

Independent Auditor's Certificate on the proposed accounting treatment contained in the Scheme of Amalgamation

To,
The Board of Directors
Kansai Nerolac Paints Limited
Nerolac House,
Ganpatrao Kadam Marg,
Lower Parel,
Mumbai - 400013.

1. This Certificate is issued in accordance with the terms of the Master Engagement Agreement (the "MEA") dated June 29, 2019 and the Service scope letter (the "SSL") dated December 06, 2019 with Kansai Nerolac Paints Limited (hereinafter referred to as "the Company" or the "Transferee Company").
2. At the request of the management of the Company, we have examined the proposed accounting treatment specified in clause 14 of the Scheme of Amalgamation of Marpol Private Limited and Perma Construction Aids Private Limited (hereinafter referred to as the "Transferor Companies") with the Company and their respective shareholders (hereinafter referred to as "the Scheme") in terms of the provisions of section 234 read with sections 230 to 232 and other applicable provisions of the Companies Act, 2013 with reference to its compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued thereunder and the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (hereinafter referred to as "the Act") and the the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

Managements' Responsibility

3. The responsibility for the preparation of the Scheme and its compliance with the relevant laws and regulations, including the applicable Accounting Standards as aforesaid, is that of the Board of Directors of the Companies involved in the Scheme. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Auditor's Responsibility

4. Pursuant to the requirements of the Act, our responsibility is to express reasonable assurance in the form of an opinion based on our examination and according to information and explanations given to us as to whether the proposed accounting treatment contained in Clause 14 of the Scheme is in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued thereunder and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).
5. We performed procedures in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.



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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. A reasonable assurance engagement includes performing procedures to obtain sufficient appropriate evidence on the reporting criteria. Accordingly, we have performed the following procedures in relation to the Certificate:
 - i. Obtained the Scheme as provided by the Company.
 - ii. Read the proposed accounting treatment specified in clause 14 of the scheme.
 - iii. Validated the proposed accounting treatment as specified in Clause 14 of the Scheme with accounting treatment as prescribed under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

Our examination did not extend to any aspects of a legal or propriety nature covered in the Scheme. Further, our scope of work did not involve us performing any audit tests in the context of our examination. We have not performed an audit, the objective of which would be to express an opinion on the specified elements, accounts or items thereof, for the purpose of this Certificate. Accordingly, we do not express such opinion. Nothing contained in this Certificate, nor anything said or done during, or in connection with the services that are subject to this Certificate, will extend any duty of care that we may have in our capacity as the statutory auditors of any financial statements of the Company.

Opinion

8. Based on the procedures performed by us as described in paragraph 7 above and according to the information and explanations given to us, in our opinion, the proposed accounting treatment specified in clause 14 of the Scheme, as such, is in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued thereunder and Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

Other matters

9. For ease of reference, clause 14 of the Scheme, duly authenticated on behalf of the Company, is reproduced in Annexure 1 to this Certificate and is initialled by us only for the purpose of identification.



SRBC & CO LLP

Chartered Accountants

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Restriction on Use

10. The certificate is addressed to and provided to the Board of Directors of the Company solely for the purpose to comply with the requirements of the circulars issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for onward submission to Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited and National Company Law Tribunal. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without intimating to us.

For SRBC & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003



per Anil Jobanputra
Partner
Membership Number: 110759

UDIN: 19110759AAAAGS4319

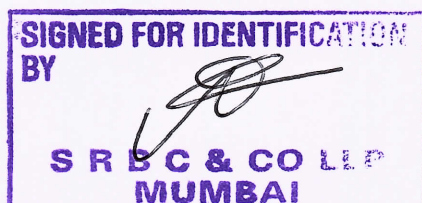
Place of Signature: Mumbai
Date: 12 December 2019

Annexure 1

Relevant Extract of the Scheme of Amalgamation of Marpol Private Limited ('Marpol') and Perma Construction Aids Private Limited ('Perma') (both together known as "Transferor Companies") into Kansai Nerolac Paints Limited ("Transferee Company") in terms of the provisions of Sections 230 to 232 of the Companies Act, 2013.

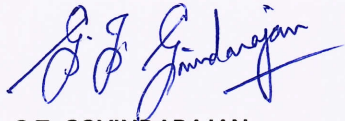
14. ACCOUNTING TREATMENT

- 14.1 Upon the Scheme becoming effective, the Transferee Company shall account for the amalgamation of the Transferor Companies in its books of accounts as under:
- 14.1.1 The Transferee Company shall, record all the assets and liabilities of the Transferor Companies vested in it pursuant to this Scheme, in accordance with the treatment provided for 'Pooling of Interest Method' as prescribed in the Indian Accounting Standard (IND AS) 103 (Appendix C) : 'Accounting for Business Combinations under common control' and other applicable IND – AS prescribed under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standard) Rules, 2015 (as amended). In this case, since the Transferor Companies are wholly owned subsidiaries which are getting merged with the Transferee Company nothing has changed and the transaction only means that all the assets, liabilities and reserves of wholly owned subsidiaries which were appearing in the consolidated financial statements of Group immediately before the merger would now be a part of the separate financial statements of the Company. Accordingly, the value of all the assets, liabilities and reserves pertaining to the Transferor Companies as appearing in the consolidated financial statements of the Company would be recognised in the standalone financial statements of the Transferee Company.
- 14.1.2 The balance of the retained earnings appearing in the financial statements of the Transferor Companies determined as per Ind AS, shall be aggregated with the corresponding balance of the retained earnings appearing in the financial statements of the Transferee Company. The identity of the reserves standing in the books of the Transferor Companies determined as per Ind AS shall be preserved and shall appear in the financial statements of the Transferee Company in the same form and at the same values at which they appeared in the financial statements of the Transferor Companies.
- 14.1.3 Upon the Scheme becoming operative, comparative financial information in the financial statements of the Transferee Company shall be restated. Comparative financial information of Transferor Companies shall be incorporated in the financial statements of the Transferee Company from the date from which the Transferor Companies were under common control i.e. April 7, 2018 in case of Marpol and April 10, 2019 in case of Perma.
- 14.1.4 Upon the Scheme becoming operative, the difference, if any, between the carrying amount in the books of the Transferee Company of its investments in the equity share capital of the Transferor Companies which shall stand cancelled consequent to the Scheme and the aggregate face value of such equity share capital shall, subject to the other provisions contained herein, be adjusted to the capital reserves of the Transferee Company.
- 14.1.5 Inter-company balances, if any, will stand cancelled.
- 14.1.6 All transactions entered between the Transferor Companies and the Transferee Company shall stand cancelled.
- 14.1.7 In case of any differences in accounting policy between the Transferor Companies and the Transferee Company, the accounting policies followed by the Transferee Company will prevail and the difference, if any, will be quantified and adjusted in the Capital Reserve Account to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policy.



- 14.1.8 All costs and expenses incurred in connection with the Scheme and to put it into operation and any other expenses or charges attributable to the implementation of the Scheme shall be debited to the Statement of Profit and Loss of the Transferee Company.

For KANSAI NEROLAC PAINTS LIMITED



G.T. GOVINDARAJAN
COMPANY SECRETARY

Place: Mumbai

Date: 12 December 2019

