

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,
BENCH AT MUMBAI

C.A. (CAA)/ /MB/2019

In the matter of the Companies Act, 2013;

And

In the matter of Sections 230 to 232 and
other applicable provisions of the
Companies Act, 2013 and rules made
thereunder;

And

In the matter of Scheme of Merger by
Absorption of MARPOL PRIVATE
LIMITED, PERMA CONSTRUCTION
AIDS PRIVATE LIMITED With KANSAI
NEROLAC PAINTS LIMITED.

In the Matter of

KANSAI NEROLAC PAINTS LIMITED,)

a company incorporated)

under the Indian Companies Act, 1913)

having its registered office at Nerolac House,)

G K Marg, Lower Parel Mumbai-400013.)

CIN: L24202MH1920PLC000825) ... **Transferee Company/
Applicant Company**



INDEX

Sr. No.	Particulars	Page No.
1.	Synopsis	A-C
2.	Notice of Admission	1-3
3.	Application to the Tribunal	4-29
4.	<u>Annexure – “A”</u> Certified true copy of Memorandum and Articles of Association	30-112
5.	<u>Annexures – “B-1”</u> Annual Report of the Applicant as on 31 st March, 2019	113-340
6.	<u>Annexures – “B-2”</u> Unaudited financial statements along with Limited Review Report for the period ended 30 th September, 2019 of the Applicant Company	341-353
7.	<u>Annexure – “C”</u> Certified true copy of the Board Resolution dated 29 th July 2019 passed by the Board of Directors of the Applicant Company approving the Scheme of Amalgamation	354
8.	<u>Annexure – “D”</u> The Auditor’s certificate dated 12th December, 2019 issued by S R B C & CO LLP, Chartered Accountants	355-360
9.	<u>Annexure “E”</u> Certified copy of the Scheme of Amalgamation approved by the Board of Directors of the Applicant Company	361-397

10.	<u>Annexure – “F”</u> List of Unsecured Creditors of Applicant Company certified by a Chartered Accountant confirming the said list of Unsecured creditors	398-438
11.	<u>Annexure-“G”</u> Shareholding Pattern of the equity shareholders of the Applicant Company as on 30 th September, 2019 certified by a Chartered Accountant	439-445
12.	<u>Annexure – “H”</u> Affidavit of Mr. G.T. Govindarajan, Company Secretary of the Applicant Company, verifying the application	446-448
13.	Vakalatnama	449-450

A

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,

BENCH AT MUMBAI

C.A.(CAA)/ /MB/2019

In the matter of the Companies Act, 2013;

And

In the matter of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and rules made thereunder;

And

In the matter of Scheme of Merger by Absorption of MARPOL PRIVATE LIMITED, PERMA CONSTRUCTION AIDS PRIVATE LIMITED (“the Transferor Companies”) With KANSAI NEROLAC PAINTS LIMITED (“the Transferee Company”)

KANSAI NEROLAC PAINTS LIMITED ... Applicant Company/
Transferee Company

SYNOPSIS, DATES AND EVENTS

I. SYNOPSIS:

1. Kansai Nerolac Paints Limited (hereinafter referred to as the “Applicant Company” or “Transferee Company” or “Nerolac”), has taken out the present Company Scheme Application under Sections 230-232 of the Companies Act, 2013 (hereinafter referred to as “Act”) seeking directions from this Hon’ble Tribunal for the holding and convening meetings of its equity shareholders and for dispensing with the convening and holding of the meetings of its Secured and Unsecured Creditors to seek their approval to the Scheme of Amalgamation between Marpol Private Limited (“Transferor

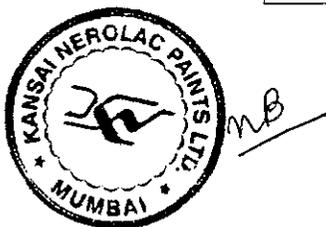


Company No. 1”), Perma Construction Aids Private Limited (“Transferor Company No.2”) and the Applicant Company and their respective shareholders and creditors (hereinafter referred to as the “Scheme of Amalgamation”), be dispensed with in view of the fact that as on 30th September 2019, the Applicant Company does not have any Secured Creditors and the Applicant Company has 1743 (one thousand seven hundred and forty three) Unsecured Creditors, and the Applicant Company undertakes to issue notice under Section 230(3) of the Act to all its Unsecured Creditors with a direction that they may submit their representations to this Hon’ble Tribunal, if any, within a period of 30 (thirty) days from the date of receipt of such notice, with a copy of the representation simultaneously served upon the Applicant Company.

2. The proposed Scheme provides for merger by absorption of the Transferor Companies with the Transferee Company, followed by the dissolution without winding up of the Transferor Companies and various other matters consequential to or otherwise integrally connected with the above pursuant to Sections 230-232 and other relevant provisions of the Act and Rules thereunder, in the manner provided for in the Scheme.

II. DATES AND EVENTS:

Sr. No.	Date	Particulars/Events
1.	29 th July 2019, 25 th July 2019 and 26 th July 2019	The Board of Directors of the Applicant Company and the other companies involved in the Scheme by their separate resolutions passed at their respective meetings have approved the Scheme of Amalgamation.
2.	December 2019	Respective Company Scheme Application filed by the Transferor Company and the Transferee



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		Company in the National Company Law Tribunal, Mumbai Bench and in the National Company Law Tribunal, Ahmedabad, Bench .
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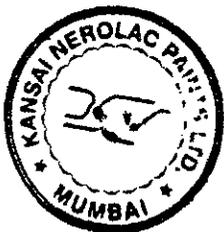
Dated this 17th day of December 2019

For Kanga & Company

B. Vaidya

Partner

Advocates for the Applicant Company



FORM NO. NCLT – 2
NOTICE OF ADMISSION
BEFORE THE NATIONAL COMPANY LAW TRIBUNAL
MUMBAI BENCH

C.A.(CAA)/ /MB/2019

In the matter of the Companies Act, 2013

And

In the matter of the Section 230 to 232
and other applicable provisions of the
Companies Act, 2013 and rules made
thereunder;

And

In the matter of Scheme of Merger by
Absorption of Marpol Private Limited,
Perma Construction Private Limited
("the Transferor Companies") with
Kansai Nerolac Paints Limited ("the
Transferee Company").

Date: 17th December 2019

From: Kansai Nerolac Paints Limited

To: The Registrar,
NCLT (Mumbai Bench)

KANSAI NEROLAC PAINTS LIMITED,)
a company incorporated under the Indian)
Companies Act, 1913 having its registered)
office at Nerolac House, Ganpatrao Kadam)
Marg, Lower Parel, Mumbai-400013.)
CIN: L24202MH1920PLC000825)

....Applicant

Company/Transferee Company



The Party named above requests that the Tribunal grant the following reliefs:

- a) The meeting of the Equity Shareholders of the Applicant Company be called and necessary directions may be given for the convening, holding and conducting of the said meeting.
- b) The meeting of the Secured Creditors of the Applicant Company be dispensed with.
- c) The meeting of the Unsecured Creditors of the Applicant Company be dispensed with
- d) Direction for issue of notice to the authorities as required under the provisions of Section 230(5) of the Companies Act 2013 be passed.
- e) For such further and other reliefs as this Hon'ble Tribunal may deem fit in the circumstances in this case.

In terms of Sections 230 to 232 and other applicable sections of the Companies Act, 2013 read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.

For the following reasons:

1. As far as the Equity Shareholders of the Applicant Company are concerned, it is prayed that a meeting of the Equity Shareholders of the Applicant Company be called to consider, and, if thought fit, to approve the Scheme of Amalgamation between Marpol Private Limited, Perma Construction Aids Private Limited and the Applicant Company, with or without modification and the necessary directions may be given for convening, holding and conducting of the said meeting.



2. As on 30th September 2019, the Applicant Company does not have any Secured Creditors and therefore, the question of convening and holding the meeting of the Secured Creditors of the Applicant Company does not arise.
3. The Applicant Company states that it has 1743 (one thousand seven hundred and forty three) Unsecured Creditors. and the Applicant Company undertakes to issue notice under Section 230(3) of the Act to all Unsecured Creditors with a direction that they may submit their representations to this Hon'ble Tribunal, if any, within a period of 30 (thirty) days from the date of receipt of such notice, with a copy of the representation simultaneously served upon the Applicant Company. In view of the undertaking given by the Applicant Company to give notices, the convening and holding of the meeting of the Unsecured Creditors of the Applicant Company be dispensed with.

In support of this Notice of Admission, the Applicant has attached the Company Scheme Application setting out the facts on which the Applicants rely.

Name and Title of person signing on behalf of the Applicant Company:

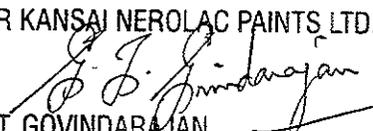
Mr. G.T. Govindarajan

Company Secretary of Kansai Nerolac Paints Limited

Address: Nerolac House, Ganpatrao Kadam Marg, Lower Parel, Mumbai-400013.

Tel No: 9892520101/ 022-24992585

E-mail: gtgovindarajan@nerolac.com

FOR KANSAI NEROLAC PAINTS LTD.

 G. T. GOVINDARAJAN
 COMPANY SECRETARY



This form is prescribed under Rule 34 under NCLT Rules, 2016.

Identified by

B. Vaidya
 Partner
 Kanga & Co.
 Advocate for the Applicant



4

FORM NO. NCLT - 1

(Regulation 34)

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,

BENCH AT MUMBAI

C.A.(CAA)/ /MB/2019

In the matter of the Companies Act, 2013;

And

In the matter of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and rules made thereunder;

And

In the matter of Scheme of Merger by Absorption of MARPOL PRIVATE LIMITED, PERMA CONSTRUCTION AIDS PRIVATE LIMITED ("the Transferor Companies") With KANSAI NEROLAC PAINTS LIMITED ("the Transferee Company").

KANSAI NEROLAC PAINTS LIMITED,)
 a company incorporated under the Indian)
 Companies Act, 1913 having its registered)
 office at Nerolac House, Ganpatrao Kadam)
 Marg, Lower Parel Mumbai-400013.)
 CIN: L24202MH1920PLC000825) ... Applicant Company



A handwritten signature in black ink, appearing to be "S. K. ...".



I. Jurisdiction of the Bench:

The Applicant Company declares that the subject matter of the Application is within the jurisdiction of the National Company Law Tribunal, Mumbai Bench as the Registered Office of the Applicant Company is situated in Mumbai, within the State of Maharashtra.

II. Limitation:

The Applicant Company hereby submits that there is no limitation period prescribed under the National Company Law Tribunal Rules, 2016 for filing this Application under Section 230 to 232 of the Companies Act, 2013 ("the Act") read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 ("Rules").

III. Facts of the case which are given below:

1. The Scheme of Amalgamation provides for the Merger by Absorption of Marpol Private Limited ("Transferor Company No.1") and Perma Constructions Aids Private Limited ("Transferor Company No.2") with the Applicant Company ("Transferee Company") on a going concern basis ("Scheme of Amalgamation").
2. The Applicant Company is filing the present Application seeking the directions of the Hon'ble Bench for dispensation of holding and convening of the meeting of the Secured Creditors and Unsecured Creditors and for convening and holding of the meeting of the Equity Shareholders of the Applicant Company to obtain their approval to the Scheme of Amalgamation.
3. Details of Applicant Company, Transferor Company No.1 and Transferor Company No. 2:

- A. Kansai Nerolac Paints Limited ("Applicant Company", "Nerolac" or "the Transferee Company")



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- a. The Applicant Company is a listed public company and was incorporated on 2nd September 1920 under the Indian Companies Act, 1913 under the name of The Gahagan Paint & Varnish Company Limited, thereafter on 18th April 1933 its name was changed to Goodlass Wall (India) Private Limited and a Certificate of change of name was issued by the Registrar of Companies, Bombay. Thereafter on 9th February 1946 its name was once again changed to Goodlass Wall Private Limited and a Certificate of change of name was issued by the Registrar of Companies, Bombay. Thereafter on 12th February 1958, its name was once again changed to Goodlass Nerolac Paints Limited and a Certificate of change of name was issued by the Registrar of Companies, Bombay. Thereafter on 11th July 2006 its name was changed to its present name and a fresh Certificate of Incorporation was issued by the Registrar of Companies, Maharashtra, Mumbai consequent upon change of name.
- b. The Applicant Company has its registered office situated at Nerolac House, Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400013, Maharashtra.
- c. The details of share capital of the Applicant Company as on 30th September 2019 are as follows: -

Share Capital	Amount(Rs.)
Authorised share capital	
60,00,00,000 Equity Shares of Re.1 each	60,00,00,000
Total	60,00,00,000
Issued Share Capital	
53,89,19,720 Equity Shares of Re.1 each	53,89,19,720
Total	53,89,19,720



7

7

- d. Subsequent to September 30, 2019, there has been no change in the authorised, issued, subscribed and paid-up share capital of the Applicant Company.
- e. The equity shares of the Applicant Company are listed on the BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") ("together referred to as "Stock Exchanges").
- f. The Applicant Company is principally engaged in the manufacturing of paints. A few of the objects of the Applicant Company as set out in the Main objects of the Memorandum of Association, inter alia, are given below:
- (a) To acquire and take over as a going concern the business now carried on at Naigaum, Mumbai, under the style or firm of American Paint & Varinsh Co., and all or any of the assets and liabilities of the proprietor of that business in connection therewith and with a view thereto to enter into an Agreement with A.T. Mirza in the terms of the draft a copy whereof has for the purpose of identification been subscribed by F.E. Dinshaw, an Attorney of the Bombay High Court, and to carry the same into effect with or without modification.
- (b) To manufacture white lead, red lead, litharge, orange mineral, linseed oil and to purchase and sell the same, to manufacture, buy and sell paints, varnishes, oils, colours, enamels, mortar and cement, stains and coatings, water-proof coatings and compound, dyes, glue, putty, chemicals for making colour, paint brushes and other supplies for painters.



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(c) To buy, sell, import, export, manipulate, prepare for market and deal in merchandise of all kinds and generally to carry on business as merchants, importers and exporters.

(cl) To carry on the business of manufacturing and selling of pigments, Pigment Emulsions, Dispersions, Binder Materials, Thickeners, Chemicals, Dyes and Manures.

A certified true copy of the Memorandum and Articles of Association of the Applicant Company is annexed to this application as **Annexure - A**.

- g. The annual report of the Applicant Company as on March 31, 2019 and unaudited financial statement as on September 30, 2019 show the position of the assets and liabilities of the Applicant Company. A certified copy of the annual report as of March 31, 2019 and unaudited financial results as of September 30, 2019 along with the Limited Review Report of the Applicant Company are annexed herewith and marked as **Annexures - B-1 and B-2**.

B. Marpol Private Limited ("Marpol" or "Transferor Company No.1")

- a. Marpol is a private limited Company and is a Wholly Owned Subsidiary of Kansai Nerolac Paints Limited, the Transferee Company. Marpol was incorporated on 5th April 1983 under the name of Marpol Chemicals Private Limited and registered with the Registrar of Companies Goa, Daman & Diu, Panaji. Thereafter on 6th November 2001 its name was changed to its present name and a fresh Certificate of Incorporation was issued by the Registrar of Companies Goa, Daman & Diu Panaji consequent upon change of name.



- b. Marpol has its registered office at Panandiker Chambers, 1st Floor, M.L. Furtado Road, Margao, Goa - 403601.
- c. The details of share capital of Marpol as on 30th September 2019 are as follows:

Share Capital	Amount(Rs.)
Authorised share capital	
50,00,000 Equity Shares of Rs.10each	5,00,00,000
Total	5,00,00,000
Issued, Subscribed and fully paid up Share Capital	
29,95,200 Equity Shares of Rs.10 each	2,99,52,000
Total	2,99,52,000

- d. Subsequent to September 30, 2019, there has been no change in the authorised, issued, subscribed and paid-up share capital of Marpol.
- e. The shares of Marpol are not listed on any stock exchanges in India.
- f. Marpol is principally engaged in manufacture of powder coatings. The main objects of Marpol as set out in the Main objects of the Memorandum of Association of Marpol, inter alia, are given below:

1. To manufacture, mix, buy, sell, refine, prepare, import, export and carry on the business in Alkyd Resins, Acrylic Resins, Polyester Resins, Polyurethane, Silicone, Fluoropolymer, Polycarbonate, Isocyanate Alkyds, Power coating Paints, Epoxies, Acrylics, epoxy Polyester Paints, electrophoretic paints, highsolid coating, water bourne coatings, water




reductible coatings and non-aqueous dispersions.

2. To buy, manufacture, mix, self refine, prepare, import, export and to carry on any business in minerals, methylated and rectified spirits, dry or other colours, raw materials, pigments, dyes, paints, synthetic paints and thinners, coloured or other cements, varnishes, synthetic resins, enamels, lacquers, distempers, disinfectants, oil, wood preservative, fruit or vegetable or other preservatives, printings and marking inks, polishes, crayons, powers, electroplating, abrasive and its chemicals, she dressing, greases, vasilines, creams, glue, gelatin, and other glue preparations.
3. To refine, sell, mix, prepare for market, import, export and manufacture, prepare and extract, all kinds of turpentine including Canada turpentine from fine larchfir, pistachio and other trees and to prepare various oils, chemicals, drugs and different other products from the same.
4. To manufacture, produce, refine, process, formulate, buy, sell, export, import or otherwise deal in all types of heavy and light chemical elements and compounds, including without limiting the generality of the foregoing, laboratory, and scientific chemicals. If any nature used or capable of being used in the paint industry, agricultural chemicals, fertilisers, petro-chemicals, industrial chemicals or any mixtures, derivatives and compounds thereof and its deal in all types of chemicals, pharmaceuticals and biological preparations, drugs, vaccines, injections, acids, alcohols, wine



or wine syrups, cordials, mineral waters, liquors, soaps, restorative tonics, antiseptic, antiseptic cotton and dressing and other allied products any by-products thereof.

5. To carry on the business as manufacturers and dealers in pharmaceutical, medical, chemical, industrial and other preparative and articles, compounds, oils, paints, pigments and varnishes, drugs, dyeware and dealers in proprietary articles of all kinds of electrical, chemicals, photographic, surgical and scientific apparatus and materials. A certified true copy of the Memorandum and Articles of Association of Marpol is annexed as **Annexure – [A]** to the Company Scheme Application filed by Marpol.

- g. The annual report of Marpol as on March 31, 2019 and unaudited financial statement as on September 30, 2019 show the position of the assets and liabilities of Marpol. A certified copy of the annual report as of March 31, 2019 and unaudited financial results as of September 30, 2019 of Marpol are annexed as **Annexures – [B-1] & [B-2]** to the Company Scheme Application filed by Marpol.

C. Perma Construction Aids Private Limited (“Perma” or “Transferor Company No.2”)

- a. Perma was incorporated on 11th April 1997 and registered with the Registrar of Companies, Gujarat, Dadra and Nagar Haveli as a Private Company and is a Wholly Owned Subsidiary of the Transferee Company.
- b. Perma has its registered office situated at Unit-II Plot No.3102, GIDC Sarigam, Dist. Valsad Gujarat-



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- c. The details of share capital of Perma as on 30th September 2019 are as follows:

Share Capital	Amount (Rs.)
Authorised share capital	
15,00,000 Equity Shares of Rs.10 each	1,50,00,000
Total	1,50,00,000
Issued, Subscribed and Fully Paid-Up Share Capital	
9,90,000 Equity Shares of Rs. 10each	99,00,000
Total	99,00,000

- d. Subsequent to September 30, 2019, there has been no change in the authorised, issued, subscribed and paid-up share capital of Perma.
- e. The shares of Perma are not listed on any stock exchanges in India.
- f. Perma is principally engaged in the business of construction chemicals-. The main objects of Perma as set out in the Main objects of the Memorandum of Association of Perma, *inter alia*, are given below:
1. To carry on the business of processing, converting, producing, manufacturing, formulating, using, buying, acquiring, storing, packing, selling, marketing, transporting, importing, exporting and disposing of chemicals including, integral water proofing compounds of concrete and mortar, crystalline based water proof coatings for concrete structures, elastomeric water proof coatings, plasticizers, non shrink grouts for machine foundation, repair, compounds based on acrylic



and styrene butadiene rubber, water repellent coatings, polymer tile fixing adhesives epoxy floor toppings and coatings, polyurethane toppings and coatings and ancillary chemicals and compounds, on our behalf and on behalf of others, contracting for jobs applying above items, construction chemicals and chemical products of any nature and kind whatsoever and all allied and auxiliary products, derivatives, formulations, processes, bye-products and joint-products, construction activity, resins for fibre glass industry bitumen emulsion.

A certified true copy of the Memorandum and Articles of Association of Perma is annexed as **Annexure – [A]** to the Company Scheme Application filed by Perma.

- g. The annual report of Perma as on March 31, 2019 and unaudited financial statement as on September 30, 2019 show the position of the assets and liabilities of Perma. A certified copy of the annual report as of March 31, 2019 and unaudited financial results as of September 30, 2019 of Perma are annexed as **Annexures – [B-1] & [B-2]** to the Company Scheme Application filed by Perma.

4. The Board of Directors of the Applicant Company and the other companies involved in the Scheme by their separate resolutions passed at their respective meetings held on 29th July 2019, 25th July 2019 and 26th July 2019 have approved the Scheme of Amalgamation. Thereafter, the BSE and NSE were informed about the Scheme of Amalgamation. The Scheme of Amalgamation along with the necessary documents as required under the relevant provision of law, will be submitted to the BSE and NSE. Certified true copy of the said Board Resolution passed by the Applicant



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Company approving the Scheme of Amalgamation is annexed herewith and marked as **Annexure – C**

5. The Auditor's Certificate has been issued by the Statutory Auditor of the Applicant Company as required under Section 232(3) of the Act, stating that the Accounting Treatment as provided for in the Scheme of Amalgamation is in conformity with the accounting standards prescribed under section 133 of Companies Act, 2013. The said certificate dated 12th December 2019 issued by S R B C & CO LLP, Chartered Accountants, the statutory auditors of the Applicant Company, is marked and annexed as **Annexure – D**.
6. The Applicant Company submits that the rationale for the Scheme of Amalgamation as considered by the Board while approving the said scheme is as under:

The merger will provide benefits of synergy, economies of scale, growth and expansion.

7. The salient features of the Scheme are as follows:

3. **VESTING OF ASSETS:**

- 3.1. With effect from the Appointed Date, the entire business and undertaking of Marpol and Perma including all their properties and assets (whether movable or immovable, tangible or intangible) of whatsoever nature, such as licenses, lease, tenancy rights, if any, and all other rights, title, interest, contracts, powers or benefits of every kind, nature and descriptions whatsoever shall, under the provisions of Sections 230 to 232 of the Act and pursuant to the orders of the NCLT sanctioning this Scheme and without further act, instrument or deed, but subject to the securities, mortgages, charges, encumbrances or liens, if any, existing as on the Effective Date be transferred and / or deemed to be transferred to and vested in Nerolac so as to become the properties and assets of Nerolac.



3.2. However, in respect of such of the assets of Marpol and Perma as are movable in nature or are otherwise capable of transfer by manual delivery, they shall be physically handed over by manual delivery or endorsement and delivery. The same may be so transferred by Marpol and Perma, without requiring any deed or instrument or conveyance for the same and shall become the property of Nerolac to the end and intent that the ownership and property therein passes to Nerolac on such handing over, which would take place on the Effective Date or thereafter on a date as may be decided by the Board of Directors of Nerolac.

4. TRANSFER OF LIABILITIES

4.1. With effect from the Appointed Date, all debts, liabilities, duties and obligations of Marpol and Perma as on the close of business on the date immediately preceding the Appointed Date, whether or not provided for in the books of Marpol and Perma and all other liabilities of Marpol and Perma which may arise or accrue on or after the Appointed Date upto the Effective Date, but which relate to the period on or upto the Appointed Date shall under the provisions of sections 230 to 232 of the Act and pursuant to the Orders of the NCLT sanctioning this Scheme and without any further act or deed, be transferred or deemed to be transferred to and vested in and be assumed by Nerolac, so as to become as from the Appointed Date, the debts, liabilities, duties and obligations of Nerolac on the same terms and conditions as were applicable to Marpol and Perma, Provided however that any charges, mortgages and/or encumbrances shall be confined only to the relative assets of Marpol and Perma or part thereof on or over which they are subsisting on transfer to and vesting of such assets in Nerolac and no such charges, mortgages, and/or encumbrances shall be enlarged or extend over or apply to any other asset(s) of Nerolac. Any reference in any security documents or arrangements (to which Marpol and



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Perma are parties) to any assets of Marpol and Perma shall be so construed to the end and intent that such security shall not extend, nor be deemed to extend, to any of the other asset(s) of Nerolac and Nerolac shall not be obliged to create any further or additional security.

- 4.2. For the removal of doubt, it is clarified that to the extent that there are deposits, obligations, balances or other outstanding's as between Marpol, Perma and Nerolac, the obligations in respect thereof shall come to an end and there shall be no liability in that behalf and corresponding effect shall be given in the books of account and records of Nerolac for the reduction of such assets or liabilities, as the case may be, and there would be no accrual of interest or any other charges in respect of such deposits or balances, with effect from the Appointed Date.

5. LEGAL PROCEEDINGS

- 5.1. If any suits, actions and proceedings of whatsoever nature (hereinafter referred to as the "Proceedings") by or against Marpol and Perma are pending on the Effective Date, the same shall not abate or be discontinued nor in any way be prejudicially affected by reason of the amalgamation of Marpol and Perma with Nerolac or anything contained in the Scheme, but the Proceedings may be continued and enforced by or against Nerolac as effectually and in the same manner and to the same extent as the same would or might have continued and enforced by or against Marpol and Perma, in the absence of the Scheme.

6. CONTRACTS AND DEEDS

- 6.1. All contracts, deeds, bonds, agreements, arrangements, incentives, licences, engagements, registrations and other instruments of whatsoever nature to which Marpol and Perma are parties or to the benefit of which Marpol and Perma may



be eligible, and which have not lapsed and are subsisting on the Effective Date, shall remain in full force and effect against or in favour of Nerolac, as the case may be, and may be enforced by or against Nerolac as fully and effectually as if, instead of Marpol and Perma, Nerolac had been a party or beneficiary thereto.

- 6.2. Nerolac shall, if and to the extent required by law, enter into and/or issue and/or execute deeds, writings or confirmations, to give formal effect to the provisions of this Clause and to the extent that Marpol and Perma are required prior to the Effective Date to join in such deeds, writings or confirmations, Nerolac shall be entitled to act for and on behalf of and in the name of Marpol and Perma.

7. SAVING OF CONCLUDED TRANSACTIONS

- 7.1. The transfer of the assets and liabilities of Marpol and Perma under Clauses 3 and 4 above, the continuance of Proceedings under Clause 5 above and the effectiveness of contracts and deeds under Clause 6 above, shall not affect any transaction or Proceedings already concluded by Marpol and Perma on or before the Effective Date, to the end and intent that Nerolac accepts and adopts all acts, deeds and things done and executed by Marpol and Perma in respect thereto, as if done and executed on its behalf.

8. EMPLOYEES

- 8.1. All the employees of Marpol and Perma in service on the Effective Date shall, on and from the Effective Date, become the employees of Nerolac without any break or interruptions in their service and upon the terms and conditions not less favourable than those on which they were engaged on the Effective Date.
- 8.2. With regard to provident fund and gratuity fund or any other special funds or schemes created or existing for the benefit of



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such employees (hereinafter referred to as the "said Funds") of Marpol and Perma, upon the Scheme becoming effective, Nerolac shall stand substituted for Marpol and Perma for all purposes whatsoever relating to the administration or operation of such schemes or funds in relation to the obligations to make contributions to the said Funds in accordance with the provisions of such schemes or funds in the respective Trust Deeds or other documents.

9. CONDUCT OF BUSINESS TILL EFFECTIVE DATE

With effect from the Appointed Date and upto and including the Effective Date:

- 9.1. Marpol and Perma shall be deemed to have been carrying on and shall carry on their respective business and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all of their respective assets for and on account of, and in trust for Nerolac and all profits or dividends or other rights accruing to Marpol and Perma and all taxes thereof, or losses arising or incurred by them, relating to such investments, shall, for all intent and purpose, be treated as the profits, dividends, taxes or losses, as the case maybe, of Nerolac.
- 9.2. Marpol and Perma shall carry on their respective business and activities with reasonable diligence, business prudence and shall not (without the prior written consent of Nerolac) alienate, charge, mortgage, encumber or otherwise deal with or dispose of their respective undertaking or any part thereof, except in the ordinary course of business.
- 9.3. All the profits or income, taxes (including advance tax and tax deducted at source) or any costs, charges, expenditure accruing to Marpol and Perma or expenditure or losses arising or incurred or suffered by Marpol and Perma shall for all purposes be treated and be deemed to be and accrue as the




profits, taxes, incomes, costs, charges, expenditure or losses of Nerolac, as the case may be.

- 9.4. Marpol and Perma shall not vary the terms and conditions of service of their respective employees except in the ordinary course of their business.
- 9.5. On and after the Appointed Date and until the Effective Date, Marpol and Perma shall not without the prior written consent of the Board of Directors of Nerolac:
- (i) except as contemplated under this Scheme, issue or allot any further securities, either by way of rights or bonus or otherwise; or
 - (ii) utilize, subject to Clause 10.1 below, the profits, if any, for any purpose including of declaring or paying any dividend.
- 9.6. It is clarified that all taxes payable by Marpol and Perma, relating to the transferred undertaking, from the Appointed Date onwards including all or any refunds and claims shall, for all purposes, be treated as the tax liabilities or refunds and claims of Nerolac.
- 9.7. This Scheme has been drawn up to comply with and fall within the definition and conditions relating to "Amalgamation" as specified under Section 2(1B) and other applicable provisions of the Income Tax Act, 1961, as amended. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Sections of the Income Tax Act, 1961, at a later date, including resulting from amendment of law or for any other reason whatsoever, the Scheme shall stand modified / amended / altered to the extent determined necessary to comply with and fall within the definition and conditions relating to "Amalgamation" as specified in the Income Tax Act, 1961. In such an event, the Clauses which are



inconsistent shall be read down or if the need arises be deemed to be deleted and such modification/reading down or deemed deletion shall however not affect the other parts of the Scheme.

- 9.8. Upon the Scheme becoming effective, Nerolac is expressly permitted and shall be entitled to revise its financial Statements and Returns along with prescribed Forms, fillings and annexures under the Income Tax Act, 1961, as amended, (including for minimum alternate tax purposes and tax benefits,) GST law and other tax laws, and to claim refunds and/or credits for taxes paid (including minimum alternate tax), and to claim tax benefits under the Income Tax, 1961 etc. and for matters incidental thereto, if required to give effect to the provisions of this Scheme.
- 9.9. Marpol and Perma, shall preserve and carry on their respective businesses and activities with reasonable diligence and business prudence and shall not undertake any additional financial commitments of any nature whatsoever, borrow any amounts nor incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comforts or commitments for themselves or any third party or sell, transfer, alienate, charge, mortgage or encumber or deal with the undertaking or any part thereof save and except in each case in the following circumstances:
- (a) If the same is in their ordinary course of business as carried on by both as on the date of filing this Scheme with the NCLT; or
 - (b) If the same is permitted by this Scheme; or
 - (c) If the same is permitted by a written consent of the Board of Directors of Nerolac; or
 - (d) If the same is pursuant to any pre-existing obligations undertaken by Marpol and Perma.



- 9.10. Marpol and Perma shall not, without prior written consent of Nerolac, undertake any new Business.
- 9.11. Marpol and Perma shall not, without prior written consent of Nerolac, take any major policy decisions in respect of the management of either Marpol or Perma and for the business of either companies and shall not change their present capital structure.
- 9.12. Marpol and Perma shall co-operate with Nerolac for smooth transfer of the businesses and undertakings from Marpol and Perma to Nerolac and any of respective Directors of Marpol and Perma and any Directors of Nerolac shall be empowered to give effect to the Scheme in all aspects as may be necessary or expedient including settling any question or difficulties arising in relation to the Scheme in such manner as they deem fit to attain the objective of this Scheme and their decision in this regard shall be final and binding.

10. DIVIDENDS

- 10.1. Marpol, Perma and Nerolac shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the accounting period prior to the Appointed Date. The dividend, if any, shall be declared by Marpol and Perma only with the prior written consent of the Board of Directors of Nerolac, as mentioned in Clause 9.5 above.
- 10.2. Subject to the provisions of the Scheme, the profits of Marpol and Perma, for the period beginning from the Appointed Date, shall belong to and be the profits of Nerolac and will be available to Nerolac for being disposed of in any manner as it thinks fit.
- 10.3. It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any member of



Marpol and/or Perma and/or Nerolac to demand or claim any dividends which, subject to the provisions of the said Act, shall be entirely at the discretion of the Board of Directors of Nerolac, subject to such approval of the shareholders, as may be required.

11. **CONSIDERATION:**

11.1. As the entire Paid up Equity Share Capital of Marpol and Perma is held by Nerolac, upon the Scheme becoming effective the entire paid up Equity Share Capital of Marpol and Perma shall stand automatically cancelled and there will not be any issue and allotment of shares of Nerolac.

12. **DISSOLUTION OF MARPOL AND PERMA**

On the Scheme becoming effective, Marpol and Perma shall stand dissolved without being wound up without any further act by the parties.

A true copy of the Scheme of Amalgamation is hereto annexed and marked at **Annexure - E**

8. The Board of Directors of the Transferor Companies and the Transferee Company have, at their respective Meetings, passed resolutions unanimously approving the Scheme of Amalgamation. None of the Directors of the Transferor Companies or the Transferee Company has any interest in the said Scheme, save and except to the extent of their respective shareholding in the Transferor Companies and the Transferee Company.

9. The aggregate assets of Transferee Company post amalgamation would be sufficient to meet the aggregate liabilities of the Transferor Companies and the Scheme of Amalgamation will not adversely affect the rights of any creditors of the Applicant Company and the Transferor Companies in any manner and due provisions have been made for payment of all liabilities as and when the same fall due in the usual course of business.




10. The Applicant Company states that as on 30th September 2019 it has no Secured Creditors. The Applicant Company states and submits that in view of the Applicant Company not having any secured creditor, the question of convening and holding the meeting of the secured creditors of the Applicant Company does not arise and the same is not required to be convened.
11. The Applicant Company states that it has 1743(one thousand seven hundred and forty three) unsecured creditors of the aggregate value of Rs. 4,06,99,74,117 as of September 30, 2019. The basis of classifying the said creditors as "unsecured" is because no security or charge or lien over any of the assets of the Applicant Company exists with the said unsecured creditors. The said Unsecured Creditors are in the nature of creditors who are suppliers of good and services. The said unsecured creditors do not comprise of any statutory liabilities or dues which shall be paid and honoured by the Applicant Company in accordance with the relevant Act, Rules and Regulations as may be applicable to the said statutory liability. The list of unsecured creditors of the Applicant Company as on 30th September 2019 indicating their names and amounts owed to them along with break-up chart thereon is marked and annexed as **Annexure – F**. The Applicant Company states that it has 1743 (one thousand seven hundred and forty three) Unsecured Creditors and the Applicant Company undertakes to issue notice under Section 230(3) of the Act to all unsecured creditors with a direction that they may submit their representations to this Hon'ble Tribunal, if any, within a period of 30 (thirty) days from the date of receipt of such notice, with a copy of the representation simultaneously served upon the Applicant Company. In view of the undertaking given by the Applicant Company to give notices as stated above, this Hon'ble Tribunal be pleased to dispense with the convening and holding of the meeting of the unsecured creditors of the Applicant Company.
12. The number of Equity Shareholders in the Applicant Company as on 30th Sep, 2019 is 50,123 holding 53,89,19,720 equity shares of the face value of Re.1 each aggregating to Rs. 53,89,19,720 and



[Handwritten signature]



directions may be given by this Hon'ble Tribunal for the convening and holding of the meeting of the Equity Shareholders of the Applicant Company. The shareholding pattern of the Applicant Company as per the latest filing of the shareholding pattern with the Stock Exchanges is annexed and marked hereto as **Annexure G**.

13. The Applicant Company also prays that requisite directions be given by this Hon'ble Tribunal to issue notice under Section 230(3) of the Act, 2013 to the concerned regulatory and statutory authorities as required under the provisions of Section 230(5) of the Act, 2013 i.e. to the Stock Exchanges, the Registrar of Companies and the Central Government (Regional Director, Western Region Mumbai) and the income tax authorities with a direction that they may submit their representations, if any, within a period of 30 (thirty) days from the date of receipt of such notice, to this Hon'ble Tribunal with a copy of the representations simultaneously served upon the Applicant Company. The Applicant Company submits that given that the restructuring envisaged in the Scheme of Amalgamation is within the same group and Marpol and Perma are the wholly owned Subsidiaries of the Applicant Company and therefore falls within the relaxation provisions of the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 and consequently prior approval of the Competition Commission of India under the Competition Act, 2002 is not required.

14. There are no investigation proceedings pending under Section 235 to 251 of the Companies Act, 1956 and under section 210 to 229 of the Companies Act, 2013 against the Applicant Company. As far as the Applicant Company is aware no winding up petitions have been admitted or filed against the Applicant Company. The Scheme of Amalgamation does not in any way violate, override, and circumvent any provisions of the Act or Rules, Regulations and guidelines under the Act.



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15. Mr. G.T. Govindarajan, Company Secretary of the Applicant Company is signing this Application on behalf of the Applicant Company pursuant to the board resolution dated 29th July, 2019 passed by the Board of Directors of the Applicant Company. The Applicant Company further states that the matter regarding the Application is not pending before any Tribunal of law or any other authority or Tribunal.

16. An Affidavit verifying the Application is enclosed as **Annexure - H**.

IV. Relief(s) sought

In view of the facts mentioned above, the Applicant Company prays for the following reliefs, and seeks Directions/ Orders of this Hon'ble Tribunal *inter alia* under Section 230 of the Companies Act, 2013 for:

1. Conducting the Meeting of Equity Shareholders:

In the above circumstances and in view of the submissions made in Point No. 11 of this application, the Applicant Company humbly prays that this Hon'ble Bench of National Company Law Tribunal may be pleased to give directions for conducting the meeting of the Equity Shareholders of the Applicant Company to consider and approve the proposed Scheme of Amalgamation amongst Marpol Private Limited and Perma Constructions Aids Private Limited with Kansai Nerolac Paints Limited ("Scheme of Amalgamation").

2. Dispensing with holding of meeting of the Secured Creditors:

It is prayed that, in view of the submissions made in Point No. 9 of Part III, of this application, the Applicant Company humbly prays that this Hon'ble Bench of National Company Law Tribunal may be pleased to give directions that convening and holding of the meeting of the Secured Creditors of the Applicant Company be dispensed with.



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3. **Dispensing with holding of the Meeting of Unsecured Creditors:**

It is prayed that, in view of the submissions made in Point No. 10 of Part III, of this application, the Applicant Company humbly prays that this Hon'ble Bench of National Company Law Tribunal may be pleased to give directions that convening and holding of the meeting of the Unsecured Creditors of the Applicant Company is not required in view of undertaking as aforesaid.

4. **Directions for Holding of Meeting of the Equity Shareholders:**

As prayed under Point No. 11 of part III, the Applicant Company humbly prays that necessary directions may be given as follows:

- a. To issue notices for convening of the meeting of Equity Shareholders of the Applicant Company as proposed above as contemplated under Section 230 (3) to (6) & Section 232(1) of the Act, 2013 read with Rule 5 of the Companies (Compromise, Arrangements and Amalgamations) Rules, 2016 and publication of notice in newspapers in this regard.
- b. To fix the time and venue for the Meeting of the Equity Shareholders of the Applicant Company.
- c. To fix the Quorum for the Meeting and the procedure to be followed for the Meeting including voting in person or by proxy.
- d. For appointment of Chairperson and Scrutinizer for the meeting to be held including the terms of appointment and remuneration for the Chairperson.



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- e. Fixing the time period within which the chairperson shall report the result of the meeting to this Hon'ble Bench;
- f. It is prayed that this Hon'ble Tribunal may be pleased to direct notices to be issued to the Statutory Authorities as per the provisions of Section 230 (5) of the 2013 Act and rule 8 of the Companies (Compromise, Arrangements and Amalgamations) Rules, 2016
- g. To issue notices to the Unsecured creditors for seeking their representations if any, on the Scheme of Amalgamation as undertaken in Point No. 10 of this application.
- h. For such further and other reliefs as this Hon'ble Tribunal may deem fit in the circumstances in this case.

V. Payment of Fees:

The Applicant Company has paid the fee of Rs. 5,000 prescribed under the Act.

Identified by
 B. Vaidya
 Partner
 Kanga & Co.
 Advocate for the Applicant

Mr.G.T. Govindarajan

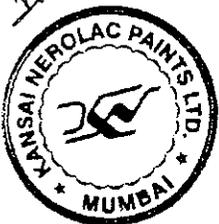

 Company Secretary

Mobile No.: 9892520101

E-mail: gtgovindarajan@nerolac.com

Date: 17th December, 2019

Place: Mumbai



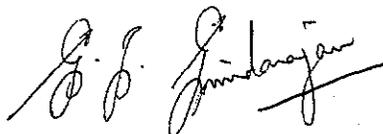
LIST OF ANNEXURES:

Sl. No.	Details of Documents annexed	Annexure	Page No.
1.	Certified true copy of Memorandum and Articles of Association	A	30-112
2.	Annual Report of the Applicant as on 31 st March, 2019	B-1	113-350
3.	Unaudited financial statements along with Limited Review Report for the period ended 30 th September, 2019 of the Applicant Company	B-2	341-353
4.	Certified true copy of the Board Resolution dated 29 th July 2019 passed by the Board of Directors of the Applicant Company approving the Scheme of Amalgamation	C	353-
5.	The Auditor's certificate dated 12 th December, 2019 issued by S R B C & CO LLP, Chartered Accountants	D	355-360
6.	Certified copy of the Scheme of Amalgamation approved by the Board of Directors of the Applicant Company	E	361-397
7.	List of Unsecured Creditors of Applicant Company certified by a Chartered Accountant confirming the said list of Unsecured creditors	F	398-438
8.	Shareholding Pattern of the equity shareholders of the Applicant Company as on 30 th September, 2019 certified by a Chartered Accountant	G	439-445



9.	Affidavit of Mr. G.T. Govindarajan, Company Secretary of the Applicant Company, verifying the application	H	946-958
10.	Vakalatnama		949-950

For Kansai Nerolac Paints Limited



Name: Mr. G.T. Govindarajan

Company Secretary

Dated this 27th day of December, 2019

Identified by

B. Vaidya

Partner

Kanga & Co.

Advocate for the Applicant



Annexure - "A"



30

MEMORANDUM

AND

ARTICLES OF ASSOCIATION

OF



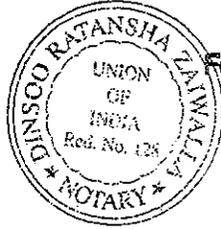
**KANSAI
NEROLAC**
PAINTS LIMITED

MUMBAI

2015



ANNEXURE "A"



Certified True Copy
For KANSAI NEROLAC PAINTS LIMITED

31

G. N. Govindarajan
Company Secretary

MEMORANDUM OF ASSOCIATION

OF

KANSAI NEROLAC PAINTS LTD.

WITH

ARTICLES OF ASSOCIATION

Registered on the 2nd day of September, 1920.

MUMBAI

2015



**GOVERNMENT OF INDIA
MINISTRY OF COMPANY AFFAIRS**

Maharashtra, Mumbai

Everest , 100, Marine Road, , Mumbai - 400002, Maharashtra, INDIA

Corporate Identity Number : L24202MH1920PLC000825

**Fresh Certificate of Incorporation Consequent upon
Change of Name**

IN THE MATTER OF M/s GOODLASS NEROLAC PAINTS LIMITED.

I hereby certify that GOODLASS NEROLAC PAINTS LIMITED which was originally incorporated on SECOND day of SEPTEMBER NINETEEN TWENTY under the Companies Act, 1956 (No. 1 of 1956) as GOODLASS NEROLAC PAINTS PRIVATE LIMITED having duly passed the necessary resolution in terms of Section 21 of the Companies Act, 1956 and the approval of the Central Government signified in writing having been accorded thereto under Section 21 of the Companies Act, 1956, read with Government of India, Department of Company Affairs, New Delhi, Notification No. G.S.R 507 (E) dated 24/06/1985 vide SRN A01511112 dated 11/07/2006 the name of the said company is this day changed to KANSAI NEROLAC PAINTS LIMITED and this Certificate is issued pursuant to Section 23(1) of the said Act.

Given under my hand at Mumbai this ELEVENTH day of JULY TWO THOUSAND SIX.



Marpalli
(MARPALLI RAGHUNATHA
BHAT)
Maharashtra, Mumbai



Certified True Copy
For KANSAI NEROLAC PAINTS LIMITED
G. T. Govindarajan
G. T. Govindarajan
Company Secretary



No. 825.
CERTIFICATE OF CHANGE OF NAME
IN THE OFFICE OF THE REGISTRAR OF COMPANIES
UNDER THE COMPANIES ACT, 1956.

IN THE MATTER OF

GOODLASS WALL PRIVATE LIMITED

I do hereby Certify that pursuant to the provisions of Section 23 of Companies Act, 1956 and under order of the Central Government conveyed by the Ministry of Finance, Department of Company Law Administration by their No. 28(33)-CI-IV/57 dated the 10th May, 1957 to the address of The Manager, Messrs. Goodlass Wall Private Ltd., P.O. Box No. 699, Forbes Building, Home Street, Bombay 1, the name of "GOODLASS WALL PRIVATE LIMITED" has been changed to "GOODLASS NEROLAC PAINTS PRIVATE LIMITED" on the First day of July One Thousand nine hundred and Fifty-seven and that the said Company has been duly incorporated as a Company under the provisions of this said Act.

Dated this Twelfth day of February One thousand nine hundred and Fifty-eight.

The Seal
of

Sd/- S. KRISHNAMURTHY,

The Registrar of
Companies,
Bombay.

Addl. Registrar of Companies,
Bombay.

No. 825.
CERTIFICATE OF CHANGE OF NAME
IN THE OFFICE OF THE REGISTRAR OF COMPANIES
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GOODLASS WALL PRIVATE LIMITED

I do hereby Certify that pursuant to the provisions of Section 23 of Companies Act, 1956 and under order of the Central Government, conveyed by the Ministry of Finance, Department of Company Law Administration by their No. 28(33)-CI-IV/57 dated the 10th May, 1957 to the address of The Manager, Messrs. Goodlass Wall Private Ltd., P.O. Box No. 699, Forbes Building, Home Street, Bombay 1, the name of "GOODLASS WALL PRIVATE LIMITED" has been changed to "GOODLASS NEROLAC PAINTS LIMITED"* on the First day of July One Thousand nine hundred and Fifty-seven and that the said Company has been duly incorporated as a Company under the provisions of the said Act.

Dated this Twelfth day of February One thousand nine hundred and Fifty-eight.

The Seal
of

Sd/- S. KRISHNAMURTHY,

The Registrar of
Companies,
Bombay.

Addl. Registrar of Companies,
Bombay.

* The word "PRIVATE" deleted as per endorsement made on 9-5-1968 by the Office of the Registrar of Companies.



Certificate of Change of Name

I hereby Certify that The Gahagan Paint and Varnish Company Limited, having with the sanction of a Special Resolution of the said Company, and with the approval of the LOCAL GOVERNMENT, changed its name, is now called the GOODLASS WALL (INDIA) LIMITED and I have entered such new name on the Register accordingly.

Given under my hand at Bombay, this Eighteenth day of April One thousand nine hundred and Thirty-three.

The Seal
of
The Registrar of
Companies,
Bombay.

Sd/- K. M. TALEYARKHAN,
Ag : Registrar of Companies,
Bombay.

No. 825.
IN THE OFFICE OF THE REGISTRAR OF COMPANIES
UNDER ACT VII OF 1913.

IN THE MATTER OF

GOODLASS WALL (INDIA) PRIVATE LIMITED

I do hereby Certify that pursuant to the provisions of Section 11, Subsection (5), Act VII, 1913 (The Indian Companies Act, 1913), and under order of the Government of Bombay conveyed by their No. 7594/39009-D Finance Department dated 18th January 1946 to the address of Goodlass Wall (India) Limited the name of GOODLASS WALL (INDIA) LIMITED has this day been changed to GOODLASS WALL LIMITED and that the said Company has been duly incorporated as a Company under the provisions of the said Act.

Dated this Ninth day of February One thousand nine hundred and Forty-six.

The Seal
of
The Registrar of
Companies,
Bombay.

Sd/- BEHRAMJI M. MODI,
Registrar of Companies,
Bombay.



Certificate of Incorporation

I hereby Certify that THE GAHAGAN PAINT & VARNISH COMPANY, LIMITED, is this day incorporated under the Indian Companies Act, VII of 1913, and that the Company is Limited.

Given under my hand at Bombay this Second day of September One thousand nine hundred and Twenty.

The Seal
of
The Registrar of
Companies,
Bombay.

Sd/- H. C. B. MITCHELL,
Registrar of Companies,
Bombay.



INDEX

	Page
MEMORANDUM OF ASSOCIATION	1-6
ARTICLES OF ASSOCIATION	1-52
I. Table A Excluded	1
II. Interpretation	1
III. Capital and Increase and Reduction in Capital	3
IV. Shares and Certificates	5
V. Underwriting and Brokerage	10
VI. Calls	10
VII. Lien	12
VIII. Forfeiture of Shares	12
IX. Transfer and Transmission of Shares	14
X. Copies of Memorandum and Articles to be sent to Members	18
XI. Borrowing Powers	18
XII. Conversion of Shares into Stock	19
XIII. Meeting of Members	20
XIV. Votes of Members	24
XV. Directors	27
XVI. Proceedings of the Board of Directors	36
XVII. Management	45
XVIII. The Secretary	45
XIX. The Seal	45
XX. Dividends	46
XXI. Accounts	49
XXII. Audit	50
XXIII. Documents and Notices	50
XXIV. Winding up	52
XXV. Indemnity and Responsibility	52
XXVI. Secrecy Clause	52
Special Resolutions and Ordinary Resolutions for alteration of Memorandum and Articles of Association	53-63

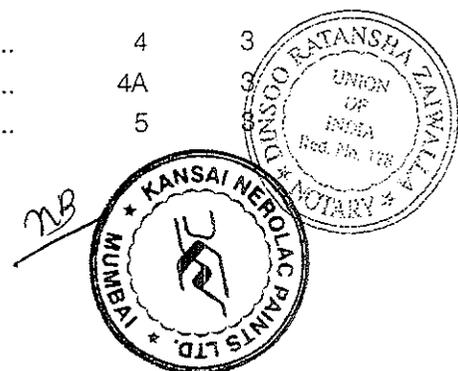


THE COMPANIES ACT, 1956
COMPANY LIMITED BY SHARES

ABSTRACT
OF
ARTICLES OF ASSOCIATION
OF

KANSAI NEROLAC PAINTS LIMITED

	Article	Page
TABLE A EXCLUDED		
Table A not to apply but Company to be governed by these Articles	1	1
INTERPRETATION		
Interpretation Clause	2	1
"The Company" or "This Company"	2	1
"The Act"	2	1
"Auditors"	2	1
"Board" or "Board of Directors,"	2	1
"Capital"	2	2
"Directors"	2	2
"Dividend"	2	2
"Gender"	2	2
"In Writing and Written"	2	2
"Marginal note and catch lines"	2	2
"Members"	2	2
"General Meeting"	2	2
"Annual General Meetings"	2	2
"Extraordinary General Meetings"	2	2
"Month"	2	2
"Office"	2	2
"Paid-up"	2	2
"Persons"	2	2
"Register of Members"	2	2
"Registrar"	2	2
"Secretary"	2	2
"Seal"	2	2
"Share"	2	2
"Singular Number"	2	3
"Ordinary Resolution" and "Special Resolution"	2	3
"Year" and "Financial Year"	2	3
CAPITAL AND INCREASE AND REDUCTION IN CAPITAL		
Amount of Capital	3	3
Increase of Capital by the Company and how carried into effect	4	3
Shares with non-voting rights	4A	3
New Capital same as existing Capital	5	3



	Article	Page
Redeemable Preference Shares	6	4
Provisions to apply on issue of Redeemable Preference Shares	7	4
Reduction of Capital	8	4
Sub-division and Consolidation of Shares	9	4
Issue of further pari passu shares not to affect the right of shares already issued	10	5
Alterations of right of holders of Special classes of Shares	11	5

SHARES AND CERTIFICATES

Register and Index of Members	12	5
Shares to be numbered progressively and no share to be sub-divided	13	5
Restriction on allotment	14	5
Further issue of Capital	15	5
Shares under Control of Directors	16	6
Power also to Company in General Meeting to issue Shares	17	6
Acceptance of Shares	18	7
Deposit and Call etc. to be a debt payable immediately	19	7
Liability of Members	20	7
Share Certificates	21	7
Renewal of Share Certificates	22	8
Notice of change of name or address	23	9
The first named of joint holders deemed sole holder	24	9
Company not bound to recognise any interest in share other than that of registered holder	25	9
Funds of Company may not be applied in purchase of shares of the Company	26	9

UNDERWRITING AND BROKERAGE

Commission may be paid	27	10
Brokerage	28	10
Interest out of Capital	29	10

CALLS

Directors may make calls	30	10
Notice of calls	31	10
Calls to date from Resolution	32	10
Directors may extend time	33	10
Amount payable at fixed time or by instalments at calls	34	10
When calls to carry interest	35	11
Proof on trial of suit for money due on share	36	11
Partial payment not to preclude forfeiture	37	11
Payment in anticipation of calls may carry interest	38	11



Article Page

LIEN

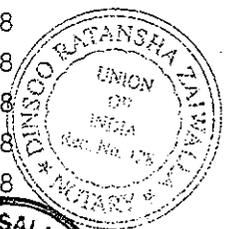
Company's lien on Shares	..	..	..	39	12
As- to enforcing lien by sale	..	..	..	40	12
Application of proceeds of Sale	..	..	..	41	12

FORFEITURE OF SHARES

If money payable on share not paid, notice to be given to Member	..	..	..	42	12
Form of Notice	..	..	..	43	12
In default of payment, shares to be forfeited	..	..	..	44	13
Notice of forfeiture to a Member	..	..	..	45	13
Forfeited shares to be property of the Company and may be sold etc.	..	..	..	46	13
Member still liable to pay money owing at time of forfeiture and interest	..	..	..	47	13
Evidence of Forfeiture	..	..	..	48	13
Effect of forfeiture	..	..	..	49	13
Validity of sale under Articles 40 and 46	..	..	..	50	13
Upon sale etc. of the shares under Articles 40 and 46 the certificate or certificates issued in respect of such shares to be null and void	..	..	..	51	14
Power to annul forfeiture	..	..	..	52	14

TRANSFER AND TRANSMISSION OF SHARES

Register of Transfers	..	..	..	53	14
Form of Transfer	..	..	..	54	14
Transfer form to be completed and presented to the Company	..	..	..	55	14
Application for Transfer	..	..	..	56	14
Transfer Book etc. when closed	..	..	..	57	15
Directors may refuse to register Transfers	..	..	..	58	15
Death of one or more joint holders of shares	..	..	..	59	15
Title to shares of deceased member	..	..	..	60	15
Compliance with the Estate Duty Act, 1953	..	..	..	61	16
Registration of persons entitled to shares otherwise than by transfer	..	..	..	62	16
Fee on transfer or transmission	..	..	..	63	16
The Company not liable for disregard of a notice prohibiting registration of a transfer	..	..	..	64	16
Definitions	..	..	..	64A	17
Dematerialisation of Securities	..	..	..	64A	17
Options for Investors	..	..	..	64A	17
Securities in Depositories to be in fungible form	..	..	..	64A	17
Rights of Depositories and Beneficial Owners	..	..	..	64A	17
Service of Documents	..	..	..	64A	18
Transfer of Securities	..	..	..	64A	18
Allotment of securities dealt with in a Depository	..	..	..	64A	18
Distinctive numbers of Securities held in a Depository	..	..	..	64A	18
Register and Index of Beneficial Owners	..	..	..	64A	18



**COPIES OF MEMORANDUM AND ARTICLES
TO BE SENT TO MEMBERS**

Copies of Memorandum and Articles of Association to be sent by Directors	65	18
---	----	----

BORROWING POWERS

Power to borrow	66	18
The payment or repayment of moneys borrowed	67	19
Terms of issue of Debentures	68	19
Register of Mortgages etc. to be kept	69	19
Register and Index of Debentureholders	70	19

CONVERSION OF SHARES INTO STOCK

Shares may be converted into stock	71	19
Right of Stock-holders	72	20

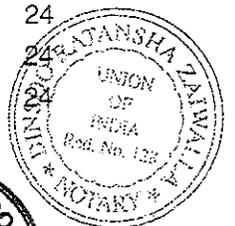
MEETING OF MEMBERS

Annual or Ordinary General Meeting	73	20
Annual Summary	74	20
Extraordinary General Meetings	75	20
Requisition of Members, to state object of Meeting	76	21
On receipt of requisition, Directors to call Meetings and in default requisitionists may do so	77	21
Meeting called by requisitionists	78	21
Twenty-one days' notice of Meeting to be given	79	21
Omission to give notice not to invalidate a resolution passed	80	22
Resolutions requiring special notice	81	22
Notice of business to be given	82	22
Quorum at General Meeting	83	22
If quorum not present meeting to be dissolved or adjourned	84	22
Chairman of General Meeting	85	22
Business confined to election of Chairman whilst chair vacant	86	23
Chairman with consent may adjourn meeting	87	23
Questions at General Meeting how decided	88	23
Chairman's Casting vote	89	23
Poll to be taken if demanded	90	23
Scrutineers at Poll	91	24
In what cases poll taken without adjournment	92	24
Demand for poll not to prevent transaction of other business	93	24

VOTES OF MEMBERS

Members in arrears not to vote	94	24
Number of votes to which Member entitled	95	24
Right of Member to use his votes differently	96	24

MB

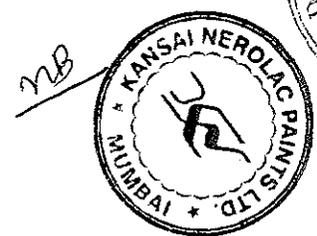


41

	Article	Page
How Members non Compos mentis and minor may vote ..	97	25
Vote of joint Members	98	25
Executors or administrators deemed to be joint-holders ..	99	25
Voting in person or by proxy	100	25
Appointment of proxy	101	25
No proxy except for a Corporation to vote on a show of hands	102	25
Deposit of instrument of appointment	103	25
Form of Proxy	104	26
Vote given by proxy valid notwithstanding death of member etc.	105	26
Time for objections to votes	106	26
Chairman of any meeting to be the judge of validity of any vote	107	26
Minutes of General Meeting and inspection thereof by Members	108	26

DIRECTORS

Number of Directors	109	27
Nominee Directors	110	27
Article deleted	111	28
Alternate Director	112	28
Board's power to add to their number	113	28
Board's power to fill casual vacancy	114	28
Article deleted	115	28
Qualification of Directors	116	28
Remuneration of Directors	117	28
Travelling expenses incurred by Director not a bonafide resident of Mumbai or by Director going out of Mumbai on Company's business	118	29
Directors may act notwithstanding vacancy	119	29
Removal of Directors	120	29
When Office of Directors to be vacated	121	29
Vacation of office by resignation	122	30
Director may contract with Company	123	30
Disclosure of interest	124	31
Interested Director not to participate or vote in Board's proceedings	125	32
Register of Contracts in which Directors are interested	126	32
Directors may be Directors of Companies promoted by the Company	127	33
Retirement and rotation of Directors	128	33
Ascertainment of Directors retiring by rotation and filling up of vacancies	129	33
Individual resolutions for Directors' appointment	130	33
Eligibility for re-election	131	33
Company to appoint successors	132	33
Provisions in default of appointment	133	33
Company may increase or reduce the number of Directors	134	



	Article	Page
Notice of Candidature for office of Director and filing with the Registrar	135	34
Register of Directors etc. and notification of change therein to the Registrar	136	35
Register of Directors' holding of shares in or debentures of the Company	137	35
Disclosure by Director of appointment to any other body corporate	138 (a)	35
Disclosure by Director of his holdings of shares and debentures of the Company etc.	138 (b)	35
Board may appoint Managing Director	139	35
Restrictions on management	140	35
Certain persons not to be appointed Managing Directors	141	36
Special position of Managing Director	142	36

PROCEEDINGS OF THE BOARD OF DIRECTORS

Meetings of Directors	143	36
Quorum	144	36
Adjournment of Meeting for want of quorum	145	37
When meeting to be convened	146	37
Chairman	147	37
Questions at Board Meetings how decided	148	37
Powers of Board Meeting	149	37
Directors may appoint Committees	150	37
Meetings of Committee how to be governed	151	37
Resolution by Circulation	152	37
Act of Board or Committee valid notwithstanding defect in appointment of any Director.. .. .	153	38
Minutes of proceedings of meetings of the Board	154	38
Powers of Directors	155	39
Certain powers of the Board	156	40

MANAGEMENT

Management	157	45
Articles Deleted	158-161	45

THE SECRETARY

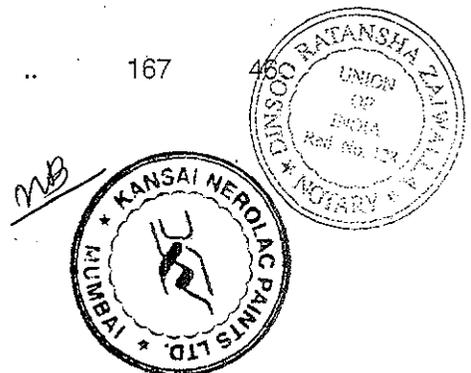
Secretary	162	45
-------------------	-----	----

THE SEAL

The Seal, its custody and use	163	45
Deeds how executed	164	46
Seal for use abroad	165	46

DIVIDENDS

Division of Profits	166	46
The Company in General Meeting may declare a dividend	167	46



	Article	Page
Dividends only to be paid out of Profits	168	46
Interim Dividend	169	47
Capital paid-up in advance at interest not to earn dividend	170	47
Dividends in proportion to amount paid up	171	47
Retention of dividends until completion of transfer under Article 62	172	47
No Member to receive dividend whilst indebted to the Company and Company's right to reimbursement	173	47
Transfer of share must be registered	174	47
Dividends how remitted	175	47
Unclaimed dividend	176	48
Dividend and call together	177	48
Capitalisation	178	48

ACCOUNTS

Directors to keep true Accounts	179	49
As to- inspection of Accounts or Books by Members..	180	50
Directors to cause to be prepared and laid before the General Meeting Balance Sheet etc.	181	50
Copies shall be sent to each Member	182	50

AUDIT

Appointment of Auditors etc.	183	50
--------------------------------------	-----	----

DOCUMENTS AND NOTICES

Service of documents or Notices on Members by Company	184	50
By Advertisement	185	51
On Joint-holders	186	51
On Personal representatives etc.	187	51
To whom documents or notices must be served or given	188	51
Members bound by documents or notices served on or given to previous holders	189	51
Document or notice by Company and signature thereto	190	51
Service of document or notice by Members	191	51

WINDING UP

Liquidator may divide assets in specie	192	52
--	-----	----

INDEMNITY AND RESPONSIBILITY

When Officer or Agent of the Company to be indemnified out of the assets of the Company	193	52
--	-----	----

SECRECY CLAUSE

Secrecy Clause	194	52
Special Resolutions and Ordinary Resolutions		53-63



THE COMPANIES ACT, 1913
COMPANY LIMITED BY SHARES
MEMORANDUM OF ASSOCIATION
OF
KANSAI NEROLAC PAINTS LIMITED

- I. The name of the Company is "**KANSAI NEROLAC PAINTS LIMITED**".
- II. The Registered Office of the Company will be situated in Mumbai.
- III. The objects for which the Company is established are :
 - (a) To acquire and take over as a going concern the business now carried on at Naigaum, Mumbai, under the style or firm of American Paint & Varnish Co., and all or any of the assets and liabilities of the proprietor of that business in connection therewith and with a view thereto to enter into an Agreement with A. T. Mirza in the terms of the draft a copy whereof has for the purpose of identification been subscribed by F. E. Dinshaw, an Attorney of the Bombay High Court, and to carry the same into effect with or without modification.
 - (b) To manufacture white lead, red lead, litharge, orange mineral, linseed oil and to purchase and sell the same; to manufacture, buy and sell paints, varnishes, oils, colours, enamels, mortar and cement, stains and coatings, water-proof coatings and compound, dyes, glue, putty, chemicals for making colour, paint brushes and other supplies for painters.
 - (c) To buy, sell, import, export, manipulate, prepare for market and deal in merchandise of all kinds and generally to carry on business as merchants, importers and exporters.
 - (c1) To carry on the business of manufacturing and selling of Pigments, Pigment Emulsions, Dispersions, Binder Materials, Thickeners, Chemicals, Dyes and Manures.



Certified True Copy
For KANSAI NEROLAC PAINTS LIMITED

G. T. Govindarajan
Company Secretary

- (c2) To carry on all or any of the business of metal founders, workers, converters and merchants, miners, smelters, metallurgists, mechanical electrical and general engineers, planters, farmers, graziers, stockmen, dairymen, ship and other vessel owners, charterers and builders, ship-brokers, managers of shipping property, shippers, bargemen, lightermen, carriers by sea and land, railway and forwarding agents, bonded and common carmen, freight contractors, insurance brokers, provision merchants and preservers, ice merchants, refrigerating storekeepers, warehouseman, wharfingers, dock owners and commission merchants, and any other trade or business whatsoever which can in the opinion of the Company be advantageously or conveniently carried on by the Company by way of extension of or in connection with any such business as aforesaid, or is calculated directly or indirectly to develop any branch of the Company's business or to increase the value of or turn to account any of the Company's assets, property or rights.
- (c3) To carry on business as manufacturers of, and dealers in, chemical, biochemical, industrial and other preparations and articles, dyes, chemicals, acids, alkalies, colours, glues, gums, pasters, organic or mineral intermediates, compositions, paint and colour grinders, preparatory articles of all kinds, laboratory reagents, and to carry on the business of chemists and oil and colourmen.
- (c4) To carry on business as manufacturers, producers, refiners, importers and exporters of, and dealers in, copra, cottonseed, linseed, castor seed, groundnuts and seeds of all kinds and oil bearing substances whatsoever and oils and oil cakes manufactured therefrom, and to carry on business as oil brokers, oil blenders, boilers, refiners, distillers, separators, waste oil dealers and as dry salters, tallow merchants and soap and candle makers.
- (c5) To carry on business as financial, monetary and commercial agents and advisers and to undertake, carry on and execute all kinds of financial, commercial, trading and other operations; which are incidental to the main objects of the Company and to carry on and transact every kind of guarantee and indemnity business, and to undertake obligations of every kind and description, and also to undertake and execute trusts of all kinds and to promote, finance or otherwise assist any company or other persons as Directors may think fit.
- (c6) To manufacture, prepare for market, revise, clean, restore, recondition, treat and otherwise manipulate and deal in and turn to account by any process or means whatsoever all byproducts, refuse, wastes and other products capable of being manufactured or produced out of or with the use of all or any raw materials, ingredients, substances or commodities used in the manufacture of all or any of the products which the Company is entitled to manufacture or deal in and to make such other use of the same as may be thought fit.
- (c7) To manufacture and deal in, all types of containers, receptacles, boxes, cartons, cages, bins, tubes, crates, packing cases, cans,



ball straping systems and bags and fittings therefor, of every kind for holding, keeping, storing, shipping and handling the products which the Company is entitled to manufacture or deal in or any of them.

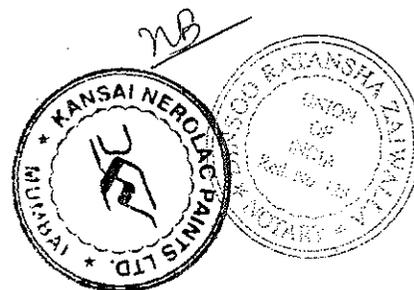
- (d) To carry on any other business whether manufacturing or otherwise which may seem to the Company capable of being conveniently carried on in connection with the above or calculated directly or indirectly to enhance the value of or render profitable any of the Company's profits or rights.
- (e) To acquire and deal with the property following:
 - (1) The business, property and liabilities of any company, firm or person carrying on any business within the objects of the Company.
 - (2) Lands, buildings, easements, and other interest in real estate.
 - (3) Plant, machinery, personal estate and effects.
 - (4) Patents, patent rights or inventions, copyrights, designs, trade marks or secret processes.
 - (5) Shares or stock or securities in or of any company or undertaking the acquisition of which may promote or advance the interests of this Company.
- (f) To perform or do all or any of the following operations, acts or things:
 - (1) To pay all the costs, charges and expenses of the promotion and establishment of the Company.
 - (2) To sell, let, dispose off or grant rights over all or any property of the Company.
 - (3) To erect buildings, plant and machinery for the purposes of the Company.
 - (4) To make experiments in connection with any business of the Company and to protect any inventions of the Company by letters patent or otherwise.
 - (5) To grant licenses, to use patents, copyrights, designs, or secret processes of the Company.
 - (6) To manufacture plant and machinery, tools, goods and things for any of the purposes of the business of the Company.
 - (7) To draw, accept and negotiate bills of exchange, promissory notes and other negotiable instruments.
 - (8) To underwrite the shares, stock or securities of any other company and to pay underwriting commissions and brokerage on any shares, stock or securities issued by this Company.
 - (9) To borrow money or to receive money on deposit either without security or secured by debentures, debenture stock (perpetual or terminable), mortgage, or other security charged on the



67

undertaking or all or any of the assets of the Company, including uncalled capital.

- (10) To lend or deposit money, securities and property on any terms that may be thought fit, and particularly to customers or other persons or corporations having dealings with the Company and to give any guarantees that may be deemed expedient and transact all kinds of trust and agency business and to invest any moneys of the Company not required for the purposes of its business in such investments or securities as may be thought expedient.
- (11) To amalgamate with any other company or companies and to enter into any partnership or arrangement in the nature of a partnership co-operation or union of interests, with any person or persons or corporation engaged or interested or about to become engaged or interested in the carrying on or conduct of any business or enterprise which this Company is authorised to carry on or conduct or from which this Company would or might derive any benefit whether direct or indirect.
- (12) To promote companies.
- (13) To sell the undertaking and all or any of the property of the Company for cash, or for stock, shares, or securities of any other company, or for other consideration.
- (14) To provide for the welfare of persons employed or formerly employed by the Company, or any predecessors in business of the Company, and the wives, widows and families of such persons by grants of money or other aid or otherwise as the Company shall think fit.
- (15) To subscribe to, or otherwise aid, benevolent, charitable, national or other institutions, or objects of a public character or which have any moral or other claims to support or aid by the Company by reason of the locality of its operations or otherwise.
- (16) To distribute *in specie* assets of the Company properly distributable amongst its members.
- (17) To refer or agree to refer any claim, demand, dispute or question whatsoever, by or against the Company, or in which the Company is interested or concerned, whether directly or indirectly, and whether between the Company and a member or members or his, or their representatives, or between the Company and any third party, to arbitration in India or at any place outside India and to observe perform and to do all acts, deeds, matters and things usual, necessary, proper or expedient to carry out or enforce the award.
- (g) To do all or any of the things hereinbefore authorised either alone, or in conjunction with, or as factors, trustees, or agents for others, or by or through factors, trustees, or agents.
- (h) To do all such other things as are incidental or conducive to the attainment of the above objects, or any of them.



GP

: 5 :

IV. The liability of the members is limited.

#V. The Share Capital of the Company is Rs. 60,00,00,000 (Rupees Sixty Crores) divided into 60,00,00,000 (Sixty Crores) Equity Shares of Re. 1 each with power for the Company to increase or reduce the said capital, and to issue any part of its capital, original or increased, with or without any preference, priority or special privilege, or subject to any postponement of rights, or to any conditions or restrictions; and so that unless the conditions of issue shall otherwise expressly declare, every issue of shares whether declared to be preference or otherwise, shall be subject to the power hereinbefore contained.



Clause V of the Memorandum of Association amended vide Resolution Passed by the Shareholders through postal Ballot Dated 16th March, 2015.



59

: 6 :

We, the several persons whose names and addresses are subscribed, are desirous of being formed into a Company, in pursuance of this Memorandum of Association and we respectively agree to take the number of shares in the capital of the Company set opposite to our respective names.

Names, Addresses and Descriptions of Subscribers	Number of Shares taken by each Subscriber
(Sd.) SHANTIDAS ASKURAN, Merchant, Hughes Road, Bombay.	1
(Sd.) T. V. BADDELEY, Merchant, Canada Building, Hornby Road, Bombay.	1

Dated the 2nd day of September 1920.

Witness to the above signature

Sd/- M. D. GAITONDE,

Clerk to Messrs. Payne & Co.,

4, Esplanade Road,
Bombay.

NOTE : In pursuance of an order of the Court made under Section 17(5) of the Companies Act, 1956, on 19th June, 1973, Sub-clauses (c1) to (c7) and Sub-clause f (17) were inserted and sub-clauses f (10) and f (11) were substituted.

**Certified True Copy
For KANSAI NEROLAC PAINTS LIMITED**

**G. J. Goyindarajan
Company Secretary**



By a Special Resolution of the Company passed at an Extraordinary General Meeting of the Company held on the 6th day of March, 1968 these Articles were adopted as the Articles of Association of the Company in substitution for and to the exclusion of all the existing Articles thereof.

THE COMPANIES ACT, 1956

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

KANSAI NEROLAC PAINTS LIMITED

TABLE A EXCLUDED

1. The regulations contained in Table A in the First Schedule to the Companies Act, 1956, or in the Schedule to any previous Companies Act shall not apply to this Company, but the regulations for the management of the Company and for the observance of the Members thereof and their representatives shall, subject to any exercise of the statutory powers of the Company with reference to the repeal or alteration of, or addition to, its regulations by Special Resolution, as prescribed by the Companies Act, 1956, be such as are contained in these Articles.

Table A not to apply but Company to be governed by these Articles.

INTERPRETATION

2. In the interpretation of these Articles, unless repugnant to the subject or context —

"The Company" or "This Company" means Kansai Nerolac Paints Limited.

Interpretation Clause.

"The Company" or "This Company".

"The Act" means "The Companies Act, 1956" or any statutory modification or re-enactment thereof for the time being in force.

"The Act".

"Auditors" means and includes those persons appointed as such for the time being by the Company.

"Auditors".

"Board" or "Board of Directors" means a meeting of the Directors duly called and constituted, or, as the case may be, the Directors assembled at the Board of Directors of the Company collectively.

"Board" or "Board of Directors".



Certified True Copy For KANSAI NEROLAC PAINTS LIMITED

G. T. Govindarajan Company Secretary



51

: 2 :

"Capital".	"Capital" means the capital for the time being raised or authorised to be raised for the purposes of the Company.
"Directors".	"Directors" means the Directors for the time being of the Company or, as the case may be, the Directors assembled at a Board.
"Dividend".	"Dividend" includes Bonus.
"Gender".	Words importing the masculine gender also includes the feminine gender.
"In Writing" and "Written".	"In Writing" and "Written" includes printing lithography and other modes of representing or reproducing words in a visible form.
Marginal note and catch lines.	The Marginal notes and catch lines hereto shall not affect the construction hereof.
"Members".	"Members" means the duly registered holders for the time being of the shares of the Company.
"General Meeting".	"General Meeting" means a meeting of Members.
"Annual General Meeting".	"Annual General Meeting" means a General Meeting of the members held in accordance with the provisions of Section 166 of the Act.
"Extraordinary General Meeting".	"Extraordinary General Meeting" means an Extraordinary General Meeting of the Members duly called and constituted and any adjourned holding thereof.
"Month".	"Month" means a calendar month.
"Office".	"Office" means the Registered Office for the time being of the Company.
"Paid-up".	"Paid-up" includes credited as paid-up.
"Persons".	"Persons" includes corporations and firms as well as individuals.
"Register of Members".	"Register of Members" means the Register of Members to be kept pursuant to the Act.
"Registrar".	"Registrar" means the Registrar of Companies.
"Secretary".	"Secretary" includes a temporary or assistant Secretary and any individual firm or body corporate appointed by the Board to perform any of the duties of a Secretary.
"Seal".	"Seal" means the Common Seal for the time being of the Company.
"Share".	"Share" means share in the share capital of the Company, and includes stock except where a distinction between stock and shares is expressed or implied.



Words importing the singular number include, where the context admits or requires, the plural number and vice versa.

"Singular Number."

"Ordinary Resolution" and "Special Resolution" shall have the meanings respectively assigned thereto by Section 189 of the Act.

"Ordinary Resolution" and "Special Resolution".

"Year" means calendar year and "Financial Year" shall have the meaning assigned thereto by Section 2(17) of the Act.

"Year" and "Financial Year".

Save as aforesaid any words or expression defined in the Act shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.

CAPITAL AND INCREASE AND REDUCTION IN CAPITAL

3. The Authorised Share Capital of the Company is Rs. 60,00,00,000/- divided into 60,00,00,000 Equity Shares of Re. 1 each.

Amount of Capital

4. The Company in General Meeting may, from time to time increase the capital by the creation of new shares, such increase to be of such aggregate amount and to be divided shares of such respective amounts as the resolution shall prescribe. Subject to the provisions of the Act, any shares of the original or increased capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the general meeting resolving upon the creation thereof, shall direct, and if no direction be given, as the Directors shall determine; and in particular, such shares may be issued with a preferential or qualified right to dividends, and in the distribution of assets of the Company, and with a right of voting at General Meetings of the Company in conformity with Section 87 and 88 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article, the Directors shall comply with the provisions of Section 97 of the Act.

Increase of Capital by the Company and how carried into effect.

4A. Subject to the provisions of the Companies Act, 1956, and any statutory modification or re-enactment thereof for the time being in force empowering it to do so, the Company may issue Equity Shares or Shares of any other kind with non-voting right attached to them, and the resolution(s) authorising such issue(s) shall prescribe the terms and conditions governing such issue.

Shares with non-voting rights.

5. Except so far as otherwise provided by the conditions of issue or by these Articles, any Capital raised by the creation of new shares, shall be considered as part of the existing Capital, and shall be subject to the provisions herein contained with reference to the payment of calls and instalments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

New Capital same as existing Capital.

NB



*Clause 3 of the Article of Association amended vide Resolution passed by the Shareholders through Postal Ballot dated 16th March, 2015.



53

: 4 :

Redeemable Preference Shares.

6. Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue Preference Shares which are, or at the option of the Company are to be, liable to be redeemed and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption.

Provisions to apply on issue of Redeemable Preference Shares.

7. On the issue of Redeemable Preference Shares, under the provisions of Article 6 hereof, the following provisions shall take effect :—

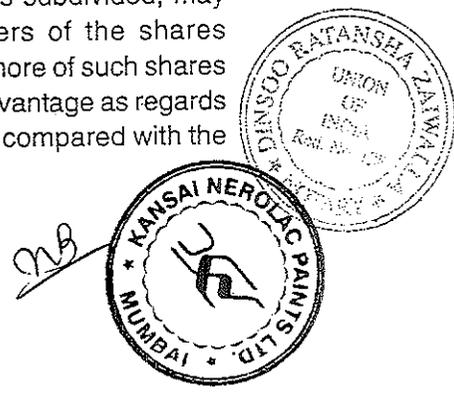
- (a) no such shares shall be redeemed except out of profits of the Company, which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of the redemption;
- (b) no such shares shall be redeemed unless they are fully paid;
- (c) the premium, if any, payable on redemption must have been provided for out of the profits of the Company or the Company's share premium account before the shares are redeemed;
- (d) where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of profits which would otherwise have been available for dividend, be transferred to a reserve fund to be called the "Capital Redemption Reserve Account" a sum equal to the nominal amount of the shares redeemed and the provisions of the Act relating to the reduction of the share capital of the Company shall except as provided in Section 80 of the Act, apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company.

Reduction of Capital.

8. The Company may (subject to the provisions of Sections 78, 80 and 100 to 105, inclusive, of the Act) from time to time by Special Resolution, reduce its capital in any manner for the time being authorised by law, and in particular, capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power the Company would have if it were omitted.

Sub-division and consolidation of Shares.

9. Subject to the provisions of Section 94 of the Act, the Company in General Meeting may from time to time sub-divide or consolidate its shares, or any of them, and the resolution whereby any share is subdivided, may determine that as between the holders of the shares resulting from such sub-division, one or more of such shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the



others or other. Subject as aforesaid, the Company in General Meeting may also cancel shares which have not been taken, or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

10. The rights conferred upon the holders of the shares of any class, issued with preferred or other rights shall not unless otherwise expressly provided by the terms of the issue of the share of that class be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

Issue of further pari passu shares not to affect the right of shares already issued.

11. Whenever the Capital, by reason of the issue of Preference shares or otherwise is divided into different classes of shares, all or any of the rights and privileges attached to each class, may, subject to the provisions of Sections 106 and 107 of the Act, be varied with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the issued shares of that class. This Article is not to derogate from any power the Company would have if this Article were omitted. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

Alterations of right of holders of Special classes of Shares.

SHARES AND CERTIFICATES

12. The Company shall cause to be kept a Register and Index of Members in accordance with Sections 150 and 151 of the Act.

Register and Index of Members.

13. The shares in the Capital shall be numbered progressively according to their several denominations, and except in the manner hereinbefore mentioned no share shall be sub-divided.

Shares to be numbered progressively and no share to be sub-divided.

14. The Board of Directors shall observe the restrictions as to allotment of shares to the public contained in Section 69 and 70 of the Act and shall cause to be made the returns as to allotment provided for in Section 75 of the Act.

Restriction on allotment.

15. (a) Where it is proposed to increase the subscribed capital of the Company by allotment of further shares, whether out of unissued share capital or out of increased share capital, then such further shares shall be offered to the person who, at the date of the offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit to the capital paid up on those shares at that date. Such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than 21 days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined. After the expiry of the time specified in the notice aforesaid

Further issue of Capital.



or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board may dispose of them in such manner as they think most beneficial to the Company.

(b) Notwithstanding anything contained in the preceding sub-clause, the Company may,

- (i) by a special resolution; or
- (ii) where no such special resolution is passed, if the votes cast (whether on a show of hands, or on a poll, as the case may be) in favour of the proposal contained in the resolution moved in that, general meeting (including the casting vote, if any, of the Chairman) by members who, being entitled so to do, vote in person, or where the proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company,

offer further shares to any person or persons, and such person or persons may not include the persons who, at the date of the offer, are the holders of the equity shares of the Company.

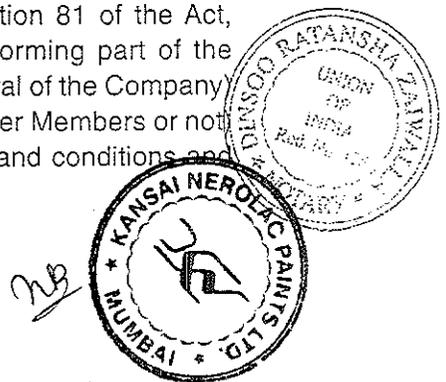
(c) Notwithstanding anything contained in subclause (a) above, but subject however to Section 81(3) of the Act, the Company may increase its subscribed capital on exercise of an option attached to the debentures issued or loans, raised by the Company to convert such debentures or loans into shares, or to subscribe for shares in the Company.

Shares under control of Directors.

16. Subject to the provisions of these Articles and of the Act, the shares (including any shares forming part of any increased capital of the Company) shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and at such times as the Directors think fit and subject to the sanction of the Company in General Meeting with full power to give any person the option to call for or be allotted shares of any class of the Company either, (subject to the provisions of Section 78 and 79 of the Act) at a premium or at par or at a discount, such option being exercisable at such time and for such consideration as the Directors think fit.

Power also to Company in General Meeting to issue Shares.

17. In addition to and without derogating from the powers for that purpose conferred on the Board of Directors under Articles 15 and 16, the Company in General Meeting may, subject to the provisions of Section 81 of the Act, determine that any shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether Members or not) in such proportion and on such terms and conditions and



either (subject to the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount, as such General Meeting shall determine and with full power to give any person (whether a Member or not) the option to call for or be allotted shares of any class of the Company either (subject to the provisions of Sections 78 and 79 of the Act), at a premium or at par or at a discount, such option being exercisable at such times and for such consideration as may be directed by such General Meeting, or the Company in General Meeting may make any other provision whatsoever for the issue, allotment or disposal of any shares.

18. Any application, signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any share therein, shall be an acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is on the Register of Members shall, for the purposes of these Articles, be a Member.

Acceptance of Shares.

19. The money (if any) which the Board of Directors shall on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them, shall immediately on the insertion of the name of the allottee in the Register of Members as the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

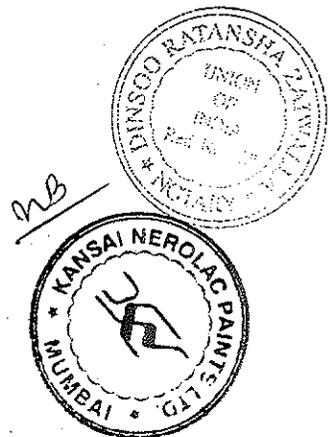
Deposit and Call etc., to be a debt payable immediately.

20. Every Member or his heirs, executors or administrators shall pay to the Company the portion of the capital represented by his share or shares which may for the time being, remain unpaid thereon in such amounts, at such time or times and in such manner as the Board of Directors shall, from time to time in accordance with the Company's regulations require or fix for the payment thereof.

Liability of Members.

21. (a) Every Member or allottee of shares shall be entitled, without payment, to receive one certificate specifying the name of the person in whose favour it is issued, the shares to which it relates and the amount paid up thereon. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in cases of, issues against letters of acceptance or of renunciation, or in cases of issue of bonus shares. Every such certificate shall be issued under the seal of the Company, which shall be affixed in the presence of two Directors or persons acting on behalf of the Directors under a duly registered power of attorney and the Secretary or some other person appointed by the Board for the purpose, and the two Directors or their attorneys and the Secretary or other person shall sign the share certificate, provided that if the composition of the Board permits of it, at least one of the aforesaid two Directors shall be a person other than a managing or a whole time

Share Certificates.



57

Director or, a Director to whom Section 261 of the Act applies. Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person to whom it has been issued, indicating the date of issue.

(b) Any two or more joint allottees of a share shall, for the purpose of this Article, be treated as a single Member, and the certificate of any share, which may be the subject of joint ownership may be delivered to any one of such joint owners on behalf of all of them. For any further certificate the Board shall be entitled but shall not be bound to prescribe a charge not exceeding Rupee one. The Company shall comply with the provisions of Section 113 of the Act.

(c) A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means such as engraving in metal or lithography but not by means of a rubber stamp, provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.

Renewal of Share
Certificates.

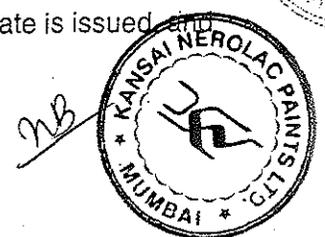
22.(a) No certificate of any share or shares shall be issued either in exchange for those which are sub-divided or consolidated or in replacement of those which are defaced, torn or old, decrepit, worn out, or where the cages on the reverse for recording transfers have been duly utilised unless the certificate in lieu of which it is issued is surrendered to the Company. The Company shall be entitled to charge such fee, not exceeding Rupees two per certificate issued on splitting or consolidation of share certificates in lots other than the marketable lots or any replacement of share certificate that are defaced or torn, as the Board thinks fit.

(b) When a new share certificate has been issued in pursuance of clause (a) of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is "issued in lieu of share certificate No. Sub-divided/ replaced/on consolidation of shares".

(c) If a share certificate is lost or destroyed, a new certificate in lieu thereof shall be issued only with the prior consent of the Board and on payment of such fee, not exceeding Rupees two as the Board may from time to time fix, and on such terms, if any, as to evidence and indemnity and the payment of out-of-pocket expenses incurred by the Company in investigating evidence, as the Board thinks fit.

(d) When a new share certificate has been issued in pursuance of clause (c) of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is "duplicate issued in lieu of share certificate No. " The word "Duplicate" shall be stamped or punched in bold letters across the face of the share certificate.

(e) Where a new share certificate has been issued in pursuance of clause (a) or clause (c) of this Article, particulars of every such share certificate shall be entered in a Register of Renewed and Duplicate Certificates, indicating against the names of the persons to whom the certificates is issued, the number and date of issue of share certificate in lieu of which the new certificate is issued.



58

the necessary changes indicated in the Register of Members, by suitable cross references in the "Remarks" column.

(f) All blank forms to be issued for the issue of share certificates shall be printed and the printing shall be done only on the authority of a resolution of the Board. The blank forms shall be consecutively machine-numbered and the forms and the blocks engravings, facsimile and hues relating to the printing of such forms shall be kept in the custody of the Secretary or such other person as the Board may appoint for the purpose; and the Secretary or the other person aforesaid shall be responsible for rendering an account of these forms to the Board.

(g) The Managing Agents Secretaries and Treasurers or the Managing Director of the Company for the time being shall be responsible for the maintenance, preservation and safe custody of all books and documents relating to the issue of share certificates except the blank forms of share certificates referred to in sub-Article (f).

(h) All books referred to in Sub-Article (g) shall be preserved in good order permanently.

23. Any Member who shall change his name or address shall give a notice of such change to the Company. The Company shall not be liable for any loss caused to such Member on account of his omission to give such notice to the Company.

Notice of change of name or address.

24. If any share stands in the names of two or more persons, the person first named in the Register of Members shall as regard receipt of dividends or bonus or service of notices and all or any other matter connected with the Company, except voting at meetings and the transfer of the shares be deemed the sole holder thereof but the joint holders of a share shall be severally as well as jointly liable for the payment of all instalments and calls due in respect of such share and for all incidents, thereof according to the Company's regulations.

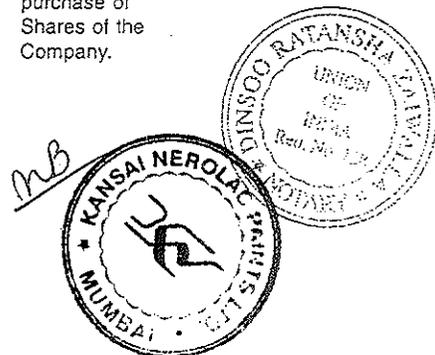
The first named of joint-holders deemed sole holder.

25. Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise any equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than absolute right thereto, in accordance with these Articles, in the person from time to time registered as the holder thereof but the Board shall be at liberty at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.

Company not bound to recognise any interest in share other than that of registered holder.

26. None of the funds of the Company shall be applied in the purchase of any shares of the Company, and it shall not give any financial assistance for or in connection with the purchase or subscription of any shares in the Company or in its holding Company save as provided by Section 77 of the Act.

Funds of Company may not be applied in purchase of Shares of the Company.



59

UNDERWRITING AND BROKERAGE

Commission may be paid.

27. Subject to the provisions of Section 76 of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares in or debentures of the Company, or procuring or agreeing to procure, subscriptions (whether absolute or conditional) for any shares in or debentures of the Company, but so that the commission shall not exceed, in the case of shares five per cent of the price at which the shares are issued, and in the case of debentures two and a half per cent of the price at which the debentures are issued.

Brokerage.

28. The Company may pay such sum for brokerage as may be lawful and reasonable.

Interest out of Capital.

29. Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant, which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital as if for the time being paid up, for the period, at the rate and subject to the conditions and restrictions provided by Section 208 of the Act, and may charge the same to Capital as part of the cost of construction of the work or building or the provision of plant.

CALLS

Directors may make Calls.

30. The Board of Directors may, from time to time, by a resolution passed at a meeting of the Board, (and not by circular Resolution) make such call as it thinks fit upon the Members in respect of all moneys unpaid on the shares held by them respectively and each member shall pay the amount of every call so made on him to the persons and at the times and places, appointed by the Board of Directors. A call may be made payable by instalments.

Notice of Calls.

31. Fifteen days' notice at the least of any such call as aforesaid shall be given by the Company specifying the time and place of payment at which and the person or persons to whom such call shall be paid.

Calls to date from Resolution.

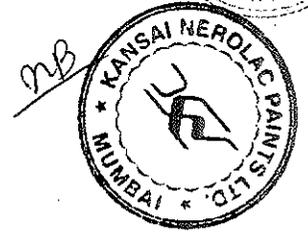
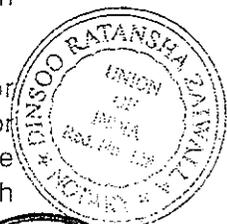
32. A call shall be deemed to have been made at the time when the resolution authorising such call was passed at a meeting of the Board of Directors.

Directors may extend time.

33. The Board of Directors may, from time to time at its discretion, extend the time fixed for the payment of any call, and may extend such time as to all or any of the Members who, from residence at a distance or other cause, the Board of Directors may deem fairly entitled to such extension; but no Member shall be entitled to such extension save as a matter of grace or favour.

Amount payable at fixed time or by instalments at Calls.

34. If by the terms of issue of any shares or otherwise any amount is made payable at any fixed time or by instalments at fixed times (whether on account of the amount of the share or by way of premium) every such



amount or instalment shall be payable as if it were a call duly made by the Directors and of which due notices has been given and all the provisions herein contained in respect of calls shall relate to such amount or instalment accordingly.

35. If any Member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate, not exceeding twelve per cent per annum, as shall from time to time be fixed by the Board of Directors, but nothing in this Article shall render it obligatory for the Board of Directors to demand or recover any interest from any such Member.

When Calls to carry interest.

36. On the trial or hearing of any action or suit brought by the Company against any Member or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the Member in respect of whose shares the money is sought to be recovered, appears entered on the Register of Members as the holder, at or subsequently to the date at which the money sought to be recovered is alleged to have become due, or the shares in respect of which such money is sought to be recovered, that the Resolution making the call is duly recorded in the minute books; and that notice of such call was duly given to the members or his representatives sued in pursuance of these Articles and it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum of Directors was present at the Board at which any call was made, nor that the meeting at which any call was made duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

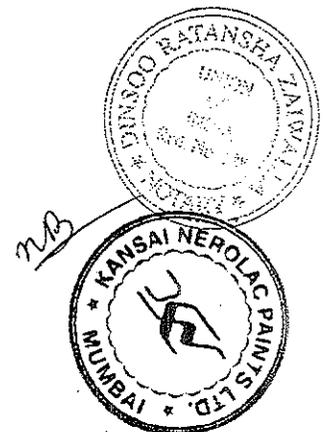
Proof on trial of suit for money due on share.

37. Neither the receipt, by the Company or a portion of any money which shall from time to time be due from any Member to the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of any such shares as hereinafter provided.

Partial payment not to preclude forfeiture.

38. (1) The Board of Directors may, if it thinks fit agree to and receive from any Member willing to advance the same, all or any part of the amounts of his respective shares beyond the sums actually called up, and upon the money so paid in advance, or upon so much thereof, from time to time, and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the shares on account of which such advances is made, the Board of Directors may pay or allow interest at such rate as the Member paying the sum in advance and the Board of Directors may agree upon. The Board of Directors may agree, to repay at any time any amount so advanced or may at any time repay the same upon giving to the

Payment in anticipation of calls may carry interest.



61

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Member three months' notice in writing. Provided that any amount paid up in advance of calls on any shares may carry interest, but shall not in respect thereof confer a right to dividends or to participate in profits.

(2) No member paying any such sum in advance shall be entitled to voting rights in respect of the moneys so paid by him until the same would, but for such payment, become presently payable.

LIEN

Company's lien on Shares.

39. The Company shall have a first and paramount lien upon all the shares (other than fully paid up shares) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys, (whether presently payable or not) called or payable at a fixed time in respect of such shares and no equitable interest in any share shall be created except upon the footing and condition that the Article 25 hereof is to have full effect. Any such lien shall extend to all dividends from time to time declared in respect of such shares. Unless otherwise agreed, the registration of a transfer of shares shall operate a waiver of the Company's lien, if any, on such shares.

As to enforcing lien by sale.

40. For the purpose of enforcing such lien, the Board may sell the shares subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and may authorise one of their number to execute a transfer thereof on behalf of and in the name of such Member. No sale shall be made until such period as aforesaid shall have arrived, and until notice in writing of the intention to sell shall have been served on such Member or his representatives and default shall have been made by him or them in the payment of the sum payable as aforesaid for seven days after such notice.

Application of proceeds of Sale.

41. The net proceeds of any such sale shall be applied in or towards satisfaction of the said sum payable as aforesaid and the balance (if any) paid to such member, his representatives or assigns.

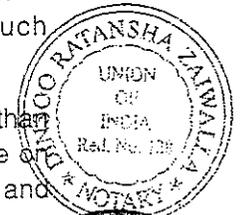
FORFEITURE OF SHARES

If money payable on share not paid, notice to be given to Member.

42. If any Member fails to pay any call, or instalment of a call, on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board of Directors may, at any time thereafter during such time as the call or instalment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

Form of Notice.

43. The notice shall name a day (not being less than fourteen days from the date of the notice) and a place and at which such call or instalment and such interest and



expenses as aforesaid are to be paid. The notice shall also state that, in the event of the non-payment at or before the time and at the place appointed, the shares, in respect of which the call was made or instalment is payable, will be liable to be forfeited.

44. If the requirements of any such notice as aforesaid shall not be complied with, every or any share, in respect of which such notice has been given, may at any time thereafter, before payment of all calls or instalments, interest and expenses due in respect thereof, be forfeited by a resolution of the Board of Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.

In default of payment, shares to be forfeited.

45. When any share shall have been so forfeited, notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members.

Notice of forfeiture to a Member.

46. Any share so forfeited shall be deemed to be the property of the Company, and may be sold, re-allotted, or otherwise disposed of either to the original holder thereof or to any other person upon such terms and in such manner as the Board of Directors shall think fit.

Forfeited share to be property of the Company and may be sold etc.

47. Any Member whose shares have been forfeited shall, notwithstanding the forfeiture be liable to pay, and shall forthwith pay to the Company, on demand, all calls, instalments, interest and expenses owing upon, or in respect of such shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment at such rate, not exceeding twelve per cent per annum, as the Board of Directors may determine and the Board of Directors may enforce the payment thereof, if it thinks fit.

Member still liable to pay money owing at time of forfeiture and interest.

48. A certificate in writing under the hands of a Director that the call in respect of a share was made, and notice thereof given, and that default in payment of the call was made, and that the forfeiture of the share was made by a resolution of the Directors to that effect, shall be sufficient evidence of the facts stated therein as against all persons entitled to such share.

Evidence of forfeiture.

49. The forfeiture of a share involve extinction, at the time of the forfeiture of all interest in and all claims and demands against the Company in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.

Effect of forfeiture.

50. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board of Directors may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the shares, sold, and the purchaser shall not be bound to see to the regularity of the proceedings or to

Validity of sale under Articles 40 and 46.



63

the application of the purchase money, and after his name has been entered in the Register of Members in respect of such shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

Upon sale etc. of the shares under Articles 40 and 46 the certificate or certificates issued in respect of such shares to be null and void.

51. Upon any sale, re-allotment or other disposal of the shares under the provisions for enforcing lien or forfeiture contained in the preceding Articles, the Certificate or Certificates issued in respect of such shares sold shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Member) stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue duplicate Certificate or Certificates in lieu thereof to the purchaser or purchasers concerned.

Power of annul, forfeiture.

52. The Board of Directors may, at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.

TRANSFER AND TRANSMISSION OF SHARES

Register of Transfers.

53. The Company shall keep a book, to be called the "Register of Transfers" and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any share.

Form of Transfer.

54. The Instrument of Transfer of any shares shall be in writing and all the provisions of Section 108 of the Act, and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfers of shares and of registration thereof.

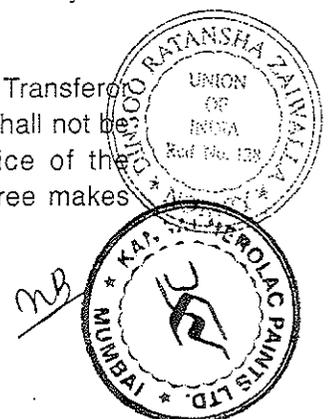
Transfer form to be completed and presented to the Company.

55. The Instrument of Transfer duly stamped and executed by the Transferor and the Transferee shall be delivered to the Company in accordance with the provisions of the Act. The Instrument of Transfer shall be accompanied by such evidence as the Board may require to prove the title of the Transferor, his right to transfer the shares and generally under and subject to such conditions and regulations as the Board may from time to time prescribe, and every registered Instrument of Transfer shall remain in the custody of the Company until destroyed by order of the Board. Transferor shall be deemed to be the holder of such shares until the name of the Transferee shall have been entered in the Register of Members in respect thereof.

Application for Transfer.

56. (1) An application for the registration of a transfer of the shares in the Company may be made either by the Transferor or the Transferee.

(2) Where the application is made by the Transferor and relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the Transferee and the Transferee makes



no objection to the transfer within two weeks from the receipt of the notice.

(3) For the purpose of Sub-Clause (2) above, notice to the Transferee shall be deemed to have been duly given if it is despatched by pre-paid registered post to the Transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.

57. The Board of Directors shall have power on giving seven days' previous notice by advertisement in some newspaper circulating in Mumbai to close the transfer books, the Register of Members or Register of Debentureholders at such time or times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty-five days in each year as to it may seem expedient.

Transfer Books etc, when closed.

58. Subject to the provisions of Section 111 of the Act, or any statutory modification thereof for the time being in force, the Board of Directors may, at its own absolute and uncontrolled discretion, and without assigning any reason, decline to register or acknowledge any transfer of shares (notwithstanding that the proposed Transferee be already a member), but in such cases it shall, within two months from the date on which the instrument of transfer was lodged with the Company, send to the Transferee and the Transferor notice of the refusal to register such transfer, provided that registration of a transfer shall not be refused on the ground of the transferor being alone or jointly with any other person or persons, indebted to the Company on any account whatsoever except in cases where the transfers relate to shares in respect of which the Company has exercised a right of lien.

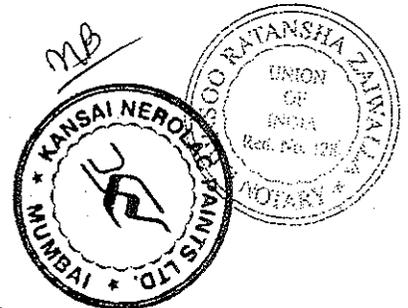
Directors may refuse to register Transfers.

59. In the case of the death of any one or more of the persons named in the Register of Members as the joint holders of any share, the survivor or survivors shall be the only persons recognised by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares held by him jointly with any other person.

Death of one or more joint holders of shares.

60. The executors or administrators or holders of a Succession Certificate or the legal representatives of a deceased Member (not being one or two or more jointholders) shall be the only persons recognised by the Company as having any title to the shares registered in the name of such Member, and the Company shall not be bound to recognise such executors or administrators or holders of a Succession Certificate or legal representative unless such executors or administrators or legal representatives shall have first obtained Probate or Letters of Administration or Succession Certificate, as the case may be, from a duly constituted Court in the Union of India; provided that in any

Title to shares of deceased member.



case where the Board of Directors in its absolute discretion thinks fit, the Board of Directors may dispense with production of Probate or Letters of Administration or Succession Certificate and under Article 62 register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased Member, as a Member.

Compliance with the Estate Duty Act, 1953.

61. If any Member of the Company dies, and the Company through any of its principal officers, within the meaning of Section 18 of the Estate Duty Act, 1953 has knowledge of his death, it shall not be lawful for the Company to register the transfer of any shares standing in the name of the deceased Member unless the Company is satisfied that the transferee has acquired such shares for valuable consideration or there is produced to it a Certificate from the Controller, Deputy Controller or Assistant Controller of Estate Duty that either the estate duty in respect thereof has been paid or will be paid or none is due, as the case may be. Where the Company has become aware through any of its principal officers of the death of any Member, the Company shall, within one month of the receipt of such knowledge, furnish to the Deputy Controller or Assistant Controller of Estate Duty who is exercising the functions of the Income-tax Officer in the case of the Company, such particulars as may be prescribed by the Estate Duty Rules, 1953.

Registration of persons entitled to shares otherwise than by transfer.

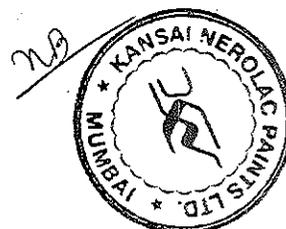
62. Subject to the provisions of the Act and these Articles, any person, becoming entitled to shares in consequence of the death, lunacy, bankruptcy or insolvency of any Member, or the marriage of any female member, or by any lawful means other than by a transfer in accordance with these Articles, may, with the consent of the Board of Directors (which it shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article, or of his title, as the Board of Directors think sufficient, either be registered himself as the holder of the shares or elect to have some person nominated by him and approved by the Board of Directors, registered as such holder, provided, nevertheless, that if such person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained, and, until he does so, he shall not be freed from any liability in respect of the shares.

Fee on transfer or transmission.

63. There shall be paid to the Company, in respect of the transfer or transmission of shares, such fee, if any, as the Board of Directors may from time to time determine.

The Company not liable for disregard of a notice prohibiting registration of a transfer.

64. The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or



interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice, or referred thereto, in any book of the Company, and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company, but the Company shall, nevertheless, be at liberty to regard and attend to any such notice, and give effect thereto, if the Board of Directors shall so think fit.

64A. (1) For the purpose of this Article :-

Definitions

'Beneficial Owner' means a person or persons whose name is recorded as such with a depository;

'SEBI' means the Securities & Exchange Board of India;

'Depository' means a company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration to act as a depository under the Securities & Exchange Board of India Act, 1992; and

'Security' means such security as may be specified by SEBI from time to time.

(2) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.

Dematerialisation of Securities

(3) Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.

Options for Investors

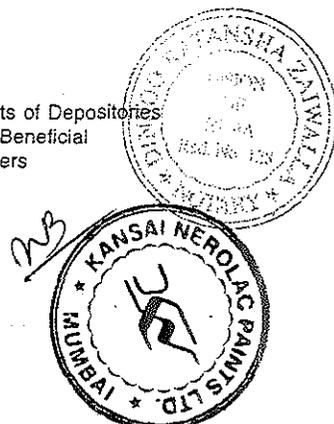
If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on the receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

(4) All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

Securities in Depositories to be in fungible form

(5) (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be

Rights of Depositories and Beneficial Owners



deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.

(b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.

(c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

Service of Documents

(6) Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

Transfer of Securities

(7) Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

Allotment of securities dealt with in a Depository

(8) Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

Distinctive numbers of Securities held in a Depository

(9) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.

Register and Index of Beneficial Owners

(10) The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security-holders for the purposes of these Articles.

COPIES OF MEMORANDUM AND ARTICLES TO BE SENT TO MEMBERS

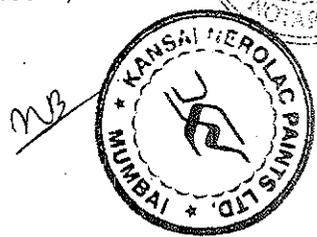
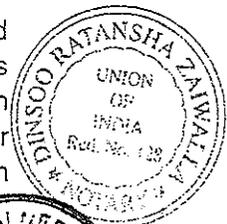
Copies of Memorandum and Articles of Association to be sent by Directors.

65. Copies of the Memorandum and Articles of Association of the Company and other documents referred to in Section 39 of the Act shall be sent by the Company to every Member at his request, within seven days of the request, on payment of the sum of Rupee one for each copy.

BORROWING POWERS

Power to borrow.

66. Subject to the provisions of Section 292 and 293 of the Act, and of these Articles, the Board of Directors may, from time to time, at its discretion, by a resolution passed at a Meeting of the Board (and not by a Circular Resolution) accept deposits from members, either in



advance of calls or otherwise, and generally raise or borrow or secure the payment of any sum or sums of money for the Company, provided, however, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board of Directors shall not borrow such moneys without the consent of the Company in General Meeting.

The payment or re-payment of moneys borrowed.

67. The payment or re-payment of the moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board of Directors may think fit, and in particular, by a resolution passed at a meeting of the Board (and not by a Circular Resolution) by the issue of debentures or debenture stock of the Company, charged upon all or any part of the property of the Company (both present and future), including its uncalled Capital for the time being, and debentures, debenture stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

Terms of issue of Debentures.

68. Any debentures, debenture stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares and attending (but not Noting) at General Meetings, appointment of Directors and otherwise, Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in General Meeting.

Register of Mortgage etc. to be kept.

69. The Board of Directors shall cause a proper Register to be kept in accordance with the provisions of Section 143 of the Act of all mortgages, debentures and charges specifically affecting any property of the Company, and shall cause the requirements of Sections 118, 125 and Sections 127 to 144 (both inclusive) of the Act in that behalf to be duly complied with so far as they fall to be complied with by the Board of Directors.

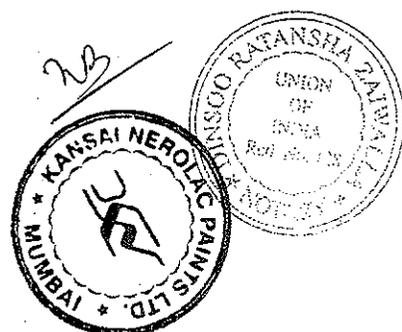
Register and Index of Debenture-holders.

70. The Company shall, if at any time it issues debentures, keep a Register and Index of Debenture-holders in accordance with Section 152 of the Act.

CONVERSION OF SHARES INTO STOCK

Shares may be converted into stock.

71. The Company in General Meeting may convert any paid up shares into Stock; and when any shares shall have been converted into Stock, the several holders of such Stock may hence forth transfer their respective interests therein, or any part of such interests, in the same manner and subject to the same regulations under which the shares from which the stock arose might have been transferred if no such conversion had taken place, or as near thereto as



circumstances will admit. The Company may at any time reconvert any Stock into paid-up Shares of any denomination.

Right of Stock-holders.

72. The holders of Stock shall, according to the amount of Stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets of winding up) shall be conferred by an amount of Stock which would not, if existing in Shares have conferred that privilege or advantage.

MEETING OF MEMBERS

Annual or Ordinary General Meeting.

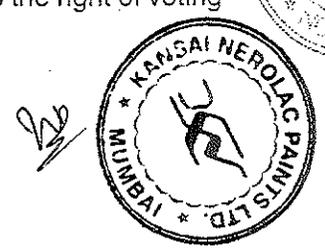
73. The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other Meetings in that year. All General Meetings other than Annual General Meetings shall be called Extraordinary General Meetings. An Annual General Meeting of the Company shall be held within six months after the expiry of each financial year, provided that not more than fifteen months shall elapse between the date of one Annual General Meeting and that of the next. Nothing contained herein shall be taken as affecting the right conferred upon the Registrar under the proviso to Section 166(i) of the Act to extend the time within which any Annual General Meeting may be held. Every Annual General Meeting shall be called for a time during business hours on a day that is not a public holiday, and shall be held at the Registered Office of the Company or at some other place within the City of Mumbai as the Board of Directors may determine and the Notice calling the Meeting shall specify it as the Annual General Meeting. Every Member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have a right to attend and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor. At every Annual General Meeting of the Company, there shall be laid on the table the Directors' Report and Audited Statement of Accounts, Auditor's Report (if not already incorporated in the Audited Statement of Accounts), the Proxy Register with proxies and the Register of Directors' share-holdings which later Register shall remain open and accessible during the continuance of the Meeting.

Annual Summary.

74. The Board of Directors shall cause to be prepared the annual list of Members, Summary and Balance Sheet, and forward the same to the Registrar of Companies, Mumbai in accordance with Section 159, 161 and 220 of the Act.

Extraordinary General Meetings.

75. The Board of Directors may, whenever it thinks fit, call an Extraordinary General Meeting and it shall do so upon a requisition in writing by any Member or Members holding in the aggregate not less than one-tenth of such of the paid-up capital as at that date carries the right of voting



in regard to the matter in respect of which the requisition has been made.

76. Any requisition so made by Members must state the object or objects of the meeting proposed to be called, and must be signed by the requisitionists and be deposited at the Office; provided that such requisition may consist of several documents in like form, each signed by one or more requisitionists.

Requisition of Members, to state object of Meeting.

77. Upon the receipt of any such requisition, the Board of Directors shall forthwith call an Extraordinary General Meeting and if they do not proceed within twenty-one days from the date of the requisition being not deposited at the Office, to cause a meeting to be called on a day not later than 45 days from the date of deposit of the requisition, the requisitionists, or such of their number as represent either a majority in value of the paid-up share capital held by all of them or not less than one-tenth of such of the paid-up share capital of the Company as is referred to in Section 169(4) of the Act, whichever is less, may themselves call the meeting; but in either case any meeting so called shall be held within three months from the date of the delivery of the requisition as aforesaid.

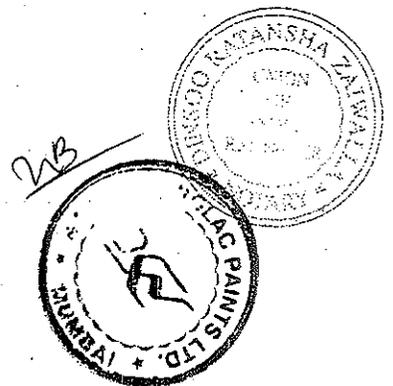
On receipt of requisition, Directors to call Meetings and in default requisitionists may do so.

78. Any meeting called under the foregoing Articles by the requisitionists shall be called in the same manner, as nearly as possible, as that in which meetings are to be called by the Board of Directors.

Meeting called by requisitionists.

79. Twenty-one days' notice at the least of every General Meeting, Annual or Extraordinary, and by whomsoever called, specifying the day, place and hour of meeting, and the general nature of the business to be transacted thereat, shall be given in the manner hereinafter provided, to such persons as are under these Articles entitled to receive notice from the Company. Provided that, in the case of an Annual General Meeting with the consent in writing of all the Members entitled to vote at the meeting, and in the case of any other meeting, with the consent of Members holding not less than 95 per cent of such part of the paid-up share capital of the Company as gives the right to vote at such meeting, a meeting may be convened by a shorter notice. In the case of an Annual General Meeting, if any business, other than (i) consideration of the Accounts, Balance Sheet and Report of the Board of Directors and Auditors (ii) the declaration of dividend (iii) the appointment of Directors in place of those retiring (iv) the appointment of and fixing of the remuneration of Auditors is to be transacted, and in the case of any other meeting in any event, there shall be annexed to the notice of the Meeting, a statement setting out all material facts concerning each such item of business, including in particular the nature and extent of the concern or interest, if any, therein of every Director, and the Manager (if any). Where any such item of special business relates to, or affects any other Company, the extent of shareholding interest in that other Company of every Director, and the Manager, if any, of the Company shall also be set

Twenty-one days notice of meeting, to be given.



71

out in the Statement, if the extent of such shareholding interest is not less than twenty per cent of the paid up share capital of that other Company. Where any item of business consists in the according of approval to any documents by the Meeting, the time and place where the documents can be inspected shall be specified in the statement aforesaid.

Omission to give notice not to invalidate a resolution passed.

80. The accidental omission to give any such notice, as aforesaid to or the non-receipt thereof by, any of the Members shall not invalidate any resolution passed at any such meeting.

Resolution requiring special notice.

81. (1) Where, by any provision contained in the Act or in these Articles, special notice is required of any resolution, notice of the intention to move the resolution shall be given to the Company not less than fourteen days before the meeting at which it is to be moved, exclusive of the day on which the notice is served or deemed to be served and the day of the Meeting.

(2) The Company shall, immediately after the notice of the intention to move any such resolution has been received by it, give its members notice of the resolution in the same manner as it gives notice of the meeting, or if that is not practicable, shall give them notice thereof, either by advertisement in a newspaper having an appropriate circulation or any other mode allowed by these Articles, not less than seven days before the meeting.

Notice of business to be given.

82. No General Meeting, Annual or Extraordinary, shall be competent to enter upon, discuss or transact any business which has not been specifically mentioned in the notice or notices upon which it was convened.

Quorum at General Meeting.

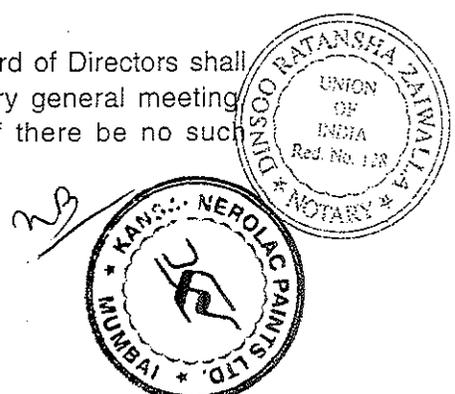
83. Five Members present in person shall be a quorum for a General Meeting. A Corporation being a Member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act.

If quorum not present meeting to be dissolved or adjourned.

84. If, at the expiration of half an hour from the time appointed for holding the meeting, a quorum of Members shall not be present, the meeting, if convened by or upon the requisition of Members, shall be dissolved, but in any other case, the Meeting shall stand adjourned to the same day in the next week, at the same time and place or, if that day is a Public Holiday, until the next succeeding day which is not a Public Holiday at the same time and place, or to such other day, and at such other time and place in Mumbai as the Board of Directors may by notice to the Members appoint, and if at such adjourned meeting a quorum of Members is not present at the expiration of half an hour from the time appointed for holding the meeting, the Members present shall be a quorum, and may transact the business for which the meeting was called.

Chairman of General Meeting.

85. The Chairman of the Board of Directors shall be entitled to take the Chair at every general meeting whether Annual or Extraordinary. If there be no such



72

Chairman or if at any meeting he shall not be present within 15 minutes from the time appointed for holding the meeting, the Managing Director, if any, shall be entitled to take the Chair. If the Managing Director is not present or is unwilling to take the Chair, the Directors present shall elect one of their number to be the Chairman of the Meeting. If no Director is present or if all the Directors present decline to take the Chair, then the members present shall elect one of their number to be the Chairman.

86. No business shall be discussed at any General Meeting except the election of a Chairman whilst the chair is vacant.

Business confined to election of Chairman whilst chair vacant.

87. The Chairman, with the consent of the meeting, may adjourn any meeting from time to time and from place to place in Mumbai, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

Chairman with consent may adjourn meeting.

88. At any General Meeting, a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) ordered to be taken by the Chairman of the Meeting of his own motion or demanded by at least five members having right to vote on the resolution and present in person or by proxy or by any Member or Members holding not less than one-tenth of the total voting power in respect of the resolution or by any Member or Members present in person or by proxy and holding shares in the Company conferring right to vote on the resolution, being shares on which an aggregate sum has been paid up which is not less than one-tenth of the total sum paid-up on all the shares conferring that right, and unless a poll is so demanded, a declaration by the Chairman that a resolution has, on a show of hands, been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the Minute Book of the Company shall be evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against that resolution.

Questions at General Meeting how decided.

89. In the case of an equality of votes, the Chairman shall both on a show of hands and at a poll (if any) have a casting vote in addition to the vote or votes to which he may be entitled as a Member.

Chairman's Casting vote.

90. If a Poll is demanded as aforesaid, the same shall, subject to Article 92 be taken at such time (not later than 48 hours from the time when the demand was made) and place in Mumbai, and either by open voting or by ballot as the Chairman shall direct, and either at once or after an interval or adjournment, or otherwise, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

Poll to be taken if demanded.



Scrutineers at Poll.

91. Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinise the votes given on the poll and to report thereon to him. One of the scrutineers so appointed shall always be a member (not being officer or employee of the Company) present at the meeting, provided such a Member is available and willing to be appointed. The Chairman shall have power at any time before the result of the poll is declared to remove a scrutineer from office and fill the vacancy in the office of scrutineer arising from such removal or from any other cause.

In what cases poll to be taken without adjournment.

92. Any poll duly demanded on the election of a Chairman of a meeting or on any question of adjournment shall be taken at the meeting forthwith.

Demand for poll not to prevent transaction of other business.

93. The demand for a poll, except on questions of the election of the Chairman and of an adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

VOTES OF MEMBERS

Members in arrears not to vote.

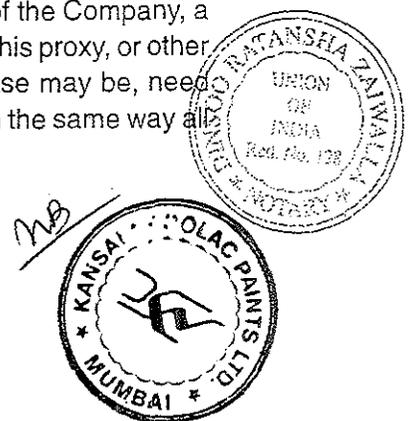
94. No Member shall be entitled to vote, either personally or by proxy at any General Meeting, Annual or Extraordinary or at a meeting of a class of shareholders of the Company, either upon a show of hands or upon a poll, in respect of any shares registered in his name, alone or jointly with any other person or persons on which any calls or other sums presently payable by him, either alone or jointly with any other person or persons, have not been paid, or in regard to which the Company has, and has exercised any right of lien.

Number of votes to which Member entitled.

95. Subject to the provisions of these Articles, and without prejudice to any special privileges or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the capital of the Company, every member, not disqualifying by the last preceding Article, shall be entitled to be present, and to speak and vote at such meeting, and on a show of hands every member present in person shall have one vote and upon a poll the voting right of every member present in person or proxy shall be in proportion to his share of the paid-up equity share capital of the Company. Provided, however, if any Preference shareholder be present at any meeting of the Company, save as provided in clause (b) of subsection (2) of Section 87 of the Act, he shall have a right to vote only on resolution placed before the meeting which directly affect the right attached to his Preference Shares.

Right of Member to use his vote differently.

96. On a poll taken at a meeting of the Company, a Member entitled to more than one vote, or his proxy, or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes, or cast in the same way all the votes he uses.



97. A Member of unsound mind, or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by his committee or other legal guardian, and any such committee or guardian may, on a poll vote by proxy; if any Member be a minor, the vote in respect of his share be by his guardian, or any one of his guardians, if more than one, to be selected in case of dispute, by the Chairman of the meeting.

How Members non Compos mentis and minor may vote.

98. If there be joint registered holders of any shares, any one of such persons may vote at any meeting or may appoint another person (whether a Member or not) as his proxy in respect of such shares, as if he was solely entitled thereto, and the proxy so appointed shall have no right to speak at the meeting and if more than one of such joint-holders be present at any meeting, that one of the said persons so present, whose name stands higher on the Register, shall be alone entitled to speak and to vote in respect of such shares but the other of the joint-holders shall be entitled to be present at the meeting.

Vote of joint Members.

99. Several executors or administrators of a deceased member, in whose name shares stand shall, for the purpose of these Articles, be deemed joint-holders thereof.

Executors or administrators deemed to be joint-holders.

100. Subject to the provisions of these Articles, votes may be given either personally or by proxy.

Voting in person or by proxy.

101. Every proxy (whether a Member or not) shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a Corporation, under the Common Seal of such Corporation, or be signed by an Officer of the Corporation or an attorney duly authorised by it and any Committee or guardian may appoint such proxy. The proxy so appointed shall not have any right to speak at the meetings.

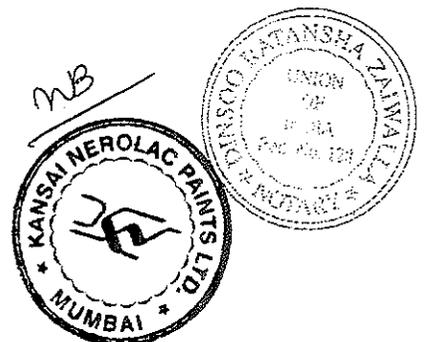
Appointment of proxy.

102. No Member present only by proxy shall be entitled to vote on a show of hands, unless, such Member is a Corporation present by a Proxy who is not himself a Member, in which case such proxy shall have a vote on the show of hands as if he was a Member.

No proxy except for a Corporation to vote on a show of hands.

103. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Office not later than forty-eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of his execution except in the case of the adjournment of any meeting first held previously to the expiration of such time.

Deposits of instrument of appointment.



Form of Proxy.

104. Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in any of the forms set out in Schedule IX of the Act.

Vote given by proxy valid notwithstanding death of member etc.

105. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal, or revocation of the proxy or of any power of attorney under which such proxy was signed, or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death, revocation or transfer shall have been received at the office before the meeting.

Time for objection to votes.

106. No objection shall be made to the validity of any vote except at the meeting or poll at which such vote shall be tendered, and every vote, whether given personally or by proxy not disallowed at such meeting or poll, shall be deemed valid for all purposes of such meeting or poll whatsoever.

Chairman of any meeting to be the judge of validity of any vote.

107. The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

Minutes of General Meeting and inspection thereof by Member.

108. (1) The Company shall cause minutes of all proceedings of every General Meeting to be kept by making within 30 days of the conclusion of every such meeting concerned entries thereof in books for that purpose with their pages consecutively numbered.

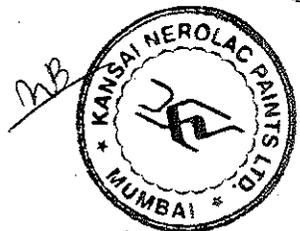
(2) Each page of every such book shall be initialled or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the Chairman of the same meeting within the aforesaid period of 30 days or in the event of the death or inability of that Chairman within that period, by a Director duly authorised by the Board for the purpose.

(3) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.

(4) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.

(5) All appointments of Officers made at any of the meeting aforesaid shall be included in the minutes of the meeting.

(6) Nothing herein contained shall require or be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting (a) is, or could reasonably be regarded as, defamatory of any person, or (b) is irrelevant or immaterial to the proceedings, or (c) is detrimental to the interest of the Company. The Chairman of the meeting shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the aforesaid grounds.



26

(7) Any such minutes shall be evidence of the proceedings recorded therein.

(8) The books containing the minutes of the proceedings of General Meeting shall be kept at the Registered Office of the Company and shall be open, during business hours, for such periods not being less in the aggregate than two hours in each day as the Directors determine, to the inspection of any Member without charge.

DIRECTORS

109. Until otherwise determined by a General Meeting and subject to Section 252 of the Act, the number of Directors shall not be less than four nor more than fourteen excluding any Nominee Director.

Number of Directors.

110. If it is provided by any Trust Deed or Agreement securing or otherwise in connection with any issue of debentures of the Company or the availment of finance by the Company from any financial institution as defined in Section 4-A of the Companies Act, 1956, that any person or persons, shall have power to nominate a Director of the Company, then in the case of any and every such issue of debentures or the availment of finance, the person or persons having such power may exercise such power from time to time and appoint a Director accordingly. Any Director so appointed is herein referred to as a Nominee Director. A Nominee Director may be removed from office at any time by the person or persons in whom for the time being is vested the power under which he was appointed and another Director may be appointed in his place. A Nominee Director shall not be liable to retire by rotation and shall not be bound to hold qualification shares. Subject to the provisions of the Act, a Nominee Director shall not be liable to be removed by the Company.

Nominee Directors.

The Nominee Director/s so appointed shall hold the said office, only so long as any moneys remain owing by the Company to the financial institution or the liability of the Company arising out of any Guarantee is outstanding and the Nominee Director/s so appointed, in exercise of the said power shall ipso facto vacate such office immediately when the moneys owing by the Company to the Financial Institution, is paid off.

The Company shall pay to the Nominee Director/s sitting fees and expenses which the other non-whole-time Directors of the Company are entitled, but if any other fees, commission, moneys or remuneration in any form, is payable to the non-whole-time Directors of the Company, the fees, commission, moneys and remuneration in relation to such Nominee Director/s shall accrue to the financial institution and the same shall accordingly be paid by the Company directly to the financial institution. Any expenses that may be incurred by the financial institution or such Nominee Director/s in connection with their appointment or Directorship, shall also be paid or reimbursed by the Company to the financial institution, or as the case may be to such Nominee Director/s.



77

Provided that if any such Nominee Director/s is an officer of the financial institution, the sitting fees, in relation to such Nominee Director/s shall also accrue to the financial institution and the same shall accordingly be paid by the Company directly to the financial institution.

Provided also that in the event of the Nominee Director/s being appointed as whole-time Director/s, such Nominee Director/s shall exercise such powers and duties as may be approved by the financial institution and have such rights as are usually exercised or available to a whole-time Director, in the management of the Company. Such Nominee Director/s shall be entitled to receive such remuneration, fees, commissions, and moneys as may be approved by the financial institution and the Central Government.

111. Article deleted.

Alternate Director.

112. The Board of Directors of the Company may appoint an alternate Director to act for a Director (hereinafter called "the Original Director") during his absence for a period of not less than three months from the State of Maharashtra. An Alternate Director appointed under this Article shall not hold office as such for a longer period than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to the State of Maharashtra, If the term of office of the Original Director is determined before he so returns to the State of Maharashtra, any provision in the Act or in these Articles for the automatic reappointment of retiring Directors in default of another appointment shall apply to the Original Director and not to the Alternate Director. An Alternate Director shall not be required to acquire and hold any qualifying shares of the Company.

Board's power to add to their number.

113. Subject to the provisions of the Act, the Board shall have power at any time and from time to time to appoint any other qualified person to be an Additional Director, but so that the total number of Directors shall not at any time exceed the maximum fixed under Article 109. Any such additional Director shall hold office only up to the date of the next Annual General Meeting.

Board's power to fill casual vacancy.

114. Subject to the provisions of Act, the Board shall have power at any time and from time to time to appoint any other qualified person to be a Director to fill a casual vacancy. Any person so appointed shall hold office only up to the date up to which the Director in whose place he is appointed would have held office, if it had not been vacated by him.

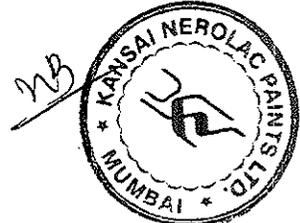
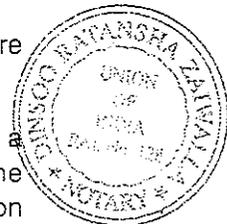
115. Article deleted.

Qualification of Directors.

116. A Director shall not be required to hold any share qualification.

Remuneration of Directors.

117. (1) Subject to the provisions of the Act, a Managing Director or Director, who is in the wholetime employment of the Company may be paid remuneration



78

either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other.

(2) Subject to the provisions of the Act, a Director, who is neither in the whole-time employment nor a Managing Director may be paid remuneration either:

- (a) by way of monthly, quarterly or annual payment with the approval of the Central Government; or
- (b) by way of commission, if the Company by a special resolution authorises such payment.

(3) The fee payable to a director for attending a meeting of the Board or Committee thereof shall be such sum as may from time to time be determined by the Board Directors within the limit prescribed under the Companies Act, 1956.

118. The Board of Directors may allow and pay to any Director, who is not a bona-fide resident of Mumbai and who shall come to that City for the purpose of attending any meeting, such sum as the Board may consider fair compensation or for travelling, boarding, lodging and other expenses, in addition to his fee for attending such meeting as above specified; and if any Director be called upon to go or reside out of Mumbai on the Company's business, he shall be entitled to be paid and reimbursed any travelling or other expenses incurred in connection with the business of the Company.

Travelling expenses incurred by Director not a bonafide resident of Mumbai or by Director going out of Mumbai on Company's business.

119. The continuing Directors may act notwithstanding any vacancy in their body, but, if and so long as their number is reduced below the number fixed by these Articles as the necessary quorum of Directors, the continuing Directors may act for the purpose of increasing the number of Directors to that number, or for summoning a General Meeting, but for no other purpose.

Directors may act notwithstanding vacancy.

120. The Company may, by Ordinary Resolution (subject to the provisions of the Act and these Articles), remove any Director of the Company before the expiry of his period of office in accordance with the provisions of Section 284 of the Act and any vacancy created by such removal shall be filled in accordance with the provisions of sub-sections (5) and (6) of Section 284 of the Act.

Removal of Directors.

121. Subject to Sections 283(2) and 314 of the Act, the office of Directors shall become vacant if

When Office of Directors to be vacated.

- (a) he fails to obtain within the time specified in sub-section (1) of Section 270 of the Act, or at any time thereafter ceases to hold the share qualification (if any) required of him by these Articles; or
- (b) he is found to be of unsound mind by a Court of competent jurisdiction; or



: 30 :

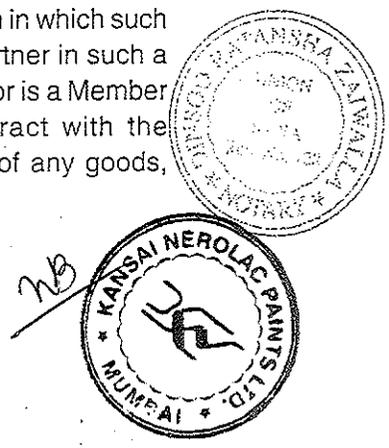
- (c) he applies to be adjudicated an insolvent; or
- (d) he is adjudged an insolvent; or
- (e) he fails to pay any call made on him in respect of shares of the Company held by him whether alone or jointly with others within six months from the last date fixed for the payment of such call unless the Central Government has by notification in the Official Gazette, removed the disqualification incurred by such failure; or
- (f) deleted.
- (g) he absents himself from three consecutive meetings of the Directors or from all meetings of Directors for a continuous period of three months, whichever is longer, without leave of absence from the Board of Directors; or
- (h) he becomes disqualified by an order of Court under Section 203 of the Act; or
- (i) he is removed in pursuance of Section 284 of the Act; or
- (j) he (whether by himself or any person for his benefit or on his account) or any firm in which he is a partner or any private company of which he is a Director, accepts a loan or any guarantee or security for loan from the Company in contravention of Section 295 of the Act; or
- (k) he acts in contravention of Section 299 of the Act; or
- (l) he is convicted by a Court of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months; or
- (m) having been appointed a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company.

Vacation of office by resignation.

122. Subject to the provisions of the Act, a Director may at any time resign his office by notice in writing addressed to the Company.

Director may contract with Company.

123. (1) A Director or his relative, a firm in which such Director or relative is a partner, any other partner in such a firm, or a private company of which the Director is a Member or Director shall not enter into any contract with the Company, for the sale, purchase or supply of any goods,



materials or services or for underwriting the subscription of any shares in, or debentures of the Company; provided that the sanction of the Board is obtained before or within three months of the date on which the contract is entered into in accordance with Section 297 of the Act.

(2) No sanction however shall be necessary to :

(a) any purchase of goods and materials from the Company, or the sale of goods or materials to the Company, by any such Director, relative, firm, partner or private company as aforesaid for cash at prevailing market prices; or

(b) any contract or contracts between the Company on one side and any such Director, relative, firm, partner or private company on the other for sale, purchase or supply of any goods, materials and services in which either the Company or the Director, relative, firm, partner or private company as the case may be, regularly trades or does business where the value of the goods and materials or the cost of such services do not exceed Rs. 5,000/- in the aggregate in any year comprised in the period of the contract or contracts.

Provided that in circumstances of urgent necessity, the Company may without obtaining the consent of the Board enter into any contract or contracts with the Director, relative, firm, partner or private company even if the value of such goods or the cost of such services exceed Rs. 5,000/- in the aggregate in any year comprised in the period of the contract, provided however that the consent of the Board shall be obtained to such contract or contracts at a meeting within three months, of the date on which the contract was entered into.

124. A Director of the Company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement entered into, or proposed contract or arrangement to be entered into by or on behalf of the Company, shall disclose the nature of his concern or interest at a meeting of the Board in the manner provided in Section 299(2) of the Act; Provided that it shall not be necessary for a Director to disclose his concern or interest in any contract or arrangement entered into or to be entered into with any other company where any of the Directors of the Company or any such other company or two or more of them together holds or hold not more than two per cent of the paid up share capital in any such other company or the Company,

Disclosure of interest.



as the case may be. A general notice given to the Board by the Director, to the effect that he is a Director or Member of a specified body corporate or is a Member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice, be entered into with that body corporate or firm, shall be deemed to be a sufficient disclosure, of concern or interest in relation to any contract or arrangement so made. Any such general notice shall expire at the end of the financial year in which it is given but may be renewed for a further period of one financial year at a time by a fresh notice given in the last month of the financial year in which it would have otherwise expired. No such general notice, and no renewal thereof shall be of effect unless either it is given at a meeting of the Board, or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.

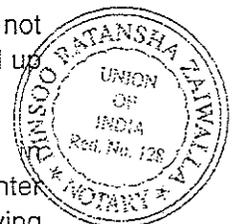
Interested Director not to participate or vote in Board's proceedings.

125. No Directors shall as a Director take any part in the discussion of or vote on, any contract or arrangement entered into or to be entered into by or on behalf of the Company, if he is in any way, whether directly or indirectly, concerned or interested in such contract or arrangement; nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote; and if he does vote, his vote shall be void. Provided however that nothing herein contained shall apply to

- (a) any contract or indemnity against any loss which the Directors or any one or more of them, may suffer by reason of becoming or being sureties or a surety for the Company.
- (b) any contract or arrangement entered into or to be entered into with a public company, or a private company which is a subsidiary of a public company, in which the interest of the Directors consists solely
 - (i) in his being -
 - (a) a Director of such company, and
 - (b) the holder of not more than shares of such number or value therein as is requisite to qualify him for appointment as a Director thereof, he having been nominated as such Director by the Company; or
 - (ii) in his being a Member holding not more than 2 per cent of its paid up share capital.

Register of Contracts in which Directors are interested.

126. The Company shall keep a register in accordance with Section 301 of the Act, and shall enter therein such of the particulars as may be relevant having



regard to the application thereto of Section 297 or Section 299 of the Act, as the case may be. The register aforesaid shall also specify, in relation to each Director of the Company, the names of the bodies corporate and firms of which notice has been given by him under Article 124. The register shall be kept at the registered office of the Company and shall be open to inspection at such office, and extracts may be taken therefrom and copies thereof may be required by any Member of the Company to the same extent, in the same manner, and on payment of the same fee as in the case of the Register of Members of the Company and the provisions of Section 163 of the Act shall apply accordingly.

127. A Director may be or become a Director of any Company promoted by the Company, or in which it may be interested as a vendor, shareholder, or otherwise and no such Director shall be accountable for any benefits received as Director or shareholder of such Company except in so far as Section 309(6) or Section 314 of the Act may be applicable.

Directors may be Directors of Companies promoted by the Company.

128. Subject to the provisions of the Act and these Articles at every Annual General Meeting of the Company, one-third of such of the Directors for the time being as are liable to retire by rotation, or if their number is not three or a multiple of three, the number nearest to one-third, shall retire from Office.

Retirement & rotation of Directors.

129. Subject to Section 284(5) of the Act, the Directors to retire by rotation under Article 128 at every Annual General Meeting shall be those who have been longest in office since their last appointment but as between persons who become Directors on the same day, those who are to retire shall, in default of and subject to any agreement among themselves, be determined by lot.

Ascertainment of Directors retiring by rotation and filling up of vacancies.

130. At a General Meeting of the Company, a motion shall not be made for the appointment of two or more persons as Directors of the Company by a single resolution, unless a resolution that it shall be so made has first been agreed to by the meeting without any vote being given against it. A resolution moved in contravention of this Article shall be void whether or not objection was taken at the time to its being so moved; provided that where a resolution so moved is passed no provision for the automatic re-appointment of retiring Directors by virtue of these Articles or the Act in default of another appointment shall apply.

Individual resolution for Directors' appointment.

131. Subject to the provisions of the Act and these Articles, a retiring Director shall be eligible for re-election.

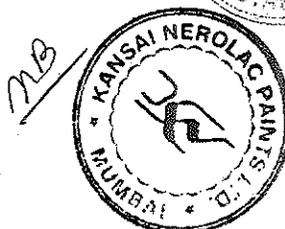
Eligibility for re-election.

132. Subject to Sections 255, 258, 261 and 284 of the Act, the Company at the General Meeting at which a Director retires in manner aforesaid may fill the vacated office by electing a person thereto.

Company to appoint successors.

133. (a) If the place of the retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the

Provisions in default of appointment.



same day in the next week, at the same time and place, or if that day is a public holiday till the next succeeding day which is not a public holiday, at the same time and place.

- (b) If at the adjourned meeting also the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned meeting unless —
 - (i) at that meeting or at the previous meeting a resolution for the re-appointment of such Director has been put to the meeting and lost;
 - (ii) the retiring Director has, by a notice in writing addressed to the Company or its Board of Directors, expressed his unwillingness to be so re-appointed;
 - (iii) he is not qualified or is disqualified for appointment;
 - (iv) a resolution, whether special or ordinary, is required for the appointment or re-appointment by virtue of any provisions of the Act; or
 - (v) the proviso to sub-section (2) of Section 263 of the Act is applicable to the case.

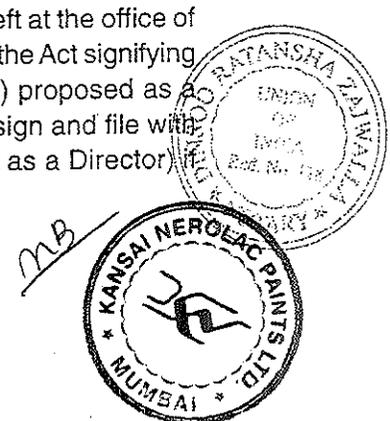
Company may increase or reduce the number of Directors.

134. Subject to Section 259 of the Act, the Company may, by Ordinary Resolution, from time to time, increase or reduce the number of Directors, and may alter their qualification and the Company may (subject to the provisions of Section 284 of the Act) remove any Director before the expiration of his period of office and appoint another qualified person in his stead. The person so appointed shall hold office during such time as the Director in whose place he is appointed would have held the same if he had not been so removed.

Notice of candidature for office of Director and filing of consent with the Registrar.

135. (1) No person not being a retiring Director, shall be eligible for appointment to the office of Director at any General Meeting unless he or some Member intending to propose him has not less than 14 days before the meeting, left at the office of the Company a notice in writing under his hand signifying his candidature for the office of Director or the intention of such Member to propose him as a candidate for that office.

(2) Every person (other than a Director retiring by rotation or otherwise or a person who has left at the office of the Company a notice under Section 257 of the Act signifying his candidature for the office of a Director) proposed as a candidate for the office of a Director shall sign and file with the Company, his consent in writing to act as a Director if appointed.



(3) A person other than a Director re-appointed after retirement by rotation or immediately on the expiry of his term of office, or an additional or alternate Director, or a person filling a casual vacancy in the office of a Director under Section 262 of the Act, appointed as a Director or reappointed as an additional or alternate Director, immediately on the expiry of his term of office, shall not act as a Director of the Company unless he has within thirty days of his appointment signed and filed with the Registrar his consent in writing to act as such Director.

136. The Company shall keep at its Office a Register containing the particulars of its Directors, Managers, Managing Directors and other persons mentioned in Section 303 of the Act and shall send to the Registrar, a Return containing the particulars specified in such Register, and shall otherwise comply with the provisions of the said Section in all respects.

Register of Directors etc. and notification of change therein to the Registrar.

137. The Company shall in respect of each of its Directors keep at its Office a Register as required by Section 307 of the Act, and shall otherwise duly comply with the provisions of the said Section in all respects.

Register of Directors' holding of shares in or debentures of the Company.

138. (a) Every Director (including a person deemed to be a Director by virtue of the Explanation of Sub-Section (1) of Section 303 of the Act) Managing Director or Manager of the Company shall, within 30 days of his or their appointment to any of the above offices in any other body corporate, disclose to the Company the particulars relating to his office in the other body corporate which are required to be specified under SubSection (1) of Section 303 of the Act.

Disclosure by Director of Appointment to any other body corporate.

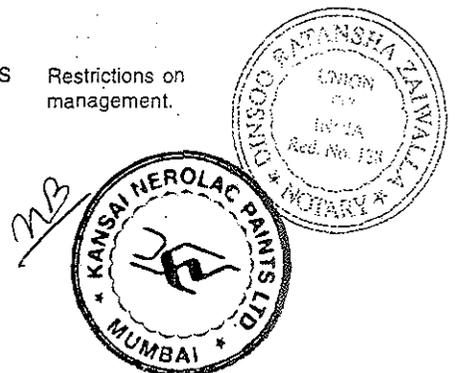
(b) Every Director and every person deemed to be a Director of the Company by virtue of Sub-Section (10) of Section 307 of the Act shall give notice to the Company of such matters relating to himself as may be necessary for the purpose of enabling the Company to comply with the provisions of that Section.

139. Subject to the provisions of the Act and of these Articles, the Board shall have power to appoint from time to time any of its member as Managing Director or Managing Directors of the Company for a fixed term not exceeding five years at a time and upon such terms and conditions as the Board thinks fit, and subject to the provisions of Article 140, the Board may by resolution vest in such Managing Director or Managing Directors such of the powers hereby vested in the Board generally as it thinks fit, and such powers may be made exercisable for such period or periods, and upon such conditions and subject to such restrictions, as it may determine. The remuneration of a Managing Director may be by way of monthly payment, fee for each meeting or participation in profits, or by any or all these modes or any other mode not expressly prohibited by the Act.

Board may appoint Managing Director.

140. The Managing Director or Managing Directors shall not exercise the powers to :

Restrictions on management.



: 36 :

- (a) make calls on shareholders in respect of money unpaid on their shares in the Company;
 - (b) issue debentures;
- and, except to the extent mentioned in the resolution passed at the Board meeting under Section 292 of the Act, shall also not exercise the powers to :
- (c) borrow moneys otherwise than on debentures;
 - (d) invest the funds of the Company; and
 - (e) make loans.

Certain persons not to be appointed Managing Directors.

141. The Company shall not appoint or employ, or continue the appointment or employment of a person as its Managing or whole-time Director who –

- (a) is an undischarged insolvent, or has at any time been adjudged an insolvent;
- (b) suspends, or has at any time suspended payment to his creditors, or makes, or has at any time made, a composition with them; or
- (c) is, or has at any time been, convicted by a Court of an offence involving moral turpitude.

Special position of Managing Director.

142. A Managing Director shall not while he continues to hold that office be subject to retirement by rotation, in accordance with Article 128 nor shall be required to hold any qualification shares. If he ceases to hold the office of Director he shall ipso facto and immediately cease to be a Managing Director.

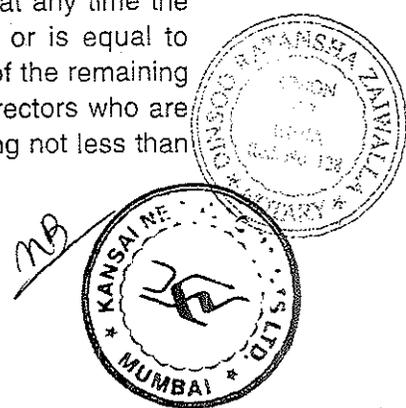
PROCEEDINGS OF THE BOARD OF DIRECTORS

Meetings of Directors.

143. The Directors may meet together as a Board for the despatch of business from time to time and shall so meet at least once in every three months and at least four such meetings shall be held in every year. The Directors may adjourn and otherwise regulate their meetings as they think fit.

Quorum.

144. Subject to Section 287 of the Act, the quorum for a meeting of the Board of Directors shall be one-third of its total strength (excluding Directors, if any, whose places may be vacant at the time and any fraction contained in that one-third being rounded off as one), or two Directors, whichever is higher. Provided that where at any time the number of interested Directors exceeds or is equal to two-third of the total strength the number of the remaining Directors, that is to say, the number of Directors who are not interested, present at the meeting being not less than two shall be the quorum during such time.



145. If a meeting of the Board could not be held for want of quorum, then the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday at the same time and place.

Adjournment of Meeting for want of quorum.

146. A Director may at any time, and the Secretary upon the request of a Director shall, convene a meeting of the Directors by giving a notice in writing to every Director for the time being in India, and at his usual address in India to every other Director.

When meeting to be convened.

147. The Directors may from time to time elect from among their number a Chairman of the Board and determine the period for which he is to hold office. If no Chairman is elected or at any meeting of the Board the Chairman is not present within ten minutes of the time appointed for holding the same, the Directors present shall choose one of their number to be the Chairman of such meeting.

Chairman.

148. Questions arising at any Board meeting shall be decided by a majority of votes, and in case of an equality of votes, the Chairman presiding at such meeting, shall have a second or casting vote.

Questions at Board Meetings how decided.

149. A meeting of the Board of Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretion which by or under the Act or these Articles are for the time being vested in or exercisable by the Board of Directors generally.

Powers of Board Meeting.

150. Subject to the restrictions contained in Section 292 of the Act, the Board of Directors may delegate any of their powers to Committees of the Board consisting of such member or members of its body as it thinks fit, and it may from time to time revoke and discharge any such Committee of the Board either wholly or in part, and either as to persons or purposes, but every Committee of the Board so formed shall in the exercise of the powers so delegated conform to any regulation that may from time to time be imposed on it by the Board of Directors. All acts done by any such Committee of the Board in conformity with such regulations, and in fulfilment of the purposes of their appointment but not otherwise shall have the like force and effect as if done by the Board.

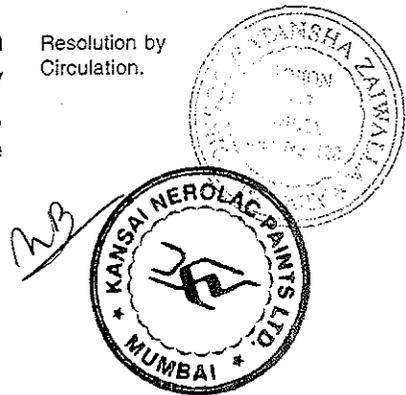
Directors may appoint Committees.

151. The meetings and proceedings of any such Committees of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors, so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding Article.

Meetings of Committee how to be governed.

152. No resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation, unless the resolution has been circulated in draft, together with the necessary papers, if any, to all the

Resolution by Circulation.



: 38 :

Directors, or to all the member of the Committee, then in India (not being less in number than the quorum fixed for a meeting of the Board or Committee, as the case may be), and to all other Directors or members of the Committee, at their usual address in India, and has been approved by such of the Directors or members of the Committee as are then in India, or by a majority of such of them, as are entitled to vote on the resolution.

Act of Board or Committee valid notwithstanding defect in appointment of any Director.

153. All acts done by any meeting of the Board or by a Committee of the Board, or by any person acting as a Director shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Directors or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, and was qualified to be a Director, and had not vacated office or his appointment had not been terminated. Provided that nothing in this Article shall be deemed to give validity to acts done by a Director after it is shown that he had vacated his office or his appointment has been shown to the Company to be invalid or to have terminated.

Minutes of proceedings of meetings of the Board.

154. (1) The Company shall cause minutes of all proceedings of every meeting of the Board and of every committee thereof to be kept by making within thirty days of the conclusion of every such meeting entries thereof in books kept for that purpose with their pages consecutively numbered.

(2) Each page of every such book shall be initialled or signed and the last pages of the record of proceedings of each meeting in such book shall be dated and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting.

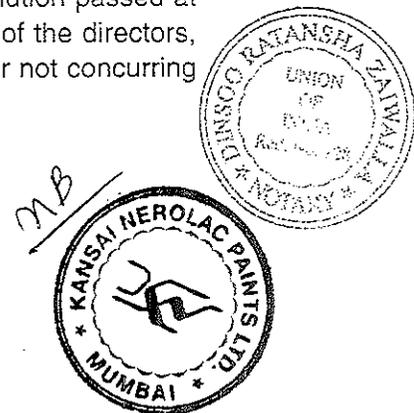
(3) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.

(4) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.

(5) All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of meeting.

(6) The minutes shall also contain -

- (a) the names of the directors present at the meetings, and
- (b) in the case of each resolution passed at the meeting, the names of the directors, if any, dissenting from, or not concurring in the resolution.



(7) Nothing contained in sub-clauses (1) to (6) shall be deemed to require the inclusion in any such minutes of any matter which, in the opinion of the Chairman of the meeting –

- (a) is, or could reasonably be regarded as, defamatory of any person;
- (b) is irrelevant or immaterial to the proceedings; or
- (c) is detrimental to the interests of the Company.

The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in this sub-clause.

(8) Minutes of meetings kept in accordance with the aforesaid provisions shall be evidence of the proceedings recorded thereon.

155. The Board may exercise all such powers of the Company and do all such acts and things as are not, by the Act, or any other Act or by the Memorandum or by the Articles of the Company required to be exercised by the Company in General Meeting, subject nevertheless to these Articles, to the provisions of the Act, or any other Act and to such regulations being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by the Company in General Meeting but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made. Provided that the Board shall not except with the consent of the Company in General Meeting –

Powers of Directors.

- (a) sell, lease or otherwise dispose of the whole, or substantially the whole of the undertaking of the Company, or where the Company owns more than one undertaking, or the whole, or substantially the whole of any such undertaking;
- (b) remit, or give time for the repayment of any debt due by a Director;
- (c) invest otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition of any such undertaking as is referred to in clause (a) or if any premises or properties used for any such undertaking and without which cannot be carried on or can be carried on only with difficulty or only after a considerable time;
- (d) borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart



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from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose;

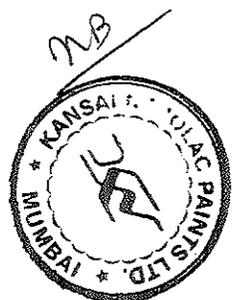
Provided further that the powers specified in Section 292 of the Act shall subject to these Articles be exercised only at meetings of the Board unless the same be delegated to the extent therein stated; or

- (e) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five per cent of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act during the three financial years immediately preceding, whichever is greater.

Certain powers
of the Board.

156. Without prejudice to the General powers conferred by the last preceding Articles, and so as not in any way to limit or restrict these and without prejudice to the other powers conferred by these Articles but subject to the restrictions contained in the last preceding Articles, it is hereby declared that the Directors shall have the following powers, that is to say, power :

- (1) To pay and charge to the capital account of the Company any commission or interest lawfully payable thereout under the provisions of Sections 76 and 208 of the Act;
- (2) Subject to Sections 292 and 297 of the Act, to purchase or otherwise acquire for the company and property, rights or privileges which the Company is authorised to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit; and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.
- (3) At their discretion and subject to the provisions of the Act, to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially in cash or in shares, bonds, debentures, mortgages, or other securities of the Company, such



and any shares may be issued either as fully paid up or with such amount credited as paid up, thereon as may be agreed upon; and any such bonds, debentures, mortgages or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged;

- (4) To secure the fulfilment of any contracts or engagements entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit;
- (5) To accept from any Member, as far as may be permissible by law, a surrender of his shares or any part thereof, on such terms and conditions as shall be agreed;
- (6) To appoint any person to accept and hold in trust for the Company any property belonging to the Company, or in which it is interested, or for any other purposes; and to execute and do all such deeds and things as may be required in relation to any such trust and to provide for the remuneration of such trustee or trustees;
- (7) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers, or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts due, and of any claims or demands by or against the Company, and to refer any differences to arbitration, and observe and perform any awards made thereon;
- (8) To act on behalf of the Company in all matters relating to bankrupts and insolvents;
- (9) To make and give receipts, releases, and other discharges for moneys payable to the Company and for the claims and demands of the Company;
- (10) Subject to the provisions of Sections 292, 293(1) (a), 295, 370 and 373 of the Act, to invest and deal with any moneys of the Company not immediately required for the purpose thereof, upon such security (not being shares of this Company) or without security and in such manner as, they may think fit, and from time to time to vary, or realise such investments. Save as provided in Section 49 of the Act, all



91

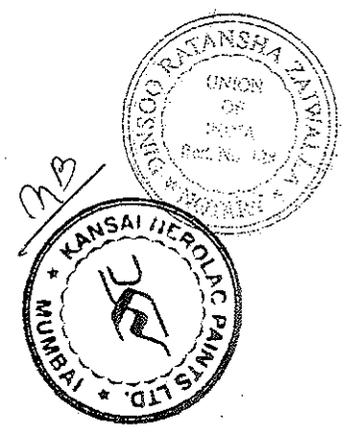
investments shall be made and held in the Company's own name.

- (11) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of the Company such mortgages of the Company's property (present and future) as they think fit; and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon;
- (12) To determine from time to time who shall be entitled to sign on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, release, contracts and documents, and to give the necessary authority for such purpose;
- (13) To distribute, by way of bonus among the staff of the Company, a share or shares in the profits of the Company, and to give to any officer or other person employed by the Company a commission on the profits of any particular business or transaction; and to charge such bonus or commission as part of the working expenses of the Company;
- (14) To provide for the welfare of employees or ex-employees of the Company and the wives, widows and families or the dependents or connections of such persons, by building or contributing to the building of houses, dwellings or chawls, or by grants of money, pensions, gratuities, allowances, bonuses or other payments; or by creating and from time to time subscribing or contributing to provident and other associations, institutions, funds or trusts and by providing or subscribing or contributing towards places, of instructions and recreation, hospitals and dispensaries, medical and other assistances as the Board of Directors shall think fit and subject to Sections 293 (1) (e) and 293 (A) of the Act and to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious or other institutions or objects which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of public and general utility or otherwise;



- (15) Before recommending any dividend, to set aside, out of the profits of the Company, such sums as they may think proper for depreciation or to Depreciation Fund, or to an Insurance Fund, or as a Reserve Fund, or Sinking Fund or any special fund to meet contingencies or to repay debentures or debenture stock, or for special dividends or for equalising Dividends or for repairing, improving, extending and maintaining any of the property of the Company, and for such other purposes (including the purposes referred to in the preceding clause), as the Board of Directors may, in their absolute discretion, think conducive to the interest of the Company and, subject to Section 292 of the Act, to invest the several sums so set aside or so much thereof as required to be invested, upon such investments (other than shares of the Company) as they may think fit, and from time to time deal with and vary such investments and dispose of and apply and expend all or any part thereof for the benefit of the Company, in such manner and for such purposes as the Board of Directors in their absolute discretion, think conducive to the interest of the Company notwithstanding that the matters to which the Board of Directors apply or upon which they expend the same, or any part thereof, may be matters to or upon which the capital moneys of the company might rightly be applied or expended; and to divide the Reserve Fund into such special fund as the Board of Directors may think fit, and to employ the assets constituting all or any of the above funds, including the Depreciation Fund, in the business of the Company or in the purchase or repayment of debentures or debenture stock, and that without being bound to keep the same separate from the other assets, and without being bound to pay interest on the same, with power however to the Board of Directors at their discretion to pay or allow to the credit of such funds interest at such rate as the Board of Directors may think proper, not exceeding nine per cent per annum;

- (16) To appoint, and at their discretion remove or suspend such managers, secretaries, assistants, supervisors, clerks, agents, servants for permanent, temporary or special services as they may from time to time think fit, and to determine their powers and duties and to fix their salaries, emoluments or remuneration and to require security in such instances and to such amount as they may think fit. And also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such



: 44 :

manner as they think fit; and the provisions contained in the four next following sub-clauses shall be without prejudice to, the general powers conferred by this sub-clause;

- (17) To comply with the requirements of any local law which in their opinion it shall in the interests of the Company be necessary or expedient to comply with.
- (18) From time to time and at any time, to establish any Local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any persons to be members of such Local Boards and to fix their remuneration. And from time to time and at any time to delegate to any person so appointed any of the powers, authorities and discretions for the time being vested in the Board of Directors, other than their power to make calls or to make loans or borrow moneys, and to authorise the members for the time being of any such Local Board or any of them to fill up any vacancies therein and to act notwithstanding vacancies, and any such appointment or delegation, may be made on such terms, and subject to such conditions as the Board of Directors may think fit, and the Board of Directors, may at any time remove any person so appointed, and may annul or vary any such delegation.
- (19) At any time and from time to time by Power of Attorney under the Common Seal of the Company, to appoint any person or persons to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board of Directors under these Articles and excluding the power to make calls and issue debentures and excluding also, except subject to Section 292 of the Act, within the limits authorised by the Board, the power to make loans, and borrow moneys) and for such period and subject to such conditions as the Board of Directors may from time to time think fit, and any such appointment may (if the Board of Directors think fit) be made in favour of the Members or any of the Members of any local Board, established as aforesaid or in favour of any Company, or the shareholders, directors, nominees or managers of any Company or firm or otherwise in favour of



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any fluctuating body of persons whether nominated directly or indirectly by the Board of Directors and any such Power of Attorney may contain such powers for the protection or convenience of persons dealing with such Attorneys as the Board of Directors may think fit, and may contain powers enabling any such delegates or attorneys as aforesaid to subdelegate all or any of the powers, authorities and discretions for the time being vested in them;

- (20) Subject to Sections 294, 297 and 300 of the Act, for and in relation to any of the matters aforesaid or otherwise for the purposes of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts and execute and do all such acts, deeds and things in the name and on behalf of the Company as they May consider expedient.

MANAGEMENT

157. The Company shall not appoint or employ at the same time more than one of the following categories of managerial personnel namely:

Management.

- (a) Managing Director; or
- (b) Manager.

158 to 161. Article deleted.

THE SECRETARY

162. The Directors may from time to time appoint, and at their discretion, remove any individual, firm or body corporate (hereinafter called "The Secretary") to perform any functions, which by the Act are to be performed by the Secretary, and to execute any other purely ministerial or administrative duties, which may from time to time be assigned to the Secretary by the Directors. The Directors may also at any time appoint some person (who need not be the Secretary) to keep the registers required to be kept by the Company.

Secretary.

THE SEAL

163. The Directors shall have power to provide a Common Seal for the purpose of the Company, and from time to time to destroy the same and substitute a new Seal in lieu thereof, and shall provide for the safe custody of the Seal for the time being, under such regulations as the Directors may prescribe, and it shall not be used except by the authority of the Directors and in the presence of any two persons authorised by a resolution passed at a meeting of the Board of Directors, for this purpose.

The Seal, its custody and use.



: 46 :

Deeds how executed.

164. Every deed or other instrument to which the Seal of the Company is required to be affixed shall be signed by any two persons authorised by a resolution passed at a meeting of the Board of Directors provided nevertheless that the certificates of shares may be sealed in the manner mentioned in Article 21 thereof.

Seal for use abroad.

165. The Company may exercise the powers conferred by Section 50 of the Act with regard to having an official seal for use abroad, and such powers shall vest in the Directors.

DIVIDENDS

Division of Profits.

166. (1) The profits of the Company, subject to any special rights relating thereto, created or authorised to be created by these Articles and subject to the provisions of these Articles, shall be divisible among the Members in proportion to the amount of capital paid up on the shares held by them respectively.

(2) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly.

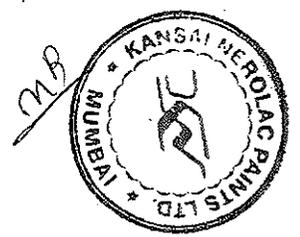
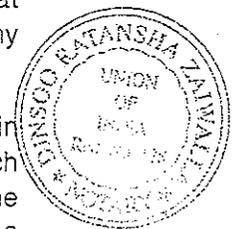
The Company in General Meeting may declare a dividend.

167. The Company in General Meeting may declare dividends to be paid to Members according to their respective rights and interests and, subject to the provisions of the Act, may fix the time for payment of the same, but no dividend shall exceed the amount recommended by the Board of Directors.

Dividends only to be paid out of Profits.

168. No dividend shall be declared or paid otherwise than in cash and out of profits of the financial year arrived at after providing for depreciation in accordance with the provisions of Section 205 of the Act or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both; Provided that —

- (a) if the Company has, not provided for depreciation for any previous financial year or years which falls or fall after the commencement of the Companies (Amendment) Act, 1960, it shall, before declaring or paying a dividend for any financial year provide for such depreciation out of the profits of that financial year or out of the profit of any other previous financial year or years.
- (b) if the Company has incurred any loss in any previous financial year or years which falls or fall after the commencement of the Companies (Amendment) Act, 1960, the



amount of the loss or an amount which is equal to the amount provided for depreciation for that year or those years whichever is less shall be set off against the profits of the Company for the year for which the dividend is proposed to be declared or paid or against the profits of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of sub-section (2) of Section 205 of the Act or against both.

169. The Board of Directors may, from time to time, pay to the Members interim dividends as in their judgement the position of the Company justifies.

Interim Dividend.

170. Where capital is paid in advance of calls upon the footing that the same shall carry interest, such capital shall not whilst carrying interest, confer a right to participate in profits.

Capital paid-up in advance at interest not to earn dividend.

171. The Company shall pay dividends in proportion to the amount paid-up or credited as paid-up on each share, where a larger amount is paid-up or credited as paid-up on some shares than on others.

Dividends in proportion to amount paid-up.

172. The Board of Directors may retain the dividends payable upon shares in respect of which any person, under Article 62 entitled to become a Member, or which any person under that Article is entitled to transfer, until such person shall become a Member, in respect of such shares or shall duly transfer the same.

Retention of dividends until completion of transfer under Article 62.

173. No Member shall be entitled to receive payment of any interest or dividend in respect of his share or shares, whilst any money is due or owing from him to the Company in respect of such share or shares or otherwise however either alone, or jointly with any other person or persons; and the Board of Directors may deduct from the interest or dividend payable to any Member all sums of money so due from him to the Company.

No Member to receive dividend whilst indebted to the Company and Co's right to reimbursement.

174. A transfer of Shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

Transfer of shares must be registered.

175. Unless otherwise directed, any dividend may be paid by cheque or warrant or by a payslip or receipt having the force of a cheque or warrant, sent through the post to the registered address of the Member or person entitled or in case of joint holders to that one of them first named in the Register of Members in respect of the joint holding. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque, warrant, payslip or receipt being lost in transmission, or for any dividend lost to the Member or person entitled thereto, by the forged endorsement of any cheque or warrant or the forged

Dividends how remitted.



signature of any payslip or receipt or the fraudulent recovery of the dividend by any other means. If two or more persons are registered as Joint holders of any share or shares, any one of them can give effectual receipt for any dividend or other money payable in respect of such share or shares.

Unclaimed dividend.

176. Dividends unclaimed for one year after having been declared may be invested or otherwise used by the Board of Directors for the benefit of the Company until claimed. All dividends unclaimed till the claim thereto becomes barred by law may be forfeited by the Directors for the benefit of the Company. The Directors may remit the forfeiture whenever they may think proper.

Dividend and call together.

177. Any General Meeting declaring a dividend may on the recommendation of Directors make a call on the Members of such amount as the Meeting fixes, but so that the call on each member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend; and the dividend may, if so arranged between the Company and the Members, be set off against the calls.

Capitalisation.

178. (a) The Company in General Meeting may on the recommendation of the Directors resolve that any moneys, investments or other assets forming part of the undivided profits of the Company standing to the credit of the reserve fund, or any Capital Redemption Reserve Account or in the hands of the Company and available for dividend (or representing premiums received on the issue of shares and standing to the credit of the share premium account) be capitalised and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalised funds be applied on behalf of such shareholders in paying up in full either at par or at such premium as the resolution may provide, any unissued shares or debentures or debenture stock of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares or debentures or debenture stock, and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalised sum. Provided that a share premium account and a capital redemption reserve account may for the purposes of this Article, only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.

(b) A General Meeting may resolve that any surplus money arising from the realisation of any capital assets of the Company, or any investments representing the same or any other undistributed profits of the Company not subject to charge for income-tax be distributed among the Members on the footing that they receive the same as capital.



(c) For the purpose of giving effect to any resolution under the preceding paragraphs of this Article, the Board of Directors may settle any difficulty which may arise in regard to the distribution as it thinks expedient and in particular may issue fractional certificates, and may fix the value for distribution, for distribution of any specific assets, and may determine that such cash payment shall be made to any Members upon the footing of the value so fixed or that fractions of less value than Rs. 10/- may be disregarded in order to adjust the rights of all parties, and may vest any such cash or specific assets in trustees upon such trusts for the persons entitled to the dividends or capitalised fund may seem expedient to the Board of Directors. Where requisite, a proper contract shall be delivered to the Registrar for registration in accordance with Section 75 of the Act and the Board of Directors may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalist fund, and such appointment shall be effective.

ACCOUNTS

179. The Company shall keep at the office or at such other place in India as the Board thinks fit, proper books of account in accordance with Section 209 of the Act with respect to :

Directors to keep true Accounts.

- (a) all sums of money received and expended by the Company and the matters in respect of which the receipts and expenditure take place;
- (b) all sales and purchases of goods by the Company; and
- (c) the assets and liabilities of the Company.

Where the Board decides to keep all or any of the books of account at any place other than the office of the Company, the Company shall within seven days of the decision, file with the Registrar a notice in writing giving the full address of that other place.

The Company shall preserve in good order the books of account relating to a period of not less than eight years preceding the current year together with the vouchers relevant to entries in such books of account.

When the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with this Article if proper Books of Account relating to the transactions effected at the branch office are kept at the branch office and proper summarised returns, made up to the dates at intervals of not more than three months are sent by the branch office to the Company at its Registered Office or other places in India, at which the Company's Books of Account are kept as aforesaid.

The books of account shall give a true and fair view of the state of the affairs of the Company or branch office,



as the case may be, and explain its transactions. The books of account and other papers shall be open to inspection by any Director during business hours.

As to inspection of Accounts or Books by Members.

180. The Board of Directors shall from time to time determine whether and to what extent and at what times and place and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members, not being Directors, and no Member (not being a Director) shall have any right of inspecting any account or book or document of the Company, except as conferred by law or authorised by the Board of Directors or by the Company in General Meeting.

Directors to cause to be prepared and laid before the General Meeting Balance Sheet etc.

181. The Directors shall from time to time, in accordance with Sections 210, 211, 212, 215, 216 and 217 of the Act, cause to be prepared and laid before the Company in General Meeting such Balance Sheet, Profit and Loss Accounts and Reports as are referred to in those Sections.

Copies shall be sent to each Member.

182. A copy of every such Profit and Loss Account and Balance Sheet (including the Auditors' Report and every other document required by law to be annexed or attached to the Balance Sheet) shall at least twenty-one days before the meeting at which the same are to be laid before the Members, be sent to the Members of the Company, to holders of debentures issued by the Company (not being debentures which ex-facie are payable to the bearer thereof), to trustees for the holders of such debentures and to all persons entitled to receive notices of General Meetings of the Company.

AUDIT

Appointment of Auditors etc.

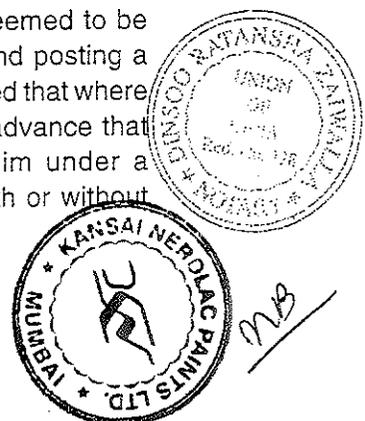
183. The Auditors of the Company shall be appointed, their remuneration shall be fixed, their rights, duties and liabilities shall be regulated and their qualifications and disqualifications shall be, in accordance with the provisions of Sections 224 to 233, both inclusive, of the Act.

DOCUMENTS AND NOTICES

Service of documents or notices on Members by Company.

184. (a) A document or notice may be served or given by the Company on or to any Member or an officer thereof either personally or by sending it by post to him to his registered address or (if he has no registered address in India) to the address, if any, in India supplied by him to the Company for serving documents or notices on him.

(b) Where a document or notice is sent by post, service of the document or notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the document or notice, provided that where a Member has intimated to the Company in advance that documents or notices should be sent to him under a certificate of posting or by registered post with or without



acknowledgement due and has deposited with the Company a sum sufficient to defray the expenses of doing so, service of the document or notice shall not be deemed to be effected unless it is sent in the manner intimated by the Member and such services shall be deemed to have been effected in the case of a Notice of a meeting, at the expiration of forty-eight hours after the letter containing the document or notice is posted and in any other case, at the time which the letter would be delivered in the ordinary course of post.

185. A document or notice advertised in a newspaper circulating in the neighbourhood of the Office of the Company shall be deemed to be duly served or sent on the day on which the advertisement appears on or to every member who has no registered address in India and has not supplied to the Company an address within India for the serving of documents on or the sending of notices to him.

By advertisement.

186. A document or notice may be served or given by the Company on or to the joint-holders of a share by serving or giving the document or notice on of to the joint-holder named first in the register of Members in respect of the share.

On Joint-holders.

187. A document or notice may be served or given by the Company on or to the person entitled to a share in consequence of the death or insolvency of a Member by sending it through the post in a prepaid letter addressed to them by name or by the title of representatives of the deceased, or assignee of the insolvent or by any like description, at the address (if any) in India supplied for the purpose by the persons claiming to be so entitled, or (until such an address has been so supplied) by serving the document or notice in any manner in which the same might have been given if the death or insolvency had not occurred.

On personal representatives etc.

188. Documents or Notices of every General Meeting shall be served or given in same manner hereinbefore authorised on or to (a) every member, (b) every person entitled to a share in consequence of the death or insolvency of a Member and (c) the auditor or auditors for the time being of the Company.

To whom documents or notices must be served or given.

189. Every person, who by operation of law, transfer, or other means whatsoever, shall become entitled to any share, shall be bound by every document or notice in respect of such share, which, previously to his name and address being entered on the Register of Members, shall have been duly served on or given to the person from whom he derives his title to such share.

Members bound by documents or notices served on or given to previous holders.

190. Any document or notice to be served or given by the Company shall be signed by the Managing Director or by such Director or Officer as the Directors may appoint, and such signature may be written or printed or lithographed.

Document or notice by Company and signature thereto.

191. All documents or notices to be served or given by Members on or to the Company or any officer thereof

Service of document or notice by Members.

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101

: 52 :

shall be served or given by sending it to the Company or officer at the registered office of the Company by post under a certificate of posting or by registered post, or by leaving it at its registered office.

WINDING UP

Liquidator may divide assets in specie.

192. The Liquidator on any winding-up (whether voluntary, under supervision or compulsory) may, with the sanction of a Special Resolution, divide among the contributories in specie any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories, as the Liquidator, with the like sanction shall think fit.

INDEMNITY AND RESPONSIBILITY

When Officer or Agent of the Company to be indemnified out of the assets of the Company.

193. Every Officer or Agent for the time being of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal in which judgment is given in his favour or in which he is acquitted or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court.

SECRECY CLAUSE

Secrecy Clause.

194. No Member shall be entitled to visit or inspect any works of the Company without the permission of the Directors or to require discovery of or any information respecting any detail of the Company's trading, or any matter which is or may be in the nature of the trade secret, mystery of trade, secret process, or any other matter which may relate to the conduct of the business of the Company and which in the opinion of the Directors, it would be inexpedient, in the interest of the Company, to disclose.



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: 53 :

Special Resolution passed at the Extraordinary General Meeting of THE GAHAGAN PAINT & VARNISH CO. LTD. held at the Registered Office of the Company, Forbes Building, Home Street, Fort, Bombay, on Wednesday the 15th March, 1933.

"That the Name of the Company be changed from The Gahagan Paint & Varnish Co. Ltd. to Goodlass Wall (India) Ltd."

Special Resolution passed at the Extraordinary General Meeting of GOODLASS WALL (INDIA) LTD. held at the Registered Office of the Company, Forbes Building, Home Street, Fort, Bombay, on Monday the 17th September, 1934.

"That the Capital of the Company be reduced from Rs. 25,00,000 (divided into 25,000 Ordinary Shares of Rs. 100 each) to Rs. 21,75,000 divided into 21,750 Ordinary Shares of Rs. 100 each and that such reduction be effected by cancelling paid up capital which has been lost or is unrepresented by available assets, to the extent of and by the cancellation of 3,250 Ordinary Shares numbered 2751 to 6000 inclusive."

Special Resolution passed at the Extraordinary General Meeting of GOODLASS WALL (INDIA) LTD. held at the Registered Office of the Company, Forbes Building, Home Street, Fort, Bombay, on Friday the 10th September, 1937.

"That Messrs. Forbes Forbes Campbell & Co. Ltd. be and are hereby appointed the Managing Agents of the Company as from the 1st Sept. 1937 on the terms and conditions as set out in letter dated 16th August, 1937 laid on the table.

Further Resolved that the Company execute a General Power of Attorney in favour of Messrs. Forbes Forbes Campbell & Co. Ltd. in terms of a draft laid on the table."

Extraordinary Resolution passed at the Extraordinary General Meeting of GOODLASS WALL (INDIA) LTD. held at the Registered Office of the Company, Forbes Building, Home Street, Fort, Bombay. on Wednesday the 18th May, 1938.

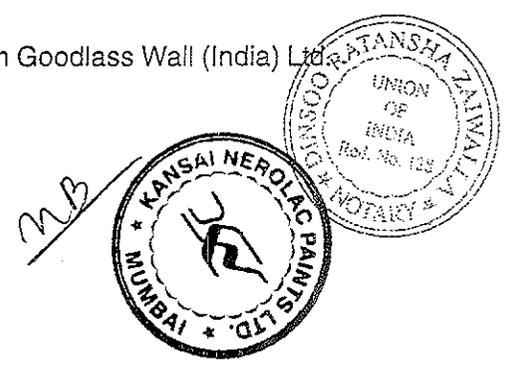
"That Messrs. Forbes Forbes Campbell & Co. Ltd. be and are hereby appointed the Managing Agents of the Company as from the 1st Sept. 1937 on the revised terms and conditions as set out in letters dated 16th August, 1937 and 26th April, 1938 laid on the table."

Extraordinary Resolution passed at the Extraordinary General Meeting of GOODLASS WALL (INDIA) LTD. held at the Registered Office of the Company, Forbes Building, Home Street, Fort, Bombay. on Wednesday the 26th April, 1944.

"That Messrs. Forbes Forbes Campbell & Co. Ltd. be and are hereby appointed as the Managing Agents of the Company for a further period of five years as from 1st September, 1942 on the same terms and conditions as set out in letters dated the 16th August, 1937 and 26th April, 1938 laid on the table."

Special Resolution passed at the Extraordinary General Meeting of GOODLASS WALL (INDIA) LTD. held at the Registered Office of the Company, Forbes Building, Home Street, Fort, Bombay, on Friday the 21st December, 1945.

"That the Name of the Company be changed from Goodlass Wall (India) Ltd. to Goodlass Wall Limited."



102

Extraordinary Resolution passed at the Extraordinary General Meeting of GOODLASS WALL LTD. held at the Registered Office of the Company, Forbes Building, Home Street, Fort, Bombay, on Monday the 18th October, 1948.

"That the existing 4,250 5% Redeemable Preference Shares of Rs. 100/- each numbered 1 to 4250 in the capital of the Company be hereby converted into Ordinary Shares and that the preferential Right both as to Capital and Dividend at present attaching to such Shares be hereby cancelled and that such Shares shall hereinafter in all respects rank a's and be called Ordinary Shares."

Special Resolution passed at the Extraordinary General Meeting of GOODLASS WALL (PRIVATE) LTD. held at the Registered Office of the Company, Forbes Building, Home Street, Fort, Bombay, on Tuesday the 2nd April, 1957.

"RESOLVED that subject to the approval of the Central Government under Section 21 of the Companies Act, 1956, the name of the Company be changed as from 1st July 1957 from Goodlass Wall (Private) Ltd., to Goodlass Nerolac Paints Private Ltd., and the name of Goodlass Wall (Private) Ltd., wherever occurring in the Company's Memorandum and Articles of Association be substituted by the name of Goodlass Nerolac Paints Private Ltd."

Resolutions passed at the Extraordinary General Meeting of the Company held on Wednesday the 10th August, 1966.

"RESOLVED that the Authorised Capital of the Company be increased from Rs. 21,75,000 divided into 21,750 Equity Shares of Rs. 100/- each to Rs. 1,00,00,000 divided into 1,00,000 Equity Shares of Rs. 100/- each, by the creation of 78,250 Equity Shares of Rs. 100/- each and that the conditions of the Memorandum of Association be altered accordingly." (As an Ordinary Resolution.)

"RESOLVED that the Articles of Association of the Company be altered by substituting for Article 4 hereof the following Article, namely:

The Capital of the Company is Rs. 1,00,00,000 divided into 1,00,000 Equity Shares of Rs. 100/- each." (As a Special Resolution.)

Resolution passed at the Extraordinary General Meeting held at the Registered Office of the Company, Forbes Building, Home Street, Fort, Bombay, on Wednesday the 6th March, 1968.

"RESOLVED that the regulation contained in the document submitted to the meeting and, for the purpose of identification, subscribed by the Chairman thereof, be approved and adopted as the Articles of Association of the Company in substitution for and to the exclusion of all the present Articles thereof." (As a Special Resolution.)

Special Resolution passed at the 49th Annual General Meeting of the Shareholders of the Company held on 12th June, 1969.

"RESOLVED that the Articles of Association of the Company be and are hereby amended as hereunder mentioned:

(a) Article 54 shall be deleted and the following article shall be substituted therefor :

"54. The instrument of transfer of any shares shall be in writing, and all the provisions of Section 108 of the Act, and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfers of shares and of registration thereof."



(b) Article 176 shall be deleted and the following article shall be substituted therefor :

"176. Dividends unclaimed for one year after having been declared may be invested or otherwise used by the Board of Directors for the benefit of the Company until claimed. All dividends unclaimed till the claim thereto becomes barred by law may be forfeited by the Directors for the benefit of the Company. The Directors may remit the forfeiture whenever they may think proper."

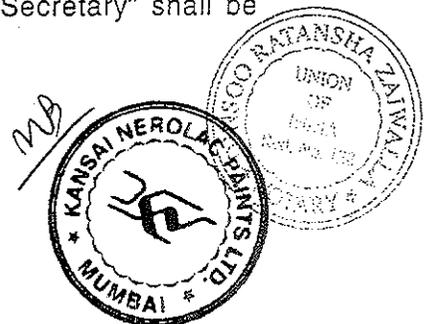
Special Resolution passed at the 50th Annual General Meeting of the Shareholders of the Company held on 25th June, 1970:

"RESOLVED that the Articles of Association of the Company, be and the same is hereby altered in the manner following:

- (i) In Article 21(a) the words and figures "a Director appointed by the Managing Agents in pursuance of Section 377 of the Act or" shall be deleted.
- (ii) In Article 79 the words "Managing Agents" or "the Managing Agent" and "Secretaries and Treasurers" wherever appearing shall be deleted.
- (iii) Article 85 shall be deleted and the following Article substituted in place thereof :

"The Chairman of the Board of the Directors shall be entitled to take the Chair at every general meeting, whether annual or extraordinary. If there be no such Chairman or if at any meeting he shall not be present within 15 minutes from the time appointed for holding the meeting, the Managing Director, if any, shall be entitled to take the Chair. If the Managing Director is not present or is unwilling to take the Chair, the Directors present shall elect one of their number to be the Chairman of the Meeting. If no Director is present or if all the Directors present decline to take the Chair, then the members present shall elect one of their number to be the Chairman."

- (iv) In Article 109, the words "but including Ex-Officio Directors appointed by the Managing Agents" shall be deleted.
- (v) Article 111 shall be deleted.
- (vi) Article 115 shall be deleted.
- (vii) In Article 121, clauses (f) and (m) shall be deleted and the following clause shall be substituted in place of clause (m): "having been appointed a Director by virtue of his holding any office or other employment in the Company he ceases to hold such office or other employment in the Company."
- (viii) In Article 136 the words "Managing Agents, Secretaries and Treasurers" shall be deleted and the words "Managing Directors" shall be substituted in place thereof.
- (ix) In Article 138 the words "Managing Agent, Manager or Secretaries and Treasurers" shall be deleted and the words "or Manager" shall be substituted in place thereof
- (x) In Article 146 the words "Managing Agents or the Secretaries & Treasurers" shall be deleted and the word "Secretary" shall be substituted in place thereof.



- (xi) In Article 156 the word and figures "297 and 360" in clause (2) shall be deleted and the word and figure "and 297" shall be substituted in place thereof. The figures "369 and 374" in clause (10) shall be deleted.
- (xii) Article 157 shall be deleted and the following Article shall be substituted in place thereof :
- "The Company shall not appoint or employ at the same time more than one of the following categories of managerial personnel namely
- (a) Managing Director; or
- (b) Manager."
- (xiii) Article 158 to 161 shall be deleted.
- (xiv) Article 164 shall be deleted and the following Article substituted in place thereof :
- "Every deed or other instrument to which the Seal of the Company is required to be affixed shall be signed by two Directors provided nevertheless that certificates of shares may be sealed in the manner mentioned in Article 21 hereof."
- (xv) In Article 190 the words "the Managing Agents, Secretaries and Treasurers or" shall be deleted.

The following Resolutions were passed at the Extra Ordinary General Meeting of the Shareholders of the Company held on 6th December, 1972.

ORDINARY RESOLUTION:

"RESOLVED that the words "The Share Capital of the Company is Rs. 1,00,00,000 divided into 1,00,000 Shares of Rs. 100/- each" in Clause V of the Company's Memorandum of Association be deleted and the words "The share capital of the Company is Rs. 1,50,00,000/- divided into, 1,50,000 shares of Rs. 100/- each" be substituted therefor."

SPECIAL RESOLUTION:

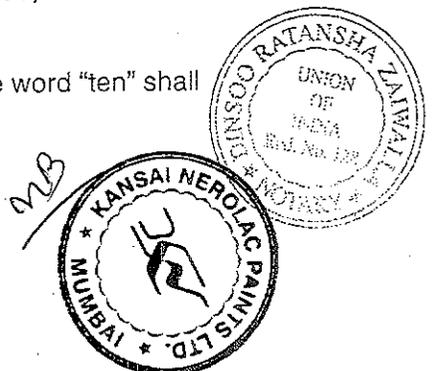
"RESOLVED that the Company's Articles of Association be and they are hereby altered by substituting the following new Article 3 for the present Article 3 thereof

- "3. The share capital of the Company is Rs. 1,50,00,000/- divided into 1,00,000 Equity Shares of Rs. 100/- each and 50,000 unclassified Shares of Rs. 100/each."

Special Resolution passed at the 53rd Annual General Meeting of the Company held on 11th May 1973.

"RESOLVED that the Company's Articles of Association be and they are hereby altered as follows :

- (i) Article 3 shall be deleted and the following Article shall be substituted therefor :
- '3. The Share Capital of the Company is Rs. 1,50,00,000/- divided into 1,50,000 Equity Shares of Rs. 100/- each.'
- (ii) In Article 109 the word "eight" shall be deleted and the word "ten" shall be substituted therefor."



The following Resolutions were passed at the Extraordinary General Meeting of the Shareholders of the Company held on 29th January 1975.

ORDINARY RESOLUTION:

"RESOLVED that the words "The share capital of the Company is Rs. 1,50,00,000/- divided into 1,50,000 shares of Rs. 100/- each" in Clause V of the Company's Memorandum of Association be deleted and the words "The share capital of the Company is Rs. 2,00,00,000/divided into 2,00,000 shares of. Rs. 100/- each" be substituted therefor."

SPECIAL RESOLUTION:

" RESOLVED that the Company's Articles of Association be and they are hereby altered by substituting the following new Article 3 for the present Article 3 thereof

3. The share capital of the Company is Rs. 2,00,00,000/- divided into 2,00,000 Equity Shares of Rs. 100/- each'."

"RESOLVED that Article 109 of the Company's Articles of Association be and it is hereby altered by substituting the word "twelve" for the word "ten" appearing therein."

The following Resolutions were passed at the Annual General Meeting of the Shareholders of the Company held on 19th July 1978.

ORDINARY RESOLUTION:

"RESOLVED that the words "The Share Capital of the Company is Rs. 3,00,00,000/- divided into 3,00,000 shares of Rs. 100/- each" be substituted for the words 'The Share Capital of the Company is Rs. 2,00,00,000/- divided into 2,00,000 shares of Rs. 100/- each' in Clause V of the Memorandum of Association of the Company."

SPECIAL RESOLUTION:

"RESOLVED that the following new Article 3 be substituted for the present Article 3 of the Company's Articles of Association:

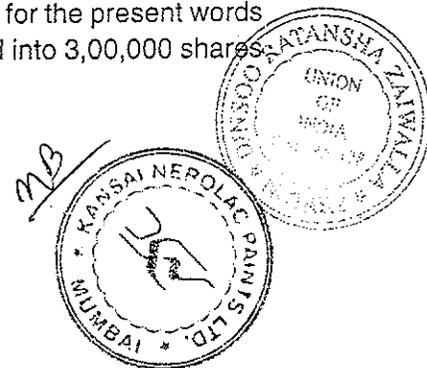
'3. The Authorised Share Capital of the Company is Rs. 3,00,00,000, divided into 3,00,000 Equity Shares of Rs. 100/- each'."

"RESOLVED that the words "fifty thousand rupees" be substituted for the words "twentyfive thousand rupees" appearing in clause (e) of Article 155 of the Articles. of Association of the Company."

The following Resolution were passed at the Sixtieth Annual General Meeting of the Shareholders of the Company held on 25th June 1980.

ORDINARY RESOLUTION:

"RESOLVED that clause V of the Memorandum of Association of the Company be altered by substituting the words 'The share capital of the company is Rs. 5,00,00,000/- divided into 50,00,000 shares of Rs. 10/- each' for the present words 'The share capital of the company is Rs. 3,00,00,000/divided into 3,00,000 shares of Rs. 100/- each'."



SPECIAL RESOLUTION:

"RESOLVED that the present Article 3 be altered by substituting the following Articles, in the Company's Articles of Association:

'3. The share capital of the company is Rs. 5,00,00,000/- divided into 50,00,000 shares of Rs. 10/- each'."

The following Resolution was passed at the Sixtyfourth Annual General Meeting of the Shareholders of the Company held on 21st December 1984.

SPECIAL RESOLUTION:

"RESOLVED that subject to the approval of the Central Government under Section 259 and other applicable provisions, if any, of the Companies Act, 1956, Article 109 of the Articles of Association of the Company be and it is hereby amended as follows :

In line three of Article 109 the word "twelve" be substituted by the word "fourteen"."

The following Resolution was passed at the Sixtyfifth Annual General Meeting of the Shareholders of the Company held on 30th December 1985.

SPECIAL RESOLUTION:

"RESOLVED that subject to the approval of the Central Government pursuant to Section 310 and other applicable provision if any, of the Companies Act, 1956, the fee payable to a Director (including a Managing, Deputy Managing or Whole time Director, if any) for attending a Meeting of the Board or Committee thereof shall be increased from Rs. 250 to Rs. 500.

Further Resolved that upon receipt of the aforesaid approval of the Central Government, Article 117(3) of the Articles of Association of the Company be altered as under:

"In line 3 of the Article 117(3) the word and figure "Rs. 500" be substituted for "Rs. 250"."

The following Resolutions were passed at the Sixty-Seventh Annual General Meeting of the Shareholders of the Company held on 28th March 1988.

ORDINARY RESOLUTIONS:

"RESOLVED that the Authorised Share Capital of the Company be and is hereby increased from Rs. 5,00,00,000/- divided into 50,00,000 Equity Shares of the face value of Rs. 10/- each to Rs. 15,00,00,000/- divided into 1,50,00,000 Equity Shares of the face value of Rs. 10/each."

"RESOLVED that clause V of the Memorandum of Association of the Company be altered by substituting the words "The Share Capital of the Company is Rs. 15,00,00,000/- divided into 1,50,00,000 shares of Rs. 10/- each" for the present words "The Share Capital of the Company is Rs. 5,00,00,000/- divided into 50,00,000 Shares of Rs. 10/- each."

SPECIAL RESOLUTIONS:

"RESOLVED that the present Article 3 be altered by substituting the following Article in the Company's Articles of Association:



3. The Authorised Share Capital of the Company is Rs. 15,00,00,000/- divided into 1,50,00,000/- Equity Shares of Rs. 10/- each."

"RESOLVED that subject to the approval of the Central Government under Section 259 and other applicable provisions, if any, of the Companies Act, 1956, the number of directors of the Company be and is hereby increased from 13 to 14 and that, subject to the approval of the Central Government, as aforesaid Article 109 of the Articles of Association of the Company be and is hereby amended as follows:

In line three of Article 109 the word, 'thirteen' be substituted by the word 'fourteen'."

The following Resolutions were passed at the Seventy Fourth Annual General Meeting of the Shareholders held on 16th September 1994.

SPECIAL RESOLUTION:

"RESOLVED that Article 109 of the Articles of Association of the Company be and is hereby amended as follows :

In line three of Article 109 the word "Debenture Director" be substituted by the word "Nominee Director".

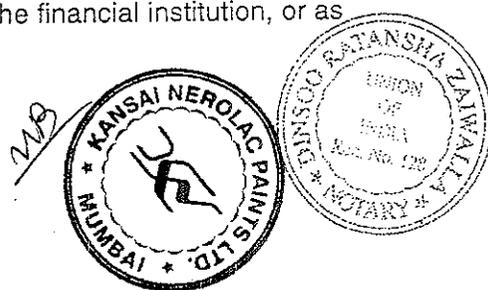
SPECIAL RESOLUTION:

"RESOLVED that the following new Article 110 be substituted for the present Article 110 of the Company's Articles of Association.

110. If it is provided by any Trust Deed or Agreement securing or otherwise in connection with any issue of debentures of the Company or the availment of finance by the Company from any financial institution as defined in Section 4-A of the Companies Act, 1956, that any person or persons, shall have power to nominate a Director of the Company, then in the case of any and every such issue of debentures or the availment of finance, the person or persons having such power may exercise such power from time to time and appoint a Director accordingly. Any Director so appointed is herein referred to as a Nominee Director. A Nominee Director may be removed from office at any time by the person or persons in whom for the time being is vested the power under which he was appointed and another Director may be appointed in his place. A Nominee Director shall not be liable to retire by rotation and shall not be bound to hold qualification shares. Subject to the provisions of the Act, a Nominee Director shall not be liable to be removed by the Company.

The Nominee Director/s so appointed shall hold the said office, only so long as any moneys remain owing by the Company to the financial institution or the liability of the Company arising out of any Guarantee is outstanding and the Nominee Director/s so appointed, in exercise of the said power shall ipso facto vacate such office immediately when the moneys owing by the Company to the Financial institution, is paid off.

The Company shall pay to the Nominee Director/s sitting fees and expenses which the other non-whole-time Directors of the Company are entitled, but if any other fees, commission, moneys or remuneration in any form, is payable to the non-whole-time Directors of the Company, the fees, commission, moneys and remuneration in relation to such Nominee Director/s shall accrue to the financial institution and the same shall accordingly be paid by the Company directly to the financial institution. Any expenses that may be incurred by the financial institution or such Nominee Director/s in connection with their appointment or Directorship, shall also be paid or reimbursed by the Company to the financial institution, or as the case may be to such Nominee Director/s.



Provided that if any such Nominee Director/s is an officer of the financial institution, the sitting fees, in relation to such Nominee Director/s shall also accrue to the financial institution and the same shall accordingly be paid by the Company directly to the financial institution.

Provided also that in the event of the Nominee Director/s being appointed as whole-time Director/s, such Nominee Director/s shall exercise such powers and duties as may be approved by the financial institution and have such rights as are usually exercised or available to a whole-time Director, in the management of the Company. Such Nominee Director/s shall be entitled to receive such remuneration, fees, commissions, and moneys as may be approved by the financial institution and the Central Government."

The following Resolution was passed at the Seventy Fifth Annual General Meeting of the Shareholders held on 29th September 1995.

SPECIAL RESOLUTION:

"RESOLVED that pursuant to section 31 of the Companies Act, 1956, the Articles of Association of the Company be altered in the manner and to the extent hereafter set out :—

The following new Article 4A be inserted after the present Article 4 :-

'4A. Subject to the provisions of the Companies Act, 1956, and any statutory modification or re-enactment thereof for the time being in force empowering it to do so, the Company may issue Equity shares or shares of any other kind with non-voting rights attached to them, and the resolution(s) authorising such issue(s) shall prescribe the terms and conditions governing such issue'."

Shares with non-voting rights.

The following Resolutions were passed at the Extra Ordinary General Meeting of the Shareholders held on 10th April 1996.

ORDINARY RESOLUTION:

"RESOLVED that the words 'The Share Capital of the Company is Rs. 15,00,00,000 divided into 1,50,00,000 shares of Rs. 10 each' in Clause V of the Company's Memorandum of Association be substituted by the words 'The Share Capital of the Company is Rs. 30,00,00,000 divided into 3,00,00,000 shares of Rs. 10 each'."

SPECIAL RESOLUTION:

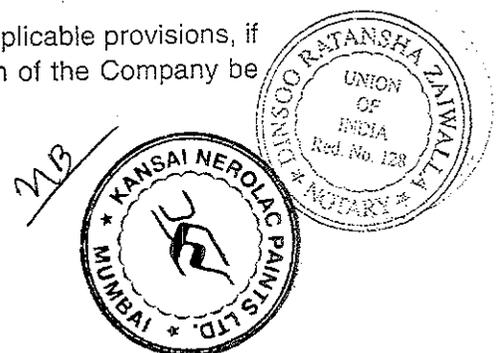
"RESOLVED that pursuant to Section 31 and other applicable provisions of the Companies Act, 1956, the following new Article 3 be substituted for the present Article 3 of the Company's Articles of Association

'3. The Authorised Share Capital of the Company is Rs. 30,00,00,000 divided into 3,00,00,000 Equity Shares of Rs. 10 each'."

The following resolution was passed at the Seventyninth Annual General Meeting of the Shareholders of the Company held on 22nd July, 1999.

SPECIAL RESOLUTION :

"Resolved that pursuant to section 31 and all other applicable provisions, if any, of the Companies Act; 1956, the Articles of Association of the Company be altered in the following manner:



64A. (1) For the purpose of this Article :-

Definitions

'Beneficial Owner' means a person or persons whose name is recorded as such with a depository;

'SEBI' means the Securities & Exchange Board of India;

'Depository' means a company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration to act as a depository under the Securities & Exchange Board of India Act, 1992; and

'Security' means such security as may be specified by SEBI from time to time.

(2) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.

Dematerialisation of Securities

(3) Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.

Options for Investors

If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on the receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

(4) All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

Securities in Depositories to be in fungible form

(5) (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.

Rights of Depositories and Beneficial Owners

(b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights. or any other rights in respect of the securities held by it.





- (c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.
- Service of Documents (6) Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.
- Transfer of Securities (7) Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.
- Allotment of securities dealt with in a Depository (8) Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.
- Distinctive numbers of Securities held in a Depository (9) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.
- Register and Index of Beneficial Owners (10) The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security-holders for the purposes of these Articles."

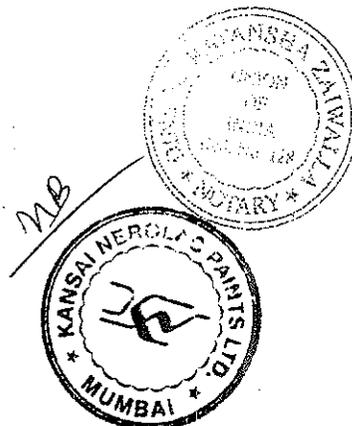
The following Resolution was passed at the Eighty-fourth Annual General Meeting of the Shareholders of the Company held on 15th July, 2004.

SPECIAL RESOLUTION:

RESOLVED that clause (3) of Article 117 of the Articles of Association of the Company be deleted and substituted by the following:

- (3) The fee payable to a director for attending a meeting of the Board or Committee thereof shall be such sum as may from time to time be determined by the Board of Directors within the limit prescribed under the Companies Act, 1956.

RESOLVED FURTHER that the revision in the fee payable to the directors, as aforesaid be effective from 1st April, 2004."



The following Resolutions were passed at the Eighty-sixth Annual General Meeting of the Shareholders of the Company held on 12th June, 2006.

SPECIAL RESOLUTION:

RESOLVED THAT subject to the approval of the Central Government under Section 21 and other applicable provisions, if any, of the Companies Act, 1956, the name of the Company be changed from "Goodlass Nerolac Paints Limited" to "Kansai Nerolac Paints Limited" and accordingly, the name "Goodlass Nerolac Paints Limited" wherever it occurs in the Memorandum and Articles of Association and in all other records of the Company be substituted by the name "Kansai Nerolac Paints Limited".

SPECIAL RESOLUTION:

RESOLVED THAT Article 163 of the Articles of Association of the Company be and is hereby amended as follows :

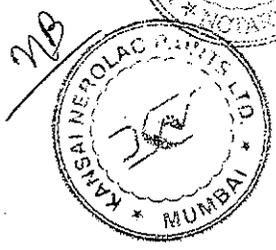
'163. The Directors shall have power to provide a Common Seal for the purpose of the Company, and from time to time to destroy the same and substitute a new Seal in lieu thereof, and shall provide for the safe custody of the Seal for the time being, under such regulations as the Directors may prescribe, and it shall not be used except by the authority of the Directors and in the presence of any two persons authorised by a resolution passed at a meeting of the Board of Directors, for this purpose.'

RESOLVED FURTHER THAT Article 164 of the Articles of Association of the Company be and is hereby amended as follows :

'164. Every deed or other instrument to which the Seal of the Company is required to be affixed shall be signed by any two persons authorised by a resolution passed at a meeting of the Board of Directors provided nevertheless that the certificates of shares may be sealed in the manner mentioned in Article 21 thereof.'

Certified True Copy
For KANSAI NEROLAC PAINTS LIMITED

G. T. Govindarajan
Company Secretary



We design solutions that protect, inspire and touch lives every day

This year when Nerolac redefined its vision, we embraced a much larger purpose: *Designing solutions that protect, inspire and touch lives every day.*

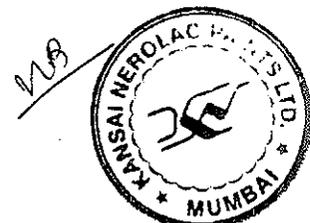
With this vision to guide us, we have relentlessly worked on building or acquiring expertise to provide complete, end-to-end solutions to our customers. We have strengthened our presence in the construction chemical business through the acquisition of Perma Coatings. Not only construction chemicals, we have also made our presence felt in the adhesives, coil coating and floor coating customer segments. We continue exploring other niche categories. Manifestation of Nerolac in all walks of life will mean that we truly touch lives every day!

Nerolac has always been a thought leader. But being a thought leader also means constantly reinventing itself with times to stay ahead of the curve and serve the consumers better. In FY 2018-19, we initiated operations at the new state-of-the-art R&D facility. We also started commercial production at Sayakha. Facilities at Sayakha are considered to be the best-in-class.

Project "Uday" was initiated this year to achieve radical improvements in existing manufacturing operations. Nerolac adopted the acquisition route when it acquired RAK Paints, Bangladesh and Marpol. Marpol will help us further consolidate our leadership position in Powder Coatings. Technologically, Nerolac continued its forward-looking approach with the introduction of SAP Leonardo for Machine Learning in the area of sales. With so many new and exciting things on the horizon for Nerolac, we would not be making a fallacious statement if we say that Nerolac is only "99 years young"!

The capability of Nerolac to unlearn, relearn and reinvent itself is what keeps it buoyant in tough market conditions. Our new brand ambassador is someone who embodies this aspect of Nerolac. And may we say, he inspires and touches lives every day! It is indeed a pleasure for Nerolac to work with Ranveer Singh.

All-in-all, we believe that Nerolac is armed with enough ammunition to enter its 100th year and continue building its legacy via solutions that inspire!



115

DIRECTORS

P. P. SHAH (Chairman)
 H. M. BHARUKA (Vice Chairman and Managing Director)
 N. N. TATA
 M. TANAKA
 H. FURUKAWA
 MRS. B. SOMAYA
 K. KATO
 A. JAIN (Whole-time Director)

COMPANY SECRETARY

G. T. GOVINDARAJAN

BANKERS

- UNION BANK OF INDIA
- STANDARD CHARTERED BANK
- HDFC BANK LTD.
- BNP PARIBAS

AUDITORS

B S R & CO. LLP, MUMBAI

SOLICITORS

KANGA & CO., MUMBAI

REGISTERED OFFICE

NEROLAC HOUSE, GANPATRAO KADAM MARG,
 LOWER PAREL, MUMBAI-400 013

Tel: +91-22-24934001

Fax: +91-22-24936296

Website: www.nerolac.com

Investors Relations e-mail ID: investor@nerolac.com

Corporate Identity Number (CIN): L24202MH1920PLC000825



Certified True Copy
 For KANSAI NEROLAC PAINTS LIMITED

G. T. Govindarajan
 Company Secretary



CONTENTS

Notice	..	3-10
Board's Report including Management Discussion and Analysis	..	11-61
Report on Corporate Governance	..	62-79
Business Responsibility Report	..	80-92
Product Range	..	93-94
Company's Manufacturing Facilities and Depots	..	95
New product launch	..	96
Sustainability Report	..	97-116
Auditors' Report on Standalone Financial Statements	..	117-125
Standalone Balance Sheet	..	126
Standalone Statement of Profit and Loss	..	127
Standalone Statement of Changes in Equity	..	128
Standalone Statement of Cash Flows	..	129-130
Notes to the Standalone Financial Statements	..	131-167
Salient Features of the Subsidiaries in Form AOC-1	..	168
Auditors' Report on Consolidated Financial Statements	..	169-175
Consolidated Balance Sheet	..	176
Consolidated Statement of Profit and Loss	..	177
Consolidated Statement of Changes in Equity	..	178
Consolidated Statement of Cash Flows	..	179-180
Notes to the Consolidated Financial Statements	..	181-223
Summarised Standalone Statement of Profit and Loss of 15 Years	..	224





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Investors Relations e-mail ID: investor@nerolac.com • Corporate Identity Number (CIN): L24202MH1920PLC000825

NOTICE

NOTICE is hereby given that the Ninety-Ninth Annual General Meeting of KANSAL NEROLAC PAINTS LIMITED will be held at Walchand Hirachand Hall, 4th Floor, IMC Chamber of Commerce & Industry, IMC Building, IMC Marg, Churchgate, Mumbai - 400 020, on Friday, 21st June, 2019 at 11.00 a.m., to transact the following business:

Ordinary Business:

- To consider and adopt the audited financial statements (including the consolidated financial statements) of the Company for the year ended 31st March, 2019 and the Reports of the Board of Directors and the Auditors thereon.
- To declare a normal dividend of ₹ 2.60 (260%) per Equity Share of the nominal value of ₹ 1 each for the year ended 31st March, 2019.
- To appoint a Director in place of Mr. Hidenori Furukawa (holding Director Identification Number 06924589), who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Mr. Anuj Jain, Whole-time Director (holding Director Identification Number 08091524), who retires by rotation and being eligible, offers himself for re-appointment.
- To consider and if thought fit, to pass the following Resolution as an Ordinary Resolution:
"RESOLVED that pursuant to the provisions of Sections 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory amendment or modification or re-enactment thereof, for the time being in force) and pursuant to the recommendation of the Audit Committee, S R B C & CO LLP, Chartered Accountants (Firm Registration No. 324982E/E300003), be and are hereby appointed as Statutory Auditors of the Company, to hold office for a term of 5 (five) consecutive years

from the conclusion of the 99th Annual General Meeting of the Company until the conclusion of the 104th Annual General Meeting of the Company, on such terms and conditions, including remuneration, as may be fixed by the Audit Committee or Board of Directors, from time to time."

Special Business:

- 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, 2020, as recommended by the Audit Committee and approved by the Board of Directors, be and is hereby ratified."
- To consider and if thought fit, to pass the following Resolution as an Ordinary Resolution:
"RESOLVED that pursuant to the provisions of Section 197 and other applicable provisions, if any, of the Companies Act, 2013 ("Act"), read with Regulation 17(6)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, remuneration not exceeding 1% (one percent) per annum of the net profits of the Company, calculated in accordance with the provisions of Section 198 of the Act, be paid to and distributed amongst the Directors of the Company or some or any of them (other than the Managing Director and/or Whole-time Directors)





in such amounts or proportions and in such manner and in all respects as may be directed by the Board of Directors of the Company and such payments shall be made in respect of the profits of the Company for each financial year beginning from the financial year ending on 31st March, 2019."

For and on behalf of the Board

P. P. Shah
Chairman

Mumbai, 2nd May, 2019

NOTES:

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND SUCH A PROXY NEED NOT BE A MEMBER. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten (10) percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.

The instrument of Proxy in order to be effective should be duly completed and deposited at the registered office of the Company, not less than 48 hours before the commencement of the Meeting.
- 2. Corporate Members intending to send their authorized representatives to attend the meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company a certified copy of the relevant Board resolution together with the specimen signatures of their authorized representatives to attend and vote on their behalf at the meeting.
- 3. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to Item Nos. 5, 6 and 7 of the Notice of the Annual General Meeting (AGM) is annexed hereto. The relevant details in respect of Directors seeking re-appointment at the AGM, in terms of Regulations 26(4) and 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and Clause 1.2.5 of Secretarial Standard-2 on General Meetings are also annexed.

4. Dividend:

- (i) The Board of Directors has recommended for consideration of the Members a normal dividend of ₹ 2.60 (260%) per Equity share of the nominal value of ₹ 1 each for the year ended 31st March, 2019.
- (ii) The Register of Members and Share Transfer books of the Company will remain closed from Saturday, 15th June, 2019 to Friday, 21st June, 2019 (both days inclusive), for the purpose of Annual General Meeting and Dividend. Dividend, if declared, will be payable on or after 26th June, 2019 to those members whose names are registered as such in the Register of Members of the Company as on Friday, 14th June, 2019 and to the Beneficiary holders as per the beneficiary list as on 14th June, 2019 provided by the NSDL and CDSL.
- (iii) Payment of Dividend through electronic means:
 - (a) To avoid loss of dividend warrants in transit and undue delay in receipt of dividend warrants, the Company provides the facility to the Members for remittance of dividend directly in electronic mode through National Automated Clearing House (NACH). Members holding shares in physical form and desirous of availing this facility of electronic remittance are requested to provide their latest bank account details (Core Banking Solutions Enabled Account Number, 9 digit MICR and 11 digit IFSC Code), along with their Folio Number, to the Company or the Registrar & Transfer Agent, TSR Darashaw Ltd. Members holding shares in electronic form are requested to provide the said details to their respective Depository Participants.
 - (b) Members holding shares in electronic 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/TSR Darashaw Ltd. cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members.



(iv) In terms of the provisions of Sections 124 and 125 of the Act, dividend which remains unpaid / unclaimed for a period of 7 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 2010-11, has been transferred by the Company to the IEPF. Those Members who have not encashed their dividends for the financial year 2011-12 are requested to lodge their claims in that regard with the Company or TSR Darashaw Ltd.

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 consecutive years or more from the date of declaration, are also required to be transferred to an account viz. IEPF Suspense Account, which is operated by the IEPF Authority pursuant to the IEPF Rules. Accordingly, in compliance with the aforesaid Rules, the Company has already transferred equity shares on which dividend remained unclaimed for 7 consecutive years starting from the financial year 2010-11 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 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 2010-11 are uploaded on the website of the Company as well as that of the Ministry of Corporate Affairs, Government of India ("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. Members can however claim both the unclaimed dividend amount and the equity shares from the IEPF Authority by making an online application, the details of which are available at www.iepf.gov.in.

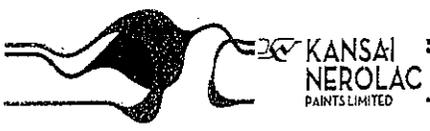
5. In accordance with Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015, the Company has fixed 14th June, 2019 as the "cut-off date" to determine the eligibility to vote by electronic means or in the general meeting. A person whose name is 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. 14th June, 2019, shall be entitled to avail the facility of remote e-voting or voting in the general meeting.

6. Shareholders may be aware that the Companies Act, 2013, permits service of the Notice of the Annual General Meeting through electronic mode. Electronic copy of the Annual Report including Notice of the 99th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Admission Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes. However, those members who desire to have a physical copy may request for the same to the Registrar & Transfer Agent (RTA), TSR Darashaw Ltd. For members who have not registered their email IDs, physical copies of the Annual Report are being sent.

7. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to the Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form should submit their PAN to TSR Darashaw Ltd.

8. The shareholders who are holding shares in demat form and have not yet registered their e-mail IDs with their Depository Participant are requested to register their e-mail address at the earliest, to enable the Company to use the same for serving documents to them electronically, hereinafter. Shareholders holding shares in physical form may kindly provide their e-mail address to the RTA by sending an e-mail at csg-unit@tsrdarashaw.com. The Annual Report of the Company would also be made available on the Company's website www.nerolac.com. The support of the Shareholders for the 'Green Initiative' is solicited.





9. Voting through Electronic means

In terms of the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI LODR Regulations, the Company is pleased to provide its Shareholders with the facility of "remote e-voting" (e-voting from a place other than venue of the AGM), to enable them to cast their votes on the resolutions proposed to be passed at the AGM, by electronic means. The Company has engaged the services of CDSL to provide the e-voting facility and the Members may cast their votes on electronic voting system through remote e-voting.

The facility for voting, either through electronic voting system or ballot/polling paper shall also be made available at the venue of the AGM, apart from the remote e-voting. The members attending the meeting, who have not already cast their vote through remote e-voting shall be able to exercise their voting rights at the AGM. The members who have already cast their vote by remote e-voting prior to the meeting may attend the meeting and their presence shall be counted for the purpose of quorum, but shall not be entitled to cast their vote again at the AGM.

The Company has appointed Mr. H. R. Thakur, Practising Company Secretary, as the Scrutiniser for conducting the remote e-voting and the voting process at the AGM in a fair and transparent manner.

Members holding shares in physical form or in demat form as on 14th June, 2019, the cut-off date shall only be eligible for e-voting.

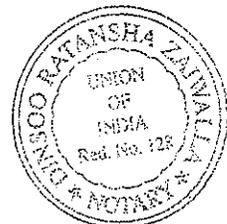
The instructions for shareholders voting electronically are as under :

- (i) The voting period begins on Monday, 17th June, 2019 at 9.00 a.m. and ends on Thursday, 20th June, 2019 at 5.00 p.m. During this period, the shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. Friday, 14th June, 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders / Members.

- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login.</p> <ul style="list-style-type: none"> • If both the details are not recorded with the depository or Company please enter the member id/folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach "Password Creation" menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used



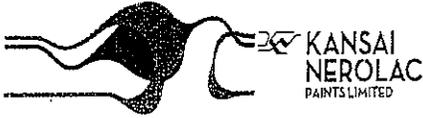
by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN of KANSAI NEROLAC PAINTS LIMITED.
- (xii) On the voting page, you will see "Resolution Description" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT" tab. A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store, Windows and Apple smart phones. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) **Note for Non-Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are

required to log on to www.evotingindia.com and register themselves as Corporates.

- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) in case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.
10. Those persons, who have acquired shares and have become members of the Company after the dispatch of Notice of the AGM by the Company and whose names appear in the Register of Members or Register of beneficial holders as on the cut-off date i.e. Friday, 14th June, 2019 shall view the Notice of the 99th AGM on the Company's website or on the website of CDSL. They may also refer to the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com (under help section) or write an e-mail to helpdesk.evoting@cdslindia.com. Such Members may exercise their voting rights through remote e-voting by following the procedure as mentioned above or by voting at the AGM.
- Voting rights of the Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date i.e. Friday, 14th June, 2019.
- Every Client ID No./Folio No. will have one vote, irrespective of number of joint holders.





11. The Scrutinizer shall, after the conclusion of voting at the AGM, first count the votes cast 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.

The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.nerolac.com and on the website of CDSL e-voting www.evotingindia.com immediately. 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.

12. In terms of the provisions of Regulation 40 of SEBI Listing Regulations and various notifications issued in that regard, requests for effecting transfer of securities (except in case of transmission or transposition of securities) shall not be processed from 1st April, 2019 unless the securities are held in the dematerialized form with the depositories. Therefore, Shareholders are requested to take action to dematerialize the Equity Shares of the Company, promptly.
13. In terms of the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13.
14. Members are requested to intimate changes, if any, pertaining to their name, postal address, e-mail address, 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 Participants in case the shares are held by them in dematerialised form and to the Company or TSR Darashaw Ltd. in case the shares are held by them in physical form.
15. Members are requested to quote their Folio No. or DP ID-Client ID, as the case may be, in all correspondence with the Company or the RTA.

EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 5

B S R & Co. LLP, Chartered Accountants, were appointed as the Statutory Auditors of the Company, for a period of 5 years from the 94th AGM till the ensuing 99th AGM, pursuant to provisions of Section 139(1) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014. The appointment of B S R & Co. LLP, as Statutory Auditors of the Company was ratified by the Shareholders at the 98th AGM held on 21st June, 2018.

The term of B S R & Co. LLP, Chartered Accountants, as the Statutory Auditors of the Company, will expire at the ensuing 99th AGM to be held on 21st June, 2019. Further, in terms of the provisions of the Companies Act, 2013, since they have completed a tenure of 10 years including their previous tenure as Auditors of the Company, they will not be eligible to for re-appointment as Statutory Auditors of the Company.

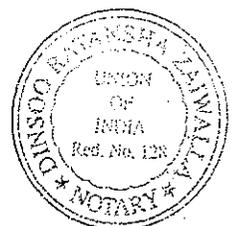
Accordingly, as per the recommendation of the Audit Committee, the Board has appointed S R B C & CO LLP, Chartered Accountants (Firm Registration No. 324982E/E300003), as the Statutory Auditors of the Company, to hold office for a period of 5 years from the ensuing 99th AGM till the 104th AGM, subject to the approval of the Shareholders at the ensuing 99th AGM.

The Ordinary Resolution set out at Item no. 5 of the Notice seeks approval of the Shareholders for the appointment of S R B C & CO LLP, Chartered Accountants, as Statutory Auditors of the Company.

In accordance with Section 139 of the Act, S R B C & CO LLP, Chartered Accountants, have certified that they are eligible to be appointed as the Statutory Auditors of the Company and they satisfy the criteria as provided in Section 141 of the Companies Act, 2013. The certificate is available for inspection of the Shareholders at the Registered Office of the Company during business hours on any working day, except Saturday.

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 S R B C & CO LLP, Chartered Accountants, as Statutory Auditors of the Company, as set out in Item No. 5 of the Notice, for approval of the Members.



ITEM NO. 6

In accordance with the Companies (Cost Records and Audit Rules) 2014, read with the Companies (Cost Records and Audit) Amendment Rules, 2016, the Company is required to conduct cost audit of its cost records pertaining to the products falling under the product categories – Organic & Inorganic chemicals, Ores and mineral products, Plastics & Polymers and Rubber & Allied products or any other products required by the law, for the year ending 31st March, 2020. The products of the Company covered under the aforesaid categories are different types of thinners, floor coating products, powder coating products & hardeners and Construction Chemicals.

The Board of Directors of the Company, based on the recommendation of the Audit Committee, has approved the appointment of D. C. Dave & Co., Cost Accountants as the Cost Auditor for the aforesaid product categories for the financial year 2019-20 on the same remuneration as was approved for the previous year i.e. ₹ 2,50,000 plus service tax and out of pocket expenses.

D. C. Dave & Co., has also conveyed its willingness to act as cost auditor of the Company for the year ending 31st March, 2020. The eligibility and consent letter are available for inspection of the Shareholders at the Registered Office of the Company during business hours on any working day, except Saturday.

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 at Item no. 6 of the Notice seeks approval of the Shareholders for the same.

None of the Directors and/or Key Managerial Personnel of the Company and/or their relatives, are in any way concerned or interested (financially or otherwise), in the proposed Ordinary Resolution.

The Board recommends ratification of the remuneration of the Cost Auditor, D. C. Dave & Co. (Firm Registration No. 000611), Cost Accountants, as recommended by the Audit Committee and approved by the Board of Directors, as set out in Item no. 6 of the Notice, for approval of the Members.

ITEM NO. 7

At the 93rd Annual General Meeting of the Company, held on 18th June, 2013, the Shareholders had passed a Special

Resolution under Section 309(4) of the Companies Act, 1956, ("1956 Act") whereby consent of the Shareholders was obtained for payment of commission to the Non-Executive Directors of the Company, being Directors other than the Managing Director and Whole-time Director(s), not exceeding in the aggregate 1% (one percent) per annum or such other limit as may be prescribed under the Companies 1956 Act., of the net profits of the Company, computed in the manner laid down in Section 198 of the 1956 Act, for each of the five financial years of the Company commencing from April 1, 2013 ("said approval"). The 1956 Act has since been replaced and substituted by Companies Act, 2013 ("Act") and Section 197 of the Act governs payments of commission to Non-Executive Directors of a Company. Accordingly, in terms of the provisions of Section 197 of the Act read with Regulation 17(6)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and considering the rich experience and expertise brought to the Board by the Non-Executive Directors, approval of the Shareholders is sought for continuation of the payment of a sum not exceeding 1% (one percent) per annum of the net profits of the Company calculated in accordance with provisions of Section 198 of the Act, as remuneration to the Non-Executive Directors of the Company, for each financial year beginning from the financial year ending on 31st March, 2019. Such payment will be in addition to the sitting fees for attending Board/Committee meetings.

This has been approved and recommended by the Nomination and Remuneration Committee and the Board of Directors of the Company, in terms of the applicable provisions of the Act and SEBI Listing Regulations.

All the Directors of the Company and/or their relatives (except Managing Director, Executive Director and their respective relatives), are concerned or interested, in the proposed Ordinary Resolution, to the extent of remuneration that may be received by each of these Directors.

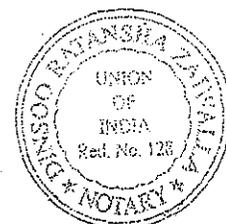
None of the Key Managerial Personnel of the Company and/or their relatives, are in any way concerned or interested (financially or otherwise), in the proposed Ordinary Resolution.

The Board recommends payment of remuneration to the Non-Executive Directors 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

P. P. Shah
Chairman

Mumbai, 2nd May, 2019.



Annexure to the Notice

Details of the directors seeking appointment/re-appointment in the 99th Annual General Meeting, as set out in item nos. 3 and 4 of this Notice, in terms of Regulations 26(4) and 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.

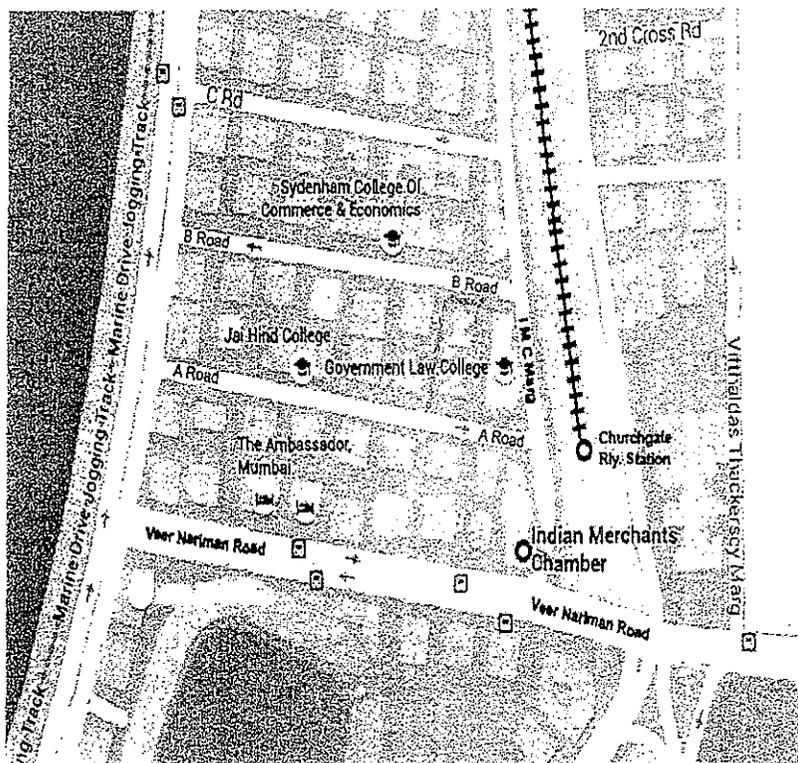
Name of Director	Mr. Hidenori Furukawa	Mr. Anuj Jain
Director Identification Number	06924589	08091524
Age	60 years	50 years
Qualifications and Experience	Mr. Furukawa is a graduate from Graduate School of Engineering, Osaka University and joined Kansai Paint Co. Ltd., Japan in April 1983. Mr. Furukawa is Director, Managing Executive Officer of Kansai Paint Co. Ltd., Japan.	Mr. Jain is B.Sc., MMS (Marketing) and was Director – Decorative and Industrial Sales & Marketing of the Company prior to his appointment as a Whole-time Director. He is designated as Executive Director.
Date of First Appointment	22nd July, 2014	1st April, 2018
Directorships held in other public companies (excluding 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, 2019	Nil*	13,560 Equity Shares

Note:

* Mr. Hidenori Furukawa is a nominee of Kansai Paint Co. Ltd., Japan. He does not hold any share in his personal capacity.

For other details such as the number of meetings of the Board attended during the year, remuneration drawn and relationship with other directors and key managerial personnel in respect of above directors, please refer to the Report on Corporate Governance which is a part of this Annual Report.

Route Map to the venue of the 99th AGM of the Company





Registered Office : 'Nerolac House', Ganpatrao Kadam Marg, Lower Parel, Mumbai 400 013.
Tel : +91-22-24934001 • Fax : +91-22-24936296 • Website: www.nerolac.com
Investors Relations e-mail ID : investor@nerolac.com • Corporate Identity Number (CIN) : L24202MH1920PLC000825

**ADDENDUM TO THE EXPLANATORY STATEMENT UNDER SECTION 102 OF
THE COMPANIES ACT, 2013 ANNEXED TO THE NOTICE OF THE NINETY-
NINTH ANNUAL GENERAL MEETING OF KANSAI NEROLAC PAINTS
LIMITED TO BE HELD ON FRIDAY, 21ST JUNE, 2019 AT 11.00 A.M.**

The following is to be considered as an addition, to be read as paragraph 4 of the Explanatory Statement under Section 102 of the Companies Act, 2013, relating to Item No. 5 of the Notice of the Ninety-Ninth Annual General Meeting of Kansai Nerolac Paints Limited, to be held on 21st June, 2019 ("99th AGM"):

"S R B C & CO LLP, Chartered Accountants, proposed to be appointed as the Statutory Auditors, is a reputed firm with wide industry experience. The Firm was established in the year 2002 and is a limited liability partnership firm ("LLP") incorporated in India. The Audit Firm has valid Peer Review certificate and is part of S. R. Batliboi & Affiliates network of audit firms. It is primarily engaged in providing audit and assurance services to its clients. The annual fees proposed to be paid to them, as recommended by the Audit Committee and approved by the Board of Directors, is Rs. 41.0 Lakhs for the existing scope of work of the retiring auditors, plus additional fees of Rs. 9.0 Lakhs towards additional scope of work with respect to quarterly consolidation of accounts, which has become mandatory from Financial Year 2019-20 under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended. The fees proposed are excluding out-of-pocket expenses and Goods and Service Tax (GST) as applicable. The fees could be revised by the Board of Directors on the recommendations of the Audit Committee, as and when necessitated. There is no material change in the fees proposed to be paid to S R B C & CO LLP, compared to the fees paid to the retiring auditors, B S R & Co. LLP."

This Addendum to Explanatory Statement to the Notice of the 99th AGM shall form an integral part of the Notice dated 2nd May, 2019 circulated to the Members of the Company and shall also be available on the Company's website www.nerolac.com and on the CDSL's e-voting website www.evotingindia.com. It shall also be available at the Registered Office of the Company during business hours on any working day, except Saturday.

Members are requested to read the Notice of the 99th AGM alongwith this Addendum while casting the vote on resolution proposed in Item No. 5 of the Notice of the 99th AGM.

For KANSAI NEROLAC PAINTS LIMITED

G. T. GOVINDARAJAN
COMPANY SECRETARY

Mumbai, 7th June, 2019



BOARD'S REPORT

Dear Members,

The Directors of your Company are pleased to present the 99th Annual Report and the Audited Financial Statements (Standalone and Consolidated) for the year ended 31st March, 2019 ("year under review/ FY 2018-19").

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

A. Introduction

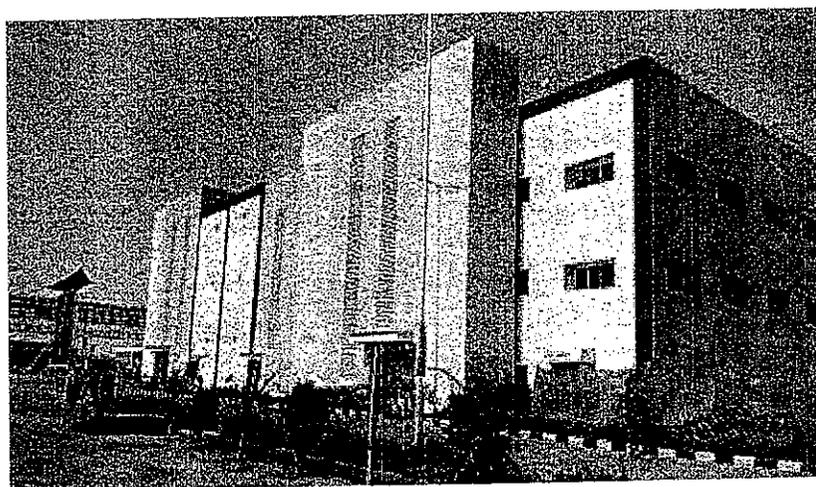
Established in 1920, Kansai Nerolac Paints Ltd ("KNPL") is a subsidiary of Kansai Paint Co. Ltd., Japan ("KPJ").

KNPL has its primary operations in India, and it also operates in Nepal, Sri Lanka and Bangladesh through acquisitions and joint ventures.

KNPL caters to customers through products and solutions in Decorative and Industrial Coatings. In Industrial, while the traditional thrust has been on Automotive, KNPL now has a sizeable presence in Performance Coatings and has also expanded its portfolio to include new solutions through Floor Coatings, Transportation Coatings, Coil Coatings, rebar coatings and super-durable powders. The last few years has also seen a strong push in the Auto Refinish segment. In Decorative, KNPL now has been able to cross a threshold level with its new brand Soldier which was introduced a few years ago and it has entered into segments like Adhesives and Construction Chemicals. The Company is also aggressively targeting the wood coatings segment. All this is helping KNPL move towards a better portfolio of products and offerings to the market.

The Company has been aggressively augmenting capacity to match its expanding portfolio of offerings. This year commercial production started at its new state-of-the-art Industrial Coatings plant at Sayakha, Gujarat and work is in process to set up two state-of-the-art new plants equipped with modern production technologies at Amritsar in Punjab and Visakhapatnam in Andhra Pradesh.

The Company has increased its impetus on research and has commenced operations at its world-class R&D facility at Vashi, Navi Mumbai. These new plants and R&D facilities will strengthen the capability of KNPL to innovate and serve its customers better.



State-of-the-art plant at Sayakha, Gujarat



With its focus of being an environmentally conscious brand, broad based product range, innovative product introductions besides focus on brand building and distribution has helped KNPL being recognized as a strong brand in the decorative paint market. In the industrial coatings space, the consistent efforts towards customer satisfaction, technology, quality, service and value engineering, have ensured a leading position for the Company. KNPL has time and again been trusted by the bluest of blue players of the Automobile industry as a reliable partner to service their paint requirements.

Continuing to leverage IT for strategic benefits, the Company has forayed into Machine Learning technologies, becoming the first paint Company in India to do so using the SAP Leonardo platform. The Company has sought to integrate Robotic Process Automation (RPA) into its operations.

The Company has chosen Mr. Ranveer Singh to be the new face of the Brand. Ranveer was found to be a perfect fit as his versatility as an actor, coupled with his bold personality and effervescent energy, which resonates well with the Nerolac brand. The Company has signed up with Mr. Tamim Iqbal, the leading cricketer of Bangladesh as its Brand Ambassador in Bangladesh.

The year was a water-shed year for KNPL. KNPL adopted inorganic growth as part of its growth strategy by making acquisitions in related product lines. As part of the strategy, the acquisitions of Marpol a pioneer in Powder Coatings and a leading powder coating player in the Indian powder coating market, RAK Paints in Bangladesh having a diverse product range in both Decorative and Industrial markets, as well as Perma Construction Aids Pvt. Ltd. with a product range encompassing water-proofing, adhesives, epoxy and admixtures in the construction chemical space were completed.

B. Industry progress

The Indian Paint Industry currently valued at around ₹ 50,000 Crores is poised to grow at a healthy rate and is expected to reach around ₹ 70,000 Crores by 2021-22. There is a strong co-relation between the Indian Paint Industry and the GDP growth of the country historically.

The Government is expected to continue with its reforms agenda, with policy decisions to come in sectors like infrastructure and power. These reforms would provide great impetus to the economy as well as to the paint industry.

Decorative paints segment is expected to continue the growth momentum. The fiscal incentives given by the government to the housing sector are steps which will aid the paint industry going forward.

The year 2018-19 has been positive yet challenging for the industry as a whole.

One of the notable events of the year was the reduction of GST rates from 28% to 18% and is expected to be positive and is a breather for the paint industry.

The year was marked by high inflationary pressures on account of crude oil as well as high volatility in forex. Though there has been some respite in crude in the second half of the year, the reduction has not offset the inflationary pressures witnessed in the first half. Volatility in forex continued through out the year.

C. Financials

Financial Highlights

A summary of the Company's standalone financial results for the year ended 31st March, 2019 (FY 2018-19) vis-a-vis standalone financial results for the previous year FY 2017-18, is as under:

	₹ In Crores	
	FY 2018-19	FY 2017-18
Gross Sales and Other Operating Income.....	5682.28	5197.77
Net Sales and Other Operating Income.....	5173.62	4737.01
Profit before Interest, Depreciation and Tax.....	742.00	789.77
Less: Depreciation and Amortisation	90.47	75.79
Profit Before Interest and Tax.....	651.53	713.98
Add: Other Income	61.88	72.42
Profit Before Tax.....	713.41	786.40
Less: Tax (Including deferred tax)	246.06	270.00
Profit After Tax.....	467.35	516.40
Other Comprehensive Income (Net of Tax)	0.92	(1.09)
Total Comprehensive Income for the year.....	468.27	515.31

Gross Sales and other operating income for the year aggregated to ₹ 5,682.28 Crores as compared to ₹ 5,197.77 crores for the previous year. GST was introduced in July 2017, hence Sales figures of previous year are not comparable with the Sales figures of current year. However, Net Sales (excluding excise duty) and other operating income reflects a growth of 12.5% over the previous year.



Depreciation for the year is at ₹ 90.47 Crores as against ₹ 75.79 Crores in the previous year which is higher compared to the previous year due to capitalization of Sayakha project. Other Income was lower at ₹ 61.88 Crores as compared to ₹ 72.42 Crores for the previous year. Reduction is due to surplus funds utilised for new projects.

The Company had taken various initiatives to reduce material cost and operational costs.

These initiatives helped the Company in the current year to keep the operational costs under control and compensate inflation.

Profit Before Depreciation, Interest and Tax (PBDIT) for the year is lower at ₹ 742.00 Crores compared to ₹ 789.77 Crores last year reflecting a degrowth of 6.1%. Profit Before Tax (PBT) for the year is ₹ 713.41 Crores as compared to ₹ 786.40 crores of the previous year which is a degrowth of 9.3% over previous year.

The Company spent ₹ 13.45 Crores towards Corporate Social Responsibility compared to ₹ 11.01 Crores in the previous year.

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

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

There has been no change in the nature of business during the year.

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this Report.

No amount is proposed to be transferred to any reserves.

Dividend

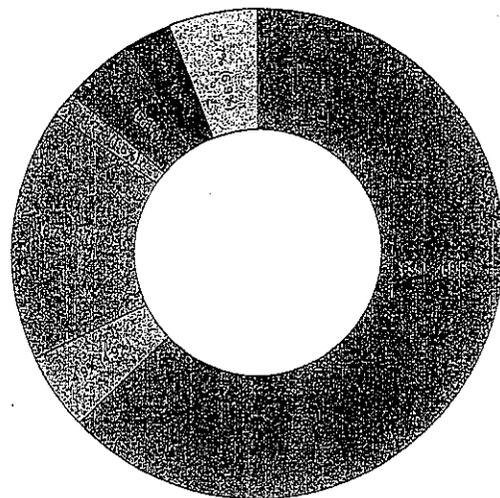
The Directors recommend a normal dividend of ₹ 2.60 (260%) per Equity Share of the face value of ₹ 1 each for the year under review, for consideration of the Members. This compares with a dividend of ₹ 2.60 per share (260%) per Equity Share of the face value of ₹ 1 each, declared previous year.

Key Financial Ratios

Key Ratios	FY. 2018-19	FY 2017-18	Change (%)	Explanation, if required
Debtors Turnover (No of Days)	40	37	(8.11)	—
Inventory Turnover (No of Days)	103	98	(5.10)	—
Interest Coverage Ratio	—	—	—	Not applicable
Current Ratio	2.80	2.97	(5.72)	—
Debt Equity Ratio	0.00	0.01	—	Repayment as per schedule
Operating Profit Margin (%)	14.3%	17.2%	(16.86)	—
Net Profit Margin (%)	9.0%	11.3%	(20.35)	—
Return on Net Worth	13.6%	16.5%	(17.58)	—

Distribution of Income

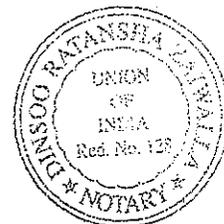
(net of discounts, rebates and excise duty)



2018-19

- Materials
- Manpower Cost
- Operating and Other Expenses
- Depreciation
- Corporate Tax
- Dividend
- Retained Earnings

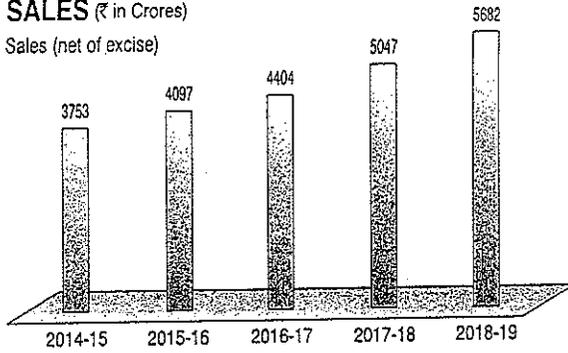
Previous year 2017-18 percentage figures are stated in brackets.



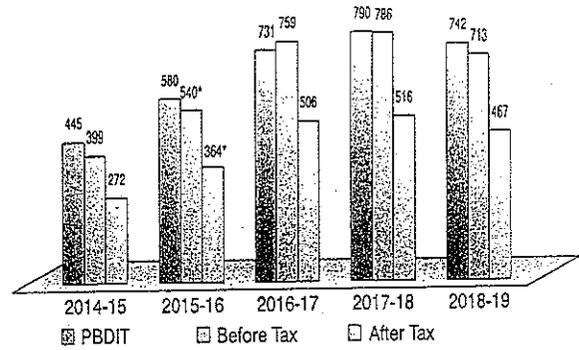
Graphs

SALES (₹ in Crores)

Sales (net of excise)



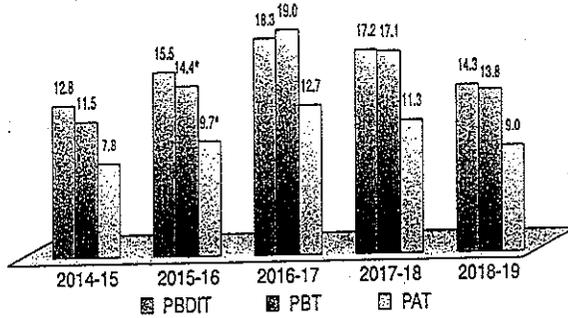
PROFIT (₹ in Crores)



*before exceptional item

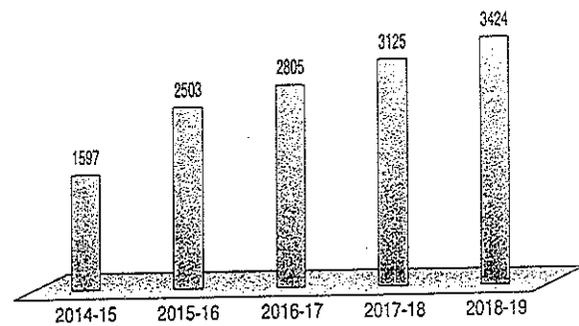
PROFITABILITY (%)

Profitability ratio based on revenue from operation (net of excise)



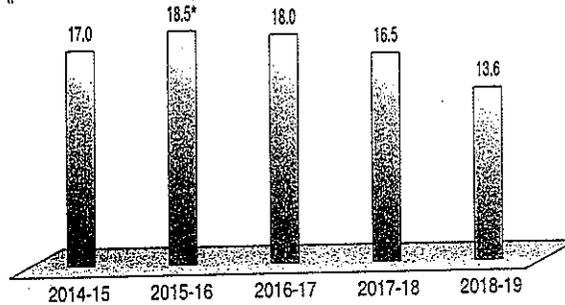
* before exceptional item

SHAREHOLDERS' FUNDS (₹ in Crores)



RETURN ON NET WORTH (%)

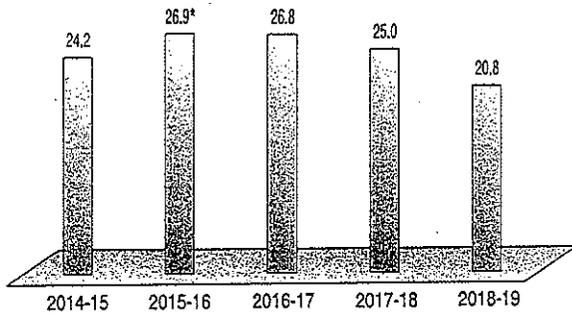
(profit after tax divided by shareholders' funds).



* before exceptional item

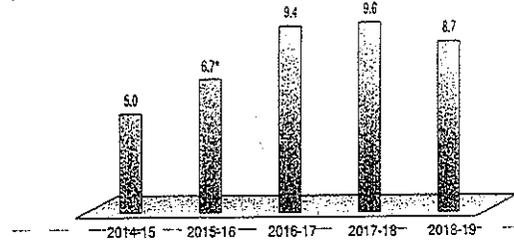


RETURN ON CAPITAL EMPLOYED (%)



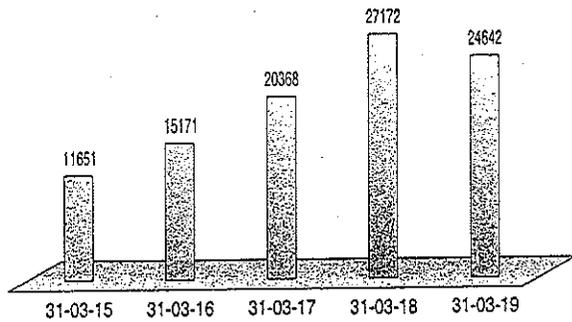
*before exceptional item

EARNINGS PER SHARE (EPS) (₹)

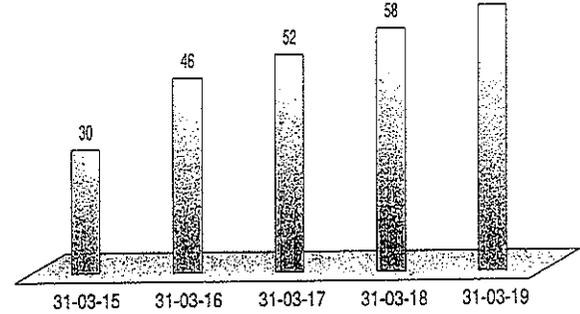


*before exceptional item
EPS for all the years has been calculated considering face value of share as ₹ 1 each.

MARKET CAPITALISATION AS ON (₹ in Crores)

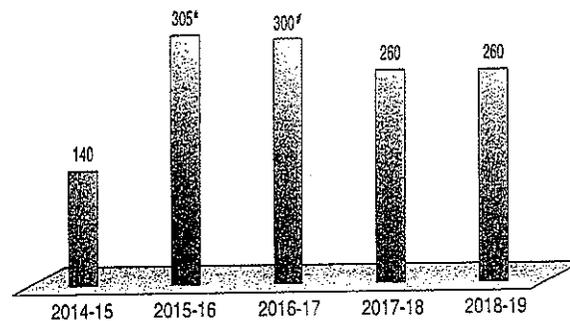


BOOK VALUE PER SHARE AS ON (₹)



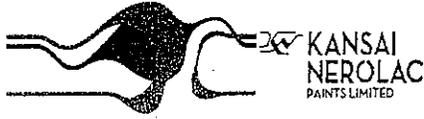
Book value of shares for all the years has been calculated considering face value of share as ₹ 1 each.

DIVIDEND (%)



* includes special dividend of 125%
† includes special dividend of 50%





Subsidiaries and Consolidated Financial Statements

In terms of the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the Board has approved a Policy for determining material subsidiaries. The same is also available on the website of the Company at www.nerolac.com.

Further, in terms of the said policy, the Company does not have a material subsidiary.

Indian Subsidiaries

a. Marpol Private Limited

In April 2018, our Company acquired 100% equity shareholding in Marpol Private Limited, Goa ("Marpol"), one of the leading companies in powder coating business, for an aggregate consideration of ₹ 34.12 Crores.

After acquisition, many actions were taken to improve turnover and profitability. For the year 2018-19, the turnover of Marpol was ₹ 68.90 Crores. (FY 2017-18: ₹ 59.40 Crores) and Profit After Tax (PAT) was ₹ 1.69 Crores [FY 2017-18: (₹ 7.48) Crores].

b. Acquisition of Perma Construction Aids Private Limited

After the closure of the year under review, in the month of April 2019, the Company acquired 100% equity shareholding in Perma Construction Aids Private Limited ("Perma"), which manufactures and sells construction chemicals, for an aggregate consideration of ₹ 29.10 Crores. Necessary disclosures regarding the acquisition were made to BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE").

Perma has a diverse product range encompassing water-proofing, adhesives, epoxy, admixtures etc. and this acquisition will increase the Company's product offerings in construction chemicals business, thereby enabling it to expand its product portfolio in construction chemicals.

c. Merger of Indian subsidiaries with the Company

The Board, at its meeting held on 2nd May, 2019, accorded its in-principle approval to the merger of Marpol and Perma, both wholly-owned subsidiaries of the Company, with the Company, subject to necessary statutory approvals from various regulatory authorities.

The aforesaid merger shall provide benefits of synergy, economies of scale, growth and expansion to the Company. More information in this regard will be provided to the Shareholders, from time to time, vide appropriate means of communication, including disclosures to BSE and NSE.

Overseas Subsidiaries:

a. Operations in Nepal

For the year under review, the turnover of KNP Japan Private Limited, the subsidiary of our Company in Nepal, increased to ₹ 84.51 Crores as compared to ₹ 64.14 Crores for the previous year. Profit Before Tax has increased to ₹ 13.99 Crores as compared to ₹ 9.05 Crores in the previous year. Profit After Tax has increased to ₹ 11.52 Crores as compared to ₹ 6.51 Crores in the previous year.

b. Operations in Sri Lanka

The turnover of our subsidiary in Sri Lanka, Kansai Paints Lanka Private Limited for the year under review was ₹ 12.11 Crores as compared to ₹ 8.06 Crores during the previous year. The Company incurred a loss of ₹ 10.88 Crores during the year under review as compared to loss of ₹ 6.83 Crores during the previous year.

As informed to the Shareholders in 2016-17 the Company had set up a green-field plant in Sri Lanka to manufacture and sell paints. Generally green-field projects take some time to stabilise and generate profits. We expect operations to stabilise over a two year period.

c. Operations in Bangladesh

In July 2018, our Company acquired 55% equity shareholding in RAK Paints Limited, Bangladesh ("RAK"), for an aggregate consideration of ₹ 42.17 Crores (BDT 50.41 Crores).

After acquisition, during the year under review, the turnover of RAK was ₹ 93.04 Crores. EBITDA for the year was ₹ 0.19 Crores and PAT (₹ 9.65) Crores. After acquisition, our Company initiated a lot of cost reduction activities and turned around RAK from EBITDA loss to EBITDA positive.

Consolidated financial statements of the Company as on 31st March, 2019, are prepared in accordance with applicable Accounting Standards and form a part of this Annual Report. All the subsidiaries of the Company as on 31st March, 2019, i.e. all the subsidiaries except Perma



which was acquired in April 2019, have been considered in the preparation of consolidated financial statements.

Further a separate statement in Form AOC-1, containing the salient features of the respective financial statements of subsidiaries of the Company, forms part of this Annual Report. Also, Annual Audited Financial Statements of all subsidiaries of the Company are available on the website of the Company i.e. www.nerolac.com.

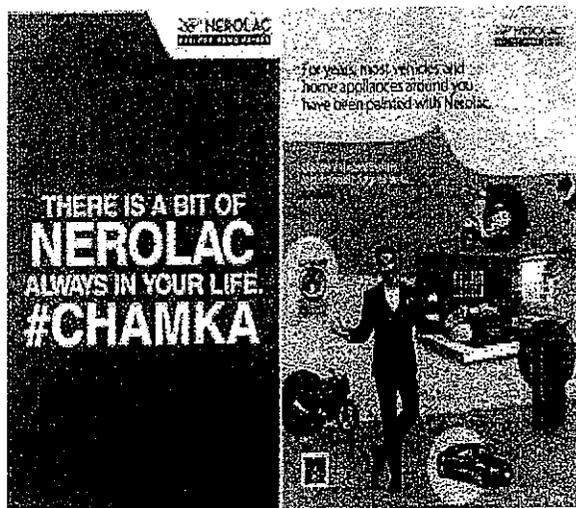
D. Segment wise performance

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

E. Marketing

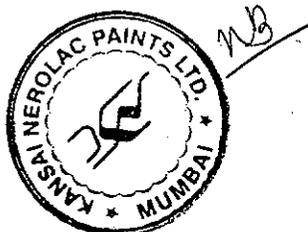
Decorative

KNPL continued its strong media presence that it had started a few years ago by launching many high decibel campaigns in various formats during the year. These ensured high visibility of the brand. During the year, KNPL signed up Mr. Ranveer Singh as the new brand ambassador. Brand building activity was augmented by strong initiatives on the ground together with a thrust on improved reach and distribution.

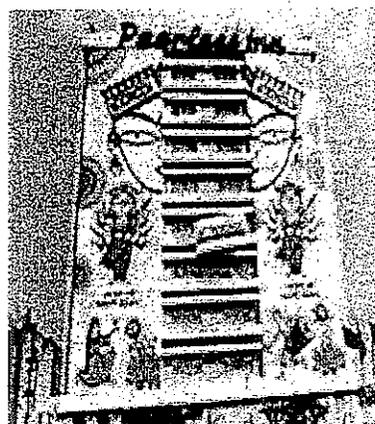


Little Bit of Nerolac with Brand Ambassador Ranveer Singh

KNPL continued its association with IPL for the year 2018, and partnered with Delhi Daredevils and SunRisers Hyderabad. Many branding and consumer involvement activities were carried out as part of this campaign. Nerolac extended its association with cricket by getting associated with the Asia Cup.



Amongst the new campaigns created were a new TV Campaign for Excel Mica Marble, #BachpanwalaGhar campaign, and 'There is a little bit of Nerolac in your life' campaign. These campaigns were well received. This was accompanied by innovative campaign like murals in Kolkata during Durga Pooja, activities during Kumbh Mela and airport activity during Diwali at Kolkata airport.

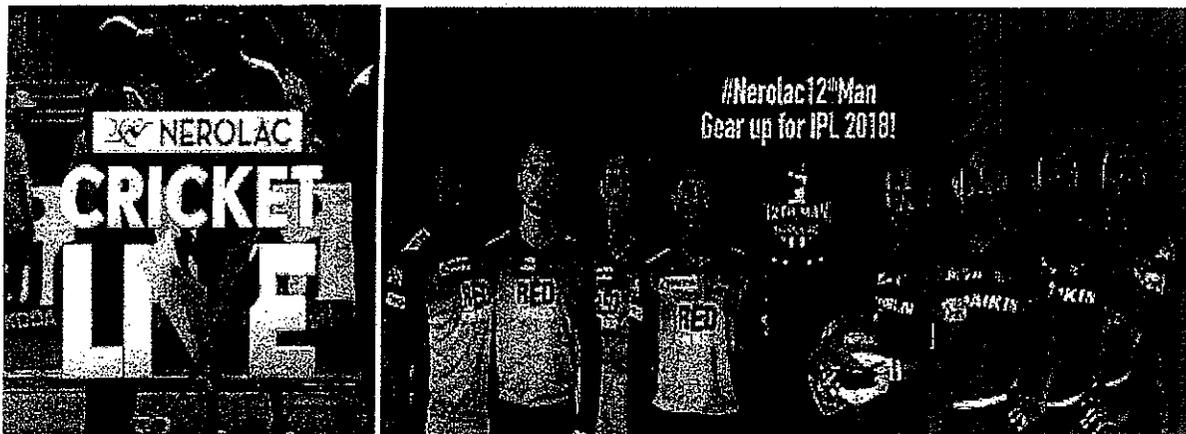


Durga Mural for Shera Para Shera Pujo



Activities at Kumbh Mela





Left - Asia Cup 2018; Right - IPL 2018 Nerolac 12th Man

Influencers are another key stakeholder in the Decorative market. KNPL organized "Nerolac Painter Parivar Mela" for painters and their families. This was one of its kind unique activity which helped create a strong emotional connect and bonding in the minds of the painter and the painter's family. 'Nerolac Pragati Express' an innovative mobile training academy for the painter – where a mobile van went across eight different cities in the state was launched during the year.

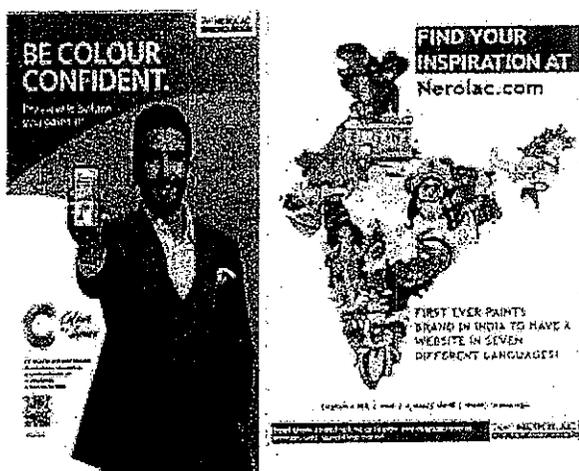
Building mind-space with consumers was taken to next level. Two new services for consumers were launched. One a Chatbot service, whereby consumers can chat with KNPL or by scanning a QR code and another, a virtual reality tool "Colour my space" to visualize the home in different colors to make an informed choice. In addition, new color tools like Colour Symphony of Kerala,

Impressions Ideaz Designer Guide, Impression & Exterior Emulsion Shade Card were launched. The nerolac website www.nerolac.com was made available in 7 different languages. Colour Trails a theme-based photo walk whereby people from all walks of life could participate along with influencers and photographers to take pictures around the city was also launched. During the year the Company continued a strong connect with consumers through digital and social media platform.

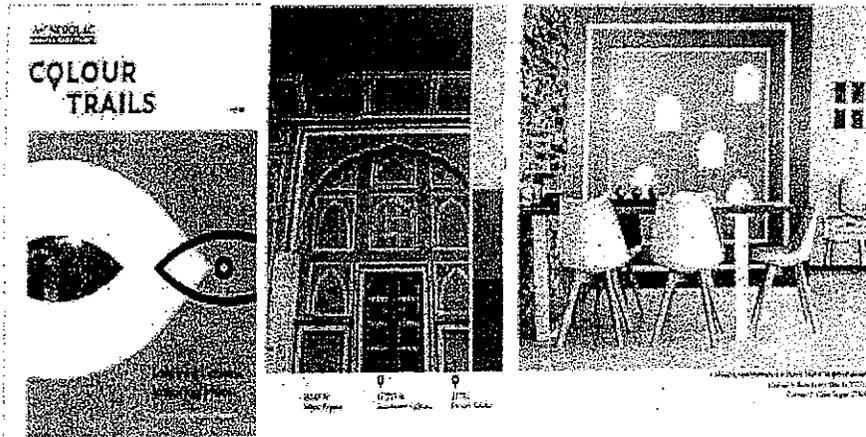
Kansai Nerolac teamed up with popular Indian music director Pritam's musical platform JAM8 to roll out a rendition to Nerolac's iconic jingle as a song, across India titled 'Ghar Ki Raunak'. It is the first time that the jingle has been recreated into a song and has been sung in 8 different languages. This created a lot of buzz and impact with lots of banners and takeovers. Multiple



Nerolac Pragati Express



Left – Colour my Space (Virtual Reality tool);
Right – Website in 7 regional languages



Colour Trails

consumer touch points like Music apps (Hungama, Saavn etc.), audio banners and radio spots were used to reach out to consumers.

Many new products were launched during the year. Impressions Ultra HD and Ultra Fresh under Brand Impressions were launched. The Company has also enhanced its wood coating offerings through the launch of the premium Gloria range of products.

KNPL entered the space of application tools through the launch of Soldier Brushes as well as Soldier Rollers. The Company has forayed into Adhesives under the brand name Nerofix. This has been launched in the markets of U.P. The portfolio of Construction Chemicals has been significantly enhanced by the acquisition of Perma Construction.

Industrial

Acquisition of new businesses for strengthening our leadership has been a part of our core strategy. Key focus was on bagging the repeat business from esteemed clients and winning new businesses.

KNPL has continued its legacy of providing high quality, cost effective, and sustainable solutions to its automotive customers. Best supplier awards from key OEMs for consecutive years reflect our commitment in this direction.

Leveraging on all our strengths in Automotive Coatings technology, we were able to reaffirm our leadership position with technologies such as High solid coatings (reducing VOC – Volatile Organic Compounds) and value for money products having unique property of maintaining coating performance at lower thickness, like Monocoat metallics and DTM (Direct to Metal) anticorrosive coatings (reduction in number of coats on vehicle).

KNPL has come up with a state-of-the-art brand new R&D Centre at Vashi, Navi Mumbai. The new R&D center is one-of-its-kind, with world class facilities. This will help cater to the creation of next generation solutions and enhance responsiveness. The Company proactively presents technological advancements in paints and



New Products – Wonderwood Gloria, Impressions Ultra HD, Nerofix Adhesive



135

paint processes, current and upcoming colour trends to its customers. Keeping in view the emerging technologies standards of product and process of our automotive customers, a new state-of-the-art paint manufacturing unit in Sayakha (Gujarat) commenced commercial production.

A pioneer in the practice of providing technical service on customer production lines, KNPL went the extra mile by giving its customers value additions and value engineering ideas. This has helped our customers in improving quality and reducing cost. Our pan India technical service team provides best in class, on the line technical service in the industry. The team also provided valuable trainings to customers.

In the High Performance Coatings, the Company made a foray into the Coil Coatings and Floor Coatings. The offering has been well received and is gaining traction with customers. We continue to work closely with organizations like NACE, SSPC and CII.

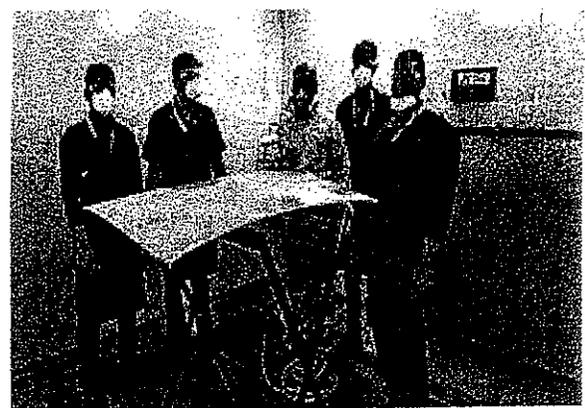
In General Industrial Coatings, the Company introduced many new products for various OEM customers which have helped provide growth impetus.

We continue to gain market share in powder coating business. The Company has launched products in the Rebar Powders segment which is expected to grow further in times to come.

KNPL has taken major strides in growing the Auto Refinish Paints segments and has been gaining market share. The Company has been strengthening its offerings in the Premium PU business and is associating with a number of authorised Body Shops. The year also saw the launch of Nerokan mixing machine, a compact PU tinting system for the trade channel. KNPL has inaugurated its second training centre at Hosur for training body shop customers in South India.



Newly launched Nerokan Mixing machine



Workshop for bodyshop personnel at Model Training Centre, Hosur

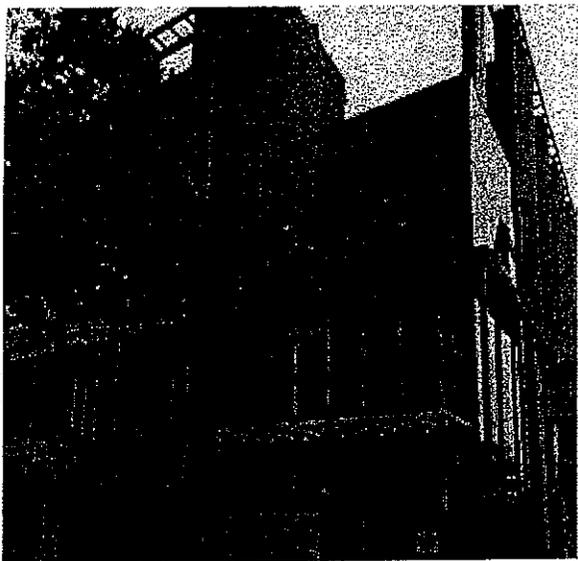
F. Research and development

R&D constantly strives to bring cutting edge technology in paints and polymers to our customers.

The new R&D facility is equipped with many new Labs and is well equipped with Automatic Robotic Bell applicator to simulate the actual automotive painting line application conditions and to test the products beforehand so as to have faster launch of new product on continuous and automotive production lines. This is supported by a modern Instrumentation and Analytical Lab which has the latest equipment for conducting high end analysis of different paints and polymers.

This year the architectural group focused on bringing in products with air purifying properties and expansion of our water proofing capability. Apart from maintaining lead content less than 90 ppm and eco-friendly products under Healthy Home paints platform, Impressions Ultra Fresh which captures indoor air pollutants and free formaldehyde, thus making the air cleaner, was launched. Additionally Impressions Ultra HD which is a superior variant with radiant sheen, low VOC and fast drying was launched.





New R&D Facility

To strengthen our water proofing range, we have launched Excel Top-guard consisting of base coat and Top coat with enhanced water proofing, crack bridging and anti-carbonation properties.

With significant thrust in powder coating, the focus was on developing functional coatings. We have introduced Rebar coating for concrete, reinforcing rebar to enhance structural stability in powder coating and super durable powder as per AAMA 2604 & Qualicoat Class 2.

G. Supply chain

Year 2018-19 has been a year of uncertainty in crude oil prices, exchange rates, coupled with trade wars at global levels and stricter environmental norms globally.

The Supply Chain team at KNPL has been abreast with the global challenge and has been able to strike a right balance in the VUCA (volatility, uncertainty, complexity and ambiguity) world with strong focus on sustainable solution and green initiatives.

Change in packing to more sustainable types, like from HDPE barrels to tankers for raw materials, elimination of low thickness plastic wrapping material for movement of direct and indirect materials and moving towards accepting digital invoice for incoming material reducing paper usage are some of the initiatives taken towards reducing our carbon footprint and helping us create a greener planet.



Making use of government schemes like DPD (Direct port delivery) for prompt container movement from ports, AEO facility, clearing import cargo at ICD (Inland Container Depot) in close proximity to our manufacturing locations, amongst others has immensely helped us optimize our operations.

Augmented focus has been on tracking price drivers of key raw materials resulting in buying raw materials at the right time so as to gain maximum cost advantage. Also IT driven reports that help in tracking the same have been implemented.

Vendor meet was organized wherein KNPL's top management and Supply Chain team shared the organization's Vision 2020 and their expectations from the vendor partners and also appreciated their contribution in the organization's growth story.

H. Information Technology

Machine Learning, IOT, Business Process Automation technologies, ChatBot, Cloud and Security were the core themes around which various IT initiatives were aligned during the year. Leveraging its existing SAP footprint, the capabilities of Cloud, Machine Learning (ML), Analytics and ChatBot, were leveraged to build an intelligent sales App for the frontline team. This App uses various ML algorithms to gain deeper understanding into the data and also study various trends and data patterns. It will provide 360-degree recommendation to the frontline sales team and will help them serve the customers efficiently. These new capabilities will gradually be embedded in all business processes.

KNPL is also working on adapting emerging business process automation technologies, to automate standard and repetitive business processes using robotic process automation. This will help to gain quantum improvement in response time, 24X7 support, accuracy and consistency. Using advanced analytics and digitisation, various processes in the areas of manufacturing, sales, supply chain and finance were re-engineered to enhance the effectiveness.

Looking at the ever changing IT environment and to remain protected against the security threats and risks, KNPL continued with various security bolstering initiatives like conducting cyber security audit and implementing auto monitoring security tools.



1. People

At KNPL, employees are a central element of the organization. Employees contribute towards organization's goals by their skills and competencies. With advancements in technology, the significance of people gets augmented multi-fold. Various interventions are taken to engage the energies and enthusiasm of KNPL employees in the most effective way. KNPL believes that success would not be possible without our talented, diverse and dedicated employees.

The workforce is highly aligned to the Company's goals through various communication systems formally and informally. Interactive sessions like open house with top management are also conducted at Plants. Employees are apprised of KNPL initiatives through internal monthly Impressions newsletter, Conferences and Meets.

In-house Knowledge management portal is used to share and gain knowledge on key business elements. This is frequently referred by all the employees time to time. It plays a crucial role in facilitating horizontal deployment of best practices in organization. KNPL also has various other platforms for sharing knowledge. This includes Group Discussions, Book reviews, and knowledge sharing sessions.

The Organizational Business Plan is aligned with the Key Result Areas for each position. The performance review mechanism which is digitalized has ensured transparency, real time information and involvement of all employees towards achievement of the goals. Daily performance dashboard is available to all the employees and it enables every employee to remain focused on the priorities which contribute to the organization's goals. This digital framework links company goals to an individual in a transparent manner.

Development of employees is of utmost importance. New capability building programs have been launched for frontline sales staff in order to equip them with new sales techniques and drive the top-line of the Company. Assessment and Development centers are being conducted to objectively evaluate the managerial potential of select personnel. In addition to the same, launch of Talent Management and Succession Planning

process has been critical to develop internal talent and to support higher business growth.

In order to drive corporate objectives with regard to HR processes & systems, departmental connect models were introduced where the endeavour was to connect with the employees and enhance engagement.

KNPL also continued the rewards and recognition program with an employee recognition platform called GEMS. GEMS is a framework for employees to acknowledge support and help by colleagues in their day to day interaction. It is a company-wide rewards program that fosters an environment of appreciation.

In-house training workshops on people management, excellence and KNPL competency framework were designed and conducted by HR.

KNPL conducts annual Employee engagement survey to get insights into the organization as well as to gauge the pulse of employees on organizational initiatives which foster, connect and boost employee engagement and morale.

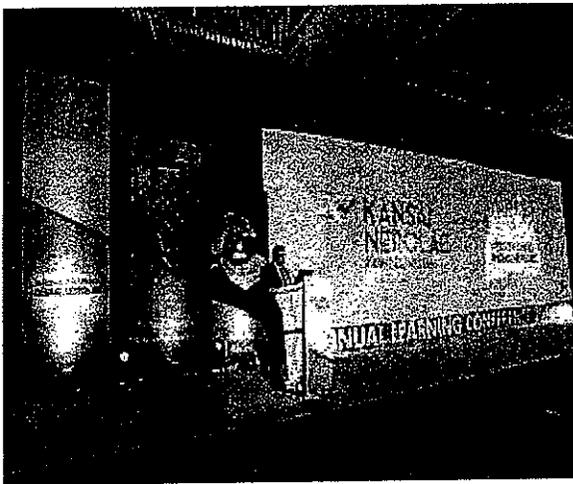
KNPL continues with its good practices of Corporate Governance through the Whistle Blower Policy, encouraging growth of individuals irrespective of gender, religion, caste or community as well as policy on "Appropriate Social Conduct at Workplace". All these policies add up to a congenial work environment to drive performance that is free from threat or fear. KNPL also has a "Code of conduct to regulate, monitor and report trading by insiders" and a "Code of practices and procedures for fair disclosure of Unpublished Price Sensitive Information" to address the related requirements for the same.

The above mentioned HR initiatives at KNPL attempt to support and uphold organization's goals by fostering an engaging work environment in a dynamic business scenario.

The Company wishes to put on record its deep appreciation of the co-operation extended and efforts made by all employees. The employee strength of KNPL is 2997 as on 31st March, 2019.



Learning Conference was held in Mumbai for all Managers in the month of June. All the Functional Heads communicated the performance of the Company and their respective functions in the current financial year, future plan and direction the organization has undertaken. Management spoke about KNPL's performance which is being talked about and the air of increased optimism both internally and externally which is driving KNPL towards a better future. Keeping this in mind KNPL adopted "Rising Kansai, Rising Nerolac" as the theme of the conference.



Learning Conference 2018, Mumbai

J. Community development

KNPL works on the philosophy of positive contribution for the development of the society by acting as a good neighbour, considerate of others, playing the role of good corporate citizen with passion and compassion.

It also has a vision 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 activities beyond normal business.

The Company undertakes CSR initiatives with a focus on the betterment of the community giving major emphasis on activities for the benefit of the poor and needy segments of the society. The Company aims at overall national development in general and at community development in specific.

Involvement of the Company's employees working at all locations in CSR initiatives helps in creating a sense of pride amongst them, in addition to creating a positive image for the Company.

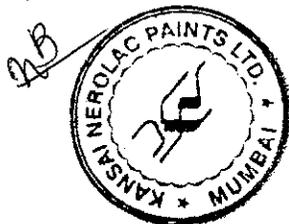
As a responsible organization, the Company consciously addresses the social needs, giving more preference to the local areas where it operates under various Program heads. These Programs can be broadly divided as under:

- **Rural Development / Community Development** – The objective is to reach to the grass root citizens by providing basic facilities and amenities in the villages near to the plant locations/depot locations. Bus pick up shed, borewells, solar street lights, water coolers, drinking water pipe lines are some of the initiatives taken under the said Program.
- **Preventive Health care & Sanitation** – Objective is to provide facilities that improve general health care and sanitation. This include health camps, providing toilets in villages, common public places and schools, providing dust bins, various initiatives and awareness sessions under "Swachh Bharat Abhiyan".
- **Promoting Education** – In order to enhance the educational level and to promote education in rural area, the Company undertakes various activities in the schools near to the plants and depots. The important activities are construction of class rooms, Labs, providing computers, solar lights, drinking water facility, providing educational material such as projectors, benches and desks, inverter etc.
- **Ensuring Environmental Sustainability** – The Company is committed for its support to preserve natural resources and in ensuring clean environment. The Company has undertaken many projects that will help to maintain ecology. A few to mention are plantation, development and maintenance of parks, painting etc.
- **Livelihood & Skill Enhancement** – KNPL organizes capacity/skill enhancement initiatives through sessions that help the professionals to improve their skill level. The objective is to provide skilled personnel to the society and contributing for overall skill development at national level.

KNPL's sincere efforts for the upliftment of the society and its contribution towards India's rural, educational, social and environmental growth and prosperity shall be continued in future as well.

K. Affirmative action

The Company has adopted a Code of Conduct for affirmative action for the purpose of providing employment opportunities for the socially disadvantaged.





Cleanliness drive – Swachh Bharat Abhiyan

L. Environment, Health & Safety

At KNPL, Environment, Health & Safety (EHS) is not just a business initiative for complying with regulations and industry standards, but also a noble means for the Company to be a better environmental steward and to provide its employees with a safe and healthy workplace. Last year, the Company focused on increasing safety awareness among employees and contract workers through Online Safety Test and Safety Competitions. Also, Safety Training Kiosk System with customized safety training modules on machine safety and static charge prevention were installed at all the plants to reinforce safe behaviour in employees and contract workers. A dedicated effort was made to make the work environment safer and a new system, "Safety-Concern"

was created and launched. With the help of this system, employees are able to log any unsafe condition/ unsafe act they observe at the workplace into the system and assign responsibilities to relevant authority/ department for proper and timely resolution of that particular concern. Our esteemed industrial customers appreciated our efforts towards EHS excellence during their visits and audits.

Occupational health is one of the important factors of Safety. To cater to employee health, all KNPL manufacturing sites are equipped with dedicated Occupational Health Centre (OHC) and ambulance for emergency situations. KNPL facilitates periodic medical check-ups for its employees and also continued its focus on employee visits to OHC and their complaints analysis.



Left - Classroom Construction at Govt School, Thoduthepalli; Right - Infrastructure support for Caramel School, Hosur



Inauguration of Model Training Centre, Hosur

KNPL continued with its water conservation agenda and took several conservation measures to reduce its water footprint. Zero liquid discharge facilities at our plant locations have helped to ensure recycling of whole treated water into its process and curtail fresh water consumption. During the year, initiatives to reuse the condensate water and RO (reverse osmosis) reject water for different purposes were implemented. In coming years, focus would be on increasing the efficiency of cooling towers and reuse of blow down water.

Solid waste management is another key focus area. Major focus is on reuse of sample resin and cleaning solvent in the process in order to reduce the generation

of distillation sludge. Recovery and reuse of material sticking losses at various stages of manufacturing has been achieved through installation of de-dusting machines. Also, bio-composting machine has been installed in one of the manufacturing sites to recycle the bio-degradable wastes as manure for gardening.

As a part of energy security, KNPL invested in solar projects across all plant locations and in wind and biomass energy projects at its Hosur location. Last year, scope of renewable energy increased even further due to the substitution of diesel with bio-fuels in thermopac boilers. With this, major proportion of process heat and steam is now being produced through renewable energy.

M. Opportunities and threats

Opportunities

- **Economic Policies**
Reduction in GST rates for paints is a step in the right direction for the industry as a whole. In addition a thrust on infrastructure and housing is beneficial for the industry.
- **Rural Thrust**
The interim budget for 2019-20 has focused on increased spending towards agriculture and farmer welfare by 20%. This will increase income in the hands of the rural consumer and hence be an opportunity for growth.



Left - Safety Training Kiosk; Right - Training of Contract Workmen via Safety Training Kiosk



- **Environment consciousness**

The growing consciousness on environment is an opportunity. The Company has Healthy Home Paints as a central theme. Product and process innovations introduced have helped to curtail energy consumption on customer production lines. Super durable coating solutions have been helping its customers to enhance life of their products. In its operations, the Company is taking advantage of renewable energy.

- **Niche Markets**

Niche markets represent an opportunity for the Company to leverage its technical and distribution strengths. The Company has forayed into the market of niche products – unrepresented and paint-related segments.

Threats

- **Geopolitical situation**

Trade frictions are beginning to materialize, with the USA and China locked in a retaliatory trade war. In addition, there is the threat of sanctions which has an impact on crude. India, being an integral part of the global trade network, will have to remain wary.

- **New Competitors**

New Competitors are entering the Indian Paint Market. KNPL endeavours to be proactive in countering any challenges that may arise due to increased competition in the market.

- **Climate change**

Indications of a late monsoon, on the lines of the previous year, point towards a slower than normal rural economic growth. A normal monsoon can aid not only the agricultural sector but the rural economy.

N. Risks and concerns

Risk Management is important in an organization which is catering to both industrial and decorative customers. Risk profiling is put in place for all the areas of operations and well integrated in the business cycle. The Risk Committee periodically meets to monitor the framework set and find ways of mitigating the risks and tracks the action points.

- **Strategic Risk**

Strategic risk relates to the Company's future business plans and strategies. The Company has

put in systems and processes with respect to customers, products and technology, competition, environment and people's competency and is well equipped to handle any risk which may arise.

- **Operational Risk**

New business models, new service offerings, growing volume of operations, have brought risks related to delivery and adherence of SLA (Service Level Agreements) terms and conditions. KNPL with its years of experience has placed in a risk management framework to enhance the review and control mechanisms to ensure contractual terms and conditions.

- **Legal & Compliance Risk**

With increase in geographical spread, KNPL is subjected to multitudes of constantly changing local legislations. There is a risk of non-compliance or delay in compliance with statutory requirements. KNPL uses a Compliance Tool which is dynamically updated to ensure awareness of compliance with domestic laws and regulations. KNPL has also implemented tools and processes to ensure internal stakeholders of the Company are aware of statutory requirements.

- **Financial Risks**

The exchange rate between the Indian Rupee and the U.S. Dollar has fluctuated widely in the recent past and may continue to fluctuate significantly in the future. Imports content being significant for KNPL, volatility in exchange rates has an impact on the bottom line of the Company.

- **Commodity Risk**

There are several raw materials which are directly driven by crude oil. These are monitored on regular basis using pricing trends and forecast from internationally reputed news agencies. Appropriate coverage is taken on rising trends and inventory is cut in declining trends. Wherever direct correlation exists, cost sheet is monitored to calculate delta changes and accordingly purchase prices are decided. For metal related buying, price indices such as LME are used to check on trends. Additionally, import data is tracked to compare average import prices and buying prices. Accordingly, appropriate actions are taken to minimize commodity risks.



• **People Risk**

With the industry growing at a fast pace and demand for experienced and trained manpower outstripping supply, the ability to retain existing talent and attract new professional talent assumes crucial importance. The Company has a structured process for potential identification and talent management.

O. Outlook

The Company expects decorative business to continue its momentum. However, in the industrial business, the Company expects the growth momentum to be subdued in the immediate future though it is hopeful for a good momentum for the year as a whole. Prediction of near normal monsoon, growth in the agriculture sector and reduced interest rates in the economy should provide necessary impetus for growth.

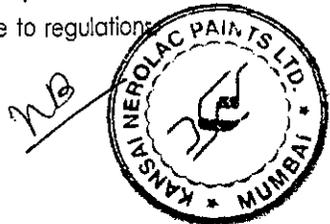
P. Internal control system and their adequacy

With an aim to monitor and control day-to-day operations at KNPL, the Company has set up internal control systems for regular tracking and reporting. These systems also monitor compliance to various rules and regulations and adherence to policy requirements.

In order to strengthen the system of Internal Control and provide the Board of Directors of the Company with an added ability to oversee internal controls, Internal Financial Control ("IFC") system was put in place in accordance with the requirements of Section 134(5)(e) of the Companies Act 2013. Systems of Internal Control were implemented, considering the framework suggested in Guidance Note on Audit of Internal Financial Controls over the Financial Reporting issued by The Institute of Chartered Accountants of India, to address its operational and financial risk.

The Company's Control Efficiency Index ("CEI") was improved substantially this year by horizontal deployment of industry best practices. The Company put in place control measures that are bench marked against global standards of efficient control mechanisms.

In order to perform online tracking of the Company's regulatory compliances, Compliance systems were implemented. These systems allow the Company to track its compliance requirements online, thereby enabling stricter adherence to regulations.



Q. Awards and recognitions

Awards by External Agencies

- KNPL won the prize for "Best of Best Practices" held between all Kansai Paints subsidiaries across the world by KPJ.
- Kansai Nerolac Paints was named as one of the 40 most valuable Indian brands of 2019 by Interbrand, one of the world's leading brand consultancies.
- Bawal plant team won Gold awards in 2 categories in the Kaizen conclave Delhi chapter, organized by "Quality Circle Forum of India". Over 45 companies participated in the event.
- Jainpur team won the second runners-up position in 30th Qualtech Prize competition organized by QIMPRO.



Jainpur Plant team at the 30th Qualtech Prize competition organized by QIMPRO

- Mr. H. M. Bharuka was awarded with the prestigious ICC D.M. Trivedi Lifetime achievement award for contribution to Indian Chemical Industry.
- Economic Times recognized Kansai Nerolac as one of the Best brands in 2018-19.





Economic Times recognized Kansai Nerolac as one of the Best brands

Awards by Customers

- KNPL was selected by Bharat Heavy Electricals Limited (BHEL), Boiler Auxiliaries Plant – Ranipet as one of the nominees for Award in recognition of the excellent services rendered by KNPL. The certificate was received in Chennai at the annual vendor meet of BHEL.
- KNPL received the "Best Supplier" award at the Honda Motorcycle & Scooters India vendor conference held at Gurgaon.

Cautionary Statement

Statements in this 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 applicable laws and regulations. Actual results might differ materially from those either expressed or implied.

2. Directors' Responsibility Statement

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

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed and there are not 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 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



KNPL awarded "Best Supplier" by Honda Motorcycle & Scooters India



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. Collaboration

The Directors record their appreciation for the contribution made and support provided by Kansai Paint Co. Ltd., Japan (KPJ), our holding company. KPJ continues to provide support on process design, quality improvement, world class technology which has helped the Company in maintaining market leadership in the industrial business including automotive coatings, by servicing existing customers better and adding new lines. KPJ also provides technology for manufacture of architectural coatings.

The Company also has Technical Assistance Agreement with Oshima Kogyo Co. Ltd., Japan for manufacturing heat resistance coatings, Cashew Co. Ltd., Japan for manufacturing coatings products MICRON TXL SK-1 and Thinner for MICRON and with Protech Chemicals Limited, Canada for manufacturing powder coating products. The Directors record their appreciation for the co-operation from these collaborators.

4. New Projects

The Shareholders were informed last year about the progress made by the Company in setting up of paint manufacturing units at Sayakha Industrial Estate in Gujarat, Goindwal Sahib near Amritsar in Punjab, and a R&D Centre at Vashi, Navi Mumbai. The Shareholders were also informed last year about the project initiated by the Company at Achutapuram, Vishakhapatnam district in Andhra Pradesh to set up a paint manufacturing unit.

The Company's paint manufacturing unit at Sayakha Industrial Estate in Gujarat became operational during the financial year. Also, the R&D Centre at Vashi,

Navi Mumbai has commenced its operations during the year under review.

At Goindwal Sahib near Amritsar in Punjab, all construction activities of the unit have been completed and is likely to commence operations during the current financial year. At Achutapuram, Visakhapatnam district in Andhra Pradesh, the project is in the planning stage.

5. Directors

During the year under review, Mr. Anuj Jain was appointed as a Whole-time Director for a period of 5 years with effect from 1st April, 2018 to 31st March, 2023, in terms of the approval of the Shareholders at the 98th Annual General Meeting held on 21st June, 2018. There was no change in Directors of the Company other than the above.

In terms of the provisions of the Act and the Articles of Association of the Company, Mr. Hidenori Furukawa and Mr. Anuj Jain would be liable to retire by rotation at the ensuing 99th Annual General Meeting and being eligible offer themselves for re-appointment.

None of the Directors are disqualified for appointment/re-appointment under Section 164 of the Act. As required by law, this position is also reflected in the Auditors' Report.

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 SEBI Listing Regulations. In the opinion of the Board, they fulfil the conditions of independence as specified in the Act and the SEBI Listing Regulations and are independent of the management.

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

For the year ended 31st March, 2019, Mr. H. M. Bharuka, Vice Chairman and Managing Director, received a remuneration of ₹ 77.57 Lakhs during the year as a Non-Executive Director of Kansai Paint Co. Ltd., Japan.

6. Key Managerial Personnel

Consequent to the appointment of Mr. Anuj Jain as a Whole-time Director with effect from 1st April, 2018, the Company has the following Key Managerial Personnel



in terms of Section 203 of the Act : Mr. H. M. Bharuka, Vice Chairman and Managing Director, Mr. Anuj Jain, Executive Director, Mr. P. D. Pai, Chief Financial Officer and Mr. G. T. Govindarajan, Company Secretary.

7. Board Evaluation

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

During the year under review, the Board carried out the evaluation of its own performance and that of its Committees and the individual Directors and the evaluation results, as collated and presented, were noted by the Board.

8. Audit Committee

The Company has an Audit Committee in place, duly constituted in terms of the provisions of Section 177 of the Act, as follows:

Names of the Members	Designation
Mr. P. P. Shah (Chairman of the Audit Committee)	Chairman and Independent Director
Mr. N. N. Tata	Independent Director
Mrs. Brinda Somaya	Independent Director

The recommendations made by the Audit Committee to the Board, from time to time during the year under review, have been accepted by the Board.

Other details with respect to the Audit Committee such as its terms of reference, the meetings of the Audit Committee and attendance thereof of the members of the Committee, are separately provided in this Annual Report, as a part of the Corporate Governance Report.

Further, detailed information with respect to the other Committees of the Board is also provided in this Annual Report, as a part of the Corporate Governance Report.

9. Statutory Auditors

B S R & Co. LLP, Chartered Accountants (Firm Registration No. 101248W/W-100022), were appointed as the Statutory Auditors of the Company, for a period of 5 years from the 94th AGM till the ensuing 99th AGM. Their appointment, as Statutory Auditors of the Company, was ratified by the Shareholders at the 98th AGM held on 21st June, 2018, in terms of the then applicable provisions of Section 139(1) of the Act read with the Companies (Audit and Auditors) Rules, 2014.

The Auditors' Report on the Financial Statements (Standalone and Consolidated) of the Company for the year under review, "with an unmodified opinion", as given by the Statutory Auditors, is disclosed in the Financial Statements forming part of this Annual Report. The Auditors' Report is clean and there are no qualifications in their Report. Also, no frauds in terms of the provisions of Section 143(12) of the Act have been reported by the Statutory 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.

Further, the term of B S R & Co. LLP, Chartered Accountants, as the Statutory Auditors of the Company, will expire at the ensuing 99th AGM to be held on 21st June, 2019. In terms of the applicable provisions of the Act, they will not be eligible for re-appointment as Statutory Auditor of the Company, since they have completed two terms of 5 consecutive years.

Accordingly, as per the recommendation of the Audit Committee, the Board has appointed S R B C & CO LLP, Chartered Accountants (Firm Registration No. 324982E/E300003), as the Statutory Auditors of the Company, to hold office for a period of 5 years from the ensuing 99th AGM till the 104th AGM, subject to the approval of the Shareholders at the ensuing 99th AGM. Business with respect to the same forms part of the Notice of the ensuing 99th AGM of the Company.

The Company has received a certificate from S R B C & CO LLP, Chartered Accountants, confirming that they are not disqualified from being appointed as Statutory Auditors of the Company.



10. Particulars of Loans, Guarantees or Investments under Section 186 of the Companies Act, 2013

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

11. Related Party Transactions

All Related Party Transactions entered into during the year under review were approved by the Audit Committee and the Board of Directors, from time to time and the same are disclosed in the Financial Statements of the Company for the year under review. Further, pursuant to the provisions of the Act and the SEBI Listing Regulations, the Board of Directors has, on recommendation of its Audit Committee, adopted a Policy on Related Party Transactions and the said policy is available on the website of the Company i.e. www.nerolac.com.

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 contracts/ arrangements/ transactions entered into by the Company with its related parties, during the year under review, were in the ordinary course of business of the Company and on an arm's length basis. There were no material Related Party transactions during the year. Accordingly, Form No. 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.

12. 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 SEBI Listing Regulations.

Further, in terms of the provisions of Schedule V(C) of the SEBI Listing Regulations, a detailed Report on Corporate Governance, together with a Certificate from the Statutory Auditors of the Company confirming

compliance with the requirements of Corporate Governance as specified in SEBI Listing Regulations, forms part of this Annual Report.

13. Remuneration Policy

The Board of Directors has adopted a Policy which deals with (i) criteria for determining qualifications, positive attributes and independence of a Director, and (ii) Remuneration Policy 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 from diverse fields such as finance, law, management, architecture, technical, marketing, manufacturing, corporate governance, operations or other disciplines related to the Company's business. There shall be no discrimination on the basis of gender, while determining the Board composition.
- A director shall be a person of integrity, who possesses relevant expertise and experience. He shall uphold ethical standards of integrity and probity and act objectively and constructively. He shall exercise his responsibilities in a bona-fide manner in the interest of the Company; devote sufficient time and attention to his professional obligations for informed and balanced decision making; and assist the Company in implementing the best corporate governance practices.
- An Independent director should meet the requirements of the Act and the SEBI Listing Regulations, concerning independence of directors. The Company shall also obtain certification of independence from the Independent Director in accordance with the Act.
- 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.



- For Directors, the Performance Pay will be linked to achievement of Business Plan.
- 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.
- The above will take into consideration industry performance, customer performance and overall economic environment.
- 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://nerolac.com/financial/policies.html#scroll>.

14. Risk Management Policy

The Company has identified the risk areas in its operations along with its probability and severity, department wise. An effective Risk Management framework is put in place in the Company in order to analyze, control and mitigate risk. Risk profiling is also put in place for all the areas of operations in the Company and well integrated in the business cycle. The various risks to which the Company is exposed are disclosed as a part of Management Discussion and Analysis, hereinabove.

The Risk Management Framework of the Company comprises of Risk Management Committee and the Risk Officers.

The Risk Management Committee was re-constituted by the Board of Directors, at its meeting held on 29th January, 2019, in terms of the amended provisions of Regulation 21 of SEBI Listing Regulations, as follows:

Names of the Members	Designation
Mr. H. M. Bharuka (Chairman of the Risk Management Committee)	Vice Chairman and Managing Director
Mr. Anuj Jain	Executive Director
Mr. Jason Gonsalves	Chief Risk Officer

The functional Heads are the Risk Officers of their respective functions. The Board and the Audit Committee

review the effectiveness of the Risk Management framework and provide advice to the Risk Management Committee at regular intervals.

The functions of the Risk Management Committee include preparation of company-wide framework for risk management, fixing roles and responsibilities, communicating the risk management objective, giving direction for managing cyber security, drawing action plan and allocating resources, determining criteria for defining major and minor risks, deciding strategies for escalated major risk areas, updating company-wide Risk register and preparing MIS report for review of Audit Committee.

The Risk Management Framework aims to:

- address our Company's strategies, operations and compliances and provide a unified and comprehensive perspective.
- establish the risk appetite.
- be simplistic and intuitive to facilitate a speedy and appropriate identification of potential and actual risks and its communication.
- seek escalation of the identified risk events to the appropriate persons to enable a timely and satisfactory risk response.
- reduce surprises and losses, foresee opportunities and improve deployment of resources.
- develop a mechanism to manage risks.

Systems and processes are set through the Risk Management framework, to identify, gauge and mitigate any potential risk promptly and efficiently in order to manage and control them effectively. Clearly defined work profiles and assigned responsibilities are well at place, throughout the organization, at all levels and all functions, ensuring smooth flow of information across various levels within the organization.

15. Vigil Mechanism - Whistle Blower Policy

The Company has a Whistle Blower Policy to report genuine concerns and grievances. The policy provides adequate safeguards against victimisation of persons who use the Whistle Blower mechanism. Details with respect to implementation of the Whistle Blower Policy are separately disclosed in this Annual Report, as a part of the Report of Corporate Governance. The same is also available on the website of the Company at <https://nerolac.com/financial/policies.html#scroll>

16. Corporate Social Responsibility

The Board of Directors has constituted a Corporate Social Responsibility ("CSR") Committee in terms of the provisions of Section 135 of the Act, as follows :

Names of the Members	Designation
Mr. H. M. Bharuka (Chairman of the CSR Committee)	Vice Chairman and Managing Director
Mr. N. N. Tata	Independent Director
Mr. Anuj Jain	Executive Director

The functions of the CSR Committee are to:

- (a) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as 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.

The Board has also framed a CSR Policy for the Company, on the recommendations of the CSR Committee and the same is available on the website of the Company at <https://nerolac.com/financial/policies.html#scroll>.

The Annual Report on CSR activities as required under Companies (Corporate Social Responsibility) Rules, 2014, including a brief outline of the Company's CSR Policy, is annexed to this Report as Annexure 1.

17. Dividend Distribution Policy

The Dividend Distribution Policy of the Company has been formulated to ensure compliance with the provisions of Regulation 43A of SEBI Listing Regulations.

The Board of Directors will assess the Company's financial requirements, including present and future organic and inorganic growth opportunities and other relevant factors as mentioned in this policy before declaring dividend in any financial year.

The Board may consider not declaring dividend or may recommend a lower payout for a given financial year, after analyzing the prospective opportunities and threats or in the event of challenging circumstances such as regulatory and financial environment.

The Dividend (including interim and/or final) for any financial year shall be declared or paid by the Company for any financial year, out of the profits of the Company for that year arrived at after providing for depreciation in accordance with the provisions of the Companies Act, 2013 or out of the profits of the Company for any previous financial year(s) arrived at after providing for depreciation in accordance with the provisions of the Companies Act, 2013 and remaining undistributed, or out of both. The Company may, before the declaration of any dividend in any financial year, transfer such percentage of its profits for that financial year as it may consider appropriate to the reserves of the Company. The Company shall follow the provisions of the Companies Act and all the relevant rules and regulations of the Companies Act and/or any regulatory enactment(s) as may be applicable while declaring and paying dividend for any financial year.

The rate of Dividend shall be fixed by the Board of Directors of the Company. Final dividend proposed by the Board of Directors, if any, would be subject to the approval of the shareholders at the Annual General Meeting.

The Board of Directors shall recommend dividend in compliance with this policy, the provisions of the Companies Act, 2013 and Rules made there under and other applicable legal provisions.

The Company will consider various internal and external factors, including but not limited to the following before making any recommendation for dividends:

- (i) Internal factors:
 - a. Profitable growth of the Company and specifically, profits earned during the financial year as compared with previous years and internal budgets,
 - b. Cash flow position of the Company,
 - c. Accumulated reserves,
 - d. Stability of earnings,
 - e. Future cash requirements for organic growth/ expansion and/or for inorganic growth,
 - f. Contingent liabilities,
 - g. Deployment of funds in short term marketable investments and/or long term investments,
 - h. Capital expenditure(s), and
 - i. The ratio of debt to equity.



(ii) External factors:

- a. Economic environment,
- b. Cost and availability of alternative sources of financing,
- c. Inflation rate,
- d. Industry outlook and stage of business cycle for underlying businesses,
- e. Prevailing Taxation Policy or any amendments expected thereof, with respect to Dividend distribution,
- f. Changes in the Government policies, industry specific rulings & regulatory provisions, and
- g. Any other relevant factors that the Board may deem fit to consider before declaring Dividend.

Apart from the above, the Board also considers past dividend history and track record of previous Dividends distributed by the Company. The Board may additionally recommend special dividend in special circumstances.

Subject to the applicable regulations, the Company's retained earnings shall be applied for:

- Funding inorganic and organic growth needs including working capital, capital expenditure, repayment of debt, etc.
- Buyback of shares subject to applicable limits,
- Capitalisation of shares,
- Issue of Bonus shares,
- Payment of Dividend in future years,
- Investment in new business(es) and / or additional investment in existing business(es),
- General corporate purposes, including contingencies,
- Any other permissible usage as per law.

The Company currently has only one class of shares, viz. Equity shares, for which this policy is applicable. The policy will be subject to review if and when the Company issues different classes of shares.

The Dividend Distribution Policy of the Company is also available on the website of the Company at <https://nerolac.com/financial/policies.html#scroll>.

18. Prevention of Sexual Harassment at workplace

In line with the provisions of the Prevention of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("POSH Act"), the Company has adopted a "Policy on Appropriate Social Conduct at Workplace". The policy is applicable for all employees of the organization, which includes corporate office, branches, depots and manufacturing locations etc. The policy is applicable to non-employees as well i.e. business associates, vendors, trainees etc.

A Complaints Committee has also been set up to redress complaints received on sexual harassment as well as other forms of verbal, physical, written or visual harassment.

During the financial year under review, the Company did not receive any complaints of sexual harassment and no cases were filed under the POSH Act.

19. General Shareholder Information

General Shareholder Information is given as Item No. 9 of the Report on Corporate Governance forming part of this Annual Report.

20. 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.

21. Conservation of Energy, Technology Absorption & Foreign Exchange

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.



22. Share Capital

The paid up Equity Share Capital as at 31st March, 2019 stood at ₹ 53.89 Crores. During the year under review, the Company did not issue any Equity Shares. Further, the Company has not issued any convertible securities or shares with differential voting rights nor has granted any stock options or sweat equity or warrants.

23. Extract of the Annual Return

An Extract of the Annual Return in Form No. MGT-9, as required in terms of the provisions of Section 92(3) of the Act and the Companies (Management and Administration) Rules, 2014, is annexed to this Report as Annexure 4 and in terms of the provisions of Section 134(3)(a) of the Act, the same is also available on the website of the Company i.e. www.nerolac.com.

24. Details of Unclaimed Suspense Account

Details pertaining to Unclaimed Suspense Account of the Company are separately disclosed in this Annual Report, as a part of the General Shareholder Information.

25. Transfer to Investor Education and Protection Fund ("IEPF")

Transfer of Unclaimed Dividend to IEPF

During the year under review, dividend amounting to ₹ 11.89 Lakhs that had not been claimed by the shareholders for the year ended 31st March, 2011, was transferred to the credit of IEPF as required under Sections 124 and 125 of the Act.

Unclaimed dividend as on 31st March, 2019

As on 31st March, 2019, dividend amounting to ₹ 197.57 lakhs has not been claimed by shareholders of the Company. Shareholders are required to lodge their claims with the Registrar and Share Transfer Agents of the Company i.e. TSR Darashaw Ltd., for unclaimed dividend.

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of Information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company on 21st June, 2018 (date of the last Annual General Meeting) on the website of the Company, www.nerolac.com. The same are also available on the website of the Ministry of Corporate Affairs, www.mca.gov.in.

Transfer of Equity Shares

As required under Section 124 of the Act, 1,73,830 Equity Shares, in respect of which dividend has not been claimed by the members for seven consecutive years or more, have been transferred by the Company to the IEPF Authority during the financial year 2018-19. Details of such shares transferred have been uploaded on the website of the Company, www.nerolac.com. The same are also available on the website of the Ministry of Corporate Affairs, www.mca.gov.in.

26. Secretarial Audit

Pursuant to the provisions of Section 204 of the Act, the Company had appointed JHR & Associates, Company Secretaries, as the Secretarial Auditor for the year under review, to conduct the Secretarial Audit of the Company.

The Secretarial Audit Report for the year under review issued by JHR & Associates is annexed to this Report as Annexure 5. There is no qualification or adverse remark in their Report.

Further, in terms of the provisions of the Circular No. CIR/CFD/CMD1/27/2019 dated February 8, 2019 issued by SEBI, the Company has obtained the Annual Secretarial Compliance Report, thereby confirming compliance of the applicable SEBI Regulations and circulars/guidelines issued thereunder, on behalf of the Company.

The Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

27. Cost Audit

In terms of the provisions of Section 148 of the Act, the Company had appointed D. C. Dave and Co., Cost Accountants (Registration No. 000611), as the Cost Auditor to conduct an audit of its Cost Accounting Records for the financial year 2017-18, pertaining to products of the Company as required by the law. The Cost Audit Report submitted by the Cost Auditor for the previous year, was clean and there was no qualification in their Report. The same was duly filed with Ministry of Corporate Affairs on 27th September, 2018.

The Company had re-appointed D. C. Dave & Co., Cost Accountants, as the Cost Auditor for the year ended 31st March, 2019, and the Cost Audit Report when submitted by them, will be duly filed with Ministry of Corporate Affairs.



Further, the Company has re-appointed D. C. Dave & Co., Cost Accountants, as the Cost Auditor for the Financial Year 2019-20, to conduct an audit of its Cost Accounting Records pertaining to said products, at a remuneration of ₹ 2,50,000 plus Goods and Service tax and 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. vide Resolution No. 6 of the Notice of the ensuing Annual General Meeting.

Certificate from D. C. Dave & Co., Cost Accountants, has been received to the effect that their appointment as Cost Auditor, if made, would be in accordance with the limits specified under Section 141 of the Act and Rules framed thereunder.

28. Business Responsibility Report

A Business Responsibility Report describing the initiatives taken by the Company from an environmental, social and governance perspective, as required in terms of the provisions of Regulation 34(2)(f) of SEBI Listing Regulations, separately forms part of this Annual Report.

29. Acknowledgements

Your Directors wish to express their grateful appreciation for the co-operation and support received from customers, parent company, collaborators, vendors, investors, shareholders, financial institutions, banks, regulatory authorities and the society at large.

Deep appreciation is also recorded for the dedicated efforts and contribution of the employees at all levels for their focus, commitment and hard work in driving the consistent growth of the Company.

For and on behalf of the Board

P. P. Shah
Chairman

Mumbai, May 2, 2019



Annexure 1 to the Board's Report

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES
FOR THE FINANCIAL YEAR 2018-19

1. A brief outline of the Company's CSR Policy, including overview of projects or programmes proposed to be taken and a reference to the web link to the CSR Policy and projects or programmes : Given separately as a part of this Report.
Weblink : <https://www.nerolac.com/financial/policies.html>
2. Composition of the CSR Committee : Mr. H. M. Bharuka, *Vice Chairman and Managing Director*
Mr. N. N. Tata, *Independent Director*
Mr. Anuj Jain, *Executive Director*
3. Average net profit of the Company for the three immediately preceding financial years : ₹ 667.36 Crores
4. Prescribed CSR Expenditure (two per cent of the amount as in Item 3 above) : ₹ 13.35 Crores
5. Details of CSR expenditure during the year
 - a. Total amount to be spent for the Financial Year : ₹ 13.45 Crores
 - b. Amount unspent, if any : NIL
 - c. Manner in which amount spent during the Financial Year : Given separately as a part of this Report.
6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount on CSR : Not Applicable
7. Responsibility Statement of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company : The implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

H. M. Bharuka
Vice Chairman and Managing Director
(Chairman of the CSR Committee)

Mumbai, 2nd May, 2019



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.

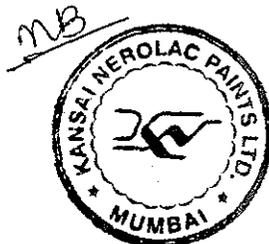
The CSR vision of the Company is to strive to be a responsible corporate by proactively partnering in the Environmental, Social and Economic development of the communities through the use of innovative technologies, products as well as through activities beyond normal business.

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 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, agro forestry, 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;
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 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. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
10. Rural development projects;
11. Slum area development.

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.



154

PROGRAM WISE CSR DETAILS 2018-19

	Sr. No.	CSR Projects / Activity	Sector in which Project is covered	Location of Projects / Programs	Amount Outlay (Budget) Project or Program wise (₹ in Lacs)	Actual Amount spent on the Projects or Programs (₹ in Lacs)	Cumulative Expenditure upto Reporting Period (₹ in Lacs)	Actual Amount Spent: Direct or through Implementing Agency (₹ in Lacs)
A.	1.	Advanced Open Training in Painting	Livelihood & Skill Enhancement Program	In various states such as Punjab, M.P., Kerala, Karnataka, Gujrat, Rajasthan, Andhra Pradesh, Delhi, Goa, Puducherry, Tamil Nadu, Maharashtra, Telangana, U.P., Bihar, Odisha, Uttarakhand, Haryana, Assam, Himachal Pradesh, Chhatisgarh, J&K, Jharkhand, M.P., West Bengal	640.00	617.15	617.15	617.15
	2.	Creation of Model Training Centre with NSDC	Livelihood & Skill Enhancement Program	Hosur, Tamil Nadu	60.00	76.16	76.16	76.16
	3.	Mobile Training Academy	Livelihood & Skill Enhancement Program	Maharashtra	50.00	51.02	51.02	51.02
		Sub-total			750.00	744.33	744.33	744.33
B.	1.	Health Camp for villagers	Preventive Health Care & Sanitation	Bawal	1.00	1.20	1.20	1.20
	2.	Health awareness sessions and distribution of Sanitary napkins	Preventive Health Care & Sanitation	Bawal	1.00	0.85	0.85	0.85
	3.	Construction of Toilets in School in Mohanpur	Preventive Health Care & Sanitation	Bawal	2.00	1.65	1.65	1.65
	4.	Health Camps for villagers	Preventive Health Care & Sanitation	Hosur	1.00	2.94	2.94	2.94
	5.	Donation for Dialysis machine	Preventive Health Care & Sanitation	Hosur	3.00	5.31	5.31	5.31
	6.	Construction of Toilets in Samanapalli school	Preventive Health Care & Sanitation	Hosur	6.00	5.80	5.80	5.80
	7.	Health Camps for villagers	Preventive Health Care & Sanitation	Lote	2.00	3.76	3.76	3.76
	8.	Swachh Bharat Abhiyan	Preventive Health Care & Sanitation	Lote	1.00	0.17	0.17	0.17
	9.	Health Camps for villagers	Preventive Health Care & Sanitation	Jainpur	1.00	4.02	4.02	4.02
	10.	Construction of Toilets in Primary School	Preventive Health Care & Sanitation	Jainpur	1.00	3.69	3.69	3.69
	11.	Health Camp for villagers	Preventive Health Care & Sanitation	Sayakha	1.00	1.87	1.87	1.87
	12.	Swachh Bharat Abhiyan	Preventive Health Care & Sanitation	Sayakha	1.00	0.07	0.07	0.07
	13.	Construction of Toilet, Saladra School	Preventive Health Care & Sanitation	Sayakha	1.00	0.90	0.90	0.90
	14.	Installation of RO system	Preventive Health Care & Sanitation	Sayakha	1.00	1.02	1.02	1.02
	15.	Distribution of Dust Bins	Preventive Health Care & Sanitation	Goindwal Sahib	1.00	1.79	1.79	1.79
	16.	Swachh Bharat Abhiyan	Preventive Health Care & Sanitation	Goindwal Sahib	1.00	0.34	0.34	0.34
	17.	Activities under Swachh Bharat Abhiyan near Depots	Preventive Health Care & Sanitation	In various states such as Punjab, M.P., Kerala, Karnataka, Gujarat, Rajasthan, Andhra Pradesh, Delhi, Goa, Puducherry, Tamil Nadu, Maharashtra, Telangana, U.P., Bihar, Odisha, Uttarakhand, Haryana, Assam, Himachal Pradesh, Chhatisgarh, J&K, Jharkhand, M.P., West Bengal	85.00	127.32	127.32	127.32
		Sub-total			110.00	162.70	162.70	162.70
C.	1	Benches, Lights, Fixtures etc. in Park	Rural Development/ Community Development	Bawal	5.00	4.00	4.00	4.00



155

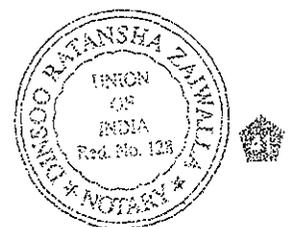
PROGRAM WISE CSR DETAILS 2018-19

Sr. No.	CSR Projects / Activity	Sector in which Project is covered	Location of Projects / Programs	Amount Outlay (Budget) Project or Program wise (₹ in Lacs)	Actual Amount spent on the Projects or Programs (₹ In Lacs)	Cumulative Expenditure upto Reporting Period (₹ in Lacs)	Actual Amount Spent: Direct or through Implementing Agency (₹ in Lacs)
2.	Installation of Solar lights in nearby villages	Rural Development / Community Development	Bawal	10.00	11.72	11.72	11.72
3.	Construction of Bore well	Rural Development/ Community Development	Bawal	3.00	2.47	2.47	2.47
4.	Providing Projector, Sound system and civil work at People gathering place	Rural Development/ Community Development	Hosur	4.00	3.53	3.53	3.53
5.	Help to Gaja Cyclone victims	Rural Development/ Community Development	Hosur	1.00	1.02	1.02	1.02
6.	Providing Gym equipment in Gunadhe village	Rural Development/ Community Development	Lote	2.00	1.35	1.35	1.35
7.	Annapurna Project under Rural Women empowerment	Rural Development / Community Development	Lote	6.00	6.00	6.00	6.00
8.	Installation of Water Coolers at Public Places near civil court, city court, fire office in Kanpur	Rural Development/ Community Development	Jainpur	3.00	2.65	2.65	2.65
9.	Construction of Community Hall	Rural Development/ Community Development	Sayakha	6.00	5.00	5.00	5.00
10.	Development of sports complex for rural youth	Rural Development/ Community Development	Sayakha	5.00	3.15	3.15	3.15
11.	Construction of community Hall, Ankot	Rural Development/ Community Development	Sayakha	5.00	7.67	7.67	7.67
12.	Development of Public spot at Tralsi	Rural Development/ Community Development	Sayakha	3.00	1.70	1.70	1.70
13.	Construction of community Hall, Rahad	Rural Development / Community Development	Sayakha	5.00	8.41	8.41	8.41
14.	Donation to Rotary club for community development	Rural Development/ Community Development	Sayakha	1.00	0.25	0.25	0.25
15.	Contribution for Mass marriages of poor families	Rural Development/ Community Development	Sayakha	1.00	0.68	0.68	0.68
16.	Providing wheel chairs to poor people	Rural Development/ Community Development	Sayakha	1.00	0.48	0.48	0.48
17.	Contribution for the Marathon held for National Integrity	Rural Development/ Community Development	Goindwal Sahib	4.00	2.47	2.47	2.47
18.	Support during Kerala flood	Rural Development/ Community Development	Kerala	15.00	29.88	29.88	29.88
19.	Developing Area in and around Dadar Station (Central)	Rural Development/ Community Development	Mumbai	45.00	23.33	23.33	23.33
20.	Installation of water proof LED lights, Levelling, providing benches, Painting etc at public places	Rural Development/ Community Development	Vizag and Chandigarh	15.00	21.56	21.56	21.56
	Sub-total			140.00	137.32	137.32	137.32



PROGRAM WISE CSR DETAILS 2018-19

Sr. No.	CSR Projects / Activity	Sector in which Project is covered	Location of Projects / Programs	Amount Outlay (Budget) Project or Program wise (₹ in Lacs)	Actual Amount spent on the Projects or Programs (₹ in Lacs)	Cumulative Expenditure upto Reporting Period (₹ in Lacs)	Actual Amount Spent: Direct or through Implementing Agency (₹ in Lacs)
D. 1.	Installation of Solar system at Jaliyawas and Bhith	Promoting Education	Bawal	18.00	9.99	9.99	9.99
2.	Construction of Stage and Passage	Promoting Education	Bawal	7.00	3.53	3.53	3.53
3.	Construction of Class room at Thoduthepalli School	Promoting Education	Hosur	18.00	10.73	10.73	10.73
4.	Construction of Class room at Somanapalli School	Promoting Education	Hosur	15.00	10.94	10.94	10.94
5.	Smart Class room facility at Carmel school	Promoting Education	Hosur	10.00	6.14	6.14	6.14
6.	Class room renovation at Moranapalli school	Promoting Education	Hosur	4.00	2.16	2.16	2.16
7.	Construction of bore well at Samanapalli school	Promoting Education	Hosur	2.00	0.95	0.95	0.95
8.	Providing Computers to schools in Lote, Chiplun	Promoting Education	Lote	3.00	2.77	2.77	2.77
9.	Providing Educational material at Moravane school	Promoting Education	Lote	2.00	0.36	0.36	0.36
10.	Providing desks / benches in Primary school	Promoting Education	Jainpur	3.00	2.11	2.11	2.11
11.	Creative Workshop with Sachetan group	Promoting Education	Sayakha	2.00	1.41	1.41	1.41
12.	Providing Inverter in school at Kalrav	Promoting Education	Sayakha	1.00	0.31	0.31	0.31
13.	Construction of Compound wall in School at Vagara	Promoting Education	Sayakha	5.00	4.06	4.06	4.06
	Sub-total			90.00	55.46	55.46	55.46
E. 1.	Painting in various Schools in Kochi after flood	Ensuring Environmental Sustainability	Kochi	15.00	13.99	13.99	13.99
2.	Painting in various schools in Sikkim	Ensuring Environmental Sustainability	Sikkim	35.00	29.09	29.09	29.09
3.	Painting in School in Tijara, Rajasthan	Ensuring Environmental Sustainability	Rajasthan	2.00	0.47	0.47	0.47
4.	Donation to K. J. Research Foundation, Chennai	Ensuring Environmental Sustainability	Chennai	100.00	100.00	100.00	100.00
5.	Beautification near R&D centre, Mahape	Ensuring Environmental Sustainability	Mumbai	3.00	1.82	1.82	1.82
6.	Painting of Govt. School in Bhatsana	Ensuring Environmental Sustainability	Bawal	3.00	2.15	2.15	2.15
7.	Painting in School in Khandora	Ensuring Environmental Sustainability	Bawal	5.00	4.39	4.39	4.39
8.	Painting in High School at Moranapalli	Ensuring Environmental Sustainability	Hosur	5.00	3.49	3.49	3.49



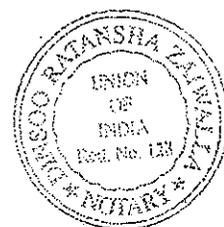
157

PROGRAM WISE CSR DETAILS 2018-19

Sr. No.	CSR Projects / Activity	Sector in which Project is covered	Location of Projects / Programs	Amount Outlay (Budget) Project or Program wise (₹ in Lacs)	Actual Amount spent on the Projects or Programs (₹ in Lacs)	Cumulative Expenditure upto Reporting Period (₹ in Lacs)	Actual Amount Spent: Direct or through Implementing Agency (₹ in Lacs)
9.	Painting in High School at Chiplun	Ensuring Environmental Sustainability	Lote	5.00	4.62	4.62	4.62
10.	Maintenance of garden near Jainpur Plant	Ensuring Environmental Sustainability	Jainpur	3.00	1.90	1.90	1.90
11.	Beautification and tree Plantation near Plant	Ensuring Environmental Sustainability	Sayakha	10.00	5.25	5.25	5.25
12.	Donation to Govt's Sujalam Sufalam Jal Abhiyan	Ensuring Environmental Sustainability	Sayakha	5.00	5.00	5.00	5.00
13.	Beautification and levelling of Pond	Ensuring Environmental Sustainability	Sayakha	2.00	1.25	1.25	1.25
14.	Rain water Harvesting project in Dhunda village	Ensuring Environmental Sustainability	Goindwal Sahib	4.00	34.57	34.57	34.57
15.	Theme Park in Goindwai	Ensuring Environmental Sustainability	Goindwal Sahib	3.00	26.97	26.97	26.97
	Sub-total			200.00	234.96	234.96	234.96
F.	1. Donation to Museum in Chiplun	Restoration of Buildings and Sites of Historical Importance	Lote	45.00	10.00	10.00	10.00
	Sub-total			45.00	10.00	10.00	10.00
	Grand Total			1,335.00	1,344.77	1,344.77	1,344.77

Implementing Agencies for CSR activities:

1. Preksha Foundation, Indore
2. K.J. Research Foundation, Chennai
3. Rotary Club, Chiplun
4. Dishantar Sanstha, Chiplun
5. Sachetan Group, Kota



Annexure 2 to the Board's Report

1. 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 2018-19 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 / KMP and Designation	Remuneration of Director/ KMP for Financial Year 2018-19 (₹ in Lacs)	Percentage Increase in Remuneration for the Financial Year 2018-19	Ratio of Remuneration of each Director/ KMP to the Median Remuneration of Employees
1.	Mr. P. P. Shah Chairman (Non-Executive and Independent Director)	43.50	19.83	6.32
2.	Mr. D.M Kothari @ Vice Chairman (Non-Executive and Independent Director)	10.00	—	1.45
3.	Mr. H.M Bharuka # Vice Chairman and Managing Director	701.79	16.85	102.00
4.	Mr. N.N. Tata (Non-Executive and Independent Director)	38.75	23.41	5.63
5.	Mr. M. Tanaka Non-Executive Director	*	—	—
6.	Mr. H. Furukawa Non-Executive Director	*	—	—
7.	Mrs. Brinda Somaya (Non-Executive and Independent Director)	23.50	49.68	3.42
8.	Mr. K. Kato Non-Executive Director	*	—	—
9.	Mr. Anuj Jain ^ Whole-time Director	174.41	—	25.35
10.	Mr. P.D. Pai Chief Financial Officer	89.04	13.34	12.94
11.	Mr. G.T. Govindarajan Company Secretary	56.50	12.61	8.21

Remuneration for the purpose of the computation above in the case of Vice Chairman and Managing Director, Whole-time Director and other Key Managerial Personnel (KMP) is considered as the income earned during the financial year 2018-19 which is reflected in the Income-tax Computation Sheet as "Gross Income" (inclusive of perquisites) together with the Company's Contribution to Provident Fund and Superannuation Fund.

@ Mr. D. M. Kothari retired from the Board of Directors of the Company with effect from the close of business on 2nd May, 2017. Accordingly, he ceased to be a member of all the Board Committees with effect from the close of business on 2nd May, 2017. Commission paid to Mr. Kothari in the year 2018-19 was for the period upto which he was an independent director during the year 2017-18.

Mr. H. M. Bharuka was Managing Director of the Company upto 2nd May, 2017. He was designated as Vice Chairman and Managing Director with effect from 3rd May, 2017.

^ Mr. Anuj Jain was appointed as a Whole-time Director of the Company from 1st April, 2018.

* Mr. M. Tanaka, Mr. H. Furukawa and Mr. K. Kato did not receive any sitting fees for attending Board Meetings, nor were they paid any commission.



159

Kansai Nerolac Paints Limited • Annual Report 2018-2019

- (c) The Median Remuneration of Employees (MRE) of the Company for the year increased by 7.89% compared to the previous financial year.
- (d) The number of permanent employees on the rolls of the Company is 2997 as on 31st March, 2019.
- (e) Average percentage increase made in the salaries of employee other than key managerial personnel in the last Financial Year was 8.11%. The percentage increase in remuneration of key managerial personnel was 19.54%. The increase in remuneration is determined based on the performance by the employees of the Company.
- (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 ("the Act") read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of the report. Further, the report and the accounts are being sent to the Members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company. Any Member interested in obtaining a copy of the same may write to the Company Secretary.

None of the employees listed in the said annexure is a relative of any director of the Company.

There was no employee either throughout the financial year or part thereof who was in receipt of remuneration which, in the aggregate, was in excess of that drawn by the Managing Director or Whole-time Director and who held by himself or along with his spouse or dependent children, not less than two percent of the equity shares of the Company.

For and on behalf of the Board

P. P. Shah
Chairman

Mumbai, 2nd May, 2019.



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

As part of the Company's agenda of migrating towards Renewable sources of Energy, both in Heat and Power, the Company has adopted various measures which has helped the Company to increase its Green foot print, thereby reducing the dependency on fossil fuels as well as keeping the Energy costs under control.

(i) Steps taken or impact on conservation of energy

Energy efficient Chilling at Jainpur Factory:

As a Technology upgrade, the Company has switched over from conventional scroll type as well as reciprocating type Chillers to Energy Efficient Chillers having Ozone friendly refrigerant gas with minimum impact on environment. With this upgrade, the Company has accrued energy cost savings of ₹ 26 Lacs in FY 2018-19.

(ii) Steps taken by the Company for utilizing alternate sources of energy:

- The Company has migrated to environment friendly Biofuel in lieu of High Speed Diesel for Heaters and Boilers at the factories of the Company at Lote, Jainpur and Bawal. This has helped the Company in reducing the dependency on fossil fuels as well as saving on fuel costs.
- The Company has signed a Power Purchase Agreement with Orient Green Power Ltd. for sourcing environmental friendly Wind Power at Hosur factory, thereby reducing the dependency of the Company on Grid Power as well as saving on power cost. Under this arrangement, the Company has sourced 38.98 Lacs units of Wind Power in FY 2018-19. This has helped reduce the carbon emissions by 19.5 Lac KG.
- Going ahead, the Company has also completed documentation requirements for sourcing additional Wind Power to the tune of 20 Lac units per annum under similar Group Captive mode at Hosur factory. This shall further boost Company's Green footprint and optimize the energy costs.
- Plans are in place for the capital investment in Wind Power generation, both in the states of Tamil Nadu as well as Gujarat.

(iii) Capital investment on above projects: ₹ 1.70 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 for OEM industry
- Upgradation of processes for cycle time reduction and energy saving
- Localization of intermediates for automotive coating
- Green initiatives
- Formulation optimization by value engineering



Kansai Nerolac Paints Limited • Annual Report 2018-2019

- Import substitution of raw materials
- Joint projects with vendor for mutual benefit
- Technical support to overseas subsidiaries for new product development, value engineering, alternate / new raw material development etc.

(ii) Benefits derived like product improvement, cost reduction, product development or import substitution

- Impressions Ultra HD radiant sheen luxury emulsion
- Impressions Ultra Fresh rich crème luxury emulsion
- In-house development of Speciality Dispersing agent
- Fast drying pigmented PU primer 2:1
- Gloria colour PU: Development of shades in wood coating variants using CCD tinters
- Isolator for wood: Development of product – a barrier coat to block tannin migration and shrinkage in wood (Teak, Rose wood, MDF etc.)
- Water based wood filler: Developed under Gloria brand 3 variants of wood filler Walnut, Teak & White
- CED LB 1000 Kai Grey
- Flow control additive for Ornamental CED application
- Direct to metal monocoat (DTM) for Pre-engineered Buildings, Genset and Bus body.
- Zero bake painting system for tractor chassis
- High Solid Common clear suitable for application on water based and solvent based base coat.
- High Durable monocoat for 3 Wheeler Industry & Commercial Vehicle
- High performance casting sealer for tractor chassis
- High Solid clear coat for 4 Wheeler bumpers with superior finish
- Coatings for FRP water Pipelines – polyurethane coating
- Inter Penetrating network (IP Net) technology based coating system for concrete structure of Metros and Flyovers
- Coil coating – Appliance product ROHS compliance product
- Coil Coating – Zero T product
- Silicon modified Coil coating
- Wrinkle finish / Wood finish coil coating
- Monocoat coil coating
- High Reflection coating for lighting industries
- Heat Resistance coating for engine block
- Powder Top Coat for Automotive 4 wheeler coatings



(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
1K Super Anti Corrosive Primer	2016-17
Acrylic and Epoxy RED CED	2016-17
Super Durable Aluminum Extrusion	2016-17
High Performance 3C-1B Primer	2017-18
Special 3210 Conductive Primer for 4 wheeler customer	2017-18
Resin for Monocoat Metallic Paint System	2017-18
Novel grind resin for F1 pigment paste for CED paint application	2018-19
Acrylic resin for Acrylic CED paint	2018-19
Coatings for Musical instruments	2018-19
Flouro resin Celatect technology product	2018-19
HR 600 based on Protech Technology	2018-19

b. Whether the technology has been fully absorbed: The same has been fully absorbed.

c. If not fully absorbed, areas where absorption has not taken place, and reasons thereof: The technology has been fully absorbed.

(iv) Expenditure incurred on Research and Development

Particulars	₹ in Crores)	
	FY 2018-19	FY 2017-18
(a) Capital	46.66	0.55
(b) Recurring	27.44	24.34
(c) Total	74.10	24.89

C. Foreign Exchange earnings and outgo

Foreign Exchange earnings during the year ₹ 7.84 Crores (2017-18: ₹ 5.08 Crores)

Foreign Exchange outgo during the year ₹ 1210.35 Crores (2017-18: ₹ 1111.63 Crores)

For and on behalf of the Board

P. P. Shah
Chairman

Mumbai, 2nd May, 2019.



Annexure 4 to the Board's Report

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March, 2019
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the
Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- (i) CIN : L24202MH1920PLC000825
- (ii) Registration Date : 2nd September, 1920
- (iii) Name of the Company : Kansai Nerolac Paints Limited
- (iv) Category / Sub-Category of the Company : Public Company / Limited by Shares
- (v) Address of the Registered office and contact details : 'Nerolac House', Ganpatrao Kadam Marg,
Lower Parel,
Mumbai-400 013
Ph. +91 22 24934001 • Fax: +91 22 24936296
Website: www.nerolac.com
- (vi) Whether listed company : Yes
- (vii) Name, Address and Contact details of Registrar and Transfer Agent : TSR Darashaw Limited
6-10, Haji Moosa Patrawala Industrial Estate,
Near Famous Studio,
20, Dr. E. Moses Road,
Mahalaxmi (W),
Mumbai 400 011
Tel.: +91 22 65568484 • Fax: +91 22 66568494
E-mail: csg-unit@tsrdarashaw.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the company shall be stated:

Sr. No.	Name and Description of main products/services	NIC Code of the Product/Service	% to total turnover of the Company
1.	Paints	20221	100%
2.	—	—	—
3.	—	—	—



III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the Company	CIN / GLN	PAN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
1.	Kansai Paint Co. Ltd., Japan 6-14, Imabashi 2 – Chome, Chuo-Ku, Osaka 541-8523, Japan.	1400-01-048243	AADCK0435B	Holding	74.99	2(46)
2.	KNP Japan Pvt. Ltd. (formerly known as Kansai Paints Nepal Pvt. Ltd.) Adarsh Nagar, Ward No. 13, Birganj, Nepal-44301.	20268/059/60	—	Subsidiary	68	2(87)
3.	Kansai Paints Lanka (Private) Ltd. No. 146, Dawson Street, Colombo-02.	PV 107458	—	Subsidiary	60	2(87)
4.	RAK Paints Ltd. House 05, Road 1/A, Sector 4, Uttara, Dhaka 1230, Bangladesh	C-76335	—	Subsidiary	55	2(87)
5.	Marpol Private Limited Panandiker Chambers, 1st Floor, M.L. Furtado Road, Margao, Goa-403601, India.	U24222GA1983 PTC000532	AACCM2018D	Subsidiary	100	2(87)

(Continued)



IV. SHAREHOLDING PATTERN: (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
(a) Individuals / Hindu Undivided Family	—	—	—	—	—	—	—	—	—
(b) Central Government	—	—	—	—	—	—	—	—	—
(c) State Governments(s)	—	—	—	—	—	—	—	—	—
(d) Bodies Corporate	—	—	—	—	—	—	—	—	—
(e) Financial Institutions / Banks	—	—	—	—	—	—	—	—	—
(f) Any Other (Trust)	—	—	—	—	—	—	—	—	—
Sub-Total (A) (1):-	—	—	—	—	—	—	—	—	—
(2) Foreign									
(a) NRIs - Individuals	—	—	—	—	—	—	—	—	—
(b) Other Individuals	—	—	—	—	—	—	—	—	—
(c) Bodies Corporate	40,41,35,898	0	40,41,35,898	74.99	40,41,35,898	0	40,41,35,898	74.99	0.00
(d) Banks / FI	—	—	—	—	—	—	—	—	—
(e) Qualified Foreign Investor	—	—	—	—	—	—	—	—	—
(f) Any Other (specify)	—	—	—	—	—	—	—	—	—
Sub-Total (A) (2):-	40,41,35,898	0	40,41,35,898	74.99	40,41,35,898	0	40,41,35,898	74.99	0.00
Total Shareholding of Promoter and Promoter Group (A) = (A) (1) + (A) (2)	40,41,35,898	0	40,41,35,898	74.99	40,41,35,898	0	40,41,35,898	74.99	0.00
B. Public Shareholding									
(1) Institutions									
(a) Mutual Funds	2,38,73,937	13,150	2,38,87,087	4.43	3,10,35,947	9,000	3,10,44,947	5.76	1.33
(b) Financial Institutions / Banks	74,478	0	74,478	0.01	47,527	0	47,527	0.01	-0.01
(c) Central Government	—	—	—	—	—	—	—	—	—
(d) State Government(s)	—	—	—	—	—	—	—	—	—
(e) Venture Capital Funds	—	—	—	—	—	—	—	—	—
(f) Insurance Companies	2,51,95,166	0	2,51,95,166	4.68	2,20,42,608	0	2,20,42,608	4.09	-0.58
(g) Foreign Institutional Investors	25,690	0	25,690	0.00	2,149	0	2,149	0.00	0.00
(h) Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	—
(i) Foreign Portfolio Investors (Corporate)	3,32,58,702	0	3,32,58,702	6.17	2,50,37,676	0	2,50,37,676	4.55	-1.53
(i-1) Any Other (Alternate Investment Funds)	15,11,915	0	15,11,915	0.30	45,13,662	—	45,13,662	0.85	0.55
Sub-Total (B) (1):-	8,40,39,888	13,150	8,40,53,038	15.60	8,27,79,569	9,000	8,27,88,569	15.36	-0.23
(2) Non-Institutions									
(a) Bodies Corporate									
(i) Indian	37,62,590	48,590	38,11,180	0.71	45,07,821	48,140	45,55,961	0.85	0.14
(ii) Overseas	—	—	—	—	—	—	—	—	—
(b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	3,18,01,925	37,61,380	3,55,63,305	6.60	3,32,56,293	31,02,730	3,63,59,023	6.75	0.15
(ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	82,36,855	3,02,840	85,39,695	1.58	80,20,195	1,02,500	81,22,695	1.51	-0.08
(c) Any Other (specify)									
(i) Non Resident Indians	13,84,346	22,400	14,06,746	0.26	19,52,351	16,120	19,68,471	0.37	0.10
(ii) Overseas Corporate Bodies	—	—	—	—	—	—	—	—	—
(iii) Foreign Nationals	—	—	—	—	—	—	—	—	—
(iv) Clearing Members	5,89,704	0	5,89,704	0.11	4,80,971	0	4,80,971	0.09	-0.02
(v) Trusts	4,00,719	0	4,00,719	0.07	2,85,982	0	2,85,982	0.05	-0.02
(vi) Foreign Bodies	—	—	—	—	—	—	—	—	—
(vii) Unclaimed Suspense Account	2,69,730	0	2,69,730	0.05	1,90,500	0	1,90,500	0.04	-0.01
(viii) NBFC'S	1,49,705	0	1,49,705	0.03	31,650	0	31,650	0.01	-0.02
Sub-total (B) (2):-	4,65,95,574	41,35,210	5,07,30,784	9.41	4,87,25,783	32,69,490	5,19,95,253	9.65	0.23
Total Public Shareholding (B) = (B)(1)+(B)(2)	13,06,35,462	41,48,360	13,47,83,822	25.01	13,15,05,332	32,78,490	13,47,83,822	25.01	0.00
C. Shares held by Custodians and against which Depository Receipts have been Issued									
GRAND TOTAL (A)+(B)+(C)	53,47,71,360	41,48,360	53,89,19,720	100.00	53,56,41,230	32,78,490	53,89,19,720	100.00	0.00



166

Kansai Nerolac Paints Limited • Annual Report 2018-2019

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year		Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	
1.	Kansai Paint Co. Ltd.	40,41,35,898	74.99	40,41,35,898	74.99	—	0.00
	Total	40,41,35,898	74.99	40,41,35,898	74.99	—	0.00

(iii) Change in Promoter's Shareholding

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the year (01-04-2018) / At the end of the year (31-03-2019)		Date	Reason	Increase / decrease in Shareholding	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
		No. of Shares	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
1.	Kansai Paint Co. Ltd.							
	At the beginning of the year	40,41,35,898	74.99	01-04-2018	—		40,41,35,898	74.99
	At the end of the year	40,41,35,898	74.99	31-03-2019	—	0	40,41,35,898	74.99

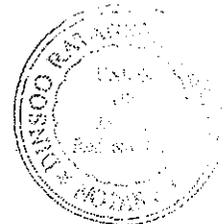
(iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sr. No.	Name of the Shareholders	Shareholding at the beginning of the year (01-04-2018) / At the end of the year (31-03-2019)		Date wise increase/decrease in shareholding during the year		Increase / Decrease in Shareholding	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
		No. of Shares	% of total Shares of the Company	Date	Reason for increase/decrease		No. of Shares	% of total Shares of the Company
1.	Aditya Birla Sun Life Trustee Private Limited Account							
	At the beginning of the year	85,48,227	1.59	20.04.2018	Purchase	3,49,875	88,98,102	1.65
				29.06.2018	Purchase	27,182	89,25,284	1.66
				12.10.2018	Purchase	3,34,000	92,59,284	1.72
				26.10.2018	Purchase	2,52,500	95,11,784	1.76
				23.11.2018	Purchase	45,000	95,56,784	1.77
				30.11.2018	Purchase	27,000	95,83,784	1.78
				14.12.2018	Purchase	17,633	96,01,417	1.78
				21.12.2018	Purchase	1,00,800	97,02,217	1.80
				28.12.2018	Purchase	64,800	97,67,017	1.81
				31.12.2018	Purchase	21,600	97,88,617	1.82
				04.01.2019	Purchase	50,400	98,39,017	1.83
				11.01.2019	Purchase	46,800	98,85,817	1.83
				18.01.2019	Purchase	52,200	99,38,017	1.84
				25.01.2019	Purchase	48,600	99,86,617	1.85
				01.02.2019	Purchase	45,000	1,00,31,617	1.86
				08.02.2019	Purchase	77,850	1,01,09,467	1.88
				15.02.2019	Purchase	65,250	1,01,74,717	1.89
				22.02.2019	Purchase	54,702	1,02,29,419	1.90
				01.03.2019	Purchase	57,086	1,02,86,505	1.91
				08.03.2019	Purchase	49,500	1,03,36,005	1.92
				15.03.2019	Purchase	93,700	1,04,29,705	1.94
				22.03.2019	Purchase	76,500	1,05,06,205	1.95
				31.03.2019	Purchase	90,661	1,05,96,866	1.97
	At the end of the year	1,05,96,866	1.97					



Kansai Nerolac Paints Limited • Annual Report 2018-2019

Sr. No.	Name of the Shareholders	Shareholding at the beginning of the year (01-04-2018) / At the end of the year (31-03-2019)		Date wise increase/decrease in shareholding during the year		Increase / Decrease in Shareholding	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)		
		No. of Shares	% of total Shares of the Company	Date	Reason for increase/ decrease		No. of Shares	% of total Shares of the Company	
2.	Franklin Templeton Mutual Fund Account								
		At the beginning of the year	42,24,270	0.78	06.04.2018	Purchase	50,000	42,74,270	0.79
					13.04.2018	Purchase	3,71,218	46,45,488	0.86
					20.04.2018	Purchase	50,000	46,95,488	0.87
					08.06.2018	Purchase	20,000	47,15,488	0.87
					29.06.2018	Purchase	5,00,000	52,15,488	0.97
					06.07.2018	Purchase	4,16,878	56,32,366	1.05
					28.09.2018	Purchase	4,00,000	60,32,366	1.12
					12.10.2018	Purchase	2,50,000	62,82,366	1.17
					26.10.2018	Purchase	1,00,000	63,82,366	1.18
					16.11.2018	Purchase	3,68,032	67,50,398	1.25
					14.12.2018	Sale	-7,191	67,43,207	1.25
					21.12.2018	Sale	-17,809	67,25,398	1.25
					01.02.2019	Purchase	1,00,000	68,25,398	1.27
			At the end of the year	68,25,398	1.27				
3.	The New India Assurance Company Limited								
		At the beginning of the year	48,38,661	0.90	19.10.2018	Purchase	22,500	48,61,161	0.90
					26.10.2018	Purchase	1,77,500	50,38,661	0.93
					14.12.2018	Purchase	46,132	50,84,793	0.94
					21.12.2018	Purchase	146	50,84,939	0.94
					31.03.2019	Purchase	1,50,000	52,34,939	0.97
			At the end of the year	52,34,939	0.97				
4.	ICICI Prudential Life Insurance Company Limited								
		At the beginning of the year	84,87,342	1.57	06.04.2018	Purchase	29,680	85,17,022	1.58
					13.04.2018	Sale	-86,683	84,30,339	1.56
					20.04.2018	Purchase	79,606	85,09,945	1.58
					27.04.2018	Sale	-4,165	85,05,780	1.58
					04.05.2018	Sale	-3,73,233	81,32,547	1.51
					11.05.2018	Purchase	1,29,542	82,62,089	1.53
					18.05.2018	Purchase	1,94,396	84,56,485	1.57
					25.05.2018	Purchase	9,003	84,65,488	1.57
					01.06.2018	Purchase	20,859	84,86,347	1.57
					14.06.2018	Purchase	1,26,634	86,12,981	1.60
			21.06.2018	Purchase	4,490	86,17,471	1.60		



168

Kansai Nerolac Paints Limited • Annual Report 2018-2019

Sr. No.	Name of the Shareholders	Shareholding at the beginning of the year (01-04-2018) / At the end of the year (31-03-2019)		Date wise increase/decrease in shareholding during the year		Increase / Decrease in Shareholding	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
		No. of Shares	% of total Shares of the Company	Date	Reason for increase/decrease		No. of Shares	% of total Shares of the Company
				22.06.2018	Purchase	4,418	86,21,889	1.60
				29.06.2018	Purchase	22,431	86,44,320	1.60
				06.07.2018	Purchase	42,590	86,86,910	1.61
				13.07.2018	Purchase	1,67,995	88,54,905	1.64
				20.07.2018	Sale	-13,943	88,40,962	1.64
				27.07.2018	Sale	-81,959	87,59,003	1.63
				03.08.2018	Sale	-38,153	87,20,850	1.62
				10.08.2018	Sale	-2,26,626	84,94,224	1.58
				17.08.2018	Purchase	1,21,020	86,15,244	1.60
				24.08.2018	Purchase	4,260	86,19,504	1.60
				31.08.2018	Purchase	11,518	86,31,022	1.60
				21.09.2018	Sale	-18,371	86,12,651	1.60
				28.09.2018	Sale	-42,442	85,70,209	1.59
				05.10.2018	Sale	-1,01,295	84,68,914	1.57
				12.10.2018	Sale	-6,03,125	78,65,789	1.46
				19.10.2018	Sale	-1,25,038	77,40,751	1.44
				26.10.2018	Sale	-2,15,843	75,24,908	1.40
				02.11.2018	Sale	-1,57,881	73,67,027	1.37
				09.11.2018	Sale	-97,434	72,69,593	1.35
				16.11.2018	Sale	-1,50,667	71,18,926	1.32
				23.11.2018	Sale	-1,82,117	69,36,809	1.29
				30.11.2018	Sale	-4,23,202	65,13,607	1.21
				07.12.2018	Sale	-28,900	64,84,707	1.20
				21.12.2018	Sale	-1,140	64,83,567	1.20
				28.12.2018	Sale	-9,847	64,73,720	1.20
				31.12.2018	Purchase	3,234	64,76,954	1.20
				04.01.2019	Sale	-10,164	64,66,790	1.20
				11.01.2019	Sale	-18,958	64,47,832	1.20
				18.01.2019	Sale	-9,823	64,38,009	1.19
				25.01.2019	Sale	-19,288	64,18,721	1.19
				01.02.2019	Sale	-2,70,997	61,47,724	1.14
				08.02.2019	Sale	-2,23,298	59,24,426	1.10
				15.02.2019	Sale	-1,03,089	58,21,337	1.08
				22.02.2019	Sale	-27,440	57,93,897	1.08
				01.03.2019	Sale	-79,515	57,14,382	1.06
				08.03.2019	Sale	-125	57,14,257	1.06



Kansai Nerolac Paints Limited • Annual Report 2018-2019

Sr. No.	Name of the Shareholders	Shareholding at the beginning of the year (01-04-2018) / At the end of the year (31-03-2019)		Date wise increase/decrease in shareholding during the year		Increase / Decrease In Shareholding	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
		No. of Shares	% of total Shares of the Company	Date	Reason for increase/ decrease		No. of Shares	% of total Shares of the Company
				15.03.2019	Sale	-3,08,730	54,05,527	1.00
				22.03.2019	Sale	-1,68,466	52,37,061	0.97
				31.03.2019	Sale	-1,19,345	51,17,716	0.95
	At the end of the year	51,17,716	0.95					
5.	HDFC Standard Life Insurance Company Limited							
	At the beginning of the year	47,71,240	0.89	06.04.2018	Purchase	1,50,000	49,21,240	0.91
				13.04.2018	Sale	-21,348	48,99,892	0.91
				11.05.2018	Sale	-17,662	48,82,230	0.91
				18.05.2018	Sale	-1,20,157	47,62,073	0.88
				25.05.2018	Sale	-85,149	46,76,924	0.87
				01.06.2018	Sale	-6,930	46,69,994	0.87
				21.06.2018	Sale	-2,620	46,67,374	0.87
				06.07.2018	Sale	-54,832	46,12,542	0.86
				13.07.2018	Sale	-27,309	45,85,233	0.85
				27.07.2018	Sale	-1,224	45,84,009	0.85
				10.08.2018	Purchase	10,533	45,94,542	0.85
				17.08.2018	Sale	-32,000	45,62,542	0.85
				28.09.2018	Purchase	75,000	46,37,542	0.86
				12.10.2018	Purchase	1,25,000	47,62,542	0.88
				26.10.2018	Purchase	58,024	48,20,566	0.89
				02.11.2018	Purchase	41,976	48,62,542	0.90
				09.11.2018	Sale	-9,800	48,52,742	0.90
				16.11.2018	Sale	-1,51,351	47,01,391	0.87
				23.11.2018	Sale	-23,649	46,77,742	0.87
				30.11.2018	Sale	-3,75,000	43,02,742	0.80
				14.12.2018	Sale	-614	43,02,128	0.80
				21.12.2018	Sale	-45,486	42,56,642	0.79
				11.01.2019	Purchase	13,549	42,70,191	0.79
				18.01.2019	Purchase	92,551	43,62,742	0.81
				25.01.2019	Purchase	15,000	43,77,742	0.81
				01.02.2019	Purchase	1,50,000	45,27,742	0.84
				08.02.2019	Purchase	11,069	45,38,811	0.84
				15.02.2019	Purchase	25,000	45,63,811	0.85
				22.02.2019	Purchase	50,000	46,13,811	0.86
				01.03.2019	Purchase	14,591	46,28,402	0.86

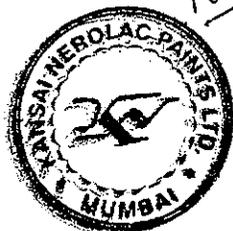


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Kansai Nerolac Paints Limited • Annual Report 2018-2019

Sr. No.	Name of the Shareholders	Shareholding at the beginning of the year (01-04-2018) / At the end of the year (31-03-2019)		Date wise increase/decrease in shareholding during the year		Increase / Decrease in Shareholding	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
		No. of Shares	% of total Shares of the Company	Date	Reason for increase/ decrease		No. of Shares	% of total Shares of the Company
				08.03.2019	Purchase	1,17,352	47,45,754	0.88
				15.03.2019	Purchase	47,994	47,93,748	0.89
				22.03.2019	Purchase	68,689	48,62,437	0.90
				31.03.2019	Purchase	1,07,281	49,69,718	0.92
	At the end of the year	49,69,718	0.92					
6.	DSP Equity Fund							
	At the beginning of the year	26,06,628	0.48	13.04.2018	Purchase	51,077	26,57,705	0.49
				20.04.2018	Purchase	1,10,000	27,67,705	0.51
				27.04.2018	Purchase	1,12,418	28,80,123	0.53
				04.05.2018	Purchase	80,058	29,60,181	0.55
				18.05.2018	Sale	-50,861	29,09,320	0.54
				29.06.2018	Purchase	1,00,000	30,09,320	0.56
				06.07.2018	Purchase	1,19,760	31,29,080	0.58
				20.07.2018	Purchase	16,261	31,45,341	0.58
				10.08.2018	Purchase	1,73,316	33,18,657	0.62
				17.08.2018	Purchase	68	33,18,725	0.62
				21.09.2018	Purchase	1,18,700	34,37,425	0.64
				28.09.2018	Purchase	1,28,307	35,65,732	0.66
				26.10.2018	Purchase	1,00,000	36,65,732	0.68
				02.11.2018	Purchase	1,25,018	37,90,750	0.70
				09.11.2018	Purchase	1,56,236	39,46,986	0.73
				07.12.2018	Purchase	3,43,996	42,90,982	0.80
				14.12.2018	Purchase	198	42,91,180	0.80
				21.12.2018	Sale	-31,031	42,60,149	0.79
				01.02.2019	Purchase	12,000	42,72,149	0.79
				08.02.2019	Purchase	58,975	43,31,124	0.80
				15.03.2019	Purchase	35,717	43,66,841	0.81
	At the end of the year	43,66,841	0.81					
7.	Sundaram Mutual Fund Account							
	At the beginning of the year	8,58,547	0.16	11.05.2018	Purchase	9,82,058	18,40,605	0.34
				18.05.2018	Purchase	77,513	19,18,118	0.36
				25.05.2018	Purchase	1,36,555	20,54,673	0.38
				01.06.2018	Purchase	65,000	21,19,673	0.39
				08.06.2018	Purchase	40,000	21,59,673	0.40
				13.07.2018	Purchase	18,501	21,78,174	0.40



171

Kansai Nerolac Paints Limited • Annual Report 2018-2019

Sr. No.	Name of the Shareholders	Shareholding at the beginning of the year (01-04-2018) / At the end of the year (31-03-2019)		Date wise increase/decrease in shareholding during the year		Increase / Decrease in Shareholding	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
		No. of Shares	% of total Shares of the Company	Date	Reason for increase/ decrease		No. of Shares	% of total Shares of the Company
				10.08.2018	Purchase	3,49,789	25,27,963	0.47
				17.08.2018	Purchase	38,945	25,66,908	0.48
				14.09.2018	Sale	-11,479	25,55,429	0.47
				21.09.2018	Sale	-6,666	25,48,763	0.47
				12.10.2018	Purchase	1,020	25,49,783	0.47
				26.10.2018	Purchase	93,790	26,43,573	0.49
				30.11.2018	Purchase	3,21,181	29,64,754	0.55
				07.12.2018	Purchase	32,673	29,97,427	0.56
				14.12.2018	Purchase	30,000	30,27,427	0.56
				21.12.2018	Purchase	5,863	30,33,290	0.56
				28.12.2018	Purchase	4,000	30,37,290	0.56
				11.01.2019	Purchase	5,000	30,42,290	0.56
				18.01.2019	Purchase	3,97,731	34,40,021	0.64
				22.03.2019	Purchase	23,000	34,63,021	0.64
	At the end of the year	34,63,021	0.64					
8.	General Insurance Corporation Of India							
	At the beginning of the year	30,00,000	0.56					
	At the end of the year	30,00,000	0.56					
9.	The Oriental Insurance Company Limited							
	At the beginning of the year	31,34,103	0.58	06.04.2018	Sale	-20,000	31,14,103	0.58
				20.04.2018	Sale	-19,000	30,95,103	0.57
				27.04.2018	Sale	-6,000	30,89,103	0.57
				01.02.2019	Sale	-1,352	30,87,751	0.57
				15.02.2019	Sale	-18,047	30,69,704	0.57
				01.03.2019	Sale	-80,035	29,89,669	0.55
				08.03.2019	Sale	-61,436	29,28,233	0.54
				15.03.2019	Sale	-1,88,024	27,40,209	0.51
				22.03.2019	Sale	-1,06,584	26,33,625	0.49
	At the end of the year	26,33,625	0.49					
10.	Carnegie Indiefond							
	At the beginning of the year	19,72,665	0.37					
	At the end of the year	19,72,665	0.37					

Notes:

(1) In terms of SEBI Circular bearing Ref. No. SEBI/HO/CFD/CMD/CIR/PI/2017/128 dated December 19, 2017, the Company has consolidated the number of shares held by each shareholder on basis of their PAN in the records of the Company, to the extent possible.



Kansai Nerolac Paints Limited • Annual Report 2018-2019

(2) Details of the shareholders acting as persons in concert including their shareholding as at the end of the year:

Sr. No.	Name	PAN	No. of Shares	% of total Shares of the Company
1	Aberdeen Emerging Markets Smaller Companies Fund A Series of The Aberdeen Institutional Commingled Funds, LLC	AAJCA7971Q	8,05,180	0.15
2	Aberdeen New India Investment Trust PLC	AACCN4928M	11,07,696	0.21
3	Aberdeen Asian Smaller Companies Investment Trust PLC	AAACA7241C	19,59,420	0.36
4	Aberdeen Global-Emerging Markets Smaller Companies Fund	AAGCA0785P	7,88,684	0.15
5	Aberdeen Global-Asian Smaller Companies Fund	AAFCA9270L	24,64,237	0.46
	Total		71,25,217	1.33

The Shareholding of the Aberdeen group at the beginning of the year was 1,31,70,980 Equity Shares representing 2.44% of the total shares of the Company.

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	Mr. Anuj Jain				
	At the beginning of the year	13,560	0.003	13,560	0.003
	Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	—	—	—	—
	At the end of the year	13,560	0.003	13,560	0.003

Note: There is no shareholding in the Company by any other Director or Key Managerial Personnel.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

(₹ in Crores)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal Amount	—	18.33	—	18.33
(ii) Interest due but not paid	—	—	—	—
(iii) Interest accrued but not due	—	—	—	—
Total (i+ii+iii)	—	18.33	—	18.33
Change in Indebtedness during the financial year				
• Addition	—	—	—	—
• Reduction	—	8.62	—	8.62
Net Change	—	(8.62)	—	(8.62)
Indebtedness at the end of the financial year				
(i) Principal Amount	—	9.71	—	9.71
(ii) Interest due but not paid	—	—	—	—
(iii) Interest accrued but not due	—	—	—	—
Total (i+ii+iii)	—	9.71	—	9.71



173

Kansai Nerolac Paints Limited • Annual Report 2018-2019

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing director, Whole-time Directors and / or Manager:

(₹ in Lacs)

Sr. No.	Particulars of Remuneration	Name of the MD / WTD / Manager		Total Amount
		H. M. Bharuka	Anuj Jain	
1.	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	325.33	93.84	419.17
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.40	0.40	0.80
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	0.00	0.00	0.00
2.	Stock option	0.00	0.00	0.00
3.	Sweat Equity	0.00	0.00	0.00
4.	Commission	319.00	66.00	385.00
	— as % of profit	0.45%	0.09%	0.54%
	— others (specify)	0.00	0.00	0.00
5.	Others, please specify			
	Employee Provident Fund & Superannuation Contribution	57.06	14.17	71.23
	Total (A)	701.79	174.41	876.20
	Ceiling as per the Act	3,511.20	3,511.20	7,022.40

B. Remuneration to other Directors:

(₹ in Lacs)

Sr. No.	Particulars of Remuneration	Name of the Directors				Total Amount
		P. P. Shah	D. M. Kothari#	N. N. Tata	B. Somaya	
1.	Independent Directors					
	Fee for attending Board/Committee Meetings	3.50	—	3.75	3.50	10.75
	Commission	40.00	10.00	35.00	20.00	105.00
	Others, specify					
	Total (1)	43.50	10.00	38.75	23.50	115.75
2.	Other Non-Executive Directors					
	Fee for attending Board/Committee Meetings	—	—	—	—	—
	Commission	—	—	—	—	—
	Others, specify	—	—	—	—	—
	Total (2)	—	—	—	—	—
	Total B = 1 + 2	43.50	10.00	38.75	23.50	115.75
	Total Managerial Remuneration (A) + (B)					991.95
	Overall Ceiling as per the Act					7,724.84

Mr. D. M. Kothari retired from the Board of Directors of the Company with effect from the close of business on 2nd May, 2017. Accordingly, he ceased to be a member of all the Board Committees with effect from the close of business on 2nd May, 2017. Commission paid to Mr. Kothari in the year 2018-19 was for the period upto which he was an independent director during the year 2017-18.



(74)

Kansai Nerolac Paints Limited • Annual Report 2018-2019

C. Remuneration to Key Managerial Personnel other than Managing Director / Manager / Whole-time Director:

(₹ in Lacs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Company Secretary	CFO	
1.	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	51.52	84.32	135.84
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	1.27	0.40	1.67
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	—	—	—
2.	Stock option	—	—	—
3.	Sweat Equity	—	—	—
4.	Commission			
	— as % of profit	—	—	—
	— others (specify)	—	—	—
5.	Others, please specify			
	Employee Provident Fund & Superannuation Contribution	3.71	4.32	8.03
	Total (A)	56.50	89.04	145.54

VII. PENALTIES / PUNISHMENTS/COMPOUNDING OF OFFENCES:

There were no penalties, punishments, compounding of offences for the year ended 31st March, 2019.

For and on behalf of the Board

Mumbai, 2nd May, 2019

P. P. Shah
Chairman



175

Kansai Nerolac Paints Limited • Annual Report 2018-2019

Annexure 5 to the Board's Report

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019
[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

The Members,
Kansai Nerolac Paints Limited
Nerolac House, Ganpatrao Kadam Marg,
Lower Parel, Mumbai - 400 013

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Kansai Nerolac Paints Limited (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information 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 2019, 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, registers, minute books, forms and returns filed and other records maintained by the Company, if any, for the financial year ended on 31st March, 2019 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, and Overseas Direct Investment.
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during audit period) ;
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (Not applicable to the Company during audit period) ;
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during audit period) ;
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during audit period) ;
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during audit period) ;
 - i. SEBI (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 and BSE Limited.

During the period under review the Company has generally filed forms / returns within stipulated time period and has accordingly complied with the provisions of the Act, Rules, Regulations and Guidelines, etc. mentioned above.

We further report that: -

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There was no change in the Composition of the Board of Directors during the audit period.

Adequate notice of atleast 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.

Majority decision was carried through while the dissenting members' views, (if any), are captured and recorded as part of the minutes.

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

Place: Thane
Date: 30th April, 2019

The Members,
Kansai Nerolac Paints Limited
Nerolac House, Ganpatrao Kadam Marg,
Lower Parel, Mumbai - 400 013

Our Secretarial Audit Report of even date for financial year 2018-19 is to be read along with this letter.

Management's Responsibility

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Auditor's Responsibility

2. Our responsibility is to express an opinion on these secretarial records, systems and procedures based on our audit.
3. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

Disclaimer

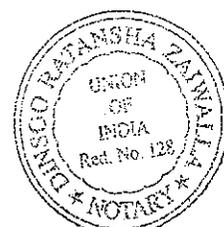
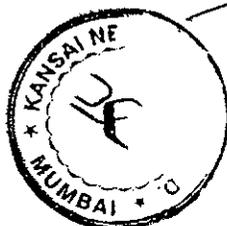
4. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For JHR & Associates
Company Secretaries

J. H. Ranade
(Partner)

FCS: 4317, CP: 2520

Place: Thane
Date: 30th April, 2019



REPORT ON CORPORATE GOVERNANCE

Pursuant to Schedule V (C) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Report on Corporate Governance 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

- a. The strength of Board as on 31st March, 2019 is eight Directors. The Board comprises of Executive and Non-Executive Directors. The Managing Director and a Whole-time Director are the two Executive Directors. There are six Non-Executive Directors, of which three Directors, including the Chairman, are Independent Directors. The Board also consists of one Woman Independent Director. The number of Independent Directors on the Board is in conformity with the requirement of Regulation 17(1)(a) and (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Three Non Executive Directors namely, Mr. M. Tanaka, Mr. H. Furukawa and Mr. K. Kato are nominees of Kansai Paint Co. Ltd., Japan, Promoter Company.
- b. Five Board Meetings were held during the year ended 31st March, 2019, i.e. on 2nd May, 2018, 14th June, 2018, 20th July, 2018, 22nd October, 2018 and 29th January, 2019. The last Annual General Meeting of the Company was held on 21st June, 2018.

The Board of Directors as on 31st March, 2019, and their attendance at the Board Meeting and the last Annual General Meeting of the Company :

Name of the Director	Category of Directorship in the Company	No. of Board Meetings Attended	Attendance at the last AGM
Mr. P. P. Shah	Chairman (Non-Executive and Independent Director)	5	Yes
Mr. H. M. Bharuka	Vice Chairman and Managing Director	5	Yes
Mr. N. N. Tata	Non-Executive and Independent Director	5	No
Mr. M. Tanaka	Non-Executive Director	5	No
Mr. H. Furukawa	Non-Executive Director	5	No
Mrs. B. Somaya	Non-Executive and Independent Director	5	Yes
Mr. K. Kato	Non-Executive Director	5	Yes
Mr. Anuj Jain [#]	Whole-time Director	5	Yes

Mr. Anuj Jain was appointed as a Whole-time Director of the Company for a period of five years commencing from 1st April, 2018.

Every Director has personally attended at least one Board/Committee of Directors' Meeting in the financial year 2018-19.

Certificates have also been obtained from the Independent Directors confirming their position as Independent Directors on the Board of the Company in accordance with Section 149 of the Companies Act, 2013 read with Regulations 16(1)(b) and 25(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.



178

Kansai Nerolac Paints Limited • Annual Report 2018-2019

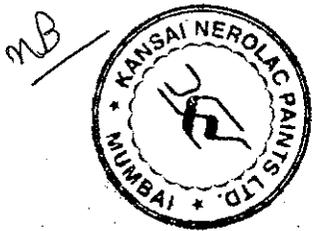
- c. Number of Board of Directors or Board Committees other than Kansai Nerolac Paints Limited in which the Director is a Chairman / Member (excluding private limited companies, foreign companies and companies registered under section 8 of the Companies Act, 2013) and their category of directorship as on 31st March, 2019, is as follows:

Name of the Director	No. of Directorships	No. of Audit Committees and Stakeholders' Relationship Committees* in which Chairman/Member	
		Chairman	Member
Mr. P. P. Shah	8	Nil	7
Mr. H. M. Bharuka	Nil	Nil	Nil
Mr. N. N. Tata	5	1	1
Mr. M. Tanaka	Nil	Nil	Nil
Mr. H. Furukawa	Nil	Nil	Nil
Mrs. Brinda Somaya	Nil	Nil	Nil
Mr. K. Kato	Nil	Nil	Nil
Mr. Anuj Jain	Nil	Nil	Nil

* As per Regulation 26(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Directorship in Listed Entities other than Kansai Nerolac Paints Limited and the category of directorship as on 31st March, 2019, is as follows:

Name of the Director	Names of Listed Entities	Category of Directorship
Mr. P. P. Shah	BASF India Ltd.	Non-Executive - Independent Director
	KSB Ltd. (Formerly KSB Pumps Ltd.)	Non-Executive - Independent Director
	Pfizer Ltd.	Non-Executive - Independent Director
	Sonata Software Ltd.	Non-Executive - Independent Director - Chairperson
	Tata Investment Corporation Ltd.	Non-Executive - Independent Director
	Grindwell Norton Ltd.	Non-Executive - Independent Director - Chairperson
Mr. H. M. Bharuka	Nil	Nil
Mr. N. N. Tata	Trent Ltd.	Non-Executive - Non Independent Director - Chairperson
	Voltas Ltd.	Non-Executive - Non Independent Director - Chairperson
	Tata Investment Corporation Ltd.	Non-Executive - Non Independent Director - Chairperson
	Titan Company Ltd.	Non-Executive - Nominee Director
Mr. M. Tanaka	Nil	Nil
Mr. H. Furukawa	Nil	Nil
Mrs. Brinda Somaya	Nil	Nil
Mr. K. Kato	Nil	Nil
Mr. Anuj Jain	Nil	Nil



Kansai Nerolac Paints Limited • Annual Report 2018-2019

- d. Number of meetings of the Board of Directors held and dates on which held – As given in Clause 2 (b) above.
- e. The number of directorships and the positions held on Board Committees by the directors are in conformity with the limits on the number of Directorships and Board Committee positions as laid down in the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations as on 31st March, 2019. In terms of Schedule V(C)(2)(e) and Regulation 36(3)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, none of the Directors are related to each other.
- f. Disclosure of Shareholding of Non-Executive Directors:

Name of the Director	Shares held as on 31.3.2019 (Own or held by/for other persons on a beneficial basis)
Mr. P. P. Shah	Nil
Mr. N. N. Tata	Nil
Mr. M. Tanaka	Nil**
Mr. H. Furukawa #	Nil**
Mrs. Brinda Somaya	Nil
Mr. K. Kato	Nil**

** Nominee of Kansai Paint Co. Ltd., Japan. No share held in personal capacity.

Director seeking re-appointment at this Annual General Meeting.

- 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 the 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

The Directors, including independent directors, visit the various manufacturing locations of the Company. They are not necessarily 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 state of affairs 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. Independent audits are also carried out by the parent company, Kansai Paint's auditors.

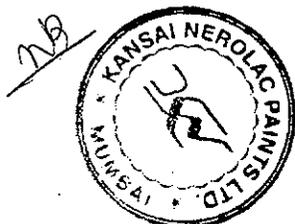
Monthly Performance Report is also forwarded to the Chairman updating him with the performance on various parameters.

It is ensured that the Board receives qualitative and quantitative information in line with the best management practices adopted.

The familiarization programme for our Directors is also given on the website <https://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 of Directors and Senior Management (the Code). The Code has been communicated to the Directors and the members of Senior Management. The Code has also been posted on the Company's website at www.nerolac.com. All Board members and senior management have confirmed compliance with the Code for the year ended 31st March, 2019. The Annual Report contains a declaration to this effect signed by the Managing Director who is the Chief Executive Officer.



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).

The list of core skills / expertise / competencies identified by the Board of Directors as required in the context of its business(es) and sector(s) for it to function effectively and those actually available with the Board are as follows:

Name	Age	Qualifications	Industry Experience	Expertise
Mr. P. P. Shah	66	B.Com., Chartered Accountant, Cost Accountant, MBA (Harvard Business School)	Finance, Investments, Projects and Consultancy	Business Strategy, Financial Analyst
Mr. H. M. Bharuka	58	B.Com., Cost Accountant	Engineering, Paint	Business Strategy
Mr. N. N. Tata	62	Graduate from University of Sussex, International Executive Programme at INSEAD Business School	Marketing, Administration and Investments	Business Strategy
Mr. M. Tanaka	62	Graduate from Department of Applied Chemistry, Department of Engineering, Doshisha University, Japan	Paint	Production & Technical
Mr. H. Furukawa	60	Graduate of Engineering, Osaka University, Japan	Paint	Production & Technical
Mrs. B. Somaya	69	B. Arch. (Mumbai), M.A. (USA), Ph.D. (h.c.)	Architecture	Architect and Urban Conservationist
Mr. K. Kato	58	Graduate of Waseda University, Dept of Politics & Economy, Faculty of Economy, Japan	Paint	Marketing & Business Administration
Mr. Anuj Jain	50	B.Sc., MMS	Paint	Sales, Marketing

Competencies:

Competency	Definition
Strategic Expertise	Ability to understand, review and guide Strategy by analyzing the Company's competitive position and benchmarking taking into account market and industry trends
Business and Financial Acumen	Demonstrate Techno-Commercial and Business perspective Ability to comprehend, interpret and guide on Financial Statements, Audit Committee presentations and matters of business
Risk Management	Experience in providing guidance on major risks, compliances and various legislations
Building High Performance Teams	Build and nurture talent to create strong and competent future business leaders
Industry Knowledge	Experience in similar industries
IT – Digital Acumen	Ability to understand, support and guide the Digital strategy in the organization with respect to AI, IOT, MI, Robotics, Big Data Analytics



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

- i. The Board of Directors hereby confirms that in its opinion, the Independent Directors of the Company fulfill the conditions as specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations and are independent of the management.
- j. Detailed reasons for the resignation of an Independent Director who resigns before the expiry of his tenure along with a confirmation by such director that there are no other material reasons other than those provided – No Independent Director has resigned during the year.

3. Audit Committee

The Audit Committee acts in accordance with the terms of reference specified by the Board which includes the recommendation for appointment, remuneration and terms of appointment of auditors of the Company, review and monitor the auditor's independence and performance and effectiveness of the audit process, examination of the financial statements and the auditor's report thereon, approval or any subsequent modification of transactions of the Company with related parties, scrutiny of inter-corporate loans and investments, valuation of undertakings or assets of the Company wherever it is necessary, evaluation of internal financial controls and risk management systems, monitoring the end use of funds raised through public offers and related matters.

The members of the Audit Committee are Mr. Pradip P. Shah, Mr. N. N. Tata and Mrs. Brinda Somaya.

All the members of the Audit Committee are Non-Executive and Independent Directors. All the members possess sound knowledge of accounts, audit, financial management expertise, etc.

Mr. Pradip P. Shah is the Chairman of the Audit Committee.

Mr. Pradip P. Shah, Chairman of the Audit Committee, was present at the last Annual General Meeting held on 21st June, 2018.

Mr. G. T. Govindarajan, Company Secretary acts as the Secretary to the Audit Committee.

There were four meetings of the Audit Committee during the year ended 31st March, 2019, i.e. on 2nd May, 2018, 20th July, 2018, 22nd October, 2018 and 29th January, 2019.

Name of the Director	Number of Audit Committee Meetings attended during the year ended 31st March, 2019
Mr. P. P. Shah	4
Mr. N. N. Tata	4
Mrs. Brinda Somaya	4

Besides this, another meeting of the Audit Committee was held on 2nd May, 2019 at which meeting the Audited Annual Accounts for the year ended 31st March, 2019, were placed before the Committee for consideration.

The Internal Auditor and the representatives of the Statutory Auditors also attend the Audit Committee meetings, besides the executives invited by the Audit Committee to be present thereat.

The Internal Auditors report directly to the Audit Committee.



4. Nomination & Remuneration Committee

The terms of reference of the Nomination & Remuneration Committee are:

- i. formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees,
- ii. formulation of criteria for evaluation of performance of Independent Directors and the Board,
- iii. devising a policy on Board diversity,
- iv. 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 their appointment and removal and shall carry out evaluation of every Director's performance.
- v. 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.
- vi. recommend to the Board, all remuneration, in whatever form, payable to senior management.

All the members of the Nomination and Remuneration Committee are Non-Executive and Independent Directors. The members of the Committee are Mr. N. N. Tata, Mr. P. P. Shah and Mrs. Brinda Somaya.

Mr. N. N. Tata, an Independent Director, became the Chairman of the Committee with effect from 3rd May, 2017.

Mr. Tata, the Chairman of the Committee could not attend the last Annual General Meeting held on 21st June, 2018, and accordingly he had given the authorization that any member of the Committee could act on his behalf at the last Annual General Meeting, in accordance with Section 178(7) of the Companies Act, 2013.

There were two meetings of the Nomination & Remuneration Committee during the year ended 31st March, 2019, i.e. on 2nd May, 2018 and 22nd October, 2018.

Name of the Director	Number of Nomination & Remuneration Committee Meetings attended during the year ended 31st March, 2019
Mr. N. N. Tata	2
Mr. P. P. Shah	2
Mrs. Brinda Somaya	2

Besides this, another meeting of the Committee was held on 2nd May, 2019 to determine the remuneration to be paid to Executive Directors and senior management, Commission to be paid to Non-Executive Directors and evaluation of the Board of Directors and the Committees of the Board.

5. 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 evaluation criteria of the Independent Directors and the Board.

The Nomination and Remuneration Committee decides the remuneration for 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 Companies Act, 2013, 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 & 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.



Kansai Nerolac Paints Limited • Annual Report 2018-2019

- 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 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 therefor, then and in that event, the Whole-time Director shall be paid a compensation in accordance with the provisions of the Companies Act, 2013.
- Presently, the Company does not have a scheme for grant of stock options either to the Whole-time Directors or employees.

The details of remuneration (including perquisites and allowances) as recommended by the Nomination & Remuneration Committee and approved by the Board of Directors, for FY 2018-19 are as follows:

(₹ in lacs)

Break-up of Remuneration	Mr. H. M. Bharuka (Vice Chairman and Managing Director)	Mr. Anuj Jain (Whole-time Director)
<u>Fixed Component</u>		
Salary	144.00	39.60
Company's contribution to Provident Fund and Superannuation Fund (on Salary)	18.78	6.25
HRA, LTA and other perquisites	180.00	49.50
	342.78	95.35
<u>Variable Component</u>		
Commission	319.00	66.00
Company's contribution to Provident Fund (on Commission)	38.28	7.92
	357.28	73.92
Total	700.06	169.27

Note:

Remuneration excludes provision for commission and related contribution to Provident Fund thereon for the current year but includes commission and such related contribution thereon for the previous year paid in the current year.

B. Remuneration to Non-Executive Directors

The Non-Executive Directors are paid commission within the ceiling of 1% of net profits of the Company as specified in Section 197 of the Companies Act, 2013, in accordance with the approval granted by the Shareholders for payment of commission to the Non-Executive Directors. The commission payable to Non-Executive Directors is decided by the Board, based on a number of factors including number of Board and Committee meetings attended, individual contribution thereat etc.

The Non-Executive Directors are also paid sitting fees for attending the meetings of the Board or Committee thereof within the limits prescribed under the Companies Act, 2013.

Apart from the commission and sitting fees paid by the Company, the Non-Executive Directors, in their individual capacity, did not have any pecuniary relationship or transactions with the Company during the financial year 2018-19.



The details of payments made to Non-Executive Directors during the year ended 31st March, 2019 are as under:

(₹ in lacs)

Name of the Director	Sitting Fees					Commission@	Total
	Board Meeting	Audit Committee Meeting	NRC*	CSR Committee**	Independent Directors Meeting		
Mr. P. P. Shah	1.25	1.00	0.50	—	0.75	40.00	43.50
Mr. D. M. Kothari#	—	—	—	—	—	10.00	10.00
Mr. N. N. Tata	1.25	1.00	0.50	0.25	0.75	35.00	38.75
Mrs. Brinda Somaya	1.25	1.00	0.50	—	0.75	20.00	23.50

* NRC: Nomination and Remuneration Committee.

** CSR Committee: Corporate Social Responsibility Committee.

@ Commission paid during the year 2018-19 was for the year ended 31st March, 2018.

Mr. D. M. Kothari retired from the Board of Directors of the Company with effect from the close of business on 2nd May, 2017. Accordingly, he ceased to be a member of all the Board Committees with effect from the close of business on 2nd May, 2017. Commission paid to Mr. Kothari in the year 2018-19 was for the period upto which he was an Independent Director during the year 2017-18.

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.

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.

For Directors, the Performance Pay will be linked to achievement of Business Plan.

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.

The above will take into consideration industry performance, customer performance and overall economic environment.

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.

Independent Directors:

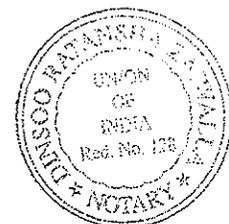
Pursuant to the provisions of Section 149 of the Companies Act, 2013, the Independent Directors of the Company have been appointed for a period of 5 years.

Pursuant to Schedule IV to the Companies Act, 2013, 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://nerolac.com/financial/policies.html>.

Separate meeting of Independent Directors:

In accordance with the provisions of Schedule IV of the Companies Act, 2013 and Regulation 25 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, three separate meetings of the Independent Directors were held during the year. Two meetings of the independent directors were with the Internal Auditors and the Statutory Auditors of the Company, one on 2nd May, 2018 and the other on 22nd October, 2018. There was one meeting only amongst the Independent Directors on 29th January, 2019.

All the meetings of the Independent Directors held during the year were without the attendance of Non-independent Directors and members of management.



Kansai Nerolac Paints Limited • Annual Report 2018-2019

The Independent Directors at their meetings also consider:

- 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 Directors 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.

Name of the Director	Number of meetings of the Independent Directors attended during the year ended 31st March, 2019
Mr. N. N. Tata	3
Mr. P. P. Shah	3
Mrs. Brinda Somaya	3

Another meeting of the Independent Directors was held on 2nd May, 2019, with the Internal Auditors and the Statutory Auditors of the Company.

Mr. P. P. Shah, Chairman of the Company, who is an Independent Director was the Chairman of all the meetings of Independent Directors. The Independent Directors discussed matters pertaining to the management of the Company and functioning of the Board and presented their views to the Managing Director for appropriate action.

6. Stakeholders' Relationship Committee

In our Company, the Stakeholders' Grievance Committee is known by the name of Stakeholders' Relationship Committee. The Committee considers and resolves the grievances of the security holders of the Company including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends.

- (i) The Members of the Stakeholders' Relationship Committee are Mrs. Brinda Somaya, Mr. H. M. Bharuka and Mr. Anuj Jain.

Mrs. Brinda Somaya, a Non-Executive Independent Director, is the Chairperson of the Stakeholders' Relationship Committee.

Mrs. Brinda Somaya, Chairperson of the Stakeholders' Relationship Committee, was present at the last Annual General Meeting held on 21st June, 2018.

- (ii) Mr. G. T. Govindarajan, Company Secretary, is the Compliance Officer.
- (iii) A summary of various complaints received and cleared by the Company during the FY 2018-19 is given below:

Nature of Complaint	Received	Cleared
Non-receipt of Dividend Warrant	0	0
Non-receipt of Share Certificates	0	0
SEBI/Stock Exchange Letter/ROC/NSDL/CDSL	3	3
Miscellaneous	0	0
Total	3	3

- (iv) Normally all complaints/queries are disposed off expeditiously. The Company had no complaint pending at the close of the financial year.

7. General Body Meetings:

- (i) The last three Annual General Meetings (AGM) of the Company were held as under:

	Date and Time	Venue
98th AGM	21st June, 2018 at 11.00 a.m.	M. C. Ghia Hall, Kala Ghoda, Mumbai - 400 001
97th AGM	21st June, 2017 at 11.00 a.m.	M. C. Ghia Hall, Kala Ghoda, Mumbai - 400 001
96th AGM	22nd June, 2016 at 11.00 a.m.	M. C. Ghia Hall, Kala Ghoda, Mumbai - 400 001



- (ii) One Special Resolution authorizing the Company to keep the Register and Index of Members and the copies of Annual Returns at the office of the new Registrar & Transfer Agent of the Company – TSR Darashaw Ltd. was passed in the 96th AGM, out of previous 3 AGMs.
- (iii) No Special Resolution was passed last year through Postal Ballot.
- (iv) No Special Resolution is proposed to be conducted through Postal Ballot.
- (v) Postal Ballot whenever conducted will be carried out as per the procedure mentioned in Rule 22 of Companies (Management and Administration) Rules, 2014, including any amendment thereof.

8. Means of Communication

- (i) Quarterly Results:
The quarterly results are published in accordance with the requirements of the Listing Agreement of the BSE and the NSE.
- (ii) Newspaper in which results are normally published:
Business Standard and Tarun Bharat. Results could also get published in any other reputed newspaper such as the Financial Express / Loksatta or the Economic Times / Maharashtra Times.
- (iii) Any website, where displayed:
www.nerolac.com
- (iv) Whether it also displays official news releases; and presentation made to institutional investors or to the analysts:
Relevant information is displayed on the website.

9. General Shareholder Information

- a) AGM: Date, Time and Venue:
Friday, 21st June, 2019 at 11.00 a.m. at Walchand Hirachand Hall, 4th Floor, IMC Chamber of Commerce & Industry, IMC Building, IMC Marg, Churchgate, Mumbai - 400020.
- b) Financial Calendar:

– Financial reporting for the quarter ending 30th June, 2019	: April – March
– Financial reporting for the quarter ending 30th September, 2019	: End July, 2019
– Financial reporting for the quarter ending 31st December, 2019	: End October, 2019
– Financial reporting for the year ending 31st March, 2020	: End January, 2020
– Annual General Meeting for the year ending 31st March, 2020	: End April, 2020
	: End June, 2020
- c) Dates of Book Closure:
Saturday, 15th June, 2019 to Friday, 21st June, 2019 (both days inclusive) for the purpose of Annual General Meeting and Dividend.

Dividend Payment Date:
On or after 26th June, 2019.

Dividend, when declared, will be payable on or after 26th June, 2019 to those members whose names are registered as such in the Register of Members of the Company as on 14th June, 2019 and to the Beneficiary holders as per the beneficiary list as on 14th June, 2019 provided by the NSDL and CDSL.
- d) Listing of Stock Exchanges:
The Company's Equity Shares are listed on the BSE and the NSE.

BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	National Stock Exchange of India Ltd. Exchange Plaza, Bandra-Kurla Complex Bandra (E), Mumbai - 400 051
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The annual listing fees of the BSE and the NSE have been paid.



Kansai Nerolac Paints Limited • Annual Report 2018-2019

e) Stock Code:

Stock Exchange	Code
BSE	500165
NSE	KANSAINER

Demat – ISIN Number for NSDL & CDSL: INE531A01024

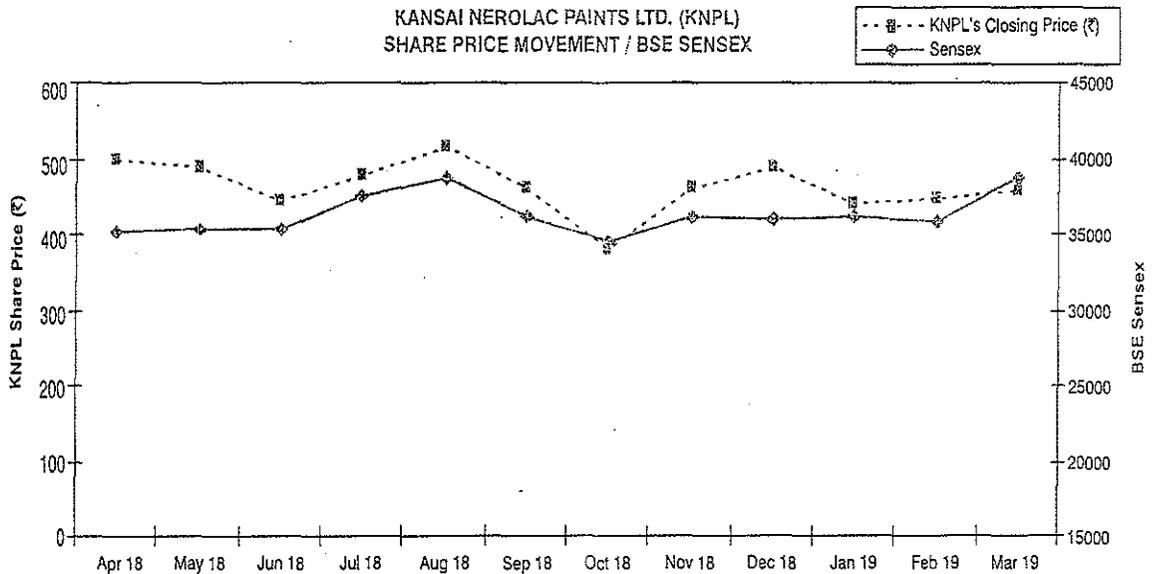
f) Market Price Data: High, Low during each month in last financial year

g) Stock performance of Kansai Nerolac Paints Ltd. (KNPL) in comparison to broad based indices such as BSE Sensex, CRISIL index etc.:

High/Low of market price of the Company's shares traded on the BSE during the year ended 31st March, 2019 is furnished below:

Month	High (₹)	Low (₹)
April 2018	511.95	479.05
May 2018	530.00	483.50
June 2018	515.00	439.00
July 2018	505.00	437.50
August 2018	540.45	471.00
September 2018	521.00	420.45
October 2018	460.00	343.40
November 2018	469.00	371.55
December 2018	493.40	425.75
January 2019	502.20	413.95
February 2019	477.70	428.85
March 2019	487.50	431.50

Month	KNPL's Closing Price on BSE (₹)	S&P BSE Sensex
April 2018	499.90	35,160.36
May 2018	489.15	35,322.38
June 2018	443.10	35,423.48
July 2018	477.15	37,606.58
August 2018	516.80	38,645.07
September 2018	459.35	36,227.14
October 2018	379.40	34,442.05
November 2018	459.60	36,194.30
December 2018	489.30	36,068.33
January 2019	440.75	36,256.69
February 2019	447.35	35,867.44
March 2019	457.25	38,672.91



h) The securities of the Company have never been suspended from trading.

i) Registrar and Share Transfer Agents:

TSR Darashaw Ltd.

6-10, Haji Moosa Patrawala Industrial Estate, Near Famous Studio,
20, Dr. E. Moses Road, Mahalaxmi, Mumbai - 400 011.

Tel. No.: +91 22 66568484

Fax No.: +91 22 66568494

E-mail: csg-unit@tsrdarashaw.com

j) Share Transfer System:

After consideration by the Stakeholders' Relationship Committee, the Share Transfers in physical form are registered and returned within a period of 15 days from the date of receipt in case the documents are complete in all respects. The particulars of movement of shares in the dematerialized mode are also placed before the Stakeholders' Relationship Committee.

However, as per SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018, requests for effecting transfer of securities (except in case of transmission or transposition of securities) shall not be processed from 1st April, 2019 unless the securities are held in the dematerialised form with the depositories. Therefore, Shareholders are requested to take action to dematerialize the Equity Shares of the Company, promptly.

k) Distribution of Shareholding as on 31st March, 2019:

No. of Equity Shares held	No. of Folios	% to number of Folios	No. of Shares	% to number of Shares
Upto 500	46,771	86.98	45,13,725	0.84
501 to 1000	2,415	4.49	18,99,038	0.35
1001 to 2000	1,477	2.75	22,87,258	0.43
2001 to 3000	551	1.02	14,12,583	0.26
3001 to 4000	460	0.86	16,14,400	0.30
4001 to 5000	280	0.52	13,12,924	0.24
5001 to 10000	739	1.37	55,57,172	1.03
10001 and above	1,079	2.01	52,03,22,620	96.55
Grand Total	53,772	100.00	53,89,19,720	100.00

Geographical Distribution of Shareholders as on 31st March, 2019

Location	No. of Folios	% to number of Folios	No. of Shares	% to number of Shares
OUTSIDE INDIA				
Foreign Collaborator (Kansai Paint Co. Ltd., Japan)	1	0.01	40,41,35,898	74.99
FII, NRI, OCB, FPI – Corp.	2,510	4.67	2,70,08,296	5.01
IN INDIA				
Mumbai	15,726	29.25	8,22,51,898	15.26
New Delhi	2,694	5.01	65,63,705	1.22
Ahmedabad	1,865	3.47	16,96,959	0.32
Bangalore	2,947	5.48	20,20,652	0.37
Pune	3,407	6.33	22,84,539	0.42
Kolkata	1,724	3.21	32,77,547	0.61
Chennai	1,975	3.67	7,57,227	0.14



189

Kansai Nerolac Paints Limited • Annual Report 2018-2019

Location	No. of Folios	% to number of Folios	No. of Shares	% to number of Shares
Hyderabad	1,342	2.49	7,40,927	0.14
Surat	504	0.94	3,96,751	0.07
Vadodara	688	1.28	3,74,975	0.07
Jaipur	498	0.92	3,52,145	0.07
Others	17,891	33.27	70,58,201	1.31
TOTAL	53,772	100.00	53,89,19,720	100.00

Categories of Shareholders as on 31st March, 2019

Category	No. of Shares held	Percentage of Shareholding
A. Promoters' Holding		
1. Promoters		
Indian Promoters	Nil	Nil
Foreign Promoters (Kansai Paint Co. Ltd., Japan)	40,41,35,898	74.99
2. Persons acting in concert	Nil	Nil
Sub-Total (A)	40,41,35,898	74.99
B. Non-Promoters' Holding		
3. Institutional Investors		
a. Mutual Funds and UTI	3,10,44,947	5.76
b. Banks, Financial Institutions, Insurance Companies, Alternate Investment Funds (Central/State Govt. Institutions / Non-Government Institutions)	2,67,03,797	4.96
c. Others (Foreign Portfolio – Corp.)	2,50,37,676	4.65
d. Foreign Institutional Investors (FIIs)	2,149	0.00
Sub-Total (i)	8,27,88,569	15.36
4. Others		
Private Corporate Bodies	47,45,252	0.88
Indian Public	4,44,81,718	8.25
NBFCs	31,650	0.01
NRIs/OCBs	19,68,471	0.37
Any Other (Trusts)	2,85,982	0.05
Unclaimed Suspense Account	1,90,500	0.04
IEPF	2,91,680	0.05
Sub-Total (ii)	5,19,95,253	9.65
Sub-Total (B) = (i) + (ii)	13,47,83,822	25.01
Grand Total	53,89,19,720	100.00

l) Dematerialisation of Shareholding and Liquidity:

99.39 % of the paid-up share capital had been dematerialised, as at 31st March, 2019.

Particulars of trading on the Company's shares for the Financial year 2018-19:

Stock Exchange	No. of Trades	No. of Shares
BSE	1,33,012	42,96,896
NSE	18,93,734	4,94,31,949

The particulars of Promoter holding as against Non-Promoter holding in the Company is as given in Clause 9(k) of "General Shareholder Information" of this Corporate Governance Report.



- m) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments: Not Issued.
- n) Commodity price risk or foreign exchange risk and hedging activities:
 With reference to SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2018/0000000141 dated November 15, 2018, on disclosures regarding commodity risks by listed entities, the Company is actively working on mitigating commodity risks and foreign exchange risks.

Commodity Risk

There are several raw materials which are directly driven by crude oil. These are monitored on regular basis using pricing trends and forecast from internationally reputed news agencies. The Company has not hedged commodities on the exchange, however appropriate coverage is taken on rising trends and inventory is cut in declining trends. Wherever direct co-relation exists, cost sheet is monitored to calculate delta changes and accordingly purchase prices are decided. For metal related buying, price indices such as London Metal Exchange (LME) are used to check on trends. Additionally, import data is tracked to compare average import prices and buying prices. Accordingly, appropriate actions are taken to minimise commodity risks.

Foreign Exchange Risk

To control and minimise exchange risk, the Company has documented Forex Policy according to which currency forecast is received from various banks on regular basis. Additionally regular meetings are also done with banks to understand the forex trend. Critical events such as rate changes by US Fed, RBI is closely monitored. Coverage of currency – approximately 80% payments are in USD and approximately 15% in Yen. We try and cover forward exposure to an extent depending upon movement of currencies and forward premium. Also, option strategies are evaluated depending on market situation. Please refer to Note 38(B)(iv) of Notes to the Standalone Financial Statements towards exposure to currency risk.

- o) Plant Locations:

The Company's plants, which are operative, are located at:

1. Lote Parshuram, Ratnagiri, Maharashtra
2. Jainpur, Kanpur Dehat, Uttar Pradesh
3. Bawal, Haryana
4. Hosur, Tamil Nadu
5. Sayakha, Gujarat

- p) Address for correspondence:

TSR Darashaw Ltd.
 6-10, Haji Moosa Patrawala Industrial Estate, Near Famous Studio,
 20, Dr. E. Moses Road, Mahalaxmi, Mumbai - 400 011.
 Tel. No.: +91 22 66568484
 Fax No.: +91 22 66568494
 E-mail: csg-unit@tsrdarashaw.com

Shareholders can also contact the Secretarial Department at the Registered Office of the Company at:
 Nerolac House, Ganpatrao Kadam Marg,
 Lower Parel, Mumbai - 400 013
 Tel. No.: +91 22 24992796, 24992807
 E-mail ID for Investor Grievances:

The Company has created an e-mail ID for redressal of Investor Complaints named investor@nerolac.com.

- q) List of all credit ratings obtained by the Company:

Sr. No.	Particulars	Amount (₹ in Crores)	Rating Agency	Rating
1.	Cash Credit *	160	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.



Kansai Nerolac Paints Limited • Annual Report 2018-2019

10. Disclosures:

a). Related Party Transactions:

All transactions entered into with the Related Parties as defined under the Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, 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 Companies Act, 2013. There were no materially significant transactions with the related parties during the financial year that may have potential conflict with the interests of the Company at large.

Related party transactions have been disclosed in Note 34 to the Standalone Financial Statements. A statement in summary form of transactions with related parties in the ordinary course of business and arm's length basis is periodically placed before the Audit Committee for its review. Omnibus approval was obtained for transactions which were repetitive in nature. Transactions entered into pursuant to omnibus approval were placed before the Audit Committee for its review during the year. The Company has in place a Policy on dealing with Related Party Transactions and on Materiality of Related Party Transactions, which has been posted on the website of the Company at <https://nerolac.com/financial/policies.html>.

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 has a Whistle blower Policy in place. The Internal Auditors of the Company have been provided with a separate e-mail address. They are also stationed at the Head Office of the Company as the Company has provided the auditors with a separate office. Any employee of the organization can contact the auditor on the mail or personally. The Company's portal provides a very effective means for the employees to communicate freely with the Managing Director. The Company's employees can also directly meet the Managing Director and express their grievances/concerns. There are safeguards to ensure that all employee concerns receive due consideration. The Whistle Blower Policy of the Company has been posted on the website of the Company at <https://nerolac.com/financial/policies.html>.

The Code of Conduct for the Board of Directors and Senior Management states that Directors and Senior Managers of the Company shall endeavour to promote ethical behaviour and to provide an opportunity to employees to report violation of laws, rules, regulations or codes of conduct and policy directives adopted by the Company to the appropriate personnel without fear of retaliation of any kind for reports made by the employees in good faith.

No personnel has been denied access to the Audit Committee.

d) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements. Details of any non-compliance of any requirement of corporate governance report of sub-para (2) to (10):

All the mandatory requirements have been complied with as stated in this report on Corporate Governance. There is no non-compliance with any requirement of corporate governance report of sub-para (2) to (10) of the Corporate Governance report as given in Schedule V(C) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The disclosures of the compliance with Corporate Governance requirements specified in Regulation 17 to 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Regulations), have been made in this Corporate Governance report. Details required under clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the said Regulations are displayed 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 Obligations and Disclosure Requirements) Regulations, 2015, have been adopted to the extent and in the manner as stated under the appropriate headings in the 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 Obligations and Disclosure Requirements) Regulations, 2015. The Policy for determining material subsidiaries is posted on the website of the Company at <https://nerolac.com/financial/policies.html>



- f) Disclosure of commodity price risks and commodity hedging activities:
This has been discussed under Clause 9(n) of this Corporate Governance Report.
- g) Details of utilization of funds raised through Preferential Allotment or Qualified Institutions Placement as specified under Regulation 32 (7A):
There was no Preferential Allotment or Qualified Institutions Placement as specified under Regulation 32 (7A).
- h) A Certificate has been received from JHR & Associates, Practicing Company Secretaries, that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities 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 2018-19, provided that the clause shall only apply where recommendation of / submission by the committee is required for the approval of the Board of Directors and shall not apply where prior approval of the relevant committee is required for undertaking any transaction under these Regulations:
There was no instance during the financial year 2018-19, where the Board of Directors had not accepted 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:
Please refer Note 31.1 on Payments to Auditors in standalone financial statements for total payment / accrual of fees charged by B S R & Co. LLP. Other than that, Statutory Auditors of the Company have not provided any service to the Company or its subsidiaries.
- 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 2018-19: Nil
 - b. number of complaints disposed of during the financial year 2018-19: Nil
 - c. number of complaints pending as on end of the financial year 2018-19: Nil
- l) CEO/CFO Certification:
A certification from the CEO and CFO as specified in Part B of Schedule II in terms of Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, was placed before the Board Meeting held on 2nd May, 2019 to approve the Audited Annual Accounts for the year ended 31st March, 2019.
- m) Risk Management:
In terms of Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has a Risk Management Committee and Risk Management Framework in place, the details of which are provided in the Board's report.
- n) 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. Shareholders who have not encashed the dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, Mumbai, Maharashtra, by submitting an application in Form No. II to the aforesaid authority.

Pursuant to Section 205 A read with 205 C of the Companies Act, 1956 as replaced by Section 124 and 125 of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, unclaimed dividends for the year ended 31st March, 1995 to 31st March, 2011 have been transferred to the Investor Education and Protection Fund. Shareholders are requested to encash their dividend warrants immediately on receipt as dividends remaining unclaimed for seven years are to be transferred to the Investor Education and Protection Fund.



Kansai Nerolac Paints Limited • Annual Report 2018-2019

Pursuant to Section 124 of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, shares, in respect of which dividend is not claimed for seven consecutive years, is required to be transferred by the Company in the name of Investor Education and Protection Fund (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 Rules.

Shareholders are requested to visit the website of the Company at <https://nerolac.com/financial/shareholders.html#scroll> for details of amounts lying in the unclaimed dividend accounts of the Company, unclaimed dividend for 2010-11 transferred to the IEPF, the shares transferred to IEPF and the shares due to be transferred to IEPF.

Disclosure with respect to demat suspense account/unclaimed suspense account as required under Schedule V (F) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

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, 2018	108	2,69,730 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	2	1,020 Equity Shares of ₹ 1 each
c) Number of shareholders to whom the shares were transferred from the Unclaimed Suspense Account during the year	2	1,020 Equity Shares of ₹ 1 each
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	48	78,210 Equity Shares of ₹ 1 each
e) Aggregate number of shareholders and the outstanding Shares lying in the Unclaimed Suspense Account as on 31st March, 2019	58	1,90,500 Equity Shares of ₹ 1 each
f) It is hereby confirmed that the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.		

For and on behalf of the Board

P. P. SHAH
Chairman

Mumbai, 2nd May, 2019

DECLARATION

As required under Schedule V (D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Members 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, 2019.

For Kansai Nerolac Paints Limited

H. M. Bharuka
Vice Chairman and Managing Director

Mumbai, 2nd May, 2019



194

Independent Auditors' Certificate on Compliance with the Corporate Governance requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and 2018

To the Members of Kansai Nerolac Paints Limited

1. This certificate is issued in accordance with the terms of our agreement dated 10 July 2018 and addendum to the engagement letter dated 12 April 2019.
2. This report contains details of compliance of conditions of corporate governance by Kansai Nerolac Paints Limited ('the Company') for the year ended 31 March 2019 as stipulated in regulations 17-27, clause (b) to (i) of regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and 2018 ('Listing Regulations') pursuant to the Listing Agreement of the Company with Stock exchanges.

Management's Responsibility for compliance with the conditions of Listing Regulations

3. The compliance with the terms and conditions contained in the corporate governance is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents.

Auditors' Responsibility

4. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31 March 2019.
6. We conducted our examination 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.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) I, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. In our opinion, and to the best of our information and according to explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.
9. We state that such compliance 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.

Restriction on use

10. The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations, and it 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 for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No: 101248WW-100022

Aniruddha Godbole
Partner
Membership No: 105149
UDIN: 19105149AAAABE9948

Mumbai
2 May 2019



BUSINESS RESPONSIBILITY REPORT

SEBI vide its Notification dated 22nd December, 2015, amended Regulation 34 (2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and made inclusion of Business Responsibility Report (BRR) in the Annual Report mandatory for the top 500 listed companies based on market capitalisation as on March 31 of every year. Our Company comes under the list of top 500 listed companies based on market capitalisation. SEBI has suggested a format for the BRR, vide its circular CIR/CFD/CMD/10/2015 dated November 4, 2015. The Business Responsibility Report is based on the format suggested by SEBI.

SECTION A: General Information about the Company

1. **Corporate Identity Number (CIN) of the Company:** L24202MH1920PLC000825
2. **Name of the Company:** Kansai Nerolac Paints Limited
3. **Registered Address:** Nerolac House, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400 013
4. **Website:** www.nerolac.com
5. **Email ID:** investor@nerolac.com
6. **Financial Year reported:** 1st April, 2018 to 31st March, 2019
7. **Sector(s) that the Company is engaged in (industrial activity code wise):**

NIC code of the Product	Description
20221	Manufacture of paints and varnishes, enamels or lacquers

8. **Key product that the Company manufactures/provides (as in balance sheet):**
Paints
9. **Total number of locations where business activity is undertaken by the Company:**
 - (a) Number of International Locations: Nil. The Company has three subsidiaries abroad, namely KNP Japan Private Limited in Nepal, Kansai Paints Lanka Private Limited in Sri Lanka and RAK Paints Private Limited in Bangladesh.
 - (b) Number of National Locations:
 - Manufacturing Facilities: 5
 - R&D Centre: 1
 - Depot/Sales Locations: 104
 - Distribution Centres: 4
 - Offices: 6
10. **Markets served by the Company:** National and International

SECTION B: Financial Details of the Company

1. **Paid-up Capital:** ₹ 53.89 crores
2. **Total Turnover (Gross):** ₹ 5,682.28 crores
3. **Total Profit after Taxes:** ₹ 467.35 crores
4. **Total Spending on Corporate Social Responsibility (CSR) as a percentage of profit after tax (%):** 2.88%
5. **List of Activities in which expenditure in 4 above has been incurred:**
 - (a) Livelihood & Skill Enhancement Programs
 - (b) Preventive Health Care & Sanitation
 - (c) Rural/Community Development
 - (d) Promoting Education
 - (e) Ensuring Environmental Sustainability
 - (f) Restoration of buildings and sites of historical importance



SECTION C: Other Details

During the financial year under consideration, namely FY 2018-19, our Company, Kansai Nerolac Paints Ltd. (KNPL) had four subsidiaries. KNPL encourages its subsidiary companies to adopt its policies and practices.

SECTION D: Business Responsibility (BR) Information

1. Details of Director responsible for BR

(a) Details of the Director responsible for implementation of the BR policy

1. DIN Number: 00306084
2. Name: Mr. H. M. Bharuka
3. Designation: Vice Chairman and Managing Director

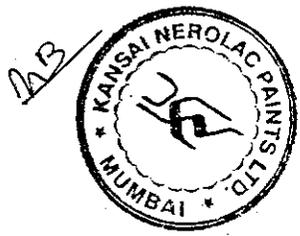
(b) Details of the BR head

No.	Particulars	Details
1	DIN Number (if applicable)	N.A.
2	Name	Mr. Jason S. Gonsalves
3	Designation	Senior Vice President – Corporate Planning, IT, HR and Materials
4	Telephone Number	022 - 2499 2520
5	Email ID	jasongonsalves@nerolac.com

2. Principle-wise [as per National Voluntary Guidelines (NVGs)] BR Policy/policies

Business Responsibility Report

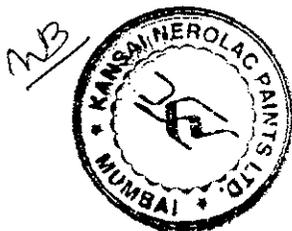
Principle 1 (P1)	Businesses should conduct and govern themselves with ethics, transparency and Accountability
Principle 2 (P2)	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
Principle 3 (P3)	Businesses should promote the well-being of all employees
Principle 4 (P4)	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized
Principle 5 (P5)	Businesses should respect and promote human rights
Principle 6 (P6)	Businesses should respect, protect, and make efforts to restore the environment
Principle 7 (P7)	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
Principle 8 (P8)	Businesses should support inclusive growth and equitable development
Principle 9 (P9)	Businesses should engage with and provide value to their customers and consumers in a responsible manner



Kansai Nerolac Paints Limited • Annual Report 2018-2019

(a) Details of compliance (Reply in Y/N)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national/ international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y-ISO & OHSAS Certification	Y	Y	Y
4	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the Company have a specified committee of the Board/Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online	https://www.nerolac.com/pdf_test/modules/pdfupload/pdf_file/Business-Responsibility-Report.pdf								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y



- (b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

Since all answers are yes, the following is not applicable.

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The Company has not understood the Principles	—	—	—	—	—	—	—	—	—
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	—	—	—	—	—	—	—	—	—
3	The Company does not have financial or manpower resources available for the task	—	—	—	—	—	—	—	—	—
4	It is planned to be done within next 6 Months	—	—	—	—	—	—	—	—	—
5	It is planned to be done within the next 1 year	—	—	—	—	—	—	—	—	—
6	Any other reason (please specify)	—	—	—	—	—	—	—	—	—

3. Governance related to BR

- (a) The Board of Directors assess the BR performance of the Company on a periodic basis.
- (b) The Company publishes the information on BR which forms part of the Annual Report of the Company.
- (c) The Company publishes the Sustainability Report and starting from 2018-19, the Sustainability Report forms part of the Annual Report of the Company. The Annual report is available on the website of the Company at www.nerolac.com.

Section E: Principle-wise performance

Principle 1 : Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

KNPL's Governance structure as well as Code of Conduct which covers Directors, Senior Management and all employees addresses conflict of interest, corporate opportunities, confidentiality, compliance with laws, rules and regulations, protection and proper use of Company assets, fair dealing and ethical business practices, encourages reporting of any illegal or unethical behaviour, handling news of Company amongst others. The provision of the same is available on the Company website.

KNPL's Whistle Blower Policy encourages employees to bring instances of unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The provisions of the same are available on the Company website.

The Code of conduct policy extends to the Company's subsidiaries. The policy coverage on acts such as deception, bribery, forgery, extortion, corruption are applicable to any irregularity involving employees in their dealings with any external entities. Suppliers are also sensitized about the Company's code of conduct.

21/3



Kansai Nerolac Paints Limited • Annual Report 2018-2019

It is the Company's policy to provide full, fair, accurate, timely disclosures to the statutory authorities and stock exchanges where the Company is listed. The Company is conscious of price sensitive information in accordance to SEBI (Prohibition of Insider Trading) Regulations 2015.

How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so. KNPL has institutionalized various mechanisms for receiving and resolving complaints from its stakeholders.

There are dedicated resources to respond to the complaints within a time bound manner.

During the year, KNPL received 3 shareholder complaints which were answered and resolved satisfactorily. During the year, KNPL received 1 complaint under the Whistle blower mechanism, which is under investigation.

Principle 2 : Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

The Company has a sustainability agenda which highlights its commitment to creating value through the reduction or elimination of hazardous substances. The Company's products in Decorative are Heavy metal Free and are Low VOC. In Automotive the products are heavy metal free. The Company is moving its automotive products to higher solids from conventional solid products.

KNPL continues to conduct research and introduce sustainable products and solutions for its customers. Some of its latest offerings in the current year are:

Impression Ultra Fresh: To making our efforts for cleaner environment, we have launched a Product Impressions Ultra Fresh which Captures indoor air Pollutants and free Formaldehyde thus making the air Cleaner thus contributing to Sustainability. This Product was launched in 2018 and is the latest edition in our endeavours for Healthy Home Paints.

Low cure Coatings for HCV Segment: In Automotive heavy commercial vehicles segment, the Company has developed innovative painting system, which can be cured at ambient conditions at about 30°C from current baking conditions of 80°C for 30 Min. With this customers will save energy thus reduction in carbon footprint.

High Solid Coatings: Our initiative of implementation of high solid coating system/reduction in number of coats (without affecting coating performance) to reduce VOC continues and under this category following activities are done e.g.

- (a) Monocoat metallic system which eliminated one extra clear coat application, developed for 2 wheeler industry.
- (b) Development of DTM technology products (Direct To Metal) which eliminates use of primer coat application.

Coatings for reduction in waste generation: In the area of reduction in waste generation through process modification, we have developed suitable coatings for Barrel Industry due to which entire pretreatment operation using Iron Phosphating was eliminated resulting in reduction waste sludge generation and energy conservation while effectively improving the productivity.

Low VOC Coatings for Pre Engineered Building segment: Development of Low VOC Product for Industrial buildings (PEB) – The product Neromastic HB CTG has been introduced with Low VOC (less than 200 gms per ltr). The product also works as monocoat which reduces the one coat in the system. i.e. Instead of Primer plus Topcoat it acts as monocoat system. This increases the productivity. This will save one coat application, and in turn will reduce material consumption besides saving on inventory.

Rebar Coatings: In Powder Coating which itself is a Low VOC, ecofriendly system our Focus was on Rebar Coatings. Concrete is the third-largest contributor to carbon dioxide emissions, after automobiles and coal-fuelled power plants. Cement manufacturing alone is responsible for roughly 5% of global CO₂ emissions. Concrete also makes up the largest proportion of construction and demolition waste, and represents about a third of all landfill waste. The need is to reduce usage of concrete in



2/19



building/structures. KNPL's newly commercialized FBE Rebar coating would enhance the life of buildings and would help to bring down usage of concrete thus contributing towards a clean Environment.

Powder coating for two wheelers: KNPL is an active partner and is participating in the new trend of coating automotive two wheelers with powder coating which makes it a Low VOC system.

For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

(a) *Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?*

KNPL as part of its Sustainability Agenda continues to make progress on measurement of carbon footprint index (Kg of CO₂ equivalent per Ton of finished product) of water based architectural products. Steps to reduce Carbon footprint index-are initiated, wherever possible, by pursuing energy efficiency in operations and adoption of renewable energy.

Products are designed without POP's, which are Synthetic organic chemicals which are persistent in environment, accumulate in food chain and are known for their acute toxicity.

Paint production is done by KNPL on flexible production lines with multiple brands produced on same line. In addition, common infrastructure is used for production and distribution of different paints. So, there is practical difficulty in isolating data on resource utilization for above mentioned products.

Through a combination of 104 plus depots and IT systems, KNPL has ensured that kilometers travelled by the finished goods are minimized. The Company has also taken various measures to ensure that spillages and damages incurred during transportation are minimized. At plants various initiatives are undertaken in a systemic manner to reduce wastages like residual raw materials in bags and barrels, solvent used for cleaning amongst others.

Information on initiatives is covered in Sustainability Report section of this Annual Report.

Details of benefits for individual products are covered in the information provided against each product.

(b) *Reduction during usage by consumers (energy, water) has been achieved since the previous year?*

Actual change in usage by consumers/customer varies depending on area of application, method of application, type of line, operating conditions and a host of other variables. It is estimated that in

Mono-coat and DTM system: 50% reduction during usage by consumer over equivalent set of product previous year.

Low cure solutions: Reduction in energy due to curing at ambient temperature.

Coatings for waste reduction: Elimination of iron phosphating due to process modification.

Low VOC coatings: reduction in VOC content and elimination of 50% of usage over equivalent set of products used previously.

Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

KNPL encourages suppliers to adhere to green procurement guidelines. More than 50% of sourcing is being done from manufacturers which have a formal sustainability program. KNPL uses raw materials which are heavy metal-free in over 90% of its production. KNPL encourages suppliers to provide raw material and transportation and storage solutions which reduce emissions or energy consumption either directly or indirectly. Where ever possible, bulk liquids are transported in tankers instead of using barrels, thereby reducing barrel waste generation. Most of packing material used is sourced from suppliers within 10 KM radius of production sites to minimize transportation.



Kansai Nerolac Paints Limited • Annual Report 2018-2019

Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Yes, majority of packing material used is sourced from local and/or small suppliers within 10 KM radius of production sites. KNPL actively encourages and works with local and small producers to improve their capability and capacity through quality programs, suggestions, price competitiveness feedback, vendor ratings, and audit at supplier factories by purchase and QA and interactions with senior management.

Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%)? Also, provide details thereof, in about 50 words or so.

Yes, KNPL has a mechanism to recycle products and waste. KNPL has a strong mechanism in place to ensure products and waste is recycled. KNPL has zero effluent discharge at four of its facilities. For all New project expansions zero effluent discharge facility is part of plant design. A standard process to recycle products is followed across all the plants wherein local team in consultation with the technical team advises for recycling of the product based on the chemical composition. Tracking mechanism is put in place for batch wise tracking of recycling of the products.

Along with recycling of products, KNPL also ensures waste is recycled and reused in the plants. A Solvent Recovery Unit (SRU) is installed in plants for distillation of solvent. SRU removes sludge present in the used solvent thus making it reusable. Recycling of products and waste is also a Key Performance Indicator of the plant employees thus linking it to their performance appraisal process.

Percentage of recycling of products: >10%. Percentage of waste recycled: >10%

Various initiatives and focus approach have helped to reduce specific waste generation year on year.

Principle 3 : Businesses should promote the well being of all its employees.

Please indicate the Total number of employees.

Kansai Nerolac Paints believe in creating an environment which nurtures growth internally and empowers our employees with ownership. The Company had 2997 employees as on 31st March 2019.

We, at KNPL believe in enhancing capabilities of our employees, and employees being the most critical assets, various programs that ensure upgrading of skills and competencies are delivered to the employees, which in-turn enhance them at delivering the best to their ability. KNPL has deep rooted core values to which all the employees are connected. Further to the same at KNPL there are also defined Competency/Skill Frameworks for all the employees across all the cadres.

The culture being open and transparent, having a two way communication is always emphasized in the organization. There are various forums which are designed for the employees to get familiarized through the organizational agendas. This helps the organization to facilitate smooth communication through various channels, which are through meetings, conference, Monthly newsletter, Corporate Communications, Letters from MD, showcasing of various quarterly results are some of the communication channels used.

We strive to improve ourselves constantly, and hence we believe that our employees are our great resource and leverage the same in receiving information and getting insights. At KNPL, we participate in various external and internal surveys to gain the insights of the employees. This gives pulse of the organization on various insights and also helps our employees freely express their thoughts.

We at KNPL, as a professional organization, encourage growth of individual, irrespective gender, religion, caste or community nor with any disability differentiation. The same is also emphasized through our policies, code of conduct guidelines etc. At KNPL we have an Appropriate Social Conduct at workplace Policy.

The Company has provided various cross functional problem resolving platform; this platform allows the employees to write down their issues in various operating areas and ensures that within 72 hours the issues are addressed to the respective employees. The Company has also institutionalized a connect program with various employee groups around the year wherein various employee concerns are discussed in a transparent manner.



KNPL holds a philosophy that encourages compassion and a vision that has tremendous foresight, the way ahead has been charted for success and growth. Our belief in them provides us with the firm foundation to build our business and it serves as a blueprint to guide us as we surge ahead. We believe that magic happens when people come together with a shared mission, clear strategy and shared values.

At Kansai Nerolac Paints, we believe in offering careers and not just jobs to our employees. Our employees are the pulse of the organization; hence it has always been an effort to create atmosphere of "trust, confidence and transparency."

We have a transparent appraisal system which delivers on philosophy to be transparent with the employees. A process has been designed in order to simplify the business plans into an assessment framework called Contest, which helps the employees to focus on the actions which are in the sphere of the particular individual. Functional Dashboards are initiatives and enablers that help achieve targets set out in the consolidated business plan. Contest framework links Company goals to an individual in a transparent and visible manner. Each and every individual thus is able to see how their unique role contributes to the achievement of the Company objective. Employee can review his/her performance on a regular month on month basis through system generated dashboards.

At manufacturing plants various investments are made towards occupational health & safety of the employees. KNPL invests largely in the occupational health and safety towards the employees in various manufacturing plants. We comply with all the statutory norms with respect to depots and manufacturing plants towards the protection and well being of the employees. Various methods (Risk assessment, KYT, Competitions, etc) are adopted to proactively identify potential risks or hazards. Mitigation plan for such potential risk is put-in place immediately for strengthening the safe work environment.

At its manufacturing facilities regular monthly meetings are held with the union by management to ensure the overall well-being of the workmen. Collective bargaining and timely settlement of long term wage contracts is encouraged. For contract workmen who are deployed in manufacturing and depots of KNPL, at each location, various checks are maintained in the system to ensure that wage payments, statutory contribution and provisions of safety and other such obligations are met by the contractor.

The Company provides welfare facilities like subsidized food, bus service, medical check-up amongst others for its workmen. The Company also provides mediclaim facility to employees.

At manufacturing locations, programs like investment opportunities, career options, health & hygiene practices etc are held for employees and their family members. Industry experts are also invited for sharing their knowledge and experience for the benefit of its employees.

The Company has also invested in IT/Automation in a big way to reduce the stress and strain in repetitive jobs and processes. Various investments are also made in Occupational Health and Safety to reduce strain on the job.

Please indicate the Total number of employees hired on temporary/contractual/casual basis.

Total number of employees hired on temporary/contractual/casual basis: 2654.

Please indicate the Number of permanent women employees.

The number of permanent women employees: 54

Please indicate the Number of permanent employees with disabilities

KNPL follows a policy of equal opportunity to everyone and does not discriminate between any individual and evaluates strictly on merit to decide suitability for the job. KNPL does not formally track number of disabled employees.

Do you have an employee association that is recognized by management

KNPL has Operators' Trade Unions in each of its plant locations. The management discusses and settles the issues pertaining to the wages and service conditions with these Unions.

What percentage of your permanent employees is members of this recognized employee association?



Kansai Nerolac Paints Limited • Annual Report 2018-2019

KNPL's trade unions represent 100% of its workers, which is about 24% of the permanent employees of the Company = 709/2997 (Operators/Total Manpower) → 23.6%

Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1	Child labour/forced labour/involuntary labour	0	0
2	Sexual harassment	0	0
3	Discriminatory employment	0	0

What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

- Permanent Employees
- Permanent Women Employees
- Casual/Temporary/Contractual Employees
- Employees with Disabilities

Skill Development	Percentage (%)
Permanent	82.8
Permanent Women Employees	73
Casual/Temporary/Contractual employees	82.5

Safety Training	Percentage (%)
Permanent	75.7
Permanent Women Employees	82
Casual/Temporary/Contractual employees	71.7

Principle 4 : Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

Has the Company mapped its internal and external stakeholders? Yes/No

Yes, the Company has mapped its internal and external stakeholders.

Internal stakeholders:

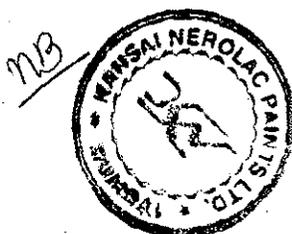
- Employees
- Shareholders and investors

External stakeholders:

- Customers
- Vendors, suppliers and other business partners
- Contractual employees

Local community and society

- Regulatory authorities
- Influencers



Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders

Local communities are considered as those who are vulnerable. The Company has various initiatives in place for covering local communities in and around the plants. Constructions of toilets, providing dustbins, conducting health camps and medical facilities, building classrooms, beautification of the surroundings, plantation of trees, construction of bore well and providing pipelines for water are some of the activities that the Company engages in.

The Company also conducts training programs for people engaged in the painting profession to enhance their skills and capability.

Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.

KNPL's CSR program covers the vulnerable sections of society as part of the overall scope.

Principle 5 : Businesses should respect and promote human rights

Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

KNPL's Code of conduct for employees, the Human Resource policies and settlements reached with the Trade unions at the Company's plants are based on the principles of Human Rights. The Company actively tracks contractor obligations to ensure necessary payments to contract employees. It encourages practice of the principles of human rights such as collective bargaining, non-discrimination, gender equality, appropriate conduct as outlined in the code of conduct. The Company practices occupational safety, employee health and well-being and respect for environment in its day to day operations. These are reflected in the various Human Resource policies. Employees have easy access to these policies and are made aware of these throughout the year.

The Company provides various mechanisms to ensure that an employee's voice is heard through grievance addressal mechanism as well as emails and direct interaction with employees through forums like open house and workshops.

These policies cover KNPL and its subsidiaries.

How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

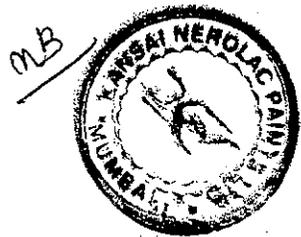
The Company did not receive any stakeholder complaint regarding human rights during the reporting period.

Principle 6 : Business should respect, protect, and make efforts to restore the environment

Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

Sustainability is an important agenda for KNPL and as such, it has a well-established sustainability program. The need to develop an integrated approach to measure, manage and report its environmental impacts is well acknowledged. The Company has been disclosing various initiatives under the same in accordance with the GRI guidelines for the last 7 years in its sustainability report which is available on the website and also is a part of the Annual Report. In addition an environmental dashboard is published on the website.

KNPL understands the changing needs of customers and continuously upgrades them on new technologies and products which are environment friendly. Various value engineering activities for its Automotive Customers and jointly explore projects which help in reducing energy needs is done regularly. The tagline of Healthy Home Paints for its Decorative Products was adopted to show its commitment towards environment. Most of the decorative paint processing is through closed loop manufacturing technologies to cause minimal wastage. The plants are ISO 14001 certified. Policy related to Principle 6 covers the Company and its subsidiaries.



205

Kansai Nerolac Paints Limited • Annual Report 2018-2019

Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

KNPL nurtures a culture of environment conservation that emphasizes on meticulous monitoring of resource use and encourages innovations that aids in reducing the dependency on natural resources. Over the years, there has been work carried out towards improving the carbon and water footprint while optimally utilizing natural resources. There are defined processes and systems in order to identify, quantify and reduce the impacts on the environment, including the carbon, water, energy and waste footprint. An Occupational Health, Safety & Environment (OHS&E) Policy is in place which is communicated to all employees. The OHS&E Policy is available on KNPL's website and can be accessed at <https://nerolac.com/sustainability.html#scroll>. Information on detailed initiatives is covered in Sustainability Report section of this Annual Report and can also be accessed at <https://nerolac.com/corporate-sustainability/environmental-performance.html>

Does the Company identify and assess potential environmental risks? Y/N

Yes, the Company has a formal mechanism to identify and assess potential environmental risks, a detail of which is covered in Sustainability Report section of this Annual Report.

Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

The Company has undertaken multiple projects for emission reduction and improving its environmental footprint. Though no project is registered under Clean Development Mechanism, emission reduction initiatives have been covered in the Sustainability Report section of the Annual Report.

Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

Increased renewable energy portfolio, installation of LED lights, reduction of carbon footprint, reduction and reuse of waste generated, zero discharge at plants, rain water harvesting and use of natural sunlight are amongst the various initiatives undertaken by the Company. Information on detailed initiatives is covered in Sustainability Report section of this Annual Report.

Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Yes and these are being monitored continuously through online monitoring systems installed at all the manufacturing sites of KNPL.

Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

None.

Principle 7 : Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

The Company engages with the public and regulatory bodies in a responsible manner. It participates in the same on a need basis. The Company is a member of the following trade associations:

- Employers Federation of India
- Bombay Management Association
- Indian Chemical Council
- Indian Paint Association
- Bombay Chamber of Commerce
- Maharashtra Economic Development Council



MB



Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes, specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy Security, Water, Food Security, Sustainable Business Principles, Others)

The Company participates in various programs of these associations, and supports them with appropriate inputs in governance and administration, Economic reforms, environmental standards amongst others.

Principle 8 : Businesses should support inclusive growth and equitable development

Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes, details thereof.

Yes. Driven by its Corporate Social Responsibility policy, the Company engages in various activities which support inclusive growth and development of all. The broad areas of work are Livelihood and Skill development, Preventive Health Care and sanitation, Promoting education, Rural and Community development.

Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

Yes, combination of all.

Have you done any impact assessment of your initiative?

Yes, assessment is done before starting the initiative and constantly monitored at various stages.

What is your Company's direct contribution to community development projects – Amount in INR and the details of the projects under-taken

An amount of ₹ 13.45 crores was spent towards various CSR projects during the financial year 2018-19.

Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words.

KNPL ensures all community development initiatives make an impactful and effective contribution to society at large with involvement and engagement of its employees, along with partnering with local and government bodies. The details of the CSR initiatives undertaken by the Company are set out in Annexure 1 to the Board's Report.

Principle 9 : Businesses should engage with and provide value to their customers and consumers in a responsible manner

What percentage of customer complaints/consumer cases are pending as on the end of financial year.

KNPL actively engages with its customers in a responsible manner. The technical and production teams work together to ensure that a customer's concern is successfully resolved. If needed teams from Kansai Paints, Japan is also involved.

For Automotive and certain Industrial OEM customers, KNPL provides technical sales service personnel who are stationed at the customer lines to ensure that the product provided by the Company runs smoothly on the line. These personnel work round the clock at the customer lines and provide various value added and value engineering activities to customers. The Company's R&D team works with OEM customers to develop long term product roadmaps. Various colour presentations and trainings are provided to OEM customers as needed. The Company also seeks to align the supply chain with some of its large customers to ensure minimal inventory at customer end. KNPL also allows its OEM customers to audit its manufacturing facilities.

Company also carries out value engineering regularly with its industrial customers for the benefit of customer and society.

KNPL has institutionalised a mechanism to get feedback from its automotive OEM customers as regards the Technical Sales Service personnel working at their site. KNPL also conducts trainings and workshops for customer personnel on various paint and application related topics.



Kansai Nerolac Paints Limited • Annual Report 2018-2019

All customer product complaints either directly from OEM or given to KNPL via dealers or the sales team are recognised and recorded in the SAP system. Each complaint has a unique reference number. They are then tracked to closure at the customer end by the Quality Assurance function as per internal laid down timeline norms. Most products are batch managed and the Company conducts root cause analysis to ascertain the issue with the product when needed.

KNPL also extends this rigour of monitoring and control of quality to its suppliers as well.

The Company has set up a dedicated consumer helpline 1800-209-2092 for consumers to record their issues. In addition dealers can call up KNPL and record any grievance they may have regarding KNPL. These are then tracked to successful resolution.

There are 7 consumer related legal cases pending at the end of the financial year.

Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information)

The products of KNPL display all information which is mandated by law including the directions for use. Product information is available in the Product Information Sheet that is available with the dealers of the Company and on the website of the Company.

Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

There are no cases filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as at the end of financial year.

Did your Company carry out any consumer survey/consumer satisfaction trends?

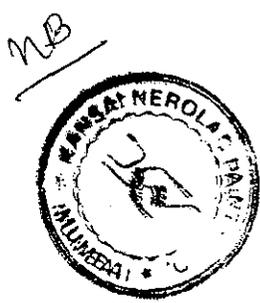
KNPL regularly engages with customers to get their feedback on products and gauge their satisfaction level. Engagement mechanisms include brand track, customer meets, customer satisfaction feedback and surveys, customer and product trainings at customer end. For Automotive OEM customers detailed customer surveys are carried out every year once by internal team and once by external independent agency to get the feedback. Based on the feedback received, KNPL undertakes and tracks various initiatives to ensure that the overall satisfaction level of the customer is improved.

For and on behalf of the Board

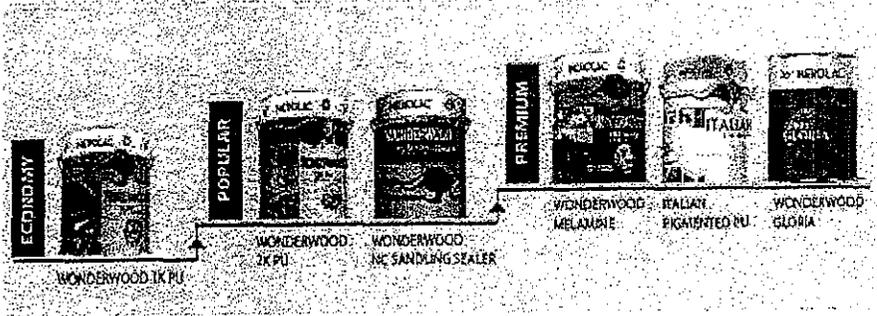
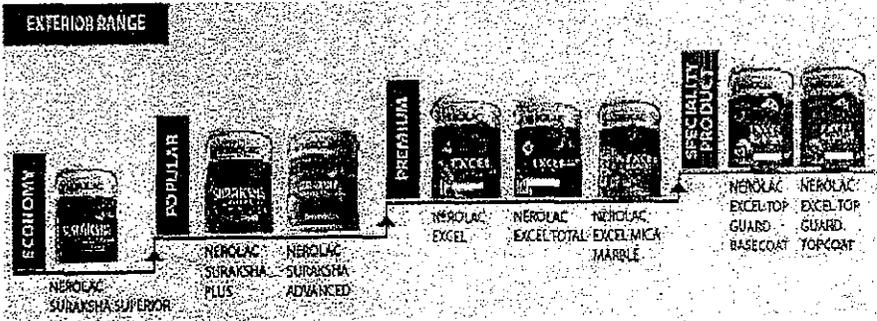
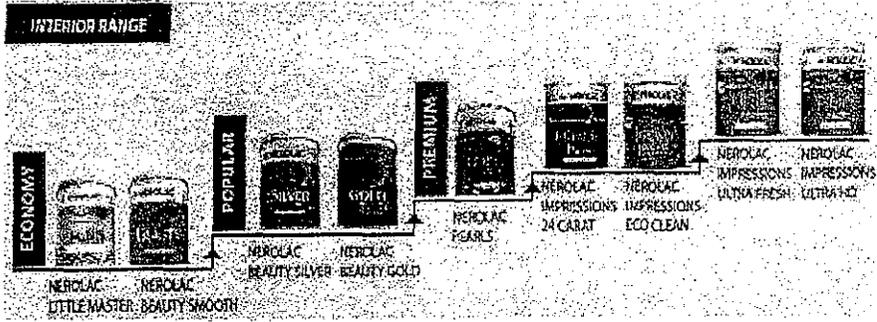
H. M. Bharuka

Vice Chairman and Managing Director

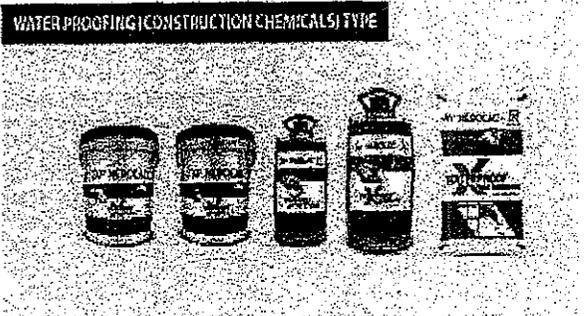
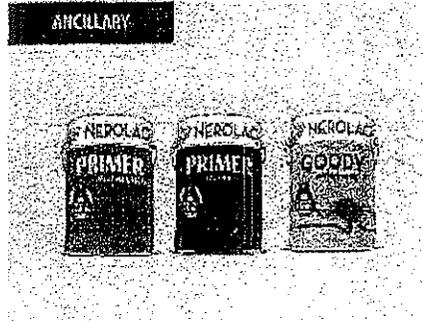
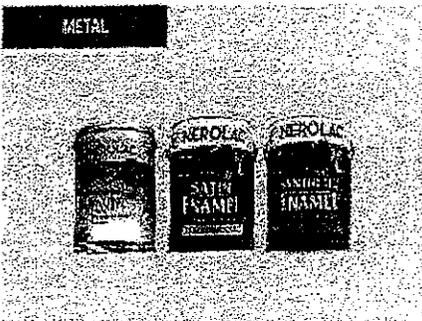
Mumbai, 2nd May, 2019



DECORATIVE RANGE



OTHERS



INDUSTRIAL RANGE

Automotive Coatings

Applications in Industries -
Passenger Vehicles, Commercial Vehicles,
Tractors

Products

Heavy metal free automotive products,
Intermediate coat/Primer Surfacer, Top Coat,
Scratch Resistant Clear Coat, High Solid Base
Coats, DTM(Direct to Metal) Coating, Multi-
metal Coating, Touch up Paint, Auto Refinish,
Heat Resistant Paints, Underbody paints & PVC
Sealants, Rapgard Transit Protection Film,
Automobile Interior Coating, Monocoat
Metallics, Super anti-corrosive primer,
Electrodeposition Coating

Technology

Electrodeposition(ED), 3C-1B(3 Coats 1 Bake)/
2C-1B System, Common coating system for
sheet metal & plastics

General Industrial Coatings

Applications in Industries -
Electrical Equipment, Agricultural Equipment,
Generator Sets, Gas Cylinder, Sewing Machine,
Helmet Coating

Products

Barrel Coating, Container Coating, Cycle
Coating, Generator Coating, Coil Coating,
Construction Equipment Coating,
Pre-engineering building structure Coating,
Electrical appliances, Fan Coating, Gas Cylinder
Coating, Glass Coating, Hacksaw blades,
Helmets Coating, Pencil Coating, Zip Coating,
Material handling equipment,
TV Cabinet Coating

Powder Coatings

Applications in Industries -
Refrigerator, Washing Machine, Microwave,
Fans, Air Conditioner, Light Fixtures, Electrical
Equipments, Auto ancillary

Products

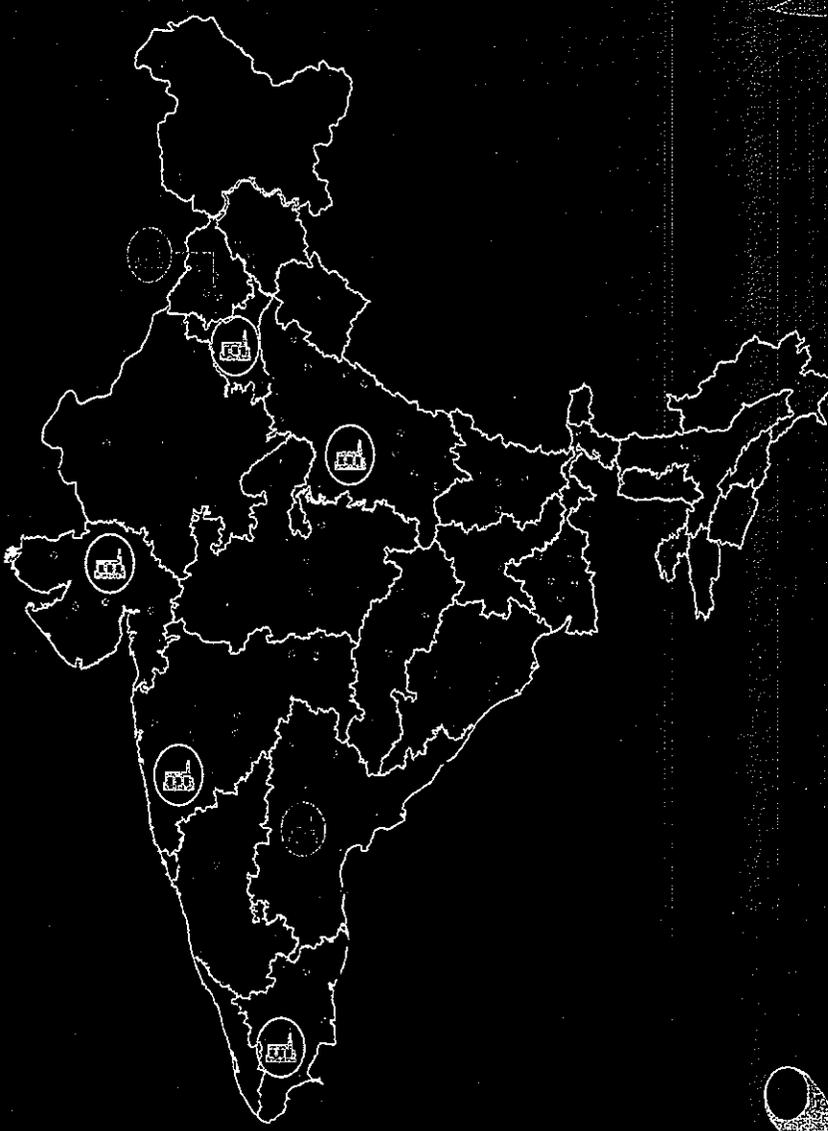
Epoxy Polyester Powder, Epoxy Powder,
Pure Polyester Powder, Polyurethane Powder,
Rebar Coating, Wood Sublimation Coating,
Super Durable Coating, Low bake powder
Coating, Fast cure powder Coating,
Antimicrobial Coating

High Performance Coatings

Applications in Industries -
Petroleum/Petrochemicals, Metal Industries,
Fertilizer Industries, Infrastructure, Cement
Industry, Railways

Products

Chlorinated Rubber Coating,
Conventional Coating, Epoxy Primers &
Finishes, Epoxy tank lining, Surface tolerant
Coating, Epoxy glass flakes surface tolerant
Coating, Coal Tar Epoxy, Polyurethane
Coating, Inorganic Zinc Silicates,
Heat Resistant Coating, Polysiloxanes Coating,
Floor Coating



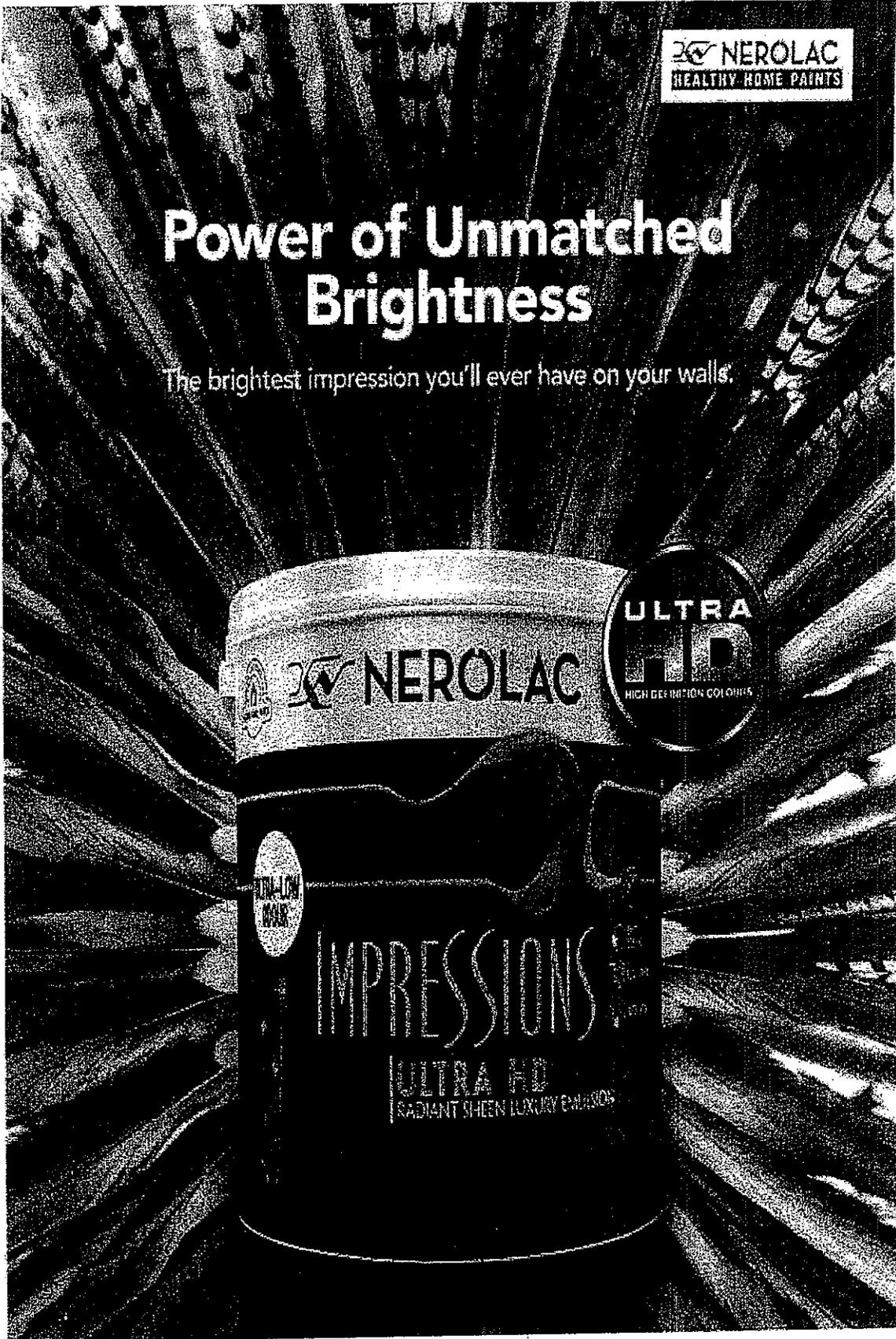
5 Strategically located plants
(Jainpur - UP, Bawal - Haryana, Hosur - TN,
Lote - Maharashtra, Sayakha - Gujarat)

2 Upcoming plants
(Punjab & Andhra Pradesh)

104 Depots pan India
24000+ Dealer network



211



Power of Unmatched Brightness

The brightest impression you'll ever have on your walls.

-  Ultra-low odour
-  Ultra-low VOC
-  Faster drying



SUSTAINABILITY REPORT

Message from the Vice Chairman and Managing Director

Dear Stakeholders,

It gives me immense pleasure to present our second integrated Annual Report which includes Sustainability Report for the financial year 2018-19. Through this Sustainability Report, we share our Company's overall strategy, policies and performance against specific economic, environmental and social goals and metrics.

Over the past year, as you will see in this progress update, we have made solid strides in our sustainability journey and we remain committed to doing even better. Our innovative marketing campaigns led us to push growth momentum in decorative business. Industrial sector continued to grow in niche market segments and tools for industrial business. Company also worked upon environmental and social sustainability aspects of business. KNPL exercised stewardship in all major aspects of sustainability and strengthened due diligence.

Product stewardship: At KNPL, priority is to safely and responsibly manufacture our products in a way that minimize use of energy and natural resources. Our strategies have been directed towards environment friendly product innovations which have helped in reduction of water and energy consumption, air emissions and waste. It has helped the Company to offer innovative and sustainable products to valued customers.

Safety stewardship: The Company believes that a safe and healthy work environment is a prerequisite for ensuring employee well-being and adopting best practices in occupational health & safety bears a direct impact on the Company's overall performance. As a part of safety excellence, we launched Safety Concern portal wherein the employees and contractors log concerns regarding unsafe acts/conditions present in the workplace which are then eliminated through necessary actions on timely basis.

Company continued its focus on fire risk due to static charge and deployed "Earth Rite" systems in critical solvent handling area as a part of safety controls. Last year, we strengthened our training system and brought about training automation through implementation of training kiosks at all our facilities.

Environmental stewardship: At KNPL, focus has been on "reduce, re-use & recycle" programmes in our manufacturing units which have reduced material losses and hazardous waste generation. Company has been proactive in order to reduce its environmental footprints from. Company has strategically focussed on water reduction at source and invested in dry or close-loop process technologies to curtail water consumption. All our major manufacturing sites are installed with zero liquid discharge units. Online stack and effluent monitoring systems have been installed at all the sites. We are continuously increasing renewable energy contribution in our overall energy consumption.

Serving Society: KNPL believes in co-existence of business and society. KNPL has been engaging with local communities and organizations to contribute towards social benefits. Our efforts have been focussed around Health, Education, Environment and Community development in collaboration with local stakeholders like government agencies, institutions amongst others.

Lastly, I am proud of the manner in which this report has come about through coordination and partnership across the organisation. KNPL is committed to build an organisation that is sensitive, vibrant and geared towards building a better tomorrow with the help of all the stakeholders.

H. M. Bharuka
Vice Chairman and Managing Director



Report Profile, Scope and Boundary

This report aims to disclose sustainability performance of Kansai Nerolac Paints Limited (KNPL) as per Global Reporting Initiative (GRI) Standards for financial year 2018-19. (1st April, 2018 – 31st March, 2019). This report has been prepared in accordance with the GRI Standards: Core option. Sustainability report is compiled and published every year based on GRI reporting principles i.e. Balance, Comparability, Accuracy, Timeliness, Clarity, and Reliability. This is eighth consecutive sustainability report and first time it is being published as per the GRI Standards instead of GRI G4.0 Guidelines. It is being published in an integrated manner along with Annual Financial Report and Business Responsibility Report (BRR). References to GRI disclosures are provided in GRI Content Index. Quantitative data in this report with respect to material aspects has been derived from various system reports internally. Qualitative information has been published after review with concerned functional heads. Sustainability report content is reviewed by Management committee followed by rigorous review by Executive Director and Managing Director of the company. After reviewing report content and approval from Top management, sustainability report is published and further distributed.

Financial data and CSR expenditure of this report have been externally assured. For any clarification with respect to report or to request for additional copies, please contact through mail at – sustainability@nerolac.com

The Corporate office of KNPL is at Nerolac House, Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400013, Maharashtra, INDIA.

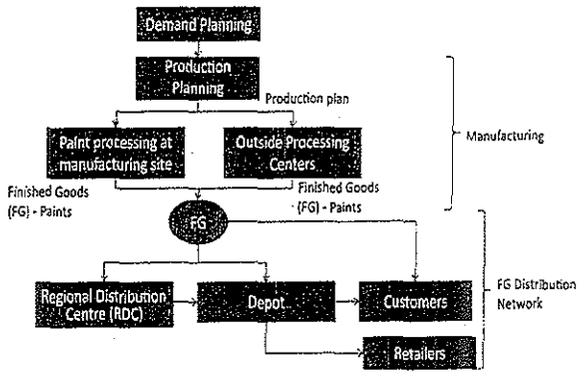
This report covers KNPL operations in India through its four manufacturing facilities located at Lote, Bawal, Hosur & Jainpur. A new manufacturing facility at Sayakha, Gujarat and a new Research & Development Centre at Vashi, Mumbai have been commissioned last year. There are no significant changes in organization structure, ownership and operations during the reporting period. There are no restatements of information provided in previous reports. Scope and aspect boundaries with respect to material elements are similar to that of the previous sustainability report.

KNPL SUPPLY CHAIN

KNPL supply chain is vertically integrated and is illustrated in the diagram below. KNPL has a wide range of Industrial as well as Decorative customers under its gamut. Planning and Distribution part of supply chain differs for these two major groups of customers. For Industrial customers,

planning is carried out as per "Make to Order" philosophy, while for decorative customers planning is carried out based on forecasted demand and they are served through the company's wide distribution network.

Planning phase provides production plan as the output which in turn provides input for the manufacturing team in terms of finished goods to be produced and for the purchase department in terms of raw materials to be procured to fulfill the demand. The Company has a supplier base of more than 500 material suppliers which consists of raw material and packaging material vendors. Out of these, around 350 are local suppliers which undergo frequent audits by the KNPL team. Purchasing of required materials and manufacturing of paint is carried out as per production plan. This is followed by distribution to customers through the distribution network.



KNPL MEMBERSHIP

Membership details are covered in the Business Responsibility Report through disclosure on principle 7.

KNPL is also committed to and comply with the following External standards/principles:

- ISO 9001: 2015 – All plants
- ISO 14001: 2015 – All plants
- OHSAS 18001 – All plants
- IATF 16949: 2016 – All plants

STAKEHOLDER MANAGEMENT

Management Discussion & Analysis (MDA) section and disclosure on principle 4 of the Business Responsibility Report (BRR) cover KNPL's engagement with its stakeholders. While these sections of the Annual Report cover engagement activities with Customers, Influencers, Employees, Shareholders, Investors and Local Communities, information on engagement activities with Suppliers and Regulatory Authorities are covered in this section.



Suppliers

KNPL understands that suppliers are critical to its success in the market and in earning profits and as such they're at the heart of many of the organization's processes and activities. Proper and effective vendor management provides KNPL with strategic advantage over its competitors. So, the company considers its vendors as its business partners and hence appropriate vendor engagement and development platforms have been developed. To deliver quality paint products, it is necessary to receive consistent quality from the raw materials vendors. To manage objectives of quality raw materials, timely delivery & other development initiatives, KNPL has adopted Best Vendor Performance Management System. To emphasize on these aspects, KNPL Quality Assurance team assesses vendor performance on quarterly basis followed by audit of critical vendors. Vendor audit is based on multiple criteria such as Quality performance, ISO 9001 certification, ISO 14001 certification, OHSAS 18001, Factories Act etc. During vendor audit following major points related to Environment, Health and Safety are assessed.

1. Systems followed – ISO 14001, OHSAS 18001 amongst others
2. Compliance to statutory and regulatory requirements – Factory license renewal, Explosive license, Hazardous Waste authorization, Pollution control board clearance, Air & Water Consent renewal
3. Safety – Availability and accessibility of fire fighting equipments and their controls. Availability of Material Safety Data Sheets (MSDS) for materials
4. Level of awareness and training related to safety, quality and emergency procedures of operating people.
5. Sustainability and green initiatives
6. Safety and housekeeping standards

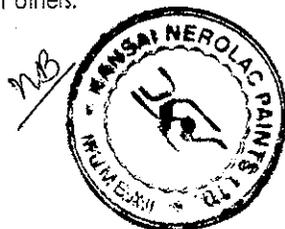
For better collaboration with the vendors, KNPL has adopted Nerolac portal to facilitate supply chain visibility of order processing. KNPL also engages with its vendors for joint improvement projects.

Regulatory Authorities

KNPL acknowledges the key role of all levels of government and legislative bodies in promoting sustainable development. It further acknowledges efforts and progress made at the local and sub-national levels, and recognizes the important role that such authorities play in implementing sustainable development. KNPL interacts and communicates with various government authorities such as Pollution Control Boards (PCBs), State Industrial Development Centre (SIDC), Ministry of Environment, Forest and Climate Change either directly or through industrial associations as per requirements. For various government approvals such as consent to operate, Environmental clearance, Fire NOC, company representatives interact with government officials as and when required. Company expresses its views and suggestions on various government gazettes through industry associations like Indian Paint Association (IPA) amongst others.

Materiality Aspects and Scope

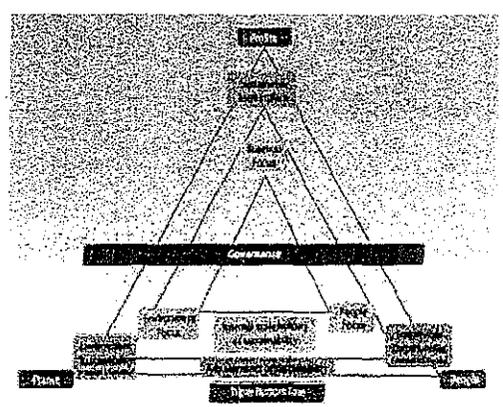
Material Aspects	Materiality and Scope for KNPL
GRI 200 – ECONOMIC	
Economic Performance	Strong economic performance is necessary for an organization to be sustainable.
Market Presence	KNPL caters to its valued customers through its distribution network of depots and dealers across INDIA. Contribution to local areas and communities through employment is an important aspect. KNPL contributes to local employment in a market wherever it operates. Employment is generated directly such as at manufacturing sites, depots or indirectly for sourcing of various materials or services from local market.
Indirect Economic activity	KNPL addresses this material aspect through its Corporate Social Responsibility (CSR) activities.
Procurement practices	KNPL tries to procure its raw materials from local vendors to the extent possible. However, certain ingredients are imported to fulfill specific Quality/specification and Safety requirements.
Anti Corruption	KNPL has well established code of conduct and whistle blower mechanism to address corruption related risks.
Anti-competitive Behavior	KNPL complies with all applicable regulations and compliances with respect to anti-competitive behavior and doesn't entertain any such practices that prevent or limit competition.
GRI 300 – ENVIRONMENT	
Materials	Environmental performance is an important component of triple bottom line performance. It is necessary for an organization to reduce environmental impacts of its operation through efficient manufacturing processes and by adopting cleaner technologies. It is need of the hour to efficiently use natural resources like water, materials etc. while reducing wastes, emissions and effluents. KNPL has always been keen on development of eco-friendly products and technologies to help reduce its impact during paint application. Special care is taken in order not to impact negatively, the bio-diversity of the area around the manufacturing sites. KNPL has always been keen on leveraging its technological edge to develop innovative products and technologies to reduce environmental footprint during application phase. Being the leader in Industrial coatings, it has developed products which are made of concern free ingredients and are low in energy consumption during application. It has differentiated its decorative products as Healthy Home paints. KNPL complies with all applicable regulations and compliances with respect to Environment. Grievance mechanism has been established accordingly.
Energy	
Water & Effluents	
Biodiversity	
Emissions	
Effluents and waste	
Environmental Compliance	



Material Aspects	Materiality and Scope for KNPL
GRI 300 – SOCIAL	
Employment	Employees are an important asset to organization.
Labor/ Management Relations	KNPL is committed to conduct its activities in such a way as to take the foremost account of the Occupational Health and Safety (OH & S) of its employees and all the individuals working in its plants. This is documented in the organization's Occupational Health, Safety & Environment (OHS&E) Policy. Grievance mechanism has been established accordingly.
Occupational Health and Safety	
Training and Education	Training and Education of workforce is necessary to upgrade skills of employees working in various functions. It helps the organization to be competitive through enhanced employee participation and engagement.
Diversity and equal opportunity	KNPL is an equal opportunity employer.
Human Rights	A strong commitment to human rights is an integral part of KNPL ethics and principle. All employees, including security personnel, are sensitized to human rights as part of their orientation program. KNPL complies with all applicable regulations and standards with respect to human rights. Grievance mechanism has been established accordingly.
Local Communities	In today's era, it is important to be a good corporate citizen and neighbor in order to maintain social license to operate. KNPL has a policy to guide Corporate Social Responsibility (CSR) activities in areas around its operational sites. The manufacturing locations and corporate office drives planned CSR programs in the scheduled quarter by involving external agencies or on their own.
Public Policy	KNPL maintains strict apolitical stance and neither spends on lobbying nor in donations to political blocks.
Customer health and safety	KNPL products have gained popularity as Healthy Home paints in market. It has introduced and pioneered low VOC paints with no added lead in Indian markets.
Marketing and Labeling	KNPL complies with all applicable regulations with respect to Marketing communications, labeling and customer privacy. It also tries to promote healthier and safer nature of its products through eco labels.
Customer Privacy	KNPL maintains customer privacy in terms of sharing and publishing of customer details.
Socio-Economic Compliance	KNPL ensures strict compliance with all applicable regulations in the social and economic area.
Supplier Assessment for Environment, Social Impact & Labor Practices	
Supplier assessment and due diligence is important aspect for sustainability. KNPL exercises it through supplier audits on various aspects such as ISO 14001, OHSAS 18001 certifications, statutory compliance amongst others.	

SUSTAINABILITY APPROACH

KNPL embodies the philosophy of building sustainable business that is firmly rooted in the community and demonstrate care for the environment. Towards this, KNPL has adopted the 'triple bottom-line' approach and recognizes People, Planet and Profit as the central pillars of corporate sustainability.



Economic Aspects

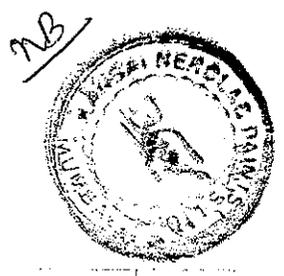
Data on revenue and profit growth is covered as part of the annual report.

The Company received no financial assistance from government in last financial year as per IAS 20 Accounting for Government Grants and Disclosure of Government Assistance, 2001.

The Company does not spend on lobbying and maintains an entirely apolitical stance. The Company does not support any specific political party or candidate for political office. Nor does it offer or give any company funds or property as donations to any political party, candidate or campaign. There has been no political contribution by the Company in last year.

All strategic economic decisions are taken by the Board of Directors and executed by the Vice-Chairman cum Managing Director, Management Committee and departmental heads as the case may be. The economic decision making responsibility with respect to daily business is assigned to the Vice-Chairman cum Managing Director, Management Committee and Departmental Heads and so on. Management committee forms the highest governance body of organization under the aegis of Vice-Chairman cum Managing Director. Management committee members are responsible for economic decisions with respect to areas under their purview. These are approved by Vice-Chairman cum Managing Director and Board of Directors as per laid down policy.

At KNPL, agenda and plans for next financial year are decided at the start of year which entails documentation of detailed annual business plan. Based on annual business plan and market trends with respect to currency value, raw material cost, energy costs amongst others, detailed annual budget is prepared by Chief Financial Officer of the Company which is further approved by the Vice-Chairman



cum Managing Director and Board of Directors. Annual expenditure is divided into two major categories – Capex (Capital Expenditure) and Revenue Expenditure.

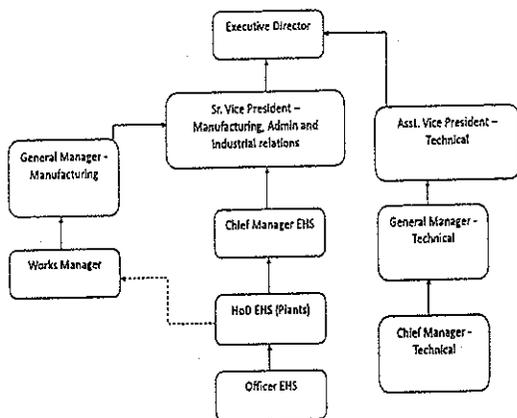
Environmental Aspects

In today's business scenario, businesses are expected to play a key role in addressing environmental sustainability challenges through means such as compliance with environmental norms and corporate social responsibility initiatives amongst others. At KNPL, environmental sustainability principles in overall operations and planning are the integral part of organizational strategy. As a part of being a responsible corporate citizen, KNPL continuously strive to reduce its ecological footprint by identifying material areas and focusing on each of them strategically.

The Company has consistently managed and improved its environmental performance. KNPL is sensitive of its role both as a user of natural resources and as a responsible producer of chemical based products for society. KNPL has defined processes and systems in order to identify, quantify and reduce the impacts on the environment, including the carbon, water, energy and waste footprint. The Company is always keen on adopting cleaner technologies to reduce its environmental footprints. Most of the decorative paint processing is through close loop manufacturing technologies to cause minimal wastage. Upcoming sections deal with the Company's progress on the efforts to manage water, energy and material resources.

Environmental Governance

Environment, Health and Safety (EHS) function exercises vigilance on the environmental agenda of organization and its compliance. The diagram illustrates how environmental governance is exercised throughout the organization. Plant EHS Team headed by the EHS HoD (Head of Department) ensures environmental compliance and process controls at the manufacturing sites with the help of the Manufacturing team. Corporate EHS team guides plant EHS teams for accomplishment of environmental objectives of the organization. Environment review meetings are conducted on monthly basis at respective plant locations where Works Manager acts as the Chairperson and EHS head acts as Secretary.



Annual Business Plan is prepared at the start of each financial year and with the guidance of the top management, the environment related goals and targets are set for the coming year and are periodically reviewed. Executive Director guides environmental agenda of organization through EHS review meeting at head office in presence of Senior VP - Manufacturing, Admin & Industrial Relations, GM Manufacturing, Chief Manager EHS & Central Engineering. The Review Meeting is organized periodically at head office.

While all products of KNPL meet or exceed the environmental expectations mandated by the law of the land, the Company keeps adding greener products to its portfolio to serve a two-pronged objective of achieving excellence in green manufacturing and to constantly develop safe products for the consumers. The Company has been able to successfully develop green products and its application technologies for its customers because of its Technical team which plays a key role in development of sustainable products for customers.

Precautionary Approach

As a responsible corporate citizen, KNPL continues to anticipate and manage risks in the face of uncertainties and challenges. In order to address these challenges, best practices have been embedded into KNPL's operations on the basis of which, the Company strives to maximize the efficiency of use of natural resources in its business. KNPL supports the precautionary principle as defined in principle 15 of 'The Rio Declaration on Environment and Development' and is keen on adopting new emerging practices and approaches to cater to the precautionary approach. KNPL's precautionary approach is characterized by following major areas –

1. Adoption of renewable energy
2. Adoption of cleaner technology
3. Product differentiation based on green features
4. Reduce, Reuse and Recycle initiatives to reduce overall water consumption
5. Raw material substitution
6. Process optimization and waste minimization

While leveraging these opportunities, KNPL has also identified risks posed by climate change. Mitigation plan has been developed to address these risks. At all manufacturing plants, systems have been implemented to identify and manage risks and emergencies for which detailed procedures and plans have been made. All employees actively participate in the implementation of emergency preparedness.

Environmental Sustainability Risks

New developments in Environmental standards and Laws require organizations to modify and upgrade their operating practices to pursue certain defined standards. At KNPL, legal updates subscription communicates



draft government notifications on timely basis. The Company also liaises with government bodies on draft notifications through industry associations such as IPA. Based on external factors and liaison, the Company evaluates potential environmental risks in the Company's context and the timeline for action. Based on requirements, investments are proposed for approval and implementation is planned.

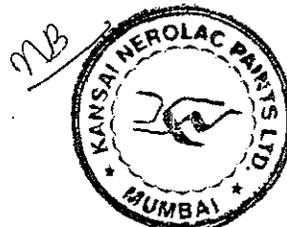
Environment conservation and Climate Change are the pressing issues today. The Company identifies these risks through various data available on government websites, sustainability assessment platforms such as CDP, GRI based sustainability reports amongst others. Various publications from governments such as National Action Plan on Climate Change (NAPCC), resources on websites of environment and water resource ministry also help understand environmental risks. The Company sets

very exacting standards in environmental management and establishes comprehensive indicators to track performance in these areas. The Company also leverages climate change as an opportunity in the relevant context. In operations, the Company gets benefits by energy efficiency, renewable energy and material efficiency initiatives. Environmental risks in operations are identified through aspect - impact study of processes and are addressed through control measures and environmental management programs.

Customers are taking cautious steps toward purchase of environment friendly products and services as a part of their supply chain due diligence. As such, environment and health friendly products are major themes in product marketing. KNPL takes it as an opportunity to gain competitive advantage through development of eco friendly products and technologies.

Environment and climate change related risks

Risk Driver & Description	Potential Impact	Expected timeframe	Likely cost of management	Management method
Regulation on water consumption Regulation regarding groundwater usage has been released. There may be regulations to limit water consumption or to conserve water through community initiatives.	Increased capital cost and operation cost	1 to 3 years	10 Crores	<ol style="list-style-type: none"> 1. Water conservation through monitoring at source, cleaner technology. 2. Zero liquid discharge at new plants. 3. Rain water harvesting. 4. Community initiatives for water conservation. 5. NOC from CGWA for ground water usage.
Emission Monitoring Regulations on fugitive emissions, storm drain water and solvent losses have already been released. There is going to be norms on VOC, dust emissions from processes.	Increased capital cost and operation cost	1 to 3 years	5 Crores	<ol style="list-style-type: none"> 1. Self monitoring for compliance. 2. Installation of technologies to capture fugitive emissions, reduction of solvent losses and reuse to the extent possible. 3. Increasing the height of stack and chimneys as per regulation.
Regulation on Plastic usage & waste generation Regulations on recovering plastic wastes from the market and/or having agreements with govt. recognized plastic recovery organizations (PROs) for managing plastic wastes may come in the future. Also, some states have regulations for the ban of usage of plastics < 50 micron. It may extend to other states.	Increased operation cost	1 to 2 years	In process of mapping the quantity of plastic wastes generated in the market and per unit cost charged by the PROs to recover these wastes.	<ol style="list-style-type: none"> 1. Mapping of plastic waste generation to be done. 2. EHS department to coordinate with PROs for plastic waste recovery. 3. Action plan to be developed for reduction at source. 4. Replacement of plastic packing materials with reusable/recyclable material. 5. Purchase department to coordinate with suppliers for the fulfillment of obligations.
Chemical regulation Chemical regulations such as REACH, RoHS are prevalent in other countries. In India as well, there are regulations on heavy metals. Soon more chemical regulations are expected to be developed in India.	Increased capital cost and operation cost	3 to 6 years	1.5 Crores	<ol style="list-style-type: none"> 1. Check compliance against worldwide regulations proactively. 2. Establish systems for monitoring of substances of concern. 3. Implementation of product safety software. 4. Project plan for adoption of eco-friendly raw material alternatives.
Renewable energy obligation Already some of the states have renewable energy regulations. It may extend to other states.	Increased capital cost	1 to 3 years	5 Crores	<ol style="list-style-type: none"> 1. Adoption of renewable energy i.e. Solar, wind, biomass 2. Improvement in energy efficiency of operations



Environment and Safety Expenditure

Last year, the Company spent around Rs. 16.9 crores capital expenditure on EHS requirements at existing plants. It includes procurement and up-gradation of assets for environmental monitoring, effluent treatment, water conservation, energy efficiency, harnessing renewable energy, emergency preparedness and safety equipment. There had been Rs. 3.09 crores of revenue expenditure on EHS requirements at the existing plants.

Material and Waste Management

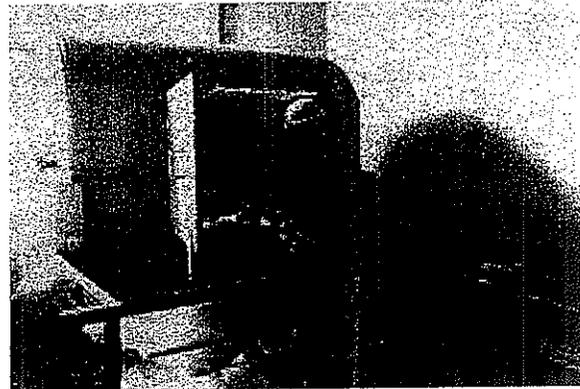
A significant portion of the net revenues is spent on procuring raw material and packing material. Material efficiency allows reducing resource consumption and saving cost. Higher material wastage implies greater expenditure for treatment of waste and effluents. Quality raw material procurement and its minimized wastage during processing are key focus area of the Company. Table below illustrates material consumption along broad categories of raw materials.

Raw Material category	2014-15	2015-16	2016-17	2017-18	2018-19
Pigments, Extenders and Resins (in MT)	125722	146114	169546	185715	195973
Organic acids and anhydrides (in MT)	13551	15097	17560	18529	20058
Solvent oils and fatty acids (in MT)	79906	87741	95467	95822	100051

With larger production batch sizes and improved material addition accuracy, material wastage is being reduced to low levels. In order to further reduce material wastage, the Company is increasingly promoting automation and has implemented close loop manufacturing processes in most of its decorative operations. Wherever feasible, process parameters are monitored through SCADA controls to exercise strict control on material additions. Implementation of silo system for close loop powder addition has helped reduce worker exposure to dust on shop floor. In decorative process, most of the wash water is reused in the product itself.

Last year, the Company has strengthened its material recovery and reuse initiatives as well; specifically material losses due to sticking in supplied packaging. TiO2 recovery machines have been setup across all plants in order to recover sticking TiO2 in the bags. Through this initiative, approximately 26.4 tons of TiO2 (worth Rs. 38.5 Lakhs) were recovered. It is being tracked through system and reuse is ensured. In order to reduce sticking material

losses and barrel handling in manufacturing processes, the Company procures bulk liquid chemicals in tankers instead of barrels and these raw materials are stored in tanks for further usage in manufacturing. Implementation of reusable cartridge in the filtration process has helped reduce cartridge waste in industrial processes. In resin manufacturing, nitrogen purging is being implemented for reducing the wastage through sticking resin. Cleaning solvents of all major resins are reused in the next batch of same resins and losses are being kept at the minimal. Pumping facilities have been installed to transfer the waste dirty solvent from Resin section to Solvent Recovery Unit for distillation of waste solvent. In paint section, system controls have been implemented to ensure reuse of paint filled in part filled cans in the next compatible batch of paint. In product development, suitable coating system has been developed for Barrel Industry which eliminated entire pretreatment operation resulting in reduction waste sludge generation.



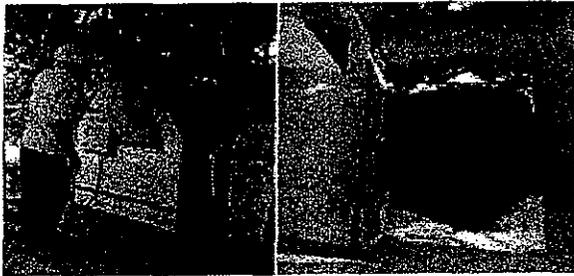
TiO2 recovery machine

In operations, cleaning solvent is reused after distillation process again for equipment cleaning. The Company uses all fresh raw materials in its products to maintain high quality standards. Major hazardous wastes generated from our manufacturing sites are Distillation residue, ETP Sludge, Mixed Paint, off specification paint amongst others. These wastes are being disposed off as per statutory requirement to authorized Treatment, Storage and Disposal Facilities (TSDFs). No hazardous waste is transported (imported or exported) internationally from the sites. In last financial year, there have not been any cases of significant spillage at any of our manufacturing sites.

Under new initiative, automatic compost machine has been installed at Bawal plant and the canteen waste is being converted to manure. The food waste is composted into raw manure within 15 minutes and then stored in the racking system for further composting. The

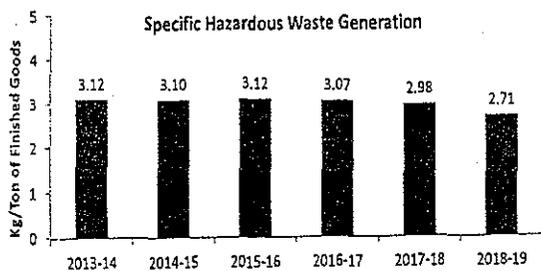


bio-compost thus formed is being used in gardening. This project is now planned to be executed at other KNPL facilities.



Automatic compost machine at Bawal

Last year, KNPL achieved 9% reduction in its specific hazardous waste generation as compared to FY 2017-18. Specific hazardous waste generation stood at 2.71 Kg/Ton of Finished Goods. The Company has been able to reduce its hazardous waste generation over the years as can be seen in the adjoining graph.



KNPL currently does not reclaim packing material generated from products sold.

Raw Material Procurement and Due Diligence

The Company has a supplier base of more than 500 material suppliers. Out of these, close to 350 are local suppliers. The Company tries to source its raw materials from local vendors to the maximum extent possible; but it needs to import some of the specialized raw materials as there is no local alternative.

Raw Materials (In %)	2014-15	2015-16	2016-17	2017-18	2018-19
Imported	40	46	42	45	42
Indigenous	60	54	58	55	58

KNPL evaluates local vendors through a comprehensive audit system during factory visit as a part of due diligence with respect to its raw material supply. During audits vendors are assessed on various parameters related to quality, productivity, statutory compliances, environment, health and workplace safety. Vendors are provided due support for improvement in above mentioned areas. Last year, in total 34 vendors were

audited, out of which 7 were raw material vendors and 27 were packaging material vendors. Last year, 17 new vendors were introduced out of which 11 were audited and evaluated. Most of packing materials are sourced from suppliers within 10 km radius of production sites to minimize transportation and associated environmental impacts. Also, as per State Governments' notification regarding ban on usage of plastics of less than 50 micron density, Hosur and Lote plants coordinated with their respective vendors and achieved 100% compliance to the new regulation. Being pro-active, other plants have also prepared action plans for complying with this regulation, if brought about by their respective states in future. Going forward, the Company will continue to strengthen the mechanism for supplier due diligence and their confirmation on compliance.

Water Management

Water use across various sectors in India is rapidly increasing. It is estimated that water demand for agriculture, industrial and domestic uses in the coming decades will only be on the rise. In such a scenario, it becomes imperative for KNPL as an organization to ensure that it takes every measure possible to manage its usage, limit its wastage and conserve water to the maximum extent.

In KNPL, the primary areas where water gets used in the manufacturing facilities are:

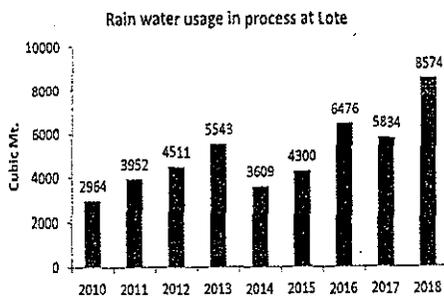
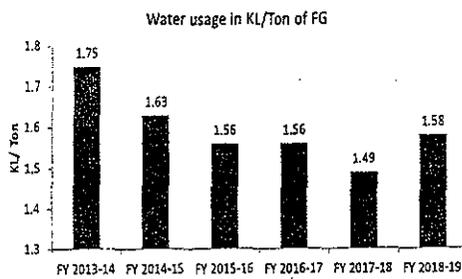
1. As raw material in paint products
2. In utilities such as steam-boilers, cooling towers and chilling plants
3. Cleaning of process equipment
4. Landscaping/horticulture development
5. Domestic purposes

The Company is committed to minimizing its water footprint and reducing the freshwater consumption by reusing as much water as possible in its processes, through initiatives like rainwater-harvesting and waste-water treatment. None of the manufacturing sites are located in water stress area as per government regulations (Central Groundwater Authority). KNPL is compliant with all local and national laws related to effluent discharge. KNPL's environmental focus gets highlighted by being zero discharge across all its plants.

In order to achieve water sustainability various efforts are made & implemented by KNPL in its premises. Key water conservation initiatives are as below -

1. Reuse of RO reject for pallet cleaning, boiler ash quenching and domestic purposes.
2. Provision of usage of cooling tower blow down in Effluent Treatment Plant.
3. Installation of roof top rain water harvesting facility.

4. Reuse of condensate as boiler feed and as cooling tower make up water.
5. Installation of softener plant to reduce RO reject.
6. Installation of dry screw vacuum pump in place of water base vacuum pump.
7. Provision of water reducer and orifice at each water tap.
8. Preventive maintenance of steam traps.



The Company has been able to reduce its water consumption over the years since 2013-14. Specific water consumption i.e. water consumption/Ton of Finished Goods (FG) is as shown in the following chart. Specific water consumption increased last year due to installation of new water intensive intermediate product manufacturing facility at Hosur plant and three chillers were added to the Jainpur plant for operational efficiency.

At Lote plant, collected rain-water is being used in processes during rainy season. At other plants, the Company has installed groundwater recharge setup.

Water Sources		Water Consumed (in Mega Lt.)	
		All Area	Areas with water stress
SIDC (State Industrial Development Corporation)	Freshwater (<1000mg/ll TDS)	166.15	0
	Other Water (>1000mg/ll TDS)	0	0
Ground Water	Freshwater(<1000mg/ll TDS)	340.5	0
	Other Water (>1000mg/ll TDS)	0	0
Total Water consumption	Freshwater + Other water	506.65	0

Effluent Treatment

All manufacturing facilities of KNPL are zero liquid discharge facilities. At all manufacturing sites, domestic and industrial effluents are treated separately. Domestic effluent is treated in STP which is reused for toilet flushing and gardening purposes inside the plant. Industrial effluent generated from processes such as floor washing, equipment cleaning etc. is treated in ETP followed by treatment through Reverse Osmosis (RO) and Multiple Effect Evaporator (MEE) system. RO permeate is reused in processes such as make up water for cooling tower, boilers etc. Purified water generated after final stage of MEE is also reused in processes to ensure 100% recycling of treated water. RO reject is reused in pallet cleaning and boiler ash quenching. RO reject having TDS (total dissolved solids) < 1900 ppm is reused for domestic purposes. The Company is committed to installation of zero liquid discharge set up at its all forthcoming greenfield project sites.

Energy Management

Energy is one of the most imperative aspects of an organization's technological progress. Efficient use of energy and its saving is essential for sustainable development. With a significant proportion of the carbon footprint of KNPL coming from energy consumption, energy efficiency has been identified as a key focus area and KNPL is committed towards reducing its energy footprint.

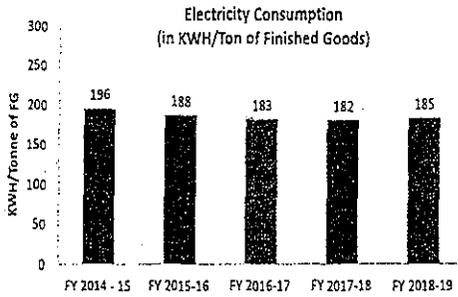
KNPL has been following two pronged approach to overcome this sustainability challenge. While measures are being taken to reduce energy consumption and enhance per watt productivity, KNPL is also diversifying its energy mix to cut emissions and dependence on fossil fuels. The Company measures progress in energy management through key indicators of specific power consumption, specific fuel consumption and percentage of renewable energy.

The Company looks to responsibly manage and conserve energy by improving the efficiency of the production processes. All manufacturing facilities put their best efforts to reduce the specific fuel consumption and specific power consumption and track both total and specific consumptions on a daily basis. Energy audits have been conducted at all the manufacturing units and findings of the audits are being implemented.



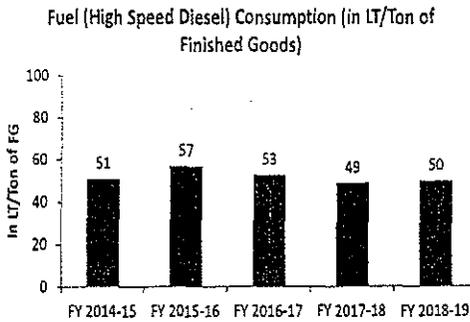
Specific Power Consumption:

Method of Calculation: Specific power consumption is ratio of electricity consumed (from all sources) to total paint production at respective facilities during specified period. Electricity consumption is sum of electricity received from grid (i.e. state electricity board), electricity generated from DG set and electricity from renewable energy sources at respective manufacturing facility.



Specific Fuel Consumption:

Method of Calculation: Specific fuel consumption is ratio of fuel i.e. High Speed Diesel (HSD) consumption in boilers to total production at respective facility during specified period.



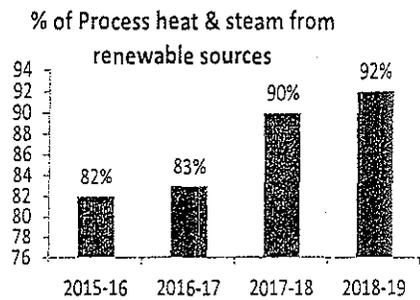
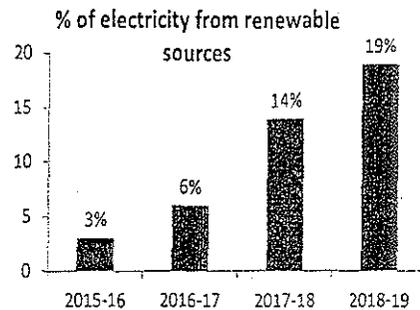
The adjoining table gives snapshot of electricity consumed inside KNPL during 2018-19. It covers electricity consumption at manufacturing sites and head office. 85634 GJ of energy was consumed outside the organization. The scope of energy consumed outside the organization is same as that for calculating the Scope 3 GHG emissions which is described in the section ahead. Scope 3 emissions measured in tones of CO₂ equivalent has been converted into giga-joules of energy consumed.

Sources of Electricity	Electricity (in MWH)
Grid Energy	46625
Diesel Generator set	1532
Wind energy	3899
Solar energy	3277
Biomass based electricity	3350
Total Electricity consumed	58683

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

Heat & Steam generation through biomass based boiler	
Total steam consumption	32117 Tons
Total heat consumption	197604 Lac Kcal

The graphs below show how the Company has increased its energy consumption through renewable energy sources over the year.



Various other projects have been implemented which have helped the Company to progress further in its energy security agenda. These projects have and will help the Company to increase its energy consumption efficiency and renewable energy proportion in coming years.

No.	Projects Implemented	Renewable energy harnessed/ Energy saved per annum
1	Solar power plant commissioning across locations	583 MWH
2	Sola Tube installation at warehouses	19 MWH
3	LED Lighting installation across locations	437 MWH
4	Steam generation on solid fuel at Lote plant	1313 Lac Kcal load shifted from Diesel to renewable fuel
5	Diesel fired thermopac load shifted to renewable Bio-fuel	890 Lac Kcal load shifted from Diesel to renewable fuel
6	Provision of group captive power(wind energy) and 3 rd party power(biomass energy) at Hosur plant	84 Lac Units

Other Initiatives which are to be implemented and planned for this financial year are as follows:



No.	Description of Project	Potential Renewable Energy Capacity	Activity Type
1	Captive wind turbine at Hosur & Lote plants	3.2 MWH	Low carbon energy
2	Solar Power capacity addition at Bawal & Hosur plants and other upcoming facilities	4.9 MWH	Low carbon energy

GHG Emissions

KNPL is keen to diversify its energy mix and supply source with renewable energy to the best possible extent. It allows the plants to be increasingly self-reliant in their energy needs as well as reduce the carbon footprint. By FY 20-21, KNPL is targeting 35% of its energy consumption through renewable energy sources. As such, KNPL has been able to reduce emissions in the last few years by use of alternate fuel, improving energy efficiency and enhancing renewable energy portfolio. Focused approach towards energy management in the Company has led to efficient energy usage and thereby reducing corresponding Scope 1 & 2 GHG emissions. It has not only helped reduce environmental impacts but also to achieve cost saving objectives.

Types of GHG Emissions accounted	Activities	Scope of Data
Scope 1 GHG Emissions: Direct GHG emissions	<ul style="list-style-type: none"> Captive power generation from DG HSD consumption in boilers 	KNPL India operations
Scope 2 GHG Emissions: Indirect GHG emissions	<ul style="list-style-type: none"> Power imported from grid 	KNPL India operations
Scope 3 GHG Emissions: Other Indirect emissions	<ul style="list-style-type: none"> Finished goods transport Employee commuting Business travel (Air travel) 	KNPL India operations

Methodology followed

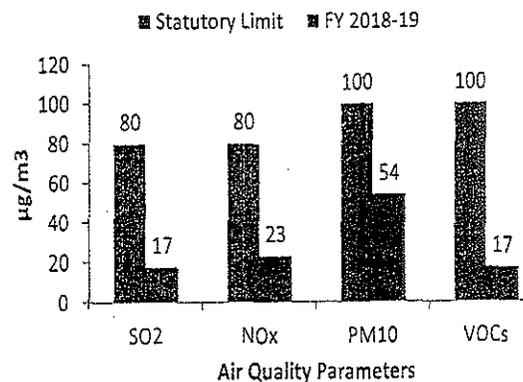
The Company has been accounting GHG emissions through its customized GHG accounting tool, wherein various data such as fuel and electricity consumption, transportation data and employees' travel data among others are collated and further converted to CO₂ emissions. Conversion factors used for GHG footprint calculation are taken from IPCC default emission factors, CEA (Central Electrical Authority) database. Following table gives GHG emissions from KNPL India operations.

Financial Year	Scope 1	Scope 2	Scope 3	Total Emissions (CO ₂ eq. in MT)	Emission (in MT) per MT of Production
2012-13	10595	24599	5818	41012	0.21
2013-14	11033	29448	4124	44605	0.21
2014-15	8811	33998	5120	47929	0.21
2015-16	6886	36532	8752	52171	0.20
2016-17	6449	38273	9702	54423	0.20
2017-18	5461	40228	6242	51931	0.17
2018-19	4111	40672	6733	51516	0.16

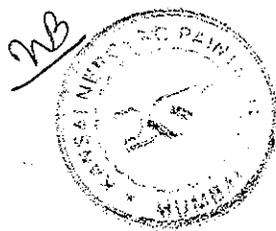
Air Emissions

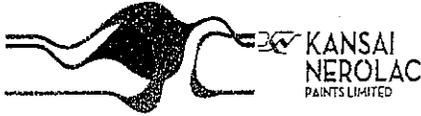
Air pollution, primarily caused by vehicular and industrial emissions, has become a major public health issue in recent times. Despite sustained efforts by the government in the form of stricter emissions norms on industries and improving vehicular emissions standards, air pollution continues to remain a challenge in India with 13 out of 92 cities falling in poor or below poor air quality categories.

Ambient Air Quality (in µg/m³)



Air monitoring at KNPL is focused on volatile organic compounds (VOCs), NO_x and SO_x emissions, with emissions being monitored and controlled as required. NO_x and SO_x emissions have a significant impact on local air quality because of their potential contribution to acidification and smog formation, while VOCs are proven to be carcinogenic. As such, ambient air quality is monitored on periodic basis at different locations for all manufacturing units of KNPL. Air quality monitoring exercise includes measurement of ambient air quality, stack emissions, VOC level at shop floor and noise level amongst others at designated locations





in the factories. Air pollution control devices such as cyclone, scrubbers have been installed at stacks to filter air emission before discharge into ambient atmosphere. As per State Pollution Control Boards (SPCBs) directives, Online stack monitoring system have been installed at Bawal, Hosur and Soyakha plants for continuous monitoring and capturing of any deviations. Pollutant loads discharged through the factories are well within statutory limits. Dust collectors have been installed at powder charging area to control emissions on shop floor and to enable reuse of collected powder. To ensure adequate ventilation on shop floor, work areas are installed with Forced Draft Ventilation system. Fume extractor system has been installed at shop floor in critical areas to control VOC at work place. The Company has installed close loop processing to the extent possible to avoid any air emissions into atmosphere during paint processing.

Emissions of Ozone Depleting Substances (ODS): Ozone depleting substances majority R22 are in use at our old facilities i.e. Jainpur, Bawal and head office for work area air conditioning. The Company uses R134a as refrigerant gas at its Hosur and Lote manufacturing sites. R134a has zero ozone depleting potential and it is relatively cleaner than conventional R22 refrigerant. All new facilities are being installed with refrigeration system based on refrigerant having zero ozone depleting potential. ODS is relevant only with respect to air conditioning of our work areas. It is not part of our product formulations.

Biodiversity

KNPL is committed to conserving biodiversity. All products whether they are water-soluble paints with high dependency on water or they are solvent-based paints depending on petrochemical industries affect biodiversity. The Company understands this influence and deems sustainable management of biodiversity a necessity for mitigating negative impact and reducing dependencies. All operational facilities are located in the State Industrial Development Corporation area and no need arose for the resettlement of local communities. None of these sites are located near any protected area or area of high biodiversity or ecologically fragile area. There are no significant adverse impacts on biodiversity because of KNPL activities. All of the expansions projects have been undertaken after due environmental impact assessment (EIA) and stakeholder consultation as applicable. There is no IUCN Red listed species affected by any of the KNPL's

activities. Though it is not a significant step towards protection or restoration of any biodiversity rich habitat, KNPL's initiative towards tree plantation has created manmade small eco-system which serves as habitat for native fauna.

Social Aspects

Employment

The Company's ability to attract, develop, motivate, and retain talent is critical to business success. It is the people that make KNPL exceptional, both in driving world-class performance as well as in enhancing its reputational capital. Over the years, the Company has developed comprehensive systems and strategies to nurture a superior talent pool that is inspired by the organization's ethos. The total number of employees as on March 31, 2019, was 2997. There has been no significant variation in the workforce number in the reported period. Also, a break-up of the workforce by region and gender is presented below.

Permanent Employees			Temporary Employees		
Gender-wise Distribution	Nos.	%	Gender-wise Distribution	Nos.	%
Male	2943	98.2	Male	149	94.3
Female	54	1.8	Female	9	5.7
Grand Total	2997		Grand Total	158	

Zone wise Distribution	Nos.	%	Zone wise Distribution	Nos.	%
West	712	23.7	West	70	44.3
North	1115	37.2	North	58	36.7
South	973	32.5	South	15	9.5
East	197	6.6	East	15	9.5
Grand Total	2997		Grand Total	158	

Full Time Employees			Part Time Employees		
Gender-wise Distribution	Nos.	%	Gender-wise Distribution	Nos.	%
Male	2943	98.2	Male	0	
Female	54	1.8	Female	0	
Grand Total	2997		Grand Total	0	



Details on employee hiring and employee turnover during last financial year are mentioned in tables below. Total 647 employees were hired, while 509 employees resigned or retired in 2018-19. Rate of hiring stood at 22% while employee turnover rate stood at 17%.

New Employee Hiring Details			Employee Turnover Details		
Age-wise Distribution	Nos.	%	Age-wise Distribution	Nos.	%
< 30 years	343	53	< 30 years	180	35.4
30-50 years	304	47	30-50 years	306	60.1
> 50 years	0		> 50 years	23	4.5
Grand Total	647		Grand Total	509	
Gender-wise Distribution			Gender-wise Distribution		
Gender	Nos.	%	Gender	Nos.	%
Male	633	97.8	Male	501	98.4
Female	14	2.2	Female	8	1.6
Grand Total	647		Grand Total	509	
Zone-wise Distribution			Zone-wise Distribution		
Zone	Nos.	%	Zone	Nos.	%
West	139	21.5	West	106	20.8
North	211	32.6	North	173	34
South	225	34.8	South	171	33.6
East	72	11.1	East	59	11.6
Grand Total	647		Grand Total	509	

Benefits provided to full time employees are mentioned in other section of annual report. In FY 2018-19, total 54 employees (Male: 0; Female: 54) were entitled for parental leave and 2 female employees availed the said leave. Both the employees were still on leave at the time of the publication of this report. In FY 2017-18, there was no case of employee joining organization after Maternity Leave.

Employee Training and Development

Nerolac is committed to achieving a culture of excellence through learning and development function and the creation of an organization which is ready for the future. The focus is to provide employees with a broad range of training opportunities and a learning environment which is business centric whereby the employees are developed as leaders and are prepared to meet current & future business objectives through deployment of a "pull" strategy rather than a "push" strategy. The outlook is to create a continuous education

framework, increasing longevity in the organization by providing opportunities of exposure to a gamut of skills & invoke entrepreneurial ability in employees & providing a platform to increase social connects.

Employees are encouraged to broaden their horizon through training programs as well as other employee engagement forums such as departmental contact programs, coffee with HR, virtual on boarding, idea management program, performance contests & dashboards, etc.

Categories of Training:

- 1. Induction Training** – Induction training is designed in a way to integrate new employees into the company and make them understand the systems and procedures followed by the organization. This practice helps new employees to settle down quickly in the new work environment.
- 2. Competency Based Training** – Competency Based Training emphasizes on enhancing the competencies required by a person for a particular job and position, in order to achieve individual growth and organizational goals.
- 3. Functions Specific Training** – Functional based skilling needs are identified and delivered through Training systems identified over the journey of employee. Functional training aims at upgrading the employees' functional knowledge to keep up with the ongoing internal and external changes, which affects the day to day working in the short run and the individual & organizational growth in the long run.
- 4. Skill Development Program** – Skill Development programs aims at upgrading and multi skilling the employees' current skill level by means of Work Instructions, Standard Operating Procedures and Single Point Lessons.
- 5. Sales Trainings:**
 - (a) Advanced Sales Program** – aims at training and upgrading the Frontline Sales personnel to develop the face-to-face selling skills which are needed to promote an open exchange of information thereby reaching to mutually beneficial sales agreements.
 - (b) LEAP** – is a training program which aims to rejuvenate the workforce with sales techniques that would enhance their performance. LEAP not only emphasizes on the sales improvement but also on self management of participants which would help them be more holistic.



- (c) **Jump** – is an internal program designed for the senior frontline Sales personnel in the organization. The program aims to equip the attendees with better planning and execution skills and prepare them for delivering on set expectations. The program is broken into 5 modules covering Sales Management as a subject with relevant theory and illustrations. The program also covers a session on 'Influencing Skills'.
- d. **People Manager Program** is an internal program designed to build high performance teams, improve delegation and managerial abilities along with an intention to improve retention.
- e. **Corporate Grooming Programs** are designed to build confidence, bring change in the social & professional personalities of the participants & enable them with formal ways of communication.

During last financial year, training in terms of man-hours per employee has been calculated as 6.95.

KNPL is an equal opportunity employer. All recruitment for senior positions is based on talent and suitability of candidate with respect to a job vacancy. Local candidates are preferred in case their portfolio matches with job requirement. During last financial year, there have been no incidents of discrimination.

Employee engagement is achieved by involving employees in initiatives and laying out of the future

direction which are in line with the Company's vision, thus creating common interest and a sense of shared purpose among employees. Learning and long term growth of employees are addressed by providing opportunities of upgrading skill & building capabilities at each stage of the employee cycle. Various "Departmental Connect" programs help the organisation to connect with employees at all levels in order to decide the yearly goals and objectives and define necessary KPIs (Key Performance Indicators).

Employee HR portal "Workline" is available as a platform for employees to connect with the organization. KNPL employees receive feedback on their performances at regular intervals through Workline. Workline is a gateway for the Company's employees to access policies and organization related information. Whistle blower policy and Code of Conduct of the Company have been shared on "Workline". The portal has also been used as a platform for communicating the launch of new vision, mission and core values. Apart from being an organizational connect tool, Workline is also used for managing several employee related processes like travel management, leave and attendance management system among others.

As a policy, the Company keeps wages of its employees above the standard entry-level minimum wages fixed by the State Government. There is no gender differentiation in the Company's wages.



Occupational Health and Safety

KNPL believes that employees and workers are at the core of its business. Their health and safety are of paramount importance to the Company. As a responsible organization, KNPL is committed to conducting operations that ensure health & safety of all the people working and follow industry accredited best practices on health & safety. Not only does the Company comply with all local and applicable statutory requirements, but also makes arrangements for training of employees, contractors, vendors and other stakeholders about occupational health and safety. The Company provides health insurance to all the employees and organizes frequent health camps addressing major non-work-related health risks including both physical and mental health-related risks for all its employees and workers.

All manufacturing sites have an established Occupational Health & Safety Management System based on OHSAS 18001 which is regularly audited by an external agency. All the employees and workers are covered by the system and the Company ensures workers' participation in health and safety topics. Each of our manufacturing sites has established Safety committee with at least 50% of representatives from operators and is in compliance with Factories Act, 1948. Quarterly Safety committee meeting at plant level acts as platform to take feedback and consultation from workforce representatives related to work-related hazards and hazardous situations. Other occupational and health related parameters are discussed and relevant information are communicated. Plant works manager acts as chairman in this meeting to preside over and guide discussion.

A formal structure of hazard identification and risk minimization is in place with competent people from production, engineering and EHS (Environment, Health & Safety) departments being the part of this structure. Hazard identification and risk assessment (HIRA) has been done for every activity through a structured HIRA format. Also, regular Kiken-Yochi Training exercise is conducted on the shop-floor by departmental teams for identifying work related hazards and assessing the risks. Based on these studies and past incidents, certain hazards like static charge, fire, chemicals and release of stored hazardous energy have been identified as serious hazards and specialized Danger Experience Training Program is conducted for these specific work-related hazards. Apart from this emergency preparedness and fire fighting training are also provided to the employees and workers. Regular workplace monitoring is ensured to detect any

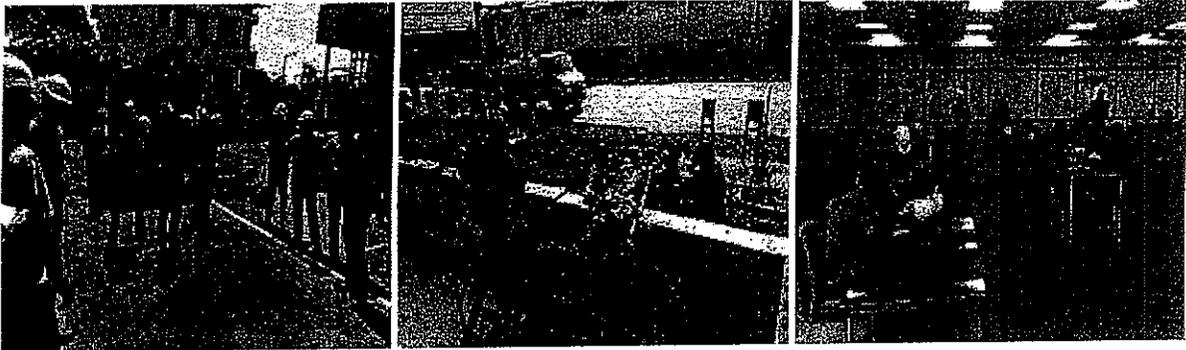
shop-floor hazards which may pose risks of work related ill health. All the risks are mitigated using the hierarchy of controls. Work related incidents are investigated and corrective & preventive measures are implemented and compliance is audited regularly. Occupational Health Centers (OHC) along with competent medical team are maintained at all the sites as per Factories Act, 1948 and are audited regularly by plant EHS team. Health check-up are conducted for employees and workers as per regulatory norms. Government certified Factory Medical Officer has been employed at all manufacturing sites who regularly check the health of employees and workers.

Last year focus was on increasing safety awareness by ensuring 100% participation of employees in the Online Safety Test developed and propagated by the Corporate Safety Team. People scoring less than a pre-defined score were re-trained and re-test was organized. Also, Safety Training Kiosk System with customized safety training modules on machine safety and static charge prevention were installed at all the plants. It helped in training all the employees and contract workers in a timely and efficient manner and reinforcing safe behavior in them.

Various safety competitions like Hose Drill Competition, Spot-the-Hazard Competition, KYT (Kiken-Yochi Training) Competitions and Quiz Competitions amongst others were organized in plants in order to popularize safe work practices and behavior. It helped to strengthen "Safety First" culture through employee participation at all levels. Various mock drills were conducted, some in collaboration with the Government Authorities like NDRF, in order to prepare the employees and workers to respond quickly, calmly and safely in case of any emergencies.

At KNPL, safety is a way of life and all the employees are committed towards achieving "ZERO" incident at the workplace. Going forward with this commitment, a dedicated effort was made to make the work environment safer and a new system, "ZSafety-Concern" was created and launched. With the help of this system, employees are able to log any unsafe condition/unsafe act they observe at the workplace into the system and assign responsibilities to relevant authority/department for proper and timely resolution of that particular concern. ZSafety-Concern is designed keeping in mind the concept of "Employee Engagement" in the field of safety. Each and every employee is responsible for the safety of his workplace and ZSafety-Concern empowers the employees to highlight the safety concerns prevailing in their workplace to relevant authorities and get them resolved.





In order to strengthen the safety systems and procedures in the plants, Corporate EHS Team conducted Quarterly Safety Audits and scores were provided. Corrective & preventive actions were taken against the non-compliances. Also, Plant EHS Teams conducted Daily Walk-around Inspection of a particular section of the plant as per the monthly schedule. During the inspections, unsafe acts/conditions of the shop-floor are highlighted to the section in-charge in real time. Same is discussed the next day in the morning meeting.

In coming year, the Company has planned on conducting HAZOP studies and Leak Detection & Repair (LDAR) tests at all its manufacturing sites in order to strengthen the process safety. The Company will also be undergoing transition from OHSAS 18001 standard to ISO 45001 standard as the later has been released in place of OHSAS 18001 which has been scrapped.

The Company continued its operations with zero fatality and zero frequency and severity rates (calculated based on 1,000,000 hours worked) in last year as well. As a result, KNPL achieved 47.77 Million man-hours without any LTI (Lost Time Injury). 13 minor injuries (10 to workers and 3 to employees) occurred last year while no work-related ill health was reported.



Product Responsibility

KNPL strives to develop, design and deliver high quality products that are safe for humans and have minimal environment impact. Product safety across the range is an overriding concern for the Company.

As a pioneer in the paint industry, KNPL consistently search for alternative materials and processes that are environment friendly and safe, during product design, manufacturing and application.

In case of decorative products, KNPL has been promoting health impacts of paint in market to make customers aware of precautionary measures to be taken while choosing and applying paint. KNPL has pioneered "Healthy Home Paints" concept. The products have no added lead which makes them eco-friendly. Due to various measures taken proactively before time, the Company is fully compliant to and in line with regulation related to lead content in paint products. Last year, KNPL went a step further in its endeavor to provide "Healthy Home Paints" and introduced a new product, "Impressions Ultra Fresh", which is capable of absorbing indoor air pollutants including free formaldehyde and making the air cleaner and safer for customers.

In Industrial products, the Company is focusing on implementing technologies which provide benefit in terms of VOC reduction and solvent losses during application. The Company has implemented high solid coating system which has reduced the number of coatings without affecting the quality and performance, thus achieving VOC reduction. Automotive products are free from substances of concern and are designed without the use of POPs (Persistent Organic Pollutants).

KNPL has a dedicated Research & Development (R&D) team, focused on creating innovative and sustainable products and solutions for the customers and meeting global standards. Details of innovative products are published as part of the Business Responsibility Report (BRR).

Product information about the physical dimensions and/or chemical compositions is provided through the product labels/pack declaration and/or catalogues.

Round the clock information of the products is available on Company's website and at the call centre. For product information and labeling, KNPL is complying with Legal Metrology (Packaged Commodities) Rules. Other than the basic requirements stipulated in these rules, following product related information are also provided:

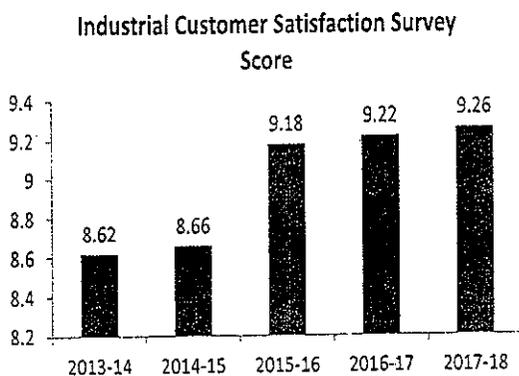
- Content, with regard to substances that might produce Environmental/Social impacts
- Safe use of Product
- Environmental/Social impact of product

In case of Industrial products, Material Safety Data sheets are provided to Industrial paint customers on demand. All finished products are appropriately labeled with health and safety precautionary information and disposal methods as per applicable norms in India. There have not been any incidents of non compliance with regulations and voluntary codes concerning product and service information and labeling.

KNPL believes in advertising its products and improving market image on its own merits without encroaching on others by any unethical means. The Company engages only reputed advertising agencies that are members of "The Advertising Standard Council of India" (ASCI) and follows guidelines provided by ASCI for its marketing communications voluntarily. There has been no incident of non-compliance with regulations and/or voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship. Also, no legal actions have been reported regarding anti-competitive behavior and violations of anti-trust and monopoly legislation.

To track customer satisfaction, KNPL conducts customer feedback survey to measure customer satisfaction. Customer survey results helps to understand customer needs and expectations. Customer survey is conducted by an external agency.

Customer Satisfaction Survey (CSS) score has been steadily improving. Improved customer service and satisfaction is also evident from our sustained leadership with customers of industrial coatings.



KNPL with due focus ensures strict compliance with legislations related to product formulations and sale of banned products in Indian context and none of the products are banned in the market. No fines or penalties are incurred considering KNPL compliance with all legislation related to products and services. There has been no incident of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services. Also, in last financial year, there have not been any complaints regarding breach of customer privacy and losses of customer data.

Human Rights

A strong commitment to human rights is an integral part of KNPL's business ethics. KNPL supports the fundamental human rights in all its operational activities and complies with the law of the land. All new employees are given training on KNPL code of conduct as well as whistle blower policy. Security personnel at all the manufacturing sites and head office are trained in required policies and procedures of organization and aspects of human rights that are relevant to Company's operations. All KNPL policies regarding ethics and integrity have been well communicated through "Workline" portal. The Company ensures compliance with statutory provisions related to child labor. There is no risk of forced or compulsory labor with respect to any of the manufacturing facilities. The Company did not receive any complaint related to child labor, forced labor or sexual harassment during last year. Also, the Company did not receive any complaint from local community with respect to violation of human rights.

A proponent of equal opportunities, recruitment at KNPL is solely based on merit and ability. Systems are in place to ensure that the work environment across KNPL is free from discrimination in any form, whether it is compensation, training and employee benefits, caste, religion, disability, gender, sexual orientation, race, color, ancestry, marital status or affiliation with a political, religious or union organization or majority/minority group. There has not been any incident of discrimination in the Company. KNPL recognizes and respects the right of its employees to exercise freedom of association and collective bargaining. Healthy industrial relations are maintained at KNPL through a process of inclusive participation and collective bargaining with trade unions at all the manufacturing plants. All of KNPL plants have labor unions to facilitate collective bargaining process. Collective bargaining agreements at all the manufacturing sites cover 100% of Company workers. It covers health and



safety related topics such as adherence to safety norms, upkeep of emergency equipment amongst others. To resolve issues that may significantly impact service conditions of employees, formal mechanisms have been put in place to communicate and address employee concerns at regular intervals. Monthly communication and works manager dialogue at manufacturing sites help to communicate organization's progress, its expectations from employees including workers. Monthly meeting with union management also help address issues pertaining to management

as well as employment. All issues with respect to labor are addressed through collective bargaining and are resolved. There is no significant risk with respect to violation of right to exercise freedom of association and collective bargaining at manufacturing sites. There have not been any human rights grievances reported in the last financial year.

KNPL Focus areas for CSR programs are as mentioned below. Details of expenditure in each of the focused areas are mentioned in the Annual report.

Corporate Social Responsibility



The Company has constituted a CSR Committee of the Board to guide CSR agenda of KNPL.

CSR Committee guides through following major activities:

1. Recommending the CSR activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.
2. Recommendation of the amount of expenditure to be incurred on the activities.
3. Monitoring the CSR Policy of the Company from time to time.

CSR Sub-Committee ensures execution of various CSR activities.

Programs undertaken under CSR Activities:	
I	Livelihood & Skill Enhancement KNPL is one of the major employers in its area of operations and as such KNPL perceives itself as an important contributor in the socio-economic development of the nearby communities. Training is imparted to unemployed youth to generate the opportunity of employment and to enhance the skill level of current job holders to make skilled manpower available in the society.
II	Preventive Health Care and Sanitation The objective is to promote preventive health care, to carry out various activities under Swachh Bharat Abhiyan, to improve general health condition and sanitation particularly in the vicinity of the Plants. The project of constructing Girls' toilets in the schools is driven vigorously.
III	Rural/Community Development KNPL's aim is to provide basic infrastructure/facilities to the rural community living in the nearby area of the plants in order to improve their basic-living status, thus helping us to perform our role of being a good Corporate Citizen.
IV	Promoting Education In order to promote Education, KNPL tries to help and assist various Educational institutes, mostly situated near to our Plants. The assistance is provided in ways like providing educational materials including computers, construction of class rooms & labs, painting of the schools and providing drinking water facility amongst others.
V	Ensuring Environmental Sustainability KNPL's manufacturing sites shares the environmental resources with its nearby communities and use them for its operations. Hence it is KNPL's continuous endeavor to preserve natural resources for ecological balance and to provide clean environment. KNPL has undertaken various initiatives within its boundaries in the field of water conservation, air emissions and use of clean energy, details of which are already shared in this report in previous sections. Other initiatives like various beautification projects, plantation activities are carried out to sustain Environmental balance.
VI	Restoration of Buildings and Sites of Historical Importance The Company makes efforts to protect the National Heritage sites, art and culture and to promote and develop traditional arts and handicrafts.



GRI Content Index

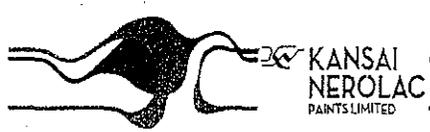
Universal Standards		
GRI 102: General Disclosure Standard 2016		
Disclosures	Reference Section	Page No.
Organizational Profile		
102-1	SR	98
102-2	MDA, SR	19, 93-95, 113
102-3	SR	98
102-4	SR	98
102-5	SR	98
102-6	—	93-95
102-7	SR	98
102-8	SR	108
102-9	SR	98
102-10	SR	98
102-11	SR	101
102-12	SR	98
102-13	SR	98
Strategy		
102-14	SR	97
102-15	MDA, SR	25, 101-102
Ethics & Integrity		
102-16	BRR, SR	83, 114
102-17	BRR, SR	83, 114
Governance		
102-18	SR	100-101, 111, 114
102-19	SR	100-101, 111, 114
102-20	SR	100-101, 111, 114
102-21	SR	100-101, 111, 113-114
102-22	CG	62
102-23	CG	62
102-24	CG	62
102-25	CG	62
102-26	SR	100, 102, 113-114
102-27	CG	62
102-28	CG	62
102-29	MDA, SR	26, 101, 113-114
102-30	MDA, SR	26, 100, 102, 113
102-31	SR	102
102-32	SR	98
102-33	SR	101
102-34	MDA	32
102-35	CG	62
102-36	CG	62
102-37	CG	62
102-38	MDA	43
102-39	MDA	43
Stakeholder Engagement		
102-40	BRR	88
102-41	SR	113
102-42	MDA, SR	17-20, 22-25, 98-99
102-43	MDA, SR	17-20, 22-25, 98-99, 113
102-44	MDA, SR	17-20, 22-25, 98-99, 113

Universal Standards		
GRI 102: General Disclosure Standard 2016		
Disclosures	Reference Section	Page No.
Reporting Practice		
102-45	SR	98
102-46	SR	98
102-47	SR	99-100
102-48	SR	98
102-49	SR	98
102-50	SR	98
102-51	SR	98
102-52	SR	98
102-53	SR	98
102-54	SR	98
102-55	SR	98
102-56	SR	98

Topic-Specific Standards			
GRI 200: Economic Standard Series			
Standards	Disclosures	Reference Section	Page No.
103: Management Approach 2016	103	SR	99-100
201: Economic Performance 2016	103	SR, MDA	100
	201-1	MDA	13-14
	201-2	SR	101-102
	201-3	Note 35	140-142
202: Market Presence 2016	201-4	SR	100
	103	SR	110
203: Indirect Economic Impacts 2016	202-1	SR	110
	202-2	SR	110
204: Procurement Practices 2016	103	SR, MDA	38, 99
	203-1	MDA	39
205: Anti-Corruption 2016	203-2	MDA	39
	103	SR	104
	204-1	SR	104
206: Anti-Competitive Behavior 2016	103	SR, BRR	83, 99
	205-1	BRR	83
	205-2	BRR	83
	205-3	BRR	83
	103	SR	113
	206-1	SR	113

GRI 300: Environmental Standard Series			
Standards	Disclosures	Reference Section	Page No.
103: Management Approach 2016	103	SR	101-102, 104
301: Materials 2016	103	SR	103
	301-1	SR	103
	301-2	SR	103
	301-3	SR	104
302: Energy 2016	103	BRR, SR	84, 105-106
	302-1	SR	106
	302-2	SR	106
	302-3	SR	106
	302-4	SR	106
	302-5	BRR	84





GRI 300 - Environmental Standard Series			
Standards	Disclosures	Reference Section	Page No.
303: Water and Effluents 2018	303-1	SR	101, 104-105
	303-2	SR	105
	303-3	SR	105
	303-4	SR	105
	303-5	SR	105
304: Biodiversity 2016	103	SR	99, 108
	304-1	SR	108
	304-2	SR	108
	304-3	SR	108
	304-4	SR	108
305: Emissions 2016	103	SR	99, 107
	305-1	SR	107
	305-2	SR	107
	305-3	SR	107
	305-4	SR	107
	305-5	SR	107
	305-6	SR	108
306: Effluents and Waste 2016	103	SR	103-105
	306-1	SR	105
	306-2	NR	-
	306-3	SR	103
	306-4	SR	103
307: Environmental Compliance 2016	103	SR, BRR	89, 99
	307-1	BRR	89
308: Supplier Environmental Assessment 2016	103	SR	104
	308-1	SR	104
	308-2	NR	-

GRI 400 - Social Standard Series			
Standards	Disclosures	Reference Section	Page No.
401: Employment 2016	103	SR	100, 108
	401-1	SR	108-109
	401-2	Note 29,35	155, 160-162
	401-3	SR	109
402: Labor/Management Relations 2016	103	SR	114
	402-1	SR	114
403: Occupational Health and Safety 2018	403-1	SR	111
	403-2	SR	111
	403-3	SR	111
	403-4	SR	111
	403-5	SR	111
	403-6	SR	111
	403-7	SR	111-112
	403-8	SR	111
	403-9	SR	111-112
	403-10	SR	111-112

GRI 400 - Social Standard Series			
Standards	Disclosures	Reference Section	Page No.
404: Training and Education 2016	103	SR	100, 109
	404-1	SR	110
	404-2	SR	109
	404-3	SR	110
405: Diversity and Equal Opportunity 2016	103	SR, BRR	86, 100
	405-1	BRR	86
406: Non-discrimination 2016	405-2	SR	110
	103	SR	110
*****407 - 412*****	406-1	SR	110
	103	SR	100, 113
407: Freedom of Association and Collective Bargaining 2016	407-1	SR	114
	408-1	SR	113
408: Child Labor 2016	408-1	SR	113
409: Forced or Compulsory Labor 2016	409-1	SR	113
410: Security Practices 2016	410-1	SR	113
411: Rights of Indigenous Peoples 2016	411-1	SR	113
	412-1	SR	108
	412-2	SR	113
412: Human Rights Assessment 2016	412-3	NR	-
	103	SR	100
	413: Local Communities 2016	413-1	SR	112, 114
414: Supplier Social Assessment 2016	413-2	SR	108, 114
	103	SR	100
	414-1	SR	104
415: Public Policy 2016	414-2	NR	-
	103	SR	100
416: Customer Health and Safety 2016	415-1	SR	100
	103	SR	100, 113
	416-1	NR	-
417: Marketing and Labeling 2016	416-2	SR	113
	103	SR	112
	417-1	SR	113
	417-2	SR	113
418: Customer Privacy 2016	417-3	SR	113
	103	SR	113
419: Socio-economic Compliance 2016	418-1	SR	113
	103	SR, BRR	83, 100
	419-1	SR, BRR	83, 113-114

SR - Sustainability Report
 CG - Corporate Governance Report
 MDA - Management Discussion and Analysis
 BRR - Business Responsibility Report
 NR - Not Reported



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
KANSAI NEROLAC PAINTS LIMITED**

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Kansai Nerolac Paints Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2019, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone financial statements").

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 ("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 31 March 2019, its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

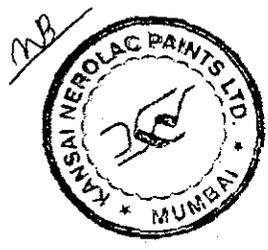
We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditors' Responsibility for the Audit of the Standalone Financial Statements* 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 standalone financial statements under the provisions of the Act and 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 opinion.

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 of the current period. 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.

Revenue recognition

The Key Audit Matter	How the matter was addressed in our audit
<p>Revenue is measured based on transaction price, which is the consideration, adjusted for rebates, discounts, incentives and scheme allowances. As disclosed in Note 1.12 to the standalone financial statements, 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.</p> <p>Accrual for rebates, discounts and scheme allowances</p> <p>Revenue is recognised net of rebates, discounts, incentives, scheme allowances and estimated sales returns owed to the customers based on the arrangement with customers.</p> <p>The recognition and measurement of rebates, discounts, incentives and schemes allowances, including establishing an appropriate accrual at year end, involves significant judgement and estimates, particularly the expected level of claims of each of the customers.</p> <p>The value of rebates, discounts, incentives and schemes allowances together with the level of judgement involved make its accounting treatment a significant matter for our audit.</p>	<p>Our audit procedures included following:</p> <ul style="list-style-type: none"> - Understanding the process followed by the management for the purpose of identifying and determining the amount of provision of accrual for rebates discounts, incentives and scheme allowances; - Considering the appropriateness of the Company's accounting policies regarding revenue recognition as they relate to accounting for rebates, discounts, incentives and scheme allowances; - Testing the Company's process and controls over the calculation of rebates, discounts, incentives and scheme allowance; - Selecting a sample of revenue transactions and scheme circulars to re-check that rebates, discounts, incentives and scheme allowance were calculated in accordance with the eligibility criteria mentioned in the scheme circulars; - Selecting a sample of claims submitted by customers along with claim form and verifying it with the accrual made in the books of account; and - Considering the assumptions and judgements used by the Company in calculating rebates, discounts, incentives and schemes allowances, including the level of expected claims, by reviewing historical trends of claims.



KANSAI NEROLAC PAINTS LIMITED
INDEPENDENT AUDITORS' REPORT (continued)

Key Audit Matters (continued)

Investment in subsidiaries

The Key Audit Matter	How the matter was addressed in our audit
<p>The carrying amount of the investments in subsidiaries held at cost less impairment as set out in Note 5 to the standalone financial statements represents 2.5% of the Company's total assets.</p> <p>Recoverability of investments in subsidiaries undertaking</p> <p>We do not consider the valuation of these investments to be at a high risk of significant misstatement, or to be subject to a significant level of judgment, except for the investment valuations based on projected cash flows which involve significant estimates and judgment, due to the inherent uncertainty involved in forecasting future cash flows.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> - Comparing the carrying amount of investments with the relevant subsidiary balance sheet to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount and assessing whether those subsidiaries have historically been profit-making; - For the investments where the carrying amount exceeded the net asset value, comparing the carrying amount of the investment with the expected value of the business based on a suitable multiple of the subsidiaries earnings or discounted cash flow analysis; - Testing the assumptions and understanding the cash flows based on our knowledge of the Company and the markets in which the subsidiaries operate; and - Considering the adequacy of disclosures in the financial statements relating to the valuation of investments in subsidiaries.

Other Information

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the standalone financial statements and our auditors' 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 the other information is materially inconsistent with the standalone 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.

Management's Responsibility for the Standalone Financial Statements

The Company's Management and 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 state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. This responsibility also includes 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 frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.



KANSAI NEROLAC PAINTS LIMITED
INDEPENDENT AUDITORS' REPORT (continued)

Auditors' Responsibility 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 auditors' 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 system 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 standalone 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 of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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

As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of Section 143(11) of the Act, we give in "Annexure A", a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.

(A) As required by Section 143(3) of the Act, we report that:

- (a) we have sought and obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;
- (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;



235

KANSAI NEROLAC PAINTS LIMITED
INDEPENDENT AUDITORS' REPORT (continued)

Report on Other Legal and Regulatory Requirements (continued)

- (c) the standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows 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 Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act;
 - (e) on the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act; and
 - (f) with respect to the adequacy of the internal financial controls with reference to the standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 32 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 during the year ended 31 March 2019; and
 - iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended 31 March 2019.
- (C) With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act:
- In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No.: 101248WW-100022

Aniruddha Godbole
Partner
Membership No.: 105149

Mumbai, 2 May 2019



KANSAI NEROLAC PAINTS LIMITED**ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT – 31 MARCH 2019**

With reference to the Annexure A referred to in the Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2019, we report the following:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and investment properties.
- (b) The Company has a regular programme of physical verification of its property, plant and equipment and investment properties by which the property, plant and equipment and investment properties are verified by the management according to a phased programme designed to cover all the items over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with the policy, the Company has physically verified certain property, plant and equipment during the year and we are informed that no material discrepancies were noticed on such verification and the same have been dealt with in the books of account.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than leasehold land) as disclosed in Note 2 and Note 3 to the standalone financial statements, are held in the name of the Company and in respect of leasehold lands, we have verified the lease agreements duly registered with the appropriate authorities as disclosed in Note 2 and Note 3 to the standalone financial statements.
- (ii) The inventory, except for goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. In respect of stocks lying with third parties at the year-end, written confirmations have been obtained. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been dealt with in the books of account.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). Accordingly, paragraphs 3 (iii) (a), (b) and (c) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us and based on the audit procedures conducted by us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to guarantees provided and investments made by the Company. The Company has not granted loans nor provided any security during the year to the parties covered under Sections 185 and 186 of the Act. Accordingly, compliance under Section 185 and 186 of the Act in respect of granting of loans and providing securities is not applicable to the Company.
- (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3 (v) of the Order is not applicable to the Company.
- (vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under Section 148(1) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Income-tax, Provident fund, Employees' State Insurance, Duty of customs, Goods and Services tax, Cess, and other material statutory dues have been regularly deposited during the year with the appropriate authorities. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues of the Profession tax have generally been regularly deposited during the year with the appropriate authorities, though there have been slight delays in few cases. As explained to us, the Company did not have any dues on account of wealth tax.

According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax, Provident fund, Employees' State Insurance, Duty of customs, Goods and Services tax, Profession tax, Cess and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable. Also, refer note 32 (c) to the standalone financial statements.



237

KANSAI NEROLAC PAINTS LIMITED

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT – 31 MARCH 2019 (continued)

- (b) According to the information and explanations given to us, there are no dues of Income-tax, Duty of customs, Duty of excise, Sales-tax, Service tax, Value added tax and Goods and Services tax as at 31 March 2019, which have not been deposited with the appropriate authorities on account of any dispute, *except as stated below:*

(₹ in crores)

Name of Act	Nature of Dues	Amount Demanded	Amount not Deposited Under Disputes	Period to which amount relates	Forum where dispute is pending
The Central Excise Act, 1944	Tax, Penalty and Interest	0.19	—	2000-01	Commissioner (Appeals)
		0.06	0.01	2012-16	CESTAT
Sales Tax and Value Added Tax	Tax, Penalty and Interest	13.56	6.76	1980-81; 1991-92; 2006-17	Asst. Commissioner
		31.13	5.09	1991-92; 1995-96; 2001-02; 2004-18	Deputy Commissioner
		2.71	1.21	1996-97; 2004-06; 2007-12; 2013-14	Addl. Commissioner
		8.00	1.14	2001-02; 2003-04; 2005-07; 2008-09; 2010-17; 2018-19	Joint Commissioner
		2.11	0.37	2001-03; 2004-06; 2007-10; 2011-12; 2013-14; 2015-16	Senior Addl. Commissioner (Revision Board)
		0.05	—	2002-03	Joint Commissioner (Appeal)
		0.03	—	2006-07	Commissioner
		0.68	0.1	2014-15	Senior Addl. Commissioner
The Finance Act, 1994	Tax, Penalty and Interest	9.26	0.71	2009-16	CESTAT
		1.11	0.08	2015-17	Commissioner

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the government. The Company did not have any outstanding dues to bankers, financial institutions and debenture holders during the year.
- (ix) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) and has not obtained any term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable to the Company.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone financial statements as required by applicable Ind AS.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3 (xiv) of the Order is not applicable to the Company.



238

KANSAI NEROLAC PAINTS LIMITED

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT – 31 MARCH 2019 (continued)

- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3 (xv) of the Order is not applicable to the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3 (xvi) of the Order is not applicable to the Company.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No.: 101248WW-100022

Aniruddha Godbole
Partner
Membership No.: 105149

Mumbai, 2 May 2019



239

KANSAI NEROLAC PAINTS LIMITED

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT – 31 MARCH 2019

Report on the Internal Financial Controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

(Referred to in paragraph (A) (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to standalone financial statements of Kansai Nerolac Paints Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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 were operating effectively as at 31 March 2019, based on the internal financial controls with reference to standalone financial statements 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 (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with respect to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements. 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 standalone financial statements were established and maintained and whether 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 system with respect to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with respect to standalone financial statements included obtaining an understanding of internal financial controls with respect to 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 auditors' judgement, including the assessment of the risks of material misstatement of the standalone 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 system with reference to standalone financial statements.

Meaning of Internal Financial Controls with reference to Standalone Financial Statements

A company's internal financial controls with reference to 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 financial statements include 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.



240

KANSAI NEROLAC PAINTS LIMITED

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT – 31 MARCH 2019 (continued)

Inherent Limitations of Internal Financial Controls with reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No.: 101248VVV-100022

Aniruddha Godbole
Partner
Membership No.: 105149

Mumbai, 2 May 2019



241

KANSAI NEROLAC PAINTS LIMITED
STANDALONE BALANCE SHEET AS AT 31ST MARCH, 2019

₹ in Crores

	Note	As at 31st March, 2019	As at 31st March, 2018
ASSETS			
Non-current Assets			
Property, Plant and Equipment	2	1312.19	1004.28
Capital Work-in-progress		314.69	343.09
Investment Property	3	0.18	0.18
Other Intangible Assets	4	3.54	2.12
		<u>1630.60</u>	<u>1349.67</u>
Financial Assets:			
Investments	5	108.93	25.81
Loans	6	13.27	11.26
		<u>122.20</u>	<u>37.07</u>
Current Tax Assets (Net)		155.68	80.07
Other Non-current Assets	7	235.27	70.42
Total Non-current Assets		2143.75	1537.23
Current Assets			
Inventories	8	1052.77	805.76
Financial Assets:			
Investments	9	195.56	519.96
Trade Receivables	10	674.02	675.69
Cash and Cash Equivalents	11	78.88	60.51
Bank Balances other than Cash and Cash Equivalents	12	2.49	300.40
Loans	13	4.58	3.32
Other Financial Assets	14	7.13	27.02
		<u>962.66</u>	<u>1586.90</u>
Other Current Assets	15	146.74	137.97
Total Current Assets		2162.17	2530.63
Total Assets		4305.92	4067.86
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	16	53.89	53.89
Other Equity	17	3370.58	3071.23
Total Equity		3424.47	3125.12
Liabilities			
Non-current Liabilities			
Financial Liabilities:			
Borrowings	18	3.40	9.71
Deferred Tax Liabilities (Net)	19	105.10	80.42
Total Non-current Liabilities		108.50	90.13
Current Liabilities			
Financial Liabilities:			
Trade Payables	20	17.83	—
Total Outstanding dues of Micro Enterprises and Small Enterprises		614.03	683.58
Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises		631.86	683.58
Other Financial Liabilities	21	103.50	114.35
		<u>735.36</u>	<u>797.93</u>
Other Current Liabilities	22	19.87	29.88
Provisions	23	14.41	21.13
Current Tax Liabilities (Net)	24	3.31	3.67
Total Current Liabilities		772.95	852.61
Total Liabilities		881.45	942.74
Total Equity and Liabilities		4305.92	4067.86
Significant Accounting Policies	1		
The notes referred to above form an integral part of Standalone Financial Statements ...	2-41		

As per our attached report of even date
 For B S R & Co. LLP

Chartered Accountants
 Firm's Registration No. 101248W/W-100022

ANIRUDDHA GODBOLE
 Partner
 Membership No. 105149

G.T. GOVINDARAJAN
 Company Secretary
 ACS No. 8887

P.D. PAI
 CFO

For and on behalf of the Board of Directors of Kansai Nerolac Paints Limited

P.P. SHAH
 Chairman
 DIN 0006242

H.M. BHARUKA
 Vice Chairman and Managing Director
 DIN 00306084

N.N. TATA
 Director
 DIN 00024713

BRINDA SOMAYA
 Director
 DIN 00358908

ANUJ JAIN
 Wholetime Director
 DIN 08091524

Mumbai, 2nd May, 2019

Mumbai, 2nd May, 2019



242

KANSAI NEROLAC PAINTS LIMITED
STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2019

₹ in Crores

	Note	Year ended 31st March, 2019	Year ended 31st March, 2018
Income			
Revenue from Operations	25	5173.62	4737.01
Other Income	26	61.88	72.42
Total Income		5235.50	4809.43
Expenses			
Cost of Materials Consumed	27	3241.77	2674.88
Purchases of Stock-in-trade		258.74	213.64
Changes in Inventories of Finished Goods, Stock-in-trade and Work-in-progress ..	28	(197.98)	(114.45)
Excise Duty on Sale of Goods		—	150.44
Employee Benefits Expense	29	255.38	226.56
Depreciation and Amortisation Expenses	30	90.47	75.79
Other Expenses	31	873.71	796.17
Total Expenses		4522.09	4023.03
Profit Before Tax		713.41	786.40
Tax Expense			
Current Tax		221.87	268.21
Deferred Tax		24.19	1.79
Total Tax Expense		246.06	270.00
Profit for the Year		467.35	516.40
Other Comprehensive Income			
Items that will not be reclassified to Standalone Statement of Profit and Loss			
(a) Remeasurement of Employee Defined Benefit Liability		1.41	(1.67)
(b) Income tax relating to items that will not be reclassified to Standalone Statement of Profit and Loss		(0.49)	0.58
Total Other Comprehensive Income (net of tax)		0.92	(1.09)
Total Comprehensive Income for the Year		468.27	515.31
Earnings per Equity Share (of ₹ 1 each):			
Basic and Diluted (in ₹)	33	8.67	9.58
Significant Accounting Policies	1		
The notes referred to above form an integral part of Standalone Financial Statements	2-41		

As per our attached report of even date: For B S R & Co. LLP	For and on behalf of the Board of Directors of Kansai Nerolac Paints Limited		
Chartered Accountants Firm's Registration No. 101248W/W-100022	P.P. SHAH	Chairman	DIN 00086242
ANIRUDDHA GODBOLE Partner Membership No. 105149	G.T. GOVINDARAJAN Company Secretary ACS No. 8887	P.D. PAI CFO	H.M. BHARUKA Vice Chairman and Managing Director DIN 00306084
			N.N. TATA Director DIN 00024713
			BRINDA SOMAYA Director DIN 00358908
			ANUJ JAIN Wholetime Director DIN 08091524

Mumbai, 2nd May, 2019



243

KANSAI NEROLAC PAINTS LIMITED
STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2019

A. Equity Share Capital	₹ in Crores
Balance as at 1st April, 2017	53.89
Changes in Equity Share Capital during 2017-2018	—
Balance as at the 31st March, 2018	53.89
Changes in Equity Share Capital during 2018-2019	—
Balance as at the 31st March, 2019	53.89

B. Other Equity ₹ in Crores

	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Total
Balance as at 1st April, 2017	0.30	12.56	487.67	2250.90	2751.43
Profit for the Year	—	—	—	516.40	516.40
Other Comprehensive Income:					
Remeasurement of Employee Defined Benefit Liability	—	—	—	(1.67)	(1.67)
Deferred Tax on Remeasurement of Employee Defined Benefit Liability	—	—	—	0.58	0.58
Total Other Comprehensive Income for the Year, net of tax	—	—	—	(1.09)	(1.09)
Total Comprehensive Income for the Year	—	—	—	515.31	515.31
Transaction with Owners in their Capacity as Owners, recorded directly in equity:					
Dividends	—	—	—	(161.68)	(161.68)
Dividend Distribution Tax	—	—	—	(33.83)	(33.83)
	—	—	—	(195.51)	(195.51)
Balance as at the 31st March, 2018	0.30	12.56	487.67	2570.70	3071.23

	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Total
Balance as at 1st April, 2018	0.30	12.56	487.67	2570.70	3071.23
Profit for the Year	—	—	—	467.35	467.35
Other Comprehensive Income:					
Remeasurement of Employee Defined Benefit Liability	—	—	—	1.41	1.41
Deferred Tax on Remeasurement of Employee Defined Benefit Liability	—	—	—	(0.49)	(0.49)
Total Other Comprehensive Income for the Year, net of tax	—	—	—	0.92	0.92
Total Comprehensive Income for the Year	—	—	—	468.27	468.27
Transaction with Owners in their Capacity as Owners, recorded directly in equity:					
Dividends	—	—	—	(140.12)	(140.12)
Dividend Distribution Tax	—	—	—	(28.80)	(28.80)
	—	—	—	(168.92)	(168.92)
Balance as at the 31st March, 2019	0.30	12.56	487.67	2870.05	3370.58

As per our attached report of even date
For B S R & Co. LLP

Chartered Accountants
Firm's Registration No. 101248WW-100022

ANIRUDDHA GODBOLE
Partner
Membership No. 105149

G.T. GOVINDARAJAN
Company Secretary
ACS No. 8887

P.D. PAI
CFO

For and on behalf of the Board of Directors of Kansai Nerolac Paints Limited
P.P. SHAH Chairman DIN 00066242
H.M. BHARUKA Vice Chairman and Managing Director DIN 00306084
N.N. TATA Director DIN 00024713
BRINDA SOMAYA Director DIN 00358908
ANUJ JAIN Wholetime Director DIN 08091524

Mumbai, 2nd May, 2019

Mumbai, 2nd May, 2019



244

KANSAI NEROLAC PAINTS LIMITED
STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2019

₹ in Crores

	Year ended 31st March, 2019	Year ended 31st March, 2018
Cash Flow from Operating Activities		
Profit Before Tax.....	713.41	786.40
Adjustments for:		
Depreciation and Amortisation Expenses.....	90.47	75.79
Fair Value Gain on Financial Instruments recognised through FVTPL...	(1.44)	(4.94)
Unrealised Foreign Exchange Gain (Net).....	(4.29)	(0.86)
Profit on Sale of Current Investments (Net).....	(22.52)	(30.04)
Interest income.....	(17.28)	(20.43)
Dividend Income.....	(1.95)	(2.62)
Loss/(Profit) on Sale of Property, Plant and Equipment (Net).....	0.10	(0.03)
Provisions for Doubtful Debts and Bad Debts.....	2.43	1.16
Provisions no longer required.....	(5.50)	—
	40.02	18.03
Operating Profit Before Working Capital Changes.....	753.43	804.43
(Increase) in Trade and Other Receivables.....	(49.15)	(171.00)
(Increase) in Inventories.....	(247.01)	(114.45)
(Increase)/Decrease in Trade Payables, Other Financial Liabilities and Provisions.....	(49.02)	131.72
	(345.18)	(153.73)
Cash Generated from Operations.....	408.25	650.70
Direct Taxes Paid (Net of Refunds).....	(297.84)	(273.33)
Net Cash Flows generated from Operating Activities.....	110.41	377.37
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).....	(523.51)	(333.22)
Proceeds from Sale of Property, Plant and Equipment.....	0.22	0.06
Purchase of Investments in Subsidiaries.....	(82.87)	(3.76)
Purchase of non-current Investments.....	(0.23)	—
Purchase of Current Investments.....	(16747.07)	(25135.61)
Proceeds from Sale/Redemption of Current Investments.....	17095.41	25181.36
Interest Received.....	17.28	20.43
Dividend Received.....	1.95	2.62
Proceeds from Fixed Deposits on Maturity.....	324.32	113.35
Net Cash Flows generated/(used in) from Investing Activities.....	85.50	(154.77)
Cash Flows from Financing Activities		
Repayment of long-term Borrowings.....	(8.62)	(10.45)
Dividend Paid.....	(140.12)	(161.68)
Dividend Distribution Tax Paid.....	(28.80)	(33.83)
Net Cash Flows (used in) Financing Activities.....	(177.54)	(205.96)
Net Increase in Cash and Cash Equivalents.....	18.37	16.64



245

KANSAI NEROLAC PAINTS LIMITED
STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2019 (contd.)

₹ in Crores

	Year ended 31st March, 2019	Year ended 31st March, 2018
Cash and Cash Equivalents at beginning of the year, the components being:		
Cash on hand	0.06	0.21
Cheques on hand	29.23	21.79
Balances with Banks on Current, Margin and Fixed Deposit Accounts	30.56	21.26
Effect of exchange rate fluctuation.....	0.66	0.61
	60.51	43.87
Cash and Cash Equivalents at end of the year, the components being:		
Cash on hand	0.12	0.06
Cheques on hand	25.03	29.23
Balances with Banks on Current, Margin and Fixed Deposit Accounts...	52.89	30.56
Effect of exchange rate fluctuation.....	0.84	0.66
	78.88	60.51
Net Increase as disclosed above	18.37	16.64

Debt Reconciliation Statement in accordance with Ind AS 7

	31st March, 2019	31st March, 2018
Opening Balances		
Long-term Borrowing	18.33	28.78
Movements		
Long-term Borrowing	(8.62)	(10.45)
Closing Balances		
Long-term Borrowing	9.71	18.33

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

<p>As per our attached report of even date For B S R & Co. LLP Chartered Accountants Firm's Registration No. 101248WW-100022</p>	<p>For and on behalf of the Board of Directors of Kansai Nerolac Paints Limited P.P. SHAH <i>Chairman</i> DIN 00066242 H.M. BHARUKA <i>Vice Chairman and Managing Director</i> DIN 00306084 N.N. TATA <i>Director</i> DIN 00024713 BRINDA SOMAYA <i>Director</i> DIN 00358908 ANUJ JAIN <i>Wholesale Director</i> DIN 08091524</p>
<p>ANIRUDDHA GODBOLE <i>Partner</i> Membership No. 105149</p>	<p>G.T. GOVINDARAJAN <i>Company Secretary</i> ACS No. 8887</p>
<p>P.D. PAI <i>CFO</i></p>	

Mumbai, 2nd May, 2019



KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

A. Corporate Information

Kansai Nerolac Paints Limited (the 'Company') is a public limited company domiciled in India and incorporated under the provisions of the Companies Act. The Company's shares are listed on National Stock Exchange and Bombay Stock Exchange. The registered office of the Company is located at Nerolac House, Ganpatrao Kadam Marg, Lower Parel, Mumbai-400013. The Company is principally engaged in the manufacturing of Paints.

Kansai Paints Co. Ltd. is immediate and ultimate holding company of Kansai Nerolac Paints Limited and is based and listed in Japan.

The Standalone Financial Statements for the year ended 31st March, 2019 have been reviewed by the Audit Committee and approved by the Board of Directors at their meetings held on 2nd May, 2019.

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. 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 Standalone 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 Standalone Financial Statements and the reported amounts of the revenues and expenses for the years presented. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Critical Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amount recognised in the financial statements.

Discount rate used to determine the carrying amount of the Company's employee 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 Standalone 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

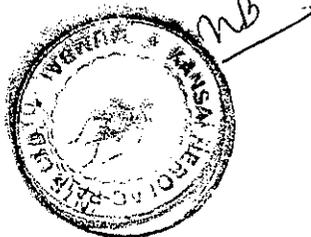
The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

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.

Allowances for Doubtful Debts

The Company makes allowances for doubtful debts based on an assessment of the recoverability of trade and other receivables. The identification of doubtful 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 doubtful debts expenses in the period in which such estimate has been changed.



247

KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

B. Basis of Preparation (contd.)

4. Use of Estimates and Judgements (contd.)

(ii) Key sources of Estimation Uncertainty (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.

C. Recent Accounting Pronouncement

Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 has notified the following new and amendments to Ind AS which the Company has not applied as they are effective for annual period beginning on or after 1 April 2019.

Ind AS 116 – Leases

The Company is required to adopt Ind AS 116, Leases from 1 April 2019. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. It replaces existing leases guidance, Ind AS 17, Leases.

The Company has completed an initial assessment of the potential impact on its Standalone Financial Statements but has not yet completed its detailed assessment. The quantitative impact of adoption of Ind AS 116 on the Standalone Financial Statements in the period of initial application is not reasonably estimable as at present.

The Company does not expect this standard to have significant impact on the Standalone Financial Statements.

Following impacts are expected:

- the total assets and liabilities on the balance sheet will increase with a decrease in net total assets, due to the depreciation of right of use assets being on a straight-line basis whilst the lease liability reduces by the principal amount of repayments;
- Interest expense will increase due to the unwinding of the effective interest rate implicit in the lease liability. Interest expense will be greater earlier in a lease's life, due to the higher principal value, causing profit variability over the term of lease. This effect may be partially mitigated due to the number of leases held by the Company at various stages of their terms; and
- operating cash flows will be higher and financing cash flows will be lower, as repayment of the principal portion of all lease liabilities will be classified as financing activities.

In addition to the above, the following amendments to existing standards have been issued, are not yet effective and are not expected to have a significant impact on the Standalone Financial Statements:

- Amendments to Ind AS 103, Business Combinations, and Ind AS 111, Joint Arrangements: This interpretation clarifies how an entity accounts for increasing its interest in a joint operation that meets the definition of a business.
- Amendments to Ind AS 109, Financial Instruments: amendments relating to the classification of particular prepayable financial assets.
- Amendments to Ind AS 12, Income Taxes, clarify that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transactions that generated the distributable profits – i.e. in profit or loss, other comprehensive income or equity. Further Appendix C, uncertainty over income tax treatments has been added to clarify how entities should reflect uncertainties over income tax treatments, in particular when assessing the outcome a tax authority might reach with full knowledge and information if it were to make an examination.
- Amendment to Ind AS 19, Employee Benefits - The amendment to Ind AS 19 clarifies that on amendment, curtailment or settlement of a defined benefit plan, the current service cost and net interest for the remainder of the annual reporting period are calculated using updated actuarial assumptions – i.e. consistent with the calculation of a gain or loss on the plan amendment, curtailment or settlement. This amendment also clarifies that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. The entity then determines the effect of the asset ceiling after plan amendment, curtailment or settlement. Any change in that effect is recognized in other comprehensive income (except for amounts included in net interest).
- Amendments to Ind AS 23, Borrowing Costs, clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction.
- Amendments to Ind AS 28, Investments in Associates and Joint Ventures: When applying the equity method, a non-investment entity that has an interest in an investment entity associate or joint venture can elect to retain the fair value accounting applied by the associate or joint venture to its subsidiaries. Venture capital and other qualifying organizations can elect to measure investments in associates or joint ventures at fair value through profit or loss instead of applying the equity method. The amendments clarify that both these elections apply for each investment entity associate or joint venture separately.

The Company does not expect this standard to have significant impact on the Standalone Financial Statements.



KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note 1: Significant Accounting Policies

1. Classification of Assets and Liabilities

Schedule III to the Act, requires assets and liabilities to be classified as either current or non-current.

(a) An asset shall be classified as current when it satisfies any of the following criteria:

- (i) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- (ii) it is held primarily for the purpose of being traded;
- (iii) it is expected to be realised within twelve months after the reporting date; or
- (iv) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

(b) All assets other than current assets shall be classified as non-current.

(c) A liability shall be classified as current when it satisfies any of the following criteria:

- (i) it is expected to be settled in the Company's normal operating cycle;
- (ii) it is held primarily for the purpose of being traded;
- (iii) it is due to be settled within twelve months after the reporting date; or
- (iv) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(d) All liabilities other than current liabilities shall be classified as non-current.

2. Operating Cycle

An operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Company has ascertained the operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

3. Property, Plant and Equipment

(a) Recognition and Measurement

An item of Property, Plant and Equipment that qualifies for recognition as an asset is initially measured at its cost and then carried at the cost less accumulated depreciation and accumulated impairment, if any.

The cost of an item of Property, Plant and Equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts, rebates and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is included in the cost of an item of property, plant and equipment.

The cost of a self-constructed item of Property, Plant and Equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Tangible Property, Plant and Equipment under construction are disclosed as Capital Work-in-progress. Item of Capital Work-in-progress is carried at cost using the principles of valuation of item of property, plant and equipment till it is ready for use, the manner in which intended by management.

(b) Subsequent Expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(c) Depreciation

The depreciable amount of an item of Property, Plant and Equipment is allocated on a systematic basis over its useful life. The Company provides depreciation on the straight line method. The Company believes that straight line method reflects the pattern in which the asset's future economic benefits are expected to be consumed by the Company. Based on internal technical-evaluation, the management believes useful lives of the assets are appropriate. The depreciation method is reviewed at least at each financial year-end and, if there has been a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.

Each part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in the Standalone Statement of Profit and Loss unless it is included in the carrying amount of another asset.



249

KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note 1: Significant Accounting Policies (contd.)

3. Property, Plant and Equipment (contd.)

(c) 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 comparative periods are as follows:

Asset Class	Useful Lives (in years) – as per Companies Act, 2013	Useful Lives (in years) – as estimated by the Company
Buildings	30-60	30-60
Plant and Equipments	10-20	10-25
Furniture and Fixtures	10	10
Vehicles	10	10
Office Equipments	5	5
Computers	3-6	3-6
Assets for Scientific Research	10-20	20
Assets on Operating Lease	NA	5

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed off). Leasehold lands and leasehold improvements are amortised over the primary period of lease.

(d) Disposal

The carrying amount of an item of Property, Plant and Equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of Property, Plant and Equipment is included in Standalone Statement of Profit and Loss when the item is derecognised.

4. Investment Property

(a) Recognition and Measurement

Land or building held to earn rentals or for capital appreciation or both rather than for use in the production or supply of goods or services or for administrative purposes; or sale in the ordinary course of business is recognised as Investment Property. Land held for a currently undetermined future use is also recognised as Investment Property.

An Investment Property is measured initially at its cost. The cost of an Investment Property comprises its purchase price and any directly attributable expenditure. After initial recognition, the Company carries the Investment Property at the cost less accumulated depreciation and accumulated impairment, if any.

(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 3.

(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.



KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note 1: Significant Accounting Policies (contd.)**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.

(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 Years

6. Non-current assets or disposal group held for sale

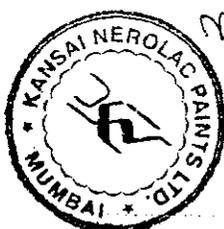
Non-current assets, or disposal groups comprising assets and liabilities are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

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.



251

KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note 1: Significant Accounting Policies (contd.)

7. Employee Benefits (contd.)

(b) Post-Employment Benefits:

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

(i) Provident and Family Pension Fund

The eligible employees of the Company are entitled to receive post employment benefits in respect of provident and family pension fund, in which both the employees and the Company make monthly contributions at a specified percentage of the employees' eligible salary (currently 12% of employees' eligible salary). The contributions are made to the Regional Provident Fund Commissioner (RPFC) which are charged to the Standalone Statement of Profit and Loss as incurred.

In respect of contribution to RPFC, the Company has no further obligations beyond making the contribution, and hence, such employee benefit plan is classified as Defined Contribution Plan. The Company's contribution is recognised as an expense in the Standalone Statement of Profit and Loss.

(ii) Superannuation

The eligible employees of the Company are entitled to receive post employment benefits in respect of superannuation fund in which the Company makes annual contribution at a specified percentage of the employees' eligible salary (currently 15% of employees' eligible salary). The contributions are made to the Life Insurance Corporation of India (LIC). Superannuation is classified as Defined Contribution Plan as the Company has no further obligations beyond making the contribution. The Company's contribution is recognised as an expense in the Standalone Statement of Profit and Loss.

Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

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.

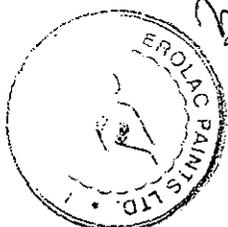
Provident Fund Trust

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) 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.

36



KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note 1: Significant Accounting Policies (contd.)

8. Inventories

(a) Measurement of Inventory

The Company measures its inventories at the lower of cost and net realisable value.

(b) Cost of Inventories

The cost of inventories shall comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The costs of purchase of inventories comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the 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.

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.



KANSAI NEROLAC PAINTS LIMITED**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019****Note 1: Significant Accounting Policies (contd.)****11. Provisions and Contingent Liabilities (contd.)****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.

The Company has adopted Ind AS 115 Revenue from contracts with customers, with effect from April 1, 2018. Ind AS 115 establishes principles for reporting information about the nature, amount, timing and uncertainty of revenues and cash flows arising from the contracts with its customers and replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts.

The Company has adopted Ind AS 115 using the cumulative effect method whereby the effect of applying this standard is recognised at the date of initial application (i.e. 1 April, 2018). Accordingly, the comparative information in the Standalone Statement of Profit and Loss is not restated. Impact on adoption of Ind AS 115 is not material.

Interest Income

Interest income is recognised using the effective interest method as set out in Ind AS 109 – Financial Instruments: Recognition and Measurement, when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of the revenue can be measured reliably. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period.

Royalty Income

Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreement when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of the revenue can be measured reliably.

Dividend Income

Dividend income is recognised when right to receive payment is established and it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of the revenue can be measured reliably.

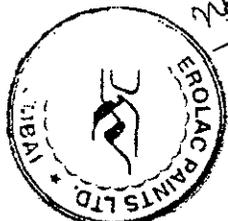
13. Foreign Currency Transactions

Functional currency is the currency of the primary economic environment in which the Company operates whereas presentation currency is the currency in which the financial statements are presented. Indian Rupee is the functional as well as presentation currency for the Company.

A foreign currency transaction is recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of each reporting period, foreign currency monetary items are translated using the closing rate whereas non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous Financial Statements are recognised in the Standalone Statement of Profit and Loss in the period in which they arise. When a gain or loss on a non-monetary item is recognised in Other Comprehensive Income, any exchange component of that gain or loss is recognised in Other Comprehensive Income. Conversely, when a gain or loss on a non-monetary item is recognised in Standalone Statement of Profit and Loss, any exchange component of that gain or loss is recognised in Standalone Statement of Profit and Loss.



254

KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note 1: Significant Accounting Policies (contd.)

14. Taxation

Income tax

Income tax comprises current tax and deferred tax expense. It is recognised in Standalone Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognised directly in Equity or in Other Comprehensive Income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- a. temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- b. taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/reduced to the extent that it is probable/no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

15. Lease

Leases of Property, Plant and Equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or the financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Standalone Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

At inception of an arrangement, it is determined whether the arrangement is or contains a lease. At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate.

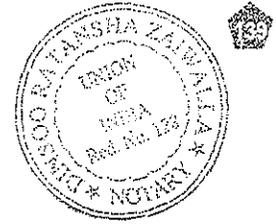
Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to Standalone Statement of Profit and Loss on straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

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.



255

KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note 1: Significant Accounting Policies (contd.)

16. Financial Instruments (contd.)

(b) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is measured at

- amortised cost;
- Fair Value through Other Comprehensive Income (FVOCI) – debt investment;
- Fair Value through Other Comprehensive Income – equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

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.



KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note 1: Significant Accounting Policies (contd.)**16. Financial Instruments (contd.)****(c) 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.

17. Borrowing Cost

The Company capitalises borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Company recognises other borrowing costs as an expense in the period in which it incurs them. Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

18. Earnings Per Share**Basic earnings per share**

The Company calculates basic earnings per share amounts for profit or loss attributable to ordinary equity holders and, if presented, profit or loss from continuing operations attributable to those equity holders.

Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the period.

The weighted average number of ordinary shares outstanding during the period and for all periods presented shall be adjusted for events, other than the conversion of potential ordinary shares, that have changed the number of ordinary shares outstanding without a corresponding change in resources.

Diluted earnings per share

The Company calculates diluted earnings per share amounts for profit or loss attributable to ordinary equity holders and, if presented, profit or loss from continuing operations attributable to those equity holders.

For the purpose of calculating diluted earnings per share, the Company adjusts profit or loss attributable to ordinary equity holders, and the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares, if any.

For the purpose of calculating diluted earnings per share, the weighted average number of ordinary shares calculated for calculating basic earnings per share and adjusted the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. Dilutive potential ordinary shares are deemed to have been converted into ordinary shares at the beginning of the period or, if later, the date of the issue of the potential ordinary shares.

19. Impairment Loss**Impairment of Financial Assets**

The Company recognises loss allowances for expected credit losses on:

- financial assets measured at amortised cost; and
- financial assets measured at FVOCI- debt investments.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. In accordance with Ind AS 109 – Financial Instruments, the Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime expected credit loss at each reporting date, right from its initial recognition.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.



257

KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note 1: Significant Accounting Policies (contd.)

19. Impairment Loss (contd.)

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. 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.



258

KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note 2: Property, Plant and Equipment

₹ in Crores

Description	Gross Block				Accumulated Depreciation				Net Block	
	As at 1st April, 2018	Additions	Deductions	As at 31st March, 2019	As at 1st April, 2018	Additions	Deductions	As at 31st March, 2019	As at 31st March, 2019	
Freehold Land	68.71 (42.36)	— (26.35)	— —	68.71 (68.71)	— (—)	— (—)	— (—)	— (—)	68.71 (68.71)	
Leasehold Land	46.77 (46.77)	2.34 (—)	— (—)	49.11 (46.77)	3.12 (2.64)	0.48 (0.48)	— (—)	3.60 (3.12)	45.51 (43.65)	
Buildings	436.49 (430.96)	149.90 (5.53)	— (—)	586.39 (436.49)	107.18 (94.29)	15.35 (12.89)	— (—)	122.53 (107.18)	463.86 (329.31)	
Plant and Equipments.....	764.08 (700.34)	160.38 (63.74)	0.47 (—)	923.99 (764.08)	301.72 (269.63)	37.68 (32.09)	0.38 (—)	339.02 (301.72)	584.97 (462.36)	
Furniture and Fixtures.....	16.98 (15.91)	1.85 (1.08)	— (0.01)	18.83 (16.98)	13.60 (12.93)	0.75 (0.68)	— (0.01)	14.35 (13.60)	4.48 (3.38)	
Vehicles	1.02 (1.05)	0.05 (—)	0.45 (0.03)	0.62 (1.02)	0.57 (0.49)	0.08 (0.08)	0.22 (—)	0.43 (0.57)	0.19 (0.45)	
Office Equipments.....	10.63 (9.99)	1.24 (0.64)	0.02 (—)	11.85 (10.63)	9.09 (8.42)	0.66 (0.67)	0.02 (—)	9.73 (9.09)	2.12 (1.54)	
Computers.....	38.57 (36.74)	4.87 (3.40)	— (1.57)	43.44 (38.57)	29.83 (27.50)	4.88 (3.90)	— (1.57)	34.71 (29.83)	8.73 (8.74)	
Assets for Scientific Research*	26.25 (25.70)	46.66 (0.55)	— (—)	72.91 (26.25)	12.21 (11.03)	2.32 (1.16)	— (—)	14.53 (12.21)	58.38 (14.04)	
Assets on Operating Lease (Refer Note 2.5).....	279.22 (246.35)	30.33 (32.87)	— (—)	309.55 (279.22)	207.12 (183.71)	27.19 (23.41)	— (—)	234.31 (207.12)	75.24 (72.10)	
Total Tangible Assets.....	1688.72 (1556.17)	397.62 (134.16)	0.94 (1.61)	2085.40 (1688.72)	684.44 (610.64)	89.39 (75.38)	0.62 (1.58)	773.21 (684.44)	1312.19 (1004.28)	

* Net block includes Buildings ₹ 25.88 Crores (2017-2018 ₹ 0.34 Crores), Plant and Equipment ₹ 26.83 Crores (2017-2018 ₹ 13.50 Crores) and Furniture and Fixtures ₹ 5.67 Crores (2017-2018 ₹ 0.20 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. Particulars in respect of such leases are as follows:
 - (a) (i) The gross carrying amount and the accumulated depreciation at the Balance Sheet date are ₹ 309.55 Crores (2017-2018 ₹ 279.22 Crores) and ₹ 234.31 Crores (2017-2018 ₹ 207.12 Crores) respectively.
 - (ii) Depreciation recognised in the Standalone Statement of Profit and Loss is ₹ 27.19 Crores (2017-2018 ₹ 23.41 Crores).
 - (b) 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.



259

KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note 3: Investment Property

₹ in Crores

Description	Gross Block				Accumulated Depreciation				Net Block	
	As at 1st April, 2018	Additions	Deductions	As at 31st March, 2019	As at 1st April, 2018	Additions	Deductions	As at 31st March, 2019	As at 31st March, 2019	As at 31st March, 2019
Freehold Land	0.07 (0.07)	— (—)	— (—)	0.07 (0.07)	— (—)	— (—)	— (—)	— (—)	— (—)	0.07 (0.07)
Leasehold Land	0.01 (0.01)	— (—)	— (—)	0.01 (0.01)	— (—)	— (—)	— (—)	— (—)	— (—)	0.01 (0.01)
Buildings	3.39 (3.39)	— (—)	— (—)	3.39 (3.39)	3.29 (3.29)	— (—)	— (—)	3.29 (3.29)	3.29 (3.29)	0.10 (0.10)
Total Investment Property	3.47 (3.47)	— (—)	— (—)	3.47 (3.47)	3.29 (3.29)	— (—)	— (—)	3.29 (3.29)	3.29 (3.29)	0.18 (0.18)

- 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.
- 3.4. During the financial year, no rental income was generated from the investment properties whereas direct operating expenses of ₹ 0.18 Crores (2017-2018 ₹ 0.18 Crores) were incurred and recorded as expense in the Standalone Statement of Profit and Loss.
- 3.5. Total fair value of Investment Property is ₹ 1381.20 Crores (2017-2018 ₹ 1381.20 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:

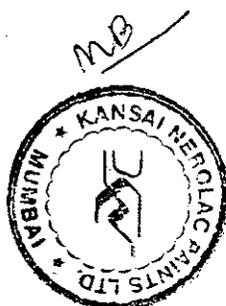
The fair value of the Investment Property have been derived using the Direct Comparison Method. The direct comparison approach involves a comparison of the Investment Property to similar properties that have actually been sold in arms-length distance from Investment Property or are offered for sale in 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.

Note 4: Other Intangible Assets

₹ in Crores

Description	Gross Block				Accumulated Amortisation				Net Block	
	As at 1st April, 2018	Additions	Deductions	As at 31st March, 2019	As at 1st April, 2018	Additions	Deductions	As at 31st March, 2019	As at 31st March, 2019	As at 31st March, 2019
Software	15.39 (13.75)	2.50 (1.64)	— (—)	17.89 (15.39)	13.27 (12.86)	1.08 (0.41)	— (—)	14.35 (13.27)	14.35 (13.27)	3.54 (2.12)
Total Other Intangible Assets.	15.39 (13.75)	2.50 (1.64)	— (—)	17.89 (15.39)	13.27 (12.86)	1.08 (0.41)	— (—)	14.35 (13.27)	14.35 (13.27)	3.54 (2.12)

- 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.



260

KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

₹ in Crores

Note 5: Non-current Investments

	As at 31st March, 2019	As at 31st March, 2018
Investments in Equity Instruments:		
I. Subsidiary Companies at Cost (Unquoted)		
KNP Japan Private Limited..... 8,84,000 Equity Shares of NPR 100 each (8,84,000 Equity Shares of NPR 100 each)	7.87	7.87
Kansai Paints Lanka (Private) Limited..... 5,40,00,000 Equity Shares of LKR 10 each (3,00,00,000 Equity Shares of LKR 10 each)	23.61	17.23
Marpol Private Limited [w.e.f. 7 April, 2018]..... 29,95,200 Equity Shares of ₹ 10 each	34.32	—
RAK Paints Limited [w.e.f. 17 July, 2018]..... 3,41,00,000 Equity Shares of BDT 10 each	42.17	—
II. Others at FVTPL		
National Thermal Power Corporation Ltd. (Quoted)..... 48,628 Equity Shares of ₹ 10 each (40,524 Equity Shares of ₹ 10 each)	0.66	0.69
Paints and Coatings Skill Council (Unquoted)..... 10 Equity Shares of ₹ 25,000 each (10 Equity Shares of ₹ 25,000 each)	0.02	0.02
8.49% National Thermal Power Corporation (NTPC) (Quoted)..... 40,524 Non Convertible Debentures of ₹ 10 each	0.05	—
Beta Wind Farm Pvt. Ltd. (Unquoted)..... 1,21,821 Equity Shares of ₹ 10 each (Nil Equity Shares of ₹ 10 each)	0.23	—
Total Non-current Investments	108.93	25.81
Aggregate book value of quoted investments	0.71	0.69
Aggregate market value of quoted investments	0.71	0.69
Aggregate amount of unquoted investments.....	108.22	25.12
Aggregate amount of impairment in value of investments	Nil	Nil

Note 6: Loans

Unsecured and Considered Good:

Security Deposits	13.27	11.26
	13.27	11.26

Note 7: Other Non-current Assets

Unsecured and Considered Good:

Capital Advances	204.48	70.42
Prepaid Expenses	11.46	—
Balances with Indirect Tax Authorities.....	19.33	—
	235.27	70.42

Note 8: Inventories

Raw Materials [Including goods-in-transit of ₹ 2.11 Crores (2017-2018 ₹ Nil)]	347.24	299.87
Packing Materials.....	11.94	11.14
Work-in-progress.....	92.67	65.04
Finished Goods.....	546.62	395.29
Stock-in-trade.....	49.14	30.12
Stores and Spares	5.16	4.30
	1052.77	805.76

No inventories were pledged as security for liabilities during the current and comparable period.

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 period was ₹ 3302.53 Crores (2017-2018 ₹ 2774.07 Crores).



261

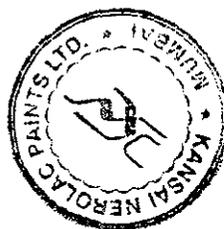
KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

₹ in Crores

Note 9: Current Investments

	As at 31st March, 2019	As at 31st March, 2018
(A) Investments in Bonds at FVTPL (Quoted):		
1 National Highway Authority of India 24,724, 8.20% Tax-Free Bonds of ₹ 1,000 each (24,724, 8.20% Tax-Free Bonds of ₹ 1,000 each)	2.69	2.75
2 Power Finance Corporation Ltd. 14,239, 8.20% Tax-Free Bonds of ₹ 1,000 each (14,239, 8.20% Tax-Free Bonds of ₹ 1,000 each)	1.54	1.57
3 Indian Railway Finance Corporation Ltd. 10,875, 8.15% Tax-Free Bonds of ₹ 1,000 each (10,875, 8.15% Tax-Free Bonds of ₹ 1,000 each)	1.17	1.19
4 National Highway Authority of India 57,140, 7.14% Tax-Free Bonds of ₹ 1,000 each (57,140, 7.14% Tax-Free Bonds of ₹ 1,000 each)	6.17	5.97
5 National Highway Authority of India 23,130, 7.39% Tax-Free Bonds of ₹ 1,000 each (23,130, 7.39% Tax-Free Bonds of ₹ 1,000 each)	2.74	2.66
Total Investments in Bonds	14.31	14.14
(B) Mutual Funds at FVTPL (Unquoted):		
Growth Option:		
1 Aditya Birla Sunlife Banking & PSU Debt Fund Nil Units of ₹ 10 each (1,36,15,922 Units (and 07 fractions) of ₹ 10 each)	—	71.37
2 Aditya Birla Sunlife Interval Income Fund Nil Units of ₹ 10 each (89,54,034 Units (and 464 fractions) of ₹ 10 each)	—	20.16
3 Aditya Birla Sun Life Money Manager Fund - Direct 16,11,415 (and 915 fractions) of ₹ 100 each (Nil Units of ₹ 100 each)	40.56	—
4 Axis Liquid Fund - Direct 1,20,738 Units (and 691 fractions) of ₹ 1000 each (Nil Units of ₹ 1000 each)	25.03	—
5 BNP Paribas Overnight Fund Nil Units of ₹ 10 each (1,87,725 Units (and 021 fractions) of ₹ 1000 each)	—	50.08
6 DSP Black Rock FMP - Series 222 - 3M Nil Units of ₹ 10 each (1,50,00,000 Units of ₹ 10 each)	—	15.12
7 HDFC FMP 92D FEBRUARY 2018 (1) - Series 39..... Nil Units of ₹ 10 each (2,50,00,000 Units of ₹ 10 each)	—	25.18
8 HDFC Ultra Short Term Fund - Direct 3,58,19,392 Units (and 813 fractions) of ₹ 10 each (Nil Units of ₹ 100 each)	37.52	—
9 ICICI Prudential FMP - Series 82 - 103 Days Plan O..... Nil Units of ₹ 10 each (3,00,00,000 Units of ₹ 10 each)	—	30.20
10 ICICI Prudential Money Market Fund - Direct..... 9,62,781 Units (and 561 fractions) of ₹ 100 each (Nil Units of ₹ 100 each)	25.05	—
11 Kotak FMP Series 218 - 92 Days Nil Units of ₹ 10 each (2,50,00,000 Units of ₹ 10 each)	—	25.19
12 Kotak Low Duration Fund Nil Units of ₹ 1000 each (2,32,749 Units (and 795 fractions) of ₹ 1000 each)	—	50.98
13 L&T Ultra Short Term Fund - Direct 80,43,111 Units (and 075 fractions) of ₹ 10 each (Nil Units of ₹ 10 each)	25.05	—
14 Reliance Medium Term Fund Plan..... Nil Units of ₹ 10 each (1,65,25,712 Units (and 978 fractions) of ₹ 10 each)	—	61.48



KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

₹ in Crores

Note 9: Current Investments (contd.)

	As at 31st March, 2019	As at 31st March, 2018
(B) Mutual Funds at FVTPL (Unquoted) (contd.):		
Growth Option (contd.):		
15 Reliance Fixed Horizon Fund - XXXVI - Series 4 Nil Units of ₹ 10 each (5,00,00,000 Units of ₹ 10 each)	—	50.41
16 Reliance Quarterly Interval Fund - Series II Nil Units of ₹ 10 each (1,68,43,239 Units (and 966 fractions) of ₹ 10 each)	—	40.43
17 Reliance Quarterly Interval Fund - Series III Nil Units of ₹ 10 each (1,40,62,620 Units (and 851 fractions) of ₹ 10 each)	—	20.12
18 Tata Liquid Fund - Direct..... 30,651 (and 016 Units of ₹ 1000 each) (Nil Units of ₹ 1000 each)	9.03	—
19 Tata Liquid Fund - Growth 64,884 (and 417 Units of ₹ 1000 each) (Nil Units of ₹ 1000 each)	19.01	—
20 UTI Treasury Advantage Fund..... Nil Units of ₹ 1000 each (1,45,014 Units (and 467 fractions) of ₹ 1000 each)	—	35.00
21 UTI Fixed Interval Income Fund - V..... Nil Units of ₹ 10 each (47,25,094 Units (and 029 fractions) of ₹ 10 each)	—	10.10
Total Investments in Mutual Fund (Growth Option).....	181.25	505.82
Total Current Investment (A + B).....	195.56	519.96
Aggregate book value of quoted investments.....	14.31	14.14
Aggregate market value of quoted investments.....	14.31	14.14
Aggregate amount of unquoted investments.....	181.25	505.82
Aggregate amount of impairment in value of investments.....	Nil	Nil

₹ in Crores

Note 10: Trade Receivables

	As at 31st March, 2019	As at 31st March, 2018
Secured, Considered Good.....	—	—
Unsecured, Considered Good*#@\$......	674.02	675.69
Significant increase in Credit Risk.....	—	—
Credit Impaired.....	16.83	14.40
Loss Allowance.....	(16.83)	(14.40)
	674.02	675.69

- * includes ₹ 1.38 Crores (2017-2018 ₹ 0.93 Crores), receivable from subsidiary company – KNP Japan Private Limited (formerly known as Kansai Paints Nepal Private Limited), private company in which director of the Company is a director
- # includes ₹ 0.86 Crores (2017-2018 ₹ 0.42 Crores) receivable from subsidiary company – Kansai Paints Lanka (Private) Limited, private company in which director of the Company is a director
- @ includes ₹ 5.00 Crores (2017-2018 ₹ Nil) receivable from subsidiary company – Marpol Private Limited, private company in which director of the Company is a director
- \$ includes ₹ 0.40 Crores (2017-2018 ₹ Nil) receivable from subsidiary company – RAK Paints Limited, company in which director of the Company is a director



KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

₹ in Crores

Note 11: Cash and Cash equivalents

	As at 31st March, 2019	As at 31st March, 2018
Cash on hand	0.12	0.06
Cheques on hand	25.03	29.23
Banks Balances	53.73	31.22
	<u>78.88</u>	<u>60.51</u>

Note 12: Bank Balance other than Cash and Cash equivalents

Unclaimed/Unpaid Dividend Accounts	1.97	1.01
Fixed Deposit with Bank*	0.52	299.39
	<u>2.49</u>	<u>300.40</u>

* Including deposit under Capital Gain Accounts Scheme, 1988 in respect of long-term capital gain, ₹ 625 only (2017-2018 ₹ 298.89 Crores)

Note 13: Loans

Unsecured and Considered Good:

Security Deposits	4.58	3.32
	<u>4.58</u>	<u>3.32</u>

Note 14: Other Current Financial Assets

Unsecured and Considered Good:

Fixed Deposit with SBI*	—	25.45
Other Receivable#	7.13	1.57
	<u>7.13</u>	<u>27.02</u>

* Deposited under Capital Gain Accounts Scheme, 1988 in respect of long-term capital gain

Includes ₹ 1.83 Crores (2017-2018 ₹ 1.57 Crores) receivable from subsidiary company – KNP Japan Private Limited (formerly known as Kansai Paints Nepal Private Limited), private company in which director of the Company is a director.

Note 15: Other Current Assets

Unsecured and Considered Good:

Balances with Indirect Tax Authorities	66.72	85.25
Trade Advances	64.12	38.24
Prepaid Expenses	14.04	6.77
Other Receivable	1.86	7.71
	<u>146.74</u>	<u>137.97</u>



264

KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note 16: Share Capital

	As at 31st March, 2019	As at 31st March, 2018
1. Authorised Share Capital (₹ in Crores)	60	60
Par Value per Share (₹)	1	1
Number of Equity Shares	<u>60,00,00,000</u>	<u>60,00,00,000</u>
2. Issued, Subscribed and Fully Paid up (₹ in Crores)	53.89	53.89
Par Value per Share (₹)	1	1
Number of Equity Shares	<u>53,89,19,720</u>	<u>53,89,19,720</u>
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 40,41,35,898	74.99 40,41,35,898
4. Aggregated number of bonus share issued during the period of five years immediately preceding the reporting date by capitalisation of security premium	Nil	Nil
5. The Company has issued one class of shares, i.e. equity shares, which enjoys similar rights in respect of voting, payment of dividend and repayment of capital. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.		
6. Reconciliation of the number of shares outstanding:		
Number of shares at the beginning of the year	53,89,19,720	53,89,19,720
Issued during the year	—	—
Number of shares at the end of the year	<u>53,89,19,720</u>	<u>53,89,19,720</u>

7. 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.



265

KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

₹ in Crores

Note 17: Other Equity

	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Total
Balance as at 1st April, 2017	0.30	12.56	487.67	2250.90	2751.43
Profit for the Year	—	—	—	516.40	516.40
Other Comprehensive Income:					
Remeasurement of Employee Defined Benefit Liability	—	—	—	(1.67)	(1.67)
Deferred Tax on Remeasurement of Employee Defined Benefit Liability	—	—	—	0.58	0.58
Total Other Comprehensive Income for the Year, net of tax..	—	—	—	(1.09)	(1.09)
Total Comprehensive Income for the Year	—	—	—	515.31	515.31
Transaction with Owners in their Capacity as Owners, recorded directly in equity:					
Dividends	—	—	—	(161.68)	(161.68)
Dividend Distribution Tax.....	—	—	—	(33.83)	(33.83)
	—	—	—	(195.51)	(195.51)
Balance as at 31st March, 2018	0.30	12.56	487.67	2570.70	3071.23

	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Total
Balance as at 1st April, 2018	0.30	12.56	487.67	2570.70	3071.23
Profit for the Year	—	—	—	467.35	467.35
Other Comprehensive Income:					
Remeasurement of Employee Defined Benefit Liability	—	—	—	1.41	1.41
Deferred Tax on Remeasurement of Employee Defined Benefit Liability	—	—	—	(0.49)	(0.49)
Total Other Comprehensive Income for the Year, net of tax..	—	—	—	0.92	0.92
Total Comprehensive Income for the Year	—	—	—	468.27	468.27
Transaction with Owners in their Capacity as Owners, recorded directly in equity:					
Dividends	—	—	—	(140.12)	(140.12)
Dividend Distribution Tax.....	—	—	—	(28.80)	(28.80)
	—	—	—	(168.92)	(168.92)
Balance as at 31st March, 2019	0.30	12.56	487.67	2870.05	3370.58

Analysis of Accumulated OCI, Net of Tax

₹ in Crores

Remeasurement of Employee Defined Benefit Liability

	As at 31st March, 2019	As at 31st March, 2018
Opening Balance	(10.75)	(9.66)
Remeasurement of Employee Defined Benefit Liability, net of tax	0.92	(1.09)
Closing Balance	(9.83)	(10.75)

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

General reserve was created by transfers of profits as per Companies (Transfer of Profits to Reserves) Rules, 1975. As general reserve is created by transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

Dividend

For the year 2017-2018, the Directors had recommended and Shareholders had approved a normal dividend of 260% (₹ 2.60 per share), which has been accounted in current year. For the year 2018-2019, the Directors have recommended dividend of (₹ 2.60 per share) for the year. The dividend proposed by the Directors is subject to approval of Shareholders at the annual general meeting. The proposed dividend of ₹ 140.12 Crores (2017-2018 ₹ 140.12 Crores) alongwith dividend distribution tax of ₹ 28.80 (2017-2018 ₹ 28.80 Crores) have not been recognised as liabilities.



KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

₹ in Crores

Note 18: Borrowings

	As at 31st March, 2019	As at 31st March, 2018
Deferred Payment Liabilities		
a. Unsecured Sales Tax Deferral Loan.....	3.40	9.71
Package Scheme of incentive allowed the Company to accumulate the sales tax collected from its customers in respect of goods produced at Lote factory. Sales tax collected each year is repayable in five equal yearly installments after ten years from the year of collection.		
Outstanding amount is repayable in two annual installments from the reporting date.		
Unsecured Sales Tax Deferral Loan is interest-free. [Current maturity of Unsecured Sales Tax Deferral Loan of ₹ 6.31 Crores (2017-2018 ₹ 8.62 Crores) is disclosed under 'Other Financial Liabilities' – Refer Note 21].		
	<u>3.40</u>	<u>9.71</u>

Note 19: Income Taxes

	Year ended 31st March, 2019	Year ended 31st March, 2018
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.....	221.87	268.21
Deferred tax:		
In respect of current year.....	24.19	1.79
Income tax expense recognised in the Standalone Statement of Profit and Loss.....	246.06	270.00
(ii) Income tax expense recognised in Other Comprehensive Income (OCI)		
Deferred tax expense on remeasurements of employee defined benefit plans.....	(0.49)	0.58
Income tax expense recognised in Other Comprehensive Income (OCI).....	(0.49)	0.58
B. Reconciliation of tax expense and the accounting profit for the year is as under:		
Profit before tax.....	713.41	786.40
Income tax expense calculated at 34.944% (2017-2018 34.608%).....	249.29	272.71
Tax effect on non-deductible expenses.....	5.01	4.17
Effect of incentive tax credits.....	(7.95)	(3.69)
Effect of income that is exempted from tax.....	(0.34)	(0.84)
Others.....	0.05	(2.35)
Total.....	<u>246.06</u>	<u>270.00</u>
Tax expense as per Standalone Statement of Profit and Loss.....	246.06	270.00

The tax rate used for reconciliation above is the corporate tax rate of 34.944% (2017-2018 34.608%) payable by corporate entities in India on taxable profits under Indian tax law.

₹ in Crores

C. The major components of deferred tax (liabilities)/assets arising on account of timing differences are as follows:

Particulars	Balance Sheet	Statement of Profit and Loss	OCI	Balance Sheet	Balance Sheet	Statement of Profit and Loss	OCI	Balance Sheet
	01.04.2018	2018-2019	2018-2019	31.03.2019	01.04.2017	2017-2018	2017-2018	31.03.2018
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.....	(108.02)	(28.62)	—	(136.64)	(101.16)	(6.86)	—	(108.02)
Tax adjustment on account on indexation of freehold land.....	14.15	1.03	—	15.18	12.27	1.88	—	14.15
Expense claimed for tax purpose on payment basis.....	6.95	0.70	—	7.65	5.54	1.41	—	6.95
Provision for doubtful debts and Advances.....	4.99	0.90	—	5.89	4.59	0.40	—	4.99
Voluntary Retirement Scheme (VRS) expenditure (allowed in Income Tax Act, 1961 over 5 years).....	0.02	0.01	—	0.03	0.30	(0.28)	—	0.02
Remeasurement benefit of employee defined benefit plans through OCI.....	3.08	—	(0.49)	2.59	2.50	—	0.58	3.08
Net fair value gain on investment in through FVTPL....	(1.59)	1.79	—	0.20	(3.25)	1.66	—	(1.59)
Deferred tax (expense)/income Net Deferred tax (liabilities).....	(80.42)	(24.19)	(0.49)	(105.10)	(79.21)	(1.79)	0.58	(80.42)



267

KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

₹ in Crores

Note 20: Trade Payables

	As at 31st March, 2019	As at 31st March, 2018
Trade Payables:		
Total Outstanding dues of Micro Enterprises and Small Enterprises (Refer Note 39)	17.83	—
Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises	614.03	683.58
	<u>631.86</u>	<u>683.58</u>

Note 21: Other Financial Liabilities

Current Maturities of Long-term Borrowings (Refer Note 18)	6.31	8.62
Unclaimed/Unpaid Dividends*	1.97	1.01
Trade Deposits	71.37	63.14
Creditors for Capital Goods	23.85	41.58
	<u>103.50</u>	<u>114.35</u>

* There are no amounts due and outstanding to be transferred to Investor Education and Protection Fund.

Note 22: Other Current Liabilities

Other Statutory Obligations*	8.42	19.24
Trade Receivables with Credit Balance	11.45	10.64
	<u>19.87</u>	<u>29.88</u>

* Includes payable toward GST, TDS and Employee Related Statutory Obligations.

₹ in Crores

Note 23: Provisions

	As at 31st March, 2019	As at 31st March, 2018
Provision for Compensated Absences (Refer Note 35)	11.36	10.56
Provision for Gratuity (Refer Note 35)	0.78	2.80
Provision for Indirect Taxes:		
Opening Balance	7.77	7.77
Add: Provision during the year	—	—
Less: Reversal during the year	5.50	—
	<u>2.27</u>	<u>7.77</u>
Provision for Warranty#:		
Opening Balance	—	0.25
Add: Provision during the year	—	—
Less: Reversal during the year	—	0.25
	<u>—</u>	<u>—</u>
	<u>14.41</u>	<u>21.13</u>

The Company was selling certain products with a warranty of seven years. Accordingly, provision had been recognised on the basis of management's expectation of warranty claims on such products.

₹ in Crores

Note 24: Current Tax Liabilities (Net)

	As at 31st March, 2019	As at 31st March, 2018
Current Tax Liabilities (Net)	3.31	3.67
	<u>3.31</u>	<u>3.67</u>



268

KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

₹ in Crores

Note 25: Revenue from Operations

	Year ended 31st March, 2019	Year ended 31st March, 2018
Sale of Products (including excise duty)		
Sales	5647.52	5180.79
Less: Discounts and Rebates	508.66	460.76
Total Sale of Products.....	5138.86	4720.03
Other Operating Revenues		
Sale of Scrap	17.06	12.25
Others	17.70	4.73
Revenue from Operations.....	5173.62	4737.01

Note 25.1: Disaggregation of revenue from contracts with customers

The Company derives revenue from sale of products from following major segments:

₹ in Crores

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
1) Revenue from contracts with customers:		
Sale of products (Transferred at point in time)		
Manufacturing		
India	4776.69	4417.97
(A)	4776.69	4417.97
Trading		
India	362.17	302.06
(B)	362.17	302.06
(C) = (A) + (B)	5138.86	4720.03
2) Other operating revenues:		
Sale of Scrap	17.06	12.25
Others	17.70	4.73
(D)	34.76	16.98
Total Revenue (C) + (D)	5173.62	4737.01
Major Product lines		
Paints	5138.86	4720.03
5138.86	4720.03	
Major Product lines		
Upon shipment.....	—	—
Upon delivery.....	5138.86	4720.03
5138.86	4720.03	
Reconciliation of revenue from contract with customer:		
Revenue from contracts with customer as per the contract price.....	5647.52	5030.35
Adjustments made to contract price on account of:		
a) Discounts and Rebates	(508.66)	(460.76)
b) Other Operating Revenue	34.76	16.98
c) Excise duty on Sale of Goods	—	150.44
Revenue from contracts with customer as per the Standalone Statement of Profit and Loss ...	5173.62	4737.01



269

KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

₹ in Crores

Note 26: Other Income

	Year ended 31st March, 2019	Year ended 31st March, 2018
Dividend Income		
Dividend from Investment in Equity Shares through FVTPL.....	1.95	1.66
Dividend from Mutual Funds recognised through FVTPL.....	—	0.96
	1.95	2.62
Interest Income		
Interest on Loans and Fixed Deposit at amortised cost.....	15.67	19.65
Interest on Bonds recognised through FVTPL.....	1.00	0.78
Interest on Income tax refund.....	0.61	—
	17.28	20.43
Profit on Sale of Current Investments (Net)	22.52	30.04
Fair Value Gain on Financial Instruments recognised through FVTPL.....	1.44	4.94
Other Non-operating income		
Profit on Sale of Property, Plant and Equipment	0.06	0.04
Foreign Exchange Gain (Net)	13.46	11.24
Insurance Claims Received	1.69	2.86
Miscellaneous Income	3.48	0.25
	18.69	14.39
	61.88	72.42

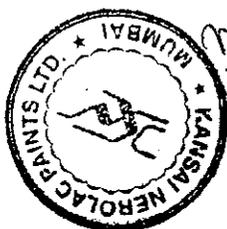
Note 27: Cost of Materials Consumed

Raw Material Consumed		
Opening Stock	299.87	226.45
Add: Purchase	2924.11	2429.81
Less: Sales	9.96	6.40
Less: Closing Stock	347.24	299.87
	2866.78	2349.99
Packing Material Consumed		
Opening Stock	11.14	9.90
Add: Purchase	375.79	326.13
Less: Closing Stock	11.94	11.14
	374.99	324.89
	3241.77*	2674.88*

*Includes ₹ 1.82 Crores (2017-2018 ₹ 1.94 Crores) expenditure incurred on Research and Development

**Note 28: Changes in Inventories of Finished Goods,
Stock-in-trade and Work-in-progress**

Opening Stock		
Finished Goods.....	395.29	388.48
Work-in-progress	65.04	44.69
Stock-in-trade (in respect of goods acquired for trading).....	30.12	18.37
	490.45	451.54
Less: Closing Stock		
Finished Goods.....	546.62	395.29
Work-in-progress	92.67	65.04
Stock-in-trade (in respect of goods acquired for trading).....	49.14	30.12
	688.43	490.45
Add: Excise Duty Related to the Difference between the Closing Stock and Opening Stock of Finished Goods	—	(75.54)
	(197.98)	(114.45)



270

KANSAI NEROLAC PAINTS LIMITED**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019**

₹ in Crores

Note 29: Employee Benefits Expense

	Year ended 31st March, 2019	Year ended 31st March, 2018
Salaries and Wages (Refer Note 34).....	223.26	203.20
Contribution to Provident and Other Funds (Refer Note 35).....	18.85	13.50
Staff Welfare Expense.....	13.27	9.86
	<u>255.38*</u>	<u>226.56*</u>

*Includes ₹ 17.53 Crores (2017-2018 ₹ 16.97 Crores) expenditure incurred on Research and Developments

Note 30: Depreciation and Amortisation Expenses

	Year ended 31st March, 2019	Year ended 31st March, 2018
Depreciation on Property, Plant and Equipment (Refer Note 2).....	89.39	75.38
Amortisation on Other Intangible Assets (Refer Note 4).....	1.08	0.41
	<u>90.47*</u>	<u>75.79*</u>

*Includes ₹ 2.32 Crores (2017-2018 ₹ 1.18 Crores) depreciation and amortisation expenses on Research and Developments

Note 31: Other Expenses

	Year ended 31st March, 2019	Year ended 31st March, 2018
Consumption of Stores and Spare Parts.....	29.14	24.07
Power and Fuel.....	82.90	75.38
Repairs to Buildings.....	0.36	0.71
Repairs to Machinery.....	12.43	10.40
Freight and Forwarding Charges.....	266.74	224.53
Advertisement and Sales Promotion.....	260.98	275.14
Rent.....	38.73	31.45
Rates and Taxes.....	2.09	3.17
Insurance.....	4.41	4.00
Miscellaneous Expenses.....	175.93	147.32
	<u>873.71*</u>	<u>796.17*</u>

*Includes ₹ 5.77 Crores (2017-2018 ₹ 4.25 Crores) expenditure incurred on Research and Development

Note 31.1: Payments to Statutory Auditors'

Auditors' Remuneration excluding taxes (Included in Miscellaneous Expenses in Note 31)

As Auditor

Statutory Audit.....	0.25	0.25
Report under Section 44AB of the Income-tax Act, 1961.....	0.04	0.04
Limited Review of Quarterly Results.....	0.09	0.09

In other capacity

Certification.....	0.09	0.09
Other matters.....	0.24	0.10

Reimbursements of Expenses.....	0.04	0.03
	<u>0.75</u>	<u>0.60</u>

Note 31.2: Research and Development Expenses

Revenue Expenditure on Research and Development recognised in Standalone Statement of Profit and Loss.....	27.44	24.34
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271

KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

₹ in Crores

	Year ended 31st March, 2019	Year ended 31st March, 2018
Note 31.3: Operating Lease Expenses		
The Company obtains business warehouses on cancellable lease terms. Hence the following disclosure is provided only for vehicles obtained on non-cancellable lease terms. Vehicles are obtained for use by employees on operating lease for a lease term of three to five years.		
Lease payments recognised in Standalone Statement of Profit and Loss	0.96	0.79
Future minimum aggregate lease payments under non-cancellable operating leases for each of the following periods:		
Not later than one year	0.90	0.82
Later than one year and not later than five years	1.80	2.16
Later than five years	—	—

**Note 32: Contingent Liabilities and Commitments
(to the extent not provided for)**

A. Claims against the Company not acknowledged as debt:

Excise and Service Tax.....	8.42	7.29
Sales Tax	13.97	—

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 ₹ 8.42 Crores (2017-2018 ₹ 7.29 Crores) from the Excise / Service Tax Authorities, in respect of disallowance of Excise / Service Tax Credit. 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.

Commitments:

Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)	123.57	152.21
--	--------	--------

B. Corporate guarantee

Corporate guarantee given to Bank for employee loans.....	2.55	2.55
Corporate guarantee given to Bank for loan taken by Kansai Paints Lanka (Private) Limited – Subsidiary Company.....	13.85	—
	<u>162.36</u>	<u>162.05</u>

C. Contribution to Provident Fund as per Supreme Court Judgment

The Hon'ble Supreme Court of India ("SC") by their order dated February 28, 2019, in the case of Surya Roshani Limited & others v/s EPFO, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Subsequently, a review petition against this decision has been filed and is pending before the SC for disposal.

In view of the management, the liability for the period from date of the SC order to 31 March 2019 is not significant. Further, the pending decision on the subject review petition and directions from the EPFO, the impact for the past period, if any, is not ascertainable and consequently no effect has been given in the accounts.

Note 33: Earnings Per Equity Share

Numerator:		
Profit attributable to Equity Shareholders (₹ in Crores)	467.35	516.40
Denominator:		
Weighted Average Number of ordinary shares at the beginning and end of the year.....	53,89,19,720	53,89,19,720
Basic and Diluted Earnings Per Equity Share (in ₹).....	8.67	9.58



272

KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note 34: 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.

Parent and ultimate controlling entity

Name	% Shareholding		Type	Principal Activities	Place of Incorporation
	2018-2019	2017-2018			
Kansai Paints Co., Ltd.	74.99	74.99	Parent and ultimate controlling entity	Manufacturing Paints and Coatings	Japan

Kansai Paints Co., Ltd. is the immediate and ultimate holding company of Kansai Nerolac Paints Limited.

Subsidiary Companies

Name	% Shareholding		Type	Principal Activities	Place of Incorporation
	2018-2019	2017-2018			
KNP Japan Private Limited (formerly known as Kansai Paints Nepal Private Limited)	68	68	Subsidiary	Manufacturing Paints and Coatings	Nepal
Kansai Paints Lanka (Private) Limited	60	60	Subsidiary	Manufacturing Paints and Coatings	Sri Lanka
Marpol Private Limited (w.e.f. 7 April, 2018)	100	—	Subsidiary	Manufacturing Paints and Coatings	India
RAK Paints Limited (w.e.f. 17 July, 2018)	55	—	Subsidiary	Manufacturing Paints and Coatings	Bangladesh

Fellow Subsidiary Companies

Name	Type	Principal Activities	Place of Incorporation
Kansai Paint Philippines Inc.....	Fellow Subsidiary	Manufacturing Paints and Coatings	Philippines
Kansai Paint Asia Pacific SDN.BHD.....	Fellow Subsidiary	Manufacturing Paints and Coatings	Malaysia
Kansai Altan Boya Sanayi Ve Ticaret A.S.....	Fellow Subsidiary	Manufacturing Paints and Coatings	Turkey
Kansai Plascon Kenya Ltd.....	Fellow Subsidiary	Manufacturing Paints and Coatings	Kenya

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. Key management personnel includes (1) Mr. P. P. Shah, Chairman (2) Mr. H. M. Bharuka, Vice Chairman and Managing Director, (3) Mr. N. N. Tata, Director (4) Mrs. Brinda Somaya, Director (5) Mr. Anuj Jain, Wholetime Director, (6) Mr. P.D. Pai, CFO and (7) Mr. G. T. Govindarajan, Company Secretary.



273

KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

₹ in Crores

Note 34: Related Party Disclosures (contd.)

Transaction with related parties and Disclosure as per Regulation 53(f) of SEBI (Listing Obligation and disclosure requirement) Regulations

Transaction Type	Relation	2018-2019	2017-2018
Sale of finished goods/Intermediates			
— Marpol Private Limited	Subsidiary	4.76	—
— Kansai Paint Philippines Inc.....	Fellow Subsidiary	2.18	1.51
— Kansai Altan Boya Sanayi Ve Ticaret A.S.....	Fellow Subsidiary	—	0.79
— Kansai Plascon Kenya Ltd.	Fellow Subsidiary	1.36	0.48
Purchase of Goods			
— Marpol Private Limited	Subsidiary	6.33	—
Dividend Paid			
— Kansai Paint Co., Ltd., Japan.....	Parent and ultimate controlling entity	105.08	121.24
Dividend Income			
— KNP Japan Private Limited	Subsidiary	1.93	1.66
Royalty Expense			
— Kansai Paint Co., Ltd., Japan.....	Parent and ultimate controlling entity	16.81	16.20
Technical Fees Including Reimbursement of Expenses			
— Kansai Paint Co., Ltd., Japan.....	Parent and ultimate controlling entity	2.20	1.33
— Kansai Paint Asia Pacific SDN.BHD.....	Fellow Subsidiary	0.12	0.11
Royalty Income			
— KNP Japan Private Limited	Subsidiary	0.78	0.61
— Kansai Paints Lanka (Private) Limited	Subsidiary	0.20	0.08
— RAK Paints Limited	Subsidiary	0.40	—
Corporate guarantee given for			
— Kansai Paints Lanka (Private) Limited	Subsidiary	13.85	—
Income from Corporate guarantee issued			
— Kansai Paints Lanka (Private) Limited	Subsidiary	0.03	—
Equity Investment			
— Kansai Paints Lanka (Private) Limited	Subsidiary	6.38	3.76
— Marpol Private Limited	Subsidiary	34.32	—
— RAK Paints Limited	Subsidiary	42.17	—



KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

₹ in Crores

Note 34: Related Party Disclosures (contd.)

Transaction with related parties and Disclosure as per Regulation 53(f) of SEBI (Listing Obligation and disclosure requirement) Regulations (contd.)

Transaction Type	Relation	2018-2019	2017-2018
Interest Income			
— KNP Japan Private Limited	Subsidiary	—	0.09
Reimbursement of Expenses Recovered			
— Kansai Paint Co., Ltd., Japan (Included in Note 14)	Parent and ultimate controlling entity	1.35	1.20
— KNP Japan Private Limited (Included in Note 29).....	Subsidiary	0.64	0.60
— Kansai Paints Lanka (Private) Limited (Included in Note 29)....	Subsidiary	0.21	0.34
Amount of outstanding balances, including commitments in settlement			
Receivable as at Year End			
— Kansai Paint Co., Ltd., Japan.....	Parent and ultimate controlling entity	1.35	1.20
— KNP Japan Private Limited*.....	Subsidiary	3.21	2.51
— Kansai Paints Lanka (Private) Limited*.....	Subsidiary	0.86	0.42
— Marpol Private Limited*.....	Subsidiary	5.00	—
— RAK Paints Limited*.....	Subsidiary	0.40	—
— Kansai Paint Philippines Inc.....	Fellow Subsidiary	—	—
— Kansai Plascon Kenya Ltd	Fellow Subsidiary	0.36	0.24
Payable as at Year End			
— Kansai Paint Co., Ltd., Japan.....	Parent and ultimate controlling entity	0.74	0.11
— Marpol Private Limited	Subsidiary	0.62	—
— Kansai Paint Asia Pacific SDN.BHD.....	Fellow Subsidiary	0.05	0.05
Corporate guarantee given for			
— Kansai Paints Lanka (Private) Limited	Subsidiary	13.85	—
Key Management Personnel			
— Employee benefits.....		10.21	10.44
Related Party Transactions:			
Related party transactions were made on terms equivalent to those that prevail in an arm's length transactions.			

	Relation	2018-2019	2017-2018
*Maximum outstanding during year			
— KNP Japan Private Limited	Subsidiary	2.16	0.91
— Kansai Paints Lanka (Private) Limited	Subsidiary	0.17	0.42
— Marpol Private Limited	Subsidiary	1.12	—
— RAK Paints Limited	Subsidiary	0.40	—



275

KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note 35: 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:

Particulars	₹ in Crores	
	Year ended 31st March, 2019	Year ended 31st March, 2018
Employer's contribution to Regional Provident Fund Commissioner.....	2.63	1.69
Employer's contribution to Family Pension Fund.....	3.79	3.30
Employer's contribution to Superannuation Fund.....	6.48	5.01

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 31st March, 2019 and 31st March, 2018:

Particulars	₹ in Crores	
	Year ended 31st March, 2019	Year ended 31st March, 2018
Change in Defined Benefit Obligation		
Defined Benefit Obligation at the beginning.....	34.93	33.34
Current Service Cost.....	3.05	2.88
Interest Expense.....	2.59	2.25
Benefit Payments from Plan Assets.....	(2.49)	(3.84)
Remeasurements - Actuarial (gains)/losses.....	(1.22)	0.30
Defined Benefit Obligation at year end.....	36.86	34.93
Change in Fair Value of Plan Assets		
Fair Value of Plan Assets at the beginning.....	32.13	26.81
Interest Income.....	2.53	2.24
Employer Contributions.....	3.70	8.29
Benefit Payments from Plan Assets.....	(2.49)	(3.84)
Remeasurements - Return on plan assets excluding amounts included in interest income.....	0.19	(1.37)
Fair Value of Plan Assets at year end.....	36.08	32.13
Net (Liability).....	(0.78)	(2.80)

Components of Defined Benefit Cost recognized in the Standalone Statement of Profit and Loss under Employee Benefit Expense:

Particulars	₹ in Crores	
	Year ended 31st March, 2019	Year ended 31st March, 2018
Current Service Cost.....	3.05	2.88
Net Interest Cost.....	0.06	0.01
Defined Benefit Cost recognised in the Standalone Statement of Profit and Loss.....	3.11	2.89



KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note 35: Employee Benefits (contd.)

B. Defined Benefit Plans (contd.)

a. Gratuity (contd.)

Components of Defined Benefit Cost recognised in the Statement of Other Comprehensive Income:

₹ in Crores

Particulars	Year ended	Year ended
	31st March, 2019	31st March, 2018
Actuarial (gains)/losses on Defined Benefit Obligation.....	(1.22)	0.30
(Return)/loss on plan assets excluding amounts included in the net interest on the net defined benefit liability/(asset).....	(0.19)	1.37
Defined Benefit Cost recognised in the Statement of Other Comprehensive Income.....	(1.41)	1.67

The assumptions used to determine net periodic benefit cost are set out below:

Particulars	Valuation Date	
	31st March, 2019	31st March, 2018
Discount Rate.....	7.70%	7.70%
Salary Escalation.....	7.50%	7.50%
Weighted average duration of the Defined Benefit Obligation (years).....	13.11	12.78

Sensitivity Analysis:

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:

Scenario	₹ in Crores	
	31st March, 2019	31st March, 2018
Under Base Scenario.....	36.86	34.93
Salary Escalation – Up by 1%.....	40.03	37.89
Salary Escalation – Down by 1%.....	34.04	32.31
Withdrawal Rates – Up by 1%.....	36.87	34.79
Withdrawal Rates – Down by 1%.....	36.83	35.08
Discount Rates – Up by 1%.....	34.07	32.52
Discount Rates – Down by 1%.....	40.07	37.71
Expected Rate of Return on Planned Asset	7.70%	7.70%

Maturity Profile of Defined Benefit Obligations

Mortality Table	31st March, 2019		31st March, 2018	
	Male	Female	Male	Female
Attained Age				
20	0.09%	0.09%	0.09%	0.09%
25	0.09%	0.09%	0.10%	0.10%
30	0.10%	0.10%	0.11%	0.11%
35	0.12%	0.12%	0.13%	0.13%
40	0.17%	0.17%	0.18%	0.18%
45	0.26%	0.26%	0.29%	0.29%
50	0.44%	0.44%	0.49%	0.49%
55	0.75%	0.75%	0.79%	0.79%
60	1.12%	1.12%	1.15%	1.15%

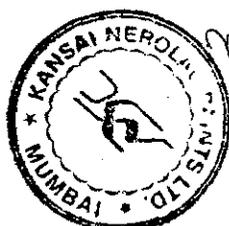
Assumptions regarding future mortality experience are set in accordance with the published statistics by the Life Insurance Corporation of India.

The Company contributes all ascertained liabilities towards gratuity to the fund maintained by the Life Insurance Corporation of India.

The Company expects to contribute ₹ 0.78 Crores (2017-2018 ₹ 2.80 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 ₹ 2.13 Crores (2017-2018 ₹ 2.09 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.



277

KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note 35: 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:

Particulars	₹ In Crores	
	As at 31st March, 2019	As at 31st March, 2018
Plan assets at period end, at fair value.....	63.97	58.78
Present value of benefit obligation at period end	63.27	57.07
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:

Particulars	₹ in Crores	
	As at 31st March, 2019	As at 31st March, 2018
Discount Rate (%)	7.75	7.70
Guaranteed Interest Rate (%)	8.65	8.55
Expected Average Remaining Working Lives of Employees (Years)	8.13	8.37

c. Compensated Absences

Amount of ₹ 2.02 crores (2017-2018 ₹ 3.36 crores) has been recognised in the Standalone Statement of Profit and Loss as an expense for compensated absences.

Note 36: 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 various products of the Company. As the Company's business activity falls within 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".

Note 37: Corporate Social Responsibilities

During the year, the Company has spent ₹ 13.45 Crores (2017-2018 ₹ 11.03 Crores) towards 'Corporate Social Responsibility Activities' (CSR Activities).

(a) Gross amount required to be spent by the Company during the year : ₹ 13.35 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	13.45	—	13.45



278

KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note 38: 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	Other Financial Assets / Liabilities - at Amortised Cost	Level 1	Level 2	Level 3	Total
Financial Assets measured at Fair Value							
Non-current Assets: Investments (Note 5)	2019	0.96	107.97	0.71	—	0.25	0.96
	2018	0.71	25.10	0.69	—	0.02	25.81
Current Assets: Investments (Note 9)	2019	195.56	—	—	195.56	—	195.56
	2018	519.96	—	—	519.96	—	519.96
Financial Assets not measured at Fair Value							
Non-current Assets: Loans (Note 6)	2019	—	13.27	—	—	13.27	13.27
	2018	—	11.26	—	—	11.26	11.26
Current Assets: Trade Receivables (Note 10)	2019	—	674.02	—	—	—	674.02
	2018	—	675.69	—	—	—	675.69
Current Assets: Cash and Cash Equivalent (Note 11)	2019	—	78.88	—	—	—	78.88
	2018	—	60.51	—	—	—	60.51
Current Assets: Bank Balances other than Cash and Cash Equivalent (Note 12)	2019	—	2.49	—	—	—	2.49
	2018	—	300.40	—	—	—	300.40
Current Assets: Loans (Note 13)	2019	—	4.58	—	—	—	4.58
	2018	—	3.32	—	—	—	3.32
Current Assets: Other Financial Assets (Note 14)	2019	—	7.13	—	—	—	7.13
	2018	—	27.02	—	—	—	27.02
Financial Liabilities not measured at Fair Value							
Non-current Liabilities: Borrowings (Note 18)	2019	—	3.40	—	—	3.40	3.40
	2018	—	9.71	—	—	9.71	9.71
Current Liabilities: Trade Payable (Note 20)	2019	—	631.86	—	—	—	631.86
	2018	—	683.58	—	—	—	683.58
Current Liabilities: Other Financial Liabilities (Note 21)	2019	—	103.50	—	—	—	103.50
	2018	—	114.35	—	—	—	114.35

(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.



279

KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note 38: Financial Instruments: Fair Values and Risk Management (contd.)

(B) Financial Risk Management (contd.)

(ii) Credit Risk

Credit Risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, loans and investments in debt securities. The carrying amounts of financial assets represent the maximum credit risk exposure.

Trade Receivables and Loans

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.

₹ in Crores

	31st March, 2019	31st March, 2018
Movement in expected credit loss allowance on trade receivable		
Balance at the beginning of the year	14.40	13.24
Loss allowance measured at lifetime expected credit losses	2.43	1.16
Balance at the end of the year	16.83	14.40

Financial Instruments and Cash Deposits

Credit risks from balances with banks and financial institutions is managed by the Company's Treasury Department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

(iii) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Maturities of Financial Liabilities

The table below analyse the Company's financial liabilities into relevant maturing grouping based on their contractual maturities:

₹ in Crores

	Year ended	On demand	Upto 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	3 years and above	Total
Borrowings.....	31-03-2019	—	—	—	6.31	3.40	—	9.71
	31-03-2018	—	—	—	8.62	9.71	—	18.33
Trade Payables	31-03-2019	—	631.86	—	—	—	—	631.86
	31-03-2018	—	683.58	—	—	—	—	683.58
Other Financial Liabilities.....	31-03-2019	73.34	23.85	—	—	—	—	97.19
	31-03-2018	64.15	41.58	—	—	—	—	105.73



KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note 38: Financial Instruments: Fair Values and Risk Management (contd.)

(B) Financial Risk Management (contd.)

(iv) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market price comprises three types of risks: interest rate risk, currency risk and other price risk, such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. In respect of monetary assets and liabilities denominated in foreign currencies, the Company's policy is to ensure that its net exposure is kept to an acceptable level.

Exposure to Currency Risk:

The summary quantitative data about the Company's exposure to currency risk is as follows:

₹ in Crores

Financial Assets		CHF	EURO	JPY	SGD	GBP	ZAR	USD	Total
Trade Receivables	31-03-2019	---	---	---	---	---	---	1.51	1.51
	31-03-2018	---	---	---	---	---	---	1.93	1.93
Trade Advances	31-03-2019	0.14	0.31	3.20	0.77	---	---	2.64	7.06
	31-03-2018	0.37	43.61	0.89	0.10	0.03	0.01	13.91	58.92
Financial Liabilities									
Trade Payables	31-03-2019	(0.10)	(2.66)	(13.63)	---	---	---	(126.46)	(142.85)
	31-03-2018	(0.13)	(6.76)	(20.89)	---	(0.03)	---	(121.61)	(149.42)
Net exposure to Foreign	31-03-2019	0.04	(2.35)	(10.43)	0.77	---	---	(122.31)	(134.28)
Currency Risk (Liabilities)	31-03-2018	0.24	36.85	(20.00)	0.10	---	0.01	(105.77)	(88.57)

(v) Foreign Currency Sensitivity Analysis

The following table demonstrate the sensitivity to a reasonable possible change in CHF, EURO, JPY 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, 2019				
CHF (5% movement)	---	---	---	---
EURO (5% movement)	(0.12)	0.12	(0.08)	0.08
JPY (5% movement)	(0.52)	0.52	(0.34)	0.34
USD (5% movement)	(6.12)	6.12	(3.98)	3.98
31st March, 2018				
CHF (5% movement)	0.01	(0.01)	(0.01)	0.01
EURO (5% movement)	1.84	(1.84)	1.20	(1.20)
JPY (5% movement)	(1.00)	1.00	(0.65)	0.65
USD (5% movement)	(5.29)	5.29	(3.46)	3.46

(C) Valuation techniques and significant unobservable inputs

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Other Non-current assets: investment measured at amortised cost	Discounted cash flows: The valuation model considers the present value of expected receipt/payment discounted using appropriate discounting rates.	<ul style="list-style-type: none"> Forecast Annual revenue growth Forecast EBIDA growth margin Risk adjustment discounted rate. 	Generally, a changes in the annual revenue growth rate is accompanied similar change in EBIDA 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



281

KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note 38: Financial Instruments: Fair Values and Risk Management (contd.)

(C) Valuation techniques and significant unobservable inputs (contd.)

Carrying amounts of cash and cash equivalents, trade receivables, loans, trade payables and other financial liabilities as at 31st March, 2019 and 31st March, 2018 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.

Note 39:

Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 are provided as under for the year 2018-19, to the extent the Company has received intimation from the "Suppliers" regarding their status under the Act.

	As at 31st March, 2019	As at 31st March, 2018
(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.....	17.83	—
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.

Note 40:

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 5.
- (ii) There are no Loans given by the Company in accordance with section 186 of the Companies Act, 2013 read with rules issued thereunder.
- (iii) Details of Guarantees 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	Relationship	As at 31st March, 2019	As at 31st March, 2018
Kansai Paints Lanka (Private) Limited (in respect of loan taken from bank).....	Subsidiary Company	13.85	—



282

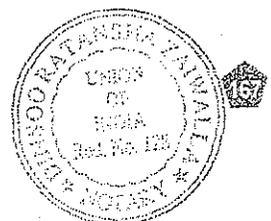
KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note 41:

Consequent to the issuance of "Guidance Note on Division II - Ind AS schedule III the Companies Act, 2013" certain items of Standalone Financial Statements have been regrouped/reclassified.

As per our attached report of even date For B S R & Co. LLP <i>Chartered Accountants</i> Firm's Registration No. 101248WW-100022				For and on behalf of the Board of Directors of Kansai Nerolac Paints Limited P.P. SHAH <i>Chairman</i> DIN 00066242 H.M. BHARUKA <i>Vice Chairman and Managing Director</i> DIN 00306084 N.N. TATA <i>Director</i> DIN 00024713 BRINDA SOMAYA <i>Director</i> DIN 00358908 ANUJ JAIN <i>Wholetime Director</i> DIN 08091524
ANIRUDDHA GODBOLE <i>Partner</i> Membership No. 105149	G.T. GOVINDARAJAN <i>Company Secretary</i> ACS No. 8887	P.D. PAI <i>CFO</i>		
Mumbai, 2nd May, 2019				Mumbai, 2nd May, 2019





KANSAI NEROLAC PAINTS LIMITED
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 percentage)
KNP Japan Private Limited (formerly known as Kansai Paints Nepal Private Limited)	2018-19	1st October, 2012	NPR	8.17	28.55	57.62	20.68	Nil	84.51	13.99	2.47	11.52	2.84	68%
	2017-18			8.17	19.76	47.98	20.05	Nil	64.14	9.05	2.54	6.51	2.41	68%
Kansai Paints Lanka (Private) Limited	2018-19	30th July, 2015	LKR	39.36	(18.80)	40.31	22.19	Nil	12.11	(10.88)	Nil	(10.88)	Nil	60%
	2017-18			28.05	(8.93)	39.96	20.84	Nil	8.06	(6.83)	Nil	(6.83)	Nil	60%
Marpol Private Limited(5)	2018-19	7th April, 2018	INR	3.00	6.27	35.43	26.16	Nil	68.88	1.98	0.29	1.69	Nil	100%
RAK Paints Limited(5)	2018-19	17th July, 2018	BDT	51.87	(77.92)	87.47	112.92	Nil	93.04	(8.95)	0.70	(9.65)	Nil	55%

Notes:

- The assets and liabilities are translated at the exchange rate prevailing at the Balance Sheet date, and income and expense items are translated at average rates of exchange for the year.
- The reporting period of KNP Japan Pvt. Ltd, Kansai Lanka Paints Pvt. Ltd. and Marpol Pvt. Ltd. are same as that of holding company i.e. 1st April, 2018 to 31st March, 2019. For RAK Paints Ltd., Bangladesh, reporting period is from 1st July, 2018 to 31st March, 2019.
- Names of subsidiaries which are yet to commence operations as at 31st March, 2019 - Nil
- Names of subsidiaries which have been liquidated or sold during the year - Nil
- Details relating to acquisition of Marpol Pvt. Ltd. and RAK Paints Ltd. is disclosed under Note 43 of Consolidated Financial Statements.

Since the company does not have any Associates or Joint Ventures, information pertaining to Part "B" to this form relating to Associates and Joint Ventures is not given.

For and on behalf of the Board of Directors of Kansai Nerolac Paints Limited

P.P. SHAH	Chairman	DIN 00066242
H.M. BHARUKA	Vice Chairman and Managing Director	DIN 00306084
N.N. TATA	Director	DIN 00024713
BRINDA SOMAYA	Director	DIN 00358908
ANUJ JAIN	Wholetime Director	DIN 08091524

G.T. GOVINDARAJAN
Company Secretary
ACS No. 8887

P.D. PAI
CFO

Mumbai, 2nd May, 2019



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283

KANSAI NEROLAC PAINTS LIMITED

**INDEPENDENT AUDITORS' 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') and its subsidiaries KNP Japan Private Limited, Kansai Paints Lanka (Private) Limited, Marpol Private Limited and RAK Paints Limited (the Holding Company and its subsidiaries are together referred to as the "Group"), which comprise the consolidated balance sheet as at 31 March 2019, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('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 31 March 2019, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under Section 143 (10) of the Act. Our responsibilities under those SAs are further described in the *Auditors' Responsibility 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, and we have fulfilled our other ethical responsibilities in accordance with provisions of the Act. We believe that the audit evidence we have obtained and the evidence obtained by the other auditors in terms of their reports referred to in the 'Other Matters' paragraph below, is sufficient and appropriate to provide a basis for our 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 of the current period. 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.

Revenue recognition

The Key Audit Matter	How the matter was addressed in our audit
<p>Revenue is measured based on transaction price, which is the consideration, adjusted for rebates, discounts, incentives and scheme allowances. As disclosed in Note 1.12 to the consolidated financial statements, 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.</p> <p>Accrual for rebates, discounts and scheme allowances</p> <p>Revenue is recognised net of rebates, discounts, incentives, scheme allowances and estimated sales returns owed to the customers based on the arrangement with customers.</p> <p>The recognition and measurement of rebates, discounts, incentives and schemes allowances, including establishing an appropriate accrual at year end, involves significant judgement and estimates, particularly the expected level of claims of each of the customers.</p> <p>The value of rebates, discounts, incentives and schemes allowances together with the level of judgement involved make its accounting treatment a significant matter for our audit.</p>	<p>Our audit procedures included following:</p> <ul style="list-style-type: none"> — Understanding the process followed by the management for the purpose of identifying and determining the amount of provision of accrual for rebates discounts, incentives and scheme allowances; — Considering the appropriateness of the Group's accounting policies regarding revenue recognition as they relate to accounting for rebates, discounts, incentives and scheme allowances; — Testing the Group's process and controls over the calculation of rebates, discounts and scheme allowance; — Selecting a sample of revenue transactions and scheme circulars to re-check that rebates, discounts, incentives and scheme allowance were calculated in accordance with the eligibility criteria mentioned in the scheme circulars; — Selecting a sample of claims submitted by customers along with claim form and verifying it with the accrual made in the books of account; and — Considering the assumptions and judgements used by the Group in calculating rebates, discounts, incentives and schemes allowances, including the level of expected claims, by reviewing historical trends of claims.



285

KANSAI NEROLAC PAINTS LIMITED

INDEPENDENT AUDITORS' REPORT (Continued)

Impairment testing of goodwill

The Key Audit Matter	How the matter was addressed in our audit
<p>The Group's intangible assets comprised goodwill on consolidation.</p> <p>As required by Ind AS - 36 'Impairment of Assets', the Group annually tests the amount of goodwill for impairment where indicators of impairment exist using a discounted cash flow model to estimate the recoverable value. This impairment test is significant to our audit because the assessment process is complex and judgement is based on assumptions such as expected growth rate, expected profitability and future market or economic conditions.</p> <p>Due to significance of amount involved this was considered as key audit matter.</p>	<p>Our audit procedures in respect of impairment testing of goodwill included the following:</p> <ul style="list-style-type: none"> — Review the appropriateness of management's basis to identify relevant CGUs for which Goodwill is being tested; — Testing the mathematical accuracy of the discounted cash flow model and evaluation of the assumptions and methodologies used by the Group; — In respect of forecasts, we: <ul style="list-style-type: none"> • Assessed the subsidiaries current year actual results in comparison with prior year forecasts to assess forecast accuracy; • Assessed the Group's assumptions for growth rate in the impairment model in comparison to economic and industry forecast; and • Assessed the discount rates through comparing the cost of capital for the Group with comparable business. — We assessed the adequacy of the Group's disclosures of those assumptions used for impairment testing of goodwill.

Other Information

The Holding Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the consolidated financial statements and our auditors' 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 the 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 done / audit report of other auditors, 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 and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are 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 state of affairs, consolidated profit / loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows 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. 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 the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group 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 (Holding Company and subsidiaries) or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.



286

KANSAI NEROLAC PAINTS LIMITED

INDEPENDENT AUDITORS' REPORT (Continued)

Auditors' Responsibility for the Audit of the Consolidated Financial Statements

Our objective is 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 Group has adequate internal financial controls system 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 in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. 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 (Holding Company and subsidiaries) 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 financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements, of which we are the independent auditors. We are responsible for direction, supervision and performance of the audit of the financial information of such entities. 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. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

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 of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.



287

KANSAI NEROLAC PAINTS LIMITED

INDEPENDENT AUDITORS' REPORT (Continued)

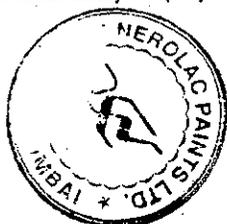
Other Matters

- a) We have not audited the financial statements of KNP Japan Private Limited, Kansai Paints Lanka (Private) Limited, Marpol Private Limited and RAK Paints Limited whose financial statements reflect total assets of Rs 220.83 crores as at the 31 March 2019, total revenue of Rs 259.10 crores and net cash outflow flows amounting to Rs 11.41 crores for the year ended on that date, as considered in the consolidated financial statements. These standalone financial statements have been audited by other auditors whose reports have been furnished to us by the Management and 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 Section 143 (3) of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.
- b) The financial statements and other financial information of the three subsidiaries located outside India 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 related 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.

Report on Other Legal and Regulatory Requirements

- (A) As required by Section 143 (3) of the Act, based on our audit and on the consideration of reports of other auditors on separate financial statements and other financial information of such subsidiaries, as were audited by other auditors, as noted in the 'Other Matters' paragraph, 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 of the aforesaid consolidated financial statements;
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
 - (c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant 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 Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act;
 - (e) on the basis of the written representations received from the directors of the Holding Company as on 31 March 2019 and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164 (2) of the Act; and
 - (f) with respect to adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company incorporated in India and operating effectiveness of such controls, refer to our separate report in "Annexure A".
- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 and also the other financial information of the subsidiaries, as noted in the 'Other Matters' paragraph:
- i. the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 35 to the consolidated financial statements;
 - ii. the Holding Company and its subsidiary companies did not have any long-term contracts, including derivative contracts, for which there were any material foreseeable losses; and
 - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India during the year ended 31 March 2019.



288

KANSAI NEROLAC PAINTS LIMITED

INDEPENDENT AUDITORS' REPORT (Continued)

Report on Other Legal and Regulatory Requirements (Continued)

(C) With respect to the matter to be included in the Auditors' Report under Section 197 (16) of the Act:

In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of its subsidiary company incorporated in India which was not audited by us, the remuneration paid during the current year by the Holding Company to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company is not in excess of the limit laid down under Section 197 of the Act. The subsidiary company incorporated in India did not pay any remuneration to its directors during the year.

The Ministry of Corporate Affairs has not prescribed other details under Section 197 (16) of the Act which are required to be commented upon by us.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248WW-100022

Aniruddha Godbole
Partner
Membership No: 105149

Mumbai, 2 May, 2019



289

KANSAI NEROLAC PAINTS LIMITED

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT – 31 MARCH 2019

Report on the Internal Financial Controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

(Referred to in paragraph (A) (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of Kansai Nerolac Paints Limited ("the Holding Company") as of and for the year ended 31 March 2019, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary company incorporated in India (the Holding Company and its subsidiary company incorporated in India together referred to as the "Group") as of that date.

In our opinion, the Holding Company and such subsidiary company incorporated in India, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The respective company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective company considering the essential components of internal control stated in the Guidance Note. 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.

Auditors' Responsibility

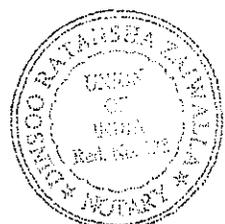
Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. 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 were 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 the internal controls 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 consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the relevant subsidiary company incorporated in India, in terms of their report referred to in the Other Matters paragraph below, 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 Consolidated Financial Statements

A company's internal financial control with reference to 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 reference to 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



290

KANSAI NEROLAC PAINTS LIMITED

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT – 31 MARCH 2019 (Continued)

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.

Other Matters

Our aforesaid report under clause (i) of sub-section 3 of Section 143 of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to the subsidiary company incorporated in India, is based solely on the report of the auditors of the subsidiary company incorporated in India.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248WW-100022

Aniruddha Godbole
Partner
Membership No: 105149

Mumbai, 2 May, 2019



291

KANSAI NEROLAC PAINTS LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2019

₹ in Crores

	Note	As at 31st March, 2019	As at 31st March, 2018
ASSETS			
Non-current Assets			
Property, Plant and Equipment	2	1404.52	1030.72
Capital Work-in-progress		316.35	345.98
Investment Property	3	0.18	0.18
Goodwill on Consolidation	4A	19.58	2.27
Other Intangible Assets	4B	40.79	2.37
		1781.42	1381.52
Financial Assets:			
Investments	5	0.96	0.71
Loans	6	14.16	12.21
		15.12	12.92
Current Tax Assets (Net)		165.71	80.07
Other Non-current Assets	7	235.29	70.42
Total Non-current Assets		2197.54	1544.93
Current Assets			
Inventories	8	1111.06	829.18
Financial Assets:			
Investments	9	195.56	519.96
Trade Receivables	10	755.58	702.64
Cash and Cash Equivalents	11	93.37	63.21
Bank Balances other than Cash and Cash Equivalents	12	2.82	300.40
Loans	13	5.22	3.32
Other Financial Assets	14	5.30	25.55
		1057.85	1615.08
Other Current Assets	15	151.44	140.73
Total Current Assets		2320.35	2584.99
Total Assets		4517.89	4129.92
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	16	53.89	53.89
Other Equity	17	3362.44	3078.43
Equity attributable to Equity holders of the Holding Company		3416.33	3132.32
Non-controlling interests	17	20.09	16.38
Total Equity		3436.42	3148.70
Liabilities			
Non-current Liabilities			
Financial Liabilities:			
Borrowings	18	4.35	9.71
Provisions	19	0.02	0.13
Deferred Tax Liabilities (Net)	20	126.67	81.38
Total Non-current Liabilities		131.04	91.22
Current Liabilities			
Financial Liabilities:			
Borrowings	21	96.51	16.83
Trade Payables	22		
Total Outstanding dues of Micro Enterprises and Small Enterprises		17.83	—
Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises		675.55	699.87
		693.38	699.87
Other Financial Liabilities	23	104.61	115.07
		894.50	831.77
Other Current Liabilities	24	34.87	32.73
Provisions	25	16.25	21.14
Current Tax Liabilities (Net)	26	4.81	4.36
Total Current Liabilities		950.43	890.00
Total Liabilities		1081.47	981.22
Total Equity and Liabilities		4517.89	4129.92
Significant Accounting Policies	1		
The notes referred to above form an integral part of Consolidated Financial Statements	2-46		

As per our attached report of even date
For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248WW-100022

ANIRUDDHA GODBOLE **G.T. GOVINDARAJAN** **P.D. PAI**
Partner Company Secretary CFO
Membership No. 105149 ACS No. 8887



For and on behalf of the Board of Directors of Kansai Nerolac Paints Limited
P.P. SHAH Chairman DIN 00066242
H.M. BHARUKA Vice Chairman and Managing Director DIN 00306084
N.N. TATA Director DIN 00024713
BRINDA SOMAYA Director DIN 00358908
ANUJ JAIN Wholtime Director DIN 08091524

Mumbai, 2nd May, 2019



KANSAI NEROLAC PAINTS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2019

₹ in Crores

A. Equity Share Capital

Balance as at 1st April, 2017.....	53.89
Changes in Equity Share Capital during 2017-2018.....	—
Balance as at the 31st March, 2018.....	53.89
Changes in Equity Share Capital during 2018-2019.....	—
Balance as at the 31st March, 2019.....	53.89

B. Other Equity

₹ in Crores

	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Foreign Currency Translation Reserve	Total attributable to owners of the Company	Attributable to NCI	Total
Balance as at 1st April, 2017.....	0.30	12.56	487.67	2260.70	(0.62)	2760.61	15.25	2775.86
Profit for the year as per Consolidated Statement of Profit and Loss	—	—	—	514.40	—	514.40	(0.65)	513.75
Exchange differences on translation of foreign operations.....	—	—	—	—	(0.06)	(0.06)	(0.01)	(0.07)
Other Comprehensive Income:								
Remeasurement of Employee Defined Benefit Liability.....	—	—	—	(1.59)	—	(1.59)	0.04	(1.55)
Deferred Tax on Remeasurement of Employee Defined Benefit Liability.....	—	—	—	0.58	—	0.58	—	0.58
Other Comprehensive Income, (net of tax).....	—	—	—	(1.01)	(0.06)	(1.07)	0.03	(1.04)
Total Comprehensive Income for the Year.....	—	—	—	513.39	(0.06)	513.33	(0.62)	512.71
Transaction with Owners in their Capacity as Owners:								
Issue of Share Capital.....	—	—	—	—	—	—	2.50	2.50
Dividends.....	—	—	—	(161.68)	—	(161.68)	(0.75)	(162.43)
Dividend Distribution Tax.....	—	—	—	(33.83)	—	(33.83)	—	(33.83)
Balance as at 31st March, 2018.....	0.30	12.56	487.67	2578.58	(0.68)	3078.43	16.38	3094.81

	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Foreign Currency Translation Reserve	Total attributable to owners of the Company	Attributable to NCI	Total
Balance as at 1st April, 2018.....	0.30	12.56	487.67	2,578.58	(0.68)	3,078.43	16.38	3,094.81
Profit for the year as per Consolidated Statement of Profit and Loss	—	—	—	452.75	—	452.75	(5.09)	447.66
Exchange differences on translation of foreign operations.....	—	—	—	—	(0.79)	(0.79)	—	(0.79)
Other Comprehensive Income:								
Remeasurement of Employee Defined Benefit Liability.....	—	—	—	1.47	—	1.47	0.04	1.51
Deferred Tax on Remeasurement of Employee Defined Benefit Liability.....	—	—	—	(0.50)	—	(0.50)	(0.01)	(0.51)
Other Comprehensive Income, (net of tax).....	—	—	—	0.97	(0.79)	0.18	0.03	0.21
Total Comprehensive Income for the Year.....	—	—	—	453.72	(0.79)	452.93	(5.06)	447.87
Transaction with Owners in their Capacity as Owners:								
Issue of Share Capital.....	—	—	—	—	—	—	4.37	4.37
Dividends.....	—	—	—	(140.12)	—	(140.12)	—	(140.12)
Dividend Distribution Tax.....	—	—	—	(28.80)	—	(28.80)	—	(28.80)
Fair Value on Acquisition attributable to NCI.....	—	—	—	—	—	—	3.57	3.57
Other Adjustments.....	—	—	—	—	—	—	0.83	0.83
Balance as at 31st March, 2019.....	0.30	12.56	487.67	2863.38	(1.47)	3362.44	20.09	3382.53

As per our attached report of even date
For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248WW-100022

ANIRUDDHA GODBOLE
Partner
Membership No. 105149
Mumbai, 2nd May, 2019

G.T. GOVINDARAJAN
Company Secretary
ACS No. 8887

P.D. PAI
CFO

For and on behalf of the Board of Directors of Kansai Nerolac Paints Limited
P.P. SHAH
Chairman
DIN 00066242
H.M. BHARUKA
Vice Chairman and Managing Director
DIN 00306084
N.N. TATA
Director
DIN 00024713
BRINDA SOMAYA
Director
DIN 00358908
ANUJ JAIN
Wholtime Director
DIN 08091524

Mumbai, 2nd May, 2019



KANSAI NEROLAC PAINTS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2019

₹ in Crores

	Year ended 31st March, 2019	Year ended 31st March, 2018
Cash Flow from Operating Activities		
Profit Before Tax.....	696.79	786.96
Adjustments for:		
Depreciation and Amortisation Expenses.....	106.28	77.07
Fair Value Gain on Financial Instruments recognised through FVTPL.....	(1.44)	(4.94)
Unrealised Foreign Exchange Gain (Net).....	(4.29)	(0.86)
Profit on Sale of Investments (Net).....	(22.52)	(30.04)
Interest Income.....	(17.55)	(20.34)
Dividend Income.....	(0.02)	(0.96)
Finance Costs.....	9.97	0.69
Loss/(Profit) on Sale of Property, Plant and Equipment (Net).....	0.10	(0.03)
Provision for Doubtful Debts and Bad Debts.....	9.08	2.87
Provision no longer required.....	(5.50)	—
	<u>74.11</u>	<u>23.46</u>
Operating Profit Before Working Capital Changes.....	770.90	810.42
(Increase) in Trade and Other Receivables.....	(81.90)	(187.45)
(Increase) in Inventories.....	(258.96)	(125.98)
(Decrease)/Increase in Trade Payables, Other Financial Liabilities and Provisions.....	(19.39)	139.42
	<u>(360.25)</u>	<u>(174.01)</u>
Cash Generated from Operations.....	410.65	636.41
Direct Taxes Paid (Net of Refunds).....	(310.73)	(276.39)
Net Cash Flows from Operating Activities.....	99.92	360.02
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).....	(527.07)	(344.47)
Proceeds from Sale of Property, Plant and Equipment.....	2.29	1.33
Purchase of Non-current Investments.....	(0.23)	—
Purchase of Current Investments.....	(16,747.07)	(25135.61)
Proceeds from Sale/Redemption of Current Investments.....	17,095.46	25181.36
Payments for Acquisition of Subsidiaries (Refer Note 43).....	(76.49)	—
Interest Received.....	17.55	20.34
Dividend Received.....	0.02	0.96
Proceeds from Fixed Deposits on Maturity.....	323.99	113.35
Net Cash Flows generated/(used in) Investing Activities.....	88.45	(162.74)
Cash Flow from Financing Activities		
Repayment of Non-Current Borrowings.....	(7.75)	(10.32)
Repayment of Current Borrowings.....	(36.25)	—
Proceeds from Non-Current and Current Borrowings.....	—	14.94
Finance Costs.....	(9.97)	(0.69)
Dividend Paid.....	(140.12)	(161.68)
Dividend Distribution Tax Paid.....	(28.80)	(33.83)
Net Cash Flows (used in) Financing Activities.....	(222.89)	(191.58)
Net (Decrease) / Increase in Cash and Cash Equivalents.....	(34.52)	5.70



295

KANSAI NEROLAC PAINTS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2019 (contd.)

₹ in Crores

	Year ended 31st March, 2019	Year ended 31st March, 2018
Cash and Cash Equivalents at Beginning of the year the components being:		
Cash on hand	0.10	0.80
Cheques on hand	29.23	21.79
Balances with Banks on Current, Margin and Fixed Deposit Accounts ..	33.22	32.42
Bank Overdrafts and Cash Credit (Refer Note 21)	(1.89)	—
Effect of exchange rate fluctuation	0.66	0.61
	61.32	55.62
Cash and Cash Equivalents at end of the year the components being:		
Cash on hand	2.28	0.10
Cheques on hand	25.03	29.23
Balances with Banks on Current, Margin and Fixed Deposit Accounts (Inclusive of balances taken over on acquisition of subsidiaries)	65.22	33.22
Bank Overdrafts and Cash Credit (Refer Note 21)	(66.57)	(1.89)
Effect of exchange rate fluctuation	0.84	0.66
	26.80	61.32
Net (Decrease) / Increase as disclosed above	(34.52)	5.70

Debt Reconciliation Statement in accordance with Ind AS 7

	31st March, 2019	31st March, 2018
Opening Balances		
Non-Current Borrowing	18.33	28.65
Current Borrowings (Excluding Bank Overdrafts and Cash Credit)	14.94	—
Movements		
Non-Current Borrowing (Note iii)	(6.89)	(10.32)
Current Borrowings (Excluding Bank Overdrafts and Cash Credit) (Note iv)	15.00	14.94
Closing Balances		
Non-Current Borrowing	11.44	18.33
Current Borrowings (Excluding Bank Overdrafts and Cash Credit)	29.94	14.94

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.
- iii. The movement of Non-Current Borrowing includes Borrowings acquired of ₹ 0.86 Crore during the year (Refer Note 43).
- iv. The movement of Current Borrowing includes Borrowings acquired of ₹ 51.25 Crores during the year (Refer Note 43).

As per our attached report of even date
For B S R & Co. LLP
Chartered Accountants
 Firm's Registration No. 101248WW-100022

ANIRUDDHA GODBOLE **G.T. GOVINDARAJAN** **P.D. PAI**
Partner *Company Secretary* *CFO*
 Membership No. 105149 ACS No. 8887

For and on behalf of the Board of Directors of Kansai Nerolac Paints Limited
P.P. SHAH *Chairman* DIN 00066242
H.M. BHARUKA *Vice Chairman and Managing Director* DIN 00306084
N.N. TATA *Director* DIN 00024713
BRINDA SOMAYA *Director* DIN 00358908
ANUJ JAIN *Wholetime Director* DIN 08091524

Mumbai, 2nd May, 2019



KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

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. The Holding Company's shares are listed on National Stock Exchange and Bombay Stock Exchange. The registered office of the Holding Company is located at Nerolac House, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400013. The Holding Company is principally engaged in the manufacturing of Paints.

Kansai Paints Co., Ltd. is immediate and ultimate Holding Company of Kansai Nerolac Paints Limited, and is based and listed in Japan.

The Consolidated Financial Statements relate to the Holding Company and its Subsidiary Companies, KNP Japan Private Limited (formerly known as Kansai Paints Nepal 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, Marpol Private Limited, a company incorporated in India in which the Holding Company has 100% equity holding (w.e.f. 7 April, 2018) and RAK Paints Limited, a company incorporated in Bangladesh in which the Holding Company has 55% equity holding (w.e.f. 17 July, 2018), hereinafter referred to as the "Group".

The Consolidated Financial Statements for the year ended 31st March, 2019 have been reviewed by the Audit Committee and approved by the Board of Directors of the Holding Company at their meetings held on 2nd May, 2019.

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, (the 'Act') and other relevant provisions of the Act. 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) Business combinations and intangible assets

Business combinations are accounted for using Ind AS 103, Business Combinations. Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts.

(ii) 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.

(iii) 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 Consolidated Financial Statements.

Discount rate used to determine the carrying amount of the Groups's employees defined benefit obligation.

In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.



297

KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

B. Basis of Preparation (contd.)

(iii) **Critical Judgments (contd.)**

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.

(iv) **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.

Allowances for Doubtful Debts

The Group makes allowances for doubtful debts based on an assessment of the recoverability of trade and other receivables. The identification of doubtful debts equires 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 doubtful 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 Consolidated 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.

C. Recent Accounting Pronouncement

Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 has notified the following new and amendments to Ind AS which the Group has not applied as they are effective for annual period beginning on or after 1 April 2019.

Ind AS 116 – Leases

The Group is required to adopt Ind AS 116, Leases from 1 April 2019. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. It replaces existing leases guidance, Ind AS 17, Leases.

The Group has completed an initial assessment of the potential impact on its Consolidated Financial Statements but has not yet completed its detailed assessment. The quantitative impact of adoption of Ind AS 116 on the Consolidated Financial Statements in the period of initial application is not reasonably estimable as at present.

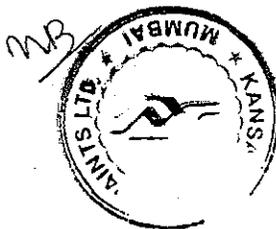
The Group does not expect this standard to have significant impact on the Consolidated Financial Statements.

Following impacts are expected:

- the total assets and liabilities on the consolidated balance sheet will increase with a decrease in net total assets, due to the depreciation of right of use assets being on a straight-line basis whilst the lease liability reduces by the principal amount of repayments;
- Interest expense will increase due to the unwinding of the effective interest rate implicit in the lease liability. Interest expense will be greater earlier in a lease's life, due to the higher principal value, causing profit variability over the term of lease. This effect may be partially mitigated due to the number of leases held by the Group at various stages of their terms; and
- operating cash flows will be higher and financing cash flows will be lower, as repayment of the principal portion of all lease liabilities will be classified as financing activities.

In addition to the above, the following amendments to existing standards have been issued, are not yet effective and are not expected to have a significant impact on the Consolidated Financial Statements:

- Amendments to Ind AS 103, Business Combinations, and Ind AS 111, Joint Arrangements: This interpretation clarifies how an entity accounts for increasing its interest in a joint operation that meets the definition of a business.
- Amendments to Ind AS 109, Financial Instruments: amendments relating to the classification of particular prepayable financial assets
- Amendments to Ind AS 12, Income Taxes, clarify that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transactions that generated the distributable profits – i.e. in profit or loss, other comprehensive income or equity. Further Appendix C, uncertainty over income tax treatments has been added to clarify how entities should reflect uncertainties over income tax treatments, in particular when assessing the outcome a tax authority might reach with full knowledge and information if it were to make an examination.



KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

C. Recent Accounting Pronouncement (contd.)

- Amendment to Ind AS 19, Employee Benefits - The amendment to Ind AS 19 clarifies that on amendment, curtailment or settlement of a defined benefit plan, the current service cost and net interest for the remainder of the annual reporting period are calculated using updated actuarial assumptions – i.e. consistent with the calculation of a gain or loss on the plan amendment, curtailment or settlement. This amendment also clarifies that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. The entity then determines the effect of the asset ceiling after plan amendment, curtailment or settlement. Any change in that effect is recognized in other comprehensive income (except for amounts included in net interest).
- Amendments to Ind AS 23, Borrowing Costs, clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction.
- Amendments to Ind AS 28, Investments in Associates and Joint Ventures: When applying the equity method, a non-investment entity that has an interest in an investment entity associate or joint venture can elect to retain the fair value accounting applied by the associate or joint venture to its subsidiaries. Venture capital and other qualifying organizations can elect to measure investments in associates or joint ventures at fair value through profit or loss instead of applying the equity method. The amendments clarify that both these elections apply for each investment entity associate or joint venture separately.

D. Basis of Consolidation

The Consolidated Financial Statements comprise the financial statements of the Holding Company and its subsidiaries as at 31st March, 2019. 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, Consolidated Statement of Changes in Equity and Consolidated Balance Sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in non-controlling interests having a deficit balance. Non-controlling interests (NCI) are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investments to the extent of the Holding Company's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Note 1: Significant Accounting Policies

1. Classification of Assets and Liabilities

Schedule III to the Act, requires assets and liabilities to be classified as either current or non-current.

- (a) An asset shall be classified as current when it satisfies any of the following criteria:
- (i) it is expected to be realised in, or is intended for sale or consumption in, the Group's normal operating cycle;
 - (ii) it is held primarily for the purpose of being traded;
 - (iii) it is expected to be realised within twelve months after the reporting date; or
 - (iv) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.
- (b) All assets other than current assets shall be classified as non-current.
- (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.



KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note 1: Other Significant Accounting Policies (contd.)**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, rebates and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is included in the cost of an item of Property, Plant and Equipment.

The cost of a self-constructed item of Property, Plant and Equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Tangible Property, Plant and Equipment under construction are disclosed as Capital Work-in-progress. Item of Capital Work-in-progress is carried at cost using the principles of valuation of item of Property, Plant and Equipment till it is ready for use, the manner in which intended by management.

(b) Subsequent Measurement

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(c) Depreciation

The depreciable amount of an item of Property, Plant and Equipment is allocated on a systematic basis over its useful life. The Group provides depreciation on the straight line method. The Group believes that straight line method reflects the pattern in which the asset's future economic benefits are expected to be consumed by the Group. The depreciation method is reviewed at least at each financial year-end and, if there has been a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is generally recognised in the Consolidated Statement of Profit and Loss unless it is included in the carrying amount of another asset.

The residual value and the useful life of an asset is reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) is accounted for as a change in an accounting estimate in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The estimated useful lives for the current and comparable periods are as follows:

Asset Class	Useful Lives (in years)	Useful Lives (in years)
	– as per Companies Act, 2013	– as estimated by the Group
Buildings	30-60	20-60
Plant and Equipments	10-20	10-25
Furniture and Fixtures	10	10-15
Vehicles	10	5-10
Office Equipments	5	5-10
Computers	3-6	3-6
Assets for Scientific Research	10-20	20
Assets on Operating Lease	NA	5
Tools and Appliances	10	4

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). Leasehold lands and leasehold improvements are amortised over the primary period of lease.

(d) Disposal

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in Consolidated Statement of Profit and Loss when the item is derecognised.



KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note 1: Other Significant 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 Group chooses the cost model and carries the investment properties at the cost less accumulated depreciation and accumulated impairment, if any.

(b) Depreciation

After initial recognition, the Group measures all of its investment properties in accordance with Ind AS 16's requirements for cost model. The depreciable amount of an item of investment properties is allocated on a systematic basis over its useful life. The Group provides depreciation on the straight line method. The Group believes that straight line method reflects the pattern in which the asset's future economic benefits are expected to be consumed by the Group. The depreciation method is reviewed at least at each financial year-end and, if there has been a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.

The depreciation charge for each period is generally recognised in the Consolidated Statement of Profit and Loss.

The residual value and the useful life of an asset is reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) is accounted for as a change in an accounting estimate in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The estimated useful lives for the current and comparable periods are as follows:

Asset Class	Useful Lives (in years) – as per Companies Act, 2013	Useful Lives (in years) – as estimated by the Group
Buildings	30-60	30-60

(c) Fair Value

Fair value of investment properties is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment Property being valued. The fair value of Investment Property is disclosed in the Note 3.

(d) Gain or loss on Disposal

Any gain or loss on disposal of an Investment Property is recognised in the Consolidated Statement of Profit and Loss.

5. Other Intangible Assets**(a) Recognition and Measurement**

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are initially measured at its cost and then carried at the cost less accumulated impairment, if any.

Research and Development

Research is original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding. Expenditure incurred on research of an internal project is recognised as an expense in Consolidated Statement of Profit and Loss, when it is incurred.

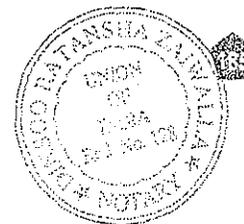
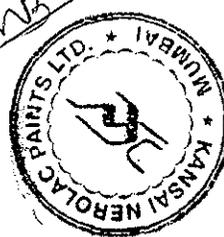
Development is the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of commercial production or use. An intangible asset arising from development is recognised if, and only if, the following criteria are met:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale.
- the Group intends to complete the intangible asset and use or sell it.
- the Group has ability to use or sell the intangible asset.
- the Group can demonstrate how the intangible asset will generate probable future economic benefits.
- the Group has adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- 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.



KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note 1: Other Significant Accounting Policies (contd.)

5. Other Intangible Assets (contd.)

(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
Customer Relationships	5

6. Non-current assets or disposal group held for sale

Non-current assets, or disposal groups comprising assets and liabilities are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any resultant loss on a disposal group is allocated first to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, and biological assets, which continue to be measured in accordance with the Group's other accounting policies. Losses on initial classification as held for sale and subsequent gains and losses on remeasurement 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.



302

KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note 1: Other Significant Accounting Policies (contd.)

7. Employee Benefits (contd.)

Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Group determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability/(asset), taking into account any changes in the net defined benefit liability/(asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in Consolidated Statement of Profit and Loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Gratuity

The Group has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. The Group has obtained insurance policies with the Life Insurance Corporation of India (LIC) and makes an annual contribution to LIC for amounts notified by LIC. The Group accounts for gratuity benefits payable in future based on an independent external actuarial valuation carried out at the end of the year using the projected unit credit method. Actuarial gains and losses are recognised as Other Comprehensive Income or Loss.

Provident Fund Trust

In respect of contribution to the trust set up by the Group, since the Group is obligated to meet interest shortfall, if any, with respect to covered employees, such employee benefit plan is classified as Defined Benefit Plan. Any obligation in this respect is measured on the basis of independent actuarial valuation

(C) 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.

8. Inventories

(a) Measurement of Inventory

The Group measures its inventories at the lower of cost and net realisable value.

(b) Cost of Inventories

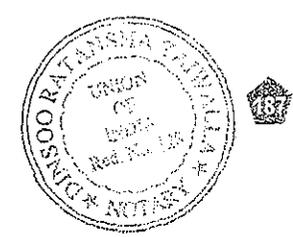
The cost of inventories shall comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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.



KANSAI NEROLAC PAINTS LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019****Note 1: Other Significant Accounting Policies (contd.)****8. Inventories (contd.)****(c) Net Realisable Value**

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Net realisable value is ascertained for each item of inventories with reference to the selling prices of related finished products.

The practice of writing inventories down below cost to net realisable value is consistent with the view that assets should not be carried in excess of amounts expected to be realised from their sale or use. Inventories are usually written down to net realisable value item by item. Estimates of net realisable value of finished goods and stock-in-trade are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. However, when a decline in the price of materials indicates that the cost of the finished products exceeds net realisable value, the materials are written down to net realisable value.

Amount of any reversal of write-down of inventories shall be recognised as an expense as when the event occurs.

A new assessment is made of net realisable value in each subsequent period. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed.

(d) Valuation of Spare parts, stand-by equipments and servicing equipments

Spare parts, stand-by equipment and servicing equipment are recognised as Property, Plant and Equipment if and only if it is probable that future economic benefits associated with them will flow to the Group and their cost can be measured reliably. Otherwise such items are classified and recognised as Inventory.

9. Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. For an investment to qualify as a cash equivalent it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. Therefore, an investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition. For the purpose of Cash Flow Statement, Cash and Cash Equivalents includes Bank overdrafts which are repayable on demand.

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 Consolidated 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.



KANSAI NEROLAC PAINTS LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019****Note 1: Other Significant Accounting Policies (contd.)****12. Revenue Recognition****Sale of Goods**

Revenue is recognised upon transfer of control of promised goods to customers in an amount that reflects the consideration which the Group expects to receive in exchange for those goods.

Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer which is usually on dispatch/delivery.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, rebates, scheme allowances, price concessions, incentives, and returns, if any, as specified in the contracts with the customers. Revenue excludes taxes collected from customers on behalf of the government. Accruals for discounts/incentives and returns are estimated (using the most likely method) based on accumulated experience and underlying schemes and agreements with customers. Due to the short nature of credit period given to customers, there is no financing component in the contract.

The Group has adopted Ind AS 115 Revenue from contracts with customers, with effect from April 1, 2018. Ind AS 115 establishes principles for reporting information about the nature, amount, timing and uncertainty of revenues and cash flows arising from the contracts with its customers and replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts.

The Group has adopted Ind AS 115 using the cumulative effect method whereby the effect of applying this standard is recognised at the date of initial application (i.e. 1 April, 2018). Accordingly, the comparative information in the Consolidated Statement of Profit and Loss is not restated.

Impact on adoption of Ind AS 115 is not material.

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 Consolidated 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.

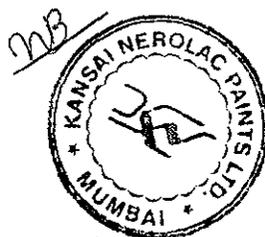
Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous Consolidated Financial Statements are recognised in the Consolidated Statement of Profit 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.



305

KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note 1: Other Significant Accounting Policies (contd.)

14. Taxation (contd.)

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- a. temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- b. taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

15. Lease

Leases of Property, Plant and Equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or the financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Consolidated Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

At inception of an arrangement, it is determined whether the arrangement is or contains a lease. At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to Consolidated Statement of Profit and Loss on straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

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

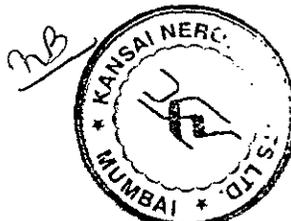
On initial recognition, a financial asset is classified as measured at

- 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.



KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note 1: Other Significant Accounting Policies (contd.)

16. Financial Instruments (contd.)

(b) Classification and subsequent measurement (contd.)

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.

(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.

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.



KANSAI NEROLAC PAINTS LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019****Note 1: Other Significant Accounting Policies (contd.)****20. Measurement of Fair Values (contd.)**

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.

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 remeasured 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 remeasured 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 Consolidated 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 Consolidated 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 Consolidated Financial Statements of the transferor is aggregated with the corresponding balance appearing in the Consolidated 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.



KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note 2: Property, Plant and Equipment

₹ in Crores

Description	Gross Block						Accumulated Depreciation					Net Block	
	As at 1st April, 2018	Additions on Acquisition of Subsidiaries	Additions	Deductions	Translation Difference	As at 31st March, 2019	As at 1st April, 2018	Additions on Acquisition of Subsidiaries	Additions	Deductions	Translation Difference	As at 31st March, 2019	As at 31st March, 2019
Freehold Land	68.94 (42.59)	21.78 (—)	— (26.35)	— (—)	(0.03) (—)	90.68 (68.94)	— (—)	— (—)	— (—)	— (—)	— (—)	90.68 (68.94)	
Leasehold Land	46.77 (46.77)	10.48 (—)	2.33 (—)	— (—)	— (—)	69.58 (46.77)	3.12 (2.64)	0.06 (—)	0.69 (0.48)	— (—)	— (—)	3.87 (3.12)	55.71 (43.65)
Buildings	453.81 (436.78)	24.36 (—)	150.80 (17.03)	— (—)	(0.66) (—)	628.31 (453.81)	108.97 (95.58)	5.59 (—)	17.14 (13.39)	— (—)	(0.09) (—)	131.61 (108.97)	496.70 (344.84)
Plant and Equipments	773.98 (704.12)	39.93 (—)	182.43 (69.86)	0.47 (—)	(0.47) (—)	975.40 (773.98)	303.50 (270.98)	24.51 (—)	42.39 (32.52)	0.38 (—)	(0.18) (—)	369.84 (303.50)	606.66 (470.48)
Furniture and Fixtures	17.34 (16.12)	1.67 (—)	1.90 (1.23)	— (0.01)	(0.02) (—)	20.89 (17.34)	13.68 (12.99)	1.09 (—)	0.87 (0.70)	— (0.01)	— (—)	16.64 (13.68)	6.26 (3.66)
Vehicles	2.94 (2.53)	6.14 (—)	0.27 (0.45)	1.06 (0.04)	(0.07) (—)	8.22 (2.94)	1.82 (1.57)	2.25 (—)	1.21 (0.26)	0.60 (0.01)	(0.03) (—)	4.66 (1.82)	3.67 (1.12)
Office Equipments	11.13 (10.47)	2.11 (—)	1.46 (0.66)	0.02 (—)	(0.01) (—)	14.67 (11.13)	9.24 (8.54)	1.32 (—)	0.82 (0.70)	0.02 (—)	(0.01) (—)	11.35 (9.24)	3.32 (1.69)
Computers	39.44 (36.95)	0.95 (—)	4.98 (4.06)	— (1.57)	(0.05) (—)	45.32 (39.44)	30.14 (27.71)	0.77 (—)	5.20 (4.00)	— (1.57)	(0.01) (—)	36.10 (30.14)	9.22 (9.30)
Assets for Scientific Research*	26.25 (25.70)	— (—)	46.67 (0.55)	— (—)	— (—)	72.92 (26.25)	12.21 (11.03)	— (—)	2.32 (1.18)	— (—)	— (—)	14.63 (12.21)	58.39 (14.04)
Assets on Operating Lease (Refer Note 2.6)	279.22 (246.35)	— (—)	30.33 (32.87)	— (—)	— (—)	309.66 (279.22)	207.12 (183.71)	— (—)	27.21 (23.41)	— (—)	— (—)	234.33 (207.12)	75.22 (72.10)
Colourant Machine	0.70 (0.48)	— (—)	1.47 (1.49)	1.65 (1.27)	0.01 (—)	0.63 (0.70)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	0.63 (0.70)
Tools and Appliances	— (—)	0.69 (—)	0.01 (—)	0.22 (—)	(0.01) (—)	0.47 (—)	— (—)	0.04 (—)	0.11 (—)	0.03 (—)	(0.01) (—)	0.11 (—)	0.36 (—)
Total Tangible Assets	1720.52 (1568.86)	108.72 (—)	402.65 (154.55)	3.42 (2.89)	(1.32) (—)	2226.56 (1720.52)	689.80 (614.75)	35.63 (—)	97.96 (76.64)	1.03 (1.59)	(0.33) (—)	822.03 (689.80)	1404.62 (1030.72)

*Net block includes Buildings ₹ 25.88 Crores (2017-2018 ₹ 0.34 Crores), Plant and Equipment ₹ 26.83 Crores (2017-2018 ₹ 13.50 Crores) and Furniture and Fixtures ₹ 5.67 Crores (2017-2018 ₹ 0.20 Crores).

2.1. Figures in the brackets are the corresponding figures in respect of the previous year.

2.2. Term loans from Banks (Refer Note 18) is secured by hypothecation of Vehicles in above consist net block amounting to ₹ 3.07 Crores (2017-18 ₹ Nil).

2.3. Borrowings from Banks (Refer Note 21) is secured by Pledge of assets in above amount consist of net block for Freehold Land- ₹ 21.78 Crores (2017-18 ₹ Nil), Buildings ₹ 9.16 Crores (2017-18 ₹ Nil).

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. Particulars in respect of such leases are as follows:

(a) (i) The gross carrying amount and the accumulated depreciation at the Consolidated Balance Sheet date are ₹ 309.55 Crores (2017-2018 ₹ 279.22 Crores) and ₹ 234.33 Crores (2017-2018 ₹ 207.12 Crores) respectively.

(ii) Depreciation recognised in the Consolidated Statement of Profit and Loss is ₹ 27.21 Crores (2017-2018 ₹ 23.41 Crores).

(b) 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.



KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note 3: Investment Property

₹ in Crores

Description	Gross Block				Accumulated Depreciation				Net Block	
	As at 1st April, 2018	Additions	Deductions	As at 31st March, 2019	As at 1st April, 2018	Additions	Deductions	As at 31st March, 2019	As at 31st March, 2019	
Freehold Land	0.07	—	—	0.07	—	—	—	—	0.07	
	(0.07)	(—)	(—)	(0.07)	(—)	(—)	(—)	(—)	(0.07)	
Leasehold Land	0.01	—	—	0.01	—	—	—	—	0.01	
	(0.01)	(—)	(—)	(0.01)	(—)	(—)	(—)	(—)	(0.01)	
Buildings	3.39	—	—	3.39	3.29	—	—	3.29	0.10	
	(3.39)	(—)	(—)	(3.39)	(3.29)	(—)	(—)	(3.29)	(0.10)	
Total Investment Property	3.47	—	—	3.47	3.29	—	—	3.29	0.18	
	(3.47)	(—)	(—)	(3.47)	(3.29)	(—)	(—)	(3.29)	(0.18)	

- Figures in the brackets are the corresponding figures in respect of the previous year.
- Nil amount of borrowing costs is capitalised during the current and comparative period.
- Nil amount of impairment loss is recognised during the current and comparative period.
- During the financial year, no rental income was generated from the investment properties whereas direct operating expenses of ₹ 0.18 Crores (2017-2018 ₹ 0.18 Crores) were incurred and recorded as expense in the Consolidated Statement of Profit and Loss.
- Total fair value of Investment Property is ₹ 1381.20 Crores (2017-2018 ₹ 1381.20 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 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.

Note 4: Intangible Assets

₹ in Crores

4A. Goodwill on Consolidation

Description	Gross Block				Accumulated Amortisation				Net Block		
	As at 1st April, 2018	Additions on Acquisition of Subsidiaries	Additions	Deductions	As at 31st March, 2019	As at 1st April, 2018	Additions on Acquisition of Subsidiaries	Additions	Deductions	As at 31st March, 2019	As at 31st March, 2019
For KNP Japan Private Limited (formerly known as Kansai Paints Nepal Private Limited)	2.27	—	—	—	2.27	—	—	—	—	—	2.27
	(2.27)	(—)	(—)	(—)	(2.27)	(—)	(—)	(—)	(—)	(—)	(2.27)
For RAK Paints Ltd	—	17.31	—	—	17.31	—	—	—	—	—	17.31
	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)
Total Goodwill on consolidation	2.27	17.31	—	—	19.58	—	—	—	—	—	19.58
	(2.27)	(—)	(—)	(—)	(2.27)	(—)	(—)	(—)	(—)	(—)	(2.27)

4B. Other Intangible Assets

Description	Gross Block					Accumulated Amortisation					Net Block		
	As at 1st April, 2018	Additions on Acquisition of Subsidiaries	Additions	Deductions	Translation Difference	As at 31st March, 2019	As at 1st April, 2018	Additions on Acquisition of Subsidiaries	Additions	Deductions	Translation Difference	As at 31st March, 2019	As at 31st March, 2019
Software	15.75	0.41	2.55	—	(0.01)	18.70	13.38	0.23	1.19	—	0.02	14.82	3.88
	(13.84)	(—)	(1.91)	(—)	(—)	(15.75)	(12.95)	(—)	(0.43)	(—)	(—)	(13.38)	(2.37)
Customer Relationship	—	20.12	—	—	—	20.12	—	—	3.02	—	—	3.02	17.10
	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)
Brand and Technical Knowhow	—	7.88	—	—	—	7.88	—	—	1.58	—	—	1.58	6.30
	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)
Non-Compete	—	16.04	—	—	—	16.04	—	—	2.53	—	—	2.53	13.51
	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)
Total Other Intangible Assets	15.75	44.45	2.55	—	(0.01)	62.74	13.38	0.23	8.32	—	0.02	21.95	40.79
	(13.84)	(—)	(1.91)	(—)	(—)	(15.75)	(12.95)	(—)	(0.43)	(—)	(—)	(13.38)	(2.37)

- Figures in the brackets are the corresponding figures in respect of the previous year.
- Nil amount of borrowing costs is capitalised during the current and comparative periods.
- Nil amount of impairment loss is recognised during the current and comparative periods.



KANSAI NEROLAC PAINTS LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019**

₹ in Crores

Note 5: Non-current Investments

	As at 31st March, 2019	As at 31st March, 2018
Investments in Equity Instruments:		
Others at FVTPL		
National Thermal Power Corporation Ltd. (Quoted)..... 48,628 Equity Shares of ₹ 10 each (40,524 Equity Shares of ₹ 10 each)	0.66	0.69
Paints and Coatings Skill Council (Unquoted)..... 10 Equity Shares of ₹ 25,000 each (10 Equity Shares of ₹ 25,000 each)	0.02	0.02
8.49% National Thermal Power Corporation (NTPC) (Quoted) 40,524 Non Convertible Debentures of ₹ 10 each	0.05	—
Beta Wind Farm Pvt Ltd. (Unquoted) 1,21,821 Equity Shares of ₹ 10 each (Nil Equity Shares of ₹ 10 each)	0.23	—
Total Non-current Investments	0.96	0.71
Aggregate book value of quoted investments	0.71	0.69
Aggregate market value of quoted investments	0.71	0.69
Aggregate amount of unquoted investments	0.25	0.02
Aggregate amount of impairment in value of investments	Nil	Nil

Note 6: Loans

Unsecured and Considered Good:

Security Deposits	14.16	12.21
	14.16	12.21

Note 7: Other Non-current Assets

Unsecured and Considered Good:

Capital Advances	204.48	70.42
Prepaid Expenses	10.43	—
Balances with Indirect Tax Authorities	20.38	—
	235.29	70.42

Note 8: Inventories

Raw Materials [including goods-in-transit of ₹ 2.11 crores (2017-2018 ₹ Nil)]	374.38	312.77
Packing Materials	14.17	12.67
Work-in-progress	94.22	65.08
Finished Goods	570.39	403.93
Stock-in-trade	49.14	30.12
Stores and Spares	8.76	4.61
	1,111.06	829.18

Inventories amounting to ₹ 41.16 Crores (2017-18 ₹ 8.84 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 period was ₹ 3461.76 Crores (2017-2018 ₹ 2813.56 Crores)



312

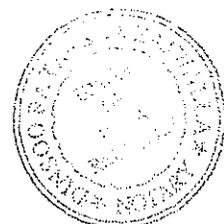
KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

₹ in Crores

Note 9: Current Investments

	As at 31st March, 2019	As at 31st March, 2018
(A) Investments in Bonds at FVTPL (Quoted):		
1 National Highway Authority of India..... 24,724, 8.20% Tax-Free Bonds of ₹ 1,000 each (24,724, 8.20% Tax-Free Bonds of ₹ 1,000 each)	2.69	2.75
2 Power Finance Corporation Ltd. 14,239, 8.20% Tax-Free Bonds of ₹ 1,000 each (14,239, 8.20% Tax-Free Bonds of ₹ 1,000 each)	1.54	1.57
3 Indian Railway Finance Corporation Ltd..... 10,875, 8.15% Tax-Free Bonds of ₹ 1,000 each (10,875, 8.15% Tax-Free Bonds of ₹ 1,000 each)	1.17	1.19
4 National Highway Authority of India..... 57,140, 7.14% Tax-Free Bonds of ₹ 1,000 each (57,140, 7.14% Tax-Free Bonds of ₹ 1,000 each)	6.17	5.97
5 National Highway Authority of India..... 23,130, 7.39% Tax-Free Bonds of ₹ 1,000 each (23,130, 7.39% Tax-Free Bonds of ₹ 1,000 each)	2.74	2.66
Total Investments in Bonds	14.31	14.14
(B) Mutual Funds at FVTPL (Unquoted):		
Growth Option:		
1 Aditya Birla Sunlife Banking & PSU Debt Fund..... Nil Units of ₹ 10 each (1,36,15,922 Units (and 007 fractions) of ₹ 10 each)	—	71.37
2 Aditya Birla Sunlife Interval Income Fund..... Nil Units of ₹ 10 each (89,54,034 Units (and 464 fractions) of ₹ 10 each)	—	20.16
3 Aditya Birla Sun Life Money Manager Fund - Direct..... 16,11,415 (and 915 fractions) of ₹ 100 each (Nil Units of ₹ 100 each)	40.56	—
4 Axis Liquid Fund - Direct..... 1,20,738 Units (and 691 fractions) of ₹ 1000 each (Nil Units of ₹ 1000 each)	25.03	—
5 BNP Paribas Overnight Fund..... Nil Units of ₹ 1000 each (1,87,725 Units (and 021 fractions) of ₹ 1000 each)	—	50.08
6 DSP Black Rock FMP – Series 222 – 3M..... Nil Units of ₹ 10 each (1,50,00,000 Units of ₹ 10 each)	—	15.12
7 HDFC FMP 92D FEBRUARY 2018 (1) – Series 39..... Nil Units of ₹ 10 each (2,50,00,000 Units of ₹ 10 each)	—	25.18
8 HDFC Ultra Short Term Fund - Direct..... 3,58,19,392 Units (and 813 fractions) of ₹ 10 each (Nil Units of ₹ 100 each)	37.52	—
9 ICICI Prudential FMP - Series 82 - 103 Days Plan O..... Nil Units of ₹ 10 each (3,00,00,000 Units of ₹ 10 each)	—	30.20
10 ICICI Prudential Money Market Fund - Direct..... 9,62,781 Units (and 561 fractions) of ₹ 100 each (Nil Units of ₹ 100 each)	25.05	—
11 Kotak FMP Series 218 - 92 Days..... Nil Units of ₹ 10 each (2,50,00,000 Units of ₹ 10 each)	—	25.19
12 Kotak Low Duration Fund..... Nil Units of ₹ 1000 each (2,32,749 Units (and 795 fractions) of ₹ 1000 each)	—	50.98
13 L&T Ultra Short Term Fund - Direct..... 80,43,111 Units (and 075 fractions) of ₹ 10 each (Nil Units of ₹ 10 each)	25.05	—
14 Reliance Medium Term Plan Fund..... Nil Units of ₹ 10 each (1,65,25,712 Units (and 978 fractions) of ₹ 10 each)	—	61.48



KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note 9: Current Investments (contd.)

	As at 31st March, 2019	As at 31st March, 2018
₹ in Crores		
(B) Mutual Funds at FVTPL (Unquoted) (contd.):		
Growth Option (contd.):		
15 Reliance Fixed Horizon Fund - XXXVI - Series 4	—	50.41
Nil Units of ₹ 10 each (5,00,00,000 Units of ₹ 10 each)		
16 Reliance Quarterly Interval Fund - Series II	—	40.43
Nil Units of ₹ 10 each (1,68,43,239 Units (and 966 fractions) of ₹ 10 each)		
17 Reliance Quarterly Interval Fund - Series III	—	20.12
Nil Units of ₹ 10 each (1,40,62,620 Units (and 851 fractions) of ₹ 10 each)		
18 Tata Liquid Fund - Direct	9.03	—
30,651 (and 016 Units of ₹ 1000 each) (Nil Units of ₹ 1000 each)		
19 Tata Liquid Fund - Growth	19.01	—
64,884 (and 417 Units of ₹ 1000 each) (Nil Units of ₹ 1000 each)		
20 UTI Treasury Advantage Fund	—	35.00
Nil Units of ₹ 1000 each (1,45,014 Units (and 467 fractions) of ₹ 1000 each)		
21 UTI Fixed Interval Income Fund - V	—	10.10
Nil Units of ₹ 10 each (47,25,094 Units (and 029 fractions) of ₹ 10 each)		
Total Investments in Mutual Fund (Growth Option).....	181.25	505.82
Total Current Investment (A + B).....	195.56	519.96
Aggregate book value of quoted investments.....	14.31	14.14
Aggregate market value of quoted investments.....	14.31	14.14
Aggregate amount of unquoted investments.....	181.25	505.82
Aggregate amount of impairment in value of investments.....	Nil	Nil

Note 10: Trade Receivables

	As at 31st March, 2019	As at 31st March, 2018
₹ in Crores		
Secured, Considered Good.....	—	—
Unsecured, Considered Good.....	755.58	702.64
Significant increase in Credit Risk	—	—
Credit Impaired.....	26.80	17.72
Loss Allowance	(26.80)	(17.72)
	—	—
	755.58	702.64

Trade Receivables amounting to ₹ 48.17 Crores (2017-18 ₹ 6.44 Crores) were hypothecated as security for Borrowings from Banks (Refer Note 21).



KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

₹ in Crores

Note 11: Cash and cash equivalents

	As at 31st March, 2019	As at 31st March, 2018
Cash on hand	2.28	0.10
Cheques on hand	25.03	29.23
Banks Balances	66.06	33.88
	<u>93.37</u>	<u>63.21</u>

Note 12: Bank Balance other than Cash and cash equivalents

Unclaimed/Unpaid Dividend Accounts	1.97	1.01
Fixed Deposit with Bank *	0.85	299.39
	<u>2.82</u>	<u>300.40</u>

* Including deposit under Capital Gain Accounts Scheme, 1988 in respect of long-term capital gain, ₹ 625 only (2017-2018 ₹ 298.89 Crores)

Note 13: Loans

Unsecured and Considered Good:

Security Deposits	5.22	3.32
	<u>5.22</u>	<u>3.32</u>

Note 14: Other Current Financial Assets

Unsecured and Considered Good

Fixed Deposit with SBI *	—	25.45
Other Receivable	5.30	0.10
	<u>5.30</u>	<u>25.55</u>

* Deposited under Capital Gain Accounts Scheme, 1988 in respect of long-term capital gain

Note 15: Other Current Assets

Unsecured and Considered Good

Balances with Indirect Tax Authorities	69.30	87.26
Trade Advances	64.85	38.53
Prepaid Expenses	14.90	7.10
Other Receivable	2.39	7.84
	<u>151.44</u>	<u>140.73</u>



KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

₹ in Crores

Note 17: Other Equity

	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Foreign Currency Translation Reserve	Total attributable to owners of the Company	Attributable to NCI	Total
Balance as at 1st April, 2017	0.30	12.56	487.67	2260.70	(0.62)	2760.61	15.25	2775.86
Profit for the year as per Consolidated Statement of Profit and Loss	—	—	—	514.40	—	514.40	(0.65)	513.75
Exchange differences on translation of foreign operations	—	—	—	—	(0.06)	(0.06)	(0.01)	(0.07)
Other Comprehensive Income:								
Remeasurement of Employee Defined Benefit Liability	—	—	—	(1.59)	—	(1.59)	0.04	(1.55)
Deferred Tax on Remeasurement of Employee Defined Benefit Liability	—	—	—	0.58	—	0.58	—	0.58
Other Comprehensive Income, (net of tax)	—	—	—	(1.01)	(0.05)	(1.07)	0.03	(1.04)
Total Comprehensive Income for the Year	—	—	—	513.39	(0.06)	513.33	(0.62)	512.71
Transaction with Owners in their Capacity as Owners:								
Issue of Share Capital	—	—	—	—	—	—	2.50	2.50
Dividends	—	—	—	(161.68)	—	(161.68)	(0.75)	(162.43)
Dividend Distribution Tax	—	—	—	(33.83)	—	(33.83)	—	(33.83)
	—	—	—	(195.51)	—	(195.51)	1.75	(193.76)
Balance as at 31st March, 2018	0.30	12.56	487.67	2578.58	(0.68)	3078.43	16.38	3094.81

₹ in Crores

	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Foreign Currency Translation Reserve	Total attributable to owners of the Company	Attributable to NCI	Total
Balance as at 1st April, 2018	0.30	12.56	487.67	2,578.58	(0.68)	3,078.43	16.38	3,094.81
Profit for the year as per Consolidated Statement of Profit and Loss	—	—	—	452.75	—	452.75	(5.09)	447.66
Exchange differences on translation of foreign operations	—	—	—	—	(0.79)	(0.79)	—	(0.79)
Other Comprehensive Income:								
Remeasurement of Employee Defined Benefit Liability	—	—	—	1.47	—	1.47	0.04	1.51
Deferred Tax on Remeasurement of Employee Defined Benefit Liability	—	—	—	(0.50)	—	(0.50)	(0.01)	(0.51)
Other Comprehensive Income, (net of tax)	—	—	—	0.97	(0.79)	0.18	0.03	0.21
Total Comprehensive Income for the Year	—	—	—	453.72	(0.79)	452.93	(5.06)	447.87
Transaction with Owners in their Capacity as Owners:								
Issue of Share Capital	—	—	—	—	—	—	4.37	4.37
Dividends	—	—	—	(140.12)	—	(140.12)	—	(140.12)
Dividend Distribution Tax	—	—	—	(28.80)	—	(28.80)	—	(28.80)
Fair Value on Acquisition attributable to NCI	—	—	—	—	—	—	3.57	3.57
Other Adjustments	—	—	—	—	—	—	0.63	0.63
	—	—	—	(168.92)	—	(168.92)	8.77	(160.15)
Balance as at 31st March, 2019	0.30	12.56	487.67	2863.38	(1.47)	3362.44	20.09	3382.53

Analysis of Accumulated OCI, Net of Tax

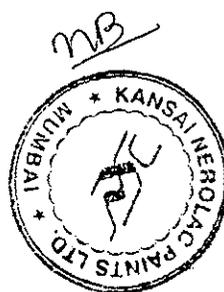
₹ in Crores

Remeasurement of Employee Defined Benefit Liability

	As at 31st March, 2019	As at 31st March, 2018
Opening Balance	(10.63)	(9.66)
Remeasurement of Employee Defined Benefit Liability, net of tax	1.00	(0.97)
Closing Balance	(9.63)	(10.63)

Foreign Currency Translation Reserve

	As at 31st March, 2019	As at 31st March, 2018
Opening Balance	(0.68)	(0.62)
Exchange differences on translation of foreign operations	(0.79)	(0.06)
Closing Balance	(1.47)	(0.68)



KANSAI NEROLAC PAINTS LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019****Note 17: Other Equity (contd.)****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

General Reserve was created by transfers of profits as per Companies (Transfer of Profits to Reserves) Rules, 1975. As General Reserve is created by transfer from one component of equity to another and is not an item of other comprehensive income, items included in the General Reserve will not be reclassified subsequently to Consolidated Statement of Profit and Loss.

Foreign Currency Translation Reserve

These comprise of all exchange differences arising from translation of financial statements of foreign subsidiaries.

Dividend

For the year 2017-2018, the Directors had recommended and Shareholders had approved a normal dividend of 260% (₹ 2.60 per share), which has been accounted in current year. For the year 2018-2019, the Directors have recommended a normal dividend of 260% (₹ 2.60 per share) for the year. The dividend proposed by the Directors is subject to approval of Shareholders at the annual general meeting.

The proposed dividend of ₹ 140.12 Crores (2017-2018 ₹ 140.12 Crores) alongwith dividend distribution tax of ₹ 28.80 Crores (2017-2018 ₹ 28.80 Crores) have not been recognised as liabilities.

₹ in Crores

Note 18: Borrowings

	As at 31st March, 2019	As at 31st March, 2018
a. Deferred Payment Liabilities		
Unsecured Sales Tax Deferral Loan.....	3.40	9.71
Package Scheme of Incentive allowed the Group to accumulate the sales tax collected from its customers in respect of goods produced at Lote factory. Sales tax collected each year is repayable in five equal yearly installments after ten years from the year of collection. Outstanding amount is repayable in two annual installments from the reporting date. Unsecured Sales Tax Deferral Loan is interest-free. [Current maturity of Unsecured Sales Tax Deferral Loan of ₹ 6.31 Crores (2017-2018 ₹ 8.62 Crores) is disclosed under 'Other Financial Liabilities' – Refer Note 23].		
b. Term loans from Banks	0.95	—
The Group has obtained secured Term loans from Banks at interest rate of 12%-13% p.a. (2017-18 Nil) secured by hypothecation of Vehicles for the purpose of acquisition of such vehicles. The Term Loans will be repayable by equal monthly instalment till June 2023. [Current maturity of Term loans from Banks of ₹ 0.78 Crores (2017-2018 Nil) is disclosed under 'Other Financial Liabilities' – Refer Note 23].		
	<u>4.35</u>	<u>9.71</u>
Note 19: Provisions		
Provision for Gratuity (Refer Note 38)	0.02	0.13
	<u>0.02</u>	<u>0.13</u>

Note 20: Income Taxes

	Year ended 31st March, 2019	Year ended 31st March, 2018
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.....	225.54	270.72
Deferred tax:		
In respect of current year.....	23.59	2.49
Income tax expense recognised in the Consolidated Statement of Profit and Loss	<u>249.13</u>	<u>273.21</u>
(ii) Income tax expense recognised in OCI		
Deferred tax expense on remeasurements of Employee defined benefit plans.....	(0.51)	0.58
Income tax expense recognised in OCI.....	<u>(0.51)</u>	<u>0.58</u>



KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

₹ in Crores

Note 20: Income Taxes (contd.)

	Year ended 31st March, 2019	Year ended 31st March, 2018
B. Reconciliation of tax expense and the accounting profit for the year is as under:		
Profit before tax.....	696.79	786.96
Income tax expense calculated at 34.944% (2017-2018 34.608%).....	243.49	272.35
Tax effect on non-deductible expenses.....	2.77	4.64
Effect of Incentive tax credits.....	(7.95)	(3.69)
Effect of Income that is exempted from tax.....	(0.34)	(0.84)
Impact of Tax on Special Rate.....	3.70	—
Impact of Tax on different rates on components.....	1.48	—
Impact of Tax on loss components.....	3.80	—
Deferred tax on undistributed profits.....	2.13	—
Others.....	0.05	0.75
Total.....	249.13	273.21
Tax expense as per Consolidated Statement of Profit and Loss.....	249.13	273.21

The tax rate used for reconciliation above is the corporate tax rate of 34.944% (2017-2018 34.608% 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:

Particulars	Balance Sheet	Deferred Tax on Acquisition of Subsidiaries	Statement of Profit and Loss	OCI	Balance Sheet	Balance Sheet	Statement of Profit and Loss	OCI	Balance Sheet
	01.04.2018	2018-2019	2018-2019	2018-2019	31.03.2019	01.04.2017	2017-2018	2017-2018	31.03.2018
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.....	(108.28)	(0.17)	(28.41)	—	(136.86)	(101.42)	(6.86)	—	(108.28)
Tax adjustment on account on indexation of freehold land.....	14.15	—	1.03	—	15.18	12.27	1.88	—	14.15
Expense claimed for tax purpose on payment basis.....	4.31	—	0.70	—	5.01	2.93	1.38	—	4.31
Provision for doubtful debts and Advances.....	4.99	—	0.90	—	5.89	4.59	0.40	—	4.99
Voluntary Retirement Scheme (VRS) expenditure (allowed in Income Tax Act 1961 over 5 years.....)	0.02	—	0.01	—	0.03	0.30	(0.28)	—	0.02
Remeasurement benefit of the employee defined benefit plans through OCI.....	5.69	—	—	(0.51)	5.18	5.11	—	0.58	5.69
Deferred Tax on Distributable Accumulated Reserves of subsidiaries.....	(0.67)	—	(1.46)	—	(2.13)	—	(0.67)	—	(0.67)
Deferred tax Liability due to Purchase Price Allocation Adjustment.....	—	(21.02)	1.85	—	(19.17)	—	—	—	—
Net fair value gain on investment in through FVTPL.....	(1.59)	—	1.79	—	0.20	(3.25)	1.66	—	(1.59)
Deferred tax (expense)/income Net Deferred tax (liabilities).....	(81.38)	(21.19)	(23.59)	(0.51)	(126.67)	(79.47)	(2.49)	0.58	(81.38)



KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

₹ in Crores

Note 21: Borrowings

	As at 31st March, 2019	As at 31st March, 2018
From Banks		
a. Term Loans *	29.94	8.70
b. Overdrafts and Cash Credit #	66.57	1.89
	96.51	10.59
<p>* The Group has obtained Term Loans from Banks at interest rates of 12.00%-13.73% p.a. (2017-18 13.05% p.a.) to fund short-term requirements, secured by personal guarantee of local directors incase of foreign subsidiaries and hypothecation of trade receivable (Refer Note 10) and inventories (Refer Note 8). These term loans are repayable within 180 days from date of issue of such term loans.</p> <p># The Group has obtained Overdrafts and Cash Credit facilities from Banks at interest rates of 9.35%-13.73% p.a. (2017-18 12.80% p.a.) for 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 10) and inventories (Refer Note 8), pledging of Freehold Land and Building (Refer Note 2.3). These facilities are repayable on demand.</p>		
From Other Body Corporate	—	6.24
To support the working capital requirement, the Group had obtained short-term loan at Nil (2017-2018 14.30% p.a.) from local shareholders and the same has been repaid during the year.		
	96.51	16.83

Note 22: Trade Payables

	As at 31st March, 2019	As at 31st March, 2018
Trade Payables		
Total Outstanding dues of Micro Enterprises and Small Enterprises (Refer Note 42)	17.83	—
Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises	675.55	699.87
	693.38	699.87

Note 23: Other Financial Liabilities

Current Maturities of Long-term Borrowings (Refer Note 18(b))	7.09	8.62
Unclaimed/Unpaid Dividends*	1.97	1.73
Trade Deposits	71.70	63.14
Creditors for Capital Goods	23.85	41.58
	104.61	115.07

* There are no amounts due and outstanding to be transferred to Investor Education and Protection Fund.

Note 24: Other Current Liabilities

Other Statutory Obligations*	21.71	21.86
Trade Receivables with Credit Balance	13.16	10.87
	34.87	32.73

* Includes payable toward Indirect Taxes and Employee Related Statutory Obligations.



KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

₹ in Crores

Note 25: Provisions

	As at 31st March, 2019	As at 31st March, 2018
Provision for Compensated Absences (Refer Note 38)	11.86	10.56
Provision for Gratuity (Refer Note 38)	2.12	2.81
Provision for Indirect Taxes:		
Opening Balance	7.77	7.77
Add: Provision during the year	—	—
Less: Reversal during the year	5.50	—
	2.27	7.77
Provision for Warranty#:		
Opening Balance	—	0.25
Add: Provision during the year	—	—
Less: Reversal during the year	—	0.25
	—	—
	16.25	21.14

The Holding Company was selling certain products with a warranty of seven years. Accordingly, provision had been recognised on the basis of management's expectation of warranty claims on such products.

Note 26: Current Tax Liabilities (Net)

	As at 31st March, 2019	As at 31st March, 2018
Current Tax Liabilities (Net)	4.81	4.36
	4.81	4.36

Note 27: Revenue from Operations

	Year ended 31st March, 2019	Year ended 31st March, 2018
Sale of Products (including excise duty)		
Sales	5948.87	5280.10
Less: Discounts and Rebates	560.40	487.91
Total Sale of Products	5388.47	4792.19
Other Operating Revenues		
Sale of Scrap	17.35	12.29
Others	18.50	4.04
	35.85	16.33
Revenue from Operations	5424.32	4808.52



KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

₹ in Crores

Note 28: Other Income

	Year ended 31st March, 2019	Year ended 31st March, 2018
Dividend Income		
Dividend from Equity Shares recognised through FVTPL	0.02	—
Dividend from Mutual Funds recognised through FVTPL	—	0.96
Interest Income		
Interest on Loans and Fixed Deposit at amortised cost	15.94	19.56
Interest on Bonds recognised through FVTPL	1.00	0.78
Interest on Income Tax Refund	0.61	—
	<u>17.55</u>	<u>20.34</u>
Profit on Sale of Current Investments (Net)	22.52	30.04
Fair Value Gain on Financial Instruments recognised through FVTPL	1.44	4.94
Other Non-operating Income		
Profit on Sale of Property, Plant and Equipment	0.06	0.04
Foreign Exchange Gain (Net)	13.46	11.25
Insurance Claims Received	1.72	2.86
Miscellaneous Income	3.75	0.48
	<u>18.99</u>	<u>14.63</u>
	<u>60.52</u>	<u>70.91</u>

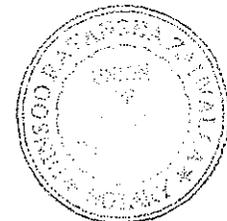
Note 29: Cost of Materials Consumed

Raw Material Consumed		
Opening Stock	312.77	232.08
Add: Purchase	3063.26	2476.76
Add: Adjustments due to Acquisition of Subsidiaries	19.01	—
Less: Sales	10.12	9.84
Less: Closing Stock	374.38	312.77
	<u>3010.54</u>	<u>2386.23</u>
Packing Material Consumed		
Opening Stock	12.67	10.74
Add: Purchase	395.39	333.36
Add: Adjustments due to Acquisition of Subsidiaries	0.37	—
Less: Closing Stock	14.17	12.67
	<u>394.26</u>	<u>331.43</u>
	<u>3404.80</u>	<u>2717.66</u>

**Note 30: Changes in Inventories of Finished Goods,
Stock-in-trade and Work-in-progress**

	Year ended 31st March, 2019	Year ended 31st March, 2018
Opening Stock		
Finished Goods	403.93	393.45
Work-in-progress	65.08	44.92
Stock-in-trade (in respect of goods acquired for trading)	30.12	18.37
	<u>499.13</u>	<u>456.74</u>
Less: Closing Stock		
Finished Goods	570.39	403.93
Work-in-progress	94.22	65.08
Stock-in-trade (in respect of goods acquired for trading)	49.14	30.12
	<u>713.75</u>	<u>499.13</u>
Add: Adjustment due to Acquisition of Subsidiaries	12.84	—
Add: Excise Duty Related to the Difference between the Closing Stock and Opening Stock of Finished Goods	—	(75.54)
	<u>(201.78)</u>	<u>(117.93)</u>

NB



KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

₹ in Crores

Note 31: Employee Benefits Expense

	Year ended 31st March, 2019	Year ended 31st March, 2018
Salaries and Wages	248.63	210.31
Contribution to Provident and Other Funds (Refer Note 38)	20.27	13.56
Staff Welfare Expense	14.51	11.21
	283.41	235.08

Note 32: Finance Costs

Interest on Bank Borrowings	9.89	0.87
Net Foreign Exchange Loss on borrowings (considered as finance cost)	0.08	—
	9.97	0.67

Note 33: Depreciation and Amortisation Expenses

Depreciation on Property, Plant and Equipment (Refer Note 2)	97.96	76.64
Amortisation on Other Intangible Assets (Refer Note 4)	8.32	0.43
	106.28	77.07

Note 34: Other Expenses

Consumption of Stores and Spare Parts	30.80	24.09
Power and Fuel	86.76	75.79
Repairs to Buildings	0.66	0.77
Repairs to Machinery	13.02	10.60
Freight and Forwarding Charges	275.23	227.29
Advertisement and Sales Promotion	278.34	285.68
Rent	40.96	32.37
Rates and Taxes	2.40	3.37
Insurance	5.29	4.46
Miscellaneous Expenses	193.17	151.23
	926.63	815.65

Note 34.1: Payments to Statutory Auditors'

Auditors' Remuneration excluding taxes (Included in Miscellaneous Expenses in Note 34)

As Auditors

Statutory Audit	0.37	0.29
Report under Section 44AB of the Income-tax Act, 1961	0.04	0.04
Limited Review of Quarterly Results	0.09	0.09

In other capacity

Certification	0.09	0.09
Other Matters	0.25	0.10
Reimbursements of Expenses	0.04	0.05

	0.88	0.66
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KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

₹ in Crores

	Year ended 31st March, 2019	Year ended 31st March, 2018
Note 35: Contingent Liabilities and commitments (to the extent not provided for)		
A. Claims against the Company not acknowledged as debt:		
Excise and Service Tax.....	8.70	7.29
Sales Tax	14.57	—
Income Tax	2.56	—
<p>The Group has made adequate provisions in the accounts for claims against the Group related to direct and indirect taxes matters, except for certain claims not acknowledged as debts, totaling to ₹ 8.70 Crores (2017-2018 ₹ 7.29 Crores) from the Excise/Service Tax Authorities, in respect of disallowance of Excise/Service Tax Cenvat Credit. In addition, the Group is subject to other legal proceedings in respect of other matters arisen in the ordinary course of business. The Group's management is of the opinion that ultimate liability in respect of these litigations shall not exceed the amount provided in books of account, and shall not have any material adverse effect on the Group's operation and financial position.</p>		
B. Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances).....	123.57	152.21
C. Corporate guarantee		
Corporate guarantee given to Bank for employee loans.....	2.55	2.55
Corporate guarantee given to Bank for loan taken by Kansai Paints Lanka (Private) Limited – Subsidiary Company.....	13.85	—
D. Others Commitment		
Unexpired Letter of Credit.....	6.17	—
Bank Guarantee.....	0.07	—
	<u>172.04</u>	<u>162.05</u>

E. Contribution to Provident Fund as per Supreme Court Judgment

The Hon'ble Supreme Court of India ("SC") by their order dated February 28, 2019, in the case of Surya Roshani Limited & others v/s EPFO, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Subsequently, a review petition against this decision has been filed and is pending before the SC for disposal.

In view of the management, the liability for the period from date of the SC order to 31 March 2019 is not significant. Further, the pending decision on the subject review petition and directions from the EPFO, the impact for the past period, if any, is not ascertainable and consequently no effect has been given in the accounts.

Note 36: Earnings Per Equity Share

	Year ended 31st March, 2019	Year ended 31st March, 2018
Numerator:		
Profit attributable to Equity shareholders (₹ in Crores).....	452.75	514.40
Denominator:		
Weighted Average Number of ordinary shares at the beginning and end of the year.....	53,89,19,720	53,89,19,720
Basic and diluted earnings per Equity Share (in ₹)	8.40	9.55



KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note 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.

Parent and ultimate controlling entity

Name	% Shareholding		Type	Principal Activities	Place of Incorporation
	2018-19	2017-18			
Kansai Paints Co., Ltd.	74.99	74.99	Parent and ultimate controlling entity	Manufacturing Paints and Coatings	Japan

Kansai Paints Co., Ltd. is the immediate and ultimate Holding Company of Kansai Nerolac Paints Limited.

Fellow Subsidiaries Companies

Name	Type	Principal Activities	Place of Incorporation
Kansai Paint Philippines Inc.	Fellow Subsidiary	Manufacturing Paints and Coatings	Philippines
Kansai Paint Asia Pacific SDN.BHD.	Fellow Subsidiary	Manufacturing Paints and Coatings	Malaysia
Kansai Altan Boya Sanayi Ve Ticaret A.S.	Fellow Subsidiary	Manufacturing Paints and Coatings	Turkey
Kansai Plascon Kenya Ltd.	Fellow Subsidiary	Manufacturing Paints and Coatings	Kenya

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. Key management personnel includes (1) Mr. P. P. Shah, Chairman (2) Mr. H. M. Bharuka, Vice Chairman and Managing Director, (3) Mr. N. N. Tata, Director (4) Mrs. Brinda Somaya, Director (5) Mr. Anuj Jain, Wholtime Director, (6) Mr. P. D. Pai, CFO and (7) Mr. G. T. Govindarajan, Company Secretary.



KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note 37: Related Party Disclosures (contd.)

₹ in Crores

Transaction with related parties:

Transaction Type	Relation	2019	2018
Sale of finished goods/Intermediates			
- Kansai Paint Philippines Inc.	Fellow Subsidiary	2.18	1.51
- Kansai Altan Boya Sanayi Ve Ticaret A.S.	Fellow Subsidiary	—	0.79
- Kansai Plascon Kenya Ltd.	Fellow Subsidiary	1.36	0.48
Dividend Paid			
- Kansai Paint Co., Ltd., Japan	Parent and ultimate controlling entity	105.08	121.24
Royalty Expense			
- Kansai Paint Co., Ltd., Japan	Parent and ultimate controlling entity	16.81	16.20
Technical Fees Including Reimbursement of Expenses			
- Kansai Paint Co., Ltd., Japan	Parent and ultimate controlling entity	2.20	1.33
- Kansai Paint Asia Pacific SDN.BHD.	Fellow Subsidiary	0.12	0.11
Reimbursement of Expenses Receivable			
- Kansai Paint Co., Ltd., Japan (Included in Note 14)	Parent and ultimate controlling entity	1.35	1.20
Amount of outstanding balances, including commitments in settlement			
Receivable as at Year End			
- Kansai Paint Co., Ltd., Japan	Parent and ultimate controlling entity	1.35	1.20
- Kansai Plascon Kenya Ltd.	Fellow Subsidiary	0.36	0.24
Payable as at Year End			
- Kansai Paint Co., Ltd., Japan	Parent and ultimate controlling entity	0.74	0.11
- Kansai Paint Asia Pacific SDN.BHD.	Fellow Subsidiary	0.05	0.05
Key Management Personnel			
- Employee benefits		10.21	10.44
Related Party Transactions: Related party transactions were made on terms equivalent to those that prevail in an arm's length transactions.			

Note 38: Employee Benefits

A. Defined Contribution Plans:

Contribution to defined contribution plan, recognised in the Consolidated Statement of Profit and Loss under Group's Contribution to Provident Fund and Other Funds in Employee Benefits Expense for the year are as under:

₹ in Crores

Particulars	Year ended	Year ended
	31st March, 2019	31st March, 2018
Employer's contribution to Relevant Provident Fund Authority.....	3.75	1.73
Employer's contribution to Family Pension Fund.....	3.79	3.30
Employer's contribution to Superannuation Fund.....	6.48	5.01



KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note 38: Employee Benefits (contd.)

₹ in Crores

B. Defined Benefit Plans:**a. Gratuity**

The following tables set out the funded status of the gratuity plans and the amounts recognised in the Consolidated Financial Statements as at 31 March, 2019 and 31 March, 2018:

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
Change in Defined Benefit Obligation		
Defined Benefit Obligation at the beginning	35.05	33.54
Current Service Cost	3.64	2.91
Interest Expense	2.60	2.26
Benefit Payments from Plan Assets	(2.73)	(3.96)
Remeasurements – Actuarial (gains)/losses	(1.32)	0.30
Increase due to effect of acquisition of subsidiaries	1.83	—
Defined Benefit Obligation at year end	39.07	35.05
Change in Fair Value of Plan Assets		
Fair Value of Plan Assets at the beginning	32.12	26.81
Interest Income	2.53	2.24
Employer Contributions	3.72	8.29
Benefit Payments from Plan Assets	(2.49)	(3.85)
Remeasurements – Return on plan assets excluding amounts included in interest income	0.19	(1.37)
Increase/(Decrease) due to effect of business acquisition	0.86	—
Fair Value of Plan Assets at year end	36.93	32.12
Net (Liability)	(2.14)	(2.93)

Components of Defined Benefit Cost recognised in the Consolidated Statement of Profit and Loss under Employee Benefit Expense:

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
Current Service Cost	3.64	2.91
Net Interest Cost	(0.19)	0.02
Defined Benefit Cost recognised in the Consolidated Statement of Profit and Loss	3.45	2.93

Components of Defined Benefit Cost recognised in the Consolidated Statement of Other Comprehensive Income:

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
Actuarial (gains)/losses on Defined Benefit Obligation	(1.32)	0.18
(Return)/loss on plan assets excluding amounts included in the net interest on the net defined benefit liability/(asset)	(0.19)	1.37
Defined Benefit Cost recognised in the Consolidated Statement of Other Comprehensive Income	(1.51)	1.55



KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

₹ in Crores

Note 38: 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	Valuation Date
	31st March, 2019	31st March, 2018
Discount Rate	7.45% to 12.00%	7.70%
Salary Escalation.....	7.00% to 10.00%	7.50%
Weighted average duration of the defined benefit obligation (years).....	4 to 18	13

Sensitivity Analysis:

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:

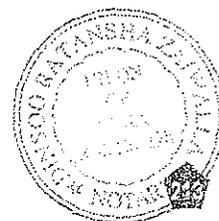
Scenario	31st March, 2019	31st March, 2018
Under Base Scenario	39.07	35.05
Salary Escalation – Up by 1%	40.09	38.02
Salary Escalation – Down by 1%	34.09	32.42
Withdrawal Rates – Up by 1%	36.90	34.91
Withdrawal Rates – Down by 1%	36.86	35.20
Discount Rates – Up by 1%	34.12	32.63
Discount Rates – Down by 1%	40.13	37.84
Expected Rate of Return on Planned Asset.....	7.70%	7.70%

Maturity Profile of Defined Benefit Obligations					
Mortality Table	31st March, 2019		31st March, 2018		Attained Age
	Male	Female	Male	Female	
	0.09%	0.09%	0.09%	0.09%	20
	0.09%	0.09%	0.10%	0.10%	25
	0.10%	0.10%	0.11%	0.11%	30
	0.12%	0.12%	0.13%	0.13%	35
	0.17%	0.17%	0.18%	0.18%	40
	0.26%	0.26%	0.29%	0.29%	45
	0.44%	0.44%	0.49%	0.49%	50
	0.75%	0.75%	0.79%	0.79%	55
	1.12%	1.12%	1.15%	1.15%	60

Assumptions regarding future mortality experience are set in accordance with the published statistics by the Life Insurance Corporation of India.

The Holding Company contributes all ascertained liabilities towards gratuity to the fund maintained by the Life Insurance Corporation of India. Other companies in the Group have not funded their liabilities.

The Group expects to contribute ₹ 2.14 Crores (2017-2018 ₹ 2.94 Crores) to the fund during the subsequent accounting year.



KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note 38: Employee Benefits (contd.)

B. Defined Benefit Plans (contd.)

b. Provident fund (Managed by the Trust set up by the Group)

The Holding Company has contributed ₹ 2.13 Crores (2017-2018 ₹ 2.09 Crores) to the Provident Fund Trust. The Holding Company has an obligation to fund any shortfall on the yield of the trust's investments over the guaranteed interest rates on an annual basis. These administered rates are determined annually predominantly considering the social rather than economic factors and in most cases the actual return earned by the Holding Company has been higher in the past years. The actuary has provided a valuation for provident fund liabilities on the basis of guidance issued by Actuarial Society of India and based on the below provided assumptions there is no shortfall.

The details of fund and plan asset position are given below:

Particulars	₹ in Crores	
	As at 31st March, 2019	As at 31st March, 2018
Plan assets at period end, at fair value.....	63.97	58.78
Present value of benefit obligation at period end	63.27	57.07
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:

Particulars	₹ in Crores	
	As at 31st March, 2019	As at 31st March, 2018
Discount Rate (%)	7.75	7.70
Guaranteed Interest Rate (%)	8.65	8.55
Expected Average Remaining Working Lives of Employees (Years)	8.13	8.37

The Group other than the Holding Company in India contributes all ascertained liabilities towards provident fund as per rules and regulations in force in respective countries amounting to ₹ 0.96 Crores (2017-18 ₹ 0.07 Crores) to respective provident authority.

c. Compensated Absences

Amount of ₹ 2.04 Crores (2017-2018 ₹ 3.36 Crores) has been recognised in the Consolidated Statement of Profit and Loss as an expense for compensated absences.

Note 39: Segment Reporting

The Management Committee of the Holding Company, 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 Holding 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 various products of the Group. As the Group's business activity falls within a single business segment viz. 'Paints' and the sales substantially being in the domestic market, the financial statement are reflective of the information required by Ind AS 108 "Operating Segments".

As the Group mainly caters to the domestic market in India, the total overseas turnover is 4.63% (2017-18 1.51%) of the total turnover of the Group, which is insignificant and thus a separate geographical segment information has not been given in the Consolidated Financial Statements.

Note 40: Operating Lease Expense

The Group obtains business warehouses on cancellable lease terms. Hence the following disclosure is provided only for vehicles obtained on non-cancellable lease terms. Vehicles are obtained for use by employees on operating lease for a lease term of three to five years

Particulars	₹ in Crores	
	As at 31st March, 2019	As at 31st March, 2018
Lease payments recognised in Consolidated Statement of Profit and Loss	0.96	0.79
Future minimum aggregate lease payments under non-cancellable operating leases for each of the following periods:		
Not Later than One Year	0.90	0.03
Later than one year and not later than five years	1.80	2.95
Later than five years	—	—



KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note 41: 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	Other financial assets / liabilities - Amortised cost	Level 1	Level 2	Level 3	Total
Financial Assets measured at Fair Value							
Non-current Assets: Investments (Note 5)	2019	0.96	—	0.71	—	0.25	0.96
	2018	0.71	—	0.69	—	0.02	0.71
Current Assets: Investments (Note 9)	2019	195.56	—	—	195.56	—	195.56
	2018	519.96	—	—	519.96	—	519.96
Financial Assets not measured at Fair Value							
Non-current Assets: Loans (Note 6)	2019	—	—	—	—	14.16	14.16
	2018	—	—	—	—	12.21	12.21
Current Assets: Trade Receivables (Note 10)	2019	—	755.58	—	—	—	755.58
	2018	—	702.64	—	—	—	702.64
Current Assets: Cash and Cash Equivalent (Note 11)	2019	—	93.37	—	—	—	93.37
	2018	—	63.21	—	—	—	63.21
Current Assets: Bank Balances other than Cash and Cash Equivalent (Note 12)	2019	—	2.82	—	—	—	2.82
	2018	—	300.40	—	—	—	300.40
Current Assets: Loans (Note 13)	2019	—	5.22	—	—	—	5.22
	2018	—	3.32	—	—	—	3.32
Current Assets: Other Financial Assets (Note 14)	2019	—	5.30	—	—	—	5.30
	2018	—	25.55	—	—	—	25.55
Financial Liabilities not measured at Fair Value							
Non-current Liabilities: Borrowings (Note 18)	2019	—	—	—	—	4.35	4.35
	2018	—	—	—	—	9.71	9.71
Current Liabilities: Borrowings (Note 21)	2019	—	96.51	—	—	—	96.51
	2018	—	16.83	—	—	—	16.83
Current Liabilities: Trade Payable (Note 22)	2019	—	693.38	—	—	—	693.38
	2018	—	699.87	—	—	—	699.87
Current Liabilities: Other Financial Liabilities (Note 23)	2019	—	104.61	—	—	—	104.61
	2018	—	115.07	—	—	—	115.07

(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 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 analyse 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.



KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note 41: Financial Instruments: Fair values and Risk Management (contd.)**(B) Financial Risk Management (contd.)****(ii) Credit Risk**

Credit Risk is the risk of financial loss to the 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 and Loans

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 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.

₹ in Crores

	31st March, 2019	31st March, 2018
Movement in expected credit loss allowance on trade receivable		
Balance at the beginning of the year.....	17.72	14.85
Loss allowance measured at lifetime expected credit losses	9.08	2.87
Balance at the end of the year.....	26.80	17.72

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 is 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 analyses the Company's financial liabilities into relevant maturing grouping based on their contractual maturities:

₹ in Crores

Financial Liabilities	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 (Non-Current and Current)	31-03-2019	69.01	18.51	11.12	6.68	4.37	0.01	109.70
	31-03-2018	3.22	11.14	2.47	8.49	9.71	—	35.03
Trade Payables	31-03-2019	—	693.38	—	—	—	—	693.38
	31-03-2018	—	699.87	—	—	—	—	699.87
Other Financial Liabilities (including current maturities).....	31-03-2019	74.55	30.06	—	—	—	—	104.61
	31-03-2018	73.49	41.58	—	—	—	—	115.07

(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.



KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note 41: Financial Instruments: Fair values and Risk Management (contd.)**(B) Financial Risk Management (contd.)****(iv) Market Risk (contd.)****Exposure to Currency Risk:**

The summary quantitative data about the Group's exposure to currency risk is as follows:

₹ in Crores

Financial Assets		CHF	EURO	JPY	SGD	GBP	ZAR	USD	Total
Trade Receivables	31-03-2019	—	—	—	—	—	—	1.67	1.67
	31-03-2018	—	—	—	—	—	—	1.93	1.93
Trade Advances	31-03-2019	—	—	—	—	—	—	6.75	6.75
	31-03-2018	0.37	43.61	0.89	0.10	0.03	0.01	13.91	58.92
Financial Liabilities									
Trade Payables	31-03-2019	(0.72)	(3.01)	(16.34)	(0.25)	—	—	(131.59)	(151.91)
	31-03-2018	(0.13)	(6.76)	(20.89)	—	(0.03)	—	(122.78)	(150.59)
Net exposure to Foreign Currency Risk (Liabilities)	31-03-2019	(0.72)	(3.01)	(16.34)	(0.25)	—	—	(123.17)	(143.49)
	31-03-2018	0.24	36.85	(20.00)	0.10	—	0.01	(106.94)	(89.74)

Foreign Currency Sensitivity Analysis

The following table demonstrate the sensitivity to a reasonable possible change in CHF, EURO, JPY 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, 2019				
CHF (5% movement)	(0.04)	0.04	(0.02)	0.02
EURO (5% movement)	(0.15)	0.15	(0.10)	0.10
JPY (5% movement)	(0.82)	0.82	(0.53)	0.53
USD (5% movement)	(6.16)	6.16	(4.01)	4.01
31st March, 2018				
CHF (5% movement)	0.01	(0.01)	0.01	(0.01)
EURO (5% movement)	1.84	(1.84)	1.21	(1.21)
JPY (5% movement)	(1.00)	1.00	(0.65)	0.65
USD (5% movement)	(5.35)	5.35	(3.50)	3.50

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

The Group's interest rate risk arises from borrowings and finance lease obligations. Borrowings issued at fixed rates and finance lease obligations 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

Particulars	As at	As at
	31st March, 2019	31st March, 2018
Fixed-Rate Instruments		
Financial Assets	0.85	324.84
Financial Liabilities	93.86	1.89
Net Liabilities/(Assets)	93.01	(322.95)
Variable-Rate Instruments		
Financial Liabilities	3.60	14.94
	3.60	14.94



KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note 41: Financial Instruments: Fair values and Risk Management (contd.)**(B) Financial Risk Management (contd.)****(iv) Market Risk (contd.)****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.

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.

Particulars	₹ in Crores	
	100 bps increase	100 bps decrease
31st March 2019		
Variable-Rate Instruments	—*	—*
Cash Flow Sensitivity (net)	—	—
31st March 2018		
Variable-Rate Instruments	0.01	(0.01)
Cash Flow Sensitivity (net)	0.01	(0.01)

* Sensitivity of Variable-Rate instruments with 100 bps increase/(decrease) is ₹ 42,898.34/(42,898.34). As all figures are rounded to ₹ Crores, so the above sensitivity shows ₹ Nil amount of increase/(decrease)

(C) Valuation techniques and significant unobservable inputs

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Other Non-current assets: Investment measured at amortised cost	Discounted cash flows: The valuation model considers the present value of expected receipt/payment discounted using appropriate discounting rates.	<ul style="list-style-type: none"> – Forecast Annual revenue growth – Forecast EBIDA growth margin – Risk adjustment discounted rate 	Generally, a changes in the annual revenue growth rate is accompanied similar change in EBIDA 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, trade payables and other financial liabilities as at 31st March, 2019 and 31st March, 2018 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.



KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note 42:

Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 are provided as under for the year 2018-19, to the extent the Company has received intimation from the "Suppliers" regarding their status under the Act.

	As at 31st March, 2019	As at 31st March, 2018
(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	17.83	—
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.

Note 43: Business Combinations**(a) Acquisition of Marpol Private Limited**

On 7th April 2018, the Group acquired 100% ownership interest in a subsidiary registered in India. Acquisition of the subsidiary is accounted for using the acquisition method of accounting.

Management of the Group has obtained fair valuation of all the assets and liabilities acquired and identification of intangible on the date of acquisition. Based on the valuation obtained, management has allocated the consideration to the assets acquired and liabilities assumed and intangible assets identified. Remaining amount is transferred to goodwill.

Consideration transferred

The following table summarises the acquisition date fair value of major class of consideration transferred:

Particulars	₹ in Crores
Cash	34.32
Total consideration.....	34.32

There are no contingent consideration pending to be payable.

Acquisition-related costs

The Group incurred acquisition related cost ₹ 0.24 Crores. These costs have been included in legal and professional fees under other expenses.



335

KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note 43: Business Combinations (contd.)

(a) Acquisition of Marpol Private Limited (contd.)

Identifiable assets acquired and liabilities assumed and Goodwill

The following table summarises the acquisition date fair value of assets acquired, fair value of the consideration transferred:

Description	₹ in Crores
Property, Plant and Equipment.....	29.54
Other Intangible Asset.....	0.10
Marpol Brand and Technical Knowhow.....	7.88
Non-compete.....	2.50
Investments.....	0.05
Inventories.....	9.21
Trade receivables.....	12.08
Cash and cash equivalents.....	4.45
Loans.....	0.19
Other Non-Current/Current Assets.....	1.22
Long-term Borrowings.....	(0.10)
Deferred Tax Liability.....	(8.70)
Short-term Borrowings.....	(14.86)
Trade payables.....	(8.37)
Other financial liabilities.....	(0.31)
Other Current Liabilities.....	(0.46)
Provisions.....	(0.10)
Total identifiable net assets acquired.....	34.32
Purchase Consideration.....	34.32
Goodwill.....	—

The gross contractual amounts and the fair value of trade receivables acquired is ₹ 12.08 Crores. None of the trade receivables are credit impaired and it is expected that the full contractual amounts will be recoverable.

Measurement of fair values

Assets acquired	Valuation technique
Property, plant and Equipment	Market comparison method technique and cost technique
Customer Relationship	Multi period excess earnings method(MPEEM): The method takes residual approach to estimating the income that an intangible is expected to generate. It starts with the total expected income streams for a business or group of assets as a whole and deducts charges for all other assets used to generate income with intangible asset under review during its economic life.
Non-Compete	With or Without Method under the Income Approach: This method computes the value income differential an asset will generate relative to its absence.
Inventories	Market Comparison Method : The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated cost of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(b) Acquisition of RAK Paints Limited, Bangladesh

On 17th July 2018, the Group acquired 55% ownership interest in the subsidiary registered in Bangladesh. Acquisition of the subsidiary is accounted for using the acquisition method of accounting.

Management of the Group has obtained fair valuation of all the assets and liabilities acquired and identification of intangible on the date of acquisition. Based on the valuation obtained, management has allocated the consideration to the assets acquired and liabilities assumed and intangible assets identified. Remaining amount is transferred to goodwill.



KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note 43: Business Combinations (contd.)

(b) Acquisition of RAK Paints Limited, Bangladesh (contd.)

Consideration transferred

The following table summarises the acquisition date fair value of major class of consideration transferred:

Particulars	₹ in Crores
Cash.....	42.17
Total consideration.....	42.17

Acquisition-related costs

The Group incurred acquisition related cost ₹ 0.39 Crores. These costs have been included in legal and professional fees under other expenses.

Identifiable assets acquired and liabilities assumed and Goodwill

The following table summarises the acquisition date fair value of assets acquired, fair value of the consideration transferred, share of NCI and goodwill:

Description	₹ in Crores
Property, Plant and Equipment.....	42.94
Other Intangible Asset.....	0.08
Customer Relationships.....	20.12
Non-Compete.....	13.54
Non-Current Receivables.....	0.48
Inventories.....	24.94
Trade receivables.....	25.67
Cash and cash equivalents.....	3.05
Advance, Deposit and Pre-payments.....	5.12
Advance Corporate Income Tax.....	8.00
Long-term Borrowings.....	(1.37)
Deferred Tax Liability.....	(13.16)
Short-term Borrowings.....	(66.16)
Provision for employee benefits.....	(3.41)
Trade and other payables.....	(24.16)
Provision for Expenses.....	(6.42)
Provision for Income Tax.....	(0.83)
Total identifiable net assets acquired.....	28.43
Share of NCI in total net assets.....	3.57
Purchase Consideration.....	42.17
Goodwill.....	17.31

The gross contractual amounts and the fair value of trade receivables acquired is ₹ 25.67 Crores. None of the trade receivables are credit impaired and it is expected that the full contractual amounts will be recoverable. Goodwill on acquisition was ₹ 17.31 Crores and it is not expected to be deductible for tax purpose.

Measurement of fair values

Assets acquired	Valuation technique
Property, plant and Equipment	Market comparison method technique and cost technique.
Customer Relationship	Multi Period Excess Earnings Method (MPEEM): The method takes residual approach to estimating the income that an intangible is expected to generate. It starts with the total expected income streams for a business or group of assets as a whole and deducts charges for all other assets used to generate income with intangible asset under review during its economic life.
Non-Compete	With or Without Method under the Income Approach: This method computes the value income differential an asset will generate relative to its absence.
Inventories	Market Comparison Method : The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated cost of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.



KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note 44: Impairment of Goodwill (Refer with Note 4A)

(a) RAK Paints Limited, Bangladesh

The business was taken over by Kansai Nerolac Paints Limited on 17th July 2018. The recoverable amount of this CGU was based on fair value less costs of disposal, estimated using discounted cash flows. The fair value measurement was categorised as a Level 3 fair value based on inputs in the valuation technique used.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

Particulars	Year ended 31st March, 2019
Discount Rate	10.13%
Terminal Value Growth Rate	3.00%
Sales Growth Rate	15.00%

The discount rate for the year 2018-19 was post tax measure estimated based on the weighted-average cost of capital, with the possible debt leveraging of 56% at a market interest rate of 7.15%.

The cash flow projections include specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate has been determined based on management's estimate of the long-term business growth rate, consistent with the assumptions that a market participant would make.

Sales growth rate has been considered based on past performance duly adjusted with future growth as envisaged by the management.

With regard to assessment of value in use, no reasonably possible change in any of the above key assumptions would cause the carrying amount of the CGU's to exceed their recoverable amount.

(b) KNP Japan Private Limited (formerly known as Kansai Paints Nepal 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.

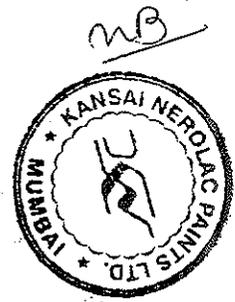
Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
Discount Rate	12.29%	12.28%
Terminal Value Growth Rate	5.00%	5.00%
Sales Growth Rate	12.00%	12.00%

The discount rate for the year 2018-19 and 2017-18 was post tax measure estimated based on the weighted-average cost of capital, with the no debt leveraging as it is debt-free entity.

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.



KANSAI NEROLAC PAINTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note 45: 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, 2019

Name of the entity in the Group	As at 31 March, 2019		For the year ended 31 March, 2019		For the year ended 31 March, 2019		For the year ended 31 March, 2019	
	Net assets*		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	₹ Crores	As % of consolidated profit or loss	₹ Crores	As % of consolidated other comprehensive income	₹ Crores	As % of consolidated total comprehensive income	₹ Crores
Holding Company								
Kansai Nerolac Paints Limited	99.65%	3424.47	104.40%	467.35	438.10%	0.92	104.55%	468.27
Subsidiaries								
Indian								
Marpol Private Limited	0.27%	9.27	0.38%	1.69	0.00%	—	0.38%	1.69
Foreign								
KNP Japan Private Limited (formerly known as Kansai Paints Nepal Private Limited).....	1.07%	36.94	2.57%	11.52	38.10%	0.08	2.59%	11.60
Kansai Paints Lanka (Private) Limited	0.53%	18.12	-2.43%	(10.88)	0.00%	—	-2.43%	(10.88)
RAK Paints Limited	-0.74%	(25.45)	-2.16%	(9.65)	0.00%	—	-2.15%	(9.65)
Total Eliminations/Adjustments	-0.78%	(26.93)	-2.76%	(12.37)	0.00%	—	-2.76%	(12.37)
Exchange differences on translation of foreign operations	0.00%	—	0.00%	—	-376.19%	(0.79)	-0.18%	(0.79)
Total	100.00%	3436.42	100.00%	447.56	100.00%	0.21	100.00%	447.87

(b) As at and for the year ended 31 March, 2018

Name of the entity in the Group	As at 31 March, 2018		For the year ended 31 March, 2018		For the year ended 31 March, 2018		For the year ended 31 March, 2018	
	Net assets*		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	₹ Crores	As % of consolidated profit or loss	₹ Crores	As % of consolidated other comprehensive income	₹ Crores	As % of consolidated total comprehensive income	₹ Crores
Holding Company								
Kansai Nerolac Paints Limited	99.25%	3125.12	100.52%	516.40	104.81%	(1.09)	100.51%	515.31
Subsidiaries								
Foreign								
KNP Japan Private Limited (formerly known as Kansai Paints Nepal Private Limited).....	0.89%	27.93	1.27%	6.51	-11.54%	0.12	1.29%	6.63
Kansai Paints Lanka (Private) Limited	0.61%	19.12	-1.33%	(6.83)	0.00%	—	-1.33%	(6.83)
Total Eliminations/Adjustments	-0.75%	(23.47)	-0.45%	(2.33)	0.00%	—	-0.45%	(2.33)
Exchange differences on translation of foreign operations	0.00%	—	0.00%	—	6.73%	(0.07)	-0.01%	(0.07)
Total	100.00%	3148.70	100.00%	513.75	100.00%	(1.04)	100.00%	512.71

* Net assets = total assets minus total liabilities

Note 46:

Consequent to the issuance of "Guidance Note on Division II - Ind AS schedule III the Companies Act, 2013" certain items of Consolidated Financial Statements have been regrouped/reclassified.

As per our attached report of even date
For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248WW-100022

ANIRUDDHA GODBOLE
Partner
Membership No. 105149
Mumbai, 2nd May, 2019

G.T. GOVINDARAJAN
Company Secretary
ACS No. 8887

P.D. PAI
CFO

For and on behalf of the Board of Directors of Kansai Nerolac Paints Limited

P.P. SHAH
Chairman
DIN 00066242

H.M. BHARUKA
Vice Chairman and Managing Director
DIN 00306084

N.N. TATA
Director
DIN 00024713

BRINDA SOMAYA
Director
DIN 00358908

ANUJ JAIN
Wholtime Director
DIN 08091524

Mumbai, 2nd May, 2019



KANSAI NEROLAC PAINTS LIMITED

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	Tax Expense	Profit after Tax	Dividend	Dividend per Share (₹)	Earnings per Share (₹)	Net Worth per Share (₹)
2004-2005	900.76	531.55	49.31	161.18	0.77	20.70	45.30	91.95	29.33	11.50	36.05 †	126.78 †
2005-2006	1084.59	610.96	55.92	185.56	0.78	31.78	61.01	138.58	51.02 *	20.00 *	54.40	159.19
2006-2007	1246.43	778.33	59.57	213.05	0.96	33.56	53.31	107.65	30.99	11.50	39.95	189.91 @
2007-2008	1344.60	837.32	69.13	226.75	1.41	39.60	50.60	119.79	32.34	12.00	44.46	220.33
2008-2009	1396.71	899.58	73.30	244.20	1.84	37.61	41.60	98.58	32.34	12.00	36.59	242.87
2009-2010	1726.77	1071.82	75.05	295.83	1.20	44.26	73.11	165.50	40.42	15.00	30.71 ^	286.80
2010-2011	2187.56	1400.25	91.64	356.34	0.84	49.36	83.15	205.98	53.89	10.00 **	38.22	170.00 +
2011-2012	2624.84	1740.41	106.94	415.91	0.09	56.35	89.24	215.90	59.28	11.00	40.06	197.28
2012-2013	2872.94	1942.62	118.14	459.76	0.02	47.11	90.80 &	214.49 &	59.28	11.00	39.80 &	224.21 &
2013-2014	3174.35	2133.95	135.88	532.10	0.45	64.98	100.42	206.57	59.28	1.10 ~	3.83 \$	26.41 \$
2014-2015	3570.85	2364.44	143.30	596.50	0.02	67.69	127.23	271.67	75.45	1.40 ~	5.04 \$	29.63 \$
2015-2016	3765.88	2348.36	170.11	640.08	—	67.72	176.10	363.51 &	164.37	3.05 ^^	6.65 &	46.44
2016-2017	4097.29	2342.95	198.12	727.31	—	69.49	253.48	505.94	161.67 £	3.00 £	9.39	52.06
2017-2018	4658.99	2774.07	226.56	796.17	—	75.79	270.00	516.40	140.12 £	2.60 £	9.58	57.99
2018-2019	5235.50	3302.53	255.38	873.71	—	90.47	246.06	467.35	140.12 £	2.60 £	8.67	63.55

Net of Rebates & Excise Duty upto 2014-2015, from 2015-2016, net of Rebates and Discounts.

† Consequent to the Bonus Issue in 2004-2005.

* Includes Special Interim Dividend of ₹ 8.50 per share.

@ Calculated on number of shares post amalgamation of Polycoat Powders Ltd. with the Company.

^ 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).

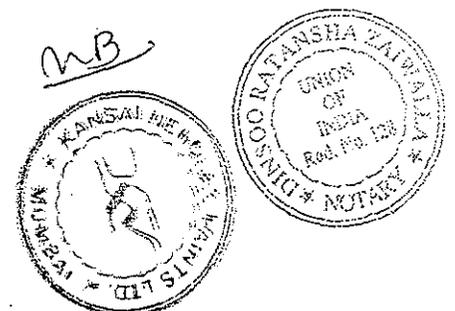
\$ Re-calculated consequent to the subdivision of Equity Share of face value of ₹ 10 each to 10 (ten) equity shares of ₹ 1 each

~ 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 alongwith dividend distribution tax have not been recognised as liabilities.

Figures from financial year 2015-2016 are Ind AS compliant.



HEALTHY HOME PAINTS

 **KANSAI NEROLAC PAINTS LIMITED**

A SUBSIDIARY OF KANSAI PAINT CO. LTD., JAPAN
GANPATRAO KADAM MARG, LOWER PAREL, MUMBAI 400 013

www.nerolac.com

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ANNEXURE "B-2"

KANSAI NEROLAC PAINTS LIMITED
 Registered Office: Nerolac House, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400 013
 Tel: +91-22-24934001; Fax: +91-22-24973794; e-mail: investor@kansai.com
 Website: www.kansai.com CIN: L24202MH1920PLC000225

34



STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED 30 SEPTEMBER 2019

Sl. No.	Particulars	For the quarter ended			For the six months ended		For the year ended
		30.09.2019	30.06.2019	30.09.2018	30.09.2019	30.09.2018	31.03.2019
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	Gross Sales / Income:	1385.69	1612.76	1414.87	2998.45	2928.13	5682.28
1.	Income						
a.	Revenue from Contracts with Customers (Net of Discounts and Rebates)	1236.98	1456.82	1286.25	2693.80	2653.24	5138.86
b.	Other Operating Revenues	6.54	6.65	7.63	13.19	16.56	34.76
	Total Revenue from Operations	1243.52	1463.47	1293.88	2706.99	2669.80	5173.62
	Other Income	3.94	6.51	13.99	10.45	27.59	61.88
	Total Income	1247.46	1469.98	1307.87	2717.44	2697.39	5235.50
2.	Expenses						
a.	Cost of Materials Consumed	755.84	709.21	819.35	1466.05	1627.37	3241.77
b.	Purchase of Stock-in-Trade	63.50	68.49	57.86	131.99	119.87	258.74
c.	Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	154.22	125.93	(42.85)	71.71	(63.80)	(197.98)
d.	Employee Benefits Expense	69.36	67.55	63.13	136.91	126.76	255.38
e.	Finance Costs	1.24	1.28	-	2.50	-	-
f.	Depreciation and Amortisation Expense	28.64	27.78	23.08	56.42	43.48	90.47
g.	Other Expenses	195.11	243.27	201.44	438.38	444.20	873.71
	Total Expenses	1060.47	1243.49	1122.01	2303.56	2297.88	4522.09
3.	Profit before Tax (1-2)	186.99	226.49	185.86	413.88	399.51	713.41
4.	Tax Expense						
a.	Current Tax	29.75	71.28	57.39	101.03	123.20	221.87
b.	Deferred Tax	(36.15)	7.31	6.48	(28.84)	14.48	24.19
	Total Tax Expense	(6.40)	78.59	63.87	72.19	137.68	246.06
5.	Profit for the Period (3-4)	193.39	147.90	121.99	341.29	261.83	467.35
6.	Other Comprehensive Income						
(i)	Items that will not be reclassified to Statement of Profit and Loss	(0.58)	(0.58)	(0.58)	(1.16)	(1.16)	1.41
(ii)	Income tax on item that will not be reclassified to Statement of Profit and Loss	0.09	0.20	0.20	0.29	0.40	(0.49)
7.	Other Comprehensive Income (net of tax)	(0.49)	(0.38)	(0.38)	(0.87)	(0.76)	0.92
8.	Total Comprehensive Income (5+7)	192.90	147.52	121.61	340.42	261.07	468.27
9.	Paid up Equity Share Capital (Face value of ₹ 1 each)	53.89	53.89	53.89	53.89	53.89	53.89
10.	Other Equity						3370.58
11.	Earnings Per Equity Share (of ₹ 1 each) (not annualised)						
a.	Basic	3.59	2.74	2.26	6.33	4.86	8.67
b.	Diluted	3.59	2.74	2.26	6.33	4.86	8.67

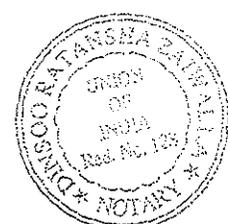
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SIGNED FOR IDENTIFICATION
 BY: *[Signature]*
S R B C & CO LLP
MUMBAI



Certified True Copy
For KANSAI NEROLAC PAINTS LIMITED

[Signature]
G. T. Govindarajan
 Company Secretary



KANSAI NEROLAC PAINTS LIMITED

UNAUDITED STANDALONE STATEMENT OF ASSETS AND LIABILITIES AS AT 30 SEPTEMBER 2019

342

₹ In Crores

		As at	
		30.09.2019 (Unaudited)	31.03.2019 (Audited)
A ASSETS			
1. Non-current Assets			
Property, Plant and Equipment	1513.24		1312.19
Capital Work-in-progress	184.78		314.69
Right of Use Assets (ROU)	51.84		-
Investment Property	0.18		0.18
Other Intangible Assets	2.69		3.54
		1752.73	1630.60
Financial Assets:			
Investments	138.08		108.93
Loans	14.34		13.27
		152.42	122.20
Current Tax Assets (Net)		112.20	155.88
Other Non-current Assets		217.67	235.27
Total Non-current Assets		2235.02	2143.75
2. Current Assets			
Inventories		928.92	1052.77
Financial Assets:			
Investments	153.27		195.56
Trade Receivables	866.89		674.02
Cash and Cash Equivalents	64.23		78.88
Bank Balances other than Cash and Cash Equivalents	2.50		2.49
Loans	4.84		4.58
Other Financial Assets	76.00		7.13
		1167.73	962.66
Other Current assets		114.06	146.74
Total Current Assets		2210.71	2162.17
Total Assets		4445.73	4305.92
B EQUITY AND LIABILITIES			
1. Equity			
Equity Share Capital	53.89		53.89
Other Equity	3539.02		3370.58
Total Equity		3592.91	3424.47
Liabilities			
2. Non-current Liabilities			
Financial Liabilities:			
Borrowings			3.40
Lease Liabilities	47.04		-
Deferred Tax Liabilities (Net)	74.32		105.10
Total Non-current Liabilities		121.36	108.50
3. Current Liabilities			
Financial Liabilities:			
Lease Liabilities	10.71		-
Trade Payables:			
Total Outstanding dues of Micro Enterprises and Small Enterprises	2.54		17.83
Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises	552.73		614.03
	555.27		631.86
Other Financial Liabilities	96.77		103.50
	662.75		735.36
Other Current Liabilities	29.15		19.87
Provisions	17.67		14.41
Current Tax Liabilities (Net)	21.89		3.31
Total Current Liabilities		731.46	772.95
Total Liabilities		852.82	881.45
Total Equity and Liabilities		4445.73	4305.92

SIGNED FOR IDENTIFICATION
BY
S R B C & CO LLP
MUMBAI



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KANSAI NEROLAC PAINTS LIMITED
 UNAUDITED STANDALONE CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER, 2019

343

₹ in Crores

Particulars	Six months ended 30.09.2019 (Unaudited)	Six months ended 30.09.2018 (Unaudited)
Cash Flow From Operating Activities:		
Profit Before Tax	413.48	399.51
Adjustments for:		
Depreciation and Amortisation Expenses	56.42	43.48
Fair Value Gain on Financial Instruments recognised through FVTPL	(3.84)	(3.58)
Unrealised Foreign Exchange (Gain)/Loss (Net)	(0.56)	0.20
Profit on Sale of Current Investments (Net)	(4.69)	(10.28)
Interest Income	(0.65)	(9.34)
Dividend Income	-	(0.02)
(Profit)/Loss on Sale of Property, Plant and Equipment (Net)	(0.12)	-
Finance Cost	2.50	-
Provisions for Doubtful Debts and Bad Debts	1.55	3.29
	50.61	23.77
Operating Profit Before Working Capital Changes	464.09	423.28
(Increase) in Trade and Other Receivables	(235.55)	(241.31)
Decrease/(Increase) in Inventories	123.85	(126.40)
(Increase)/Decrease in Trade Payables, Other Financial Liabilities and Provisions	(59.25)	142.19
	(171.95)	(225.62)
Cash Generated from Operations	292.14	197.76
Direct Taxes Paid (Net of Refunds)	(38.97)	(113.42)
Net Cash Flows generated from Operating Activities	253.17	84.34
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)	(106.95)	(176.04)
Proceeds from Sale of Property, Plant and Equipment	0.14	-
Purchase of Investments in Subsidiaries	(29.11)	(82.85)
Purchase of non-current Investments	(0.13)	-
Purchase of Current Investments	(8,151.74)	(9,590.57)
Proceeds from Sale/Redemption of Current Investments	8,202.54	9,873.94
Interest Received	0.65	9.34
Dividend Received	-	0.02
Proceeds from/(Investment made in) Fixed Deposits	(0.04)	47.16
Net Cash Flows (used in)/generated from Investing Activities	(84.54)	81.00
Cash Flows from Financing Activities		
Repayment of long-term Borrowings	(6.31)	(8.62)
Payment of Lease Liabilities	(8.05)	-
Dividend Paid	(140.12)	(140.12)
Dividend Distribution Tax Paid	(28.80)	(28.80)
Net Cash Flows (used in) Financing Activities	(183.28)	(177.54)
Net (Decrease) in Cash and Cash Equivalents	(14.65)	(12.20)
Cash and Cash Equivalents at beginning of the period, the components being:		
Cash on Hand	0.12	0.06
Cheques on hand	25.03	29.23
Balances with Banks	52.89	30.56
Effect of exchange rate fluctuation	0.84	0.66
	78.88	60.51
Cash and Cash Equivalents at end of the period, the components being:		
Cash on Hand	0.09	0.08
Cheques on hand	19.52	24.45
Balances with Banks	43.78	22.84
Effect of exchange rate fluctuation	0.84	0.84
	64.23	48.31
Net (Decrease) as disclosed above	(14.65)	(12.20)

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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.



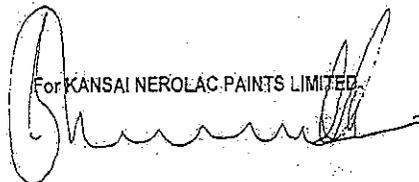
Notes:

- The above unaudited standalone financial results have been reviewed by the Audit Committee and approved by the Board of Directors at their meetings held on 1 November 2019. These standalone results have been subjected to "limited review" by the statutory auditors of the Company. Limited review report does not contain any qualification. The review report has been filed with stock exchange and is available on the Company's website.
- The Standalone financial results are prepared in accordance with Indian Accounting Standards ("Ind AS"), the provisions of the Companies Act, 2013 ("the Companies Act"), as applicable and guidelines issued by the Securities and Exchange Board of India ("SEBI"). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.
- During the current quarter, the Company has commenced commercial production at its new manufacturing unit at Goidowal Sahib near Amritsar in Punjab.
- The Company has chosen to exercise the option of lower tax rate of 25.17% (inclusive of surcharge and cess) under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance 2019. The full impact of this change has been recognised in tax expense for the quarter and six months ended 30th September, 2019. This has resulted in reversal of current tax and deferred tax expense of ₹ 15.59 Crores and ₹ 5.06 Crores respectively, accrued in quarter ended 30th June, 2019 and reversal of deferred tax expense of ₹ 34.43 Crores on account of remeasurement of deferred tax liability as at 31st March 2019.
- As the Company's business activity falls within a single segment viz. 'Paints' and the sales substantially being in the domestic market, hence the same is reflective of the disclosure requirements of Ind AS 108 - Operating Segments.
- Effective 1 April, 2019, the Company has adopted Ind AS 116 "Leases" using modified retrospective approach. Due to transition, the nature of expenses in respect of operating leases has changed from "lease rent" to "depreciation and amortisation expense" and "finance cost" for the right-to-use assets and for interest accrued on lease liability respectively, and therefore these expenses for the current period are not comparable to the previous periods disclosed. The adoption of this standard did not have any material impact on the profit and earnings per share for the quarter and six months ended 30 September 2019. However, the impact on respective line items is set out below:

Particulars	₹ in Crores	
	Quarter ended 30.09.2019	Six Months ended 30.09.2019
Increase in Finance cost	1.24	2.50
Increase in Depreciation and Amortisation Expense	3.67	6.75
Decrease in Other Expenses	3.86	8.05
Decrease in Profit before tax	1.05	1.20
Decrease in Tax expenses	0.26	0.31
Decrease in Profit after tax	0.79	0.89

- Previous period figures have been regrouped / rearranged, wherever necessary, to correspond to current period's presentation.

For KANSAI NEROLAC PAINTS LIMITED



H. M. BHARUKA
VICE CHAIRMAN AND MANAGING DIRECTOR

Place: Mumbai
Date: 1 November 2019

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Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited Standalone Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

Review Report to
The Board of Directors
Kansai Nerolac Paints Limited

1. We have reviewed the accompanying statement of unaudited standalone financial results of Kansai Nerolac Paints Limited (the "Company") for the quarter ended September 30, 2019 and year to date from April 01, 2019 to September 30, 2019 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations"). Attention is drawn to the fact that Statement of cash flows for the corresponding period from April 01, 2018 to September 30, 2018, as reported in these unaudited standalone financial results have been approved by the Board of Directors of the Company but have not been subjected to review.
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including



SRBC & CO LLP

Chartered Accountants

Kansai Nerolac Paints Limited

Page 2 of 2

396

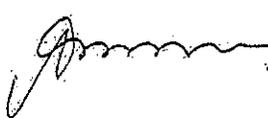
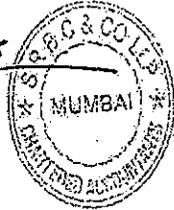
the manner in which it is to be disclosed, or that it contains any material misstatement.

5. The comparative financial information of the Company for the corresponding quarter and half year ended September 30, 2018, included in these unaudited standalone financial results, was reviewed by the predecessor auditor and the standalone Ind AS financial statements of the Company for the year ended March 31, 2019, were audited by predecessor auditor who expressed an unmodified conclusion / opinion on that financial information and those financial statements on October 22, 2018 and May 02, 2019 respectively.

For SRBC & CO LLP

Chartered Accountants

ICAI Firm registration number: 324982E/E300003

per Anil Jobanputra

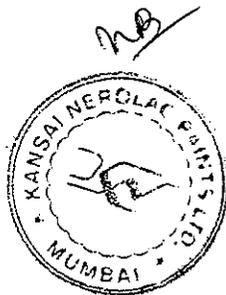
Partner

Membership No.: 110759

UDIN: 19110759AAAAEP4623

Place: Mumbai

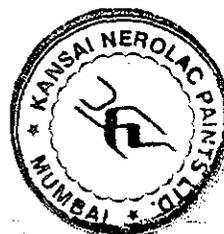
Date: November 01, 2019



STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED 30 SEPTEMBER 2019

Sr. No.	Particulars	For the quarter ended			For the six months ended		₹ in Crores
		30.09.2019	30.06.2019	30.09.2018	30.09.2019	30.09.2018	For the year ended
		(Unaudited)	(Unaudited)	(Unaudited) Refer Note 2	(Unaudited)	(Unaudited) Refer Note 2	(Audited)
1.	Gross Sales / Income	1487.86	1707.20	1498.69	3195.16	3051.78	5984.72
	Income						
a.	Revenue from Contracts with Customers (Net of Discounts and Rebates)	1319.57	1533.30	1357.48	2852.87	2758.82	5388.47
b.	Other Operating Revenues	5.98	9.11	7.42	15.09	16.20	35.85
	Total Revenue from Operations	1325.55	1542.41	1364.90	2867.96	2775.02	5424.32
	Other Income	4.33	6.77	14.20	11.10	27.81	60.92
	Total Income	1329.88	1549.18	1379.10	2879.06	2802.83	5484.84
2.	Expenses						
a.	Cost of Materials Consumed	809.60	754.82	886.03	1564.42	1894.87	3404.80
b.	Purchase of Stock-in-Trade	83.83	70.03	57.86	133.96	119.87	258.74
c.	Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	(57.05)	127.77	(45.49)	70.72	(67.56)	(201.78)
d.	Employee Benefits Expense	78.27	77.34	70.85	156.61	138.08	283.41
e.	Finance Costs	4.63	4.63	2.56	9.46	3.36	9.97
f.	Depreciation and Amortisation Expense	33.84	33.02	27.39	66.86	49.76	106.28
g.	Other Expenses	210.92	258.75	219.78	469.87	470.73	926.63
	Total Expenses	1145.34	1326.36	1198.98	2471.70	2408.91	4788.05
3.	Profit before Tax (1-2)	184.54	222.82	180.12	407.36	393.92	696.79
4.	Tax Expense						
a.	Current Tax	31.27	72.52	58.98	103.79	125.53	225.54
b.	Deferred Tax	(36.85)	5.61	3.71	(31.04)	12.38	23.69
	Total Tax Expense	(5.38)	78.13	62.69	72.75	137.91	249.13
5.	Profit for the Period (3-4)	189.92	144.69	117.43	334.61	256.01	447.66
6.	Other Comprehensive Income						
a.	(i) Items that will not be reclassified to Statement of Profit and Loss	(0.67)	(0.58)	(0.58)	(1.25)	(1.16)	1.51
	(ii) Income tax relating to items that will not be reclassified to Statement of Profit and Loss	0.11	0.20	0.20	0.31	0.40	(0.51)
b.	(i) Items that will be reclassified to Statement of Profit and Loss	4.48	(4.26)	(2.86)	0.22	(1.87)	(0.79)
	(ii) Income tax relating to items that will be reclassified to Statement of Profit and Loss	-	-	-	-	-	-
	Total Other Comprehensive Income	3.92	(4.64)	(3.24)	(0.72)	(2.63)	0.21
7.	Total Comprehensive Income (5+6)	193.84	140.05	114.19	333.89	253.38	447.87
8.	Profit for the period attributable to:						
	Owners of the Company	190.77	146.02	119.69	336.79	258.30	452.75
	Non-controlling interests	(0.85)	(1.33)	(2.26)	(2.18)	(2.29)	(5.09)
		189.92	144.69	117.43	334.61	256.01	447.66
9.	Other Comprehensive Income attributable to:						
	Owners of the Company	3.95	(4.64)	(3.24)	(0.69)	(2.63)	0.18
	Non-controlling interests	(0.03)	-	-	(0.03)	-	0.03
		3.92	(4.64)	(3.24)	(0.72)	(2.63)	0.21
10.	Total Comprehensive Income attributable to:						
	Owners of the Company	194.72	141.38	116.45	336.10	255.67	452.93
	Non-controlling interests	(0.88)	(1.33)	(2.26)	(2.21)	(2.29)	(5.06)
		193.84	140.05	114.19	333.89	253.38	447.87
11.	Paid up Equity Share Capital (Face value of ₹ 1 each)	53.89	53.89	53.89	53.89	53.89	53.89
12.	Other Equity						3362.44
13.	Earnings Per Equity Share (of ₹ 1 each) (not annualised)						
a.	Basic	3.54	2.71	2.22	6.25	4.79	8.40
b.	Diluted	3.54	2.71	2.22	6.25	4.79	8.40

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KANSAL NEROLAC PAINTS LIMITED

UNAUDITED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS AT 30. SEPTEMBER 2019

348

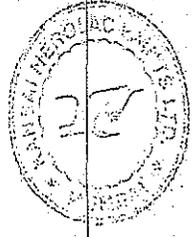
₹ In Crores

		As at	
		30.09.2019 (Unaudited)	31.03.2019 (Audited)
A	ASSETS		
1.	Non-current Assets		
	Property, Plant and Equipment	1614.07	1404.52
	Capital Work-in-progress	188.20	316.35
	Right of Use Assets (ROU)	51.84	
	Investment Property	0.18	0.18
	Goodwill	19.78	19.58
	Other Intangible Assets	49.63	40.79
		1923.70	1781.42
	Financial Assets:		
	Investments	1.02	0.96
	Loans	15.31	14.16
		16.33	15.12
	Current Tax Assets (Net)	124.85	165.71
	Other Non-current Assets	217.67	235.29
	Total Non-current Assets	2282.35	2197.54
2.	Current Assets		
	Inventories		996.60
	Financial Assets:		
	Investments	153.27	195.56
	Trade Receivables	950.51	755.58
	Cash and Cash Equivalents	80.62	93.37
	Bank Balances, other than Cash and Cash Equivalents	11.71	2.82
	Loans	5.50	5.22
	Other Financial Assets	76.00	5.30
		1277.61	1057.85
	Other Current assets	122.01	151.44
	Total Current Assets	2396.22	2320.35
	Total Assets	4678.57	4517.89
B	EQUITY AND LIABILITIES		
1.	Equity		
	Equity Share Capital	53.89	53.89
	Other Equity	3526.07	3362.44
		3579.96	3416.33
	Non-controlling interest	17.88	20.09
	Total Equity	3597.84	3436.42
2.	Non-current Liabilities		
	Financial Liabilities:		
	Borrowings	0.71	4.35
	Lease Liabilities	47.04	-
	Provisions	0.05	0.02
	Deferred Tax Liabilities (Net)	98.02	126.67
	Total Non-current Liabilities	145.82	131.04
3.	Current Liabilities		
	Financial Liabilities:		
	Borrowings	125.90	96.51
	Lease Liabilities	10.71	-
	Trade Payables:		
	Total Outstanding dues of Micro Enterprises and Small Enterprises	2.54	17.83
	Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises	607.61	675.55
		610.15	693.38
	Other Financial Liabilities	97.94	104.61
		844.70	894.50
	Other Current Liabilities	46.24	34.87
	Provisions	20.16	16.25
	Current Tax Liabilities (Net)	23.81	4.81
	Total Current Liabilities	934.91	950.43
	Total Liabilities	1080.73	1081.47
	Total Equity and Liabilities	4678.57	4517.89

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KANSAI NEROLAC PAINTS LIMITED
 UNAUDITED CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER, 2019

349

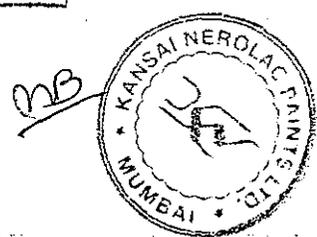
₹ in Crores

Particulars	Six months ended 30.09.2019 (Unaudited)	Six months ended 30.09.2018 (Unaudited)
Cash Flow From Operating Activities		
Profit Before Tax	407.36	393.92
Adjustments for:		
Depreciation and Amortisation Expenses	66.86	49.76
Fair Value Gain on Financial Instruments recognised through FVTPL	(3.84)	(3.56)
Unrealised Foreign Exchange (Gain)/Loss (Net)	(0.56)	0.20
Profit on Sale of Current Investments (Net)	(4.69)	(10.28)
Interest Income	(1.04)	(9.38)
Dividend Income	-	(0.02)
(Profit)/Loss on Sale of Property, Plant and Equipment (Net)	(0.06)	(0.02)
Finance Cost	9.46	3.36
Provisions for Doubtful Debts and Bad Debts	2.93	6.37
	69.06	38.43
Operating Profit Before Working Capital Changes	476.42	432.35
(Increase) in Trade and Other Receivables	(245.16)	(285.87)
Decrease/(Increase) in Inventories	114.46	(166.66)
(Increase)/Decrease in Trade Payables, Other Financial Liabilities and Provisions	(63.05)	116.46
	(193.75)	(347.07)
Cash Generated from Operations	282.67	85.28
Direct Taxes Paid (Net of Refunds)	(43.73)	(129.36)
Net Cash Flows generated/(used in) from Operating Activities	238.94	(44.08)
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)	(102.85)	(123.32)
Proceeds from Sale of Property, Plant and Equipment	1.07	1.09
Purchase of Investments in Subsidiaries	(28.11)	(76.49)
Purchase of non-current Investments	(0.13)	-
Purchase of Current Investments	(8,151.74)	(9,590.57)
Proceeds from Sale/Redemption of Current Investments	8,202.64	9,873.94
Interest Received	1.04	9.38
Dividend Received	-	0.02
Proceeds from/(Investment made in) Fixed Deposits	(8.92)	46.96
Net Cash Flows (used in)/generated from Investing Activities	(88.00)	141.01
Cash Flows from Financing Activities		
Repayment of long-term Borrowings	(9.81)	(6.51)
Proceeds from Borrowings	6.58	78.94
Payment of Lease Liabilities	(8.05)	-
Finance Cost	(9.46)	(3.36)
Dividend Paid	(140.12)	(140.12)
Dividend Distribution Tax Paid	(28.80)	(28.80)
Net Cash Flows (used in) Financing Activities	(189.66)	(101.85)
Net (Decrease) in Cash and Cash Equivalents	(38.72)	(4.92)
Cash and Cash Equivalents at beginning of the period, the components being:		
Cash on Hand	2.28	0.10
Cheques on hand	25.03	29.23
Balances with Banks	65.22	33.22
Bank Overdrafts and Cash Credit	(66.57)	-
Effect of exchange rate fluctuation	0.84	0.66
	26.80	63.21
Cash and Cash Equivalents at end of the period, the components being:		
Cash on Hand	3.46	2.14
Cheques on hand	19.52	24.45
Balances with Banks	56.80	30.86
Bank Overdrafts and Cash Credit	(92.54)	-
Effect of exchange rate fluctuation	0.84	0.84
	(11.92)	58.29
Net (Decrease) as disclosed above	(38.72)	(4.92)

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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.



Notes:

350

- The above unaudited consolidated financial results have been reviewed by the Audit Committee and approved by the Board of Directors at their meetings held on 1 November 2019. These consolidated results have been subjected to "limited review" by the statutory auditors of the Holding Company. Limited review report does not contain any qualification. The review report has been filed with stock exchange and is available on the Company's website.
- The Consolidated financial results are prepared in accordance with Indian Accounting Standards ("Ind AS"), the provisions of the Companies Act, 2013 ("the Companies Act"), as applicable and guidelines issued by the Securities and Exchange Board of India ("SEBI"). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. Comparative figures of consolidated results for the quarter and six months ended 30 September 2018 have been compiled by the Management and have not been subjected to review.
- During the current quarter, the Holding Company has commenced commercial production at its new manufacturing unit at Goidwal Sahib near Amritsar in Punjab.
- The Holding Company has chosen to exercise the option of lower tax rate of 25.17% (inclusive of surcharge and cess) under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance 2019. The full impact of this change has been recognised in tax expense for the quarter and six months ended 30th September, 2019. This has resulted in reversal of current tax and deferred tax expense of ₹ 15.59 Crores and ₹ 5.06 Crores respectively, accrued in quarter ended 30th June, 2019 and reversal of deferred tax expense of ₹ 34.43 Crores on account of remeasurement of deferred tax liability as at 31st March 2019.
- As the Group's business activity falls within a single segment viz. 'Paints' and the sales substantially being in the domestic market, hence the same is reflective of the disclosure requirements of Ind AS 108 - Operating Segments.
- Effective 1 April, 2019, the Holding Company has adopted Ind AS 116 "Leases" using modified retrospective approach. Due to transition, the nature of expenses in respect of operating leases has changed from "lease rent" to "depreciation and amortisation expense" and "finance cost" for the right-to-use assets and for interest accrued on lease liability respectively, and therefore these expenses for the current period are not comparable to the previous periods disclosed. The adoption of this standard did not have any material impact on the profit and earnings per share for the quarter and six months ended 30 September 2019. However, the impact on respective line items is set out below:

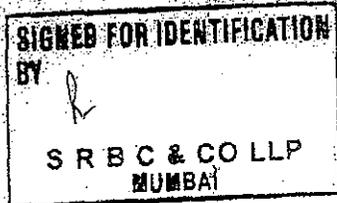
Particulars	₹ in Crores	
	Quarter ended 30.09.2019	Six Months ended 30.09.2019
Increase in Finance cost	1.24	2.50
Increase in Depreciation and Amortisation Expense	3.67	6.75
Decrease in Other Expenses	3.86	8.05
Decrease in Profit before tax	1.05	1.20
Decrease in Tax expenses	0.25	0.31
Decrease in Profit after tax	0.79	0.89

- Previous period figures have been regrouped / rearranged, wherever necessary, to correspond to current period's presentation.

For KANSAI NEROLAC PAINTS LIMITED

H. M. BHARUKA
VICE CHAIRMAN AND MANAGING DIRECTOR

Place: Mumbai
Date: 1 November 2019



Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited Consolidated Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

**Review Report to
The Board of Directors
Kansai Nerolac Paints Limited**

1. We have reviewed the accompanying Statement of Unaudited Consolidated Financial Results of Kansai Nerolac Paints Limited (the "Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), for the quarter ended September 30, 2019 and year to date from April 01, 2019 to September 30, 2019 (the "Statement") attached herewith, being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations"). Attention is drawn to the fact that the consolidated figures for the corresponding quarter and half year ended September 30, 2018 and the consolidated statement of cash flows for the corresponding period from April 01, 2018 to September 30, 2018, as reported in these unaudited consolidated financial results have been approved by the Holding Company's Board of Directors, but have not been subjected to review.
2. This Statement, which is the responsibility of the Holding Company's Management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 issued by the Securities and Exchange Board of India under Regulation 33(8) of the Listing Regulations, to the extent applicable.



SRBC & CO LLP, a Limited Liability Partnership with LLP Identity No. AAB-4318
Regd. Office : 22, Camac Street, Block 'B', 3rd Floor, Kolkata-700 016



Kansai Nerolac Paints Limited

Page 2 of 3

4. The Statement includes the results of the following entities:

Holding Company

- Kansai Nerolac Paints Limited

Subsidiary Companies

- KNP Japan Private Limited
 - Kansai Paints Lanka (Private) Limited
 - RAK Paints Limited
 - Marpol Private Limited
 - Perma Constructions Aids Private Limited
 - Nerofix Private Limited (w.e.f July 17, 2019)
5. Based on our review conducted and procedures performed as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.
6. The accompanying Statement includes unaudited interim financial results and other unaudited financial information of 5 subsidiaries, whose interim financial results reflect total assets of Rs. 267.32 Crores as at September 30, 2019, and total revenues of Rs. 81.49 Crores and Rs. 164.83 Crores, total net loss after tax of Rs. 0.05 Crores and Rs. 1.07 Crores, total comprehensive loss of Rs. 1.43 Crores and Rs. 1.15 Crores, for the quarter ended September 30, 2019 and for the period from April 01, 2019 to September 30, 2019, respectively, and net cash outflows of Rs. 24.07 Crores for the period from April 01, 2019 to September 30, 2019, as considered in the Statement, which have been reviewed by their respective independent auditors. The independent auditor's review reports on interim financial results of these entities have been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures in respect of these subsidiaries is based solely on the report of such auditors and procedures performed by us as stated in paragraph 3 above.
7. Certain of these subsidiaries are located outside India whose financial results and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been reviewed by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial results of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have reviewed these conversion adjustments made by the Holding Company's management. Our conclusion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other



SRBC & CO LLP

Chartered Accountants

353

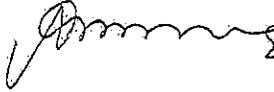
Kansai Nerolac Paints Limited
Page 3 of 3

auditors and the conversion adjustments prepared by the management of the Holding Company and reviewed by us.

Our conclusion on the Statement in respect of matters stated in para 6 and 7 above is not modified with respect to our reliance on the work done and the reports of the other auditors.

8. The consolidated Ind AS financial statements of the Group for the year ended March 31, 2019 included in these unaudited consolidated financial results were audited by predecessor auditor who expressed an unmodified opinion on those consolidated Ind AS financial statements on May 02, 2019.

For SRBC & CO LLP
Chartered Accountants
ICAI Firm registration number: 324982E/E300003


per Anil Jobanputra
Partner

Membership No.: 110759

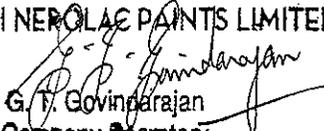
UDIN: 19110759AAAAEQ2735

Place: Mumbai

Date: November 01, 2019



Certified True Copy
For KANSAI NEROLAC PAINTS LIMITED


G. T. Govindarajan
Company Secretary



ANNEXURE - "C"



**KANSAI
NEROLAC**
PAINTS LIMITED



CERTIFIED EXTRACT OF THE RESOLUTION PASSED BY BOARD OF
DIRECTORS OF THE COMPANY AT ITS MEETING HELD ON JULY 29, 2019

Resolved that the Board accord its consent to the Scheme of Amalgamation for the merger of Marpol Private Limited and Perma Construction Aids Private Limited (both wholly owned subsidiaries of the Company) with the Company and undertaking the process of merger.

Further Resolved that Mr. H.M. Bharuka, Vice Chairman and Managing Director, Mr. Anuj Jain, Executive Director, Mr. P.D. Pai, Director- Finance and Mr. G.T. Govindarajan, Company Secretary be and are authorized, jointly and severally, to sign such applications and documents, make the necessary filings with the authorities and to do all such acts, deeds, matters and things as may be required, in regard to the process of merger of the said wholly-owned subsidiaries, Marpol Private Limited and Perma Construction Aids Private Limited with the Company.

For KANSAI NEROLAC PAINTS LIMITED

G. T. GOVINDARAJAN
COMPANY SECRETARY



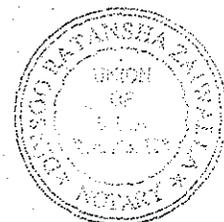
MB



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

Tel.: + 91.22.2493 4001
+91.22.2499 2500

CIN No.: L24202MH1920PLC000825



ANNEXURE "D"

SRBC & CO LLP

Chartered Accountants



12th Floor, The Ruby
89 Senapati Bapat Marg
Padar (West)
Mumbai - 400 028, India
Tel : +91 22 6819 8000

355

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.

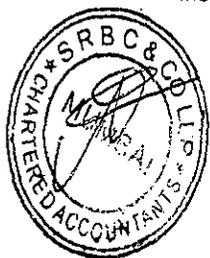
1. This Certificate is issued in accordance with the terms of the Master Engagement Agreement (the "MEA") dated June 29, 2019 and the Service scope letter (the "SSL") dated December 06, 2019 with Kansai Nerolac Paints Limited (hereinafter referred to as "the Company" or the "Transferee Company").
2. 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.



SRBC & CO LLP

Chartered Accountants

356

Kansai Nerolac Paints Limited
Page 2 of 3

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 initialed by us only for the purpose of identification.



SRBC & CO LLP

Chartered Accountants

Kansai Nerolac Paints Limited

Page 3 of 3

357

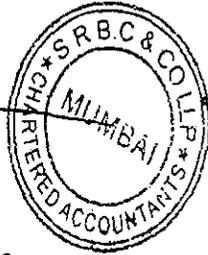
Restriction on Use

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

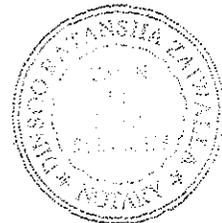
Membership Number: 110759

UDIN: 19110759AAAAGS4319

Place of Signature: Mumbai

Date: 12 December 2019

NB



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.

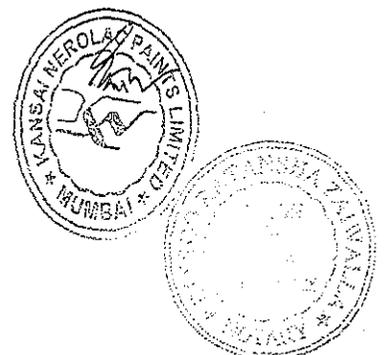
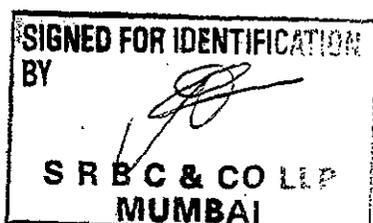
14.1.3 Upon the Scheme becoming operative, comparative financial information in the financial statements of the Transferee Company shall be restated. Comparative financial information of Transferor Companies shall be incorporated in the financial statements of the Transferee Company from the date from 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.

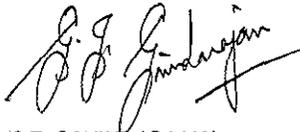
14.1.6 All transactions entered between the Transferor Companies and the Transferee Company shall stand cancelled.

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.

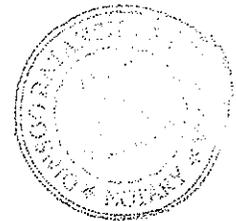
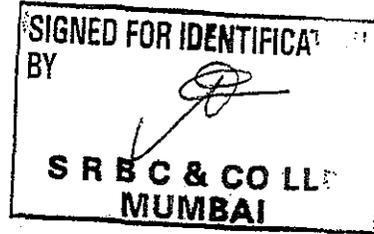
For KANSAI NEROLAC PAINTS LIMITED



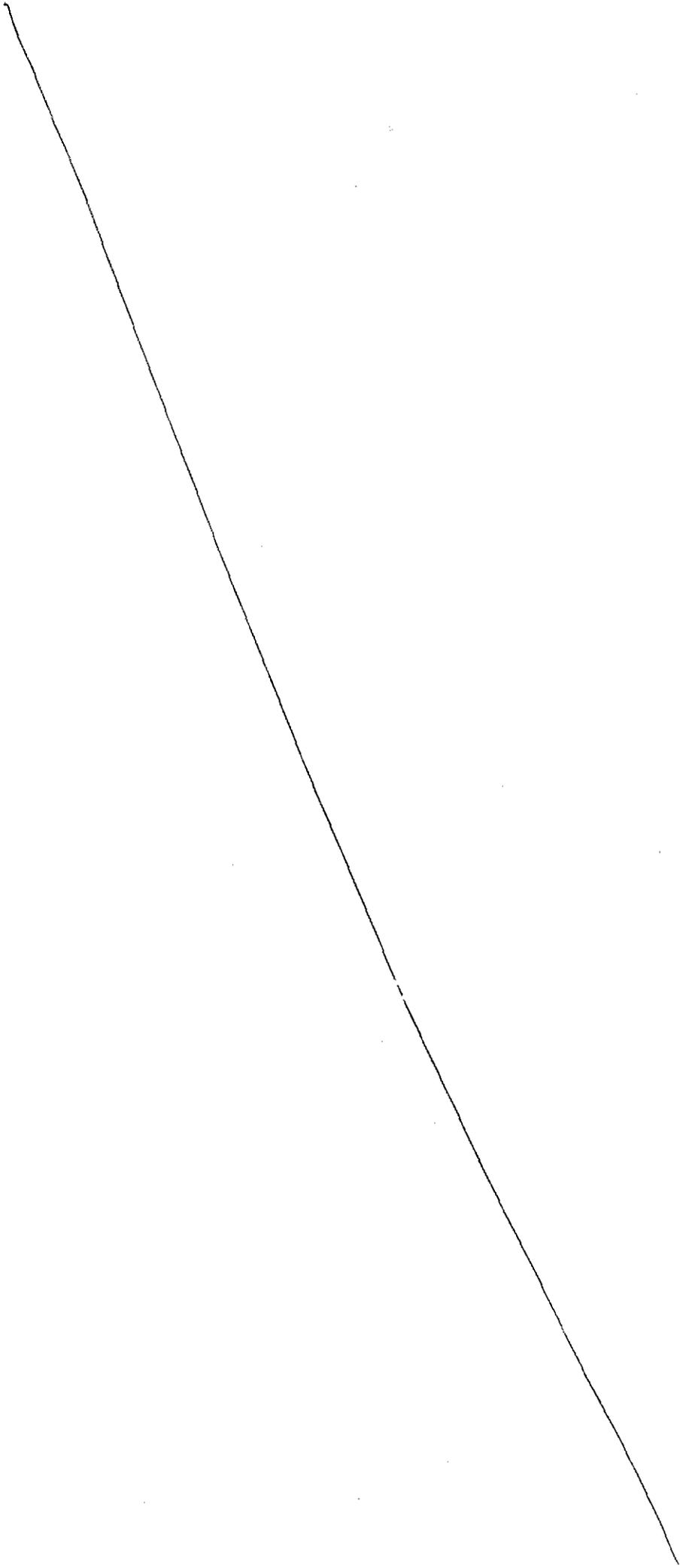
G.T. GOVINDARAJAN
COMPANY SECRETARY

Place: Mumbai

Date: 12 December 2019



360



ANNEXURE " E "



~~397~~
361

SCHEME OF AMALGAMATION OF
MARPOL PRIVATE LIMITED AND
PERMA CONSTRUCTION AIDS PRIVATE LIMITED
WITH
KANSAI NEROLAC PAINTS LIMITED
AND THEIR RESPECTIVE SHAREHOLDERS

(Under Sections 230 to 232 and other applicable
provisions of the Companies Act, 2013)

PREAMBLE

This Scheme of Amalgamation provides for the amalgamation of Marpol Private Limited (**Marpol**), a company incorporated under the provisions of the Companies Act, 1956 having its registered office at Panandiker Chambers, 1st Floor, M.L. Furtado Road, Margao, Goa – 403601 and Perma Construction Aids Private Limited (**Perma**) incorporated under the provisions of the Companies Act, 1956 having its registered office at Unit-II Plot No. 3102, GIDC Sarigam, Valsad, Gujarat- 396155 with Kansai Nerolac Paints Limited (**Nerolac**), a company incorporated under the provisions of the Indian Companies Act, 1913 having its registered office at Nerolac House, Ganpatrao Kadam Marg, Lower Parel, Mumbai-400013, Maharashtra, pursuant to Sections 230 to 232 and other relevant provisions of the Companies Act, 2013.

- (a) Marpol was incorporated on 5th April 1983 under the name of Marpol Chemicals Private Limited and registered with the Registrar of Companies, Goa, Daman & Diu, Panaji, as a Private Limited Company. Thereafter on 6th November 2001 its name was changed to its present name and a fresh Certificate of Incorporation was issued by the Registrar of Companies Goa, Daman & Diu, Panaji consequent upon change of name. Marpol's registered office is situated at Panandiker Chambers, 1st Floor, M.L. Furtado Road, Margao, Goa - 403601. The Corporate Identification Number of Marpol is U24222GA1983PTC000532. The



362

PAN of Marpol is AACCM2018D. The e-mail address of Marpol is marpol@marpolind.com. Marpol has not changed its name or objects during the last five years.

The main object of Marpol as specified under the heading A- Main Object of the Company to be pursued by the Company on its incorporation under Clause III (A) of the Memorandum of Association of the Company is as under:

- 1) To manufacture, mix, buy, sell, refine, prepare, import, export and carry on the business in Alkyd Resins, Acrylic Resins, Polyester Resins, Polyurethane, Silicone, Fluoropolymer, Polycarbonate, Isocyanate Alkyds, Power coating Paints, Epoxies, Acrylics, epoxy Polyester Paints, electrophoretic paints, highsolid coating, water bourne coatings, water reductible coatings and non-aqueous dispersions.
- 2) To buy, manufacture, mix, self-refine, prepare, import, export and to carry on any business in minerals, methylated and rectified spirits, dry or other colours, raw materials, pigments, dyes, paints, synthetic paints and thinners, coloured or other cements, varnishes, synthetic resins, enamels, lacquers, distempers, disinfectants, oil, wood preservative, fruit or vegetable or other preservatives, printings and marking inks, polishes, crayons, powers, electroplating, abrasive and its chemicals, she dressing, greases, vasilines, creams, glue, gelatin, and other glue preparations.
- 3) To refine, sell, mix, prepare for market, import, export and manufacture, prepare and extract, all kinds of turpentine including Canada turpentine from fine larchfir, pistachio and other trees and to prepare various oils, chemicals, drugs and different other products from the same.
- 4) To manufacture, produce, refine, process, formulate, buy, sell, export, import or otherwise deal in all types of heavy and light chemical elements and compounds, including without limiting the generality of the foregoing, laboratory, and scientific chemicals. If any nature used or capable of being used in the paint industry, agricultural chemicals, fertilisers, petro-chemicals, industrial chemicals or any mixtures, derivatives and compounds thereof and



18. 05. 2018
CHATELAIN ROAD

36

3.	Mr. G.T. Govindarajan	08105268	F-203, Lloyds Estate, V.I.T. College Marg, Wadala East, Mumbai;400037, Maharashtra
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- (b) Perma Construction Aids Private Limited (**Perma**) was incorporated on 11th April 1997 and registered with the Registrar of Companies, Gujarat, Dadra and Nagar Haveli as a Private Company and has its registered office at Unit-II Plot No.3102, GIDC Sarigam Valsad Gujarat- 396155. The Corporate Identification Number of Perma is U45201GJ1997PTC032104. The PAN of Perma is AABCP4353K. The email address of Perma is info@permaindia.com. Perma has not changed its name or objects during the last five years.

The main objects of Perma as specified under the heading A- Main Object of the Company to be pursued by the Company on its incorporation under Clause III (A) of the Memorandum of Association of the Company are as under:

- 1) To carry on the business of processing, converting, producing, manufacturing, formulating, using, buying, acquiring, storing, packing, selling, marketing, transporting, importing, exporting and disposing of chemicals including, integral water proofing compounds of concrete and mortar, crystalline based water proof coatings for concrete structures, elastomeric water proof coatings, plasticizers, non shrink grouts for machine foundation, repair, compounds based on acrylic and styrene butadiene rubber, water repellent coatings, polymer tile fixing adhesives epoxy floor toppings and coatings, polyurethane toppings and coatings and ancillary chemicals and compounds, on our behalf and on behalf of others, contracting for jobs applying above items, construction chemicals and chemical products of any nature and kind whatsoever and all allied and auxiliary products, derivatives, formulations, processes, bye-products and joint-products, construction activity, resins for fibre glass industry bitumen emulsion.



Perma is principally engaged in the business of construction chemicals.

April, 1933, its name was changed to Goodlass Wall (India) Private Limited and a Certificate of change of name was issued by the Registrar of Companies, Bombay. Thereafter on 9th February, 1946, its name was once again changed to Goodlass Wall Private Limited and a Certificate of change of name was issued by the Registrar of Companies, Bombay. Thereafter on 12th February, 1958, its name was once again changed to Goodlass Nerolac Paints Limited and a Certificate of change of name was issued by the Registrar of Companies, Bombay. Thereafter on 11th July, 2006, its name was changed to its present name and a fresh Certificate of Incorporation was issued by the Registrar of Companies, Maharashtra, Mumbai consequent upon change of name. Nerolac is a Public Limited Company listed on BSE Limited and National Stock Exchange of India Ltd., and having its Registered Office at Nerolac House, Ganpatrao Kadam Marg, Lower Parel, Mumbai, 400013, Maharashtra. The Corporate Identification Number of Nerolac is L24202MH1920PLC000825. The PAN of Nerolac is AAACG1376N. The email address of Nerolac is gtgovindarajan@nerolac.com. Nerolac has not changed its name or objects during the last five years.

The main objects of Nerolac as specified under the heading A- Main Object of the Company to be pursued by the Company on its incorporation under Clause III of the Memorandum of Association of the Company are as under:

- (a) To acquire and take over as a going concern the business now carried on at Naigaum, Mumbai, under the style or firm of American Paint & Varinsh Co., and all or any of the assets and liabilities of the proprietor of that business in connection therewith and with a view thereto to enter into an Agreement with A.T. Mirza in the terms of the draft a copy whereof has for the purpose of identification been subscribed by F.E. Dinshaw, an Attorney of the Bombay High Court, and to carry the same into effect with or without modification.
- (b) To manufacture white lead, red lead, litharge, orange mineral, linseed oil and to purchase and sell the same, to manufacture, buy and sell paints, varnishes, oils, colours, enamels, mortar and cement, stains and coatings, water-proof coatings and compound,



dyes, glue, putty, chemicals for making colour, paint brushes and other supplies for painters.

- (c) To buy, sell, import, export, manipulate, prepare for market and deal in merchandise of all kinds and generally to carry on business as merchants, importers and exporters.
- (c1) To carry on the business of manufacturing and selling of pigments, Pigment Emulsions, Dispersions, Binder Materials, Thickeners, Chemicals, Dyes and Manures.
- (c2) To carry on all or any of the business of metal founders, workers, converters and merchants, miners, smelters, metallurgists, mechanical electrical and general engineers, planters, farmers, graziers, stockmen, dairymen, ship and other vessel owners, charterers and builders, ship-brokers, managers of shipping property, shippers, bargemen, lightermen, carriers by sea and land, railway and forwarding agents, bonded and common carmen, freight contractors, insurance brokers, provision merchants and preservers, ice merchants, refrigerating storekeepers, warehouseman, wharfingers, dock owners and commission merchants, and any other trade or business whatsoever which can in the opinion of the Company by advantageously or conveniently carried on by the Company by way of extension of or in connection with any such business as aforesaid, or is calculated directly or indirectly to develop any branch of the Company's business or to increase the value of or turn to account any of the Company's Assets, property or rights.
- (c3) To carry on business as manufacturers of, and dealers in, chemical, biochemical, industrial and other preparations and articles, dyes, chemicals, acids, alkalies, colours, glues, gums, pasters, organic or mineral intermediates, compositions, paint and colour grinders, preparatory articles of all kinds, laboratory reagents, and to carry on the business of chemists and oil and colourmen.
- (c4) To carry on business as manufacturers, producers, refiners, importers and exporters of, and dealers in, copra, cottonseed, linseed, castor seed, groundnuts and seeds of all kinds and oil bearing substances whatsoever and oils and oil cakes manufactured



268

therefrom, and to carry on business as oil brokers, oil blenders, boilers, refiners, distillers, separators, waste oil dealers and as dry salters, tallow merchants and soap and candle makers.

- (c5) To carry on business as financial, monetary and commercial agents and advisers and to undertake, carry on and execute all kinds of financial, commercial, trading and other operations; which are incidental to the main objects of the Company and to carry on and transact every kind of guarantee and indemnity business, and to undertake and execute trusts of all kinds and to promote, finance or otherwise assist any company or other persons as Directors may think fit.
- (c6) To manufacture, prepare for market, revise, clean, restore, recondition, treat and otherwise manipulate and deal in and turn to account by any process or means whatsoever all by products, refuse, wastes and other products capable of being manufactured or produced out of or with the use of all or any raw materials, ingredients, substances or commodities used in the manufacture of all or any of the products which the Company is entitled to manufacture or deal in and to make such other use of the same as may be thought fit.
- (c7) To manufacture and deal in, all types of containers, receptacles, boxes, cartons, cages, bins, tubes, crates, packing cases, cans, ball strapping systems and bags and fittings therefor, of every kind for holding, keeping, storing, shipping and handling the products which the Company is entitled to manufacture or deal in or any of them.
- (d) To carry on any other business whether manufacturing or otherwise which may seem to the Company capable of being conveniently carried on in connection with the above or calculated directly or indirectly to enhance the value of or render profitable any of the Company's profits or rights.
- (e) To acquire and deal with the property following:
 - 1. The business, property and liabilities of any company, firm or person carrying on any business within the objects of the Company.



2. Lands, buildings, easements, and other interest in real estate.
 3. Plant, machinery, personal estate and effects.
 4. Patents, patent rights or inventions, copy rights, designs, trademarks or secret processes.
 5. Shares or stock or securities in or of any company or undertaking the acquisition of which may promote or advance the interests of this Company.
- (f) To perform or do all or any of the following operations, acts or things:
1. To pay all the costs, charges and expenses of the promotion and establishment of the Company.
 2. To sell, let, dispose off or grant rights over all or any property of the Company.
 3. To erect buildings, plant and machinery for the purposes of the Company.
 4. To make experiments in connection with any business of the Company and to protect any inventions of the Company by letters patent or otherwise.
 5. To grant licenses, to use patents, copyrights, designs, or secret processes of the Company.
 6. To manufacture plant and machinery, tools, goods and things for any of the purposes of the business of the Company.
 7. To draw, accept and negotiate bills of exchange, promissory notes and other negotiable instruments.
 8. To underwrite the shares, stock or securities of any other company and to pay underwriting commissions and brokerage on the any shares, stocks or securities issued by this Company.



370

9. To borrow money or to receive money on deposit either without security or secured by debentures, debenture stock (perpetual or terminable), mortgage, or other security charged on the undertaking or all or any of the assets of the Company, including uncalled capital.
10. To lend or deposit money, securities and property on any terms that may be thought fit, and particularly to customers or other persons or corporations having dealings with the Company and to give any guarantees that may be deemed expedient and transact all kinds of trust and agency business and to invest any moneys of the Company not required for the purposes of its business in such investments or securities as may be thought expedient.
11. To amalgamate with any other Company or companies and to enter into any partnership or arrangement in the nature of a partnership co-operation or union of interests, with any person or persons or corporation engaged or interested or about to become engaged or interested in the carrying on or conduct of any business or enterprise which this Company is authorized to carry on or conduct or from which this company would or might derive any benefit whether direct or indirect.
12. To promote Companies.
13. To sell the undertaking and all or any of the property of the Company for cash, or for stock, shares or securities of any other company, or for other consideration.
14. To provide for the welfare of persons employed or formerly employed by the Company, or any predecessors in business of the company, and the wives, widows and families of such persons by grants of money or other aid or otherwise as the Company shall think fit.
15. To subscribe to or otherwise aid, benevolent, charitable, national or other institutions, or objects of a public charter or which have any moral or other claims to support or aid



371

by the Company by reason of the locality or its operations or otherwise.

16. To distribute in specie assets of the Company properly distributable amongst its members.
 17. To refer or agree to refer any claim, demand, dispute or question whatsoever, by or against the Company, or in which the Company is interested or concerned, whether directly or indirectly, and whether between the Company and a member or members or his, or their representatives, or between the Company and any third party, to arbitration in India or at any place outside India and to observe perform and to do all acts, deeds, matters and things usual, necessary, proper or expedient to carry out or enforce the award.
- (g) To do all or any of the things hereinbefore authorized either alone, or in conjunction with, or as factors, trustees, or agents for others, or by or through factors, trustees or agents.
- (h) To do all such other things as are incidental or conducive to the attainment of the above objects, or any of them.

Nerolac is principally engaged in the manufacturing of paints.

The Authorised, Issued, Subscribed and Paid-up Share Capital of Nerolac as on the Appointed date was as under:

Authorised Share Capital:

60,00,00,000 Equity Shares of Re. 1 each	Rs. 60,00,00,000
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Issued, Subscribed and Paid-up Share Capital:

53,89,19,720 Equity Shares of Re. 1 each	Rs. 53,89,19,720
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There was no change in the Issued, Subscribed and Paid-up Share Capital of Nerolac after the Appointed Date.

Following were the Directors of Nerolac as on the Appointed Date:



332

Sr. No.	Name of the Director	DIN	Address
1.	Mr. Pradip Panalal Shah	00066242	72A Embassy Apartments, 7th Floor, Napean Sea Road, Mumbai 400006, Maharashtra.
2.	Mr. Harishchandra Meghraj Bharuka	00306084	A-11. Twin Towers Premises CHS Ltd, Off Veer Savarkar Marg, Prabhadevi, Mumbai-400025 Maharashtra.
3.	Mr. Noel Naval Tata	00024713	55 Windmere, 5 th Floor, Cuffe Parade, Colaba, Mumbai-400005, Maharashtra.
4.	Mr. Masaru Tanaka	06566867	2-26-1-721, Nishi Okamoto, Higasinada - Ku, Hyogo Prefecture, Kobe City 6580073 Japan.
5.	Mr. Hidenori Furukawa	06924589	Deer Court Tachibana 305, 22-15,3-Chome, Tachibanamachi, Amagasaki City 6610025 Japan.
6.	Mrs. Brinda Anand Somaya	00358908	A-17, Sterling Apartments, 38, Pedder Road, Mumbai 400026 Maharashtra.
7.	Mr. Katsuhiko Kato	07556964	152-0002,5-57, Megurohoncho, Meguro - Ku, Tokyo 1520002, Japan.
8.	Mr. Anuj Jain	08091524	B-207, Nestle 1, P.B.Marg Near Deepak Talkies, Lower Parel, Mumbai 400 013.



RATIONALE FOR THE SCHEME

The rationale for the proposed merger is as follows:-

The merger will provide benefits of synergy, economies of scale, growth and expansion.

In view of the aforesaid, the Board of Directors of Marpol, Perma and Nerolac at their respective meetings held on 25th July, 2019, 26th July, 2019 and 29th July, 2019 have considered and unanimously approved, the Scheme of Amalgamation of Marpol and Perma with Nerolac subject to necessary statutory approvals. Accordingly, the Board of Directors of all the Companies have formulated this Scheme of Amalgamation for the transfer to and vesting of the respective undertakings and businesses of Marpol, and Perma into Nerolac pursuant to the provisions of Sections 230 to 232 and other relevant provisions of the Companies Act, 2013 as applicable and in force.

Details of voting pattern by the board of directors of Marpol, Perma and Nerolac in respect of the resolution for approving the Scheme of Amalgamation are as follows:

Directors of Marpol

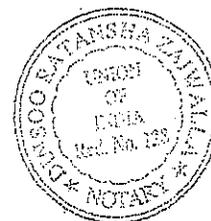
Names of Directors who voted unanimously in favour of the resolution:

- Mr. Rohit Ramchandra Pai Panandiker
- Mr. Prashant Devidas Pai
- Mr. G.T. Govindarajan

Directors of Perma

Names of Directors who voted unanimously in favour of the resolution:

- Mr. Charles Jeyasingh Augustine
- Mr. Mohammad Abdul Waheed
- Mr. Anuj Jain
- Mr. Prashant Devidas Pai



371

Directors of Nerolac

Names of Directors who voted unanimously in favour of the resolution:

- Mr. Pradip Panalal Shah
- Mr. Harishchandra Meghraj Bharuka
- Mr. Noel Naval Tata
- Mr. Hidenori Furukawa
- Mr. Anuj Jain
- Mr. Hideshi Hasebe
- Mr. Hitoshi Nishibayashi
- Ms. Sonia Singh

All the Directors have unanimously approved the Scheme, subject to the approval of the members of Nerolac.

AMOUNT DUE TO CREDITORS

- (a) As on 30th September 2019, Marpol has a Secured Creditor being HDFC Bank for an amount of Rs. 13,52,46,595 and Unsecured Creditors to the extent of Rs. 13,45,66,669.74.
- (b) As on 30th September 2019, Perma has a Secured Creditor being Bank of Baroda for an amount of Rs. (11,08,280) and Unsecured Creditors to the extent of Rs. 2,24,71,607.
- (c) As on 30th September 2019, Nerolac does not have any Secured Creditors and has Unsecured Creditors to the extent of Rs. 4,06,99,74,117.

1. DEFINITIONS:

In this Scheme, unless repugnant to or inconsistent with the meaning or context thereof, the following expressions shall have the following meanings:

- 1.1. "Act" or "the Act" means the Companies Act, 2013 including any statutory modification or re-enactment thereof for the time being in force;



375

- 1.2. "Appointed Date" means 1st July, 2019 or such other date as may be fixed by the NCLT while sanctioning the Scheme;
- 1.3. "Effective Date" means the date on which the certified true copies of the Orders of the NCLT sanctioning this Scheme are filed by Marpol, Perma and Nerolac with the Registrar of Companies, for Marpol, Perma and Nerolac.
- 1.4. "NCLT" means the National Company Law Tribunal.
- 1.5. "Marpol" means Marpol Private Limited.
- 1.6. "Perma" means Perma Construction Aids Private Limited.
- 1.7. "Nerolac" means Kansai Nerolac Paints Limited.
- 1.8. "Scheme" or "the Scheme" or "this Scheme" means this Scheme of Amalgamation in its present form or with any modification(s) made under Clause 16.2 of this Scheme or any modifications approved or directed by the NCLT.
- 1.9. "Transferor Companies" means Marpol Private Limited and Perma Construction Aids Private Limited.
- 1.10. "Transferee Company" means Kansai Nerolac Paints Limited

All terms and words not defined shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning as ascribed to them under the Act and other applicable laws, rules, regulations, bye laws as the case may be, including any statutory modification or re-enactment from time to time.

2. DATE OF TAKING EFFECT AND OPERATIVE DATE:

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the NCLT, shall be operative from the Appointed Date but shall be implemented from the Effective Date.

3. VESTING OF ASSETS:

- 3.1. With effect from the Appointed Date, the entire business and undertaking of Marpol and Perma including all their properties and assets (whether movable or immovable, tangible or intangible) of whatsoever nature, such as licenses, lease, tenancy rights, if any, and all other rights, title, interest,



376

contracts, powers or benefits of every kind, nature and descriptions whatsoever shall, under the provisions of Sections 230 to 232 of the Act and pursuant to the orders of the NCLT sanctioning this Scheme and without further act, instrument or deed, but subject to the securities, mortgages, charges, encumbrances or liens, if any, existing as on the Effective Date be transferred and / or deemed to be transferred to and vested in Nerolac so as to become the properties and assets of Nerolac.

- 3.2. However, in respect of such of the assets of Marpol and Perma as are movable in nature or are otherwise capable of transfer by manual delivery, they shall be physically handed over by manual delivery or endorsement and delivery. The same may be so transferred by Marpol and Perma, without requiring any deed or instrument or conveyance for the same and shall become the property of Nerolac to the end and intent that the ownership and property therein passes to Nerolac on such handing over, which would take place on the Effective Date or thereafter on a date as may be decided by the Board of Directors of Nerolac.

4. TRANSFER OF LIABILITIES

- 4.1. With effect from the Appointed Date, all debts, liabilities, duties and obligations of Marpol and Perma as on the close of business on the date immediately preceding the Appointed Date, whether or not provided for in the books of Marpol and Perma and all other liabilities of Marpol and Perma which may arise or accrue on or after the Appointed Date upto the Effective Date, but which relate to the period on or upto the Appointed Date shall under the provisions of sections 230 to 232 of the Act and pursuant to the Orders of the NCLT sanctioning this Scheme and without any further act or deed, be transferred or deemed to be transferred to and vested in and be assumed by Nerolac, so as to become as from the Appointed Date, the debts, liabilities, duties and obligations of Nerolac on the same terms and conditions as were applicable to Marpol and Perma, Provided however that any charges, mortgages and/or encumbrances shall be confined only to the relative assets of Marpol and Perma or part thereof on or over which they are subsisting on transfer to and vesting of such assets in Nerolac and no such charges, mortgages, and/or encumbrances shall be enlarged or extend over or apply to any other asset(s) of Nerolac. Any reference in any security documents or arrangements (to which Marpol and Perma are parties) to any assets of Marpol and Perma shall be



so construed to the end and intent that such security shall not extend, nor be deemed to extend, to any of the other asset(s) of Nerolac and Nerolac shall not be obliged to create any further or additional security.

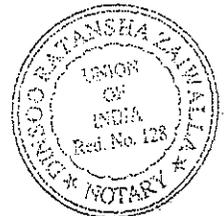
- 4.2. For the removal of doubt, it is clarified that to the extent that there are deposits, obligations, balances or other outstandings as between Marpol, Perma and Nerolac, the obligations in respect thereof shall come to an end and there shall be no liability in that behalf and corresponding effect shall be given in the books of account and records of Nerolac for the reduction of such assets or liabilities, as the case may be, and there would be no accrual of interest or any other charges in respect of such deposits or balances, with effect from the Appointed Date.

5. **LEGAL PROCEEDINGS:**

- 5.1. If any suits, actions and proceedings of whatsoever nature (hereinafter referred to as the "Proceedings") by or against Marpol and Perma are pending on the Effective Date, the same shall not abate or be discontinued nor in any way be prejudicially affected by reason of the amalgamation of Marpol and Perma with Nerolac or anything contained in the Scheme, but the Proceedings may be continued and enforced by or against Nerolac as effectually and in the same manner and to the same extent as the same would or might have continued and enforced by or against Marpol and Perma, in the absence of the Scheme.

6. **CONTRACTS AND DEEDS**

- 6.1. All contracts, deeds, bonds, agreements, arrangements, incentives, licences, engagements, registrations and other instruments of whatsoever nature to which Marpol and Perma are parties or to the benefit of which Marpol and Perma may be eligible, and which have not lapsed and are subsisting on the Effective Date, shall remain in full force and effect against or in favour of Nerolac, as the case may be, and may be enforced by or against Nerolac as fully and effectually as if, instead of Marpol and Perma, Nerolac had been a party or beneficiary thereto.
- 6.2. Nerolac shall, if and to the extent required by law, enter into and/or issue and/or execute deeds, writings or confirmations, to give formal effect to the provisions of this Clause and to the extent that Marpol and Perma are required prior to the Effective Date to join in such deeds, writings or



378

confirmations, Nerolac shall be entitled to act for and on behalf of and in the name of Marpol and Perma.

7. SAVING OF CONCLUDED TRANSACTIONS

7.1. The transfer of the assets and liabilities of Marpol and Perma under Clauses 3 and 4 above, the continuance of Proceedings under Clause 5 above and the effectiveness of contracts and deeds under Clause 6 above, shall not affect any transaction or Proceedings already concluded by Marpol and Perma on or before the Effective Date, to the end and intent that Nerolac accepts and adopts all acts, deeds and things done and executed by Marpol and Perma in respect thereto, as if done and executed on its behalf.

8. EMPLOYEES

8.1. All the employees of Marpol and Perma in service on the Effective Date shall, on and from the Effective Date, become the employees of Nerolac without any break or interruptions in their service and upon the terms and conditions not less favourable than those on which they were engaged on the Effective Date.

8.2. With regard to provident fund and gratuity fund or any other special funds or schemes created or existing for the benefit of such employees (hereinafter referred to as the "said Funds") of Marpol and Perma, upon the Scheme becoming effective, Nerolac shall stand substituted for Marpol and Perma for all purposes whatsoever relating to the administration or operation of such schemes or funds in relation to the obligations to make contributions to the said Funds in accordance with the provisions of such schemes or funds in the respective Trust Deeds or other documents.

9. CONDUCT OF BUSINESS TILL EFFECTIVE DATE

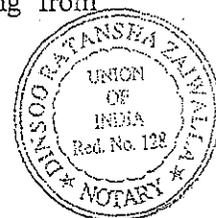
With effect from the Appointed Date and upto and including the Effective Date:

9.1. Marpol and Perma shall be deemed to have been carrying on and shall carry on their respective business and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all of their respective assets for and on account of, and in trust for Nerolac and all profits or dividends or other rights accruing to Marpol and Perma



and all taxes thereof, or losses arising or incurred by them, relating to such investments, shall, for all intent and purpose, be treated as the profits, dividends, taxes or losses, as the case maybe, of Nerolac.

- 9.2. Marpol and Perma shall carry on their respective business and activities with reasonable diligence, business prudence and shall not (without the prior written consent of Nerolac) alienate, charge, mortgage, encumber or otherwise deal with or dispose of their respective undertaking or any part thereof, except in the ordinary course of business.
- 9.3. All the profits or income, taxes (including advance tax and tax deducted at source) or any costs, charges, expenditure accruing to Marpol and Perma or expenditure or losses arising or incurred or suffered by Marpol and Perma shall for all purposes be treated and be deemed to be and accrue as the profits, taxes, incomes, costs, charges, expenditure or losses of Nerolac, as the case may be.
- 9.4. Marpol and Perma shall not vary the terms and conditions of service of their respective employees except in the ordinary course of their business.
- 9.5. On and after the Appointed Date and until the Effective Date, Marpol and Perma shall not without the prior written consent of the Board of Directors of Nerolac:
- i. except as contemplated under this Scheme, issue or allot any further securities, either by way of rights or bonus or otherwise; or
 - ii. utilize, subject to Clause 10.1 below, the profits, if any, for any purpose including of declaring or paying any dividend.
- 9.6. It is clarified that all taxes payable by Marpol and Perma, relating to the transferred undertaking, from the Appointed Date onwards including all or any refunds and claims shall, for all purposes, be treated as the tax liabilities or refunds and claims of Nerolac.
- 9.7. This Scheme has been drawn up to comply with and fall within the definition and conditions relating to "Amalgamation" as specified under Section 2(1B) and other applicable provisions of the Income Tax Act, 1961, as amended. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Sections of the Income Tax Act, 1961, at a later date, including resulting from



amendment of law or for any other reason whatsoever, the Scheme shall stand modified / amended / altered to the extent determined necessary to comply with and fall within the definition and conditions relating to "Amalgamation" as specified in the Income Tax Act, 1961. In such an event, the Clauses which are inconsistent shall be read down or if the need arises, be deemed to be deleted and such modification/reading down or deemed deletion shall however not affect the other parts of the Scheme.

- 9.8. Upon the Scheme becoming effective, Nerolac is expressly permitted and shall be entitled to revise its financial Statements and Returns along with prescribed Forms, filings and annexures under the Income Tax Act, 1961, as amended, (including for minimum alternate tax purposes and tax benefits,) GST law and other tax laws, and to claim refunds and/or credits for taxes paid (including minimum alternate tax), and to claim tax benefits under the Income Tax, 1961 etc. and for matters incidental thereto, if required to give effect to the provisions of this Scheme.
- 9.9. Marpol and Perma, shall preserve and carry on their respective businesses and activities with reasonable diligence and business prudence and shall not undertake any additional financial commitments of any nature whatsoever, borrow any amounts nor incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comforts or commitments for themselves or any third party or sell, transfer, alienate, charge, mortgage or encumber or deal with the undertaking or any part thereof save and except in each case in the following circumstances:
- (a) If the same is in their ordinary course of business as carried on by both as on the date of filing this Scheme with the NCLT; or
 - (b) If the same is permitted by this Scheme; or
 - (c) If the same is permitted by a written consent of the Board of Directors of Nerolac; or
 - (d) If the same is pursuant to any pre-existing obligations undertaken by Marpol and Perma.
- 9.10. Marpol and Perma shall not, without prior written consent of Nerolac, undertake any new Business.



9.11. Marpol and Perma shall not, without prior written consent of Nerolac, take any major policy decisions in respect of the management of either Marpol or Perma and for the business of either companies and shall not change their present capital structure.

9.12. Marpol and Perma shall co-operate with Nerolac for smooth transfer of the businesses and undertakings from Marpol and Perma to Nerolac and any of respective Directors of Marpol and Perma and any Directors of Nerolac shall be empowered to give effect to the Scheme in all aspects as may be necessary or expedient including settling any question or difficulties arising in relation to the Scheme in such manner as they deem fit to attain the objective of this Scheme and their decision in this regard shall be final and binding.

10. **DIVIDENDS**

10.1. Marpol, Perma and Nerolac shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the accounting period prior to the Appointed Date. The dividend, if any, shall be declared by Marpol and Perma only with the prior written consent of the Board of Directors of Nerolac, as mentioned in Clause 9.5 above.

10.2. Subject to the provisions of the Scheme, the profits of Marpol and Perma, for the period beginning from the Appointed Date, shall belong to and be the profits of Nerolac and will be available to Nerolac for being disposed of in any manner as it thinks fit.

10.3. It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any member of Marpol and/or Perma and/or Nerolac to demand or claim any dividends which, subject to the provisions of the said Act, shall be entirely at the discretion of the Board of Directors of Nerolac, subject to such approval of the shareholders, as may be required.

11. **CONSIDERATION:**

As the entire Paid up Equity Share Capital of Marpol and Perma is held by Nerolac, upon the Scheme becoming effective, the entire paid-up Equity Share Capital of Marpol and Perma shall stand automatically cancelled and there will not be any issue and allotment of shares of Nerolac.



382

12. DISSOLUTION OF MARPOL AND PERMA

On the Scheme becoming effective, Marpol and Perma shall stand dissolved without being wound up without any further act by the parties.

13. FINANCIAL STATEMENT AND LIST OF SHAREHOLDERS OF MARPOL, PERMA AND NEROLAC AS ON 30TH SEPTEMBER, 2019 IS AS UNDER:

13.1. MARPOL

Financial Statement of Marpol as on 30th September, 2019 is as under:

Particulars	Amount (Rs. in Crores)	Amount (Rs. in Crores)
Assets		
Non-Current Assets		
Property, Plant and Equipment	6.39	
Capital Work-in-progress	3.43	
Other Intangible Assets	0.07	
		9.89
Current Tax Assets (Net)		0.07
Total Non-current Assets		9.96
Current Assets		
Inventories		13.60
Financial Assets		
Trade Receivables	16.14	
Cash and Cash Equivalents	0.05	
Bank Balances other than cash and cash Equivalents	-	
Loans	0.09	
		16.28
Other Current Assets		0.34
Total current Assets		30.22
Total Assets		40.18
Equity and Liabilities		
Equity Share Capital	3.00	
Reserves and surplus	7.74	
Total Equity		10.74
Liabilities		
Non-current Liabilities		
Deferred Tax Liabilities (Net)	0.03	
Total Non-current Liabilities		0.03
Current Liabilities		



383

Financial Liabilities		
Borrowings	12.59	
Trade Payables		
Total Outstanding dues of Micro Enterprises and small Enterprises	-	
Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises	15.96	
	15.96	
Other Financial Liabilities	0.32	
	28.87	
Other Current Liabilities	0.19	
Provisions	0.35	
Total Current Liabilities		<u>29.41</u>
Total Liabilities		<u>29.44</u>
Total Equity and Liabilities		<u>40.18</u>

Following are the Shareholders of Marpol as on 30th September, 2019:

Sr. no	Names of shareholders	Address	Number of shares	Nominal Value per share (₹)	Amount in ₹	Percentage of holding (%)
1.	Kansai Nerolac Paints Limited	Nerolac House, Ganpatrao Kadam Marg, Lower Parel, Mumbai-400013	29,95,199	10	2,99,51,990	100 %
2.	Kansai Nerolac Paints Limited jointly held with Mr. Prashant Devidas Pai	Nerolac House, Ganpatrao Kadam Marg, Lower Parel, Mumbai-400013 & A/206, Vrindavan, V M Ghanekar Road Vile Parle East Mumbai 400057.	1	10	10	-
	TOTAL		29,95,200	10	2,99,52,000	100%

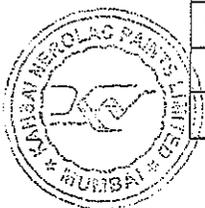


384

13.2. PERMA

Financial Statement of Perma as on 30th September, 2019 is as under:

Particulars	Amount (Rs. in Crores)
Assets	
Non-Current Assets	
Property, Plant and Equipment	3.12
	3.12
Financial Assets	
Loans	0.12
	0.12
Total Non-current Assets	3.24
Current Assets	
Inventories	2.76
Financial Assets	
Trade Receivables	6.13
Cash and Cash Equivalents	2.27
	8.40
Other Current Assets	1.13
Total current Assets	12.29
Total Assets	15.53
Equity and Liabilities	
Equity	
Equity Share Capital	0.99
Other Equity	11.28
Equity attributable to Equity Holders of the Holding Company	12.27
Total Equity	12.27
Liabilities	
Non-current Liabilities	
Deferred Tax Liabilities (Net)	0.05
Total Non-current Liabilities	0.05
Current Liabilities	
Financial Liabilities:	
Trade Payables	
Total Outstanding dues of Micro Enterprises and small Enterprises	-
Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises	2.38
	2.38
Other Financial Liabilities	0.17
	2.55
Other Current Liabilities	0.28



385

Provisions	0.33
Current Tax Liabilities (Net)	0.05
Total Current Liabilities	3.21
Total Liabilities	3.26
Total Equity and Liabilities	15.53

Following are the Shareholders of Perma as on 30th September, 2019:

Names of shareholders	Address	Number of shares	Nominal Value per share (₹)	Amount in ₹	Percentage of holding (%)
Kansai Nerolac Paints Limited	Nerolac House, Ganpatrao Kadam Marg, Lower Parel, Mumbai-400013,	9,89,999	10	98,99,990	100 %
Kansai Nerolac Paints Limited jointly held with Mr. Prashant Devidas Pai	Nerolac House, Ganpatrao Kadam. Marg, Lower Parel, Mumbai-400013 and A/206, Vrindavan, V M Ghanekar Road Vile Parle East Mumbai 400057.	1	10	10	-
TOTAL		9,90,000	10	99,00,000	100%

13.3. NEROLAC

Financial Statement of Nerolac as on 30th September, 2019 is as under

Particulars	Amount (Rs. in Crores)	Amount (Rs. in Crores)
Assets		
Non-Current Assets		
Property, Plant and Equipment	1513.24	



386

Capital Work-in-progress	184.78	
Right of Use Assets (ROU)	51.84	
Investment Property	0.18	
Other Intangible Assets	2.69	
		1752.73
Financial Assets:		
Investments	138.08	
Loans	14.34	
		152.42
Current Tax Assets (Net)		112.20
Other Non-current Assets		217.67
Total Non-current Assets		2235.02
Current Assets		
Inventories		928.92
Financial Assets		
Investments	153.27	
Trade Receivables	866.89	
Cash and Cash Equivalents	64.23	
Bank Balances other than cash and cash Equivalents	2.50	
Loans	4.84	
Other Financial Assets	76.00	
		1167.73
Other Current Assets		114.06
Total current Assets		2210.71
Total Assets		4445.73
Equity and Liabilities		
Equity Share Capital	53.89	
Other Equity	3539.02	
Total Equity		3592.91
Liabilities		
Non-current Liabilities		
Financial Liabilities :		
Borrowings	-	
Lease Liabilities	47.04	
Deferred Tax Liabilities (Net)	74.32	
Total Non-current Liabilities		121.36
Current Liabilities		
Financial Liabilities :		
Lease Liabilities	10.71	
Trade Payables		
Total Outstanding dues of Micro Enterprises and small Enterprises	2.54	



387

Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises	<u>552.73</u>	
	555.27	
Other Financial Liabilities	<u>96.77</u>	
		662.75
Other Current Liabilities		29.15
Provisions		17.67
Current Tax Liabilities (Net)		<u>21.89</u>
Total Current Liabilities		731.46
Total Liabilities		<u>852.82</u>
Total Equity and Liabilities		4445.73

Following are the Shareholders of Nerolac as on 30th September, 2019:

Sr. no.	Names of shareholders	Number of shares	Nominal Value per share (₹)	Amount in ₹	Percentage of holding (%)
1.	Promoter & Promoter Group	40,41,35,898	1	40,41,35,898	74.99%
2.	Public	13,47,83,822	1	13,47,83,822	25.01%
	TOTAL	53,89,19,720	1	53,89,19,720	100%

Nerolac is a company whose shares are listed on the stock exchanges viz. BSE Limited and National Stock Exchange of India Ltd and are freely transferable.

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



388

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.

15. CHANGE IN THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF NEROLAC:

15.1. **Change in Authorised Share Capital:** Upon the Scheme being finally effective, the Authorised Share Capital of Marpol of Rs. 5,00,00,000 divided into 50,00,000 equity shares of Rs.10 each will stand subdivided into 5,00,00,000 equity shares of Re. 1/- each and will get merged with that of Nerolac without payment of additional fees and duties as the said fees have already been paid and the Authorised Share Capital of Nerolac will be increased to that extent and no separate procedure shall be followed under the Act.

15.2. Upon the Scheme being finally effective, the Authorised Share Capital of Perma of Rs. 1,50,00,000 divided into 15,00,000 Equity shares of Rs. 10 each will stand subdivided into 1,50,00,000 Equity shares of Re. 1 each and will get merged with that of Nerolac without payment of additional fees and duties as the said fees have already been paid and the Authorised Share Capital of Nerolac will be increased to that extent and no separate procedure shall be followed under the Act.



16. **GENERAL:**

- 16.1. On the Scheme being agreed to by the respective requisite majorities of members of Marpol, Perma and Nerolac, Marpol and Nerolac shall with reasonable dispatch, apply to the NCLT, Mumbai and Perma shall, with reasonable dispatch apply to the NCLT, Ahmedabad for sanctioning this Scheme of Amalgamation under Section 230 to 232 of the Act and for an order or orders for carrying this Scheme into effect.
- 16.2. Subject to the approval of the NCLT both at Mumbai and Ahmedabad, Marpol, Perma and Nerolac through their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize, including any committee or sub-committee thereof, are hereby empowered and authorized to assent from time to time to any modifications or amendments or conditions or limitation which the NCLT Mumbai and/or Ahmedabad or any other Government Authority may deem fit to approve or impose and to settle all doubts or difficulties that may arise for carrying out the Scheme and to do and execute all acts, deeds, matters and things as may be necessary for putting the Scheme into effect.
- 16.3. The Scheme is conditional upon and subject to:
- (a) The Scheme being agreed to by the respective requisite majorities of the members as are referred to in clause 16.1 hereof on behalf of Marpol, Perma and Nerolac and requisite Order or Orders referred to in clause 16.1 being obtained.
 - (b) Such other sanctions and approvals as may be required by law in respect of the Scheme being obtained.
- 16.4. After the sanction of the Scheme and in spite of dissolution of Marpol and Perma, Nerolac shall for a period of two years from the date of sanction of the Scheme, be also entitled to continue to operate existing Bank account (s) of Marpol and Perma for the purpose of depositing cheques, drafts, pay orders and or payment advances issued to or to be issued in favor of Marpol and Perma and for the purpose of transferring such deposits in such accounts of Marpol and Perma to the account of Nerolac.



391

16.5. Disclosure about the effect of aforesaid Amalgamation on:

	MARPOL	PERMA	NEROLAC
Key Managerial personnel	Shall cease to be key managerial personnel in Marpol.	Shall cease to be key managerial personnel in Perma	No Effect
Directors	Shall cease to be directors in Marpol	Shall cease to be directors in Perma	No Effect
Promoters	Not Applicable, being wholly owned subsidiary of Nerolac.	Not Applicable, being wholly owned subsidiary of Nerolac	No Effect
Non-Promoter members	Not Applicable	Not Applicable	No Effect
Depositors	Not Applicable	Not Applicable	No Effect
Creditors	Creditors of Marpol would become creditors of Nerolac and shall be paid off in the ordinary course of Business. Inter-company creditors, if any would get cancelled	Creditors of Perma would become creditors of Nerolac and shall be paid off in the ordinary course of Business. Inter-company creditors, if any would get cancelled	No Effect
Debenture holders	Not Applicable	Not Applicable	Not Applicable
Deposit Trustee and Debenture trustee	Not Applicable	Not Applicable	Not Applicable



392

<p>Employees of the Company</p>	<p>Employees of Marpol will become employees of Nerolac on the same terms and conditions as are no less favourable than existing conditions without any interruption of service upon amalgamation with Nerolac.</p>	<p>Employees of Perma will become employees of Nerolac on such terms and conditions as are no less favourable than existing conditions without any interruption of service upon amalgamation with Nerolac</p>	<p>No Effect</p>
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Except as stated in this Scheme, there will not have any effect on the interests of Directors, Promoters, Non-Promoter members, Depositors, Creditors, Debenture holders, Deposit Trustee and Debenture trustee, Employees of the Company, as the case may be. There are no investigations, proceedings instituted or pending against Marpol, Perma and Nerolac under the provisions of the Companies Act, 2013.

16.6. The person may vote in the meeting either in person or by proxies as specifically provided in the notice convening meeting of the shareholders of Nerolac wherever required.

16.7. The details of the following documents for obtaining extract from or for making copies or for inspection by the members and creditors would also be available at the respective registered offices of Marpol, Perma and Nerolac.

- (a) Latest audited financial statements of the company including consolidated financial statements;
- (b) Copy of the Scheme;
- (c) The certificate issued by Auditor of the Transferee Company to the effect that the accounting treatment, if any, proposed in the scheme of compromise or arrangement is in conformity with the Indian - AS prescribed.



393

- 16.8. This Scheme will be forwarded / filed with all required regulatory or any other government authorities to seek its approval / no objection / sanctions, if any, as may be required.
- 16.9. Inter-se relationship between Directors of Marpol, Perma and Nerolac.

The directors of Marpol, Perma and Nerolac as on the Appointed Date are as under:

Particulars	Marpol	Perma	Nerolac
Name of Directors	Mr. Rohit Ramchandra Pai Panandiker	Mr. Charles Jeyasingh Augustine	Mr. Pradip Panalal Shah
	Mr. Prashant Devidas Pai	Mr. Mohammad Abdul Waheed	Mr. Harishchandra Meghraj Bharuka
	Mr. G.T. Govindarajan	Mr. Anuj Jain	Mr. Noel Naval Tata
		Mr. Prashant Devidas Pai	Mr. Masaru Tanaka
			Mr. Hidenori Furukawa
			Mrs. Brinda Anand Somaya
			Mr. Katsuhiko Kato
			Mr. Anuj Jain

Subsequent to the Appointed Date, the following directors resigned as directors of Nerolac:

Particulars	Nerolac
Name of Directors	Mr. Masaru Tanaka
	Mrs. Brinda Anand Somaya
	Mr. Katsuhiko Kato



394

Subsequent to the Appointed Date, the following directors were appointed as directors of Nerolac:

Particulars	Nerolac
Name of Directors	Mr. Hideshi Hasebe
	Mr. Hitoshi Nishibayashi
	Ms. Sonia Singh

Inter-se relation of directors of Nerolac with the directors of Marpol and Perma :

Name of Director	Inter-se Relations with Directors of Marpol	Inter-se Relations with Directors of Perma
Mr. Pradip Panalal Shah	Not Applicable	Not Applicable
Mr. Harishchandra Meghraj Bharuka	Not Applicable	Not Applicable
Mr. Noel Naval Tata	Not Applicable	Not Applicable
Mr. Masaru Tanaka <i>(resigned subsequent to the Appointed Date)</i>	Not Applicable	Not Applicable
Mr. Hidenori Furukawa	Not Applicable	Not Applicable
Mrs. Brinda Anand Somaya <i>(resigned subsequent to the Appointed Date)</i>	Not Applicable	Not Applicable
Mr. Katsuhiko Kato <i>(resigned subsequent to the Appointed Date)</i>	Not Applicable	Not Applicable



395

Mr. Anuj Jain	Not Applicable	Director in Perma
Mr. Hideshi Hasebe <i>(appointed as director subsequent to the Appointed Date)</i>	Not Applicable	Not Applicable
Mr. Hitoshi Nishibayashi <i>(appointed as director subsequent to the Appointed Date)</i>	Not Applicable	Not Applicable
Ms. Sonia Singh <i>(appointed as director subsequent to the Appointed Date)</i>	Not Applicable	Not Applicable
Save and except as provided herein, no Inter-se relationship between the Directors of Nerolac, Marpol and Perma		

Inter-se relation of the directors of Perma with the directors of Marpol and Nerolac:

Name of Director	Inter-se Relations with Directors of Marpol	Inter-se Relations with Directors of Nerolac
Mr. Charles Jeyasingh Augustine	Not Applicable	Not Applicable
Mr. Mohammad Abdul Waheed	Not Applicable	Not Applicable
Mr. Anuj Jain	Not Applicable	Director in Nerolac
Mr. Prashant Devidas Pai	Director in Marpol	Chief Financial Officer in Nerolac
Save and except as provided herein, no Inter-se relationship between the Directors of Nerolac, Marpol and Perma		



Inter-se relation of the directors of Marpol with the directors of directors of Perma and Nerolac :

Name of Director	Inter-se Relations with Directors of Perma	Inter-se Relations with Nerolac
Mr. Rohit Ramchandra Pai Panandiker	Not Applicable	Not Applicable
Mr. Prashant Devidas Pai	Director in Perma	Chief Financial Officer in Nerolac
Mr. G.T. Govindarajan	Not Applicable	Company Secretary in Nerolac
Save and except as provided herein, no Inter-se relationship between the Directors of Nerolac, Marpol and Perma.		

16.10. Marpol and Perma are the wholly owned subsidiaries of Nerolac.

17. REVOCATION OF THE SCHEME:

17.1. In the event of any of the said sanctions and approvals referred to in Clause 16.1 above, not being obtained and/or complied with and/or satisfied and/or this Scheme not being sanctioned by the NCLT and/or order or orders not being passed as aforesaid before 31st March, 2021 or such other date as may be mutually agreed upon by the respective Board of Directors of Marpol, Perma and Nerolac who are hereby empowered and authorized to agree to and extend the aforesaid period from time to time without any limitations in exercise of their powers through and by their respective delegate(s), this Scheme shall stand revoked, cancelled and be of no effect and in that event, no rights and liabilities whatsoever shall accrue to or be incurred inter se Marpol, Perma and Nerolac or their respective shareholders or creditors or employees or any other person save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out in accordance with the applicable law and in such case, each company shall bear its own costs unless otherwise mutually agreed. Further, the Board of Directors of Nerolac with the approval of the NCLT shall be entitled to revoke, cancel and declare the Scheme of no effect, if such Boards are of view that the coming into effect of the Scheme in terms of the provisions of this Scheme or filing of the drawn up



392

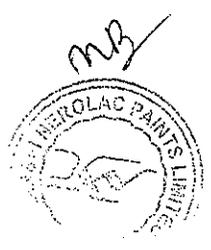
orders with any authority could have adverse implication on all/any of the companies.

18. COST

18.1. All costs, charges and expenses including stamp duty and registration fee of any deed, document, instrument or Tribunal's order of Marpol, Perma and Nerolac respectively in relation to or in connection with negotiations leading upto the Scheme and of carrying out and implementing the terms and provisions of this Scheme and incidental to the completion of arrangement of the said Scheme and in pursuance of this Scheme shall be borne and paid by Nerolac exclusively.

FOR KANSALNEROLAC PAINTS, LTD.


G. T. GOVINDARAJAN
COMPANY SECRETARY





ANNEXURE " F "

Hegde Joshi & Associates

Chartered Accountants



398

CERTIFICATE

Date : December 16, 2019

We have examined the relevant records and documents produced before us for examination and verification, of Kansai Nerolac Paints Limited ("the Company") having its registered office at Nerolac House, Ganpatrao Kadam Marg, Lower Parel, Mumbai-400013 and on the basis of such examination and verification and other information and explanation provided to us, we report that annexures of Unsecured Creditors as on 30th September, 2019 of the Company and disclosure with regard to Secured Creditors of the Company is enclosed.

The Company has Unsecured Creditors amounting to Rs. 4,06,99,74,117 (Rupees Four Hundred and Six Crore Ninety Nine Lakhs Seventy Four Thousand One Hundred and Seventeen) as on 30th September, 2019. Further the Company has no Secured Creditors as on 30th September, 2019.

For Hegde Joshi & Associates

Chartered Accountants


CA Subodh Joshi

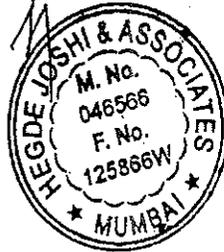
Partner

Membership No. 046566

Place : Mumbai

UDIN : 19046566AAAAEF9767

Encl : a/a



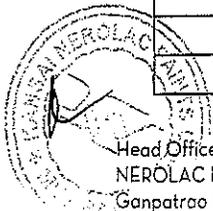
399

**KANSAI
NEROLAC**
PAINTS LIMITED

Kansai Nerolac Paints Limited

List of Unsecured Creditors as on 30th September, 2019 (Unaudited)

Sr. No.	Name	Amount
1	20 MICRONS LIMITED	14,96,720
2	20 MICRONS LTD	14,62,500
3	20 MICRONS LTD.	4,34,000
4	20 MICRONS LTD.	3,85,140
5	20 MICRONS LTD.	24,97,290
6	4C CONDITION MONITORING AGENCY	1,15,900
7	A H TRANSPORT CO	1,04,800
8	A S Project	30,538
9	A V ELECTRICALS	60,813
10	A.K.P.TRANSPORT CO.	16,20,014
11	A.K.TRADING COMPANY	8,500
12	A.N.LOGISTICS	4,47,621
13	A.N.TRAVELS	29,162
14	A.O.(CASH) BSNL GMTD GHAZIABAD	177
15	A.O.(F&A),BSNL	9,04,928
16	A.S.TOURS & TRAVELS	1,01,650
17	AA BEE EXPRESS	48,439
18	AAK KAMANI PRIVATE LIMITED	9,98,550
19	AAKAR DISTRIBUTORS	2,37,614
20	AAKASH-LAVLESH LEISURE PVT.LTD	3,561
21	AARYA PRINT PACK	1,76,33,009
22	AASTHA GOODS CARRIER	1,11,837
23	ABHISHEK AGENCIES	22,587
24	ABHISHEK ENGINEERING	14,250
25	ABHISHEK MALHOTRA	9,919
26	ABL ELECTRICALS	11,040
27	ACCENT INDUSTRIES LTD	1,20,000
28	ACCENTIV INDIA PRIVATE LIMITED	2,38,899
29	ACCENTURE SOLUTIONS PVT LTD	94,76,810
30	ACCORD CHEMICAL CORP.(GUJ)	51,38,530
31	ACCORD CHEMICAL CORPORATION	24,69,221
32	ACCORD TRANSFORMER & SWITCHGEAR	8,450
33	ACHTUNG ENTERPRISE	6,44,162
34	ACME INSULATION CO.	20,000
35	ACME PROCESS SYSTEMS	59,000
36	ACTIVOLT TECH SOLUTIONS	300
37	ADAMA INDIA PRIVATE LIMITED	30,75,363
38	ADITI ENGINEERING CORPORATION	2,50,560
39	Aditi Enterprises	2,00,000
40	Aditya Enterprises	8,134
41	ADM AGRO INDUSTRIES INDIA	38,17,657
42	ADMARK POLYCOATS PVT LTD	2,59,600

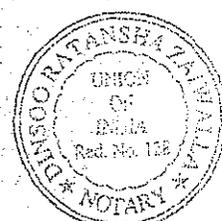
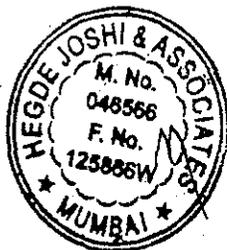


Head Office :
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+91.22.2499 2500

CIN No.: L24202MH1920PLC000825

www.nerolac.com



500

Kansai Nerolac Paints Limited

List of Unsecured Creditors as on 30th September, 2019 (Unaudited)

Sr. No.	Name	Amount
43	ADORN	2,85,74,366
44	ADVANCE CAREER SOLUTIONS	1,53,277
45	ADVANCED GRAPHIC SYSTEMS	1,02,375
46	ADVANCED INSPECTION SERVICES	9,860
47	ADWAIT CREATION	72,034
48	ADZ EDGE COMMUNICATIONS PRIVATE LIM	1,24,398
49	AETOM ENGINEERING TECHNOLOGIS P Ltd	8,671
50	AGILENT TECHNOLOGIES (INDIA). PVT L	45,202
51	AGILENT TECHNOLOGIES SINGAPORE	16,64,096
52	AGRAWAL GASES	26,024
53	AGS Transact Technologies Ltd	37,17,000
54	AGS Transact Technologies Ltd	2,48,516
55	AGS Transact Technologies Ltd	22,057
56	AGS Transact Technologies Ltd	29,383
57	AGS Transact Technologies Ltd	7,500
58	AGS Transact Technologies Ltd	5,485
59	AGS Transact Technologies Ltd	20,231
60	AGS Transact Technologies Ltd	5,925
61	AGS Transact Technologies Ltd	4,862
62	AGS Transact Technologies Ltd	10,391
63	AGS Transact Technologies Ltd	18,694
64	AGS Transact Technologies Ltd	49,725
65	AGS Transact Technologies Ltd	4,200
66	AGS Transact Technologies Ltd	26,013
67	AGS Transact Technologies Ltd	22,445
68	Aidem Ventures	1,16,696
69	AIR STATE COURIERS	23,400
70	AIRCO SALES	65,000
71	AIROTECH ENGINEERS	3,02,674
72	AIRWIN PEST CONTROL SERVICES	19,000
73	AJAI CONSTRUCTION COMPANY	7,80,358
74	AJAY VISWAKARMA FURNITURE HOUSE	29,580
75	AJEET ROADLINES	15,91,115
76	AJINKYA STATIONERY	3,880
77	AJIT PUBLICITY	8,672
78	AKASH INFOSYS	5,902
79	AKHIL PAPNASWADI RIDDHI SIDDHI	10,000
80	AKR EXPRESS (P) LTD	94,244
81	AL SHAH PLASTIC INDUSTRIES	1,18,430
82	ALFA WATER CHEMICALS & SYSTEMS	93,535
83	ALGOL CHEMICALS INDIA PVT LTD	6,46,471
84	ALKYL AMINES CHEMICALS LTD	5,37,111
85	ALLIANZ BUSINESS CORPORATION	44,863
86	ALLIED ELECTRICALS	1,54,514
87	ALLIED PACKAGING INDUSTRY	2,01,288



501

Kansai Nerolac Paints Limited
List of Unsecured Creditors as on 30th September, 2019 (Unaudited)

Sr. No.	Name	Amount
88	ALLIED SCIENTIFIC EQUIPMENTS	68,060
89	ALLNEX RESINS INDIA PVT. LTD.	7,22,01,142
90	ALOKA OIL INDUSTRY	3,60,962
91	ALPHA INTERNATIONAL	7,37,877
92	ALPHA MINERALS & CHEMICALS	7,20,898
93	ALPS CARGO	1,10,639
94	ALTAAS TEXTILES PVT LTD	1,20,530
95	AMARNATH INTERNET SOLUTION	5,000
96	AMBER CHEMICALS	1,32,56,221
97	AMBER KUMAR TIWARI	65,599
98	AMBIKA PHARMA & CHEMICALS LTD	20,64,500
99	AMBRE ENGINEERS &CONSULTANTS	1,77,676
100	AMINES & PLASTICIZERS LTD.	19,16,271
101	AMIT AIRWAYS	80,116
102	AMIT TRAVELS	26,945
103	AMP COMMUNICATIONS PRIVATE LIMITED	30,00,000
104	AMRITLAL BROTHERS	4,49,307
105	ANAHIT ENGINEERING CORPN.	46,800
106	ANAND & ASSOCIATES	3,051
107	ANAND SALES & SERVICES	11,655
108	ANANDHI TRANSPORT	13,24,830
109	ANCHOR LOGISTICS(REGD.)	1,250
110	ANEJA ASSOCIATES	31,799
111	ANIKET ENTERPRISES	2,21,709
112	ANITA LOGISTICS	3,075
113	ANKRUJA ENGINEERS	5,000
114	ANKUR DYESTUFF INDUSTRIES	2,65,19,807
115	ANNAI TRADING CORPORATION	1,70,352
116	ANNECTOS REWARDS AND	3,202
117	ANSHAN HIFICHEM CO. LTD	47,41,000
118	ANUKARAN Indust.Spares Mfg.Co.	36,812
119	ANUPAM COLOURS & CHEMICALS INDS.	34,87,971
120	ANUSH FILTERS & FABRICS	42,896
121	ANUVI CHEMICALS LTD.	86,90,813
122	APRA ENTERPRISES - MAH	22,16,575
123	APS Paints	9,61,578
124	AQUAGEM EVENTS LLP	1,95,800
125	Aquarius Water Engineering	7,198
126	AQUATIC SOLUTIONS	67,810
127	ARAMEX INDIA PVT.LTD.	1,97,134
128	ARAWALI GOODS TRANSPORT SERVICE	173
129	ARC INDIA LTD	25,600
130	ARCH PROTECTION CHEMICALS	32,75,000
131	ARFAT METAL INDUSTRIES	13,70,939
132	ARHAM PETROCHEM PVT LTD	17,22,913



902

Kansai Nerolac Paints Limited
List of Unsecured Creditors as on 30th September, 2019 (Unaudited)

Sr. No.	Name	Amount
133	ARHAM TRAVELS	4,709
134	ARIHANT FIRE ENGINEERS	21,417
135	ARIHANT SALES AGENCIES	2,00,646
136	ARK CHEMICALS PRIVATE LIMITED	19,38,000
137	ARKEMA CHEMICALS (I) PVT.LTD	18,33,508
138	AROMA CHEMICAL AGENCIES INDIA PVT.	71,83,186
139	ARPAN ENGINEERING CORPORATION	5,695
140	ARROWS AUTOMATION AND ENGINEERING	22,306
141	ARUNAVA PAUL	44,220
142	ASHA CELLULOSE (I) PVT. LTD	89,265
143	ASHA PENN COLOR PVT. LTD.	1,59,07,896
144	ASHA TRANSPORT SERVICE	6,651
145	Ashana Enterprises	56,54,858
146	ASHLAND INDIA PRIVATE LIMITED	2,20,49,716
147	ASHOK ALCO-CHEM LIMITED	4,77,883
148	ASHRIBAD COMPUTERS SERVICES	9,61,200
149	ASIAN SOLVOCHEM PVT LTD.	8,12,000
150	ASSAM ARUNACHAL CARRIERS	72,523
151	ASSOCIATED INSTRUMENTS AND	20,376
152	ASSOCIATED PUMPS & VALVES	7,732
153	ASSOCIATED ROAD CARRIERS LTD	14,445
154	ASSOCIATED ROAD CARRIERS LTD	3,94,024
155	ASSOCIATED ROAD CARRIERS LTD	81,015
156	ASSOCIATED ROAD CARRIERS LTD	42,934
157	ASSOCIATED ROAD CARRIERS LTD.	1,44,975
158	ASSOCIATED ROAD CARRIERS LTD.	44,060
159	ASTRO ILLUMINATION	1,42,338
160	ATHARV ENTERPRISES	900
161	ATLAS FIRE & SAFETY PRODUCTS	31,422
162	ATOOT UDYOG SAMUHA	11,32,502
163	ATUL LIMITED	3,50,16,191
164	Atul Wood Works	2,31,123
165	AUJAS NETWORKS PRIVATE LIMITED	29,500
166	AVANI LORRY TRANSPORT	1,120
167	AVANTIKA TRANSPORT SERVICE	4,53,368
168	AVINASH CARGO PRIVATE LIMITED	6,36,954
169	AVINASH CARGO PVT. LTD.	58,002
170	AVINASH CARRIER PVT. LTD	1,159
171	AZELIS INDIA PRIVATE LIMITED	22,34,032
172	AZTEK PVT. LTD.	3,76,639
173	B.J.CORPORATION	7,847
174	B.M. ROADLINES (P) LTD.	17,77,586
175	B.P.CHEMICALS	8,40,000
176	BABA TOUR & TRAVELS	59,802
177	BABA TRANSPORT COMPANY	1,082



Kansai Nerolac Paints Limited
List of Unsecured Creditors as on 30th September, 2019 (Unaudited)

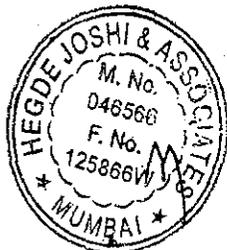
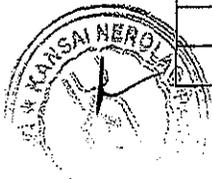
Sr. No.	Name	Amount
178	Babaji Shivram Clearing &	3,62,766
179	BAC PRIVATE LIMITED	65,585
180	BAJAJ AUTO LIMITED	6,60,000
181	BAJAJ ELECTRICALS LIMITED	6,132
182	BAKA LIFTEC (INDIA) PRIVATE LIMITED	21,240
183	BAKSHI BROTHERS	13,267
184	BALAJI ENTERPRISES	40,000
185	BALAJI FASTTRACK EXPRESS	4,083
186	BALAJI GRAPHICS	23,790
187	BALI TEST HOUSE PRIVATE LIMITED	21,950
188	BALMER LAWRIE & CO LIMITED	59,62,010
189	Balmer Lawrie & Co. Ltd.	37,54,694
190	BALMER LAWRIE & CO.LTD.	21,59,392
191	BALMER LAWRIE AND COMPANY LIMITED	10,15,814
192	BALMER LAWRIE VAN LEER LIMITED	2,100
193	BANAS TRADING CO	25,98,590
194	BANGALORE INSTRUMENTS	2,39,544
195	BANSWARA GOLDEN TRANSPORT	55
196	BAREILLY GOLDEN PARCEL SERVICE	2,225
197	BAREILLY TOUR & TRAVELS	46,735
198	BASF COLORS & EFFECTS	3,80,88,507
199	BASF COLORS & EFFECTS	15,17,237
200	BASF HONG KONG LTD	4,32,687
201	BASF INDIA LIMITED	6,91,02,422
202	BASF INDIA LIMITED	4,83,05,950
203	BASF INDIA LIMITED	65,61,297
204	BAUXAMINA EXTRUSION PRIVATE LIMITED	13,685
205	BAWAL INDANE	3,312
206	BEHERA TRANSPORT	34,703
207	BELVEDERE TOWER CONDOMINIUM	1,711
208	BHAGIRATH BEARINGS	18,692
209	BHANUMATI ENTERPRISES	8,172
210	BHARAT GOODS CARRIERS	39,143
211	BHARAT MOTOR PARCEL SERVICE	3,953
212	BHARAT PETROLEUM COR LTD-KAR	15,93,188
213	BHARAT SALES CORPORATION	1,017
214	BHARAT SANCHAR NIGAM LIMITED	752
215	BHARAT SANCHAR NIGAM LIMITED	1
216	BHARAT SANCHAR NIGAM LIMITED	88,750
217	BHARAT SANCHAR NIGAM LTD	7,33,817
218	BHARAT TRANSPORT	6,38,401
219	BHARTI AIRTEL LIMITED	17,38,983
220	BHARTI AIRTEL LIMITED	80,332
221	BHARTI AIRTEL LIMITED	38,86,424
222	BHARTI AIRTEL LIMITED	3,02,871



Kansai Nerolac Paints Limited
List of Unsecured Creditors as on 30th September, 2019 (Unaudited)

504

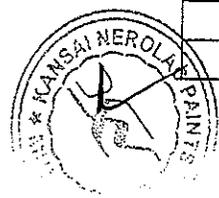
Sr. No.	Name	Amount
223	BHARTI AIRTEL LIMITED	22,500
224	BHARTI AIRTEL LIMITED	2,49,089
225	BHARTI AIRTEL LIMITED	62,564
226	BHARTI AIRTEL LIMITED	1,39,628
227	BHARTI AIRTEL LIMITED	46,500
228	BHARTI AIRTEL LIMITED	50,000
229	BHARTI AIRTEL LIMITED	2,70,805
230	BHARTI AIRTEL LIMITED	10,750
231	BHARTI AIRTEL LIMITED	84,441
232	BHARTI AIRTEL LIMITED	1,14,418
233	BHARTI AIRTEL LIMITED	1,45,483
234	BHARTI AIRTEL LIMITED	87,764
235	BHARTI AIRTEL LIMITED	12,685
236	BHARTI AIRTEL LIMITED	1,27,250
237	BHARTI AIRTEL LTD - HARYANA	1,87,074
238	BHARTI AIRTEL LTD - MP	53,218
239	BHARTI AIRTEL LTD- MOBILE SERVICES	11,47,388
240	BHARTI AIRTEL LTD-JAIPUR	90,450
241	BHARTI AIRTEL SERVICES LIMITED	40,68,750
242	BHARTI RAJENDRA MADAN	59,952
243	BIG PROMOTIONS	13,12,512
244	BIJDEEP CORPORATION	24,040
245	BIMAL TRANSPORT CORPORATION	3,567
246	BINA GUPTA	38,700
247	BIOTIC WASTE LIMITED	15,000
248	BIRLA CARBON USA INC.	64,06,881
249	BISHAN DASS JAWAHAR LAL & CO	7,000
250	BISLERI INTERNATIONAL PVT LTD	16,740
251	BISLERI INTERNATIONAL PVT. LTD	35,000
252	BLOW PACKAGING (INDIA) LTD	3,88,414
253	BLUE DART EXPRESS LTD.	1,08,225
254	BLUE INDIA LOGISTICS	12,000
255	BLUE STAR ENTERPRISES	3,00,000
256	BLUE STAR LIMITED	39,758
257	BLUE STAR TECHNOLOGY	885
258	BLUE STONE JEWELLERY AND	28,960
259	BLUESTONE JEWELLERY AND	2,59,056
260	BOMBAY AMMONIA & CHEMICAL CO.	12,54,309
261	BOSKEY ELECTRICALS	1,49,276
262	BOULTON TRADING CORPORATION	43,050
263	BRAJ MOHAN GOEL	28,131
264	BRAND BOX EXPERIENTIAL	34,000
265	BRAND PROTECTION SERVICES PVT	3,48,000
266	BRENTTAG INGREDIENTS (INDIA) PVT LT	8,11,250
267	BRISKWORLD VENTURES PRIVATE	30,800



905

Kansai Nerolac Paints Limited
List of Unsecured Creditors as on 30th September, 2019 (Unaudited)

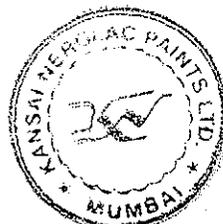
Sr. No.	Name	Amount
268	BULLOWS PAINT EQUIPMENT PVT.LTD.	8,75,100
269	BUREAU OF INDIAN STANDARDS	1,99,420
270	BUREAU VERITAS CERTIFICATION-	1,92,750
271	BUREAU VERITAS INDIA	3,19,376
272	BUSS AG	16,72,738
273	BYK CHEMIE GMBH	1,62,16,796
274	BYK Netherlands BV	9,30,916
275	C.J.SHAH & CO.	11,52,47,637
276	C.J.SHAH & CO.	33,67,12,219
277	C.J.SHAH & CO.(CHENNAI)	12,83,840
278	CADETRONICS	43,63,255
279	CALCUTTA EXPRESS ROADLINES PVT.LTD.	68,43,600
280	CALCUTTA EXPRESS TRANSPORT SERVICE	2,22,76,888
281	CANLIFT INDIA	2,020
282	CAREERIST MANAGEMENT CONSULTAN	57,448
283	CARRIER AIRCONDITIONING & REFRIGERA	29,250
284	CARRIER RACE TECHNOLOGIES PVT LTD	22,565
285	CASHITRON INDUSTRIES	4,67,870
286	Cathay Colors & Pigments Ltd.	12,96,084
287	CENTURY INDUSTRIES	11,86,517
288	CHAMPION COMMERCIAL CO LTD.	7,30,267
289	CHANDRAGUPT HOTEL PRIVATE LIMITED	5,400
290	CHARAN INDUSTRIAL PACKAGERS (P)LTD	15,29,638
291	Chaudhary Catters (Regd)	7,000
292	CHAUDHARY ENTERPRISES	31,975
293	CHAWLA AGENCIES(FRT)	5,99,545
294	CHAWLA DISTRIBUTORS(FRT)	7,29,010
295	CHAWLA ENTERPRISIES(FRT)	13,89,244
296	CHAWLA LOGISTICS SOLUTIONS	19,50,452
297	CHAWLA LOGISTICS(FRT)	11,23,155
298	Chembur Durga Puja Association	50,000
299	CHEMFAB ENGINEERING COMPANY	1,16,038
300	CHEMI ENTERPRISES LLP	26,42,900
301	CHEM-MART	3,94,268
302	CHEMPLANT PROJECT CONSULTANTS	22,950
303	CHEMPRO EQUIPMENTS	42,696
304	CHHABI AGENCIES,	26,80,487
305	CHIPO	2,87,990
306	CHOPRA BOOK STORE	20,008
307	CHOPRA ENTERPRISES	12,000
308	CHOUDHARY INDUSTRIES	33,50,180
309	CHOUDHARY ROADLINES	2,380
310	CHROMAFLO TECHNOLOGIES INDIA	6,76,926
311	CITY SIGN TECHNOLOGIES	1,06,621
312	CJS SPECIALTY CHEMICALS	2,12,49,239



506

Kansai Nerolac Paints Limited
List of Unsecured Creditors as on 30th September, 2019 (Unaudited)

Sr. No.	Name	Amount
313	CLARIANT CHEMICALS (INDIA) LTD	1,93,25,121
314	CLARIANT INDIA PRIVATE LIMITED	1,03,51,871
315	Clariant Plastics & Coating Ltd	30,72,690
316	CLASSIC CREATIONS	9,06,032
317	CLASSIC FURNISHERS HUF	2,78,308
318	CLASSIC STATIONERS & PRINTERS	3,47,581
319	CLASSIC STICKERS & PRINTERS (P) LTD	6,42,216
320	CLASSY KONTAINERS	4,88,71,047
321	CLEARSEP TECHNOLOGIES (I) PVT.LTD	14,198
322	CLEEN CARE ENTERPRISES	18,545
323	CMOSE	2,54,242
324	CNA COATINGS INDIA PRIVATE Ltd	80,26,227
325	COATINGS & ANTICORROSION	25,000
326	COLE PARMER INDIA P LTD	19,64,912
327	Colorcom India	28,11,238
328	COLORFLO PRINTECH	3,65,800
329	COMMERCIAL TRANSPORT	92,223
330	Commissioner of Customs Air Cargo	2,244
331	COMPOSITES SOLUTION	1,44,380
332	COMPUAGE ELECTRONICS	704
333	COMPUTER ACCESS PRIVATE LTD.	2,01,210
334	Concept Electronics Pvt. Ltd.	43,460
335	CONFEDERATION OF INDIAN INDUSTRY	6,650
336	CONNELL BROS.CO.(INDIA) PVT.LTD.	53,22,256
337	CONTROL PRINT (INDIA) LTD	48,000
338	CONTROL PRINT LIMITED	52,675
339	CORAL PETRO PRODUCTS	2,86,150
340	COSMOS TWISTERS PVT LTD.	66,878
341	COVESTRO (INDIA) PVT LTD	43,21,497
342	COVESTRO (INDIA) PVT LTD	57,06,000
343	CREATIVE ADVERTISING AND	21,53,507
344	CREATIVE CONSULTANCY SERVICES	1,35,500
345	CREATIVE INFOTECH SOLUTIONS	33,835
346	CREATIVE MIND EVENT MANAGEMENT	5,66,400
347	CRESCENT CHEMICALS	40,46,220
348	CRESCENT ORGANICS PVT.L TD	9,26,655
349	CRODA INDIA COMPANY PRIVATE LIMITED	24,74,849
350	CUMMINS SALES AND SERVICE	8,519
351	CUTCH OIL & ALLIED	18,63,645
352	D G ENTERPRISES	885
353	D R COATS INKS & RESIN PVT.LTD	32,90,807
354	D.P. CONTRACTOR	14,853
355	DAKSHA COPIER	30,000
356	DANGI INDUSTRIES	8,79,480
357	DARCL LOGISTICS LIMITED	5,16,836



407

Kansai Nerolac Paints Limited
List of Unsecured Creditors as on 30th September, 2019 (Unaudited)

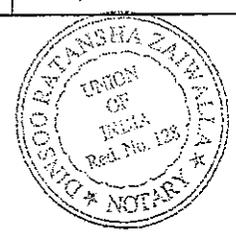
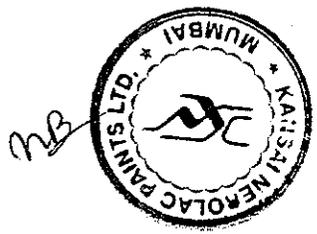
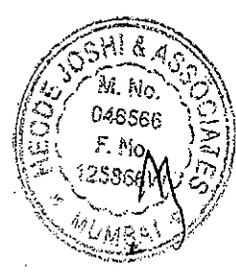
Sr. No.	Name	Amount
358	Darshil Trading	32,314
359	DARTENO INDUSTRIES	42,503
360	DASHRATH SHARMA	5,350
361	DASS POLYMERS PVT. LTD.	2,57,042
362	DASU HORTICULTURAL SERVICES	60,000
363	DATAMATICS SOFTWARE SERVICE LTD.	71,034
364	DATATRADE PRODUCTS	40,955
365	DDB MUDRA	1,94,443
366	DDP Speciality Products India	61,63,082
367	DECORR SERVICES	21,353
368	Deep Industrial Traders	1,06,000
369	DEEPAK BHATIA	69,683
370	DEEPAK BHATIA	15,000
371	DEEPAK METAL INDUSTRIES	12,00,525
372	DEEPAM SALES AND SERVICES	10,11,680
373	DELL INTERNATIONAL SERVICES	14,30,312
374	DELL INTERNATIONAL SERVICES	1,33,380
375	DELVAL FLOW CONTROLS PVT LTD	11,145
376	DEMBLA VALVES SERVICES	11,016
377	DENAVE INDIA PVT LTD	12,28,526
378	DESIGNPLUS INFRAPROJECT PVT.	5,80,000
379	DEV ENTERPRISE	1,50,000
380	DEV TRANSPORT CORP.	22,61,164
381	DEVANSH PAPER PRODUCTS	17,194
382	DEVESH PRINTPACK	44,121
383	DEVI ORGANICS	73,42,121
384	DEVI TOURIST SERVICE	1,55,833
385	DHANANJAY OJHA	3,50,666
386	DHARA CAB SERVICES PVT LTD	8,931
387	DHARIYAL POLYMERS PVT LTD	28,73,300
388	DHARTI ENTERPRISE	3,01,608
389	DHIRAJ SINGH	14,71,974
390	DHL ECOMMERCE (INDIA) LLP	1,55,419
391	DIAM DISPLAY INDIA	26,600
392	DIAMOND NANO MICRONS PVT LTD	41,26,881
393	DIAMOND NURSERY	95,093
394	DIC INDIA LIMITED	21,67,428
395	DIGIFARMERS	7,50,000
396	Dilip Rajaram Sane	300
397	DIPTI ENTERPRISE	2,57,063
398	DKSH INDIA PVT. LTD.	6,42,864
399	DLC FORWARDERS PVT. LTD	12,841
400	Docksan Engineers	0
401	DOW CHEMICAL INTERNATIONAL	1,19,83,184
402	DOW CHEMICAL INTERNATIONAL PVT	5,29,69,465



908

Kansai Nerolac Paints Limited
List of Unsecured Creditors as on 30th September, 2019 (Unaudited)

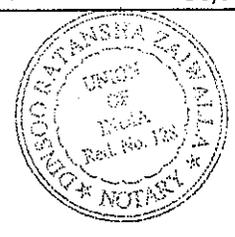
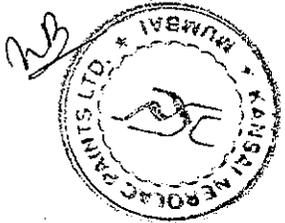
Sr. No.	Name	Amount
403	DOW EUROPE GMBH	45,74,592
404	DR KHAN INDUSTRIAL CONSULTANTS P.L.	10,01,277
405	DREAM COUNTY HOMES & VILLASLLP	29,97,880
406	DREAM DESTINATIONS	96,642
407	DSM Coating Resins (Europe) B.V.	19,05,358
408	DTC APPLIENCES	44,500
409	DTECH ENTERPRISES	35,700
410	DUCOL ORGANICS & COLOURS PVT.LTD.	10,24,051
411	DUTTA TRANSPORT	2,79,422
412	DYNABRADE INDIA ABRASIVE POWER	15,320
413	DYNAMIC TECHNO SERVICE	43,278
414	DYNAMIC TRADE SOLUTIONS	23,182
415	DYNAMIC TRADE SOLUTIONS	71,061
416	DYNAMIC TRADE SOLUTIONS	33,768
417	EAGLE INDIA SOLUTION	8,090
418	EAGLEEYED SECURITY SERVICE	7,350
419	East India Transport Agency	26,78,564
420	EASTERN CARGO MOVERS	2,62,244
421	EASTERN POLYCRAFT INDUSTRIES	23,92,688
422	ECKART GMBH & CO.KG.	13,94,543
423	ECONOMIC GATEWAY CONSULTANTS P	2,760
424	ECONOMY REFRIGERATION LTD	2,65,000
425	EFFICIENT DISTRIBUTORS (P) LTD	328
426	EFFICIENT FIRE SERVICES	39,115
427	EICL LIMITED	68,83,603
428	EKTA ENGINEERS	20,01,839
429	ELECTRICAL EQUIPMENT	2,63,494
430	ELECTROLAB (India) Pvt Ltd	14,160
431	ELEGANZ INTERIORS PRIVATE LIMITED	23,45,918
432	ELEMENTIS SPECIALTIES-RHEOX LTD	16,24,500
433	ELIAN TRADING CO.PVT.LTD.	12,720
434	ELITE TECH SOL & SERVICES	1,56,400
435	EMBEE SOFTWARE PVT. LTD.	11,65,750
436	EMINENT SERVICES	24,880
437	EMSPHERE TECHNOLOGIES	1,18,292
438	ENBEE ENTERPRISES	6,04,750
439	ENERGYSAVE TECHNOLOGIES & CO.	1,68,440
440	ENGINEERS VALUERS COMPETENT	48,160
441	ENVIRON SPECIALITY CHEMICALS	3,95,000
442	Environmental & Technical Rese	5,85,000
443	ENVIROZONE INSTRUMENTS	23,70,805
444	EQUITEK PROCESS SOLUTIONS	1,75,000
445	ESAAR INTERNATIONAL	25,04,402
446	ESCORT ROADWAYS	4,43,727
447	EVEREST BLOWERS PVT LTD	2



509

Kansai Nerolac Paints Limited
List of Unsecured Creditors as on 30th September, 2019 (Unaudited)

Sr. No.	Name	Amount
448	EVERZINC MALAYSIA SDN.BHD.	6,688
449	Eviska Infotech Pvt. Ltd.	25,930
450	EVONIK INDIA PRIVATE LIMITED	64,63,480
451	EVONIK RESOURCE EFFICIENCY GMBH	11,94,480
452	EXCELTECH INDIA PVT LTD	26,400
453	EXECUTIVE ENGINEER MIDC THANE	3,00,320
454	EXECUTIVE TRAVELS	6,912
455	EXIMIOUS VENTURES PVT.LTD.	1,78,475
456	EXPRESS CARRIERS	1,04,59,222
457	EXPRESS MESSAGE SERVICE	7,849
458	FAIR DEAL CARS PRIVATE LIMITED	2,70,000
459	FARMERS FERTILIZERS MIXING	16,773
460	FCB ULKA ADVERTISING PVT LTD	2,09,900
461	FedEx Express Transportation	34,681
462	FedEx Express Transportation	2,255
463	FedEx Express Transportation	1,501
464	FedEx Express Transportation a	3,850
465	FedEx Express Transportation a	69,972
466	FedEx Express Transportation a	71
467	FedEx Express Transportation-AABCF6	41,123
468	FedEx Express Transportation-AABCF6	2,370
469	FedEx Express Transportation-AABCF6	19,139
470	FedEx Express Transportation-AABCF6	2,549
471	FedEx Express Transportation-AABCF6	9,570
472	FedEx Express Transportation-AABCF6	1,639
473	FERRO PERFORMANCE PIGMENTS BELGIUM	6,04,800
474	FERROUS COATS PVT. LTD.	4,74,843
475	FESTO INDIA PRIVATE LIMITED	9,059
476	FILLON TECHNOLOGIES INDIA	4,18,190
477	FIMAKEM INDIA LIMITED	16,03,290
478	FIMAKEM INDIA LIMITED	3,47,405
479	FINE ORGOKEM PVT. LTD.	61,42,321
480	FLOWCON EQUIPMENTS	5,617
481	Flowjet Valves [P] Ltd	1,86,314
482	FLUID-LINE ENGINEERS & FABRICATOR	3,25,830
483	FLUX PUMPS INDIA	93,151
484	FORTIGO TRANSPORT AGENCY PVT.	1,11,36,563
485	FRESH LINK ENTERPRISE	2,400
486	FUJITSU INDIA PRIVATE LIMITED	29,41,302
487	G G ENTERPRISES	1,079
488	G J SENSORS AND SYSTEMS NO.	19,200
489	G.D.BULK CARRIERS	15,480
490	G.G.R.ENTERPRISES	9,805
491	G.M. HARDWARES	67,653
492	G.M.HARDWARES	56,054



Kansai Nerolac Paints Limited

List of Unsecured Creditors as on 30th September, 2019 (Unaudited)

410

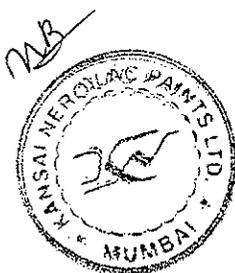
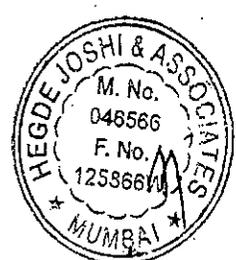
Sr. No.	Name	Amount
493	G4S SECURE SOLUTIONS (INDIA) P	88,338
494	GADARK LAB PVT.LTD.	65,428
495	GAGANDEEP ENGINEERING WORKS	4,340
496	GAJANAN & SONS FIRE SAFETY	13,38,602
497	GALAXY PRINTING AND PACKAGING	8,44,485
498	GALAXY SIVTEK PRIVATE LIMITED	5,00,480
499	GALAXY WAREHOUSING	8,31,346
500	GANAPATI UDYOG	61,85,206
501	GANESH GRAPHICS	3,71,138
502	GANESH PAPERS	38,745
503	GANGA RASAYANIE (P) LTD	9,56,18,316
504	GAUGES BOURDON (INDIA) PVT.LTD	65,000
505	GBRN PROJECTS INDIA PVT LTD.	9,76,487
506	GEEKAY ENGINEERING SERVICES	1,007
507	Geeta Enterprises	1,03,208
508	GELSTAR ENGINEERING SERVICES	3,85,235
509	GEM-SHINE FILTERTECHNIK	89,957
510	GHARDA CHEMICALS LIMITED	45,67,300
511	GIRIRAJ INDUSTRIES	24,66,866
512	GLOBAL ENERGY PRIVATE LIMITED	1,39,310
513	GLOBAL EXPRESS COURIER SERVICE	2,034
514	GLOBAL TRAVELS	78,404
515	GLOBE BIO CARE	40,000
516	GLS & CARGO	44,491
517	GMM PFAUDLER LIMITED	51,24,388
518	GMS Engineering Services	1,50,000
519	GODAVARI ENTERPRISES	34,186
520	GODREJ AND BOYCE MFG CO LTD	1,43,500
521	Godrej and Boyce Mfg. Co.Ltd.	49,600
522	Godrej Consoveyo Logistics Automati	2,18,866
523	Golden Dyechem	1,29,84,522
524	GOLDEN PAINTS AND CHEMICAL IND	52,78,600
525	GOMSONS INDUSTRIES	1,13,104
526	GOPAL METAL CONTAINERS (M) P.LTD.	8,12,215
527	GRASIM INDUSTRIES LIMITED	14,32,75,791
528	GREAT EASTERN RETAIL PVT LTD	99,600
529	GREAT INDIA COMPUTER GRAPHICS (P) L	9,558
530	GREAT INDIA ROADWAYS	2,20,123
531	GREAT INDIA ROADWAYS	13,380
532	GREEN CHILLE BUSINESS SOLUTION	19,411
533	GREEN GLOBAL LOGISTICS AND	5,53,925
534	GREENFIELD RESOURCES PVT LTD	21,593
535	GSA Logistics	11,44,752
536	GUANGZHOU LINGWE TECHNOLOGY CO LTD	16,49,400
537	GUJARAT AMBUJA EXPORTS LTD.	95,57,142



411

Kansai Nerolac Paints Limited
List of Unsecured Creditors as on 30th September, 2019 (Unaudited)

Sr. No.	Name	Amount
538	GUJARAT AMBUJA EXPORTS LTD.	25,40,830
539	GUJARAT INDUSTRIAL CATERERS	1,57,951
540	GUJARAT INDUSTRIAL DEVELOPMENT	52,831
541	GUMLA ROADLINES	2,838
542	GYANJYOT ENTERPRISES PVT. LTD.	3,02,840
543	GYANTI ENGINEERING COOLING	51,462
544	H RECK ENGINEERS	6,298
545	H.P.EQUIPMENT COMPANY	41,477
546	H.R.ORGANO CHEM PVT LTD	44,280
547	HALLMARK ENGINEERS	13,548
548	HAMID ENTERPRISES	6,900
549	HANKUCK LATICES CO. LTD	7,79,760
550	Hansa Customer Equity P .L.	1,01,872
551	HAPPY HOME	17,552
552	HARDOI BANSAL GOODS CARRIER	3,96,062
553	HARDTRAC COMPUTER SERVICES PVT LTD	4,73,788
554	HARE KRISHNA FOOD	3,90,000
555	HARIANI & CO.	45,288
556	Harjai Computers Pvt. Ltd.	1,10,000
557	HARSHIV TRAVELS	6,981
558	HAZEL MERCANTILE LTD	1,10,51,529
559	HEATTARNS EQUIPMENT PVT LTD	6,66,476
560	HEGDE JOSHI & ASSOCIATES	3,456
561	HEMANT SINGH SOLANKI	23,618
562	HEMMELRATH TECHNOLOGIES GMBH	6,70,442
563	HERO MOTOCORP LIMITED	41,49,500
564	HERO PRODUCTS INDIA PRIVATE LIMITED	8,791
565	HEUBACH COLOUR PRIVATE LIMITED	2,01,79,624
566	HEUBACH GMBH	4,41,308
567	HIKAL LIMITED	1,83,47,797
568	HIMA INSULATION	65,007
569	HIMALAYAN LOGISTICS	3,63,066
570	HIND ELECTRICAL WORKS	16,777
571	HINDUSTAN ADHESIVES LIMITED	8,00,802
572	HINDUSTAN PETROLEUM CORPN LTD	39,64,069
573	Hira Hardware and Paint Stores	123
574	HI-TECH BEARINGS PRIVATE LIMITED	53,921
575	HI-TECH CIVIL	1,97,269
576	HI-TECH DIESELS	54,770
577	HI-TECH ELECTRICALS	55,055
578	Hitech Specialities Solutions Ltd	41,02,434
579	HOLISOL LOGISTICS PRIVATE LIMITED	2,99,571
580	HOMESITE CREATION	57,512
581	HONDA MOTORCYCLE & SCOOTER IND LTD	5,85,680
582	HOPPIPOLA PICTURE	25,00,000



412

Kansai Nerolac Paints Limited
List of Unsecured Creditors as on 30th September, 2019 (Unaudited)

Sr. No.	Name	Amount
583	HOSOKAWA MICRON INDIA PVT LTD	21,858
584	HOTEL ARYAPRABHA PVT LTD	8,378
585	HOTEL CRESTWOOD PROP ARSHI ENTERPRI	16,463
586	HOTEL HERITAGE	16,500
587	HOTEL JANKI INTERNATIONAL	24,590
588	HOTEL MALISCA	33,139
589	HOTEL MAYFAIR	9,00,000
590	HOTEL OSAKA PALACE	57,404
591	HOTEL SHELTER	7,786
592	HP SERVICES	14,625
593	HPL ADDITIVES LIMITED	53,00,500
594	HUBEI HOYONN CHEMICAL INDUSTRY	34,03,800
595	HUNGAMA DIGITAL SERVICES PVT LTD	26,08,140
596	HUNTSMAN INTERNATIONAL (INDIA)	13,80,600
597	I B AQUA TECHNOLOGIES	1,56,002
598	I G PETROCHEMICALS LIMITED	18,17,006
599	ICRO COATINGS S.P.A.CON SOCIO	60,24,640
600	ID TECHNOLOGIES	4,73,511
601	IDA	28,320
602	IDEA CELLULAR LTD	60,000
603	IDEAL CHEMI PLAST PVT. LTD.	13,46,380
604	IDEAS UNLIMITED	4,35,000
605	IKON INSULATION	4,58,174
606	IMERYS CLAYS INC	1,76,58,036
607	IMERYS PERFORMANCE AND	3,20,000
608	IMPACT ENTERPRISES	1,33,737
609	INDIA GLYCOLS LIMITED	22,61,831
610	INDIA HYDRAULIC EQUIPMENT	1,568
611	INDIA ROADWAYS	9,96,873
612	INDIAN CORPORATE RESOURCE	2,34,260
613	INDIAN MILL STORES CO.	7,330
614	INDIAN STEEL CORPORATION	46,374
615	INDIO MARKETING	3,88,000
616	INDO AMINES LIMITED	81,98,687
617	INDOCO REMEDIES LIMITED	22,500
618	INDRAVIR	0
619	INDUS GIFTING	13,37,094
620	INDUSTRIAL & HOME POWER SOLUTI	87,178
621	INDUSTRIAL ENGINEERING	1,07,847
622	INDUSTRIAL HARDWARE	75,684
623	INDUSTRIAL MILL STORES	23,864
624	INDUSTRIAL SAFETY HOUSE	2,20,098
625	INDUSTRIAL SALES CORPORATION	5,942
626	INDUSTRIAL SOLUTION	24,951
627	INFINITI SOFTWARE SOLUTIONS	3,27,331



913

Kansai Nerolac Paints Limited
List of Unsecured Creditors as on 30th September, 2019 (Unaudited)

Sr. No.	Name	Amount
628	INGERSOLL RAND (INDIA) LTD	22,287
629	INGERSOLL RAND CLIMATE SOLUTIONS	2,06,684
630	INNOVAL DIGITAL SOLUTIONS	2,43,000
631	Innovative Incentives & Reward	32,34,129
632	INNOVATIVE TRADELINK SERVICES P. LT	4,89,230
633	INTEGRAL TECHNOLOGIES	58,791
634	Integrated Control Solutions	56,443
635	INTELLECT BIZWARE SERVICES PVT. LTD	1,75,000
636	INTERACTIVE AVENUES	2,35,01,210
637	INTERSPACE SOLUTIONS PVT LTD	15,114
638	Intertek India Pvt. Ltd	1,40,972
639	ION EXCHANGE (INDIA) LIMITED	44,980
640	ION EXCHANGE INDIA LTD	43,775
641	IQBAL & SONS	16,709
642	Iron Mountain India Pvt.Ltd.	1,30,177
643	IRSHA MULTICRAFT	21,940
644	ITC GRAND CENTRAL SHERATON HOTEL &	20,000
645	ITE ENGINEERS PVT. LTD.	12,871
646	ITLTOURS & TRAVELS PVT.LTD	27,321
647	ITS TESTING SERVICES(UK) LTD.	1,33,444
648	IVC LABS AND ENVIRONMENTAL SERVICES	10,275
649	IVORY TOWERS SARVAJANIK GANESH	50,000
650	IVY INTEGRATED LOGISTICS LLP	18,56,531
651	J B ROADLINE OF INDIA	72,205
652	J K PAINTS & RESINS PVT LTD	12,37,276
653	J K TECHNOSOFT LIMITED	7,48,000
654	J P B CHEMICAL INDUSTRIES PVT.LTD.	85,20,659
655	J.B.ROADLINES PVT.LTD.	4,10,666
656	J.D INDUSTRIES (INDIA) LIMITED	66,530
657	J.D.ENGG.WORKS	1,06,270
658	JADAVJI & SONS	6,77,165
659	JAGDAMBA ENTERPRISES	55,800
660	JAI DURGE CRANE SERVICE	29,994
661	Jai Vardhman Khaniz Pvt.Ltd	47,19,374
662	JAIN TRANSPORT AGENCY	280
663	JAINPUR LOGISTIC	67,51,141
664	JAIPUR GOLDEN TRANSPORT CO (RE	12,416
665	Jakhar Printing Press	33,650
666	JAKSON LTD.	11,464
667	JANDIAL ENGG AND ALLIED	28,200
668	JANTA CARRYING CORPORATION	72,527
669	JAY AMBE ROAD.LINES.	8,18,592
670	JAY MAA ENTERPRISE	56,779
671	JAYANT AGRO-ORGANICS LIMITED	63,79,605
672	JAYANT AGRO-ORGANICS LIMITED	17,87,246



919

Kansai Nerolac Paints Limited
List of Unsecured Creditors as on 30th September, 2019 (Unaudited)

Sr. No.	Name	Amount
673	JAYANT SADI CENTER	7,164
674	JAYMIT SECURITY SYSTEMS PVT LTD	60,463
675	JAYSHREE ENTERPRISES	3,05,494
676	JEWELLERS JAGNNATH GANGARAM	23,982
677	JHR & ASSOCIATES	10,650
678	JINAN YUXING CHEMICAL CO,LTD	1,48,40,000
679	JIVHALA SUPER BAZAR	16,159
680	JK PRINTECH	4,13,448
681	JKUMAR BUILDTECH PVT LTD	4,42,347
682	JOGINDRA ENGINEERING WORKS PVT.LTD.	2,32,701
683	Jolly Containers	2,20,34,331
684	Jolly Containers	72,07,302
685	Jolly Containers	82,84,485
686	JOSEPH LESLIE & COMPANY LLP	3,375
687	JOSTS ENGG.CO.LTD.	4,40,000
688	JOYALUKKAS INDIA PRIVATE LTD	1,60,800
689	JP.ENTERPRISES	60,797
690	JSH PACKAGINGS	18,135
691	JUBILANT LIFE SCIENCES LIMITED	33,11,177
692	JUBILANT LIFE SCIENCES LTD(MAH	13,78,281
693	JUGAL KISHORE	56,646
694	JUPITER DYECHEM PVT LTD(GUJ)	2,58,88,630
695	Jyoti	18,000
696	JYOTI ADVERTISING AGENCY	67,840
697	JYOTI TRANSPORT CO	348
698	K D MOTORS	2,402
699	K. R. Technosafe Engineers	8,800
700	K.D.ROAD LINES	65,870
701	K.K.ENTERPRISES	1,168
702	K.L.ENTERPRISES	2,86,273
703	K.R.N.TRAVELS	29,613
704	K.S.M.BASHIR MOHAMMAD & SONS	1,16,18,423
705	K.SONS PROJECTS PRIVATE LIMITED	11,13,029
706	KADAMACHERIL AGENCIES	2,03,391
707	KAIVALYA	3,69,699
708	KAL RADIO LIMITED	3,50,000
709	KALEESUWARI REFINERY AND	11,10,500
710	Kaliji Bhartiya Forwarding Agency	2,17,930
711	KALPANA MINERALS PVT.LTD.	1,51,125
712	KAMAKSHI PLASTICS PVT. LTD.	54,000
713	KANHAIYA LAL PRAG DAS	10,64,139
714	KANORIA CHEMICALS AND INDUSTRIES	1,06,76,544
715	KANPUR EDIBLES (PVT) LTD.	11,26,499
716	KANPUR SCALE CARE (P) LTD	50,000
717	KANSAL PAINTS CO.LTD.	2,31,760



915

Kansai Nerolac Paints Limited
List of Unsecured Creditors as on 30th September, 2019 (Unaudited)

Sr. No.	Name	Amount
718	KAPOOR ENTERPRISES	10,359
719	KAPOOR FREIGHT CARRIERS PVT. LTD.,	63,548
720	KARTIKEY ROADWAYS	6,81,061
721	KARWA ROADLINES	65
722	KAUVERY HOSPITAL MEDICAL SERVICES	1,74,534
723	KAVERI PLASTIC BAG INDUSTRIES	69,030
724	KAY IMPEX PRIVATE LIMITED	63,669
725	KBM SHIPPING	1,795
726	KENNETH JOAB	525
727	Ketan Engineering	4,57,809
728	KETTY APPARELS INDIA PVT LTD	10,875
729	KETTY APPARELS INDIA PVT LTD	4,25,103
730	KHORANA FREIGHT CARRIERS (P) LTD.	34,594
731	KHUSHAL LOGISTICS	30,98,412
732	KIRBY BUILDING SYSTEMS INDIA	5,30,348
733	KISHANBHAI I CHAUHAN	9,085
734	KLJ RESOURCES LIMITED	13,28,000
735	KLJ RESOURCES LIMITED	1,33,66,793
736	KNIGHT FRANK (INDIA) PVT. LTD.	27,500
737	KOMAL SCIENTIFIC CO.	1,67,195
738	KOMAL SCIENTIFIC CO.	7,410
739	Konkan Sales & Services	5,115
740	KORES INDIA LIMITED	23,400
741	KOTA UDAIPUR TRANSPORT CO	1,038
742	KR GASES PVT LIMITED	1,80,053
743	Kreate Energy (I) PVT LTD	10,85,330
744	Krishna Antioxidants Pvt. Ltd.	1,11,936
745	KRISHNA ENTERPRISE	17,74,800
746	KRISHNA MACHINERY TOOLS	34,277
747	KRUGER & BRENTT TECHNOLOGIES	42,350
748	KRUPA ENGINEERING ENTERPRISE	1,86,150
749	KRUUPA SAI COATING	10,65,527
750	Kudrat Hotel Pvt Ltd	6,56,446
751	KUKDO CHEMICAL CO LTD	3,15,31,498
752	Kulkarni Pumps	81,440
753	KUMAR CONTAINERS	24,76,428
754	KUMAR CONTAINERS PRIVATE LIMITED	7,576
755	KUMAR ELECTRONICS	25,000
756	KUMAR GRAPHICS	68,616
757	KUMAR ORGANIC PRODUCT LTD.	16,25,320
758	KUNAL CHEMICAL INDUSTRIES	68,85,010
759	KUNAL INTERNATIONAL	11,46,793
760	KUNCAI INIERNATIONAL INDIA PVT	43,96,768
761	KUSUMOTO CHEMICALS LTD	31,14,411
762	KUTUBUDDIN PALLEDDAR	9,619

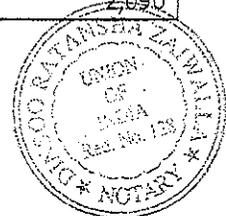
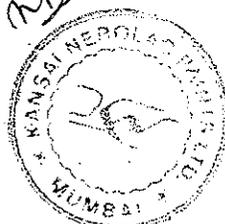
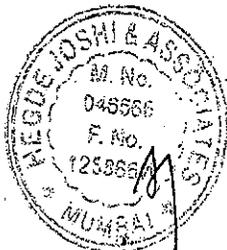


9/6

Kansai Nerolac Paints Limited

List of Unsecured Creditors as on 30th September, 2019 (Unaudited)

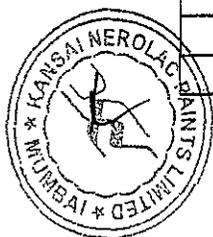
Sr. No.	Name	Amount
763	L. DHARMARAJ	22,658
764	LACHEMI CHEMORGS PVT. LTD.	57,71,186
765	LALIT PARIVAHAN	122
766	LALITHA INDUSTRIES	88,533
767	LANXESS INDIA PRIVATE LIMITED	3,38,188
768	LANXESS INDIA PVT LTD	1,07,68,160
769	LASER PUBLICITIES	2,56,520
770	LASTMILE SOLUTIONS INDIA PVT	52,47,708
771	Laxmi Bulk Carriers	1,56,006
772	LAXMI DIGITALS	32,730
773	LAXMI ENTERPRISES	1,99,309
774	LAXMI FIRE PROTECTION	2,97,685
775	LAXMI ORGANIC INDUSTRIES LTD.	19,62,010
776	LAXMI PRASANNA TRANSPORT	2,07,378
777	LAXMI TRANSPORT AGENCY	3,000
778	LAXMI TYRE HOUSE	39,688
779	LAXMIKESHAV ADHESIVES PRIVATE LIMIT	49,314
780	LCS SERVICES INDIA PVT. LTD.	30,000
781	LEAP INDIA PRIVATE LIMITED	1,10,199
782	LEDGER GRAPHICS	77,816
783	LG CHEM LTD	1,79,68,736
784	LG ELECTRONICS INDIA	1,26,563
785	LG ELECTRONICS INDIA	38,59,308
786	LG ELECTRONICS INDIA	6,610
787	LG ELECTRONICS INDIA	62,797
788	LG MMA CORP.	37,29,600
789	LILADHAR PASOO FORWARDERS PVT.LTD	8,69,155
790	LLOYD'S REGISTER ASIA	20,700
791	Lodestar	8,86,53,438
792	LORD PROPERTIES	23,750
793	LORD WHEELS	1,08,933
794	LOUIS DREYFUS COMPANY INDIA	77,88,385
795	LT FOODS LTD	1,134
796	LUCIYA LOGISTICS	3,94,976
797	LUCKY ROADWAYS	22,395
798	Ludhiana Laboratory Chemicals	88,760
799	LUXMI STEEL COMPANY	1,53,440
800	LUXUR FURNISHINGS	2,03,530
801	M.JAYABALAN	8,133
802	M.K. ENTERPRISES	28,350
803	M.K.CHEMICALS	88,226
804	M.P.M.TECHNOLOGIES	17,813
805	M/S Kailash Chandra Agarwal	25,523
806	M/S KRANTI ROAD TRANSPORT Pvt. Ltd	8,52,971
807	M/s. Avanish Enterprises	2,090



9/7

Kansai Nerolac Paints Limited
List of Unsecured Creditors as on 30th September, 2019 (Unaudited)

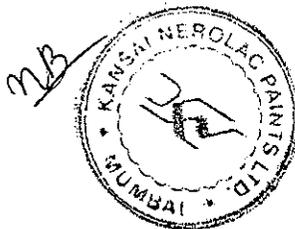
Sr. No.	Name	Amount
808	M/s. MAHAMAYA ROAD SERVICE	13,419
809	MAA AMBIKA ROADLINES	44,060
810	MAA BHAWANI ENTERPRISES	21,873
811	MAA KALI ROADLINES	100
812	MAA KALI TRANSPORT AGENCY	19,803
813	MAA KALKA ROADWAYS	2,19,429
814	MAA KAMAKHYA CARGO MOVERS	17,820
815	MAA SARASWATI TRANSPORT CORPN.	35,689
816	MAADHAVA PERUMMAL AND COMPANY	31,93,448
817	MAAN TRADERS	1,06,993
818	MACMILLIAN MARKETING & RESEARCH CO.	86,480
819	MACRO POLYMERS P. LTD	23,48,824
820	MADHANGI ENTERPRISES PVT.LTD	52,308
821	MAHALAXMI GOODS TRANSPORT CO	1,701
822	MAHANAGAR TELEPHONE NIGAM LTD	1,25,604
823	MAHARASHTRA BIO-HYGENIC MANAGE	1,200
824	MAHARASHTRA METAL WORKS PVT.LTD.	31,04,837
825	MAHARASHTRA SECURITY AGENCY	4,851
826	Maharashtra State Electricity	13,34,640
827	MAHENDRA GOODS TRANSPORT CO.	1,16,978
828	MAHENDRA WAREHOUSE	30,000
829	MAHESH SANNAMADE GOWDA	295
830	MAHI DRYMIX PRODUCTS	1,00,15,597
831	MAHINDRA LOGISTICS LIMITED	1,19,788
832	MAK PACK PRIVATE LIMITED	4,97,883
833	MAKSOOD AHMED CHINDIWALA	78,000
834	MAKWELL PLASTICIZERS PVT.LTD.	70,210
835	MALAR ELECTRICALS	43,552
836	MALDEEP CATALYSTS PVT.LTD.	1,12,85,738
837	MALLAK SPECIALTIES PVT. LTD.	10,12,420
838	MAMTA METALS	18,250
839	MANASA CARGO MOVERS,	77,936
840	MANCHANDA STEEL INDUSTRIES	60,180
841	Mandira Bedi	2,29,015
842	MANGAL MARKETING	3,43,577
843	MANIKA MOULDS PRIVATE LIMITED	20,22,489
844	Manish Bearing Enterprises	14,960
845	MANISHA TRADERS	37,93,700
846	MANJEET ENTERPRISES	13,29,984
847	MANOHAR FREIGHT CARRIERS	94,652
848	MANOHAR MARUTI KAVALE	5,660
849	MARKEM IMAJE (INDIA) PVT LTD.	7,90,459
850	MARKEM-IMAJE INDIA PVT. LTD.	1,31,232
851	MARPOL PRIVATE LIMITED	1,04,23,219
852	MARUTI FREIGHT MOVERS LIMITED	8,28,630



918

Kansai Nerolac Paints Limited
List of Unsecured Creditors as on 30th September, 2019 (Unaudited)

Sr. No.	Name	Amount
853	MARUTI ROADWAYS	1,369
854	MARUTI SUZUKI INDIA LTD - MANESAR	10,33,628
855	MARUTI TRADERS	52,640
856	MARUTI TRANSPORT TRANSPORATION	4,10,936
857	MARVEL CAR RENTAL SERVICES	4,726
858	MAS ENGINEERS	4,375
859	MASTER SAFETY	4,779
860	MASTER SOLUTIONS	7,11,755
861	MASTER SOLUTIONS	70,86,417
862	MATOSHREE CARRYING & FORWARDING	4,23,978
863	Matrix Cellular (International) Ser	1,761
864	MAVENTIC INNOVATIVE SOLUTIONS	12,394
865	MAXIMA F.R.P. PRODUCT	13,75,165
866	MAYA ENTERPRISES	7,801
867	MAYFAIR ROOMS	81,000
868	MECHAMAX (INDIA)	77,29,708
869	MEDIA MIND VISIONS PRIVATE LIMITED	6,48,572
870	MEERUT CAB SERVICE	43,450
871	MEESHA HEALTH-CARE & RESEARCH	20,000
872	Megachem Specialty Chemicals (I) Pv	12,51,280
873	MEGHMANI ORGANICS LIMITED	28,750
874	MEHTA PETRO REFINERIES LTD-GUJ	2,34,36,722
875	MEHUL ELECTRO INSULATING INDUSTRIES	17,054
876	MELA BAZAR BHUTAN ROADWAYS	5,820
877	MELZER CHEMICALS PVT. LTD.	49,74,762
878	MERAKI MERCHANDISING	1,53,461
879	MERCK PERFORMANCE MATERIALS	3,24,59,058
880	MERCURY INDUSTRIES LTD.	2,67,47,242
881	MERCURY INDUSTRIES LTD.	8,81,969
882	MERLIN LEISURES PRIVATE LIMITED	5,74,311
883	METAL SEAM CO PVT LTD	69,53,500
884	METAL SEAM CO PVT LTD.	1,85,43,900
885	METALCANS AND CLOSURES P LTD	2,62,97,789
886	METALIFE SOLUTIONS	6,82,927
887	METRO BEVERAGES PVT LTD	2,391
888	METRO TRAVEL SERVICE	71,952
889	METROCHEM METAL POWDERS	1,09,77,886
890	METTLER-TOLEDO INDIA PVT LTD	3,000
891	MGC TRADING (THAILAND) LTD,	96,39,424
892	MHE SOLUTION	38,994
893	MICRO PNEUMATICS PVT. LTD.	4,940
894	MICROSEAL	33,276
895	MICROWORLD SOFTWARE SERVICES P.LTD.	60,000
896	Midas Gravity	3,42,720
897	MIDAS SAFTEY PVT. LTD.	82,992



919

Kansai Nerolac Paints Limited
List of Unsecured Creditors as on 30th September, 2019 (Unaudited)

Sr. No.	Name	Amount
898	MIDC CHIPLUN (WATER CONNECTION)	1,33,185
899	MINEBEA INTEC INDIA PRIVATE LIMITED	3,74,500
900	MIRC ELECTRONICS LTD	6,999
901	MIRC ELECTRONICS LTD	6,999
902	MIRC ELECTRONICS LTD	13,998
903	MIRC ELECTRONICS LTD	2,51,964
904	MIRC ELECTRONICS LTD	41,994
905	MIRC ELECTRONICS LTD	62,991
906	MIRC ELECTRONICS LTD	6,999
907	MIRC ELECTRONICS LTD	2,58,963
908	MIRRA COBALT PACKAGING	8,02,928
909	Mitsubishi Corporation	95,50,960
910	MITSUI & CO.(ASIA PACIFIC) PTE.LTD.	1,50,81,328
911	MITSUYA BOEKI LIMITED	2,22,89,620
912	MITTAL INDUSTRY	1,53,51,062
913	MLA INDUSTRIES	3,57,000
914	MOGLI LABS INDIA PVT LTD	21,69,669
915	MOGLI LABS INDIA PVT LTD	3,32,166
916	MOGLI LABS INDIA PVT LTD	35,32,995
917	Mogli Labs India Pvt Ltd.	1,11,944
918	MOHAN PRINT	18,470
919	MOHIT KUMAR	28,323
920	Mold-tek Packaging Limited	4,38,72,267
921	Mold-tek Packaging Limited	3,13,37,927
922	Mold-tek Packaging Limited	1,82,71,834
923	MOMENTIVE PERFORMANCE MATERIAL	1,79,33,555
924	MONTEX METAL INDUSTRIES	8,617
925	MOTT MACDONALD PVT LTD.	33,10,606
926	MOULDAIR SOLUTIONS	2,83,100
927	MOUNT COMPUTERS	1,600
928	MOUNTAIN MINERALS & MICRONS LIMITED	2,84,235
929	MOUNTAIN MINERALS & MICRONS LIMITED	6,52,880
930	MS SURFACE CARE TECHNO	46,986
931	MTCL TRANSPORT	1,77,31,442
932	MTCL TRANSPORT	10,18,724
933	MTCL TRANSPORT	33,21,299
934	MTCL TRANSPORT	4,37,215
935	MTCL TRANSPORT	1,88,816
936	MTCL TRANSPORT	28,99,318
937	MTCL TRANSPORT (GUJARAT)	61,75,721
938	Mukadam Auto Electricals	62,450
939	MULTICHEM CORPORATION	4,32,533
940	MULTICHEM SPECIALITIES PVT LTD	97,500
941	Mumbai Waste Management Ltd	3,35,358
942	MUSKAN ART	27,840



MB



Kansai Nerolac Paints Limited
List of Unsecured Creditors as on 30th September, 2019 (Unaudited)

Sr. No.	Name	Amount
943	MUTHOOT EXIM PRIVATE LIMITED	26,39,767
944	MYG ENGINEERING SERVICES	37,455
945	MYSTICAL TECHPLAST PRIVATE LIMITED	5,02,043
946	N A SYSTMES PVT LTD	74,327
947	N B ROADLINES	10,04,094
948	N JOTHY GRAPHICS INDIA PVT LTD	1,05,639
949	N.K.TEXTILES	7,482
950	N.R.COLOURS LIMITED	4,35,458
951	N.S ENTERPRISES	37,405
952	NAAZ AGENCY	4,34,826
953	NACE INTERNATIONAL INDIA SECTION	2,60,200
954	NAGASE & CO. LTD.	56,72,880
955	NAHATA DATA PRODUCTS	6,656
956	NAMRATA N. MORE	112
957	NAMRATHA OIL REFINERIES PRIVATE LIM	9,16,104
958	NANAK ELECTRIC STORES	7,559
959	NANDAWANA GOODS TRANSPORT CO.	6,859
960	NANDHNI TRAVELS	42,859
961	NANDKUMAR KESHAV UTEKAR	7,960
962	NARAYAN SHANKAR AMBRE	1,140
963	NARESH KUMAR	4,077
964	NARMADA ELECTRIC CORPORATION	21,710
965	NATH CHEMICAL CORPORATION	1,33,492
966	NATH RETAILS PVT LTD	5,494
967	NATIONAL ELEVATOR CO.	45,520
968	NATIONAL POWER SYSTEMS	11,06,100
969	NATIONAL TRADING & FORWARDING	10,08,883
970	NAVATHA ROAD TRANSPORT	1,42,547
971	NAVDEEP CHEMICALS PVT.LTD.	1,64,000
972	NAVEEN SCIENTIFIC TRADERS	23,760
973	NAVI MUMBAI MUNICIPAL CORPORATION	19,807
974	NAVIGATORS LOGISTICS COMPANY	23,80,819
975	NAYAN ENGINEERING	91,936
976	NAYANABEN DINESHBHAI SHAH	2,21,181
977	NEBULA ADVERTISING	23,63,436
978	NEEDS	6,071
979	NEELAM TOURIST TAXI SERVICE	1,78,858
980	NEEMCCO	63,525
981	NEEV ENTERPRISES	23,27,345
982	NETBUSINESS SOLUTIONS INDIA LT	47,200
983	NETWORK 18 MEDIA &	40,001
984	NEW ABHAI TRAVELS	9,579
985	NEW ANAMIKA AGENCIES	2,18,742
986	NEW COLOURS	29,611
987	NEW HORIZON ENTERPRISES	2,81,415



521

Kansai Nerolac Paints Limited
List of Unsecured Creditors as on 30th September, 2019 (Unaudited)

Sr. No.	Name	Amount
988	NEW KRISHNA CATERING SERVICE	3,61,600
989	NEW MALIK TRANSPORT COMPANY	12,16,394
990	NEWTOS ENVIRO ENGINEERING	1,16,000
991	NFX DIGITAL PRIVATE LIMITED	4,20,000
992	NIDHI ENGINEERS	19,831
993	Nidhi Tours & Travels	64,339
994	NIELSEN (INDIA)PRIVATE LIMITED	16,24,881
995	NIHON PARKERIZING INDIA	10,070
996	NIKHIL ADHESIVES LTD.	14,81,844
997	NIKHIL ADHESIVES LTD.	30,26,878
998	NIKHIL ADHESIVES LTD.	28,15,020
999	NIKHIL TRAVELS	3,003
1000	NILKAMAL BITO STORAGE SYSTEMS	40,400
1001	NILKAMAL BITO STORAGE SYSTEMS	2,950
1002	NILKAMAL LIMITED	25,392
1003	NIPPON EXPRESS (INDIA) PVT LTD	40,938
1004	NISHAKANT	1,890
1005	NISHARGH TRAVELS	27,123
1006	NISSI TECH	23,246
1007	NITCO LOGISTICS PVT.LTD.	44,160
1008	NITCO LOGISTICS PVT LTD	5,250
1009	NITCO ROADWAYS LTD	1,654
1010	NITCO ROADWAYS PVT. LTD.,	2,499
1011	Nitin Fire Protection	3,16,286
1012	NOTIONAL CHEMICAL & DYES CO.	66,04,312
1013	NOTIONAL SPECIALITIES	19,48,133
1014	NOURYON CHEMICALS INDIA PRIVATE LIM	22,15,068
1015	NU-AIR ENGINEERING & SYSTEMS	37,825
1016	NU-VU CON-AIR PRIVATE LIMITED	40,946
1017	OM GAGANGIRI HOSPITAL	40,692
1018	OM LOGISTICS LIMITED	7,534
1019	OM LOGISTICS LTD.	52,302
1020	OM SAI ENTERPRISES	2,19,978
1021	OM SAI TOURS & TRANSPORT	171
1022	OMEGA CORPORATION	94,49,318
1023	OMEGA SEALS	15,955
1024	OMYA INDIA PVT LTD	8,98,349
1025	ON TRACK COURIER	10,030
1026	One Card Solution Pvt. Ltd.	53,73,466
1027	ONETOUCH COMPUTER SERVICES	1,58,847
1028	OPTIMISTIC ORGANIC SDN BHD	15,59,520
1029	OPTUS DEVELOPERS	73,950
1030	ORAVEL STAYS PRIVATE LIMITED	6,00,000
1031	Orchid Management Consultancy	18,059
1032	ORION ENGINEERED CARBONS GMBH	44,35,118



922

Kansai Nerolac Paints Limited

List of Unsecured Creditors as on 30th September, 2019 (Unaudited)

Sr. No.	Name	Amount
1033	OXYDE CHEMICALS CHINA LIMITED	1,07,95,893
1034	P & P CONTRACTOR	24,900
1035	P R COATINGS PVT LTD	86,34,755
1036	P.C.CARGO CARRIER	21,567
1037	P.D.SCIENTIFIC INDUSTRIES	1,84,327
1038	P.P. TRANSPORT CORPORATION	26,713
1039	PAC METAL INDUSTRIES	1,58,562
1040	PACIFIC PLASTICS INDUSTRIES PVT. LT	1,463
1041	PADMINI TOUR & TRAVELS	51,140
1042	PAINTWEL COATS	1,019
1043	PAIS AUTO PRIVATE LIMITED	1,00,000
1044	PALLAVI SUPER MARKET	89,404
1045	PALM DRIVE CONDOMINIUM	1
1046	Pan India Recruiters	1,34,947
1047	PANCHADEEP TRAVELS	4,246
1048	PANCHAL ENTERPRISES	8,972
1049	PANDAY CARRIER	639
1050	PANKAJ ARORA	37,733
1051	PAPER CARTONS	41,13,450
1052	PAREKH INTEGRATED SERVICES	9,81,043
1053	PAREKH INTEGRATED SERVICES	17,98,870
1054	PAREKH INTEGRATED SERVICES	2,57,839
1055	PAREKH INTEGRATED SERVICES	4,02,885
1056	PAREKH INTEGRATED SERVICES	7,94,589
1057	PAREKH INTEGRATED SERVICES	5,63,070
1058	PAREKH INTEGRATED SERVICES	4,48,583
1059	PAREKH INTEGRATED SERVICES	2,53,343
1060	PAREKH INTEGRATED SERVICES	3,91,517
1061	PAREKH INTEGRATED SERVICES	4,07,020
1062	PAREKH INTEGRATED SERVICES	5,83,134
1063	PAREKH INTEGRATED SERVICES	15,18,888
1064	PARI ROADLINE	110
1065	PARTHA SARATHI TOUR TRAVEL	20,000
1066	PARUL PARAG PATEL	37,908
1067	PATEL ROADWAYS LIMITED	1,07,451
1068	PATEL ROADWAYS LTD.	5,162
1069	Pathik Roadlines	4,38,040
1070	PATS COMPUTER TECHNOLOGIES	3,30,000
1071	PAWAN HANS LOGISTIC	1,301
1072	PAWAN TANAY ENGINEERING WORKS	1,04,966
1073	PC ENGINEERING CORPORATION	58,760
1074	PCI Pest Control Private timit	27,775
1075	PEARL COMPUTERS	26,305
1076	PENTAGON SYSTEM AND SERVICES PVT LT	40,92,215
1077	PERFECT COURIER SERVICE	17,600

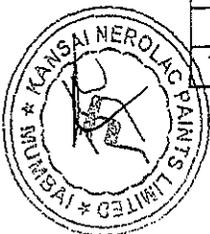


423

Kansai Nerolac Paints Limited

List of Unsecured Creditors as on 30th September, 2019 (Unaudited)

Sr. No.	Name	Amount
1078	PERFECT LOGISTICS	9,94,774
1079	PERSTORP CHEMICALS INDIA PVT. LTD.	2,85,040
1080	PERSTORP AB	1,51,15,564
1081	PHILLIPS CARBON BLACK LTD	7,26,880
1082	PHOOL CHAND GOPAL DAS	21,892
1083	PIDILITE INDUSTRIES LTD.	83,16,920
1084	PIONEER LIME AND MINERALS	33,54,442
1085	PIONEER STATIONERY STORES	25,826
1086	PIVOT METAL CONTACTS	1,20,000
1087	Piyanshu Chemicals Pvt.Ltd.	45,08,700
1088	PIYU CHEM IMPEX P.LTD	36,500
1089	PLASTI PIGMENTS PVT.LTD.	4,22,495
1090	PLATINUM WORLD HOSPITALITY PVT	8,968
1091	PLAZA ADS	4,07,470
1092	POLYGEL INDUSTRIES Pvt Ltd	29,15,597
1093	PON PURE CHEM(P) LTD	11,64,702
1094	PON PURE CHEMICAL INDIA	31,29,329
1095	PON PURE CHEMICAL PVT LTD(MAH)	3,00,876
1096	POOJA ENTERPRISE	1,14,395
1097	POORNARTH SOLUTIONS	27,500
1098	POPULAR PANELS	1,89,871
1099	POSITIVE IMAGES PRIVATE LIMITE	1,11,000
1100	POSITIVE INDUSTRIES	1,82,048
1101	POWER PRINT CARTRIDGES	3,916
1102	POWER TOOLS & INDUSTRIAL CORPN.	53,928
1103	PRADEEP ARTS	12,036
1104	PRADIP KUMAR BOSE	11,700
1105	PRAGATHI FORKLIFTERS	2,33,060
1106	PRAGATI LOGISTICS	1,453
1107	PRAGATI LOGISTICS	27,83,109
1108	PRAKASH FABCON & ENGINEERING PVT.LT	29,184
1109	PRAKRUTHI TRANSPORT	3,826
1110	PRASHANT ROADLINES	12,409
1111	PRASIDDH CONTAINERS PVT LTD	26,81,514
1112	PRASOL CHEMICALS LIMITED	12,45,314
1113	PRATHAMESH TRADELINKS	2,17,079
1114	PRECIA MOLEN INDIA PRIVATE LIMITED	30,26,910
1115	PREM DEEP READYMADES	2,400
1116	PREMIER COLORSCAN INSTRUMENTS PVT L	43,198
1117	PREMIER SOLVENTS PVT.LTD.	6,41,547
1118	PRERANA AMMONIA & CHEMICALS PVT LTD	56,490
1119	PRIDE HOTELS LIMITED	6,90,702
1120	PRIME Co-Op Shoe Indus Ltd	38,350
1121	PRIME REFILING	5,710
1122	PRINCE SCIENTIFIC	3,300



924

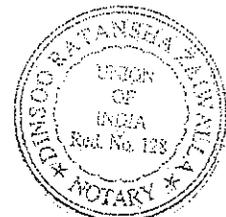
Kansai Nerolac Paints Limited
List of Unsecured Creditors as on 30th September, 2019 (Unaudited)

Sr. No.	Name	Amount
1123	PRINCE TRANSPORT CORPORATION	29,406
1124	PRINTING JUNCTION	54,652
1125	PRIYA INTERNATIONAL LIMITED	9,46,065
1126	PRO PRINTTECH IT SOLUTIONS	3,540
1127	PROCESS PLANTS CORPORATION	3,720
1128	PROCESS TECHNIKA	27,406
1129	PROCHEM TURNKEY PROJECTS PVT LTD	4,42,330
1130	PROCONNECT SUPPLY CHAIN	5,70,617
1131	PROFESSIONAL COURIERS-ALZPJ2747B	91,141
1132	PROGILITY TECHNOLOGIES PRIVATE	20,85,828
1133	PROInfosys	2,11,552
1134	PROMPT SALES CORPORATION	11,020
1135	PROTECH SOLUTIONS	60,000
1136	PROTECTIVE EQUIPMENT CORPORATION	45,120
1137	PRUTHVI INFOTECH	3,500
1138	PRV ENTERPRISES	1,74,738
1139	PT.DIACHEM RESINS INDONESIA	1,34,87,104
1140	PUBLICIS COMMUNICATIONS PVT. LTD	25,43,378
1141	Pune Techtrol Pvt. Ltd.	65,324
1142	PUNEET ENTERPRISES	1,08,855
1143	PUNJAB BUREAU OF INVESTMENT	90,000
1144	PUNJAB PAINT COLOUR & VARNISH WORKS	40,72,439
1145	PUSH & PULL SERVICES	13,873
1146	PUSHPAK COURIER	61,254
1147	PUYANG HUICHENG ELECTRONIC	22,54,560
1148	PVR LIMITED	50,375
1149	PYARA LAL KAPUR & SONS	9,794
1150	QODENEXT INDIA PRIVATE LIMITED	40,400
1151	QUADRANT TELEVENTURES LTD	67,700
1152	QUALITY METALS	67,716
1153	QUALITY OFFICE EQUIPMENTS	5,454
1154	QUANTUM TECHNOLOGIES & SERVICES	5,500
1155	QUESS CORP LIMITED	39,950
1156	QUESS CORP LIMITED	2,30,969
1157	QUESS CORP LIMITED	44,20,286
1158	R J INDUSTRIAL SOLUTION	320
1159	R J Logistics	1,58,80,516
1160	R K COMPUTER	25,000
1161	R K ENTERPRISES	1,00,000
1162	R K ROADLINES	7,19,621
1163	R. K. DEWAN & Co.	67,000
1164	R.D. LOGISTICS	18,11,503
1165	R.D.KARANDIKAR	1,44,000
1166	R.H. Decorators	5,32,718
1167	R.K.CONTROL INSTRUMENTS PVT LTD.	14,250



Kansai Nerolac Paints Limited
List of Unsecured Creditors as on 30th September, 2019 (Unaudited)

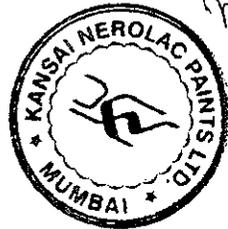
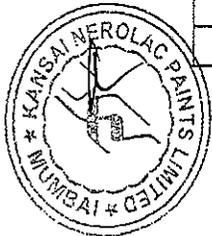
Sr. No.	Name	Amount
1168	R.K.ELECTRICAL INDUSTRIES	24,529
1169	R.K. ENTERPRISES	13,770
1170	R.K.GRAND VEG RESTAURANT	1,54,569
1171	R.K.V.CARGO MOVERS (P) LTD	21,97,097
1172	R.NAGARDAS & CO.	16,07,337
1173	R.S.DOOARS CARRIERS	41,319
1174	RACCON UTILITY SERVICES.	6,25,890
1175	RACHANA DEVELOPERS	1,13,860
1176	RACHANA SPEED LOGISTICS	13,61,936
1177	RACHANA SPEED LOGISTICS	16,38,196
1178	RACHANA SPEED LOGISTICS	1,79,248
1179	RACHANA SPEED LOGISTICS	2,81,910
1180	RACHANA SPEED LOGISTICS	54,53,168
1181	RACHANA SPEED LOGISTICS	7,61,671
1182	RACHANA SPEED LOGISTICS	7,57,449
1183	RACHANA SPEED LOGISTICS	17,23,074
1184	RADIANT CHEMICALS	85,17,032
1185	RADIANT HR SERVICES	19,992
1186	RADIANT INKS & COATINGS	3,735
1187	RADIANT POLYCHEM PVT.LTD.	3,65,063
1188	RAHUL SOHAN MEDICAL STORES	46
1189	Rahul Sweets & Namken	1,03,217
1190	RAHUL TRANSPORT COMPANY	59,942
1191	RAIGAD GASES	39,892
1192	RAJ GROUP ENGINEERING	3,12,760
1193	RAJASTHAN BARYTES LTD	8,78,850
1194	RAJASTHAN BARYTES LTD.	14,21,355
1195	RAJDHANI CARRYING CORPORATION	8,256
1196	Rajdhani Electric & Hardware	11,565
1197	Rajendra Mittal Construction	2,42,779
1198	Rajendra Mittal Construction	2,28,702
1199	Rajendra Mittal Construction	18,52,923
1200	RAJESH KUMAR SINGH	11,62,512
1201	RAJIV INDUSTRIES	21,96,000
1202	RAKHANGI GAS SERVICE	65,901
1203	RAM GANGA TRANSPORT AGENCY	40,77,221
1204	RAM INDUSTRIES & MILL STORES	24,483
1205	RAMA LOGISTICS	450
1206	RAMCHANDRA SERVICES	20,000
1207	RAMDEV CHEMICAL INDUSTRIES	30,37,476
1208	RAMESH KUMAR & COMPANY	75,82,901
1209	Ramkrishna Gangadhar Puranik	1,25,900
1210	RAMNATH FILTRATION SYSTEMS	93,290
1211	RAMRAJA TRAVELS POINT	29,589
1212	RANDSTAD INDIA LIMITED	5,899



426

Kansai Nerolac Paints Limited
List of Unsecured Creditors as on 30th September, 2019 (Unaudited)

Sr. No.	Name	Amount
1213	RANDSTAD INDIA PRIVATE LIMITED	77,842
1214	RASHTRIYA CHEMICALS & MINERALS	13,94,575
1215	RAVESHIA COLOURS PVT. LTD.	6,22,040
1216	RAVESHIA PIGMENTS LIMITED	84,05,088
1217	RAVI ENGINEERING	16,300
1218	RAVI INTEGRATED LOGISTICS	11
1219	RAVI SHANKAR GUPTA	59,500
1220	RAWAL OIL CARRIER	36,000
1221	RAYMER ENGINEERING CORPORATION	2,12,800
1222	RCIL A/C RIS	14,68,244
1223	REAL CREATION & ADVERTISEMENT	18,360
1224	REAL SHOW	8,000
1225	RED ARROWS	1,65,505
1226	REDA CHEMICALS INDIA PRIVATE LIMITE	3,25,780
1227	REFLEX TECHNOLOGIES PVT LTD.	1,59,275
1228	Registrar, IIT Bombay	18,500
1229	RELIABLE TERRESTRIALS	1,856
1230	RELIABLE INDUSTRIES	1,29,172
1231	RELIABLE ROAD WINGS PVT.LTD	30,545
1232	Reliable Services	18,855
1233	Reliable Services	24,300
1234	RELIABLE THERMAL ENGINEERS	12,843
1235	RELIANCE COMMUNICATION LTD	10,000
1236	RELIANCE INDUSTRIES LIMITED	2,80,89,182
1237	RELIANCE INDUSTRIES LIMITED	11,16,720
1238	RELIANCE RETAIL LIMITED	5,337
1239	Reliance Retail ltd	10,962
1240	Renganayaki Papers Private Ltd	42,40,444
1241	RENNAAISSANCCE SAROVAR PORTICO	20,895
1242	RENTOKIL INITIAL HYGIENE INDIA	3,300
1243	RENUKABEN SURESHBHAJ SHAH	75,200
1244	RESINS & PLASTICS LTD.	13,88,470
1245	RESINS AND PLASTICS LTD	11,42,992
1246	RHD LOGISTICS	16,02,939
1247	RIANLON TECHNOLOGY COMPANY LIMITED	25,61,656
1248	RISHABH AUTOCONTROLS	17,000
1249	RISHI TECHTEX LTD	28,489
1250	RISHICHEM DISTRIBUTORS PVT. LTD.	84,95,734
1251	RITCO TRANSPORT SERVICE	3,52,573
1252	Rivigo Services Private	1,18,88,566
1253	RNS LOGISTICS	32,250
1254	ROAD KINGS PVT LTD	47,759
1255	ROAD KINGS TRANSPORT	6,42,106
1256	ROHIT KUMAR	28,323
1257	ROMA ORGANICS PVT. LTD.	2,02,370

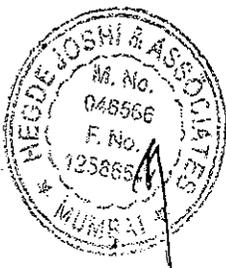


Kansai Nerolac Paints Limited

List of Unsecured Creditors as on 30th September, 2019 (Unaudited)

427

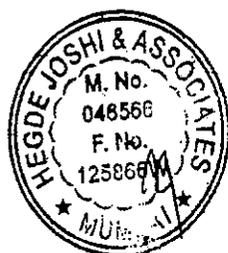
Sr. No.	Name	Amount
1258	RONAK CHEMICALS	23,249
1259	ROTEX CONTROLS	1,90,000
1260	ROYAL ROADLINES	48,272
1261	RUCHI ENTERPRISE	43,715
1262	RUDRAKSH	2,383
1263	Rumao Electricais	88,021
1264	RUPALI ENTERPRISE	51,80,632
1265	RUTURAJ ENTERPRISE	36,091
1266	RYM INCORPORATION	43,689
1267	S A PROMOTIONS	84,270
1268	S A TRADING COMPANY	3,74,957
1269	S B S TRAVELS	31,350
1270	S D ENTERPRISES	62,332
1271	S D KATYAL	7,425
1272	S R P ENGINEERS	14,520
1273	S.A.P SECURITY SOLUTIONS	12,167
1274	S.K.TRADERS	1,96,537
1275	S.R.M.T. TRANSPORT	3,96,077
1276	S.S.GUPTA	2,26,800
1277	SAAI TRANSPORT	4,26,832
1278	SABIC ASIA PACIFIC PTE LTD	34,27,200
1279	SACHIN CHEMICAL	22,60,800
1280	SACHIN K CHAVAN & CO.	17,432
1281	SADGURU SAHAWAS PRAKASHAN	6,000
1282	SAFEXPRESS PVT. LTD	2,784
1283	SAFEXPRESS PVT LTD	37,86,871
1284	SAHOO MEDIA TRANSPORT	1,96,143
1285	SAI BABA POLYMERS TECH PVT LTD	1,11,14,158
1286	SAI BABA POLYMERS TECH PVT LTD	2,11,91,518
1287	SAI KRUPA ENTERPRISES	29,223
1288	SAIBABA Polymer Technologies	20,405
1289	SAIPER CHEMICALS PVT. LTD.	34,07,201
1290	Sairam Polymer Industries	10,350
1291	SAIRAM FURNITURE	5,490
1292	SAITECH HVAC PROJECTS (P) LTD.	8,65,963
1293	SAKET MARINE ENGINEERS	8,53,363
1294	SALOKHE TRAVELS	3,225
1295	SAMARTH-OFFSET	5,856
1296	SAMBHU YADAV	70,566
1297	SAMEER ENTERPRISES	1,55,345
1298	SAMES KREMLIN PVT.LTD.	51,098
1299	SAMRIDDHI INTERNATIONAL INC.	2,53,626
1300	SAMTECH ENGG Services P Ltd	89,742
1301	SANA SALIM HAKIM	2,400
1302	Sandhu Transport Co.	14,97,516



928

Kansai Nerolac Paints Limited
List of Unsecured Creditors as on 30th September, 2019 (Unaudited)

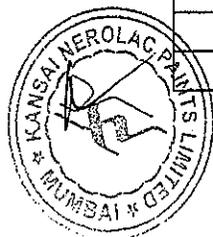
Sr. No.	Name	Amount
1303	SANDHYA ORGANICS CHEMICALS	45,200
1304	SANGAM HARDWARE & ELECTRIC STORE	55,928
1305	SANJANA ENTERPRISES	1,68,025
1306	Sanket Transport Service	6,861
1307	Sanmati Enterprises	25,50,835
1308	SANTOSH ROADWAYS	2,31,745
1309	SANTOSH ROADWAYS	23,720
1310	SAP INDIA PVT.LTD.	1,58,444
1311	SAPTAGIR CAMPHOR LIMITED	29,02,626
1312	SARAA LOGISTICS	5,70,865
1313	SARAF & ASSOCIATES	3,000
1314	SARASWATI ENGINEERING LIMITED	5,36,712
1315	SARASWATI SCIENTIFIC SURGICAL	96,000
1316	SARCO ROADLINES PVT. LTD.	39,004
1317	SARJEET ELECTRIC WORKS	37,725
1318	SAT INFOTECH PVT. LTD.	48,680
1319	SATGURU OILS PVT LTD	98,08,702
1320	SATISH JAISWAL ENTERPRISES	51,276
1321	SAURADIP CHEMICAL INDUSTRIES P.LTD.	5,61,798
1322	SAURASHTRA SYSTOPACK PVT. LTD.	1,760
1323	SAVINO MICRON (I) PVT. LTD.	40,12,293
1324	Saviour Pumps and Industries	11,563
1325	SB QUALITY SOLUTIONS	1,05,501
1326	SBS TESTING STUDIO	1,07,700
1327	SCHLENK METALLPULVER GMBH & CO.KG	23,33,669
1328	SCHOLASTIC	6,816
1329	SCRUM SYSTEMS PRIVATE LIMITED	7,22,960
1330	SD INFRA & MEP SERVICES	4,12,652
1331	SE TYLOSE GmbH & CO.	2,85,93,000
1332	Searce Cosourcing Services	22,000
1333	SECURITY GUARDS BOARD FOR BRIHAN	4,52,338
1334	SELLINGO SOLUTIONS	1,26,605
1335	SERVICE MASTER CLEAN Ltd	43
1336	SET SQUARE GIFTING LLP	2,94,409
1337	SEVENTH SENSE	3,33,750
1338	SGS INDIA PRIVATE LTD.	2,700
1339	SGS India Pvt.Ltd.	8,640
1340	SHAH ASSOCIATIES	28,89,226
1341	SHAH C J WORLD LLP	59,16,528
1342	SHANDONG DONGJIA GROUP CO., LTD.	1,53,06,400
1343	SHANDONG YUANLI SCIENCE AND	25,42,595
1344	SHANKAR GOLDEN TRANSPORT CO	1,300
1345	SHANTI INDUSTRIAL CORPORATION	42,100
1346	Shanti Swaroop	6,27,139
1347	SHANTILAL RAMJI & CO.	1,24,352



929

Kansai Nerolac Paints Limited
List of Unsecured Creditors as on 30th September, 2019 (Unaudited)

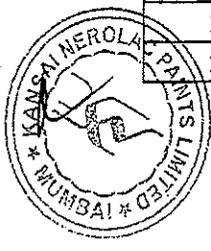
Sr. No.	Name	Amount
1348	SHARMA ENGG. & FABRICATION	55,210
1349	SHARMA HARDWARE & IRON STORE	31,075
1350	SHAURYA AND COMPANY	3,16,050
1351	Shayona Consultants	48,331
1352	SHEEL SCIENTIFIC SUPPLIERS	16,780
1353	SHEETAL PARIVAHAN	5,39,299
1354	SHEETAL PARIVAHAN	1
1355	SHITAL SCIENTIFIC INDUSTRIES	74,223
1356	SHITALA SHARAD TRANSPORT CO.	9,890
1357	SHIV METAL CONTAINERS	42,06,910
1358	SHIV RAM DANGI	11,029
1359	SHIV SHAKTI TRADING	5,200
1360	SHIV SHAMBHU ROADWAYS	11,525
1361	SHIV SHANKAR FREIGHT CARRIER	55,680
1362	SHIVA CARGO MOVERS	58,320
1363	SHIVA INTERNATIONAL	5,86,463
1364	SHIVAM COMTRADE	9,44,663
1365	SHIVAM DISTRIBUTORS	64,417
1366	SHIVAM OILS & PROTEINS INDUSTRY	36,39,828
1367	SHIVANI AGENCY	4,938
1368	Shivneri Tempo Service	1,12,192
1369	SHIVOM LOGISTICS	1,80,47,581
1370	SHIVPRASAD ENTERPRISES	3,10,436
1371	Shivraj Drums & Containers Pvt	6,68,052
1372	SHOBI ENTERPRISES	7,64,306
1373	SHRAMIK ENTERPRISE	65,422
1374	SHRAVANI TOURS & TRAVELS	8,899
1375	Shree Chemical	1,468
1376	SHREE AMBICA LOGISTICS	1,04,038
1377	SHREE BALAJI MOBILE	3,20,810
1378	SHREE BHARAT ROADWAYS	2,91,872
1379	SHREE DURGA ENTERPRISES	4,09,631
1380	SHREE DURGA ENTERPRISES	32,67,476
1381	SHREE DURGA TRADING COMPANY	1,15,704
1382	SHREE ENTERPRISE	1,10,513
1383	SHREE GANESH TRANSPORT	4,71,036
1384	SHREE HARI PETROLEUM	10,369
1385	SHREE JI ROADLINES	8,075
1386	SHREE N M Electricals Ltd	5,40,356
1387	SHREE NAKODA WAREHOUSE	14,850
1388	SHREE RADHABALLABH ROADWAYS	3,180
1389	SHREE RADHEY ROADLINES	57,167
1390	SHREE RANG ASSOCIATE	29,518
1391	SHREE RANG AVDHUT DAIRY	9,726
1392	Shree Sadguru Enterprises	1,10,791



430

Kansai Nerolac Paints Limited
List of Unsecured Creditors as on 30th September, 2019 (Unaudited)

Sr. No.	Name	Amount
1393	SHREE SAMARTH ENGINEERS	10,55,508
1394	SHREE SANKALPA INDUSTRIES	19,046
1395	Shree Shantadurga Engineers	7,080
1396	SHREE TRACTORS	2,637
1397	SHREE VENKATESHWARAA MESS	3,62,359
1398	SHRI BALAJI ROAD LINES (HUBLI)	1
1399	Shri Padamprabhu Transport	77,403
1400	SHRI RAM ENTERPRISES	1,22,894
1401	SHRI RAM INDUSTRIAL FIRE &	15,400
1402	SHRI SHYAM LOGISTICS	10,71,644
1403	SHRINATH SOMANI GOODS TRANSPORT CO.	111
1404	SHRINIWAS TIN INDUSTRIES PVT LTD	4,69,054
1405	SHRIRAM INSTITUTE FOR INDUSTRIAL	2,500
1406	Shrusti Chemical Products	18,250
1407	Shubham Medicos	9,270
1408	SHYAM CARGO MOVERS	2,44,115
1409	SHYAM SUNDAR ROADWAYS	76,090
1410	SI GROUP INDIA LTD	10,94,096
1411	SIDDHI VINAYAK PACKAGING INDUSTRIES	1,03,277
1412	SIFY TECHNOLOGIES LTD	25,08,179
1413	SIFY TECHNOLOGIES LTD	1,14,948
1414	SIFY TECHNOLOGIES LTD	1,32,121
1415	SIFY TECHNOLOGIES LTD	12,052
1416	SIFY TECHNOLOGIES LTD	1,44,156
1417	SIFY TECHNOLOGIES LTD	9,552
1418	SIFY TECHNOLOGIES LTD	4,57,466
1419	SIFY TECHNOLOGIES LTD	1,44,934
1420	SIFY TECHNOLOGIES LTD	47,552
1421	SIFY TECHNOLOGIES LTD	63,470
1422	SIFY TECHNOLOGIES LTD	34,162
1423	SIFY TECHNOLOGIES LTD	75,000
1424	SIFY TECHNOLOGIES LTD	50,922
1425	SIFY TECHNOLOGIES LTD	54,111
1426	SIFY TECHNOLOGIES LTD	27,603
1427	SIFY TECHNOLOGIES LTD	46,104
1428	SIFY TECHNOLOGIES LTD	9,552
1429	SIFY TECHNOLOGIES LTD	2,82,785
1430	SIFY TECHNOLOGIES LTD	3,50,282
1431	SIFY TECHNOLOGIES LTD	32,803
1432	SIFY TECHNOLOGIES LTD	43,803
1433	SIFY TECHNOLOGIES LTD	1,98,118
1434	SIFY TECHNOLOGIES LTD	1,10,978
1435	SIFY TECHNOLOGIES LTD	19,104
1436	SIFY TECHNOLOGIES LTD	33,655
1437	SIGMA GASES & SERVICES.	1,17,150



531

Kansai Nerolac Paints Limited
List of Unsecured Creditors as on 30th September, 2019 (Unaudited)

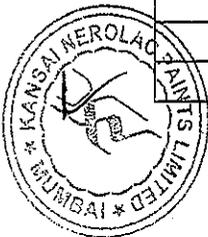
Sr. No.	Name	Amount
1438	SILBERLINE ASIA PACIFIC INC.	21,23,031
1439	SILK ROUTE MEDIA	1,41,580
1440	SINGHAL CARRIERS	1,056
1441	SIRIRAM FILTRATION & ENGINEERING	84,600
1442	SITARAM CHEMICALS	12,88,560
1443	SKU ENTERPRISES LLP	69,71,091
1444	SKUS INFINITE	1,27,200
1445	SKUs INFINITE	1,54,686
1446	SKYBOARD MEDIA	4,50,000
1447	SKYLAND TRANSPORT LIMITED	52,819
1448	Skylark Electricals	12,378
1449	SNA ENGINEERING SOLUTIONS	8,43,830
1450	SNF (INDIA) PRIVATE LIMITED	33,78,160
1451	SOFTWARE SMITHS	25,000
1452	SOHAN DYE CHEM PVT. LTD.	21,27,540
1453	SOJITZ CORPORTION	6,09,79,087
1454	SOJITZ INDIA PVT.LTD.	67,63,200
1455	SOLTECH PUMPS & EQUIPMENT PVT	21,096
1456	SOLVAY SPECIALITES INDIA PVT	70,720
1457	SOMU SOLVENTS PVT. LTD.,	1,91,160
1458	SONA SHIPMENT	1,52,669
1459	SONALAC PAINTS & COATINGS LTD	48,86,940
1460	SONALAC PAINTS AND COATINGS LIMITED	52,29,981
1461	Songwon International AG	2,56,82,600
1462	Soujanya Color Pvt. Ltd. Unit III	87,50,164
1463	SOUTH WEST LOGISTICS	1,77,315
1464	SOVEREING ENTERPRISES	2,38,242
1465	Spacotech Equipments & Structural	92,500
1466	SPAK ORGOCHEM (INDIA) PVT.LTD.	1,90,680
1467	SPAN CHEMICALS (AHMEDABAD)	1,54,74,472
1468	Spark Sales	3,62,400
1469	SPATIAL ACCESS MEDIA SOLUTIONS PVT	10,00,000
1470	SPECIALITY INDUSTRIAL POLYMERS	90,09,261
1471	SPECIALITY INDUSTRIAL POLYMERS &	31,90,374
1472	SPECIALTY CHEMICALS & POLYMERS	10,510
1473	SPECTRA COLOURTECH INDIA PVT. LTD.	39,12,000
1474	SPECTRA CONNECTRONICS LLP	33,000
1475	SPECTRA LAB INSTRUMENTS PVT LTD	8,930
1476	SPECTRA SPECIALITIES	1,59,82,055
1477	SPECTRUM LOGISTICS	7,89,770
1478	SPEED SEARCH & SECURITY	2,84,400
1479	Speed Transport	57,39,395
1480	SPICELAND HOLIDAYS AND ENT P L	27,342
1481	SPOTON LOGISTICS PRIVATE LIMITED	1,17,337
1482	SPOTON LOGISTICS PRIVATE LTD	1,946



432

Kansai Nerolac Paints Limited
List of Unsecured Creditors as on 30th September, 2019 (Unaudited)

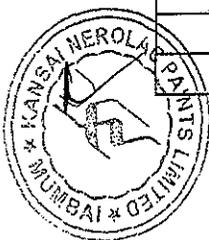
Sr. No.	Name	Amount
1483	Spraytech systems (India)Pvt.l	85,025
1484	SRI SMRR TRAVELS	9,320
1485	SRI & SRI IMPEX	43,822
1486	SRI DECORS	1,802
1487	SRI RAM FLUORINE CHEMICALS	80,400
1488	SRI VENKATESWARA TRANSPORT AGENCY	2,98,802
1489	SRIRAM ENTERPRISES	5,76,228
1490	SRL Diagnostics Pvt. Ltd.	10,000
1491	SSB ENTERPRISES	2,50,771
1492	STAR SALES STATIONARY	26,580
1493	STARTREK LOGISTICS PRIVATE LIMITED	2,86,085
1494	STATE INDUSTRIES PROMOTION-	1,97,768
1495	STATIC EARTHING SOLUTIONS P. LTD	8,640
1496	STEP UP PLACEMENTS	2,24,078
1497	STERLING AND WILSON POWERGEN	49,144
1498	STERLING AND WILSON PVT. LTD	3,85,910
1499	STERLING AND WILSON PVT. LTD	8,49,253
1500	STERLING AND WILSON PVT. LTD	1,65,769
1501	STERLING AND WILSON PVT. LTD	4,03,141
1502	STERLING VENTURE	3,07,200
1503	SUBLIME MICA EXPORT	3,49,860
1504	SUDARSHAN CHEMICAL IND.LTD.	2,50,65,314
1505	SUDHIR POWER LTD.	99,500
1506	SUDHIR POWER PROJECTS LIMITED	97,441
1507	SUDHIR ROAD TRANSPORT CORPORATION	46,181
1508	SUHAS TRANSPORT	78,79,812
1509	SUMITOMO CORPORATION ASIA & OCEANIA	4,37,12,025
1510	SUMITTO INDUSTRIES	2,71,217
1511	SUN-DEEP SCIENTIFIC	11,215
1512	SUNIL ENTERPRISES	35,100
1513	SUNRISE SERVICES	3,180
1514	SUNRISE SERVICES	2,942
1515	SUNSHIELD CHEMICALS LTD.	89,52,188
1516	SUPER CARE CATERING SERVICES	3,26,571
1517	SUPER ENGINEERING WORKS	11,000
1518	SUPER SERVICES	2,73,934
1519	SUPREME PETROCHEM LIMITED	53,10,538
1520	SUPREME PETROCHEM LTD(GUJ)	1,85,95,870
1521	SUPREME PETROCHEM LTD.	67,55,774
1522	SURAJ AIR (INDIA) PVT. LTD.	3,60,991
1523	SURAT GOODS TRANSPORT pvt.ltd.	11,24,125
1524	Suresh Engineering	7,434
1525	SURYA ROAD CARRIERS	6,55,903
1526	SUVIDA DRUMS	1,88,719
1527	SUZLON ENERGY LIMITED	2,10,82,008



433

Kansai Nerolac Paints Limited
List of Unsecured Creditors as on 30th September, 2019 (Unaudited)

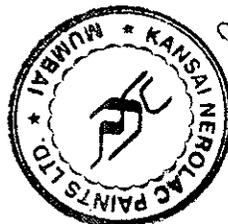
Sr. No.	Name	Amount
1528	SUZLON GUJARAT WIND PARK LTD	90,85,932
1529	SVAM POWER PLANT PVT.LTD.	25,455
1530	SWAMY & SONS	1,88,340
1531	SWAMY SONS (AGENCIES) PVT LTD	3,16,707
1532	SWAMY SONS AGENCIES PVT. LTD.	5,61,491
1533	SWAPN	2,65,874
1534	SWASTIK ENGINEERING & ASSOCIATES	3,88,111
1535	Swetha Paints	1,31,555
1536	SWIFT PLACEMENTS	65,016
1537	SYNTHESE(THAILAND) CO. LTD	1,00,39,280
1538	SYSTEM ENGINEERING WORKS	51,314
1539	Talisman ThermoCure Powder	14,35,601
1540	TANVI WATER SUPPLIER	10,440
1541	TARAK CHEMICALS PVT LTD	69,384
1542	TARUN ENGINEERING WORK	6,34,656
1543	TATA COMMUNICATIONS LIMITED	10,89,706
1544	TATA CONSULTING ENGINEERS	60,39,606
1545	Tata Teleservices (Maharashtra) Ltd	29,500
1546	TATA TELESERVICES LTD	14,364
1547	TATA TELESERVICES LTD.	848
1548	TATA TELESERVICES(MAHARASHTRA)LTD.	90,000
1549	TATVA CHINTAN PHARMA CHEM	3,88,073
1550	TCI EXPRESS LIMITED	3,03,496
1551	TCI EXPRESS LIMITED	3,949
1552	TCI EXPRESS LIMITED	14,897
1553	TEAM COMPUTERS PVT LTD	3,60,000
1554	TECH CONTROL SYSTEM PVT LTD	2,52,662
1555	TECHCOM SYSTEMS	50,000
1556	TECHNICHEM ORGANICS	12,55,520
1557	TECHNO IMAGING	76,320
1558	TECHNO SIGN DIGITAL	43,152
1559	TECH-POWER (Huangshan) LTD	52,66,555
1560	TEJ COURIER-AAACG6594Q	26,340
1561	TEJAS ENTERPRISES	83,626
1562	TELCO FIRST	4,59,540
1563	TEMPFROST ENTERPRISES	1,70,627
1564	TEXAS INFOSOLUTIONS	27,500
1565	TEZPUR ROAD LINK	8,93,093
1566	TEZPUR ROADWAYS	19,064
1567	TEZPUR TRANSPORT CO	30,223
1568	THAI YONEI (THAILAND) CO., LTD	54,26,444
1569	THARANI ENTERPRISES	1,833
1570	THE GOOD EARTH CHEMICALS (INDIA)	1,39,655
1571	THE INSTITUTE OF CHILD HEALTH	1,60,000
1572	THE KOUYOH TRADING CO., LTD	36,33,666



434

Kansai Nerolac Paints Limited
List of Unsecured Creditors as on 30th September, 2019 (Unaudited)

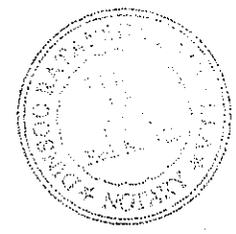
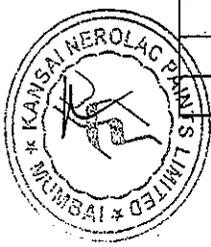
Sr. No.	Name	Amount
1573	THE METAL POWDER CO LTD	7,71,225
1574	THE MIRADOR	11,800
1575	THE NEW INDIA ASSURANCE CO LTD	20,343
1576	THE PROFESSIONAL COURIER-AABPC7090D	1,198
1577	THE PROFESSIONAL COURIER-AABPC7090D	5,000
1578	THE PROFESSIONAL COURIER-AJIPS0940E	4,735
1579	THE PROFESSIONAL COURIERS	430
1580	THE SENTINEL	65,785
1581	THE SOLUTION	1,16,064
1582	THE TATA PIGMENTS LTD.	20,58,451
1583	THERMODYNAMIC SERVICES	76,373
1584	THERMOSYSTEMS PVT LTD	41,75,135
1585	THERMOTECH ENGINEERING (PUNE)	2,90,000
1586	THOMAS COOK (INDIA) LTD.	19,18,233
1587	THURS ORGANICS PRIVATE LIMITED	9,22,229
1588	TIGER ENTERPRISES	18,47,515
1589	TIME TECHNOPLAST LTD	15,43,140
1590	TIME TECHNOPLAST LTD	11,89,500
1591	TIME TECHNOPLAST LTD	32,01,544
1592	TOPS SECURITY LIMITED	212
1593	TOYAL MMP INDIA PRIVATE LIMITED	93,69,085
1594	Transcon Service Equipments	7,454
1595	TRANSPEK-SILOX INDUSTRY LIMITED	35,74,083
1596	TRANSPEK-SILOX INDUSTRY PVT.LT	17,37,460
1597	TRANSPORT CORPORATION OF INDIA LTD	41,87,397
1598	TRAVEL INFO CENTRE	19,890
1599	TRAVEL POINTS	74,608
1600	TREEHOUSE HOTEL CLUB AND SPA	67,018
1601	TREHAN PROMOTERS & BUILDERS	1,172
1602	TRIBHOVANDAS BHIMJI ZAVERI LTD	1,01,056
1603	TRICON ENERGY INDIA PVT. LTD	9,09,150
1604	TRIDEV RESINS (INDIA) PVT. LTD	6,62,688
1605	TRIDEV TRUCKERS & DISTRIBUTORS	9,33,855
1606	TRIMATICS ENGINEERS	7,720
1607	TRISHUL ENTERPRISES	2,12,002
1608	TRONOX PIGMENTS LIMITED	7,26,55,842
1609	TROPICAL STAINLESS	19,895
1610	TSR DARASHAW CONSULTANTS PVT	6,17,140
1611	TSR DARASHAW LTD.	43,586
1612	TULSHI QUALCRETE	1,320
1613	UDDHAV REALTECH PVT LTD	33,036
1614	UGO FLEET SOLUTIONS PVT LTD	1,327
1615	UGO LOGISTICS PVT LTD	17,92,811
1616	ULTIMATE CHEM INDIA	39,89,842
1617	ULTRAMARINE & PIGMENTS LTD	2,25,144



435

Kansai Nerolac Paints Limited
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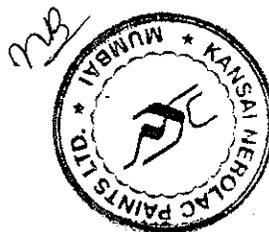
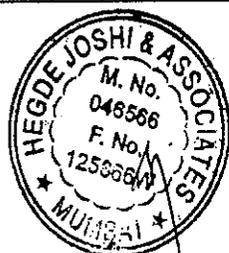
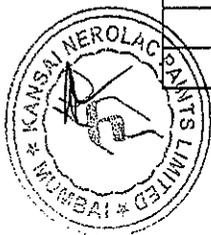
Sr. No.	Name	Amount
1618	UMANG ASSOCIATES PRIVATE LIMITED	25,520
1619	UNION ENTERPRISES PVT.LTD.	86,874
1620	UNIQUE ENTERPRISES	49,49,370
1621	UNIQUE SPECIALITY CHEMICALS	28,674
1622	UNITED REFRIGIRATION WORKS	38,869
1623	UNITED ROAD LINK	9,539
1624	UNITED SQUARES PVT LTD	1,20,181
1625	UNITOP CHEMICALS PVT LTD	7,36,320
1626	UNIVERSAL GOODS TRANSPORT CO.	7,540
1627	UNIVERSAL ANALYTICAL LAB	1,53,005
1628	UNIVERSAL ARTS	21,669
1629	UNIVERSAL BIOFUELS PVT. LTD.	9,32,696
1630	UNIVERSAL COMFORT SYSTEMS	13,081
1631	UNIVERSAL CONTAINERS PVT LTD	29,63,144
1632	UNIVERSAL CONTAINERS PVT.LTD.	63,777
1633	USHA FIRE SAFETY EQUIPMENTS	54,339
1634	USHA INTERNATIONAL LIMITED	76,907
1635	USHA INTERNATIONAL LTD	3,12,001
1636	UTKAL TRAVELS	40,433
1637	V C SHAH PATEL SERVICES	4,02,894
1638	V P LOGISTICS	10,142
1639	V S ELECTRICALS	60,988
1640	V. DESAI COLORS PVT . LTD	39,169
1641	V.K.SALES CORPORATION	7,32,530
1642	V.M.CONTAINERS PVT. LTD.	20,66,077
1643	V.P.S.TRANSPORT	36,034
1644	VALASE ROADLINES	1,26,480
1645	VAPI PIGMENTS PVT. LTD.	67,80,180
1646	VARAD TRANSPORT	28,03,986
1647	VARMA HOIST SERVICES	52,500
1648	VARMORA PLASTECH	1,32,292
1649	VEDANT EQUIP SALES AND SERVICE	1,72,497
1650	VEGA CHEMICALS	26,57,081
1651	VELOGIC INDIA PVT.LTD.	3,48,158
1652	VENATOR ASIA SDN BHD	5,84,85,200
1653	VENCOREX (THAILAND) CO. LTD.	84,97,680
1654	VENCOREX FRANCE	1,04,88,011
1655	VENDOR FOR EXPENSES - WITHOUT TDS	35,13,057
1656	VENKATARAMANAN ASSOCIATES	5,31,000
1657	VENUS PETROCHEMICALS (BOM) PVT.LTD.	9,15,867
1658	VERMMILLION COMMUNICATION	25,000
1659	VIBGYOR CONSULTING	3,12,161
1660	VIBGYOR CREATIONS	55,854
1661	VICTOR AGENCIES	1,17,500
1662	VICTOR INDIA	17,000



936

Kansai Nerolac Paints Limited
List of Unsecured Creditors as on 30th September, 2019 (Unaudited)

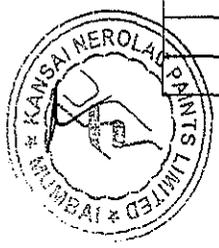
Sr. No.	Name	Amount
1663	VIJAY GOODS FORWARDING AGENCIES	776
1664	VIJAY PARIVAHAN	10,981
1665	Vikram Plasticizers	33,29,080
1666	VIMAL INTERTRADE P LTD(GUJ)	14,70,870
1667	VIMAL INTERTRADE PVT. LTD.	1,70,310
1668	VIMAL KUMAR	2,221
1669	VINATI ORGANICS LIMITED	18,55,017
1670	VINAYAK INFO SOLUTIONS	1,24,723
1671	VIP INDUSTRIES LIMITED	1,04,343
1672	VIRAAT AUTHENTICATION SYSTEMS	2,937
1673	VIREN ENGINEERS	1,30,338
1674	VIRENDER TOURIST TAXI SERVICE	77,227
1675	VISCUS OILS {P} LTD.	47,31,560
1676	VISEN INDUSTRIES LIMITED	8,11,562
1677	VISEN INDUSTRIES LIMITED	1,39,96,004
1678	VISHAL KRISHNA PANDEY	24,000
1679	VISHAL PLASTICS	5,58,525
1680	VISHNU ENTERPRISES-AGPPB2872A	5,23,932
1681	VISHWA WATER SUPPLIERS-ASLALI	4,046
1682	VISION GROUP	15,252
1683	VITTHAL LOGISTICS-GUJARAT	4,49,551
1684	VITTHAL LOGISTICS--HUF-TRANS-G	31,25,029
1685	VIVEK BAJAJ	1,38,612
1686	VIWA DRY MIX PRIVATE LIMITED	72,99,638
1687	VIWA DRYMIX PRIVATE LIMITED	82,20,897
1688	VIWA DRYMIX PRIVATE LIMITED	19,87,700
1689	YATRA ONLINE PRIVATE LIMITED	(13,25,245)
1690	VJ TRADERS	71,449
1691	VODAFONE CELLULAR LTD	457
1692	VODAFONE INDIA LIMITED	2,24,182
1693	VOLGA TRADELINK	6,300
1694	Voxco Pigments and Chemicals	2,24,67,289
1695	VR MINERALS	66,750
1696	VRL LOGISTICS LTD	1,08,949
1697	V-TRANS (INDIA) LTD.	14,974
1698	W R TALWALKER BROTHERS PVT LTD	15,000
1699	W.R Magnus INC	4,31,336
1700	WACKER METROARK CHEMICALS LTD	38,05,616
1701	WAH&GURU TRAVELS	1,81,940
1702	WALISHETTY TRANSPORT	63,09,212
1703	WALPLAST PRODUCTS PVT.LTD.	4,07,100
1704	WANHUA INTERNATIONAL (I) PVT.LTD.	40,40,320
1705	WEARTECH ENGINEERS PRIVATE LTD	8,260
1706	WebEx Communications India Pvt	25,000
1707	WEP SOLUTIONS LTD	1,454



937

Kansai Nerolac Paints Limited
List of Unsecured Creditors as on 30th September, 2019 (Unaudited)

Sr. No.	Name	Amount
1708	WEP SOLUTIONS LTD.	1,95,000
1709	WESTERN CHEMICAL INDUSTRIES P.LTD.	18,88,000
1710	Western Control and Automation	1,53,545
1711	WHIRLPOOL OF INDIA LIMITED	67,617
1712	WHIRLPOOL OF INDIA LTD	2,99,000
1713	WHIRLPOOL OF INDIA LTD - DELH	200
1714	WHIRLPOOL OF INDIA LTD - MP	67,617
1715	WHIRLPOOL OF INDIA LTD.	20,22,637
1716	WIPRO LIMITED	55,01,934
1717	WIPRO LIMITED	6,246
1718	WIPRO LIMITED	12,154
1719	WIPRO LIMITED	7,947
1720	WIPRO LIMITED	3,038
1721	WIPRO LIMITED	25,987
1722	WIPRO LIMITED	1,846
1723	WIPRO LIMITED	1,860
1724	WIPRO LIMITED	3,937
1725	WIPRO LIMITED	5,847
1726	WIZARD EVENTS AND	23,18,388
1727	WIZARD EVENTS AND	1,88,050
1728	WIZARD EVENTS AND CONFERENCES	33,66,545
1729	WOG TECHNOLOGIES PVT LTD.	14,03,656
1730	Workline Private Limited	3,64,920
1731	WORLDWIDE MEDIA PRIVATE LIMITED	10,00,000
1732	WORLIWAY SERVICE STATION	1,69,626
1733	XING FA (Hongkong) IMP&EXP LTD	27,21,882
1734	Xtreme Colors	11,95,238
1735	YANTAI HENGDA POWDER MACH CO L	10,78,568
1736	YONEI & CO., LTD	7,20,99,001
1737	Yuvashakti Foundation	6,384
1738	ZAGGLE PREPAID OCEAN SERVICES	1,02,050
1739	Zeppelin Systems India Pvt.	1,16,24,558
1740	ZHEJIANG GUANGHUA TECHNOLOGY C	26,09,600
1741	ZINKA LOGISTICS SOLUTIONS	2,45,77,603
1742	Zodiac Tours and Travels	28,124
1743	ZUXING TRADING CO.LTD.	22,05,000
	Total	4,06,99,74,117



438

Note:

1) There are no Secured Creditors as on 30th September, 2019

2) Above list of Unsecured payables does not include unsecured sales tax deferral loan, which contains package scheme of incentive allowed to accumulate the sales tax collected from customers in respect of goods produced at Lote factory. Outstanding Unsecured Sales Tax Deferral Loan was ₹ 3.40 Crores is disclosed under 'Other Financial Liabilities as on 30th September 2019.

For Kansai Nerolac Paints Limited

P.D. Pai

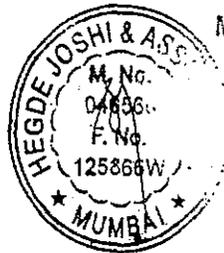
P.D. Pai
Chief Financial Officer



For HEGDE JOSHI & ASSOCIATES
Chartered Accountants

(Sudodh Joshi)
Partner

Membership No. 046566
Firm No. 125866W



CA

ANNEXURE "G"

Hegde Joshi & Associates

Chartered Accountants

439



CERTIFICATE

Date : December 16, 2019

We have examined the relevant records and documents produced before us for examination and verification, of Kansai Nerolac Paints Limited ("the Company") having its registered office at Nerolac House, Ganpatrao Kadam Marg, Lower Parel, Mumbai-400013 and on the basis of such examination and verification and other information and explanation provided to us, Shareholding pattern as on 30th September, 2019 of the Company is enclosed as an annexure to this Certificate.

For Hegde Joshi & Associates

Chartered Accountants

CA Subodh Joshi

Partner

Membership No. 046566

Place : Mumbai

UDIN : 19046566AAAAEI9986

Encl : a/a



NB



Kansai Nerolac Paints Limited

Format of holding of specified securities

560

1	Name of Listed Entity :	KANSAI NEROLAC PAINTS LIMITED	
2	Scrip Code/ Name of Scrip/ Class of Security :	BSE : 500165, NSE : KANSAINER	
3	Share Holding Pattern Filed under: Reg. 31(1)(a)/Reg. 31(1)(b)/Reg.31(1)(c)	Reg. 31(1)(b)	
a.	If under 31(1)(b) then indicate the report for Quarter ending	September 30, 2019	
b.	If under 31(1)(c) then indicate date of allotment/extinguishment		
4	Declaration: The Listed entity is required to submit the following declaration to the extent of submission of information :		
	Particulars	Yes*	No*
1	Whether the Listed Entity has issued any partly paid up shares?	-	No
2	Whether the Listed Entity has issued any Convertible Securities?	-	No
3	Whether the Listed Entity has issued any Warrants?	-	No
4	Whether the Listed Entity has any shares against which depository receipts are issued?	-	No
5	Whether the Listed Entity has any shares in locked-in?	-	No
6	Whether any shares held by promoters are pledge or otherwise encumbered?	-	No
7	Whether company has equity shares with differential voting rights?	-	No
8	Whether the listed entity has any significant beneficial owner?	-	No
* If the Listed Entity selects the option 'No' for the questions above, the columns for the partly paid up shares, Outstanding Convertible Securities/Warrants, depository receipts, locked-in shares, No of shares pledged or otherwise encumbered by promoters, as applicable, shall not be displayed at the time of dissemination on the Stock Exchange website. Also wherever there is 'No' declared by Listed Entity in above table the values will be considered as 'Zero' by default on submission of the format of holding of specified securities.			
5	The tabular format for disclosure of holding of specified securities is as follows :		

FOR KANSAI NEROLAC PAINTS LTD.

G. T. GOVINDARAJAN
COMPANY SECRETARY

For HEGDE JOSHI & ASSOCIATES
Chartered Accountants

(Subodh Joshi)
Partner

Membership No. 046566
Firm No. 125866W

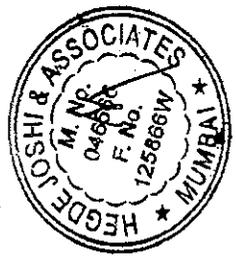


541

Kansai Nerolac Paints Limited

Table 1. Summary Statement holding of issued securities.

Category	Category of shareholder	No. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held (VII) = (IV) + (V) + (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (A+B+C)	Number of Voting Rights held in each class of securities			No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XII) = (VII) + (X) As a % of (A+B+C)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
								Class	No. of Voting Rights	Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held	
(B)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)	(XII)	(XIII)	(XIV)	(XV)	(XVI)	(XVII)	(XVIII)
(A)	Promoter & Promoter Group	1	40,41,35,898	-	-	40,41,35,898	74.99	40,41,35,898	40,41,35,898	74.99	-	-	-	-	-	-	40,41,35,898
(B)	Public	50,722	13,47,83,822	-	-	13,47,83,822	25.01	13,47,83,822	13,47,83,822	25.01	-	-	-	-	-	-	13,47,83,822
(C)	Non Promoter Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C1)	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	Shares held by Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	50,133	53,89,19,720	-	-	53,89,19,720	100.00	53,89,19,720	53,89,19,720	100.00	-	-	-	-	-	-	53,89,19,720



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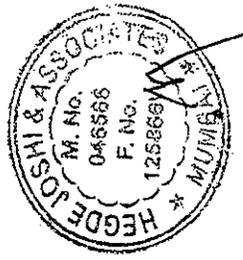


942

Kensal Nerulac Paints Limited
Table II - Statement showing Shareholding pattern of the Promoter and Promoter Group

Category & Name of the Shareholder	PAN	No. of shareholder	No. of fully paid up equity shares held	Partly paid up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957	Number of Voting Rights		Total as a % of Total Voting Rights	Shareholding, as a % assuming full conversion of convertible securities (as a % of A+B+C)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of Equity shares held in dematerialized form	
								Class X	Class Y			No.	As a % of total shares held	No.	As a % of total shares held		
(1) Indian	(D)	(B1)	(V)	(V)	(V)	(VI + IV + V + VII)	As a % of (VII)	No of Voting Rights		Total as a % of Total Voting Rights	(X) - (VII) - (X) as a % of A+B+C	Z		Δ		(XIV)	
								Class X	Class Y			No.	As a % of total shares held	No.	As a % of total shares held		
(2) Foreign																	
(3) Individuals (Non-Resident Individual/ Foreign Resident)																	
(4) Government																	
(5) Institution																	
(6) Foreign Portfolio Investor																	
(7) Any Other (specify)																	
(8) Bodies Corporate																	
Sub-Total (A1)																	
(9) Foreign																	
(10) Individuals (Non-Resident Individual/ Foreign Resident)																	
(11) Government																	
(12) Institution																	
(13) Foreign Portfolio Investor																	
(14) Any Other (specify)																	
(15) Bodies Corporate																	
Sub-Total (A2)																	
Total Shareholding of Promoter and Promoter Group (A+B+C)																	

Notes
(1) In terms of SEBI Circular bearing Ref. No. SEBI/IOCF/DCMD/CR/7201/7128 dated December 19, 2017, the Company has consolidated the number of shares held by each shareholder on basis of their PAN in the records of the Company, to the extent possible.
Details of Shares which remain unconsolidated may be given here along with details such as number of shareholders, outstanding shares held in dematerialized suspense account, voting rights which are frozen etc., NA.
Notes (As per the Form)
(1) PAN would not be displayed on website of Stock Exchange(s).
(2) The term "Encumbered" has the same meaning as assigned under regulation 18(1) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.



544

Details of the shareholders acting in concert including their Shareholding (No. and %):

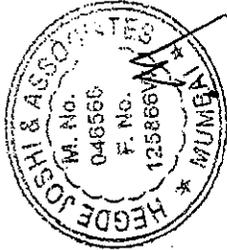
Sr. No.	Name	PAN	No. of Equity Shares held	%
1	ABERDEEN STANDARD SECURITIES - ASIAN	AAFC9970L	19,38,807	0.36
2	ABERDEEN INVESTMENT TRUST	AAACN741C	13,65,100	0.26
3	ABERDEEN NEW INDIA INVESTMENT TRUST PLC	AAACN928M	6,89,289	0.13
4	ABERDEEN INVESTMENT TRUST - EMERGING MARKETS SMALLER COMPANIES FUND FUNDS LLC	AAACN931Q	4,79,483	0.09
	Total		33,72,669	0.98

Details of Shares which remain unclaimed may be given here along with details such as number of shareholders, outstanding shares held in demat/unclaimed suspense account, voting rights which are Popen etc:

Sr. No.	Number of Shareholders	Outstanding shares held in demat or unclaimed suspense account	Voting rights which are from	Distribution of votes which are from unclaimed suspense account for public shareholders
1	33	1,33,300	1,33,300	-

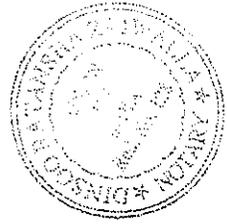
Notes (As per the Form):

- PAN would not be displayed on website of Stock Exchange(s).
- The above format needs to be followed along with the name of following person: Institutional Investors holding more than 1% of total number of shares.
- W.r.t. the information pertaining to Depository Receipts, the same may be disclosed in the event information available and the balance to be disclosed as held by custodian.



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ANNEXURE - "H"



महाराष्ट्र MAHARASHTRA

© 2019 ©

WK 081786

प्रधान मुद्रांक कार्यालय, मुंबई
प.म.वि.क. १०००००९
- 6 DEC 2019
सक्षम अधिकारी

श्री. सी. टी. आंबेकर

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL

BENCH AT MUMBAI

C.A.(CAA)/ /MB/2019

In the matter of the Companies Act, 2013

And

In the matter of the Section 230 to 232 and
Section 52 of the Companies Act, 2013 and
other applicable provisions of the
Companies Act, 2013 and the rules made
thereunder;

1219

जाडपत्र-9 Annexure

अथवा परित्यागपत्र Only for Affidavit

मुद्रांक दिवस घेणाऱ्याचे नाव _____ KANSALNEROLAC PAINTS LIMITED
 मुद्रांक दिवस घेणाऱ्याचे रहिवासी पत्ता _____ G. K. MARG,
 मुद्रांक विक्रीवाचताची नोंद घरी अनु. क्रमांक _____ दिनांक _____
 LOWER PAHEL, MUMBAI-400 013

12 DEC 2019

मुद्रांक दिवस घेणाऱ्याची सही परवानाधारक मुद्रांक विक्रियाची सही

परवाना क्रमांक 0000009

मुद्रांक विक्रीचे नाव/पत्ता कर्जासाठी पी. सुभा

६, कांदाजी विलिंग्ज रो. ३, अन्ना हॉस्पिटल, परेल, मुंबई - ४०० ०१२

शासकीय कायदेसंचालकाला, कायदा, न्याय प्रशासन सचिव कार्यालयी मुद्रांक

कायदाची अंतर्गतपत्र आहे. (आय. नं. ३९/२०१६/२००४) नुसार

ज्या कारणाने त्यांनी मुद्रांक खरेदी केला त्याची तपस्येने कारणासाठी मुद्रांक खरेदी

केल्याचा मुद्दा अतिशय सापेक्ष आहे.

447

And

In the matter of Scheme of Merger by
Absorption of Marpol Private Limited,
Perma Construction Private Limited (“the
Transferor Companies”) with Kansai
Nerolac Paints Limited (“the **Transferee
Company**”).

KANSAI NEROLAC PAINTS LIMITED)
a company incorporated under the Indian)
Companies Act, 1913 having its registered office)
at Nerolac House, Ganpatrao Kadam Marg)
Lower Parel, Mumbai-400013.)
CIN: L24202MH1920PLC000825) .. **Applicant Company**

GENERAL AFFIDAVIT VERIFYING THE APPLICATION

I, Mr. G.T. Govindarajan of Mumbai, Indian Inhabitant, having my office
at Nerolac House, Ganpatrao Kadam Marg, Lower Parel, Mumbai-400013, do
hereby solemnly affirm and state as under:-

1. I am the Company Secretary of the Applicant Company, in the above
matter and I am duly authorized by the Applicant Company vide its Board
Resolution dated 29th July, 2019, to make this affidavit on its behalf.
2. The statements made in paragraphs III (1) to (12), (14) first three lines,
(15), (16), IV and V of the Application herein are true to my own
knowledge, and the statements made in paragraphs I, II, III (13) and (14)



last three lines are based on information and belief and I believe the same to be true.

Solemnly affirmed at Mumbai)
This 16th day of December 2019)

FOR KANSAL NEROLAC PAINTS LTD.

G. T. Govindarajan
G. T. GOVINDARAJAN
COMPANY SECRETARY

Before Me

Signed Before Me,

D. S. Zaiwalla

DINSOO ZAIWALLA
NOTARY
UNION OF INDIA
R.S.No. 0970 Dt. 16.12.2019

For Kanga and Company,

B. Vaidya

Partner

Advocates for the Applicant Company

Dinsoo Zaiwalla
Zaiwalla & Co.
Advocates, Solicitors & Notary
43, Veer Nariman Road, Fort,
Mumbai-400 001. (India)



NOTARIAL



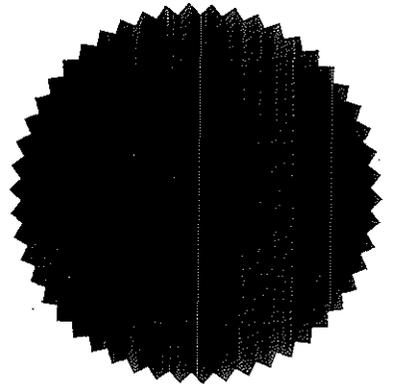
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NOTARIAL



449

VAKALATNAMA
BEFORE THE NATIONAL COMPANY LAW TRIBUNAL
MUMBAI BENCH

C.A.(CAA)/ /MB/2019

In the matter of Companies Act,
2013

And

In the matter of Sections 230 to 232
and other applicable provisions of
the Companies Act, 2013;

And

In the matter of Scheme of Merger
by Absorption of Marpol Private
Limited, Perma Construction Aids
Private Limited ("The Transferor
Companies") with Kansai Nerolac
Paints Limited ('The Transferee
Company")

KANSAI NEROLAC PAINTS LIMITED,)
a company incorporated)
under the Indian Companies Act, 1913 having its)
registered office at Nerolac House, G K Marg,)
Lower Parel, Mumbai-400013.)
CIN: L24202MH1920PLC000825).. Applicant Company

To,
Deputy Director,
National Company Law Tribunal
Mumbai Bench



450

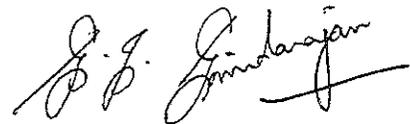
Sir,

We, Kansai Nerolac Paints Limited, the Applicant Company, hereby appoint Messrs Kanga and Company, Advocates and Solicitors having its address at Readymoney Mansion, 43, Veer Nariman Road, Fort, Mumbai - 400001, to act; appear and plead on our behalf in the above matter.

IN WITNESS WHEREOF we have set and subscribed our hands to this writing at Mumbai.

Dated this 17th day of December, 2019

Kansai Nerolac Paints Limited



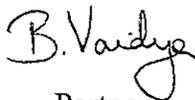
G. T. Govindarajan

Company Secretary of the
Applicant Company

Accepted:

For and on behalf of

KANGA AND COMPANY



Partner

Advocates for the Applicant Company

Address for Service
Messrs Kanga & Company
Advocates & Solicitors
Readymoney Mansion,
43, Veer Nariman Road,
Fort, Mumbai - 400 001.



BEFORE THE NATIONAL COMPANY
LAW TRIBUNAL, MUMBAI BENCH
C.A.(CAA)/ /MB/2019

In the matter of Companies Act,
2013

And

In the matter of Sections 230 to
232 and other applicable
provisions of the Companies
Act, 2013;

And

In the matter of Scheme of
Merger by Absorption amongst
Scheme of Merger by
Absorption of Marpol Private
Limited, Perma Construction
Aids Private Limited With
Kansai Nerolac Paints Limited

Kansai Nerolac Paints
Limited

...Applicant Company

VAKALATNAMA

Dated this 17th day of December, 2019



Messrs Kanga & Company,
Advocates for Applicant Company,
Readymoney Mansion,
43, Veer Nariman Road,
Fort, Mumbai – 400 001

BEFORE THE NATIONAL COMPANY

LAW TRIBUNAL, MUMBAI BENCH

C.AA(CAA)/

/MB/2019

In the matter of Section of Companies Act, 2013;

And

In the matter of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013;

And

In the matter of Scheme of Merger by Absorption;

Amongst Scheme of Merger by Absorption of Marpol Private Limited, Perma Construction Aids Private Limited with Kansai Nerolac Paints Limited.

Kansai Nerolac Paints Limited

...Transferee Company

=====
COMPANY SCHEME APPLICATION
=====

Dated this 17th day of December, 2019



MESSRS. KANGA AND COMPANY,

Advocates for Applicant Company,

1st Floor, Ready money Mansion

43, Veer Nariman Road,

Fort, Mumbai – 400 001

BEFORE THE NATIONAL COMPANY
LAW TRIBUNAL, MUMBAI BENCH

C.AA(CAA)/

/MB/2019

In the matter of Section of Companies
Act, 2013;

And

In the matter of Sections 230 to 232 and
other applicable provisions of the
Companies Act, 2013;

And

**In the matter of Scheme of Merger by
Absorption;**

Amongst Scheme of Merger by
Absorption of Marpol Private Limited,
Perma Construction Aids Private Limited
with Kansai Nerolac Paints Limited.

Kansai Nerolac Paints Limited

...Transferee Company

=====
COMPANY SCHEME APPLICATION
=====

Dated this 17th day of December, 2019



MESSRS. KANGA AND COMPANY,

Advocates for Applicant Company,

1st Floor, Ready money Mansion

43, Veer Nariman Road,

Fort, Mumbai – 400 001