



Environment,
Health & Safety
Report 2010

 **KANSAI
NEROLAC**
PAINTS LIMITED

BUSINESS PROFILE

Kansai Nerolac Paints Limited (KNPL) headquartered in Mumbai was established in 1920 (formerly known as Goodlass Nerolac Paints Limited). The company is a manufacturer of paints, varnishes and enamels. KNPL offers a comprehensive range of products both in Industrial and Decorative businesses. Over the years, company has enjoyed market leadership in industrial coatings with a clear dominance in the automobile segment and good standing in the architectural coating business. Decorative segment comprises products like fillers, primers and topcoats both for interiors and exteriors. Industrial segment comprises products like primers (including CED), topcoats (solids and metallic), clear coats, thinners and fillers. Overall, the company enjoys number two position.

KNPL has five manufacturing locations which are at Lote in Maharashtra, Perungudi & Hosur in Tamilnadu, Jainpur in Uttar Pradesh and Bawal in Haryana. The corporate office is situated at Lower Parel in Mumbai.

The total strength of employees is a little over 2000, spread across the corporate office, manufacturing plants, divisional and area offices.

Nerolac is a well-established brand in decorative coatings. It has a widespread distribution / marketing network with over 12000 dealers serviced from 72 sales locations. Introduction of new superior architectural coatings is an ongoing process in KNPL, which helps in maintaining brand loyalty and image.

The product range of decorative coatings includes exterior and interior

finishes, wood finishes, auto refinishes and certain specialty products. The products range in automotive coatings includes Pre-treatment Chemicals, Electro Deposition Primers, PVC sealers, Mono coats & Metallic finishes, Clear Coatings, etc.

KNPL has a very good research & development set up. It engages over



175 paint technologists for continuously developing superior products. It has state-of-the-art laboratory facilities. Kansai Paint Co. provides excellent opportunities for periodic training to our technical personnel at Japan.

KNPL is a professionally managed company with a young and vibrant team with an average age of less than 35 years. It has implemented ERP and is the first paint company in the world to have implemented ERP successfully in one go. It has undertaken other IT initiatives like APO for supply chain management, data warehousing, and employee portal.

KNPL has an excellent review mechanism for evaluating progress against the set objectives in the shape of balanced score card.

About this report: This report contains information on the environmental and safety activities carried out by KNPL plants & Head Office during the period April 2009 to March 2010.

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Kansai Nerolac Paints Limited is deeply committed to sustainable development as economic growth and environment protection are inextricably linked. We have constantly set and met important goals to reduce our impact on the environment. FY09-10 has seen many improvements with regard to safety, health & environment. Safety of employees and communities is paramount to our business and there cannot be any compromise on issues relating to safety.

That is why we are committed to being caring corporate citizens wherever we operate.



 **NEROLAC**
LEAD FREE PAINTS



Message From Managing Director

H.M. Bharuka,
Managing Director

Dear colleagues,

Our EHS management system drives improvement on underlying sustainability issues that are important for the future success of the company. At a company level, we have key performance indicators with improvement targets and reporting requirements. The individual business units and sites are responsible for developing, executing and monitoring improvement objectives and programmes to achieve the required performance.

FY09-10 has seen improvements with regards to environment, health & safety. First and foremost, we have had no reportable incidents under the environment & safety law. As a result of up gradation of effluent treatment plants and reverse osmosis facility, all factories were made zero discharge. At HOSUR, significant investments were made to make it state of the art plant based on sustainable principles. All manufacturing sites were audited by external EHS auditors & BVQI. Visits of safety experts from Kansai Paints Japan & focused customer safety audits have helped further strengthening and improving the plants.

Year after year, Kansai Nerolac Paints Limited has set and met important goals to reduce its impact on the environment. An important mile stone was achieved when KNPL proactively worked and eliminated the usage of heavy metals like lead from its paint formulations.

As a part of our environment conscious activities, we have been focusing on conserving resources while minimising waste and emissions. In line with our thinking on clean development mechanism & climate change, the installation of solid fuel boiler at Bawal plant was completed. It has given us the desired results of saving fuel and reducing emission levels.

I am happy that Lote plant has won the Golden Peacock Environment Management Award. More than the award, we intend communicating to stake holders about the responsibility everyone has towards protecting the environment.

We intend to extend sustainability concept to our vendors in years to come, this will involve EHS declaration, Site audits & they demonstrating commitment towards sustainable development. In my view such partner will thrive & enlarge business with us.

As I always say, we are committed to sustainable development as we believe that economic growth and environmental protection are inextricably linked. Impact of climate change by the paint industry and estimation & reduction of green house gas emission due to our business has been continuously reviewed. Since last three years, we have taken various measures to reduce carbon emission, voc reduction etc. and will continue to do so.

I hope you will find the information given in this report useful in increasing your understanding of KNPL's ongoing efforts to improve our environmental performance.

We welcome your feedback.

H. M. Bharuka
April 2010



Caring for Environment & Safety

Pravin Chaudhari, Executive Director-
Auto Marketing & Supply Chain

We have always believed in being caring corporate citizens wherever we operate. KNPL group aims to promote sustainable environment & safety management that contributes to environmental conservation and working safely while doing other business. This report provides information on the concept of specific measures and activities for sustainable environment & safety management.

This report further provides details on environmental performance, product supply chain successes and health & safety record. Data on related activities, including product developments, compliance with VOC regulations, reduction in CO₂ emissions, innovative recycling, and waste reduction schemes are discussed. To meet the expectations of our customers, it is the policy of Nerolac to operate in sustainable way with continual improvements.

During the FY09-10, the group has sustained Zero reportable injury. We have streamlined EHS systems in line with the requirements under ISO 14001, OHSAS 18001 updated standards. Concentration was put more on compliance of Kansai Paints Japan audits, British Safety Council audit and all such initiatives.

We believe that safety of employees & communities is paramount to our business and there cannot be any compromise to issues relating to safety. Positive attitude towards safety is the key in achieving desired results.

We have been reducing carbon emission levels due to our business activities by taking various measures. Use of natural sunlight with appropriate roof sheets, turboventilators for natural ventilation & solar street lights projects were undertaken. We stand committed to reduce it further by deploying alternate energy use, promoting green building concept, economizing the transport etc.

Let us rededicate ourselves to conduct all our activities so that we eliminate all accidents, prevent fires and protect environment.

I wish you and your family a safe, healthy and happy year.



Pravin Chaudhari

Products

Our products provided to various industries/customers are as follows:



1. AUTOMOTIVE COATINGS

Coatings for automobiles and automobile related applications are core business areas.

2. INDUSTRIAL COATINGS

This area covers a broad range of coatings for industries like bus body building, gas cylinders, drums & barrels, bicycles and electrical



3. AUTOMOTIVE REFINISH COATINGS

Refinish coatings consist of putty, primer, surfacer, basecoat and top clear coat systems.



4. DECORATIVE COATINGS

Decorative coatings cover housing, commercial buildings, public facilities and other buildings. These coatings consist primarily of two markets: coatings for new buildings and coatings for repairs & maintenance. A variety of household coatings are offered for interior & exterior walls, roofs and floors.



5. PROTECTIVE COATINGS

Protective coatings are high performance coatings that are used on areas like offshore platforms, windmills, maintenance of chemical plants & refineries, oil tankages, etc. These products have to offer superior protection for extended periods in harsh operating conditions.



Manufacturing Locations



1. **LOTE: MAHARASHTRA**

F-2, MIDC, Lote Parshuram, Tal. Khed, Distt. Ratnagiri 415 722, Maharashtra

2. **JAINPUR: UTTAR PRADESH**

B-1, B-2, UPSIDC Industrial Estate, Jainpur, Kanpur Dehat, Uttar Pradesh



3. **PERUNGUDI: TAMIL NADU**

142, Thiruporur High Road, Perungudi, Chennai 600096, Tamil Nadu



4. **BAWAL: HARYANA**

HSIDC Growth Centre, Village/Tal : Bawal, Distt. Rewari, Haryana

5. **HOSUR: TAMIL NADU**

E-17, Phase II, Expansion II, SIPCOT Industrial Complex, Hosur, Dist Krishnagiri, Tamil Nadu - 635109



6. **CORPORATE OFFICE: MUMBAI**

Nerolac House,
Ganpatrao Kadam Marg,
Lower Parel, Mumbai - 400 013



Environmental Management

Mission Statement and Corporate OHSE Policy

Vision

To leverage global technology, for serving our customers with superior coating systems built on innovative and superior products and world class solutions, to strengthen our leadership in industrial coatings and propel for leadership in architectural coatings, all to the delight of our stakeholders.

Mission Statement

Supply Chain mission stands committed to creating a world-class organization. This shall be achieved through excellence in supply chain by adapting world-class practices & systems during next 3 years. We shall improve our operational efficiencies through productivity enhancement by 50% & strive to achieve zero breakdowns, zero defects, and zero accident.

We shall give highest priority for environment protection. We shall follow all statutory requirements and prevent any situation that can lead to adverse impact on company assets, surrounding area & community around. We shall ensure safe operation of the plant facilities with no compromise on personnel

safety and safety standards.

We shall strive to eliminate all wastes & losses through optimal use of resources & refining processes.

We shall develop a highly skilled and motivated team through appropriate training & creating a conducive environment to take up the business challenges posed.

Recognition for our efforts shall be sought through certifications & awards from national & internationally recognized forums & bodies.

All our plants shall be run in efficient manner with best planning methods in place to meet on time delivery, quality & services that exceeds the expectations of our customers, associates and business partners.

Policy on Occupational Health, Safety and Environment

Corporate Policy

It is the policy of Kansai Nerolac Paints Limited (KNPL) 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 of all the persons working in its plants and to give due regard to the conservation of Environment.

Action Guidelines

1. All accidents and harm to occupational health and environment should be prevented.
2. The employee at every level is responsible for the observance of the measures designed to prevent accidents and avoidable environmental pollution.
3. All employees must ensure that they work with due regard for their own safety and that of others and minimize the environmental pollution.
4. The attitude to safety shall be a factor in determining their career advancement.
5. KNPL uses its best endeavours to ensure that contractors working on its behalf maintain satisfactory occupational health, safety and environmental standards.
6. Every effort shall be made to keep the workplace clean and tidy, as it is an essential requirement for a safe and healthy workplace.
7. To give practical advice on handling & use of KNPL products
8. Commitment to OHS legislation & continual improvement.

Continued efforts for the protection of Environment:

As a part of efforts to continue to improve our environmental performance, we are promoting environmental protection and safety management programmes within individual plants.



Internal Rules on Environment & Safety:

We at KNPL set up the internal rules as per the Corporate Policy on Occupational Health, Safety and environment. As per the requirement of ISO 14001 & OHSAS 18001, plants have Environment & Safety Management System, OHSE rules & procedures. All the plants have safety rules, regulations and safety committees.

Management System for Environment and Safety:

KNPL has set up an organisation structure to promote activities on environmental protection, safety & health. The Head, Corporate EHS located at head office drives EHS activities. All the plants have EHS organisation to take care of day-to-day EHS operations. EHS activities include implementation of safety policy, environmental initiatives, work permit system, accident investigation and reporting, maintaining employee health records and authentic safety statistics, internal auditing, compliance with the law, ETP management and promoting safety education & training.

Flow of Environment and Safety Action

All the plants at KNPL carry out annual plans and management programmes on EHS in line with the environmental and EHS initiatives and guidelines from HO. The progress of the effort is monitored through EHS review meetings and internal audit system. At the end of the year these are subjected to comprehensive review. Environmental performance is continually being improved upon through the PDCA programme as shown in the figure.

ECO Plan

KNPL implemented various measures in order to reduce the usage of pollutants. The details of the ECO activities have been given in the following table.

ECO Plan Evaluation FY09-10 Results:

Activities	Objectives	FY09-10 target	FY09-10 Achievements	Evaluation
Development of Environment friendly products	To Reduce the usage of hazardous materials	Reduce the usage of hazardous material like heavy metal based pigments & driers by 10% over the usage of previous year in mt.	Reduction of hazardous materials usage has been tracked in formulations and purchased quantities and targeted volume has been achieved.	All architectural coatings were made lead, mercury, arsenic & antimony free.
Reduction of Environmental Burden	Energy Consumption	Reduce 10% from FY08-09	Reduction observed in power and fuel consumption per mt tonne of paint.	Efforts were made to decrease specific power & fuel consumption
	Waste reduction	Reduce 10% from FY08-09	Reduction in the quantity of landfill hazardous waste by 10% has been achieved.	Reduction by 10% in over all waste.
	Reduction of waste water	Reduce 10% from FY08-09	Reduction in wastewater volume by 10% has been achieved.	Proper segregation of streams, water conservations resulted in improvement.
Safety & Health	No. of LTI	Achieve zero LTI	Zero LTI has been sustained in 2009	Sustain zero LTI
	No. of minor injuries	Reduce MI from 198 of FY08-09	MI have decreased from 198 to 103 due to more no. of project jobs	Reduction of almost 50% achieved.
	Improving health care	Tracking health indicators	Done in major plants	Continue
	Work place monitoring	Reduce VOC emission levels	VOC levels were observed below specified limits	Continue
Environmental Conservation	Reduce water consumption	Reduce water consumption from earlier year	Achieved in all plants through Rain Water harvesting, & conservation measures	Continue
	ISO 14001 activities	Compliance to updated 14001 standard	Done in all plants	Continue
	Preparation of Env't. Accounting	Continue to prepare Env't. Accounting	Published every three months	Continue
	OHSAS 18001 activities	Compliance to updated 18001 standard	Done in major plants	Continue
User & Customer Related Environmental Safety	Improve MSDS	As per REACH guidelines/ Put on portal	Work under progress/ Linked to portal	Continue
	Publish Environmental report	Continue to publish every year	Published 2009/10 annual report	Continue



ECO Plan FY10-11

Activities	Objectives	FY10-11 target	FY11-12 Plan
Development of Environment friendly products	To reduce the usage of hazardous materials	Reduce the usage of hazardous material like heavy metal based pigments & driers by 10%	Reduce from the usage of FY10-11
		Reduce VOC in products	Reduce & monitor VOC in products
Reduction of environmental burden	Energy Consumption	Reduce 10% from FY09-10	
	Waste reductions (landfill)	Reduce 20% from FY09-10	Reduction from FY10-11
	Reduction of waste water	Reduce 10% from FY-09-10	
Safety & Health	No. of LTI	Sustain Zero LTI	Sustain Zero LTI
	No. of minor injuries	Reduce no. of MI from FY09-10	Reduce no. from FY10-11
	Improve health care	Bring more awareness on hygiene	Continue
	Work place monitoring	Monitor & Reduce VOC levels	Continue
Environmental conservation	Reduce water consumption	Reduce water consumption by 10%	Reduce from the usage of FY10-11
	ISO 14001 activities	Compliance to standard. Add HOSUR	Continue
	Preparation of Env't. Accounting	Continue	Continue
	OHSAS 18001 activities	Continue, add HOSUR	Continue
	Ensure transport safety	Upgrade the system, concentrate on W/H audits	Continue
	Improve MSDS	Upgrade as per REACH/ Put on portal	Continue
User & Customer related Environmental Safety	Improve on PRTR system	Improve PRTR handling materials	Continue
	Publish Environment Report	Continue issuance of Env't. Report 2010/11	Publish Env't. Report 2011/12

Internal /External Environmental and Safety Audit

In order to continually improve activities for environment and safety, we carry out internal audits at the plants selecting areas for improvements and creating new measures.

The audit teams are made cross functional and EHS members with checklists carry out the audits. Follow up actions are discussed in the internal review meetings. Safety committee's recommendations are discussed and implemented.

During the year, company has further consolidated its position through compliance on recommendations of various national & international safety audits

conducted in the financial year 2009-10. Safety audits from KPJ, TKML, BVQI, Mahindra, Tata Motors, Maruti, National Productivity Council, Asia Manufacturing Excellence and statutory bodies were conducted. Safety inspection by fire officers of the respective states were carried out. This has further strengthened the existing safety management system at plants.

Safety Audit at Bawal

The safety audits by external party are conducted in all plants. These audits include statutory audits, customer audits like TKML, MARUTI, ISO 14001 & OHSAS 18001. Safety inspections by KP Japan are regularly conducted and observations are complied with. Most of the recommendations suggested by external auditors have been implemented. Guidelines related to audit conducted by KPJ on hazards of static electricity are complied with and training is conducted every month in all plants. Practical training on prevention and control of static charge, effectiveness & usefulness of proper earthing & bonding is shared and shown to participants.



Kotera san conducting a safety audit at Bawal



Environment Communication

We have made environmental information available to the public and other stakeholders. The display boards on hazardous material handled are displayed at public view in front of all plant main gates.

Golden Peacock Environment Management Award for Lote Unit

KNPL was the proud winner of the Golden Peacock Environment Management Award 2009 for excellence achieved in environmental management at Lote. The prize distribution ceremony was held on November 7th at Palampur in Himanchal Pradesh. It was a huge gathering of 500 participants from multinational companies, renowned personalities belonging to NGOs & government officials. A three-day seminar was held on the occasion basically covering all areas of environment management including climate change.



Mr AM Nattoo (GM) & Mr M Desai (WM-Lote) receiving the Golden Peacock Environment Management Award.

In-House Care Bulletins

Our in house care bulletins carry articles about environmental protection, safety & health.

Care Bulletins published during the year

Swine flu and You	–	April 29
World No-Tobacco Day	–	May 31
Climate Change & Planet	–	June 5
World Health Day	–	July 4
Posture Talk	–	Aug 26
Preventing Fires	–	Sept 24
A Safe Diwali	–	Oct 16
Climate Change and Responsibility	–	Jan 4

Environment & Safety Education



Environment & Safety Awareness Programme

Topics Covered	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Fire Prevention & Fire Fighting	√	√	√	√	√	√	√	√	√	√	√	√
First Aid			√			√		√		√		
ISO 14001/ OHSAS 18001 Awareness		√	√	√		√		√		√		√
ISO 14001 Internal Auditor's Training				√		√		√				
Functioning of ETP			√			√			√			√
Electrical safety/Static Hazards		√	√	√		√		√			√	
Safe operation of hoist & lift	√		√			√		√		√		
HAZOP study								√			√	
Risk Assessment				√		√			√	√	√	√
Lock out /Tag out	√									√	√	√
Work permit system	√			√					√	√	√	√
Safety Awareness to Contract Employees		√	√	√	√	√			√	√	√	√
PPE usage		√	√	√	√		√		√	√	√	√
Lab safety/MSDS		√				√		√		√	√	√
Safe handling of hazardous materials			√		√				√	√	√	√
SHE pillar Training		√		√	√		√	√	√		√	
Safety in welding gas operations				√				√			√	
Emergency Preparedness & Individual Roles	√	√	√		√	√	√	√	√	√	√	√
Safety in Transportation	√				√		√			√		
Safety Induction	√	√	√	√	√	√	√	√	√	√	√	√



Environment Events



The World Environment Day was established by the United Nations General Assembly in 1972 to mark the opening of the Stockholm conference on the environment. It is celebrated worldwide on June 5th, every year to increase the awareness about the environment and mobilise action for environment protection. The celebration of World Environment Day on 5th June 2009 was observed at Kansai Nerolac plants. On this occasion, awareness of the importance of World Environment Day and various environmental issues were shared with the employees.

World Environment Day at KNPL, Lote:

World Environment Day was celebrated at Lote unit with great enthusiasm and spirit. The main intention was to create awareness among employees regarding global environmental issues.

The following activities were organised:

1) Environment speech & Pledge during communication:

Celebrations started with a talk on the importance of World Environment Day in communication meetings. Information on the history, importance and theme of World Environment Day was shared with all employees. The "Environment Pledge" was taken by all employees to demonstrate commitment to protection and conservation of the environment.

2) Exhibition on Environmental Monitoring Equipment:

An exhibition on safety and environmental monitoring equipment was held. Equipment like high volume sampler, stack monitoring kit, handy sampler, personal sampler, noise level meter, oxygen meter, lux meter, explosive meter and VOC meter were displayed.

Information on their working principle and use was shared with all, including contract employees.

3) Internal competitions for employees:

Poster & slogan competitions were organized for all employees. These competitions attracted many entries from employees.

4) Tree plantation activity:

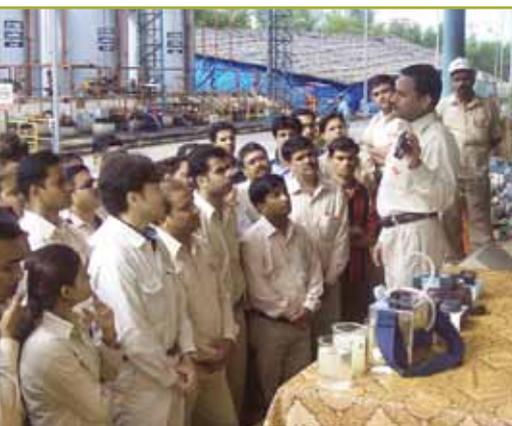
A tree plantation programme was arranged in front of Gate No.2. Tree plantation was carried out in the presence of Mr. Nagano. Employees from all section were present on this occasion.

5) Environment Quiz contest for employees:

A quiz contest on the environment was arranged for all employees.

6) Nomination for external programme:

Six employees were nominated for an external training programme on environment management arranged by Lote Parshuram Mutual Aid Response Group.



Environment equipment exhibition



Mr. Nagano planting tree at Lote



Mr. HM Bharuka (MD) giving prizes to the winners

Prize Distribution function:

The prizes for the winners were distributed on 12th August by the Managing Director - Mr. H. M. Bharuka, Executive Director Mr. Pravin Chaudhari, Mr. Abhijit Natoo & Mr. Milind Kulkarni.

The event received an overwhelming response from all the employees and was a great success.

Bawal:

At Bawal plant too, celebrations started with planting saplings by employees followed by taking of the environment pledge.

Jainpur:

At Jainpur plant, celebration started with planting saplings, by employees followed by an address by the works manager. For a green drive, Jainpur has a unique idea of planting a new sapling in the plant by an employee who has a birthday, while placing his name plate next to the sapling.



Jainpur employee planting a sapling.

Chennai

World Environment Day was celebrated at Chennai plant by planting saplings followed by taking of the environment pledge. A slogan contest, display of banners and posters were the highlights of the celebration.

Environment Initiatives

We formulated the environmental initiatives in fiscal 2009 with the aim of protecting the environment and causing minimal impact to the environment from the medium and long-term viewpoint.

Purpose	Goals	Progress
Reduction of waste	Reduce quantity of final disposal v/s earlier year	Final landfill disposal quantity in fiscal 2009-10 was 10% less than 2008-09.
Reduction of emissions and air pollutants	Reduce atmospheric emissions by fiscal 2009-10	Use of banned substances in our formulation is discouraged. All Sox, Nox, SPM levels were within limits of the previous year.
Management of chemical substances	Ensure management of regulated substances	Reduction of environmental burden has been achieved as usage of lead & other heavy metals has been stopped.
Development of products having low environmental impact	Reduce envt. impact by introducing simple light containers	Simple, lighter and more environment friendly packaging being used. SHE and packaging material information & class label are displayed on packages.
Wider use of Environmental Accounting	Use envt. accounting to make envt. protection measures more efficient and effective	Environment Accounting was updated.
Establishment of green belt, purchases	Purchase environment friendly raw materials, office supplies, consumables, increase in green belt areas	More green belt areas have been added in all plants. About 6000 trees were newly planted.

Environment Accounting

In the fiscal 2009-10, we have concentrated on maintaining environmental accounting to calculate our investment and expenditure in environmental protection efforts and to identify effectiveness of these efforts in numerical terms, we added environmental performance to the factors to be considered in making decisions on capital investments.

Category		Investment	Operating	Total Rs. in Lacs	Remarks
In-house activities	Pollution Prevention	380.85	29.61	410.46	Operating cost of ETP, revamping of ETP New ETP,STP, RO at outlet and, evaporator at Hosur
	Global Environmental Preservation		5.78	5.78	Chemicals cost of Liquid effluent treatment
		0.25	13.95	14.20	AAQM, Green belt, Garden, VOC, Dust Collection
	Waste disposal and recycling	1.5	38.37	39.87	HW Handling, incinerating, scrap disposal activities
Administration costs			6.48	6.48	Maintenance of EMS
			18.55	18.55	Water cess, Consents renewal
			5.33	5.33	Cost for Monitoring & Analysis of Water, Stacks & VOC
Total		382.60	118.07	500.67	

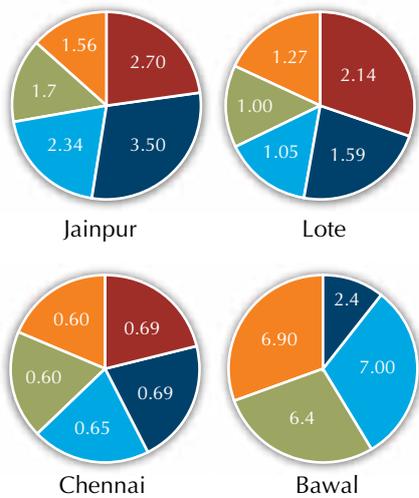
2009 - 2010	Category	Description	Economic Effects in lakhs
Cost Reduction	Reduction	Water conservation activities	0.22
		Facilitation charges by CETP	3.22
	Recycle	Recycle of tanker sample solvent	0.57
		Recycle of sampling alkyd, thinner retained sample etc.	0.23
		Recycle of treated water, condensate water for incinerator boiler	12.69
	Reuse	Reuse schemes	415.91
		Reuse of cartridges in Industrial section, panel in QC	0.60
Reuse of waste solvent for running incinerator in place of LDO		31.85	
	Total	465.29	

Environmental Efforts in our Business Activities

Water

Water is a precious resource and drinking water is essential to sustain life. KNPL lays emphasis on water resources used for production and other processes. Water conservation is achieved by reducing both water use and any residual impact from water discharge. Some of the water conservation measures adopted were installing push button taps, putting orifices on taps, monitoring the cleaning & project activities etc. About 225 m³ of treated effluent water is reused for non-critical processes like cooling tower make up, washing & cleaning, toilet flushing on daily basis.

Water Consumption mt/ Finished Product Produced

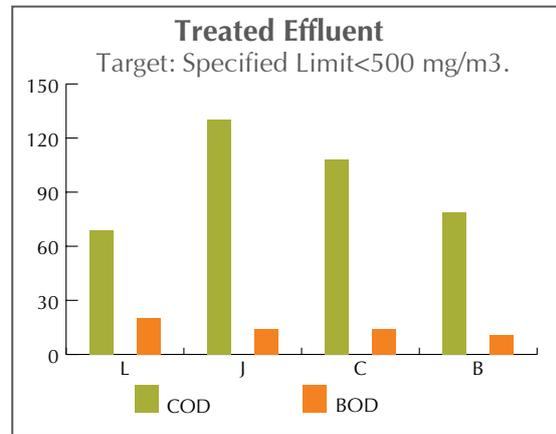


2005 2006 2007 2008 2009

Treated Water

Plant wise COD & BOD values, on average for treated wastewater have been expressed in the graph. All plants meet the specified parameters.

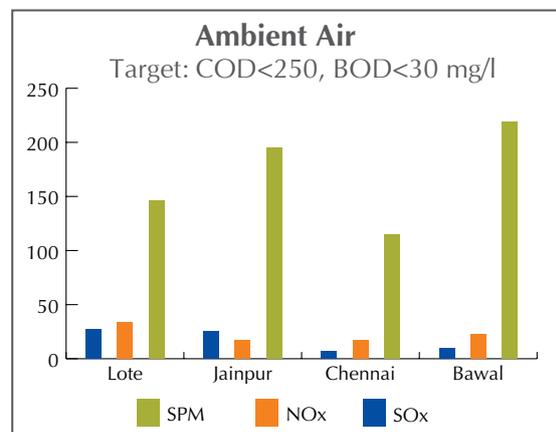
L: Lote, J: Jainpur, C: Chennai, B: Bawal



Air

Ambient Air Quality:

Using dispersion model criterion, continuous monitoring of ambient air quality is carried out at different locations in individual plants. The said graph shows the quality of ambient air in all work locations, which is much below the specified limit.



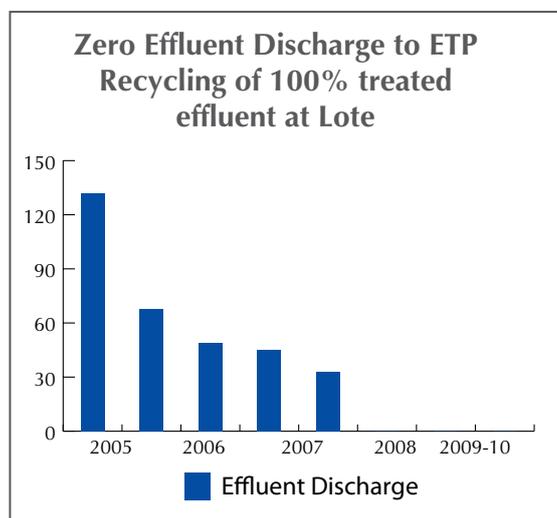
Rainwater Harvesting

A rainwater harvesting project at Lote had been commissioned in 2004, which has given us the expected collection of rainwater last year too. Rainwater collected was used for domestic and agricultural use. The total quantity collected & transferred during FY 2009 was 2615 m3. In Chennai & other plants the RW collection is used for increasing the ground water level. The rainwater collection depends on the rainfall; hence the trend from 2007-09 is on the decline.

Year	RW collection in m3	Savings in Lakhs
2004	3593	0.79
2005	6179	1.36
2006	6641	1.45
2007	5929	1.29
2008	3928	0.85
2009	2615	0.57
Total	28885	6.31

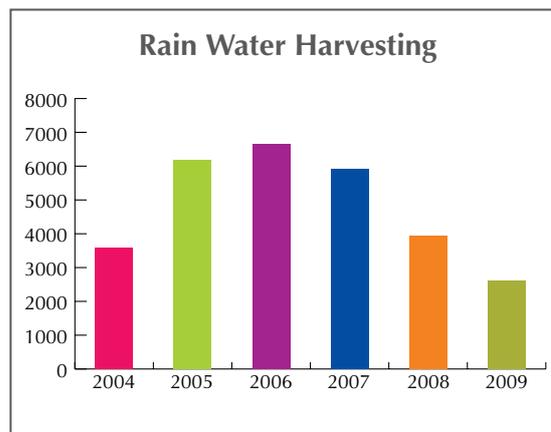
Waste Reduction

Efforts are continuously on to reduce waste through reuse & recycle activities in all the plants. Overall waste ranges between 1 to 3% of total production. The contributory factors in reduction are ETP sludge, waste oil, cotton waste, filter cartridge etc. All the initiatives have resulted in savings in all factory level losses.



RW Harvesting

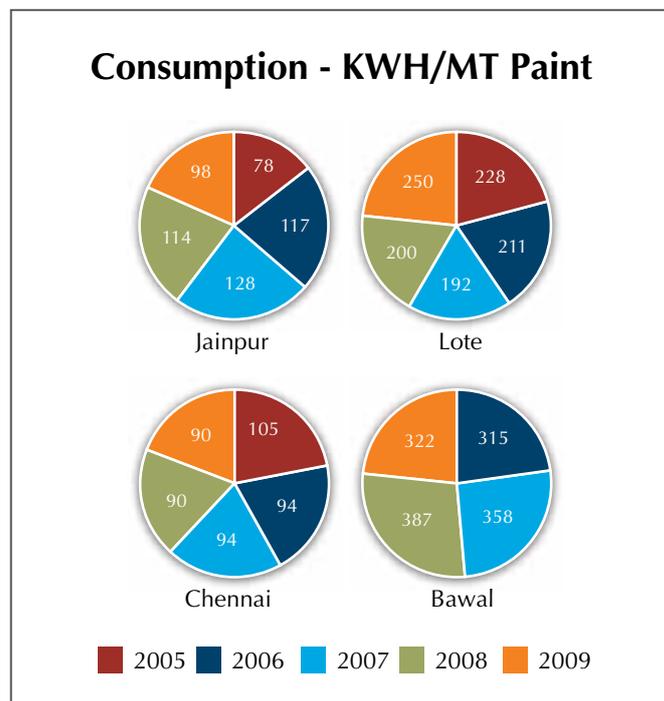
Zero Effluent Discharge to ETP Recycling of 100% treated effluent at Lote



Energy Consumption

Our energy use from all sources including purchased electricity against production tonnage is shown in the graph.

Electricity consumption measures adopted in the year have resulted in maintaining overall power savings in all the plants.



Environment-Friendly Technologies



Architectural Coatings

- Elimination of Ammonia from paint formulations
 - The premium & mid segment architectural paints have been made Ammonia free.
- Odour less premium quality architectural paint
 - Premium quality emulsion paint has been developed which has markedly odourless as compared to conventional premium quality emulsion paints.

Automotive & Industrial Coatings

- Automotive Pearl Finish Paint
 - The earlier coating system involved four coats with three baking cycles in between.
 - A new coating system combining the primer & color

base coat has been developed, which involves three coats with one baking cycle.

- This has resulted in reduction in energy consumption, lower VOC emission & improved productivity.

Energy Efficient Process Modifications

- The manufacturing process of Decorative products has been modified & made more energy efficient. The dispersion process used has been modified using simple & energy efficient machines. Processing time reduction has saved energy consumption.
- Ball milling has been replaced by sand milling, in the manufacture of automotive coatings by implementing modern techniques. Thus saving on energy consumption.

Occupational Safety & Health

Safety is our highest priority

Kansai Nerolac Paints Ltd. is fully aware of the importance of ensuring safety and preventing work related accidents. All plants initiate various safety measures in line with corporate policy on Safety, Health & Environment aimed towards zero accidents and zero emissions. Efforts are continuously on to prevent accidents and be prepared to handle any emergency.

In line with our safety policy, our aim is that no one should have any harm while at work. Feeling responsible and accountable for one's own actions is the key to go towards safety accomplishment. Our focused efforts in EHS resulted in sustaining zero lost time injury. However reducing the number of minor injuries needs more attention in all plants. We believe in health and safety education, which goes

beyond work and helps people to live safer lives.

EHS personnel at all plants conduct regular safety inspections, earthing audits and housekeeping audits in order to ensure safety of the plant and personnel. Mock fire drill is the continued activity, which keeps readiness of plant personnel in case of any emergency. As a regular activity, there are quarterly review checks that help monitor EHS performance, interaction and exchange of ideas within the units.

Interaction with warehousing staff and customer audits with the help of marketing staff were conducted during the year.

Technical safety & integrity and electrical safety audits were conducted at Lote, Jainpur & Bawal. Recommendations made by the respective officials from KPJ were complied.

Main Activities in 2009-2010

• First Safety Audit by Mr Murata san & Nagashima san at Lote	May 21-22
• Electrical Safety Audit by S.P Dakshy at Bawal	May 21-22
• World Environment Day	June 5
• MOEF meeting at Delhi on lead in paint	June 26-28
• SHE review meeting at HO	July 09, Feb 22
• KPJ safety meeting at HO	July 18
• Appellate Authority hearing on Hosur -Chennai	July 13
• FH meeting for Hosur	July 25
• Thermography at Bawal	August 26
• Golden Peacock Environment Award receiving function at Palampur	Nov 07
• Kotera san electrical safety audit Lote, Jainpur & Bawal	Nov 10-16
• Water base consent for Hosur	Jan 15
• BSC audit launch along with consultants at Bawal	Jan 11,12
• BSC audit launch at Lote along with consultants	Jan 18,19
• Lote ISO 14001 audit by BVQI	July 17-19
• Field training on Fire fighting at HO	Feb 03
• National Safety Day	March 04
• Care & SHE Bulletins	11 times
• Guest lectures on Health & Hygiene, Energy Conservation	4 times

• Safety & Health, Environment audits by external party	SP Dakshy: May 21, 22, BVQI: July 5, Sept 17,18, Intertek: Aug 10, Microtech: Sept: 26,27 Maruti: Oct 12, TKML: July 10
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• In-house Safety & Health, Environment inspection audits	April 3, 4, 5. May 21, 22, 23, 26, 27,28. June 26, 27. July 22, 23, 24. Aug 31. Sept 1, 7, 8, 15, 16. Nov 10, 11, 16, 17. Dec 10, 11, 12, 13. Jan 10, 11, 12. Feb 4,5,6, March 11,12,13.
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Safety Performance

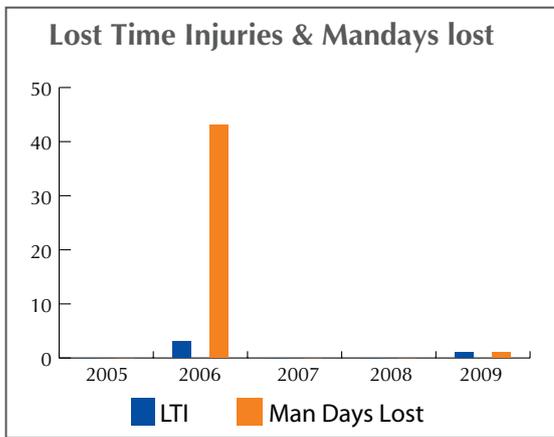


The safety statistics mentioned below indicate the progress made from FY 2005 to 2009 and focus attention on what more we can do to facilitate improvement.

KNP Group Employees Reportable Injuries

Reportable lost time injury indicate the injuries resulting in more than 48 hours absenteeism.

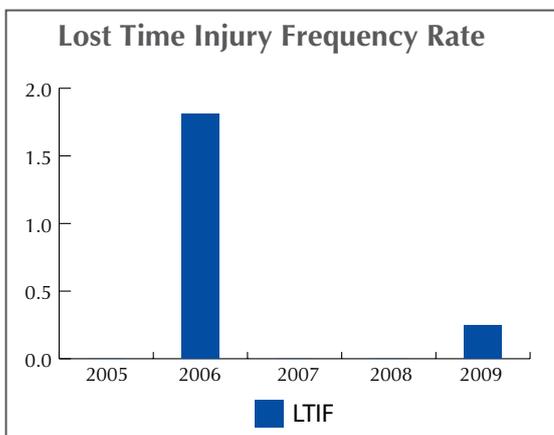
There was 1 lost time injury in the year 2009-10 against 0 of earlier year, which indicates the need to improve our safety performance.



Lost Time Injury Frequency Rate

The Lost Time Injury Frequency Rate indicates lost time injuries per million man-hours worked.

The lost time injury frequency rate was 0.24 against 0 of earlier year. There is scope for further improvement.



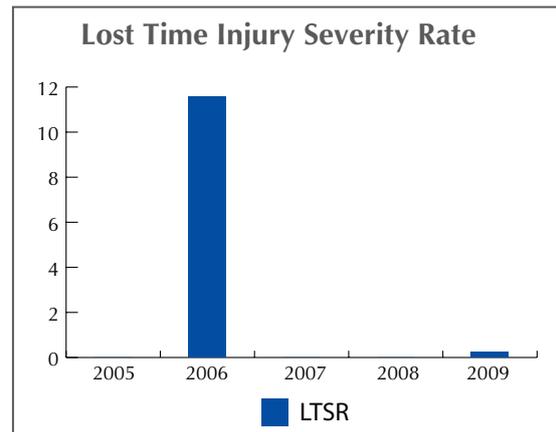
Severity Rate

Severity rate indicate the man-days lost per million man-hours worked.

Lost time injury severity rate

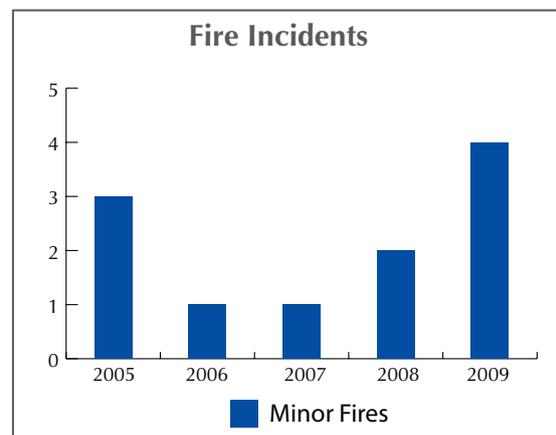
There was one man day loss resulting in a lost time injury severity rate of 0.24 against 0 in 2008-09. Efforts are on to maintain zero lost time severity rate.

Analysis of results: The lost time injury frequency rate & severity were 0.24 as against zero to earlier year. Efforts are on to sustain the performance of Zero Lost Time Frequency and Severity Rate.



Fire Incidents

In the current year, there were four minor fires. All the minor fires were immediately extinguished and actions were taken to avoid recurrence in any of the plants.



Occupational Health & Provision of Health Care

KNPL has supported health programmes for its employees at all sites. The objective of a First Aid Medical Centre situated in all plants is to protect all employees from health hazards which are associated with the job & environment and secondly to promote employees' health.

For assessing the health & overall fitness of the employees, all the units conduct regular periodic medical examinations. Pre employment medical check is conducted at the time of joining.

Periodic Medical Examination

Pre and periodical medical examination is not only statutory requirement but also the mirror of health profile of employees working in the organization. The medical reports are maintained in the respective units. The tracking of health indicators is done at respective plants, followed by employee counselling.

All plants are provided with First-Aid Occupational medical centres. First Aid boxes are provided on the shop floor for the immediate help if required.

First Aid Training



First Aider is the primary link between casualty and medical centre. A well-trained first aider can make a difference in the outcome of the medical interventions being undertaken on casualty. First-Aid training was organised by St. John Ambulance at Bawal & Hosur. Lectures on health & hygiene were arranged

in respective plants & at HO.

Noise Level Surveys

Physical measurement of noise is carried out in all the units once in six months in high noise areas and record is maintained. The noise level is more particularly monitored in ball mill area and is maintained within permissible limits of 90 dB. No discrepancies were observed in any of the plant.

Health Promotion, Education and Preventive Medicare

Like every year, HO Administrative department arranged health, eye check up camps and educative programmes in the field of employee health & welfare.

Health is wealth:

Yearly eye check up programme was organised at HO by Admin. Well known doctors conducted the eye check up and advised employees on eye care. Most of the employees took the advantage and their response was good.

Other Activities



Fire Prevention, Fire Fighting & Mock Drills

Alertness on preventing fire is a continuous reminder to all employees in the plant. It is done through creating awareness on the subject, giving training on how to use fire equipments and conducting regular fire drills.

Mock Drills at Plants

Mock drill forms a part of the emergency handling arrangements & it is regularly conducted in all plants. Mock drill helps in keeping the equipment in running condition and check the readiness of crew members and system.

In Bawal plant, a weekly demonstration on how to use FE in each section was arranged. Wet drills and checking of fire hydrant pressure has been conducted regularly. Observations were discussed at the end of the drill for further improvement & readiness in any eventuality. At Chennai plant too mock drill was conducted at NIPA.

National Safety Day

National Safety Day was celebrated on March 4 in all plants by hoisting of the flag followed by safety oath, slogan competitions, safety quiz, safety group discussion and various safety & fire prevention lectures & demonstrations. Safety badges were worn by employees; cloth banners with safety slogan in English / Hindi were displayed at both the gates.

Various competitions including safety slogans, safety posters, identification of unsafe conditions, and workplace safety and safety drill were conducted during the safety week. All the employees including contract and security guards had participated actively. Prizes were distributed, to the winners.

At Bawal plant, a Japanese team participated in the celebration by hoisting the flag and giving a safety talk to the gathering.



Fire drill conducted at NIPA



Murata san inspecting fire hydrant pressure



Plant Employees being addressed by Murata san.

Climate Change

Climate Change

Climate Change: What it is.....

- Earth has warmed about 0.76°C over past 100 years. But Why? And how? The earth could be getting warmer on its own, but, scientists think that things people do are helping to make Earth Warmer.
- Global Warming: Global warming refers to an average increase in the earth's temperature, which in turn causes changes in climate.
- Carbon Footprint: Total carbon emission because of human/ industrial activities. Major green house gases that contribute to carbon emission are Carbon Dioxide (CO₂) 57%, Methane, (CH₄) 17%, Nitrous Oxide (N₂O) 5% and Fluoro Carbons HCFC, PFCs 10%.



Combating Climate Change

- Save Electricity: Whenever we use electricity, we help put greenhouse gases into air. Switching off your monitor when not in use can spare energy and almost 400 kgs greenhouse gas emissions per monitor annually.
- Plant trees: Planting trees is fun and great way to reduce greenhouse gas. Trees absorb carbon dioxide, a greenhouse gas from air.
- Save water: Water is most precious & scarce commodity. Do not waste water and help conserve energy.
- Recycle: Recycle cans, bottles, plastic bags and newspapers. When you recycle, you send less trash to the landfill and you help save natural resources like trees, oil and elements.
- Travel: Travel by cars cause pollution and releases lot of greenhouse gas into the air. Travel in common car pool or by bus help save fuel & emission.



 KANSAI NEROLAC PAINTS LIMITED

GREEN INITIATIVES BY KNPL

- Use of Natural Light & Natural ventilation
- Alternate Energy: Biofuel based boiler to reduce CO₂ emission
- Solar energy based street lights
- Launch of Lead free paint reduced environmental pollution
- Introduction of 3C-1B technology reduced VOC & carbon emission
- Launch of Acrylic CED resulted into saving of solvent emission
- Launch of Low Bake Epoxy CED saved carbon emission
- Zero discharge, Rain Water harvesting
- Tree Plantation, Green Belt development



 NEROLAC
LEAD FREE PAINTS



 GreenWorld

 KANSAI NEROLAC PAINTS LIMITED



Future Plans towards Environment, Health & Safety

System to enhance Awareness and Co-operation for Environment and Safety Issues

- Emphasis on safety education and training
- Emphasis on environment accounting
- Emission reduction
- Emphasis on climate change activities

To undertake Preventive & Proactive Measures in EHS

- To reduce quantities of hazardous waste by 20 % than previous year and streamline the disposal methods
- To work towards zero accident and zero emission
- To conserve water by 20%
- To reduce energy use by 10 %
- To achieve complete prevention of lost time accidents
- To obtain Five Star British Safety Council certification to Lote, & Bawal

To prevent Environment/Safety/ Health Problems in Handling

- Provide guidelines on warehousing safety at all depot locations
- To ensure product labelling on containers is as per international standards



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