Significant increase in Credit Risk		**—**		—
Credit Impaired	**74.34**		39.02	
Loss Allowance#	**(74.34)**		(39.02)	
		—		—
		1274.70		1215.25
Receivable from subsidiary company, in which director of the Company is a director				
KNP Japan Private Limited*		**3.87**		3.47
Kansai Paints Lanka (Private) Limited#	**8.03**		8.37	
Less : Impairment (Refer Note 38)	**(8.03)**		—	
		—		8.37
Kansai Nerolac Paints (Bangladesh) Limited#	**12.59**		8.48	
Less : Impairment (Refer Note 38)	**(12.59)**		—	
		—		8.48
Nerofix Private Limited*		**7.27**		1.32

Trade Receivables Ageing Schedule

As at 31st March 2025 **₹ in Crores**

Particulars	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
	Outstanding for following periods from due date of payment						
(i) Undisputed Trade receivables – considered good	**1079.82**	**158.46**	**25.24**	**7.35**	**1.53**	**2.30**	**1274.70**
(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	**1.35**	**1.84**	**1.01**	**19.24**	**15.99**	**34.91**	**74.34**

As at 31st March 2024 ₹ in Crores

Particulars	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
	Outstanding for following periods from due date of payment						
(i) Undisputed Trade receivables – considered good	998.60	160.59	27.95	18.83	5.13	4.15	1215.25
(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	—	—	1.74	5.45	4.90	26.93	39.02

Notes to the Standalone Financial Statements

for the year ended 31st March, 2025

13. Cash and Cash equivalents

₹ in Crores

	As at 31st March, 2025	As at 31st March, 2024
Cash on hand	0.09	0.08
Cheques on hand	22.85	25.75
Banks balances	62.78	136.54
	85.72	162.37

14. Bank Balance other than Cash and cash equivalents

₹ in Crores

	As at 31st March, 2025	As at 31st March, 2024
Unpaid Dividend Accounts	2.46	2.13
Fixed Deposit with Bank with more than 3 months but less than 12 month maturity	172.06	65.14
	174.52	67.27

15. Loans

₹ in Crores

	As at 31st March, 2025		As at 31st March, 2024	
Unsecured and Considered Good:				
Loan given to Subsidiary Company	53.00		53.00	
Less: Allowance for doubtful loans (Refer note 38)	(53.00)		—	
		—		53.00
		—		53.00

* Includes ₹ 53.00 Crores (2023-2024 ₹ 53.00 Crores) Short term Loan for working capital need, carrying interest rate 5% p.a. given to subsidiary company – Kansai Nerolac Paints (Bangladesh) Limited, private company in which director of the Company is a director. This loans is repayable on demand. Maximum amount of loan outstanding during the year ₹ 53.00 Crores (2023-2024 ₹ 53.00 Crores)

16. Other Current Financial Assets

₹ in Crores

	As at 31st March, 2025		As at 31st March, 2024	
Unsecured and Considered Good:				
Security Deposits		5.78		4.69
GST Incentive Receivable		—		0.07
Other Receivable*	20.46		4.79	
Less: Allowance for doubtful receivable (Refer note 38)	(3.37)		—	
		17.09		4.79
		22.87		9.55

* Includes ₹ 2.62 Crores (2023-2024 ₹ 1.05 Crores) receivable from subsidiary company – KNP Japan Private Limited, private company in which director of the Company is a director

17. Other Current Assets

₹ in Crores

	As at 31st March, 2025	As at 31st March, 2024
Unsecured and Considered Good:		
Balances with Indirect Tax Authorities	48.76	28.16
Trade Advances	49.08	47.04
Prepaid Expenses	60.12	53.52
Other Receivable	2.30	3.00
	160.26	131.72

Notes to the Standalone Financial Statements

for the year ended 31st March, 2025

18. Share Capital

₹ in Crores

	As at 31st March, 2025		As at 31st March, 2024	
1. Authorised Share Capital (₹ in Crores)		**85.00**		85.00
Par Value per Share (₹)		**1.00**		1.00
Number of Equity Shares		**85,00,00,000**		85,00,00,000
2. Issued, Subscribed and Fully Paid up (₹ in Crores)		**80.84**		80.84
Par Value per Share (₹)		**1.00**		1.00
Number of Equity Shares		**80,84,44,880**		80,83,79,580
3. Details of Shareholders holding more than 5% of shares:				
	%	**No. of Shares**	%	No. of Shares
Holding Company:				
Kansai Paint Co., Ltd., Japan	**74.99**	**60,62,03,847**	74.99	60,62,03,847
4. Aggregated number of bonus share issued during the period of five years immediately preceding the reporting date by capitalisation of security premium reserve		**26,94,59,860**		26,94,59,860
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		**80,83,79,580**		53,89,19,720
Bonus shares issued		**—**		26,94,59,860
Issued during the year on exercising RSU option		**65,300**		—
Number of shares at the end of the period		**80,84,44,880**		80,83,79,580
7. Disclosure of Shareholding of Promoters:				
Name of Promoter: Kansai Paint Co., Ltd., Japan		**60,62,03,847**		40,41,35,898
Details of shares held by promoters:				
No. of shares at the beginning of the period		**60,62,03,847**		40,41,35,898
Change during the year*		**—**		20,20,67,949
No. of shares at the end of the period		**60,62,03,847**		60,62,03,847
% of Total Shares		**74.99**		74.99
% change during the period*		**—**		50.00
* the change is due to issue of Bonus shares during the previous 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.				

Notes to the Standalone Financial Statements
for the year ended 31st March, 2025

19. Other Equity

₹ in Crores

	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Share Based Payment Reserve	Total
Balance as at 1st April, 2024	**0.30**	**—**	**473.28**	**5082.80**	**15.90**	**5572.28**
Profit for the Period	**—**	**—**	**—**	**1021.24**	**—**	**1021.24**
Other Comprehensive Income:						
Remeasurement of Employee Defined Benefit Liability	—	—	—	(4.62)	—	(4.62)
Deferred Tax on Remeasurement of Employee Defined Benefit Liability	—	—	—	1.16	—	1.16
Total Other Comprehensive Income for the year, net of tax	**—**	**—**	**—**	**(3.46)**	**—**	**(3.46)**
Total Comprehensive Income for the year	**—**	**—**	**—**	**1017.78**	**—**	**1017.78**
Transaction with Owners in their Capacity as Owners, recorded directly in equity:						
Dividends	—	—	—	(303.14)	—	(303.14)
Share based Payment Expense	**—**	**—**	**—**	**—**	**(1.53)**	**(1.53)**
RSU exercised during the year	**—**	**1.88**	**—**	**—**	**(1.88)**	**—**
	—	**1.88**	**—**	**(303.14)**	**(3.41)**	**(304.67)**
Balance as at 31st March, 2025	**0.30**	**1.88**	**473.28**	**5797.44**	**12.49**	**6285.39**

₹ in Crores

	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Share Based Payment Reserve	Total
Balance as at 1st April, 2023	0.30	12.56	487.67	4049.21	3.75	4553.49
Profit for the year	—	—	—	1182.87	—	1182.87
Other Comprehensive Income:						
Remeasurement of Employee Defined Benefit Liability	—	—	—	(5.04)	—	(5.04)
Deferred Tax on Remeasurement of Employee Defined Benefit Liability	—	—	—	1.27	—	1.27
Total Other Comprehensive Income for the Year, net of tax	—	—	—	(3.77)	—	(3.77)
Total Comprehensive Income for the Year	—	—	—	1179.10	—	1179.10
Transaction with Owners in their Capacity as Owners, recorded directly in equity:						
Dividends	—	—	—	(145.51)	—	(145.51)
Share based payment	—	—	—	—	12.15	12.15
Issue of Bonus Shares	—	(12.56)	(14.39)	—	—	(26.95)
	—	(12.56)	(14.39)	(145.51)	12.15	(160.31)
Balance as at 31st March, 2024	0.30	—	473.28	5082.80	15.90	5572.28

Analysis of Accumulated OCI, Net of Tax

₹ in Crores

Remeasurement of Defined Benefit Liability/(Asset)	31st March, 2025	31st March, 2024
Opening Balance	**(11.68)**	(7.91)
Remeasurement of Employee Defined Benefit Liability, net of tax	**(3.46)**	(3.77)
Closing Balance	**(15.14)**	(11.68)

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.

Notes to the Standalone Financial Statements
for the year ended 31st March, 2025

19. Other Equity (contd.)

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 2023-2024, the Directors had recommended and Shareholders had approved a final dividend of 375% (₹ 3.75 per share) including special dividend of 125% (₹ 1.25 per share), which has been accounted in current year.

The Board has recommended dividend of 375% (₹ 3.75 per share) for the financial year ended 31 March, 2025 including special dividend of 125% (₹ 1.25 per share) as compared to total dividend of 375% (₹ 3.75 per share) including special dividend of 125% (₹ 1.25 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 ₹ 303.14 Crores (2023-2024 ₹ 303.14 Crores) have not been recognised as liabilities.

20. Lease Liabilities

₹ in Crores

	As at 31st March, 2025	As at 31st March, 2024
Lease Liabilities - Non-current	139.46	119.54
	139.46	119.54
The maturity analysis of lease liabilities is disclosed in Note 44.		

21. Provisions

₹ in Crores

	As at 31st March, 2025	As at 31st March, 2024
Provision for Retirement Benefits to Executive Director (Refer Note 39)	20.95	20.56
	20.95	20.56

22. Income Taxes

₹ in Crores

	31st March, 2025	31st March, 2024
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	326.01	366.86
Deferred tax:		
In respect of current year	39.36	16.09
Income tax expense recognised in the Standalone Statement of Profit and Loss	365.37	382.95
(ii) Income tax expense recognised in OCI		
Deferred tax expense on remeasurements of defined benefit plans	1.16	1.27
Income tax expense recognised in OCI	1.16	1.27

Notes to the Standalone Financial Statements
for the year ended 31st March, 2025

22. Income Taxes (contd.)

₹ in Crores

	Year ended 31st March, 2025	Year ended 31st March, 2024
B. Reconciliation of tax expense and the accounting profit for the year is as under:		
Profit before tax	**1386.61**	1565.82
Income tax expense calculated at 25.17% (2023-2024 @ 25.17%)	**349.01**	394.12
Tax effect on non-deductible expenses	**43.44**	7.74
Effect of Income that is exempted from tax	**(0.15)**	(0.15)
Effect of differential tax rate on sale of land	**(42.62)**	(14.15)
Effect of discontinuance of indexation on capital gains	**13.32**	—
Others	**2.37**	(4.61)
Total	**365.37**	382.95
Tax expense as per Standalone Statement of Profit and Loss	**365.37**	382.95

The tax rate used for reconciliation above is the corporate tax rate of 25.17% (2023-2024 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 and Loss**	**OCI**	**Balance Sheet**
	01.04.2024	**2024-2025**	**2024-2025**	**31.03.2025**
Difference between written down value of Property, Plant and Equipment as per the books of accounts and Income Tax Act,1961	**(148.93)**	**(24.25)**	**—**	**(173.18)**
Tax adjustment on account on indexation of freehold land	**13.52**	**(13.32)**	**—**	**0.20**
Expense claimed for tax purpose on payment basis	**6.33**	**0.14**	**—**	**6.47**
Provision for Loss Allowance	**11.01**	**3.66**	**—**	**14.67**
Remeasurement benefit of the defined benefit plans through OCI	**3.25**	**—**	**1.16**	**4.41**
Difference in carrying value and tax base of investments measured through FVTPL	**(7.07)**	**(6.84)**	**—**	**(13.91)**
Difference in Right-of-use asset and lease liabilities	**4.82**	**1.25**	**—**	**6.07**
Deferred tax (expense)/income Net Deferred tax liabilities	**(117.07)**	**(39.36)**	**1.16**	**(155.27)**

₹ in Crores

Particulars	Balance Sheet	Statement of Profit and Loss	OCI	Balance Sheet
	01.04.2023	2023-2024	2023-2024	31.03.2024
Difference between written down value of Property, Plant and Equipment as per the books of accounts and Income Tax Act,1961	(141.96)	(6.97)	—	(148.93)
Tax adjustment on account on indexation of freehold land	21.25	(7.73)	—	13.52
Expense claimed for tax purpose on payment basis	4.88	1.45	—	6.33
Provision for Loss Allowance	9.75	1.26	—	11.01
Remeasurement benefit of the defined benefit plans through OCI	1.98	—	1.27	3.25
Difference in carrying value and tax base of investments measured through FVTPL	(1.91)	(5.16)	—	(7.07)
Difference in Right-of-use asset and lease liabilities	3.76	1.06	—	4.82
Deferred tax (expense)/income Net Deferred tax liabilities	(102.25)	(16.09)	1.27	(117.07)

Notes to the Standalone Financial Statements

for the year ended 31st March, 2025

23. Lease Liabilities

₹ in Crores

	As at 31st March, 2025	As at 31st March, 2024
Lease Liabilities - Current	**31.74**	29.11
	31.74	29.11

24. Trade Payables

₹ in Crores

	As at 31st March, 2025	As at 31st March, 2024
Trade Payables		
Total Outstanding dues of Micro Enterprises and Small Enterprises	**33.81**	78.42
Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises* (Refer note 51)	**989.84**	901.97
	1023.65	980.39
*Includes Acceptances ₹ 133.66 Crores (2023-2024 ₹ 56.03 Crores)		

Trade Payables Ageing Schedule

As at 31st March, 2025

₹ 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	—	33.81	—	—	—	—	33.81
(ii) Others	265.35	563.82	154.91	3.71	1.33	0.72	989.84
(iii) Disputed dues – MSME	—	—	—	—	—	—	—
(iv) Disputed dues – Others	—	—	—	—	—	—	—

As at 31st March, 2024

₹ 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	—	78.42	—	—	—	—	78.42
(ii) Others	125.14	619.52	151.01	5.62	0.16	0.52	901.97
(iii) Disputed dues – MSME	—	—	—	—	—	—	—
(iv) Disputed dues – Others	—	—	—	—	—	—	—

25. Other Financial Liabilities

₹ in Crores

	As at 31st March, 2025	As at 31st March, 2024
Unclaimed/Unpaid Dividends*	**2.46**	2.13
Trade Deposits	**52.71**	48.78
Payables for Capital Goods@ (Refer Note 43)	**31.23**	34.45
Employee Benefits Payable (Refer Note 51)	**44.04**	43.85
Allowance for Financial Guarantees (Refer Note 45)	**31.40**	—
	161.84	129.21

* 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 ₹ 8.52 Crores (2023-2024 ₹ 3.13 Crores)

Notes to the Standalone Financial Statements
for the year ended 31st March, 2025

26. Other Current Liabilities

₹ in Crores

	As at 31st March, 2025	As at 31st March, 2024
Statutory Obligations*	**25.94**	20.65
Trade Receivables with Credit Balance	**19.34**	14.03
Advance received against Sale of Investment Property	**—**	109.89
	45.28	144.57

* Includes payable toward GST, TDS and Employee Related Statutory Obligations.

27. Provisions

₹ in Crores

	As at 31st March, 2025		As at 31st March, 2024	
Provision for Compensated Absences (Refer Note 39)		**20.45**		16.69
Provision for Gratuity (Refer Note 39)		**—**		10.17
Provision for Retirement Benefits to Executive Directors (Refer Note 39)		**1.94**		1.94
Provision for Indirect Taxes:				
Opening Balance	**2.43**		2.43	
Add: Provision during the year	**—**		—	
Less: Utilisation / reversal during the year	**—**		—	
		2.43		2.43
		24.82		31.23

28. Revenue from Operations

₹ in Crores

	Year ended 31st March, 2025		Year ended 31st March, 2024	
Sale of Products				
Sales	**8312.48**		8185.92	
Less: Discounts and Rebates	**854.20**		827.48	
Total Sale of Products		**7458.28**		7358.44
Other Operating Revenues				
Sale of Scrap	**27.50**		26.20	
Others*	**10.93**		8.66	
		38.43		34.86
Revenue from Operations		**7496.71**		7393.30

* Includes Royalty Income and Others operating revenues

Notes to the Standalone Financial Statements
for the year ended 31st March, 2025

28.1. Disaggregation of revenue from contracts with customers

The Company derives revenue from sale of products from following major segments:

₹ in Crores

Particulars	2024-2025	2023-2024
1) Revenue from contracts with customers:		
Sale of products (Transferred at point in time)		
Manufacturing		
India	**6863.26**	6793.94
Export	**9.43**	8.85
(A)	**6872.69**	6802.79
Trading		
India	**585.59**	555.65
(B)	**585.59**	555.65
(C) = (A) + (B)	**7458.28**	7358.44
2) Other operating revenue:		
Sale of Scrap	**27.50**	26.20
Others	**10.93**	8.66
(D)	**38.43**	34.86
Total Revenue (C) + (D)	**7496.71**	7393.30
Major Product lines		
Paint	**7458.28**	7358.44
	7458.28	7358.44
Sales by performance obligations		
Upon delivery	**7458.28**	7358.44
	7458.28	7358.44

Reconciliation of revenue from contract with customer:

Particulars	2024-2025	2023-2024
Revenue from contracts with customer as per the contract price	**8312.48**	8185.92
Adjustments made to contract price on account of:		
a) Discounts / Rebates / Incentives	**(854.20)**	(827.48)
Revenue from contracts with customer as per the Standalone Statement of Profit and Loss	**7458.28**	7358.44

29. Other Income

₹ in Crores

	Year ended 31st March, 2025		Year ended 31st March, 2024	
Dividend Income				
Dividend from Investment in Equity Shares	**2.80**		1.14	
		2.80		1.14
Interest Income				
Interest on Loans and Deposit at amortised cost	**9.85**		2.84	
Interest on Bonds recognised through FVTPL	**0.58**		0.58	
		10.43		3.42
Profit on Sale of Current Investments (Net)		**60.55**		41.03
Fair Value Gain on Financial Instruments recognised through FVTPL		**53.54**		24.60
Other Non-operating Income				
Profit on Sale of Property, Plant and Equipment	**—**		0.27	
Foreign Exchange Gain (Net)	**4.62**		12.87	
Insurance Claims Received	**5.51**		5.16	
Miscellaneous Income	**4.61**		4.62	
		14.74		22.92
		142.06		93.11

Notes to the Standalone Financial Statements
for the year ended 31st March, 2025

30. Cost of Materials Consumed

₹ in Crores

	Year ended 31st March, 2025		Year ended 31st March, 2024	
Raw Material Consumed				
Opening Stock	**454.04**		487.38	
Add: Purchase	**3881.81**		3783.01	
Less: Sales	**8.85**		8.98	
Less: Closing Stock	**452.03**		454.04	
		3874.97		3807.37
Packing Material Consumed				
Opening Stock	**16.55**		18.17	
Add: Purchase	**484.35**		478.77	
Less: Closing Stock	**18.00**		16.55	
		482.90		480.39
		4357.87*		4287.76*

* Includes ₹ 6.12 Crores (2023-2024 ₹ 3.75 Crores) expenditure incurred on Research and Development

31. Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-trade

₹ in Crores

	Year ended 31st March, 2025		Year ended 31st March, 2024	
Opening Stock				
Finished Goods	**875.82**		899.28	
Work-in-progress	**156.15**		142.09	
Stock-in-trade (in respect of goods acquired for trading)	**100.02**		88.87	
		1131.99		1130.24
Less: Closing Stock				
Finished Goods	**893.07**		875.82	
Work-in-progress	**151.50**		156.15	
Stock-in-trade (in respect of goods acquired for trading)	**79.66**		100.02	
		1124.23		1131.99
		7.76		(1.75)

32. Employee Benefits Expense

₹ in Crores

	Year ended 31st March, 2025	Year ended 31st March, 2024
Salaries and Wages	**405.84**	342.27
Contribution to Provident and Other Funds	**19.67**	25.10
Share based Payments to Employees (Refer Note 46)	**(1.53)**	12.15
Staff Welfare Expense	**23.20**	22.24
	447.18*	401.76*

* Includes ₹ 30.29 Crores (2023-2024 ₹ 26.53 Crores) expenditure incurred on Research and Development

33. Finance Cost

₹ in Crores

	Year ended 31st March, 2025	Year ended 31st March, 2024
Interest on Lease Liabilities (Refer Note 44)	**15.09**	12.46
	15.09	12.46

Notes to the Standalone Financial Statements
for the year ended 31st March, 2025

34. Depreciation and Amortisation

₹ in Crores

	Year ended 31st March, 2025	Year ended 31st March, 2024
Depreciation on Property, Plant and Equipment (Refer Note 2)	**151.51**	140.14
Amortisation on Other Intangible Assets (Refer Note 5)	**2.96**	5.43
Amortisation on Right of use assets (ROU) (Refer Note 4)	**39.21**	34.39
	193.68*	179.96*

* Includes ₹ 3.12 Crores (2023-2024 ₹ 3.12 Crores) depreciation and amortisation expenses on Research and Development

35. Other Expenses

₹ in Crores

	Year ended 31st March, 2025	Year ended 31st March, 2024
Consumption of Stores and Spare Parts	**35.09**	35.32
Power and Fuel	**94.61**	95.46
Repairs to Buildings	**2.88**	0.75
Repairs to Machinery	**19.44**	17.91
Freight and Forwarding Charges	**417.39**	401.84
Advertisement and Sales Promotion	**337.62**	353.72
Rent	**19.08**	18.39
Rates and Taxes	**2.80**	2.66
Insurance	**11.28**	12.50
Miscellaneous Expenses	**282.60**	260.38
	1222.79*	1198.93*

* Includes ₹ 10.09 Crores (2023-2024 ₹ 8.12 Crores) expenditure incurred on Research and Development

35.1. Payments to Auditors'

₹ in Crores

	Year ended 31st March, 2025	Year ended 31st March, 2024
Auditors' Remuneration excluding GST (Included in Miscellaneous Expenses in Note 35)		
As Auditor		
Statutory Audit	**0.35**	0.30
Report under Section 44AB of the Income-tax Act, 1961	**0.03**	0.03
Limited Review of Quarterly Results	**0.23**	0.23
In other capacity		
Certification	**0.11**	0.08
Other Matters	**0.12**	0.11
Reimbursements of Expenses	**0.06**	0.05
	0.90	0.80

35.2. Research and Development Expenses

₹ in Crores

	Year ended 31st March, 2025	Year ended 31st March, 2024
Revenue Expenditure on Research and Development recognised in Standalone Statement of Profit and Loss is	**49.62**	41.52

Notes to the Standalone Financial Statements

for the year ended 31st March, 2025

36. Contingent Liabilities and Commitments (to the extent not provided for)

₹ in Crores

	Year ended 31st March, 2025	Year ended 31st March, 2024
a. Claims against the Company not acknowledged as debt:		
Excise and Service Tax	**8.38**	8.38
Sales Tax	**18.15**	18.15
Goods and Services Tax (GST)	**0.44**	0.44
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 ₹ 26.97 Crores (2023-2024 ₹ 26.97 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.		
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.		
b. Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)	**67.93**	143.44
Corporate guarantee		
Stand by Letter of Credit (SBLC) given to Bank for loan taken by Kansai Nerolac Paints (Bangladesh) Limited – Subsidiary Company	**—**	22.53
Corporate guarantee given to Bank for loan taken by Kansai Nerolac Paints (Bangladesh) Limited – Subsidiary Company	**16.73**	70.66
Corporate guarantee given to Bank for Kansai Paints Lanka (Private) Limited - Subsidiary Company	**—**	9.66
	111.63	273.26
c. Contribution to Provident Fund 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.		

Notes to the Standalone Financial Statements

for the year ended 31st March, 2025

37. Earnings Per Equity Share

₹ in Crores

	Year ended 31st March, 2025	Year ended 31st March, 2024
Basic Earnings per Equity Share before Exceptional Item (in ₹)		
Numerator:		
Profit attributable to Equity Shareholders (₹ in Crores)	**666.92**	677.26
Denominator:		
Weighted Average Number of ordinary shares at the beginning and end of the year	**80,84,35,265**	80,84,05,992
Basic Earnings per Equity Share (in ₹)	**8.25**	8.38
Diluted Earnings per Equity Share (in ₹)		
Numerator:		
Profit attributable to Equity Shareholders (₹ in Crores)	**666.92**	677.26
Denominator:		
Weighted Average Number of ordinary shares and dilutive shares	**80,92,24,301**	80,90,58,712
Diluted Earnings per Equity Share (in ₹)	**8.24**	8.37
Basic Earnings per Equity Share after Exceptional Item (in ₹)		
Numerator:		
Profit attributable to Equity Shareholders (₹ in Crores)	**1021.24**	1182.87
Denominator:		
Weighted Average Number of ordinary shares at the beginning and end of the year	**80,84,35,265**	80,84,05,992
Basic Earnings per Equity Share (in ₹)	**12.63**	14.63
Diluted Earnings per Equity Share (in ₹)		
Numerator:		
Profit attributable to Equity Shareholders (₹ in Crores)	**1021.24**	1182.87
Denominator:		
Weighted Average Number of ordinary shares and dilutive shares	**80,92,24,301**	80,90,58,712
Diluted Earnings per Equity Share (in ₹)	**12.62**	14.62

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:
- (i) has control or joint control of the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) 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:
- (i) 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).
- (ii) 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).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) 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.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) 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).
- (viii) 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.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2025

38. Related Party Disclosures (contd.)

Parent and ultimate controlling entity

Name	% Shareholding		Type	Principal Activities	Place of Incorporation
	2025	2024			
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
	2025	2024			
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
Kansai Nerolac Paints (Bangladesh) Limited	**55**	55	Subsidiary	Manufacturing paints and other related materials	Bangladesh
Nerofix Private Limited	**100**	100	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 Plascon Kenya Ltd...	Fellow Subsidiary	Manufacturing paints and other related materials	Kenya
Helios RUS LLC	Fellow Subsidiary	Manufacturing paints and other related materials	Russia
PT Kansai Prakarsa Coating	Fellow Subsidiary	Manufacturing paints and other related materials	Indonesia
Helios Tovarna Barv, Lako..	Fellow Subsidiary	Manufacturing paints and other related materials	Germany

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 (upto 29th January 2025) (2) Mr. Bhaskar Bhat, Chairman (w.e.f 30th January, 2025 (3) Mr. Anuj Jain, Managing Director (Upto 31st March 2025) (4) Mr. Pravin Chaudhari, Managing Director (w.e.f 1st April 2025) (5) Ms. Sonia Singh, Director (6) Mr. Hirokazu Kotera, Whole-time Director (w.e.f 1st August 2024) (7) Mr. Uday Bhansali, Director (w.e.f 6th November 2024) (8) Mr. P. D. Pai, Chief Financial Officer (CFO) and (9) Mr. G. T. Govindarajan, Company Secretary.

Other entities where significant influence exist

— Kansai Nerolac Paints Limited Provident Fund

Notes to the Standalone Financial Statements

for the year ended 31st March, 2025

38. Related Party Disclosures (contd.)

Transaction with related parties and Disclosure as per Regulation 53(f) of SEBI (Listing Obligation and disclosure requirement) Regulations

₹ in Crores

Transaction Type	Relation	2024-2025	2023-2024
Sale of finished goods/Intermediates			
— Kansai Nerolac Paints (Bangladesh) Limited	Subsidiary	**—**	0.36
— Nerofix Private Limited	Subsidiary	**5.96**	0.41
— Kansai Paint Philippines Inc	Fellow Subsidiary	**5.39**	4.43
— Helios RUS LLC	Fellow Subsidiary	**0.55**	0.39
— PT Kansai Prakarsa Coating	Fellow Subsidiary	**0.27**	0.01
— Kansai Plascon Kenya Ltd	Fellow Subsidiary	**0.01**	—
Purchase of Goods			
— Nerofix Private Limited	Subsidiary	**9.87**	22.64
— Helios Tovarna Barv, Lako	Fellow Subsidiary	**—**	0.01
Dividend Paid			
— Kansai Paint Co., Ltd., Japan	Parent and ultimate controlling entity	**227.33**	109.12
Dividend Income			
— KNP Japan Private Limited	Subsidiary	**2.76**	1.11
Transfer under license agreements Royalty Expense			
— Kansai Paint Co., Ltd., Japan	Parent and ultimate controlling entity	**28.59**	25.49
Technical Fees Including Reimbursement of Expenses			
— Kansai Paint Co., Ltd., Japan	Parent and ultimate controlling entity	**0.55**	1.29
Royalty Income			
— KNP Japan Private Limited	Subsidiary	**1.54**	1.43
— Kansai Paints Lanka (Private) Limited	Subsidiary	**0.02**	0.39
— Kansai Nerolac Paints (Bangladesh) Limited	Subsidiary	**1.42**	1.99
— Nerofix Private Limited	Subsidiary	**1.19**	1.07
Interest receivable on parental loan			
— Kansai Nerolac Paints (Bangladesh) Limited	Subsidiary	**2.64**	0.72
Income from Corporate guarantee and SBLC issued			
— Kansai Paints Lanka (Private) Limited	Subsidiary	**0.03**	0.03
— Kansai Nerolac Paints (Bangladesh) Limited	Subsidiary	**0.54**	0.41
Loan Given			
— Kansai Nerolac Paints (Bangladesh) Limited	Subsidiary	**—**	53.00
Advance Given			
— Nerofix Private Limited	Subsidiary	**—**	15.00
Issue of Bonus Shares			
— Kansai Paint Co., Ltd., Japan	Parent and ultimate controlling entity	**—**	20.21
Reimbursement of Expenses Recovered			
— Kansai Paint Co., Ltd., Japan	Parent and ultimate controlling entity	**1.29**	1.69
— KNP Japan Private Limited	Subsidiary	**—**	1.10
— Nerofix Private Limited	Subsidiary	**—**	0.07
Reimbursement of Expenses			
— Kansai Nerolac Paints (Bangladesh) Limited	Subsidiary	**0.24**	0.65
Contributions during the year (includes Employees' share and contribution)			
— Kansai Nerolac Paints Limited Provident Fund	Other entities	**1.33**	1.31

Notes to the Standalone Financial Statements

for the year ended 31st March, 2025

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	2024-2025	2023-2024
Amount of outstanding balances, including commitments in settlement			
Share Capital held by Parent Company			
— Kansai Paint Co., Ltd., Japan	Parent and ultimate controlling entity	**60.62**	60.62
Investment in subsidiaries			
— KNP Japan Private Limited	Subsidiary	**7.87**	7.87
— Kansai Paints Lanka (Private) Limited	Subsidiary	**—**	12.89
— Kansai Nerolac Paints (Bangladesh) Limited	Subsidiary	**—**	62.91
— Nerofix Private Limited	Subsidiary	**49.00**	49.00
Receivable as at Year End			
— Kansai Paint Co., Ltd., Japan	Parent and ultimate controlling entity	**2.98**	1.69
— KNP Japan Private Limited	Subsidiary	**6.49**	4.82
— Kansai Paints Lanka (Private) Limited	Subsidiary	**—**	7.97
— Kansai Nerolac Paints (Bangladesh) Limited	Subsidiary	**—**	64.35
— Nerofix Private Limited	Subsidiary	**9.12**	13.40
— Kansai Paint Philippines Inc.	Fellow Subsidiary	**0.92**	0.89
Payable as at Year End			
— Kansai Paint Co., Ltd., Japan	Parent and ultimate controlling entity	**0.11**	0.19
— Kansai Nerolac Paints (Bangladesh) Limited	Subsidiary	**0.24**	0.22
Corporate guarantee			
— Kansai Nerolac Paints (Bangladesh) Limited	Subsidiary	**16.73**	70.66
— Kansai Paints Lanka (Private) Limited	Subsidiary	**—**	9.66
Stand by Letter of Credit (SBLC)			
— Kansai Nerolac Paints (Bangladesh) Limited	Subsidiary	**—**	22.53
Key Management Personnel			
— Employee benefits*			
Mr. Anuj Jain Managing Director (Upto 31st March 2025)#		**13.38**	5.24
Mr. Hirokazu Kotera, Whole-time Director		**0.45**	—
Mr. P. D. Pai Chief Financial Officer		**2.42**	2.07
Mr. G. T. Govindarajan Company Secretary		**1.11**	1.04
— Commission, Fees and reimbursement of expenses for attending Board /Committee Meetings to Independent Directors			
Mr. P. P. Shah, Chairman		**0.54**	0.50
Mr. Bhaskar Bhat, Chairman		**0.52**	0.31
Ms. Sonia Singh, Independent Director		**0.51**	0.46
Mr. Uday Bhansali Independent Director		**0.02**	—

Notes to the Standalone Financial Statements
for the year ended 31st March, 2025

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.)

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 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. Anuj Jain includes commission of ₹ 5.80 Crores for current year and previous year and retirement benefits of ₹ 4.44 Crores towards Gratuity and Leave Encashment.

During the year, the Company has entered into an arrangement with Mr. Anuj Jain for non-compete, non-solicitation and non-poaching for a consideration of ₹ 10 Crores, which shall be payable in next two years i.e. FY 2025-26 and FY 2026-27 on satisfaction of certain conditions.

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 made provision for impairment in subsidiaries with respect to its long-term investment, loan, receivables and financial guarantees i.e. Kansai Nerolac Paints (Bangladesh) Limited ₹ 151.64 Crores and Kansai Paints Lanka (Private) Limited ₹ 34.61 Crores after taking in to account its past performance, current changes in economic and market conditions.

Terms and conditions

Sales:

The sales to related parties are made on terms equivalent to those that prevail in arm's length transactions and in the ordinary course of business. Sales transactions are based on prevailing price lists and memorandum of understanding signed with related parties.

Purchases:

The purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions and in the ordinary course of business. Purchase transactions are made on normal commercial terms and conditions and market rates.

Guarantees to subsidiaries:

Guarantees provided to the lenders of the subsidiaries are for availing term loans and working capital facilities from the lender banks.

The transactions other than mentioned above are also in the ordinary course of business and at arms' length basis.

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 31st March, 2025	Year ended 31st March, 2024
Employer's contribution to Regional Provident Fund Commissioner.................	**8.56**	7.09
Employer's contribution to Family Pension Fund	**5.61**	5.15
Employer's contribution to Superannuation Fund...	**2.74**	4.48

Notes to the Standalone Financial Statements
for the year ended 31st March, 2025

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, 2025 and 31 March, 2024:

₹ in Crores

Particulars	Year ended 31st March, 2025	Year ended 31st March, 2024
Change in Defined Benefit Obligation		
Defined Benefit Obligation at the beginning	**53.33**	42.80
Current Service Cost	**5.42**	4.74
Past Service Cost	**(5.04)**	—
Interest Expense	**3.59**	3.05
Benefit Payments from Plan Assets*	**(7.29)**	(4.20)
Effect of Transfer of funds of erstwhile subsidiaries	**5.04**	—
Remeasurements - Actuarial (gains) / losses	**3.65**	6.94
Defined Benefit Obligation at the end	**58.70**	53.33
Change in Fair Value of Plan Assets		
Fair Value of Plan Assets at the beginning	**43.16**	40.10
Interest Income	**3.82**	2.85
Employer Contributions**	**15.24**	2.93
Benefit Payments from Plan Assets	**(3.27)**	(4.41)
Remeasurements – Return on plan assets excluding amounts included in interest income	**(0.17)**	1.69
Fair Value of Plan Assets at the end	**58.78**	43.16
Net Asset/(liability)	**0.08**	(10.17)

* includes direct payment by employer. **Includes transfer of funds of erstwhile subsidiaries

Components of Defined Benefit Cost recognized in the Standalone Statement of Profit and Loss under Employee Benefit Expenses:

₹ in Crores

Particulars	Year ended 31st March, 2025	Year ended 31st March, 2024
Current Service Cost	**5.42**	4.74
Past Service Cost	**(5.04)**	—
Net Interest Cost	**(0.23)**	0.20
Defined Benefit Cost recognised in the Statement of Profit and Loss	**0.15**	4.94

Components of Defined Benefit Cost recognized in the Statement of Other Comprehensive Income:

₹ in Crores

Particulars	Year ended 31st March, 2025	Year ended 31st March, 2024
Actuarial (gains) / losses on Defined Benefit Obligation	**3.65**	6.94
(Return)/loss on plan assets excluding amounts included in the net interest on the net defined benefit liability/(asset)	**0.17**	(1.69)
Defined Benefit Cost recognised in the Statement of Other Comprehensive Income	**3.82**	5.25

Notes to the Standalone Financial Statements

for the year ended 31st March, 2025

39. Employee Benefits (contd.)

B. Defined Benefit Plans (contd.)

a. Gratuity (contd.)

The assumptions used to determine net periodic benefit cost are set out below:

Particulars	Valuation Date	
	31st March, 2025	31st March, 2024
Discount Rate	**7.01%**	7.22%
Salary Escalation	**7.50%**	7.50%
Weighted average duration of the defined benefit obligation (years)	**9.00**	9.07

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	31st March, 2025	31st March, 2024
Under Base Scenario	**58.70**	53.33
Salary Escalation - Up by 1%	**63.63**	57.85
Salary Escalation - Down by 1%	**54.33**	49.31
Withdrawal Rates - Up by 1%	**58.32**	53.21
Withdrawal Rates - Down by 1%	**59.12**	53.47
Discount Rates - Up by 1%	**54.48**	49.38
Discount Rates - Down by 1%	**63.57**	57.90

Expected Rate of Return on Planned Asset	**7.51%**	7.22%

Maturity Profile of Defined Benefit Obligations

Mortality Table	31st March, 2025		31st March, 2024	
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%**	1.12%	1.12%

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 ₹ Nil (2023-2024 ₹ 10.17 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 ₹ 1.33 Crores (2023-2024 ₹ 1.31 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.

Notes to the Standalone Financial Statements
for the year ended 31st March, 2025

39. Employee Benefits (contd.)

B. Defined Benefit Plans (contd.)

b. Provident fund (Managed by the Trust set up by the Company) (contd.)

The details of fund and plan asset position are given below:

₹ in Crores

Particulars	As at 31st March, 2025	As at 31st March, 2024
Plan assets at period end, at fair value	**56.31**	52.39
Present value of benefit obligation at period end	**55.57**	51.47
Asset recognised in balance sheet	**Nil**	Nil

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:

₹ in Crores

Particulars	As at 31st March, 2025	As at 31st March, 2024
Discount Rate (%)	**7.18**	7.18
Guaranteed Interest Rate (%)	**8.25**	8.25
Expected Average Remaining Working Lives of Employees (Years)	**7.04**	8.10

c. Retirement Benefits to Executive Directors

₹ in Crores

Particulars	As at 31st March, 2025	As at 31st March, 2024
Opening defined benefit obligation	**22.50**	23.08
Current service cost	**—**	—
Past Service Cost	**—**	—
Interest Expenses	**1.55**	1.61
Remeasurement (gain)/loss	**0.79**	(0.21)
Benefits paid	**(2.00)**	(1.98)
Closing defined benefit obligation	**22.84**	22.50

Components of cost of Retirement Benefits to Executive Directors recognized in the Standalone Statement of Profit and Loss under Employee Benefit Expenses:

₹ in Crores

Particulars	Year ended 31st March, 2025	Year ended 31st March, 2024
Current Service Cost	**—**	—
Net Interest Cost	**1.55**	1.61
Defined Benefit Cost recognised in the Statement of Profit and Loss	**1.55**	1.61

Components of cost of Retirement Benefits to Executive Director recognized in the Statement of Other Comprehensive Income:

₹ in Crores

Particulars	Year ended 31st March, 2025	Year ended 31st March, 2024
Actuarial (gains) / losses on Defined Benefit Obligation	**0.79**	(0.21)
Defined Benefit Cost recognised in the Statement of Other Comprehensive Income	**0.79**	(0.21)

d. Compensated Absences

The increase in provision for compensated absences for the year is ₹ 3.75 Crores (2023-2024 ₹ 3.00 Crores).

Notes to the Standalone Financial Statements

for the year ended 31st March, 2025

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".

41. Corporate Social Responsibilities

During the year, the Company has spent ₹ 13.51 Crores (2023-2024 ₹ 12.48 Crores) towards 'Corporate Social Responsibility Activities' (CSR Activities).

(a) Gross amount required to be spent by the Company during the year ₹ 13.47 Crores (2023-2024 ₹ 12.43 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	**13.51**	**—**	**13.51**
	(12.48)	—	(12.48)

(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
2024-2025	**0.14**	**13.47**	**13.51**	**0.18**
2023-2024	0.09	12.43	12.48	0.14

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)...........	**2025**	**3.81**	**1.76**	**—**	**2.05**	**3.81**
	2024	3.72	1.67	—	2.05	3.72
Current Assets: Investments (Note 11)................	**2025**	**1845.98**	**—**	**1845.98**	**—**	**1845.98**
	2024	1322.90	—	1322.90	—	1322.90

There have been no transfers between Level 1 and Level 2 during the year and previous year.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2025

42. Financial Instruments: Fair Values and Risk Management (contd.)

(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.

(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	31st March, 2025	31st March, 2024
Balance at the beginning of the year	**39.02**	35.73
Loss allowance measured at lifetime expected credit losses	**35.32**	3.29
Balance at the end of the year	**74.34**	39.02

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.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2025

42. Financial Instruments: Fair Values and Risk Management (contd.)

(B) Financial Risk Management (contd.)

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 ...	**31-03-2025**	**—**	**1023.65**	**—**	**—**	**—**	**—**	**1023.65**
	31-03-2024	—	980.39	—	—	—	—	980.39
Other Financial Liabilities..............	**31-03-2025**	**130.61**	**31.23**	**—**	**—**	**—**	**—**	**161.84**
	31-03-2024	94.76	34.45	—	—	—	—	129.21

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 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	SGD	USD	Total
Trade Receivables...	**31-03-2025**	**—**	**—**	**—**	**2.31**	**2.31**
	31-03-2024	—	—	—	1.65	1.65
Financial Liabilities						
Trade Payables (Net of Hedge)...	**31-03-2025**	**1.95**	**21.58**	**0.03**	**19.17**	**42.73**
	31-03-2024	2.58	32.62	0.01	55.86	91.07
Net exposure to Foreign Currency Risk (Liabilities)	**31-03-2025**	**1.95**	**21.58**	**0.03**	**16.86**	**40.42**
	31-03-2024	2.58	32.62	0.01	54.21	89.42

Notes to the Standalone Financial Statements

for the year ended 31st March, 2025

42. Financial Instruments: Fair Values and Risk Management (contd.)

(B) Financial Risk Management (contd.)

(v) Foreign Currency Sensitivity Analysis

The following table demonstrate the sensitivity to a reasonable possible change in EURO, JPY, SGD 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, 2025				
EURO (5% movement)	**(0.10)**	**0.10**	**(0.07)**	**0.07**
JPY (5% movement)	**(1.08)**	**1.08**	**(0.81)**	**0.81**
SGD (5% movement)	**(0.00)**	**0.00**	**(0.00)**	**0.00**
USD (5% movement)	**(0.84)**	**0.84**	**(0.63)**	**0.63**
31st March, 2024				
EURO (5% movement)	(0.13)	0.13	(0.10)	0.10
JPY (5% movement)	(1.63)	1.63	(1.22)	1.22
SGD (5% movement)	(0.00)	0.00	(0.00)	0.00
USD (5% movement)	(2.71)	2.71	(2.03)	2.03

(vi) Following are the outstanding Forward Foreign Exchange Contracts entered into by the Company

	Currency	Amount in Foreign Currency in Crores	Buy / Sell	Cross Currency
As on 31st March, 2025	**USD**	**0.53**	**Buy**	**INR**
As on 31st March, 2024	—	—	—	—

These Forward Foreign Exchange Contracts are entered into for hedging purposes and not for speculation purposes.

(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.	– 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 2025 and 31st March 2024 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 Standalone Financial Statements
for the year ended 31st March, 2025

43. Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 are provided as under for the year 2023-2024 and 2022-2023, to the extent the Company has received intimation from the "Suppliers" regarding their status under the Act.

₹ in Crores

	As at 31st March, 2025	As at 31st March, 2024
(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 24 and 25)	—	—
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.

44. Disclosure of Lease as per Ind AS 116

The following is the summary of practical expedients elected on application:

(i) Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.

(ii) 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.

(iii) Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

(iv) 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 2025 is 8.50% (2023-2024 8.50%)

The changes in the carrying value of right of use (ROU) assets for the year ended 31 March 2025 and 31 March 2024 are disclosed in Note 4

₹ in Crores

Particulars	Amount as at 31st March, 2025	Amount as at 31st March, 2024
ROU Balance at the beginning of the year	**199.72**	172.95
Additions (Refer Note 4)	**60.99**	70.11
Amortisation cost accrued during the year (Refer Note 4)	**(39.21)**	(34.39)
Deletions (Net-off accumulated amortisation)	**(4.06)**	(8.95)
ROU Balance at the end of the year	**217.44**	199.72
Lease Liabilities at the beginning of the year	**148.65**	119.27
Additions	**60.27**	69.84
Interest cost accrued during the year	**15.09**	12.46
Payment of lease liabilities	**(48.50)**	(41.80)
Deletion	**(4.31)**	(11.12)
Lease Liabilities at the end of the year	**171.20**	148.65
Current Lease Liabilities	**31.74**	29.11
Non-current Lease Liabilities	**139.46**	119.54
Total Lease Liabilities	**171.20**	148.65

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 cancellable in nature was ₹ 19.08 Crores (2023-2024 ₹ 18.39 Crores)

Notes to the Standalone Financial Statements

for the year ended 31st March, 2025

44. Disclosure of Lease as per Ind AS 116 (contd.)

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

₹ in Crores

Particulars	Amount as at 31st March, 2025	Amount as at 31st March, 2024
Not later than one year	**44.27**	40.32
Later than one year and not later than five years	**127.41**	107.60
Later than five years	**40.05**	41.10

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:

(i) Details of Investments made are given in Note 7.

(ii) Details of Loans given by the Company in accordance with section 186 of the Companies Act, 2013 read with rules issued thereunder are given in Note 15.

(iii) Details of guarantees/ standby letter of credits (SBCL) 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 31st March, 2025	Amount as at 31st March, 2024
Kansai Nerolac Paints (Bangladesh) Limited (in respect of loan taken from bank)	SBLC	Subsidiary Company	**—**	22.53
Kansai Nerolac Paints (Bangladesh) Limited (in respect of loan taken from bank)	Guarantees	Subsidiary Company	**16.73**	70.66
Kansai Paints Lanka (Private) Limited (in respect of loan taken from bank)	Guarantee	Subsidiary Company	**—**	9.66

During the year, the Company has made provision for impairment in subsidiaries with respect to its long-term investment, loan, receivables and financial guarantees i.e. Kansai Nerolac Paints (Bangladesh) Limited ₹ 151.64 Crores and Kansai Paints Lanka (Private) Limited ₹ 34.61 Crores after taking in to account its past performance, current changes in economic and market conditions.

46. Share based payments

The Company has granted share based incentives (Restricted Stock Units ("RSU")) to certain eligible employees during the year ended 31st March 2025 and 31st March 2024, 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 is conditional upon certain performance measures determined by NRC. The performance is measured over vesting period of the options granted which ranges from 3 to 5 years. The performance measures under this scheme include growth in sales and earnings. 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/-. Option granted will vest equally each year starting from 3 years from date of grant up to 5 years from date of grant.

₹ in Crores

	Year Ended 31st March, 2025	Year Ended 31st March, 2024
Options outstanding at the beginning of the year	**18,22,737**	11,80,615
Impact of Bonus shares on the opening Options	**—**	5,87,590
Granted during the year	**3,03,480**	1,36,012
Forfeited/Expired during the year	**2,75,642**	81,480
Exercised during the year	**1,11,099**	—
Outstanding at the end of the year	**17,39,476**	18,22,737
Options exercisable at the end of the year	**70,190**	60,784

Notes to the Standalone Financial Statements

for the year ended 31st March, 2025

46. Share based payments (contd.)

The 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, 2025

	Estimate	
Assumption factor (Black Scholes model)	**2024-2025**	2023-2024
Risk free rate	**6.87% - 7.23%**	6.87% - 7.23%
Expected life of option	**3-5 years**	3-5 years
Expected volatility	**29.97% - 37.80%**	29.97% - 37.80%
Fair Value per RSUs	**278.31 - 431.74**	278.31 - 431.74

	Estimate	
Assumption factor (Monte Carlo Simulation model)	**2024-2025**	2023-2024
Risk free rate	**6.76% - 7.15%**	6.76% - 7.15%
Expected life of option	**3.25 - 2.08 years**	3.25 - 2.08 years
Expected volatility	**28.07% - 34.2%**	28.07% - 34.2%
Fair Value per RSUs	**165.88 - 281.84**	165.88 - 281.84

Based on the performance of the Company for FY 2024-2025, management re-estimate provision in the books of accounts for Performance based RSUs, resulting into reversal of provision amounting to ₹ 10.75 Crores during the year.

47. Exceptional Items

₹ in Crores

Exceptional Items	Year ended 31st March 2025	Year ended 31st March 2024
Profit on Sale of Investment Property at Lower Parel, Mumbai (Refer Note 5A (i))	**665.44**	—
Profit on Sale of Investment Property at Kavesar, Thane (Refer Note 5A (ii))	**—**	661.25
Provision for impairment of long-term investment, loan, trade receivables and financial guarantees after taking in to account past performance, current changes in economic and market conditions (Refer Note 38) :		
- Kansai Paints Lanka (Private) Limited	**(34.61)**	(11.50)
- Kansai Nerolac Paints (Bangladesh) Limited	**(151.64)**	(7.50)
Total	**479.19**	642.25

48. 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 been no transaction with struck off company during current and previous year.

(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, 2025

49. Audit Trail

The Company has used two accounting softwares for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software except that in case of SAP application, audit trail feature is not enabled for certain changes made, if any, using privileged/ administrative access rights at application level during the year and audit trail feature was not enabled at the database level upto December 31, 2024. Further no instance of audit trail feature being tampered with was noted in respect of the softwares to the extent it was enabled. Additionally, the audit trail of prior year(s) has been preserved by the Company as per the statutory requirements for record retention to the extent it was enabled and recorded in the respective years.

50. Ratio Analysis and its Elements

Ratios		Numerator	Denominator	2024-2025	2023-2024	% Variance
Current Ratio	Times	Current Assets	Current Liabilities	**4.02**	3.48	15.52%
Debt Equity Ratio	Times	Total Debt	Shareholder’s Equity	**0.03**	0.03	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	**35.17**	48.05	(26.81%)*
Return on Equity ratio	%	Net Profits after taxes – Preference Dividend	Average Shareholder’s Equity	**16.99%**	23.06%	(26.32%)*
Inventory Turnover ratio	Times	Cost of goods sold	Average Inventory	**3.01**	2.92	3.08%
Trade Receivable Turnover Ratio	Times	Net credit sales	Average Trade Receivable	**5.99**	6.31	(5.07%)
Trade Payable Turnover Ratio	Times	Net credit purchases = Gross credit purchases - purchase return+Employee Benefits + Other Expenses	Average Trade Payables	**6.05**	6.34	(4.72%)
Net Capital Turnover Ratio	Times	Net sales = Total sales - sales return	Working capital = Current assets – Current liabilities	**1.92**	2.25	(14.67%)
Net Profit ratio	%	Net Profit	Net sales = Total sales - sales return	**13.69%**	16.08%	(14.82%)
Return on Capital Employed	%	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	**13.80%**	15.83%	(12.86%)
Return on Investment	%	Interest (Finance Income)	Investment	**7.82%**	7.54%	3.71%

* Reason for variation in ratios of more than 25% is due to decrease in profit as compared to previous year.

Notes to the Standalone Financial Statements
for the year ended 31st March, 2025

51. During the year, the Company has reassessed presentation of outstanding employee salaries and wages, which were previously presented under 'Trade Payables' within 'Current Financial Liabilities'. In line with the recent opinion issued by the Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India (ICAI) on the "Classification and Presentation of Accrued Wages and Salaries to Employees", the Company has concluded that presenting such amounts under 'Other Financial Liabilities', within 'Current Financial Liabilities', results in improved presentation and better reflects the nature of these obligations. Accordingly, amounts aggregating to ₹ 44.04 Crores as at March 31, 2025 (₹ 43.85 Crores as at March 31, 2024), previously classified under 'Trade Payables', have been reclassified under the head 'Other Financial Liabilities'. Both line items form part of the main heading 'Financial Liabilities.

The above changes do not impact recognition and measurement of items in the financial statements, and, consequentially, there is no impact on total equity and profit for the current or any of the earlier periods. Nor there is any material impact on presentation of cash flow statement. Considering the nature of changes, the management believes that they do not have any material impact on the balance sheet at the beginning of the comparative period and, therefore, there is no need for separate presentation of third balance sheet.

52. Previous period figures have been regrouped / rearranged, wherever necessary, to correspond to current period's presentation.

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, 6th May, 2025

For and on behalf of the Board of Directors of **Kansai Nerolac Paints Limited**

Bhaskar Bhat
Chairman
DIN: 00148778

Pravin D. Chaudhari
Managing Director
DIN: 02171823

Sonia Singh
Director
DIN: 07108778

Hirokazu Kotera
Wholetime Director
DIN: 10707431

Uday S. Bhansali
Director
DIN: 00363902

P. D. Pai
CFO

G. T. Govindarajan
Company Secretary
ACS No. 8887

Mumbai, 6th May, 2025

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

₹ in Crores

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 %)
KNP Japan Pvt. Ltd.	**2024-25**	1st October, 2012	NPR	**8.17**	**57.33**	**94.89**	**29.39**	**Nil**	**69.43**	**7.80**	**1.83**	**5.49**	**4.04**	**68%**
	2023-24			8.17	55.01	90.13	26.95	Nil	65.92	6.97	1.48	5.49	1.60	68%
Kansai Lanka Paints Pvt. Ltd.	**2024-25**	30th July, 2015	LKR	**77.67**	**(84.11)**	**29.95**	**36.38**	**Nil**	**2.03**	**(19.89)**	**Nil**	**(19.89)**	**Nil**	**60%**
	2023-24			77.67	(64.01)	53.05	39.38	Nil	34.25	(7.21)	Nil	(7.21)	Nil	60%
Kansai Nerolac Paints (Bangladesh) Limited	**2024-25**	17th July, 2018	BDT	**103.20**	**(169.36)**	**116.58**	**182.74**	**Nil**	**143.18**	**(29.46)**	**1.50**	**(30.95)**	**Nil**	**55%**
	2023-24			103.20	(144.22)	152.86	193.88	Nil	202.27	(17.52)	1.25	(18.77)	Nil	55%
Nerofix Pvt. Ltd.	**2024-25**	17th July, 2019	INR	**20.00**	**(26.04)**	**70.03**	**76.07**	**Nil**	**125.23**	**(15.26)**	**Nil**	**(15.26)**	**Nil**	**100%**
	2023-24			20.00	(10.73)	70.32	61.05	Nil	132.80	(2.74)	Nil	(2.74)	Nil	100%

Notes:

1. 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.
2. 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, 2024 to 31st March, 2025
3. Names of subsidiaries which are yet to commence operations as at 31st March, 2025 - Nil
4. Names of subsidiaries which have been liquidated or sold during the year - Nil

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.

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, 6th May, 2025

For and on behalf of the Board of Directors of **Kansai Nerolac Paints Limited**

Bhaskar Bhat
Chairman
DIN: 00148778

Pravin D. Chaudhari
Managing Director
DIN: 02171823

Sonia Singh
Director
DIN: 07108778

Hirokazu Kotera
Wholetime Director
DIN: 10707431

Uday S. Bhansali
Director
DIN: 00363902

P. D. Pai
CFO

G. T. Govindarajan
Company Secretary
ACS No. 8887

Mumbai, 6th May, 2025

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 2025, 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 material 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, 2025, 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, 2025. 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: • 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
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. We identified estimation of variable consideration as a key audit matter because the Group's management exercises judgment in calculating the said variable consideration.	• We performed the following tests for a sample of transactions relating to variable consideration: • 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.

Those 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.

Independent Auditor's Report (Continued)

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.
- 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, 2025 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.

Independent Auditor's Report (Continued)

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 ₹ 241.42 Crores as at March 31, 2025, and total revenues of ₹ 214.64 Crores and net cash inflows of ₹ 6.68 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.

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 except for the matters stated in the paragraph (i) (vi) below on reporting under Rule 11(g);

   (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, 2025 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, 2025 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) The modification relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph (b) above on reporting under Section 143(3)(b) and paragraph (i) (vi) below on reporting under Rule 11(g).

Independent Auditor's Report (Continued)

(g) 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;

(h) In our opinion, the managerial remuneration for the year ended March 31, 2025 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, 2025;

(i) 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, 2025;

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, 2025. 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, 2025.

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, as disclosed in the note 45 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;

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, as disclosed in the note 45 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 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 notice that has caused us 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 Board of Directors of the Holding Company have proposed final dividend for the year which is subject to the approval of the members of the respective companies at the respective 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.

Independent Auditor's Report (Continued)

vi. Based on our examination which included test checks, the Holding Company and its subsidiary company which are companies incorporated in India whose financial statements have been audited under the Act, have used three accounting softwares for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software except that in case of two accounting softwares, audit trail feature is not enabled during the year by the Holding Company and its subsidiary company which are companies incorporated in India, for direct changes made, if any, using privileged/ administrative access rights, as described in note 46 to the consolidated financial statements. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered in respect of the accounting softwares to the extent it was enabled. Additionally, the audit trail of prior year(s) has been preserved by the Holding Company and its subsidiary company which are companies incorporated in India, as per the statutory requirements for record retention to the extent it was enabled and recorded in the respective years.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Anil Jobanputra
Partner
Membership Number: 110759
UDIN: 25110759BMKXNZ3488

Place of Signature: Mumbai
Date: May 06, 2025

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:

There are no qualifications or adverse remarks in the Companies (Auditor's Report) Order (CARO) report of the subsidiary company included in the consolidated financial statements. Accordingly, the requirement to report on clause 3(xxi) of the Order is not applicable to the Holding Company.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Anil Jobanputra
Partner
Membership Number: 110759
UDIN: 25110759BMKXNZ3488

Place of Signature: Mumbai
Date: May 06, 2025

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, 2025, 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to 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 audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to 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 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 consolidated financial statements.

Meaning of Internal Financial Controls with Reference to these 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) 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 to the Independent Auditor's Report (Contd.)

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 Group has maintained in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2025, 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: 25110759BMKXNZ3488

Place of Signature: Mumbai
Date: May 06, 2025

Consolidated Balance Sheet as at 31st March, 2025

₹ in Crores

	Note	As at 31st March, 2025		As at 31st March, 2024	
ASSETS					
Non-current Assets					
Property, Plant and Equipment	2	**2007.06**		1940.59	
Capital Work-in-progress		**221.42**		149.05	
Right of Use Assets (ROU)	3	**225.97**		208.47	
Investment Property	4	**0.12**		0.12	
Goodwill on Consolidation	5A	**2.47**		19.78	
Other Intangible Assets	5B	**10.69**		13.17	
Intangible Assets Under Development		**4.78**		3.55	
			2472.51		2334.73
Financial Assets:					
Investments	6	**3.81**		3.72	
Other Financial Asset	7	**71.04**		20.08	
			74.85		23.80
Non-Current Tax Assets (Net)			**222.40**		187.60
Other Non-current Assets	8		**94.97**		114.50
Total Non-current Assets			**2864.73**		2660.63
Current Assets					
Inventories	9		**1665.07**		1687.46
Financial Assets:					
Investments	10	**1845.98**		1322.90	
Trade Receivables	11	**1356.70**		1334.88	
Cash and Cash Equivalents	12	**94.00**		172.23	
Bank Balances other than Cash and Cash Equivalents	13	**196.06**		87.72	
Other Financial Assets	14	**20.49**		7.80	
			3513.23		2925.53
Other Current Assets	15		**174.00**		136.05
Total Current Assets			**5352.30**		4749.04
Non-current Assets Held for Sale	5C		**—**		0.05
Total Assets			**8217.03**		7409.72
EQUITY AND LIABILITIES					
Equity					
Equity Share Capital	16	**80.84**		80.84	
Other Equity	17	**6342.32**		5501.72	
Equity attributable to owners of the Company		**6423.16**		5582.56	
Non-Controlling Interests	17	**(18.70)**		16.04	
Total Equity			**6404.46**		5598.60
Share Application Money Pending Allotement			**0.00**		—
Liabilities					
Non-current Liabilities					
Financial Liabilities:					
Borrowings	18	**30.00**		15.00	
Lease Liabilities	22	**145.47**		125.41	
Provisions	19	**22.01**		23.91	
Deferred Tax Liabilities (Net)	20	**164.49**		126.24	
Total Non-current Liabilities			**361.97**		290.56
Current Liabilities					
Financial Liabilities:					
Borrowings	21	**87.82**		105.70	
Lease Liabilities	22	**33.10**		30.31	
Trade Payables	23				
Total Outstanding dues of Micro Enterprises and Small Enterprises		**35.98**		99.88	
Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises		**1064.77**		951.85	
		1100.75		1051.73	
Other Financial Liabilities	24	**130.40**		131.15	
		1352.07		1318.89	
Other Current Liabilities	25	**66.95**		167.58	
Provisions	26	**29.79**		34.09	
Current Tax Liabilities		**1.79**		—	
Total Current Liabilities			**1450.60**		1520.56
Total Liabilities			**1812.57**		1811.12
Total Equity and Liabilities			**8217.03**		7409.72
Material 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

Mumbai, 6th May, 2025

For and on behalf of the Board of Directors of **Kansai Nerolac Paints Limited**

Bhaskar Bhat
Chairman
DIN: 00148778

Pravin D. Chaudhari
Managing Director
DIN: 02171823

Sonia Singh
Director
DIN: 07108778

Hirokazu Kotera
Wholetime Director
DIN: 10707431

Uday S. Bhansali
Director
DIN: 00363902

P. D. Pai
CFO

G. T. Govindarajan
Company Secretary
ACS No. 8887

Mumbai, 6th May, 2025

Consolidated Statement of Profit and Loss for the year ended 31st March, 2025

₹ in Crores

	Note	Year ended 31st March, 2025		Year ended 31st March, 2024	
Income					
Revenue from Operations	27		**7822.97**		7801.44
Other Income	28		**139.15**		91.88
Total Income			**7962.12**		7893.32
Expenses					
Cost of Materials Consumed	29	**4572.15**		4556.34	
Purchases of Stock-in-trade		**488.37**		486.99	
Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-trade	30	**8.80**		0.78	
Employee Benefits Expense	31	**501.89**		448.62	
Finance Costs	32	**31.25**		29.21	
Depreciation and Amortisation Expenses	33	**201.70**		190.46	
Other Expenses	34	**1309.44**		1280.96	
Total Expenses			**7113.60**		6993.36
Profit Before Exceptional Items and Tax			**848.52**		899.96
Exceptional items	48		**629.51**		661.25
Profit Before Tax			**1478.03**		1561.21
Tax Expense					
Current Tax	20	**329.29**		369.75	
Deferred Tax	20	**39.41**		15.60	
Total Tax Expense			**368.70**		385.35
Profit for the Year			**1,109.33**		1,175.86
Other Comprehensive Income					
(i) Items that will not be reclassified to Consolidated Statement of Profit and Loss					
(a) Remeasurement of Employee Defined Benefit Liability		**(4.28)**		(6.25)	
(b) Income tax relating to items that will not be reclassified to Consolidated Statement of Profit and Loss		**1.16**		1.27	
Net Other Comprehensive income not to be reclassified subsequently to Consolidated Statement of Profit and Loss			**(3.12)**		(4.98)
(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		**5.60**		1.16	
(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			**5.60**		1.16
Other Comprehensive Income (net of taxes)			**2.48**		(3.82)
Total Comprehensive Income for the year			**1,111.81**		1,172.04
Profit Attributable to:					
Owners of the Company		**1,142.95**		1,185.44	
Non-Controlling Interests		**(33.62)**		(9.58)	
Profit for the year			**1,109.33**		1,175.86
Other Comprehensive Income attributable to:					
Owners of the Company		**2.31**		(3.18)	
Non-Controlling Interests		**0.17**		(0.64)	
Other Comprehensive Income for the year			**2.48**		(3.82)
Total Comprehensive Income attributable to:					
Owners of the Company		**1,145.26**		1,182.26	
Non-Controlling Interests		**(33.45)**		(10.22)	
Total Comprehensive Income for the year			**1,111.81**		1,172.04
Earnings per Share (of ₹ 1 each):	36				
Basic (in ₹)			**14.14**		14.66
Diluted (in ₹)			**14.12**		14.65
Material 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

Mumbai, 6th May, 2025

For and on behalf of the Board of Directors of **Kansai Nerolac Paints Limited**

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CFO

G. T. Govindarajan
Company Secretary
ACS No. 8887

Mumbai, 6th May, 2025

Consolidated Statement of Changes in Equity

for the year ended 31st March, 2025

A. Equity Share Capital

₹ in Crores

Balance as at 1st April, 2023	**53.89**
Changes in Equity Share Capital during 2023-24	26.95
Balance as at the 31st March, 2024	**80.84**
Changes in Equity Share Capital during 2024-25	0.00
Balance as at the 31st March, 2025	**80.84**

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 1st April, 2024	0.30	—	474.12	5,005.36	15.90	6.04	5,501.72	16.04	5,517.76
Profit for the year	—	—	—	1,142.95		—	1,142.95	(33.62)	1,109.33
Other Comprehensive Income:									
Remeasurement of Employee Defined Benefit Liability	—	—	—	(4.45)	—	—	(4.45)	0.17	(4.28)
Deferred Tax on Remeasurement of Employee Defined Benefit Liability	—	—	—	1.16	—	—	1.16	—	1.16
Exchange differences on translation of foreign operations	—	—	—	—	—	5.60	5.60	—	5.60
Other Comprehensive Income, (net of tax)	—	—	—	(3.29)	—	5.60	2.31	0.17	2.48
Total Comprehensive Income for the Year	—	—	—	1,139.66	—	5.60	1,145.26	(33.45)	1,111.81
Transaction with Owners in their Capacity as Owners:									
Dividends	—	—	—	(303.14)	—	—	(303.14)	(1.29)	(304.43)
Share based payment expense	—	—	—	—	(1.53)	—	(1.53)	—	(1.53)
RSU exercised during the year	—	1.88	—	—	(1.88)	—	—	—	—
	—	1.88	—	(303.14)	(3.41)	—	(304.67)	(1.29)	(305.96)
Balance as at 31st March, 2025	0.30	1.88	474.12	5,841.88	12.49	11.64	6,342.32	(18.70)	6,323.62

₹ 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 1st April, 2023	0.30	12.56	488.51	3,969.81	3.75	4.88	4,479.77	26.71	4,506.52
Profit for the year	—	—	—	1,185.44		—	1,185.44	(9.58)	1,175.86
Other Comprehensive Income:									
Remeasurement of Employee Defined Benefit Liability	—	—	—	(5.61)	—	—	(5.61)	(0.64)	(6.25)
Deferred Tax on Remeasurement of Employee Defined Benefit Liability	—	—	—	1.27	—	—	1.27	—	1.27
Exchange differences on translation of foreign operations	—	—	—	—	—	1.16	1.16	—	1.16
Other Comprehensive Income, (net of tax)	—	—	—	(4.34)	—	1.16	(3.18)	(0.64)	(3.82)
Total Comprehensive Income for the Year	—	—	—	1,181.10	—	1.16	1,182.26	(10.22)	1,172.04
Transaction with Owners in their Capacity as Owners:									
Issue of Share Capital	—	(12.56)	(14.39)	—		—	(26.95)		(26.95)
Dividends	—	—	—	(145.51)	—	—	(145.51)	(0.49)	(146.00)
Share based payment expense	—	—	—	—	12.15	—	12.15		12.15
	—	(12.56)	(14.39)	(145.51)	12.15	—	(160.31)	(0.49)	(160.80)
Balance as at 31st March, 2024	0.30	—	474.12	5,005.36	15.90	6.04	5,501.72	16.04	5,517.76

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, 6th May, 2025

For and on behalf of the Board of Directors of **Kansai Nerolac Paints Limited**

Bhaskar Bhat
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DIN: 00148778

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CFO

G. T. Govindarajan
Company Secretary
ACS No. 8887

Mumbai, 6th May, 2025

Consolidated Statement of Cash Flows

for the year ended 31st March, 2025

₹ in Crores

	Year ended 31st March, 2025		Year ended 31st March, 2024	
Cash Flow from Operating Activities				
Net Profit before tax		**1,478.03**		1,561.21
Adjustments for:				
Depreciation and Amortization Expenses	**201.70**		190.46	
Fair Value Gain on Financial Instruments recognised through FVTPL	**(53.54)**		(24.60)	
Unrealised Foreign Exchange Gain (Net)	**(0.70)**		(1.63)	
Profit on Sale of Current Investments (Net)	**(60.55)**		(41.03)	
Interest Income	**(9.38)**		(4.45)	
Dividend Income	**(0.04)**		(0.04)	
Finance Cost	**31.25**		29.21	
Profit on Sale of Property, Plant and Equipment (Net)	**(0.07)**		(0.29)	
Impairment loss allowance on trade receivables	**15.19**		4.85	
Share based payment expense	**(1.53)**		12.15	
Gain from Closure of Lease Liability	**(0.25)**		(2.18)	
Proceeds from Sale of Investment Property	**(665.44)**		(661.25)	
Impairment of Goodwill and other assets	**35.93**		—	
		(507.43)		(498.80)
Operating Profit before Working Capital Changes		**970.60**		1,062.41
Increase in Trade And Other Receivables	**(101.90)**		(51.05)	
Decrease in Inventories	**22.39**		41.67	
Increase in Trade Payables, Other Financial Liabilities and Provisions	**38.90**		92.07	
		(40.61)		82.69
Cash Generated from Operations		**929.99**		1,145.10
Direct Taxes Paid (Net of Refunds)		**(257.63)**		(242.09)
Net Cash Flows generated from Operating Activities		**672.36**		903.01
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)	**(326.30)**		(237.00)	
Proceeds from Sale of Property, Plant, Equipment	**1.28**		0.45	
Proceeds from Sale of Investment Property	**608.74**		499.14	
Tax Paid on Sale of Investment Property	**(104.67)**		(141.42)	
Advance received against Sale of Investment Property	**—**		109.89	
Purchase of Non-current Investments	**0.09**		0.27	
Purchase of current Investments	**(5,368.09)**		(5,157.48)	
Proceeds from Sale/ Redemption of Current Investments	**4,958.92**		4,397.58	
Interest Received	**9.38**		4.45	
Dividend Received	**0.04**		0.04	
Investment in Fixed Deposit	**(158.01)**		(65.68)	
Net Cash Flows used in Investing Activities		**(378.62)**		(589.76)
Cash Flow from Financing Activities				
Proceeds from long-term Borrowings	**15.00**		15.00	
Repayment of long-term Borrowings	**—**		(6.25)	
(Repayment of)/Proceeds from Current Borrowings	**(12.03)**		(51.25)	
Payment of Lease Liabilities	**(50.45)**		(44.74)	
Interest Paid	**(15.50)**		(16.09)	
Dividend Paid	**(303.14)**		(145.51)	
Net Cash Flows used in Financing Activities		**(366.12)**		(248.84)
Net (Decrease)/ Increase in Cash and Cash Equivalents		**(72.38)**		64.41

Consolidated Statement of Cash Flows

for the year ended 31st March, 2025

₹ in Crores

	Year ended 31st March, 2025		Year ended 31st March, 2024	
Cash and Cash Equivalents at Beginning of the year the components being : (Refer note 12)				
Cash on Hand	**0.44**		0.27	
Cheques on hand	**25.75**		22.38	
Balances with Banks	**146.04**		76.95	
Deposit with Banks with less than 3 months maturity	**—**		5.00	
Bank overdrafts and Cash Credit (Refer Note 21)	**(70.25)**		(67.03)	
		101.98		37.57
Cash and Cash Equivalents at end of the year the components being: (Refer note 12)				
Cash on Hand	**0.46**		0.44	
Cheques on hand	**22.85**		25.75	
Balances with Banks	**70.69**		146.04	
Bank overdrafts and Cash Credit (Refer Note 21)	**(64.40)**		(70.25)	
		29.60		101.98
Net (Decrease)/ Increase as disclosed above		**(72.38)**		64.41

Debt Reconciliation Statement in accordance with Ind AS 7

₹ in Crores

	31st March, 2025	31st March, 2024
Opening Balances		
Long-term Borrowings	**15.00**	4.69
Current Borrowings (Excluding Bank overdrafts and Cash Credit)	**35.45**	88.26
Movements		
Non-Current Borrowing	**15.00**	10.31
Current Borrowings (Excluding Bank overdrafts and Cash Credit)	**(11.55)**	(52.81)
Closing Balances		
Non-Current Borrowing	**30.00**	15.00
Current Borrowings (Excluding Bank overdrafts and Cash Credit)	**23.90**	35.45

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 Standard (Ind AS-7) - Statement of Cash Flows.

iii) Total amount of taxes paid amounts to ₹ 362.30 Crores (2023-2024 ₹ 383.51 Crores) during the year ended 31 March 2025 out of which ₹ 257.63 Crores (2023-2024 ₹ 242.09 Crores) pertains to tax cash flow from operating activities and balance amount of ₹ 104.67 Crores (2023-2024 ₹ 141.42 Crores) pertains to tax cash flow from investing activities.

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, 6th May, 2025

For and on behalf of the Board of Directors of **Kansai Nerolac Paints Limited**

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G. T. Govindarajan
Company Secretary
ACS No. 8887

Mumbai, 6th May, 2025

Notes to the Consolidated Financial Statements
for the year ended 31st March, 2025

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 28th Floor,A-Wing,Marathon Futurex,N.M.Joshi Marg,Lower Parel, Mumbai - 400013. The Holding Company is principally engaged in the manufacturing of Paints.

Kansai Paint Co. Ltd. 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. 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, 2025 have been reviewed by the Audit Committee and approved by the Board of Directors of the Holding Company at their meetings held on 6th May, 2025.

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 Group'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.

Contingences 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, 2025

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’.

Share-based payments

The fair value of Restricted Stock Units (“RSU”) is measured using the Black Scholes model for Time based RSU’s and Monte Carlo Simulation model for Performance based RSU’s. Measurement inputs include share price on grant date, exercise price of the instrument, expected volatility (based on weighted average historical volatility), expected life of the instrument (based on expected exercise behaviour), expected dividends, and the risk free interest rate (based on government bonds). Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 45.

C. Basis of Consolidation

The Consolidated Financial Statements comprise the financial statements of the Holding Company and its subsidiaries as at 31st March, 2025. 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 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.

Notes to the Consolidated Financial Statements
for the year ended 31st March, 2025

1. Other 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.

(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) 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.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

Note 1: Other Significant Accounting Policies (contd.)

3. Property, Plant and Equipment (contd.)

(b) Depreciation (contd.)

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	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
CCD Machines and Others	NA	5
Tools and Appliances	10	4

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.

(c) 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

Notes to the Consolidated Financial Statements
for the year ended 31st March, 2025

Note 1: Other Significant Accounting Policies (contd.)

4. Investment Property (contd.)

(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:

(a) it is technically feasible to complete the intangible asset so that it will be available for use or sale.

(b) the Group intends to complete the intangible asset and use or sell it.

(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

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

Note 1: Other Significant Accounting Policies (contd.)

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.

In respect of contribution to RPFC, 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.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

Note 1: Other Significant Accounting Policies (contd.)

7. Employee Benefits (contd.)

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 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 united 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.

(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. The obligations are presented as current liabilities in the balance sheet since the Group does not have an unconditional right to defer the settlement for at least twelve months after the reporting date.

(e) Share Based Payments

Employees of the Group 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 Carle 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 taxing 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.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

Note 1: Other Significant Accounting Policies (contd.)

8. Inventories (contd.)

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.

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 be 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.

Notes to the Consolidated Financial Statements
for the year ended 31st March, 2025

Note 1: Other Significant Accounting Policies (contd.)

12. Revenue Recognition (contd.)

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.

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 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.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

Note 1: Other Significant Accounting Policies (contd.)

14. Taxation (contd.)

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.

(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 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 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.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

Note 1: Other Significant Accounting Policies (contd.)

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.

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.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

Note 1: Other Significant Accounting Policies (contd.)

16. Financial Instruments (contd.)

(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.

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.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

Note 1: Other Significant Accounting Policies (contd.)

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.

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.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

Note 1: Other Significant Accounting Policies (contd.)

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, 2025

2. Property, Plant and Equipment

₹ in Crores

Description	Gross Block					Accumulated Depreciation					Net Block
	As at 1st April, 2024	Additions	Deductions	Translation Difference	As at 31st March, 2025	As at 1st April, 2024	Additions	Deductions	Translation Difference	As at 31st March, 2025	As at 31st March, 2025
Freehold Land	122.30	0.67	—	(0.21)	**122.76**	—	—	—	—	**—**	**122.76**
	(122.27)	(0.06)	—	0.03	(122.30)	—	—	—	—	—	(122.30)
Buildings	1031.42	40.20	—	(0.52)	**1071.10**	259.78	30.16	—	(0.16)	**289.78**	**781.32**
	(985.50)	(45.34)	(0.07)	(0.65)	(1031.42)	(229.75)	(29.76)	(0.06)	(0.33)	(259.78)	(771.64)
Plant and Equipments	1524.15	85.20	2.16	(0.98)	**1606.21**	659.91	71.63	1.24	(0.41)	**729.89**	**876.32**
	(1448.72)	(83.41)	(8.39)	(0.41)	(1524.15)	(599.46)	(68.62)	(8.32)	(0.15)	(659.91)	(864.24)
Furniture and Fixtures	28.74	3.12	—	(0.13)	**31.73**	19.82	1.61	—	(0.06)	**21.37**	**10.36**
	(25.39)	(4.50)	(1.14)	0.01	(28.74)	(19.55)	(1.37)	(1.10)	0.00	(19.82)	(8.92)
Vehicles	6.27	0.36	—	(0.16)	**6.47**	5.20	0.24	—	(0.16)	**5.28**	**1.19**
	(6.15)	(0.14)	—	0.02	(6.27)	(4.92)	(0.30)	0.00	0.02	(5.20)	(1.07)
Office Equipments	23.29	3.66	0.01	(0.24)	**26.70**	17.63	1.87	0.00	(0.13)	**19.37**	**7.33**
	(19.90)	(3.48)	(0.07)	0.02	(23.29)	(16.25)	(1.44)	(0.06)	0.00	(17.63)	(5.66)
Computers	76.61	9.18	2.60	0.28	**83.47**	53.59	9.40	2.60	0.10	**60.49**	**22.98**
	(60.14)	(16.43)	(0.01)	(0.05)	(76.61)	(46.17)	(7.39)	(0.01)	(0.04)	(53.59)	(23.02)
Assets for Scientific Research*	80.23	2.24	—	—	**82.47**	29.62	3.13	—	0.03	**32.78**	**49.69**
	(79.62)	(1.01)	(0.40)	0.00	(80.23)	(26.86)	(3.16)	(0.40)	0.00	(29.62)	(50.61)
CCD Machines and Others	450.08	78.86	0.88	0.03	**528.09**	358.10	37.83	2.09	0.01	**393.85**	**134.24**
	(409.99)	(42.08)	(1.98)	0.01	(450.08)	(327.92)	(32.55)	(1.98)	0.39	(358.10)	(91.98)
Colourant Machine	0.82	0.24	0.31	—	**0.75**	—	—	—	—	—	**0.75**
	(0.84)	0.00	(0.02)	0.00	(0.82)	—	—	—	—	—	(0.82)
Tools and Appliances	1.33	0.01	—	(0.10)	**1.24**	1.00	0.19	—	(0.07)	**1.12**	**0.12**
	(1.32)	(0.02)	—	0.01	(1.33)	(0.72)	(0.25)	—	(0.03)	(1.00)	(0.33)
Total Tangible Assets	3345.24	223.74	5.96	(2.03)	**3560.99**	1404.65	156.05	5.93	(0.85)	**1553.93**	**2007.06**
	(3159.84)	(196.47)	(12.08)	(1.01)	(3345.24)	(1271.60)	(144.84)	(11.93)	(0.14)	(1404.65)	(1940.59)

* Net block includes Buildings ₹ 23.70 Crores (2023-2024 ₹ 23.70 Crores), Plant and Equipment ₹ 24.32 Crores (2023-2024 ₹ 24.21 Crores) and Furniture and Fixtures ₹ 2.38 Crores (2023-2024 ₹ 2.94 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 - ₹4.45 Crores (2023-2024: ₹ 5.40 Crores) are being secured against the term loans from banks (Refer Note 18).

2.3 In above assets, net block for Freehold Land - ₹11.41 Crores (2023-2024: ₹ 11.62 Crores), Buildings - ₹ 11.88 Crores (2023-2024: ₹ 13.12 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.

3. Right of Use Assets (ROU)

₹ in Crores

Description	Gross Block					Accumulated Amortisation					Net Block
	As at 1st April, 2024	Additions	Deductions	Translation Difference	As at 31st March, 2025	As at 1st April, 2024	Additions	Deductions	Translation Difference	As at 31st March, 2025	As at 31st March, 2025
Leasehold Land	82.61	0.71	—	0.13	**83.45**	8.59	0.96	—	0.01	**9.56**	**73.89**
	(82.05)	(0.27)	—	(0.29)	(82.61)	(7.62)	(0.90)	0.05	(0.02)	(8.59)	(74.02)
Buildings	224.24	61.87	28.55	(0.44)	**257.12**	89.79	40.00	24.49	(0.26)	**105.04**	**152.08**
	(181.79)	(71.19)	(28.68)	0.06	(224.24)	(73.77)	(35.37)	(19.31)	0.04	(89.79)	(134.45)
Total Right of Use Assets (ROU)	306.85	62.58	28.55	(0.31)	**340.57**	98.38	40.96	24.49	(0.25)	**114.60**	**225.97**
	(263.84)	(71.46)	(28.68)	(0.23)	(306.85)	(81.39)	(36.27)	(19.26)	0.02	(98.38)	(208.47)

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.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

3. Right of Use Assets (ROU) (contd.)

3.4. 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 (Rs 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 Vapi	0.12	Perma Construction Aids Private Limited	No	Less than 4 years	The said land was acquired pursuant to a scheme of amalgamation and continues to be registered in the name of amalgamating Company.However, the deed of merger has been registered by the Company.

4. Investment Property

₹ in Crores

Description	Gross Block				Accumulated Depreciation				Net Block
	As at 1st April, 2024	Additions	Deductions	**As at 31st March, 2025**	As at 1st April, 2024	Additions	Deductions	**As at 31st March, 2025**	**As at 31st March, 2025**
Freehold Land	0.03	50.90	50.90	**0.03**	—	—	—	**—**	**0.03**
	(0.03)	—	—	(0.03)	—	—	—	—	(0.03)
Leasehold Land	—	—	—	**—**	—	—	—	—	**—**
	(0.01)	(—)	(0.01)	0.00	(—)	(—)	(—)	(—)	—
Buildings	1.98	—	—	**1.98**	1.89	—	—	**1.89**	**0.09**
	(2.23)	—	(0.25)	(1.98)	(2.14)	—	(0.25)	(1.89)	(0.09)
Total Investment Property	2.01	50.90	50.90	**2.01**	1.89	—	—	**1.89**	**0.12**
	(2.27)	—	(0.26)	(2.01)	(2.14)	—	(0.25)	(1.89)	(0.12)

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 ₹ 0.08 Crores (2023-2024 ₹ 0.28 Crores) were incurred and recorded as expense in the Standalone Statement of Profit and Loss.

4.5. Total fair value of Investment Property is ₹ 59.18 Crores (2023-2024 ₹ 59.18 Crores).

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, 2025

5. Goodwill and Other Intangible Assets

5A. Goodwill on Consolidation

₹ in Crores

Description	Gross Block				Accumulated Amortisation				Net Block
	As at 1st April, 2024	Additions	Deductions	As at 31st March, 2025	As at 1st April, 2024	Additions	Deductions	As at 31st March, 2025	As at 31st March, 2025
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 (Refer Note 42)	17.31	—	(17.31)	**—**	—	—	—	**—**	**—**
	(17.31)	—	—	(17.31)	—	—	—	—	(17.31)
Total Goodwill on consolidation	19.78	—	(17.31)	**2.47**	—	—	—	**—**	**2.47**
	(19.78)	—	—	(19.78)	—	—	—	—	(19.78)

5B. Other Intangible Assets

₹ in Crores

Description	Gross Block					Accumulated Amortisation					Net Block
	As at 1st April, 2024	Additions	Deductions	Translation Difference	As at 31st March, 2025	As at 1st April, 2024	Additions	Deductions	Translation Difference	As at 31st March, 2025	As at 31st March, 2025
Software	27.66	2.47	—	(0.08)	**30.05**	21.93	2.51	—	0.05	**24.49**	**5.56**
	(22.54)	(5.09)	—	(0.03)	(27.66)	(20.10)	(1.81)	—	(0.02)	(21.93)	(5.73)
Customer Relationship	29.33	—	—	—	**29.33**	28.63	—	—	0.70	**29.33**	**—**
	(29.33)	—	—	—	(29.33)	(25.78)	(2.85)	—	0.00	(28.63)	(0.70)
Brand and Technical Knowhow	24.29	—	—	—	**24.29**	17.76	2.17	—	(0.77)	**19.16**	**5.13**
	(24.29)	—	—	—	(24.29)	(15.07)	(2.69)	—	0.00	(17.76)	(6.53)
Non-Compete	22.64	—	—	(0.01)	**22.63**	22.43	0.01	—	0.19	**22.63**	**—**
	(22.64)	—	—	—	(22.64)	(20.44)	(2.00)	—	0.01	(22.43)	(0.21)
Total Other Intangible Assets	103.92	2.47	—	(0.09)	**106.30**	90.75	4.69	—	0.17	**95.61**	**10.69**
	(98.80)	(5.09)	—	(0.03)	(103.92)	(81.39)	(9.35)	—	(0.01)	(90.75)	(13.17)

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.

5.4. Intangible Asset under development 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.

5C. Asset held for Sale

₹ in Crores

Description	2024-2025	2023-2024
Leasehold Land	—	0.01
Buildings	—	0.02
Plant and Equipments	—	0.02
Furniture and Fixtures	—	0.00
Total	—	0.05

(i) On 24th October, 2024, the Holding Company had entered into a Deed of conveyance / assignment of lease with Aethon Developers Private Limited, subsidiary of Runwal Developers Private Limited ("Purchaser") for sale of the Company's land parcel at Lower Parel, Mumbai together with Building thereon for an aggregate consideration of ₹ 726 Crores. Accordingly, the profit on sale of ₹ 665.44 Crores has been presented as an exceptional item in the year ended 31st March 2025.

(ii) In previous year, on 30th June, 2023, the Holding Company had entered into a Deed of Conveyance with Shoden Developers Private Limited, a group company of House of Hiranandani for sale of its land at Kavesar, Thane for the total consideration of ₹ 671.00 Crores. Accordingly, the profit on sale of ₹ 661.25 Crores has been disclosed as an exceptional item in the year ended 31st March 2024.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

6. Non-current Investments

₹ in Crores

	As at 31st March, 2025	As at 31st March, 2024
Investments in Equity Instruments:		
i. Others at Fair value through profit or loss		
Quoted	**1.74**	1.63
Unquoted	**2.07**	2.07
Investments in Debentures:		
Quoted	**—**	0.02
Total Non-current Investments	**3.81**	3.72
Aggregate book value of quoted investments	**1.74**	1.65
Aggregate market value of quoted investments	**1.74**	1.65
Aggregate amount of unquoted investments	**2.07**	2.07
Aggregate amount of impairment in value of investments	**Nil**	Nil

7. Other Financial Assets

₹ in Crores

	As at 31st March, 2025	As at 31st March, 2024
Unsecured and Considered Good:		
Security Deposits	**21.04**	20.08
Fixed Deposit with Bank with more than 12 months maturity	**50.00**	—
	71.04	20.08

8. Other Non-current Assets

₹ in Crores

	As at 31st March, 2025	As at 31st March, 2024
Unsecured and Considered Good:		
Capital Advances	**12.76**	41.11
Prepaid Expenses	**45.22**	43.49
Balances with Indirect Tax Authorities	**36.99**	29.90
	94.97	114.50

9. Inventories

₹ in Crores

	As at 31st March, 2025	As at 31st March, 2024
Raw Materials	**478.18**	490.41
Packing Materials	**19.73**	20.38
Work-in-progress	**152.16**	157.17
Finished Goods	**917.51**	903.25
Stock-in-trade	**79.66**	100.02
Stores and Spares	**17.83**	16.23
	1665.07	1687.46

Inventories amounting to ₹ 48.29 Crores (2023-2024 ₹ 56.09 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, 2025

10. Current Investments

₹ in Crores

	As at 31st March, 2025	As at 31st March, 2024
(A) Investments in Bonds at FVTPL (Quoted)	**8.27**	8.93
(B) Mutual Funds at FVTPL (Unquoted)	**1837.71**	1,313.97
Total Current Investment (A + B)	**1,845.98**	1,322.90
Aggregate book value of quoted investments	**8.27**	8.93
Aggregate market value of quoted investments	**8.27**	8.93
Aggregate amount of unquoted investments	**1837.71**	1,313.97
Aggregate amount of impairment in value of investments	**Nil**	Nil

11. Trade Receivables

₹ in Crores

	As at 31st March, 2025		As at 31st March, 2024	
Secured, Considered Good		**—**		—
Unsecured, Considered Good		**1,356.70**		1,334.88
Significant Increase in Credit Risk		**—**		—
Credit Impaired	**92.08**		56.68	
Loss Allowance	**(92.08)**		(56.68)	
		1,356.70		1,334.88

Trade Receivables amounting to ₹ 62.95 Crores (2023-2024 ₹ 103.19 Crores) were hypothecated as security for Borrowings from Banks (Refer Note 21)

Trade Receivables Ageing Schedule as at 31 March 2025

₹ 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	1122.32	177.77	36.14	11.64	8.26	0.57	1,356.70
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	—	—	—	—	—	—	—
(iii) Undisputed Trade Receivables – credit impaired	—	—	0.11	0.17	—	—	0.28
(iv) Disputed Trade Receivables considered good	—	—	—	—	—	—	—
(v) Disputed Trade Receivables - which have significant increase in credit risk	—	—	—	—	—	—	—
(vi) Disputed Trade Receivables – credit impaired	1.35	1.84	1.01	27.45	18.39	41.76	91.80

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

11. Trade Receivables (contd.)

Trade Receivables Ageing Schedule as at 31 March 2024

₹ 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	1050.5	187.2	59.53	28.74	6.36	2.55	1,334.88
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	—	—	—	—	—	—	—
(iii) Undisputed Trade Receivables – credit impaired	—	—	0.18	0.26	0.02	—	0.46
(iv) Disputed Trade Receivables considered good	—	—	—	—	—	—	—
(v) Disputed Trade Receivables - which have significant increase in credit risk	—	—	—	—	—	—	—
(vi) Disputed Trade Receivables – credit impaired	—	—	1.80	6.09	16.46	31.87	56.22

12. Cash and Cash equivalents

₹ in Crores

	As at 31st March, 2025	As at 31st March, 2024
Cash on hand	**0.46**	0.44
Cheques on hand	**22.85**	25.75
Banks balances	**70.69**	146.04
	94.00	172.23

13. Bank Balance other than Cash and cash equivalents

₹ in Crores

	As at 31st March, 2025	As at 31st March, 2024
Unpaid Dividend Accounts	**2.46**	2.13
Fixed Deposit with Bank with more than 3 months but less than 12 month maturity	**193.60**	85.59
	196.06	87.72

14. Other Current Financial Assets

₹ in Crores

	As at 31st March, 2025	As at 31st March, 2024
Unsecured and Considered Good:		
Security Deposits	**5.22**	4.77
GST Incentive Receivable	**—**	0.07
Other Receivable	**15.27**	2.96
	20.49	7.80

15. Other Current Assets

₹ in Crores

	As at 31st March, 2025	As at 31st March, 2024
Unsecured and Considered Good:		
Balance with Indirect Tax Authorities	**52.93**	30.26
Trade Advances	**56.36**	47.73
Prepaid Expenses	**61.13**	54.39
Other Receivable	**3.58**	3.67
	174.00	136.05

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

16. Share Capital

	As at 31st March, 2025		As at 31st March, 2024	
1. Authorised Share Capital (₹ in Crores)		**85.00**		85.00
Par Value per Share (₹)		**1.00**		1.00
Number of Equity Shares		**85,00,00,000**		85,00,00,000
2. Issued, Subscribed and Fully Paid up (₹ in Crores)		**80.84**		80.84
Par Value per Share (₹)		**1.00**		1.00
Number of Equity Shares		**80,84,44,880**		80,83,79,580
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**	**60,62,03,847**	74.99	60,62,03,847
4. Aggregated number of bonus share issued during the period of five years immediately preceding the reporting date by capitalisation of security premium reserve.		**26,94,59,860**		26,94,59,860
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		**80,83,79,580**		53,89,19,720
Issued during the year		**—**		26,94,59,860.00
Issued during the year on exercising RSU option		**65,300**		—
Number of shares at the end of the year		**80,84,44,880**		80,83,79,580
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		**60,62,03,847**		40,41,35,898
Change during the year*		**—**		20,20,67,949
No. of shares at the end of the year		**60,62,03,847**		60,62,03,847
% of Total Shares		**74.99**		74.99
% change during the year*		**—**		50.00
* the change is due to issue of Bonus shares during the previous 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 March 31, 2025, 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.				

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

16. Share Capital (contd.)

	As at 31st March, 2025	As at 31st March, 2024
Non-current Borrowings	**30.00**	15.00
Current Borrowings	**87.82**	105.70
Gross Debt	**117.82**	120.70
Less : Cash and Cash Equivalent	**94.00**	172.23
Less : Other Bank Deposits	**193.60**	85.59
Adjusted Net Debt	**(169.78)**	(137.12)
Total Equity	**6,404.46**	5,598.60
Adjusted Net Debt - Equity Ratio	**(0.027)**	(0.024)

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 1st April, 2024	**0.30**	**—**	**474.12**	**5,005.36**	**15.90**	**6.04**	**5501.72**	**16.04**	**5517.76**
Profit for the year	**—**	**—**	**—**	**1,142.95**	—	—	**1,142.95**	**(33.62)**	**1,109.33**
Other Comprehensive Income:									
Remeasurement of Employee Defined Benefit Liability	**—**	**—**	**—**	(4.45)	—	—	(4.45)	0.17	**(4.28)**
Deferred Tax on Remeasurement of Employee Defined Benefit Liability	**—**	**—**	**—**	1.16	—	—	1.16	—	**1.16**
Exchange differences on translation of foreign operations	**—**	**—**	**—**	—	—	5.60	5.60	—	**5.60**
Other Comprehensive Income, (net of tax)	**—**	**—**	**—**	**(3.29)**	—	**5.60**	**2.31**	**0.17**	**2.48**
Total Comprehensive Income for the Year	**—**	**—**	**—**	**1,139.66**	—	**5.60**	**1,145.26**	**(33.45)**	**1,111.81**
Transaction with Owners in their Capacity as Owners:									
Dividends	—	—	—	(303.14)	—	—	(303.14)	(1.29)	**(304.43)**
Share based payment expense	—	—	—	—	(1.53)	—	(1.53)	—	**(1.53)**
RSU Exercised during the year	—	1.88	—	—	(1.88)	—	—	—	**—**
	—	**1.88**	**—**	**(303.14)**	**(3.41)**	**—**	**(304.67)**	**(1.29)**	**(305.96)**
Balance as at 31st March, 2025	**0.30**	**1.88**	**474.12**	**5,841.88**	**12.49**	**11.64**	**6,342.32**	**(18.70)**	**6,323.62**

₹ 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 1st April, 2023	0.30	12.56	488.51	3969.81	3.75	4.88	4479.81	26.71	4506.52
Profit for the year	—	—	—	1,185.44	—	—	1,185.44	(9.58)	1,175.86
Other Comprehensive Income:									
Remeasurement of Employee Defined Benefit Liability	—	—	—	(5.61)	—	—	(5.61)	(0.64)	(6.25)
Deferred Tax on Remeasurement of Employee Defined Benefit Liability	—	—	—	1.27	—	—	1.27	—	1.27
Exchange differences on translation of foreign operations	—	—	—	—	—	1.16	1.16	—	1.16

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

17. Other Equity (contd.)

₹ 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
Other Comprehensive Income, (net of tax)......................................	—	—	—	(4.34)	—	1.16	(3.18)	(0.64)	(3.82)
Total Comprehensive Income for the Year	—	—	—	1,181.10	—	1.16	1,182.26	(10.22)	1,172.04
Transaction with Owners in their Capacity as Owners:									
Issue of Share Capital	—	(12.56)	(14.39)	—	—	—	(26.95)	—	(26.95)
Dividends................................	—	—	—	(145.51)	—	—	(145.51)	(0.49)	(146.00)
Share based payment expense	—	—	—	—	12.15	—	12.15	—	12.15
	—	(12.56)	(14.39)	(145.51)	12.15	—	(160.31)	(0.49)	(160.80)
Balance as at 31st March, 2024	0.30	—	474.12	5,005.36	15.90	6.04	5,501.72	16.04	5517.76

Analysis of Accumulated OCI, Net of Tax

₹ in Crores

Remeasurement of Employee Defined Benefit Liability	As at 31st March, 2025	As at 31st March, 2024
Opening Balance	**(13.97)**	(8.99)
Remeasurement of Employee Defined Benefit Liability, net of tax.........................	**(3.12)**	(4.98)
Closing Balance	**(17.09)**	(13.97)

₹ in Crores

Exchange differences on translation of foreign operations	As at 31st March, 2025	As at 31st March, 2024
Opening Balance	**6.04**	4.88
Exchange Difference on translation of foreign operations......................................	**5.60**	1.16
Closing Balance	**11.64**	6.04

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

The Group recognises compensation expense relating to share based payments in accordance with Ind AS 102 Share-based Payment. Stock options granted by the Holding Company to its employees are accounted as equity settled options. Accordingly, the estimated fair value of options granted that is determined on the date of grant, is charged to statement of Profit and Loss on a straight line basis over the vesting period of options which is the requisite service period, with a corresponding increase in equity.

Foreign Currency Transaction Reserve

These comprise of all exchange differences arising from translation of financial statements of foreign subsidiaries.

Dividend

For the year 2023-2024, the Directors had recommended and Shareholders had approved a final dividend of 375% (₹ 3.75 per share) including special dividend of 125% (₹ 1.25 per share), which has been accounted in current year.

The Board has recommended dividend of 375% (₹ 3.75 per share) for the financial year ended March 31, 2025 as compared to total dividend of 375% (₹ 3.75 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 ₹ 303.14 Crores (2023-2024 ₹ 303.14 Crores) have not been recognised as liabilities.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

18. Non-Current Borrowings

₹ in Crores

	As at 31st March, 2025	As at 31st March, 2024
a. Term Loans*	30.00	15.00
* Secured Loans from Bank at average interest rate of 9.50% (2023-2024: 9.50%) secured by first charge of Plant and Equipments at the units for the purpose of acquisition of assets under business combination repayable by quarterly installment from February 2021, where the last installment is payable in November 2024. Current Maturities of these Term Loans is provided separately in Note 21.		
* Secured Loans from NBFC at interest rate of 10.70% (2023-2024: 10.50%) . Loan is payable after 1 year moratorium and in 36 months till 15th March, 2029 in 12 quarterly installments along with interest payable monthly. Term Loan is secured by following primary security is Property at Rudrapur & Dadra Nagar Haveli plant with second pari - passu charge on entire current assets, present and future of the company.		
	30.00	15.00

19. Provisions

₹ in Crores

	As at 31st March, 2025	As at 31st March, 2024
Provision for Gratuity (Refer note 38)	1.06	3.35
Provision for Special Retirement Benefits - Directors	20.95	20.56
	22.01	23.91

20. Income Taxes

₹ in Crores

	Year ended 31st March, 2025	Year ended 31st March, 2024
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	329.29	369.75
Deferred tax:		
In respect of current year	39.41	15.60
Income tax expense recognised in the Consolidated Statement of Profit and Loss	368.70	385.35
(ii) Income tax expense recognised in OCI		
Deferred tax expense on remeasurements of defined benefit plans	1.16	1.27
Income tax expense recognised in OCI	1.16	1.27
B. Reconciliation of tax expense and the accounting profit for the year is as under:		
Profit before tax	1,478.03	1,561.21
Income tax expense calculated at 25.17% (2023-2024 @ 25.17%)	372.02	392.97
Tax effect on non-deductible expenses	6.13	7.74
Effect of Income that is exempted from tax	(0.15)	(0.15)
Impact of Tax on different rates on components	(0.13)	(4.61)
Impact of Tax due to loss in components	17.75	8.16
Effect of differential tax rate on sale of land	(42.62)	(14.15)
Effect of discontinuance of indexation on capital gains	13.32	—
Others	2.38	(4.61)
Total	368.70	385.35
Tax expense as per Consolidated Statement of Profit and Loss	368.70	385.35

The tax rate used for reconciliation above is the corporate tax rate of 25.17% (2023-2024 25.17%) payable by corporate entities in India on taxable profits under Indian tax law.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

20. 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 & Loss	OCI	Balance Sheet
	01.04.2024	2024-2025	2024-2025	31.03.2025
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	(141.59)	(24.31)	—	(165.90)
Tax adjustment on account on indexation of freehold land	13.52	(13.32)	—	0.20
Expense claimed for tax purpose on payment basis	6.18	0.15	—	6.33
Provision for doubtful debts and Advances	10.92	3.66	—	14.58
Remeasurement benefit of the employee defined benefit plans through OCI	3.30	—	1.16	4.46
Deferred Tax on Distributable Accumulated Reserves of Subsidiaries	(2.91)	(0.44)	—	(3.35)
Deferred tax Liability due to Purchase Price Allocation Adjustment	(13.41)	0.45	—	(12.96)
Lease Rentals	4.82	1.25	—	6.07
Net fair value loss on investment through FVTPL	(7.07)	(6.84)	—	(13.91)
MAT Credit Entitlement	—	—	—	—
Deferred tax (expense) / income Net Deferred tax liabilities	**(126.24)**	**(39.41)**	**1.16**	**(164.49)**

₹ in Crores

Particulars	Balance Sheet	Statement of Profit & Loss	OCI	Balance Sheet
	01.04.2023	2023-2024	2023-2024	31.03.2024
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	(134.82)	(6.77)	—	(141.59)
Tax adjustment on account on indexation of freehold land	21.25	(7.73)	—	13.52
Expense claimed for tax purpose on payment basis	4.74	1.44	—	6.18
Provision for doubtful debts and Advances	9.66	1.26	—	10.92
Remeasurement benefit of the employee defined benefit plans through OCI	2.03	—	1.27	3.30
Deferred Tax on Distributable Accumulated Reserves of Subsidiaries	(2.78)	(0.13)	—	(2.91)
Deferred tax Liability due to Purchase Price Allocation Adjustment	(13.86)	0.45	—	(13.41)
Lease Rentals	3.76	1.06	—	4.82
Net fair value loss on investment through FVTPL	(1.91)	(5.16)	—	(7.07)
MAT Credit Entitlement	0.02	(0.02)	—	—
Deferred tax (expense) / income Net Deferred tax liabilities	(111.88)	(15.60)	1.27	(126.24)

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

21. Borrowings

₹ in Crores

	As at 31st March, 2025		As at 31st March, 2024	
From Banks				
Term Loans*	23.42		30.76	
Overdraft #	64.40		70.25	
Current Maturities of Long-term Borrowings	—		4.69	
		87.82		105.70
		87.82		105.70

* The Group has obtained at 10.70% - 13.00% (2023-2024 10.25% - 13.00%) 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.

\# The Group has obtained at 11.00% - 13.00% (2023-2024 11.00% - 13.00%) 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.

22. Disclosure of Lease as per Ind AS 116

The following is the summary of practical expedients elected on application:

(i) Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.

(ii) 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.

(iii) Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

(iv) 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.

Particulars	Amount as at 31st March, 2025	Amount as at 31st March, 2024
ROU Balance at the beginning of the year	208.47	182.45
Additions (Refer Note 3)	62.58	71.46
Deletions (Net off accumulated depreciation) (Refer Note 3)	(4.06)	(9.42)
Amortisation cost accrued during the year	(40.96)	(36.27)
Translation difference	(0.06)	0.25
ROU Balance at the end of the year	225.97	208.47
Lease Liabilities at the beginning of the year	155.72	127.05
Additions	62.58	71.46
Interest cost accrued during the year	15.75	13.12
Payment of lease liabilities	(50.45)	(44.74)
Deletion	(5.03)	(11.17)
Lease Liabilities at the end of the year	178.57	155.72
Current Lease Liabilities	33.10	30.31

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

22. Disclosure of Lease as per Ind AS 116 (contd.)

Particulars	Amount as at 31st March, 2025	Amount as at 31st March, 2024
Non-Current Lease Liabilities	**145.47**	125.41
Total Lease Liabilities	**178.57**	155.72

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 ₹ 21.30 Crores (2023-2024 ₹ 20.46 Crores)

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

₹ in Crores

Particulars	Amount as at 31st March, 2025	Amount as at 31st March, 2024
Not later than one year	**45.88**	41.83
Later than one year and not later than five years	**129.37**	109.83
Later than five years	**43.85**	59.58

23. Trade Payables

₹ in Crores

	As at 31st March, 2025	As at 31st March, 2024
Trade Payables		
Total Outstanding dues of Micro Enterprises and Small Enterprises (Refer Note 41)	**35.98**	99.88
Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises	**1064.77**	951.85
	1100.75	1051.73

* Includes Acceptances ₹ 133.66 Crores (2023-2024 ₹ 56.03 Crores)

Trade Payable Ageing Schedule

As at 31 March 2025

₹ 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	—	35.98	—	—	—	—	35.98
(ii) Others	99.53	824.38	127.36	5.80	2.23	5.47	1,064.77
(iii) Disputed dues - MSME	—	—	—	—	—	—	—
(iv) Disputed dues - Others	—	—	—	—	—	—	—

Trade Payable Ageing Schedule

As at 31 March 2024

₹ 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	—	99.88	—	—	—	—	99.88
(ii) Others	131.50	624.47	184.51	10.35	0.50	0.52	951.85
(iii) Disputed dues - MSME	—	—	—	—	—	—	—
(iv) Disputed dues - Others	—	—	—	—	—	—	—

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

24. Other Financial Liabilities

₹ in Crores

	As at 31st March, 2025	As at 31st March, 2024
Unclaimed/Unpaid Dividends*	**2.46**	2.63
Trade Deposits	**52.47**	50.02
Creditors for Capital Goods @ (Refer Note 41)	**31.23**	34.45
Employee Benefits Payable (Refer Note 47)	**44.04**	43.85
Other Current Liabilities	**0.20**	0.20
	130.40	131.15

* 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 Rs. 8.52 Crores (2023-24 Rs 3.13 Crores)

25. Other Current Liabilities

₹ in Crores

	As at 31st March, 2025	As at 31st March, 2024
Statutory Obligations*	**46.17**	43.25
Trade Receivables with Credit Balance	**20.78**	14.44
Advance received against Sale of Investment Property	**—**	109.89
	66.95	167.58

* Includes payable toward GST, TDS and Employee Related Statutory Obligations.

26. Provisions

₹ in Crores

	As at 31st March, 2025		As at 31st March, 2024	
Provision for Compensated Absences (Refer note 38)		**22.97**		19.49
Provision for Gratuity (Refer note 38)		**2.46**		10.22
Provision for Special Retirement Benefits - Directors		**1.94**		1.94
Provision for Indirect Taxes:				
Opening Balance	**2.44**		2.44	
Add: Provision during the year	**—**		—	
Less: Utilisation / reversal during the year	**—**		—	
		2.44		2.44
		29.79		34.09

Notes to the Consolidated Financial Statements
for the year ended 31st March, 2025

27. Revenue from Operations

₹ in Crores

	Year ended 31st March, 2025		Year ended 31st March, 2024	
Sale of Products				
Sales	**8,737.33**		8,724.09	
Less: Discounts and Rebates	**950.29**		955.63	
Total Sale of Products		**7,787.04**		7,768.46
Other Operating Revenues				
Sale of Scrap	**28.57**		27.58	
Others	**7.36**		5.40	
		35.93		32.98
Revenue from Operations		**7,822.97**		7,801.44

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 31st March, 2025	Year ended 31st March, 2024
1) Revenue from contracts with customers:		
Sale of products (Transferred at point in time)		
Manufacturing		
India	**6,978.35**	6,904.12
Asia (Other than India)	**219.99**	302.65
(A)	**7,198.34**	7,206.77
Trading		
India	**585.59**	555.65
Asia (Other than India)	**3.11**	6.04
(B)	**588.70**	561.69
(C) = (A) + (B)	**7,787.04**	7,768.46
2) Other operating revenue		
Sale of scrap and empties	**28.57**	27.58
Others	**7.36**	5.40
(D)	**35.93**	32.98
Total Revenue (C) + (D)	**7,822.97**	7,801.44
Major Product lines		
Paints	**7,787.04**	7,768.46
	7,787.04	7,768.46
Sales by performance obligations		
Upon delivery	**7,787.04**	7,768.46
	7,787.04	7,768.46
Reconciliation of revenue from contract with customer		
Revenue from contract with customer as per the contract price	**8,737.33**	8,724.09
Adjustments made to contract price on account of :-		
a) Discounts/ Rebates / Incentives	**(950.29)**	(955.63)
Revenue from contract with customer as per the Consolidated Statement of Profit and Loss	**7,787.04**	7,768.46

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

28. Other Income

₹ in Crores

	Year ended 31st March, 2025		Year ended 31st March, 2024	
Dividend Income				
Dividend from Equity Shares recognised through FVTPL.......		**0.04**		0.04
Interest Income				
Interest on Loans and Deposit at amortised cost....................	**8.80**		3.87	
Interest on Bonds recognised through FVTPL.......................	**0.58**		0.58	
		9.38		4.45
Profit on Sale of Current Investments (Net)................................		**60.55**		41.03
Fair Value Gain on Financial Instruments recognised through FVTPL		**53.54**		24.60
Other Non operating Income				
Profit on Sale of Property, Plant and Equipment (Net)...........	**0.07**		0.29	
Foreign Exchange Gain (Net)	**5.01**		10.99	
Insurance Claims Received	**5.51**		5.16	
Miscellaneous Income...	**5.05**		5.32	
		15.64		21.76
		139.15		91.88

29. Cost of Materials Consumed

₹ in Crores

	Year ended 31st March, 2025		Year ended 31st March, 2024	
Raw Material Consumed				
Opening Stock...	**490.41**		531.19	
Add: Purchase...	**4051.77**		4007.72	
Less: Sales..	**5.93**		11.78	
Less: Closing Stock...	**478.18**		490.41	
		4058.07		4036.72
Packing Material Consumed				
Opening Stock...	**20.38**		22.61	
Add: Purchase...	**513.43**		517.39	
Less: Closing Stock...	**19.73**		20.38	
		514.08		519.62
		4572.15		4556.34

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

30. Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-trade

₹ in Crores

	Year ended 31st March, 2025		Year ended 31st March, 2024	
Opening Stock				
Finished Goods	**900.94**		929.08	
Work-in-progress	**157.17**		143.28	
Stock-in-trade (in respect of goods acquired for trading)	**100.02**		88.86	
		1158.13		1161.22
Less: Closing Stock				
Finished Goods	**917.51**		903.25	
Work-in-progress	**152.16**		157.17	
Stock-in-trade (in respect of goods acquired for trading)	**79.66**		100.02	
		1149.33		1160.44
		8.80		0.78

31. Employee Benefits Expense

₹ in Crores

	Year ended 31st March, 2025	Year ended 31st March, 2024
Salaries and Wages	**454.57**	384.07
Contribution to Provident and Other Funds (Refer Note 38)	**23.50**	27.71
Share based Payments to Employees (Refer Note 44)	**(1.53)**	12.15
Staff Welfare Expense	**25.35**	24.69
	501.89	448.62

32. Finance Cost

₹ in Crores

	Year ended 31st March, 2025	Year ended 31st March, 2024
Interest on Bank Borrowings	**15.50**	16.09
Interest on Lease Liability (Refer Note 22)	**15.75**	13.12
	31.25	29.21

33. Depreciation and Amortisation

₹ in Crores

	Year ended 31st March, 2025	Year ended 31st March, 2024
Depreciation on Property, Plant and Equipment (Refer Note 2)	**156.05**	144.84
Amortisation on Other Intangible Assets (Refer Note 5B)	**4.69**	9.35
Amortisation on Right of use assets (ROU) (Refer note 22)	**40.96**	36.27
	201.70	190.46

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

34. Other Expenses

₹ in Crores

	Year ended 31st March, 2025	Year ended 31st March, 2024
Consumption of Stores and Spare Parts	**37.43**	37.08
Power and Fuel	**96.48**	97.79
Repairs to Buildings	**2.94**	0.85
Repairs to Machinery	**19.79**	18.36
Freight and Forwarding Charges	**432.03**	416.58
Advertisement and Sales Promotion	**366.57**	386.08
Rent	**21.30**	20.46
Rates and Taxes	**3.54**	2.97
Insurance	**11.92**	13.43
Miscellaneous Expenses	**317.44**	287.36
	1309.44	1280.96

35. Contingent Liabilities and commitments (to the extent not provided for)

₹ in Crores

	Year ended 31st March, 2025	Year ended 31st March, 2024
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	**7.74**	3.44
Customs Duty	**0.61**	0.61
GST	**0.44**	0.44
The Group 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 ₹ 35.64 Crores (2023-2024 ₹ 31.34 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. 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.		
B. Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)	**67.93**	143.44
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	**—**	22.53
Corporate guarantee given to Bank for loan taken by Kansai Nerolac Paints (Bangladesh) Limited (formerly known as RAK Paints Limited) – Subsidiary Company	**16.73**	70.66
Corporate guarantee given to Bank for Kansai Paints Lanka (Private) Limited - Subsidiary Company	**—**	9.66
Others Commitment		
Unexpired Letter of Credit	**6.94**	17.32
Bank Guarantee	**4.42**	5.58
Disputed Claim	**—**	0.27
	131.66	300.80
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.		

Notes to the Consolidated Financial Statements
for the year ended 31st March, 2025

36. Earnings Per Equity Share

	Year ended 31st March, 2025	Year ended 31st March, 2024
Basic Earnings per Equity Share before Exceptional Item (in ₹)		
Numerator:		
Profit attributable to Equity Shareholders (₹ in Crores)..	**622.80**	665.61
Denominator:		
Weighted Average Number of ordinary shares at the beginning and end of the year	**80,84,35,265**	80,83,79,580
Basic Earnings per Equity Share (in ₹)	**7.70**	8.23
Diluted Earnings per Equity Share (in ₹)..		
Numerator:		
Profit attributable to Equity Shareholders (₹ in Crores)..	**622.80**	665.61
Denominator:		
Weighted Average Number of ordinary shares at the beginning of the year.........	**80,84,35,265**	80,83,79,580
Weighted Average Number of ordinary shares and dilutive shares	**80,92,24,301**	80,90,58,712
Diluted Earnings per Equity Share (in ₹)..	**7.70**	8.23
Basic Earnings per Equity Share after Exceptional Item (in ₹)		
Numerator:		
Profit attributable to Equity Shareholders (₹ in Crores)..	**1142.90**	1185.44
Denominator:		
Weighted Average Number of ordinary shares at the beginning and end of the year	**80,84,35,265**	80,83,79,580
Basic Earnings per Equity Share (in ₹)	14.14	14.66
Diluted Earnings per Equity Share (in ₹)..		
Numerator:		
Profit attributable to Equity Shareholders (₹ in Crores)..	**1142.90**	1185.44
Denominator:		
Weighted Average Number of ordinary shares and dilutive shares	**80,92,24,301**	80,90,58,712
Diluted Earnings per Equity Share (in ₹)..	**14.12**	14.65

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:
   (i) has control or joint control of the reporting entity;
   (ii) has significant influence over the reporting entity; or
   (iii) 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:
   (i) 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).
   (ii) 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).
   (iii) Both entities are joint ventures of the same third party.
   (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
   (v) 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.
   (vi) The entity is controlled or jointly controlled by a person identified in (a).
   (vii) 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).
   (viii) 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.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

37. Related Party Disclosures (contd.)

Parent and ultimate controlling entity

Name	% Shareholding		Type	Principal Activities	Place of Incorporation
	2025	2024			
Kansai Paint Co., Ltd.	**74.99**	74.99	Parent and ultimate controlling entity	Manufacturing Paints	Japan

Kansai Paint Co., Ltd. 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 (upto 29th January 2025) (2) Mr. Bhaskar Bhat, Chairman (w.e.f. 30th January, 2025) (3) Mr. Anuj Jain, Managing Director (Upto 31st March 2025) (4) Mr. Pravin Chaudhari, Managing Director (w.e.f. 1st April 2025) (5) Ms. Sonia Singh, Director (6) Mr. Hirokazu Kotera, Whole-time Director (w.e.f. 1st August 2024) (7) Mr. Uday Bhansali, Director (w.e.f. 6th November 2024) (8) Mr. P. D. Pai, Chief Financial Officer (CFO) and (9) Mr. G. T. Govindarajan, Company Secretary.

Other entities where significant influence exist

— Kansai Nerolac Paints Limited Provident Fund

Transaction with Related Party:

₹ in Crores

Transaction Type	Relation	2024-2025	2023-2024
Sale of finished goods/Intermediates			
— Kansai Paint Philippines Inc.	Fellow Subsidiary	**5.39**	4.43
— Helios RUS LLC...	Fellow Subsidiary	**0.55**	0.39
— PT Kansai Prakarsa Coating...........................	Fellow Subsidiary	**0.27**	0.01
— Kansai Plascon Kenya Ltd..............................	Fellow Subsidiary	**0.01**	—
Purchase of Goods			
— Helios Tovarna Barv, Lako	Fellow Subsidiary	**—**	0.01
Dividend Paid			
— Kansai Paint Co., Ltd., Japan	Parent and ultimate controlling entity	**227.33**	109.12
Transfer under license agreements			
Royalty Expense			
— Kansai Paint Co., Ltd., Japan	Parent and ultimate controlling entity	**28.59**	25.49
Technical Fees Including Reimbursement of Expenses			
— Kansai Paint Co., Ltd., Japan	Parent and ultimate controlling entity	**0.55**	1.29
— Kansai Paint Asia Pacific SDN.BHD.	Fellow Subsidiary	**—**	—
Issue of Bonus Shares			
— Kansai Paint Co., Ltd., Japan	Parent and ultimate controlling entity	**—**	20.21
Reimbursement of Expenses Recovered			
— Kansai Paint Co., Ltd., Japan	Parent and ultimate controlling entity	**1.29**	1.69
Contributions during the year (includes Employees' share and contribution)			
— Kansai Nerolac Paints Limited Provident Fund	Other entities	**1.33**	1.31

Notes to the Consolidated Financial Statements
for the year ended 31st March, 2025

37. Related Party Disclosures (contd.)

Transaction with Related Party: (contd.)

₹ in Crores

Transaction Type	Relation	2024-2025	2023-2024
Amount of outstanding balances, including commitments in settlement			
Share Capital held by Parent Company			
— Kansai Paint Co., Ltd., Japan	Parent and ultimate controlling entity	**60.62**	60.62
Receivable as at Year End			
— Kansai Paint Co., Ltd., Japan	Parent and ultimate controlling entity	**2.98**	1.69
— Kansai Paint Philippines Inc.	Fellow Subsidiary	**0.92**	0.89
Payable as at Year End			
— Kansai Paint Co., Ltd., Japan	Parent and ultimate controlling entity	**0.11**	0.19
— Kansai Paint Asia Pacific SDN.BHD.	Fellow Subsidiary		—
Key Management Personnel			
— Employee Benefits *			
Mr. Anuj Jain, Managing Director (Upto 31st March 2025)#		**13.38**	5.24
Mr. Hirokazu Kotera, Whole-time Director		**0.45**	—
Mr. P. D. Pai Chief Financial Officer		**2.42**	2.07
Mr. G. T. Govindarajan Company Secretary		**1.11**	1.04
— Commission, Fees and reimbursement of expenses for attending Board /Committee Meetings to Independent Directors			
Mr. P. P. Shah, Chairman		**0.54**	0.50
Ms. Sonia Singh, Independent Director		**0.51**	0.46
Mr. Bhaskar Bhat, Chairman		**0.52**	0.31
Mr. Uday Bhansali Independent Director		**0.02**	—

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 PF and Super Annuation Fund and excludes accrual for commission for the current year and restricted stock units (RSU) to KMP's in accordance with the Kansai Nerolac Employee Stock Option Plan ('RSU 2022 Plan'), However, such stock options units would vest after fulfillment of vesting conditions in accordance with the RSU Plan 2022.

\# Employee Benefits to Mr. Anuj Jain includes commission of ₹ 5.80 Crores for current year and previous year and retirement benefits of ₹ 4.44 Crores towards Gratuity and Leave Encashment.

During the year, the Holding Company has entered into an arrangement with Mr. Anuj Jain for non-compete, non-solicitation and non-poaching for a consideration of ₹ 10 Crores, which shall be payable in next two years i.e. FY 2025-26 and FY 2026-27 on satisfaction of certain conditions.

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.

Terms and conditions:

Sales:

The sales to related parties are made on terms equivalent to those that prevail in arm's length transactions and in the ordinary course of business. Sales transactions are based on prevailing price lists and memorandum of understanding signed with related parties.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

37. Related Party Disclosures (contd.)

Terms and conditions: (contd.)

Purchases:

The purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions and in the ordinary course of business. Purchase transactions are made on normal commercial terms and conditions and market rates.

The transactions other than mentioned above are also in the ordinary course of business and at arms' length basis.

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 31st March, 2025	Year ended 31st March, 2024
Employer's contribution to Regional Provident Fund Commissioner	**10.46**	8.57
Employer's contribution to Family Pension Fund	**5.61**	5.33
Employer's contribution to Superannuation Fund	**2.74**	4.50

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, 2025 and 31 March, 2024:

₹ in Crores

Particulars	Year ended 31st March, 2025	Year ended 31st March, 2024
Change in Defined Benefit Obligation		
Defined Benefit Obligation at the beginning	**58.86**	46.68
Current Service Cost	**6.70**	5.74
Interest Expense	**4.12**	3.34
Benefit Payments from Plan Assets	**(0.11)**	(4.57)
Benefit Payments from Employer	**(7.38)**	—
Remeasurements - Actuarial (gains)/ losses	**3.85**	7.67
Defined Benefit Obligation at the end	**66.04**	58.86
Change in Fair Value of Plan Assets		
Fair Value of Plan Assets at the beginning	**45.29**	42.51
Interest Income	**4.08**	3.12
Employer Direct Benefit Payments	**0.11**	—
Employer Contributions	**16.85**	3.01
Benefit Payments from Plan Assets	**(3.27)**	(4.77)
Benefit Payments from Employer	**(0.11)**	
Increase / (Decrease) due to Plan combination	**—**	—
Remeasurements – Return on plan assets excluding amounts included in interest income	**(0.43)**	1.42
	62.52	45.29
Net Asset / (Liability)	**(3.52)**	(13.57)

Notes to the Consolidated Financial Statements
for the year ended 31st March, 2025

38. Employee Benefits (contd.)

B Defined Benefit Plans: (contd.)

a. Gratuity (contd.)

Components of Defined Benefit Cost recognized in the Consolidated Statement of Profit and Loss under Employee Benefit Expenses:

₹ in Crores

Particulars	Year ended 31st March, 2025	Year ended 31st March, 2024
Current Service Cost	6.70	5.74
Past Service Cost	(5.04)	—
Net Interest Cost	0.04	0.22
Defined Benefit Cost recognised in the Consolidated Statement of Profit and Loss	1.70	5.96

Components of Defined Benefit Cost recognised in the Statement of Other Comprehensive Income:

₹ in Crores

Particulars	Year ended 31st March, 2025	Year ended 31st March, 2024
Actuarial (gains) / losses on Defined Benefit Obligation	3.85	7.67
(Return)/loss on plan assets excluding amounts included in the net interest on the net defined benefit liability/(asset)	0.43	(1.42)
Defined Benefit Cost recognised in the Statement of Other Comprehensive Income	4.28	6.25

The assumptions used to determine net periodic benefit cost are set out below:

Particulars	Valuation Date	
	31st March, 2025	31st March, 2024
Discount Rate	7.01% to 10.50%	7.22% to 12.00%
Salary Escalation	7.50% to 10.00%	7.50% to 10.00%
Weighted average duration of the defined benefit obligation (years)	9.00	9.07

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	31st March, 2025	31st March, 2024
Under Base Scenario	64.88	58.64
Salary Escalation - Up by 1%	71.06	64.17
Salary Escalation - Down by 1%	59.84	53.96
Withdrawal Rates - Up by 1%	64.49	58.51
Withdrawal Rates - Down by 1%	65.34	58.79
Discount Rates - Up by 1%	59.99	54.04
Discount Rates - Down by 1%	71.03	64.24

Notes to the Consolidated Financial Statements
for the year ended 31st March, 2025

38. Employee Benefits (contd.)

B Defined Benefit Plans: (contd.)

a. Gratuity (contd.)

Maturity Profile of Defined Benefit Obligations

Mortality Table	31st March, 2025		31st March, 2024	
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%**	1.12%	1.12%

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 ₹ Nil (2023-2024 ₹ 10.17 Crores) 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 ₹ 1.33 Crores (2023-2024 ₹ 1.31 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 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 31st March, 2025	As at 31st March, 2024
Plan assets at period end, at fair value	**56.31**	74.11
Present value of benefit obligation at period end	**55.57**	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 31st March, 2025	As at 31st March, 2024
Discount Rate (%)	**7.18**	6.63
Guaranteed Interest Rate (%)	**8.25**	8.10
Expected Average Remaining Working Lives of Employees (Years)	**7.04**	11.07

The Group other than the Holding Company in India contributes all ascertained liabilities towards provident fund as per rules and regulations inforce in respective countries amounting to ₹1.90 Crores (2023-2024: ₹ 1.49 Crores) to respective provident authority.

Notes to the Consolidated Financial Statements
for the year ended 31st March, 2025

38. Employee Benefits (contd.)

C Retirement Benefits to Executive Directors

₹ in Crores

Particulars	As at 31st March, 2025	As at 31st March, 2024
Opening defined benefit obligation	22.50	23.08
Current service cost	—	—
Past Service Cost	—	—
Interest expense	1.55	1.61
Remeasurement (gain)/loss	0.79	(0.21)
Benefits paid	(2.00)	(1.98)
Closing defined benefit obligation	22.84	22.50

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 31st March, 2025	Year ended 31st March, 2024
Current Service Cost	—	—
Net Interest Cost	1.55	1.61
Defined Benefit Cost recognised in the Statement of Profit and Loss	1.55	1.61

Components of cost of Retirement Benefits to Executive Director recognized in the Consolidated Statement of Other Comprehensive Income:

₹ in Crores

Particulars	Year ended 31st March, 2025	Year ended 31st March, 2024
Actuarial (gains)/losses on Defined Benefit Obligation	0.79	(0.19)
Defined Benefit Cost recognised in the Statement of Profit and Loss	0.79	(0.19)

D Compensated Absences:

In FY 2024-2025, increase in provision for compensated absences for the year is ₹ 3.93 Crores. (In FY 2023-2024 ₹ 3.41 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 2.87% (2023-2024 3.97%) of the total turnover of the group, which is insignificant and hence is not separately monitored by the Management Committee.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

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)...........	**2025**	**3.81**	**1.74**	**—**	**2.07**	**3.81**
	2024	3.72	1.65	—	2.07	3.72
Current Assets: Investments (Note 10)................	**2025**	**1,845.98**	**—**	**1,845.98**	**—**	**1,845.98**
	2024	1,322.90	—	1,322.90	—	1,322.90

There have been no transfers between Level 1 and Level 2 during the year and previous year.

(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	31st March, 2025	31st March, 2024
Balance as beginning of the year	**56.68**	51.83
Loss allowance measured at lifetime expected credit losses	**35.40**	4.85
Balance at the end of the year..	**92.08**	56.68

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

40. Financial Instruments: Fair values and Risk Management (contd.)

(B) Financial Risk Management (contd.)

(ii) Credit Risk (contd.)

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.

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)	**31/03/2025**	**74.03**	**—**	**13.79**	**—**	**20.00**	**10.00**	**117.82**
	31/03/2024	70.24	1.56	32.33	1.56	5.00	10.00	120.70
Trade Payables ...	**31/03/2025**	**—**	**1,100.75**	**—**	**—**	**—**	**—**	**1,100.75**
	31/03/2024	—	1,051.73	—	—	—	—	1,051.73
Other Financial Liabilities..............	**31/03/2025**	**55.13**	**31.23**	**—**	**—**	**—**	**—**	**86.36**
	31/03/2024	52.85	34.45	—	—	—	—	87.30

For maturity profile of lease liabilities, refer note 22

(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	USD	SGD	Total
Trade Receivables...	**31/03/2025**	**—**	**—**	**2.31**	**—**	**2.31**
	31/03/2024	—	—	(1.65)	—	(1.65)
Financial Liabilities						
Trade Payables (Net of Hedge)..	**31/03/2025**	**1.95**	**21.58**	**54.46**	**0.03**	**78.02**
	31/03/2024	(2.58)	(32.62)	(56.04)	(0.01)	(91.25)
Net exposure to Foreign Currency Risk (Liabilities)...........	**31/03/2025**	**1.95**	**21.58**	**52.15**	**0.03**	**75.71**
	31/03/2024	(2.58)	(32.62)	(57.69)	(0.01)	(92.89)

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

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 EURO, JPY ,SGD 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, 2025				
EURO(5% movement)	**(0.10)**	**0.10**	**(0.07)**	**0.07**
JPY(5% movement)	**(1.08)**	**1.08**	**(0.81)**	**0.81**
SGD(5% movement)	**(0.00)**	**0.00**	**(0.00)**	**0.00**
USD(5% movement)	**(2.61)**	**2.61**	**(1.95)**	**1.95**
31st March, 2024				
EURO(5% movement)	(0.13)	0.13	0.10	(0.10)
JPY(5% movement)	(1.63)	1.63	1.22	(1.22)
SGD(5% movement)	(0.00)	0.00	0.00	0.00
USD(5% movement)	(2.88)	2.88	2.16	(2.16)

(v) There are no outstanding Forward Foreign Exchange Contracts entered into by the Company 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 31st March, 2025	As at 31st March, 2024
Fixed-Rate Instruments		
Financial Assets	**193.60**	85.59
Financial Liabilities	**102.98**	104.72
Net Liabilities/ (Assets)	**(90.62)**	(19.13)
Variable-Rate Instruments		
Financial Liabilities	**16.66**	15.98
	16.66	15.98

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, 2025

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 2025		
Variable-Rate Instruments	**0.17**	**0.17**
Cash Flow Sensitivity (net)	**0.17**	**0.17**
31st March 2024		
Variable-Rate Instruments	0.16	0.16
Cash Flow Sensitivity (net)	0.16	0.16

(C) Valuation techniques and significant unobservable inputs

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between
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.	– 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, 2025 and 31st March, 2024 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, 2025

41. Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 are provided as under for the year 2024-25 and 2023-24, to the extent the Group has received intimation from the "Suppliers" regarding their status under the Act.

₹ in Crores

	As at 31st March, 2025	As at 31st March, 2024
(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)................	**—**	—
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) 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.

Particulars	**Year ended 31st March, 2025**	Year ended 31st March, 2024
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 2024-2025 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.

Notes to the Consolidated Financial Statements
for the year ended 31st March, 2025

42. Impairment of Goodwill (Refer with Note 5A) (contd.)

(b) Kansai Nerolac Paints (Bangladesh) Limited, Bangladesh

During the year, the Holding Company has made provision for impairment of Goodwill and other assets after taking in to account past performance, current changes in economic and market conditions i.e. Kansai Nerolac Paints (Bangladesh) Limited ₹ 22.69 Crores.

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, 2025

Name of the entity in the Group	As at 31 March, 2025		For the year ended 31 March, 2025		For the year ended 31 March, 2025		For the year ended 31 March, 2025	
	Net assets*		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	₹ in Crore	As % of consolidated profit or loss	₹ in Crore	As % of consolidated other comprehensive income	₹ in Crore	As % of consolidated total comprehensive income	₹ in Crore
Holding Company								
Kansai Nerolac Paints Limited...	**99.40%**	**6,366.23**	**92.06%**	**1,021.24**	**(139.52%)**	**(3.46)**	**91.54%**	**1,017.78**
Subsidiaries (Group's share)..								
Indian								
Nerofix Private Limited	**(0.09%)**	**(6.04)**	**(1.38%)**	**(15.26)**	**(1.61%)**	**(0.04)**	**(1.38%)**	**(15.30)**
Foreign								
KNP Japan Private Limited	**1.02%**	**65.49**	**0.54%**	**5.97**	**—**	**—**	**0.54%**	**5.97**
Kansai Paints Lanka Private Limited	**(0.10%)**	**(6.44)**	**(1.79%)**	**(19.90)**	**(2.02%)**	**(0.05)**	**(1.79%)**	**(19.94)**
Kansai Nerolac Paints (Bangladesh) Limited (formerly known as RAK Paints Limited)	**(1.03%)**	**(66.16)**	**(2.79%)**	**(30.95)**	**17.34%**	**0.43**	**(2.75%)**	**(30.52)**
Total Eliminations/ Adjustments..........................	**0.80%**	**51.38**	**13.36%**	**148.23**	**—**	**—**	**13.33%**	**148.23**
Exchange differences on translation of foreign operations.............................	**—**	**—**	**—**	**—**	**225.81%**	**5.60**	**0.50%**	**5.60**
Total	**100.00%**	**6,404.46**	**100.00%**	**1,109.33**	**100.00%**	**2.48**	**100.00%**	**1,111.81**

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

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, 2024

Name of the entity in the Group	As at 31 March, 2024		For the year ended 31 March, 2024		For the year ended 31 March, 2024		For the year ended 31 March, 2024	
	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	100.97%	5,653.12	100.60%	1,182.87	98.69%	(3.77)	100.60%	1,179.10
Subsidiaries (Group's share)								
Indian								
Nerofix Private Limited	0.17%	9.27	(0.23%)	(2.74)	(5.50%)	0.21	(0.22%)	(2.53)
Foreign								
KNP Japan Private Limited	1.13%	63.17	0.47%	5.49	—	—	0.47%	5.48
Kansai Paints Lanka Private Limited	0.24%	13.66	(0.61%)	(7.21)	0.26%	(0.01)	(0.62%)	(7.22)
Kansai Nerolac Paints (Bangladesh) Limited (formerly known as RAK Paints Limited)	(0.73%)	(41.01)	(1.60%)	(18.77)	36.91%	(1.41)	(1.72%)	(20.19)
Total Eliminations/ Adjustments..........................	(1.78%)	(99.61)	1.38%	16.22	—	—	1.39%	16.24
Exchange differences on translation of foreign operations	—	—	—	—	(30.37%)	1.16	0.10%	1.16
Total	100.00%	5,598.60	100.00%	1,175.86	100.00%	(3.82)	100.00%	1,172.04

** Net assets = total assets minus total liabilities*

44. Share based payments

The Holding company has granted share based incentives (Restricted Stock Units ("RSU")) to certain eligible employees during the year ended 31st March 2025 and 31st March 2024, 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 is conditional upon certain performance measures determined by NRC. The performance is measured over vesting period of the options granted which ranges from 3 to 5 years. The performance measures under this scheme include growth in sales and earnings. The options granted under this scheme is exercisable by employees till four years from date of its vesting. The Holding company has granted options at an exercise price of Re. 1/-. Option granted will vest equally each year starting from 3 years from date of grant up to 5 years from date of grant.

₹ in Crores

	Year Ended 31st March, 2025	Year Ended 31st March, 2024
Options outstanding at the beginning of the year...	**18,22,737**	11,80,615
Impact of Bonus shares on the Opening shares	**—**	5,87,590
Granted during the year..	**3,03,480**	1,36,012
Forfeited/Expired during the year	**2,75,642**	81,480
Exercised during the year...	**1,11,099**	—
Outstanding at the end of the year	**17,39,476**	18,22,737
Options exercisable at the end of the year	**70,190**	60,784

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

44. Share based payments (contd.)

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, 2025.

	Estimate	
Assumption factor (Black Scholes model)	**2024-2025**	2023-2024
Risk free rate	**6.87% - 7.23%**	6.87% - 7.23%
Expected life of option	**3-5 years**	3-5 years
Expected volatility	**29.97% - 37.80%**	29.97% - 37.80%
Fair Value per RSUs	**278.31 - 431.74**	278.31-431.74

	Estimate	
Assumption factor (Monte Carlo Simulation model)	**2024-2025**	2023-2024
Risk free rate	**6.76% - 7.15%**	6.76% - 7.15%
Expected life of option	**3.25 - 2.08 years**	3.25 - 2.08 years
Expected volatility	**28.07% - 34.2%**	28.07% - 34.2%
Fair Value per RSUs	**165.88 - 281.84**	165.88 - 281.84

Based on the performance of the Company for FY 2024-25, management re-estimate provision in the books of accounts for Performance based RSUs, resulting into reversal of provision amounting to ₹ 10.75 Crores during the year.

45. 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 been no transaction with struck off company during current and previous year.

(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

46. Audit Trail

The Holding Company and its Subsidiary which are companies incorporated in India, have used three accounting softwares for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software, except that in case of SAP application, audit trail feature is not enabled by the Holding Company for certain changes made, if any, using privileged/ administrative access rights at application level during the year and audit trail feature was not enabled at the database level upto December 31, 2024. In case of subsidiary company, audit trail feature is not enabled at the database level insofar as it relates to Focus accounting software. Further no instance of audit trail feature being tampered with was noted in respect of the softwares to the extent it was enabled. Additionally, the audit trail of prior year(s) has been preserved by the Holding Company and its Subsidiary which are companies incorporated in India, as per the statutory requirements for record retention to the extent it was enabled and recorded in the respective years.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2025

47. During the year, the Holding Company has reassessed presentation of outstanding employee salaries and wages, which were previously presented under 'Trade Payables' within 'Current Financial Liabilities'. In line with the recent opinion issued by the Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India (ICAI) on the "Classification and Presentation of Accrued Wages and Salaries to Employees", the Holding Company has concluded that presenting such amounts under 'Other Financial Liabilities', within 'Current Financial Liabilities', results in improved presentation and better reflects the nature of these obligations. Accordingly, amounts aggregating to ₹ 44.04 Crores as at March 31, 2025 (₹ 43.85 Crores as at March 31, 2024), previously classified under 'Trade Payables', have been reclassified under the head 'Other Financial Liabilities'. Both line items form part of the main heading 'Financial Liabilities.

The above changes do not impact recognition and measurement of items in the financial statements, and, consequentially, there is no impact on total equity and profit for the current or any of the earlier periods. Nor there is any material impact on presentation of cash flow statement. Considering the nature of changes, the management believes that they do not have any material impact on the balance sheet at the beginning of the comparative period and, therefore, there is no need for separate presentation of third balance sheet.

48. Exceptional Items

Exceptional Items	**Year ended 31st March, 2025**	Year ended 31st March, 2024
Profit on Sale of Investment Property at Lower Parel, Mumbai (Refer Note 5C)	**665.44**	—
Profit on Sale of Investment Property at Kavesar, Thane (Refer Note 5C)	**—**	661.25
Provision for impairment of Goodwill and other assets after taking in to account past performance, current changes in economic and market conditions:		
- Kansai Paints Lanka (Private) Limited	**(13.24)**	—
- Kansai Nerolac Paints (Bangladesh) Limited	**(22.69)**	—
Total	**629.51**	661.25

49. 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, 6th May, 2025

For and on behalf of the Board of Directors of **Kansai Nerolac Paints Limited**

Bhaskar Bhat
Chairman
DIN: 00148778

Pravin D. Chaudhari
Managing Director
DIN: 02171823

Sonia Singh
Director
DIN: 07108778

Hirokazu Kotera
Wholetime Director
DIN: 10707431

Uday S. Bhansali
Director
DIN: 00363902

P. D. Pai
CFO

G. T. Govindarajan
Company Secretary
ACS No. 8887

Mumbai, 6th May, 2025

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 (₹)
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	0.00	67.72	—	176.10	363.51 &	164.37	3.05 ^^	6.65 &	—	46.44
2016-2017	4097.29	2342.95	198.12	727.31	0.00	69.49	—	253.48	505.94	161.67 €	3.00 €	9.39	—	52.06
2017-2018	4658.99	2774.07	226.56	796.17	0.00	75.79	—	270.00	516.40	140.11 €	2.60 €	9.58	—	57.99
2018-2019	5235.50	3302.53	255.38	873.71	0.00	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	0.00	163.93	486.43	145.51 €	2.70 €	6.02	6.02	85.00
2023-2024	7486.41	4769.73	401.76	1198.93	12.46	179.96	642.25	382.95	1182.87	303.15 €	3.75 *€	14.63	14.62	69.93
2024-2025	**7638.77**	**4852.61**	**447.18**	**1222.79**	**15.09**	**193.68**	**479.19**	**365.37**	**1021.24**	**303.15 €**	**3.75 *€**	**12.63**	**12.62**	**78.75**

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 ₹ 10 each to 10 (ten) equity shares of ₹ 1 each.

~ Consequent to the subdivision of Equity Share.

^^ Includes Special Dividend of ₹ 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
Includes Special Dividend of ₹ 1.25 per share for FY 2023-2024
Includes Special Dividend of ₹ 1.25 per share for FY 2024-2025

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

NOTES

KANSAI NEROLAC PAINTS LIMITED

A SUBSIDIARY OF KANSAI PAINT CO., LTD., JAPAN

28TH FLOOR, A-WING, MARATHON FUTUREX, N. M. JOSHI MARG, LOWER PAREL, MUMBAI 400 013.

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