

**ENVIRONMENT,
HEALTH & SAFETY REPORT
2011**



DESCRIPTION OF BUSINESS

Kansai Nerolac Paints Limited (KNPL) headquartered in Mumbai was established in 1920 (formerly known as Goodlass Nerolac Paints Limited). The company is 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 automobile segment and good standing in 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 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 75 sales locations. Introduction of new superior architectural coatings is an ongoing process in KNPL, which helps in maintaining brand loyalty and image. During the year company has focused on low VOC, no smell product eco friendly product called Impressions ECO CLEAN". This has strengthened company's image in environment protection.

Nerolac Excel Total with heatguard technology was voted as the 'Product of the year 2011' in the paints category, in the largest face to face consumer survey covering 30,000 consumers across 36 markets, conducted by AC Neilson.

The product range of decorative coatings includes exterior and interior finishes, wood finishes, auto refinishes and certain specialty products. The product range in automotive coatings include 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 as well like APO for supply chain management, data warehousing, and employee portal. Recently it has upgraded its SAP support systems.

KNPL has an excellent review mechanism for evaluating progress of each department against the set objectives.

About this report

This report contains information on the Environmental and Safety activities carried out by KNPL plants & Head Office during the period April 2010 to March 2011.

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MD'S MESSAGE



H.M. Bharuka
Managing Director

Dear colleagues,

I am delighted to present KNPL's sixth environment, health & safety report. This report is an expression of KNPL's commitment to contribute building a sustainable effort in safety, health & environment. Our goal is to become world class in the area of safety, health & environment. We are moving in that direction although there is still a long way to go to achieve this.

2010 has seen improvements with regards to environment, health & safety. First and Foremost was achieving Five Star from British Safety Council to two of major plants Lote & Bawal. You all must be aware, it is one of the toughest & extensive safety audits and scoring > 92% marks is the condition to get five stars. I am very happy about the final results scoring 94% to each plant and achieving FIVE STARS. It has not only strengthened safety systems & processes but helped in building positive safety culture. At the same time, I deeply regret that we had one reportable incident in case of contractors at our project site. We must avoid such mishaps & continue to achieve zero lost time injury in both own as well as contractors. Another highlight was, all manufacturing sites were inspected & audited by external EHS experts/auditors other than, BV & KPJ. Visits of Safety experts from Kansai Paints Japan have helped further improving the safety systems at plants.

As a part of our environment conscious activities, KNPL launched low VOC product called Impressions Eco Clean. In line with the national guidelines, KNPL participated in making its major plant zero discharge. We have been focusing on conserving resources while minimising waste and emissions.

Copenhagen conference on climate change was an important event in 2009. Year after year Kansai Nerolac Paints Limited has set and met important goals to reduce its impact on environment. Important mile stone was achieved when KNPL proactively worked and eliminated the usage of heavy metals like lead from its decorative, automotive and industrial paint formulations. Installation of solid fuel boiler at Jainpur plant was completed during the year after Bawal. Such steps towards energy conservation measures will further strengthen our climate change thinking.

I am happy that Our Company has won Golden Peacock Environment Management Innovative Product & Services award for Eco Clean. This is fourth award from IOD in the categories of Environment Management, Corporate Governance, and Inovative Product & Service Award. More than the award, we intend communicating to stake holders about the responsibility everyone has towards protecting the environment.

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 & safety performance.

We welcome your feedback.



H. M. Bharuka
April 2011

CARING FOR ENVIROMENT AND SAFETY



P. D. Chaudhari
Executive Director-
Auto Marketing &
Supply Chain

ACHIEVING THE BEST SUSTAINABLE ENVIRONMENT & SAFETY MANAGEMENT

The world in which we live is coming to an big turning point we must now choose whether to continue doing things as we did in the past or excel efforts to reduce our environmental impact in the planned manner to achieve sustainable environment management. KNPL regards environmental conservation as a mission that it must fulfill and is committed to sustainable environmental management to achieve both environmental conservation & its economic benefits. Based on these policies, we will identify the impact of our business operations, including those upstream of supply chain, on biodiversity and strive to reduce it as a part of our management responsibilities.

This report provides details on environmental performance, product supply chain successes and health & safety record. While compiling the report, data related to reduction in heavy metal reductions, product development, compliance with regulations, environmental accounting, and waste reduction schemes are discussed. To meet the expectations of our customers, it is the policy of Nerolac to operate in sustainable way and continual improvements.

During the FY 2010, the group has sustained Zero reportable injury in case of own employees. We have updated EHS systems in line with the requirements under ISO 14001, OHSAS 18001 and British Safety Council standards. Concentration was put more on compliance of Kansai Paints Japan audits, British Safety Council audit and

all such audits & initiatives. I am extremely happy that we have achieved 5 star rating to Lote & Bawal plants.

We have been reducing carbon emission levels due to our business activities by taking various measures. We stand committed to reduce it further by deploying alternate energy use, promoting green building concept, economizing the transport etc. We have completed GHG accounting up to scope three activities. Carbon & Water foot printing exercise conducted at plants & HO will give us insight on how to strategies our activities so as to achieve both carbon reduction and 100% recycle of water consumed. I sincerely appeal every fellow employee to contribute to KNPL's mission on controlling climate change.

Let us conduct all our activities in such a way so as to eliminate all accidents, prevent fires and protect environment.

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

Pravin Chaudhari

KANSAI NEROLAC PAINTS LIMITED IS DEEPLY COMMITTED TO CONTRIBUTE BUILDING A SUSTAINABLE GROWTH IN SAFETY, HEALTH & ENVIRONMENT.

FIRST WE MADE BREAK THROUGH IN PROVIDING LEAD & HEAVY METAL FREE PAINT TO OUR CUSTOMERS. THEN LAST YEAR WE LAUNCHED LOW VOC, NO SMELL PAINT. CARBON & WATER FOOT PRINTING STUDY HAS BEEN COMPLETED. SECOND BIOMASS FUEL BOILER HAS BEEN COMISSIONED AT JAINPUR. THIS SIGNIFIES OUR COMITTMET TO ENVIRONMENTAL RPOTECTION.



DURING THE YEAR, OUR COMPANY RECEIVED PRESTIGIOUS 5 STARS RATING FROM BRITISH SAFETY COUNCIL TO OUR SAFETY MANAGEMENT SYSTEM.

OUR GOAL IS TO BECOME WORLD CLASS IN THE AREA OF SAFETY HEALTH AND ENVIRONMENT. WE ARE MOVING IN THAT DIRECTION ALTHOUGH THERE IS A LONG WAY TO GO TO ACHIEVE THIS.



ENVIRONMENTAL MANAGEMENT :

Mission Statement & Corporate OHSE Policy

Corporate 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 advise on handling and use of KNPL products
8. Commitment to OHS legislation & Continual improvement.

Continued efforts for the protection of Environment

As 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 organisati

on 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 are carrying out annual plans and management programmes on EHS in line with the environmental and EHS initiatives developed within and guidelines from HO. The progress of the effort is monitored through EHS review meetings, internal audit system. At the end of the year, these are subjected to comprehensive review. We have been working to improve environmental performance through 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 are given in the following table.

ECO Plan Evaluation 2010 Results:

Activities	Objectives	FY 2010 target	FY 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 volume reduction has been achieved. Flagship products in decorative range were made zero VOC & no smell products	All architectural coatings were made lead, mercury, arsenic & antimony free. Impression Eco Clean was launched.
	1. Energy Consumption	Reduce 10 % from FY 2009	Decrease in power & fuel consumption per mt of paint has been achieved..	Decrease observed in specific power & fuel consumption.
Reduction of environmental burden	2. Waste reduction	Reduce 10 % from FY 2009	Reduction in the quantity of landfill hazardous waste by 17 % has been achieved.	Reduction by 15 % in over all waste.
	3. Reduction of waste water	Reduce 10 % from FY 2009	Reduction in wastewater volume by 10-15 %. has been achieved.	Proper segregation of streams, water conservations resulted in improvement.
	1. No. of LTI	Achieve zero LTI	Zero LTI has been sustained in case of own employees in 2010	Sustain zero LTI
Safety & Health	2. No. of minor injuries	Reduce MI from 103 of FY09	MI has reduced from 103 to 66.	Reduction of almost 36% achieved.
	3. Improving health care	Tracking health indicators	Done in major plants	Continue
	4. Work place monitoring	Reduce VOC emission levels	VOC levels were observed below specified limits	Continue
	1. Reduce water consumption	Reduce water consumption from earlier year	Non product water consumption has been reduced by 13% due to conservation measures	Reduce further by 20%
Environmental Conservation	2. ISO 14001 activities	Compliance to updated 14001 standard	Done in all plants	Continue
	3. Preparation of Env. Accounting	Continue to prepare Env. Accounting	Published in every three months	Continue
	4. OHSAS 18001 activities	Compliance to updated 18001 standard	Done in major plants	Continue
	Improve MSDS	As per Reach guidelines/ Put on portal	Work completed / Linked to portal	Continue
User & Customer related Environmental safety	Publish Environmental report	Continue to publish every year	Published 2010 yearly report	Continue

ECO PLAN:

ECO Plan FY 2011-12

Activities	Objectives	FY 2011 target	FY 2012 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 minimum 10 %	Reduce from the usage of FY2011
		VOC in products	Reduce & monitor VOC in products
Reduction of environmental burden	1. Energy Consumption	Reduce 10 % from FY 2010	Reduction from FY 2011
	2. Waste reduction (landfill)	Reduce 20 % from FY 2010	
	3. Reduction of waste water	Reduce 20 % from FY 2010	
Safety & Health	1. No. of LTI	Sustain Zero LTI	Sustain Zero LTI
	2. No. of minor injuries	Reduce no. of MI from FY10	Reduce no. from FY11
	3. Improve health care	Bring more awareness on hygiene	Continue
	4. Work place monitoring	Monitor & Reduce VOC levels	Continue
Environmental Conservation	1. Reduce water consumption	Reduce water consumption by 10%	Reduce from the usage of FY2011
	2. ISO 14001 activities	Compliance to standard in all plants and obtain certification to Hosur	Continue
	3. Preparation of Env't. Accounting	Continue	Continue
	4. OHSAS 18001 activities	Continue	Continue
	5. Ensure transport safety	Upgrade the system, conduct W/H audits	Continue
User & Customer related Environmental safety	1. Improve MSDS	Upgrade as per REACH	Continue
	2. Improve on PRTR system	Improve PRTR handling materials	Continue
	3. Improve labelling on packaging	Upgrade labelling system as per the International norms.	Continue
	4. Publish Environment Report	Continue issuance of Env't. Report 2011	Publish Env't. Report 2012

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 checklist 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 undergone five star safety management system audits by British Safety Council for Lote & Bawal plants. It took preparation of six months ensuring the safe documented practices, plant modifications, internal audits & compliance. Auditor was then invited from British Safety Council London for a safety audit. Both the plants implemented the internal audit recommendations and aligned all activities in

line with the BSC requirements. Mr Steve Readman, experienced BSC auditor audited the plants. He was impressed with the existing safety management system at plants and suggested few improvements. Lote plant scored 94.5% while Bawal plant scored 94.7%. Both these plants were awarded FIVE STAR rating as per the BSC auditing pattern.

During the year safety experts from Kansai Paints Japan also conducted safety audit of all major plants. As a customer support activity, it is practice to conduct safety inspections by important customers. TKML, Bayer, Maruti, Tata Motors, Honda conducted safety audit of respective plants. There was audit from Frost & Sullivan, BVQI, and other statutory bodies too. It has further reviewed & strengthened existing safety management system at plants.

British Safety Council 5 Star Safety Management Systems Audit at Lote:



Opening meeting by Mr Steve Readman



Section 2 engineering team with auditor



Field Audit Lote plant



Thorough check on contingency plan

British Safety Council Audit at Bawal:



Group photo with BSC auditor Steve Readman after 5 star announcement at Bawal & Lote



KPJ Safety Audit at Lote:



Makino san conducting technical safety & integrity. Audit at Lote

A special team of KP Japan conducted technical safety & integrity audit of all major plants from Dec 13 th to Dec. 27th. Mr Makino san & Mr. Oda san who came from Japan carried out the safety audit. Prior to safety audit they imparted practical training on prevention and control of static charge, effectiveness & usefulness of proper earthing & bonding to the selected group at plants. Surprise Mock drill was conducted by them to see the readiness in case of handling any emergency at plant. In fact it is regular feature that once in two months safety audits are conducted by local representatives of KP Japan and observations are complied. Most of the recommendations were immediately complied, however some time consuming actions are being done.



Opening meeting & training at Lote



Makino san conducting Mock Fire Drill at Bawal

Audit Summary:

Site	Type of audit	Date
Lote	Static Electricity, Earthing to tanks, Earthing pits Lightning Arrestor, Solvent Delivery Solvent line looping, Alarm system, Smoke detection system, Cross functional, Walk through inspection, BSC, OHSAS 18001, ISO 14001	Part of internal audit every month
Jainpur	Static electricity, ISO 14001 OHSAS18001	Part of internal audit every month
Chennai	Static electricity, earthing pits, Smoke detection, Alarm system, ISO 14001	Part of internal audit every month
Hosur	Static electricity, earthing pits smoke detection, Fire Alarm	Part of internal audit every month
Bawal	Static electricity, earthing pits smoke detection, Fire Alarm, ISO 14001, OHSAS18001	Part of internal audit every month

Integrated Management System on ISO 14001-2004 & OHSAS 18001:

We have upgraded & achieved integrated management system on ISO 14001- 2004 & OHSAS 18001 at Lote, Jainpur & Bawal. We are working to continually improve environmental protection activities through environment management system. BV recommended integrated management certification to Bawal and Lote plants.

Status of Certification:

Plant	ISO 14001-2004	OHSAS 18001	British Safety Council	ISO 9001	TS 16949
Lote	✓	✓	✓	✓	✓
Jainpur	✓	✓		✓	✓
Chennai	✓			✓	
Bawal	✓	✓	✓		✓



ISO 14001-2004 Certification Progress at Hosur:

Environment Management System (EMS) helps the organization to achieve sound environmental performance. During the year company embarked up on EMS implementation at Hosur. Initial work on documentation & awareness trainings were completed. External agency conducted internal auditor's course. Finally the adequacy audit by BV was conducted during the last week of March.

Certification audit will be completed by April 2011.

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 ECO Innovation & Services Award for Impressions Eco Clean:



KNPL was the proud winner of the Golden Peacock Environment Management ECO Innovation Product & Services Award 2010 for “Impressions Eco Clean”. The prize distribution ceremony was held during the world congress on January 28-30 at Hotel Leela at Mumbai. It was a huge gathering of 100 high level delegates from the national, multinational private & public sector companies, renowned personalities & government officials. Three day seminar was held on topics covering all areas of total quality, environment, training, CSR, finance & corporate affairs.

Mr. PD Pai, VP-Finance & Technical team while receiving the Golden Peacock Eco Innovative Product & Services Award to ECO CLEAN.

In-House Care Bulletins

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

Care Bulletins published during the year

Earth Day	- April 06
World Environment Day	- June 05
Safety during Monsoon	- August 11
Prevent Malaria & Dengue	- August 25
Low back pain	- Oct 10
A Safe Diwali	- Nov 01
Alcohol & Driving	- Nov 10
National Safety Day	- Mar 4
Safety News Letters	- 10

ENVIRONMENT & SAFETY EDUCATION

We organise lectures inviting speakers from companies known for their innovative EHS measures. We also offer educational programmes to all our employees to increase their awareness on EHS, importance of environment protection, energy saving, waste reduction, waste water management. Following table shows main educational programmes offered by our manufacturing bases.

Environment & Safety Awareness Programmes:

Topics Covered	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Fire Prevention & Fire Fighting	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
First Aid/Health	✓	✓	✓			✓	✓			✓	✓	✓
ISO 14001/ OHSAS 18001/5 star Awareness	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓
ISO 14001 Internal Auditor's Training				✓					✓		✓	✓
Accident Reporting	✓	✓	✓					✓		✓		✓
Electrical safety/Static Hazards/welding	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓
Safe operation of hoist & lift	✓							✓				
HAZOP study	✓	✓							✓	✓		
Risk Assessment	✓	✓	✓			✓	✓				✓	✓
Lock out /Tag out	✓	✓	✓				✓		✓			
Work permit system/working at height	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Safety Awareness to Contract Employees	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓
PPE /BA set usage	✓	✓	✓	✓	✓	✓	✓	✓		✓		✓
Lab safety/MSDS	✓		✓		✓			✓		✓		✓
Safe handling of hazardous materials	✓	✓	✓					✓	✓	✓		✓
SHE pillar/Safety Committee Training	✓	✓	✓	✓	✓	✓		✓	✓		✓	✓
Manual handlings/hearing conservation		✓	✓		✓				✓	✓		
Emergency Preparedness & Individual Roles	✓	✓	✓	✓	✓	✓		✓		✓	✓	✓
Safety in Transportation	✓			✓		✓		✓		✓		
Safety Induction	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Waste minimisation	✓	✓	✓	✓	✓		✓		✓		✓	✓

ENVIRONMENTAL EVENTS:

1. Earth Day – April 22, 2010



Awareness at Lote



Discussions at Bawal



KPJ member planting tree

EARTH DAY 2010 was celebrated in all plants. on Thursday April 22, 2010. The focus of this year's Earth Day was on outdoor environment. This year being the fortieth anniversary of Earth Day, KNPL marked the occasion by arranging tree plantations, awareness campaigns & group discussions on climate change, pollution prevention etc. Environmental news letter was published giving importance of Earth day & appealing everyone to participate in taking care of their environment and spreading the message behind Earth Day occasions in their own way. Here are some events of the day.

2. World Environment Day (WED)- June 5th 2010:

History behind WED:

- World Environment Day was established by United Nations General Assembly in 1972 and designated June 5th as "World Environment Day."
- Since then every year it is being celebrated worldwide with the motto of stimulating awareness on environment and web all the living creatures on our mother earth without disturbing the equilibrium and eco balance.
- Since 1972, 36 World Environment Day celebrations have been held around the globe. World Environment Day 2010 has been marked as the 37th annual celebration. United Nations makes theme of the World Environment Day each year based on the main environmental problems and environmental hot issues of that year.

Theme of the year:

- Year 2010 is under the theme of "Many Species, One Planet. One Future". This year's event has been to celebrate the incredible diversity of life on Earth as part of the 2010 International Year of Biodiversity.



What is biodiversity?



Biodiversity is the variety and differences among living organisms from all sources, including terrestrial, marine, and other aquatic ecosystems on the entire Earth. It includes plants and animals and the processes that sustain life on Earth.

Why biodiversity is important?

- While the term "biodiversity" may not be well known or understood, the ecological services provided by biodiversity are vital for everyday life.
- The air we breathe is a product of photosynthesis by green plants
- Insects, worms, bacteria, and other tiny organisms break down wastes and aid in the decomposition of dead plants and animals to enrich soils.
- More than 90 percent of the calories consumed by people worldwide are produced from 80 plant species.
- Almost 30 percent of medicines are developed from plants and animals, and many more are derived from these sources.

The celebration of World Environment Day - 5th June 2010 was observed at Kansai Nerolac plants. On this occasion awareness on importance of World Environment Day and various environmental issues were shared & debated by the employees. Exhibitions, pledge taking ceremony, planting trees etc. were held.

World Environment Day at KNPL plants:
Following activities were organised:

1) Environment Pledge & Exhibition on monitoring equipment:

The celebration of World Environment Day started with communication on importance of World Environment Day in all shifts. Information on history, importance and theme of World Environment Day was shared with all employees. Various equipments like High Volume Sampler, Stack monitoring Kit, Handy Sampler, Personal Sampler, Noise Level Meter, Oxygen Meter & VOC meter were displayed in the exhibition.



Environment equipment exhibition at Lote



Jainpur employees taking environment pledge.

2) Tree plantation activity:

At Hosur plant, celebration started with planting saplings, by employees followed by address of works manager.

At Jainpur tree plantation programme was arranged in front of Gate No. 2. Employees from all section were present on this occasion.



Tree plantation at Hosur plant



Tree plantation at Jainpur plant

Environmental Initiatives:

We formulated environmental initiatives in fiscal 2010 with the aim of protecting environment causing minimal impact to the environment from medium and long-term viewpoint.

Purpose	Goals	Progress
Reduction of waste	Reduce the quantity of final disposal than earlier year	The final landfill disposal quantity in fiscal 2010 was 17% lesser than 2009.
Reduction of the emissions and pollutants	Reduce atmospheric emissions by fiscal 2009	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, however efforts are on to reduce it further.
Development of products having low environmental impact	Reduce envt. impact by introducing simple light container	Simple, lighter & more environmental friendly packaging is being used SHE and packaging material information & class label are displayed on packages. Reduction of 73% was achieved in corrugated paper used packaging.
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	Replaced plastic tea cups at HO, green belt areas have been added in all plants. About 9000 new trees have been planted.

ENVIRONMENTAL ACCOUNTING:

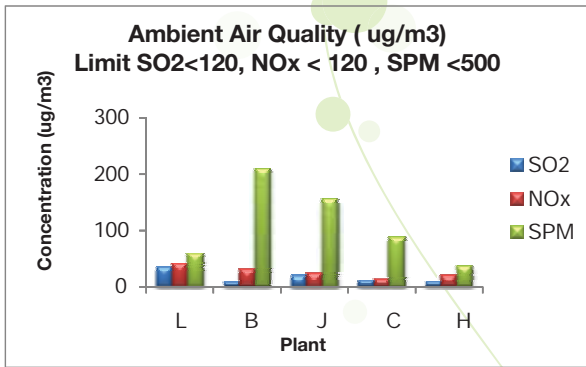
In the fiscal 2010, we have concentrated on maintaining environmental accounting to calculate our investment and expenditure in environmental protection efforts and to identify effectiveness of these efforts in numerical terms, we added environmental performance to the factors to be considered in making decisions on capital investments.

Category		Investment	Operating	Total Rs. In Lacks	Remarks
	Pollution Prevention	266.20	57.34	273.54	Operating cost of ETP, revamping of ETP & drain, New ETP,STP, RO at outlet, Evapourator at Bawal.
			6.25	6.25	Chemicals cost of Liquid effluent treatment
In-house activities	Global environmental Preservation	0.12	14.80	15.02	AAQM, Green belt, Garden, VOC, Dust Collection.
	Waste disposal and recycling		38.37	38.37	HW handling, incinerating, scrap disposal activities
Administration costs			8.25	8.25	Maintenance of EMS,
			42.55	42.55	Water cess, Consent renewal
			6.32	6.32	Cost for Monitoring & Analysis of Water, Stacks & VOC.
Total		266.32	173.88	440.20	

2010 – 2011	Category	Description	Economic Effects in lakhs
Cost Reduction	Reduction	Water conservation activities	0.12
		Facilitation charges by CETP	3.84
	Recycle	Recycle of tanker sample solvent	0.23
		Recycle of sampling alkyd, thinner retained sample etc	0.23
		Recycle of treated water, condensate water for incinerator boiler	12.69
	Reuse	Reuse of dirty solvent & white spirit, reuse of alkyd, mixed paints	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	465.24

ENVIRONMENTAL EFFORTS IN OUR BUSINESS ACTIVITIES:

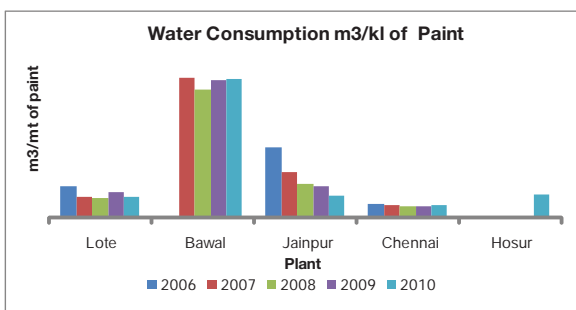
Air: Ambient Air Quality:



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 than specified limit.

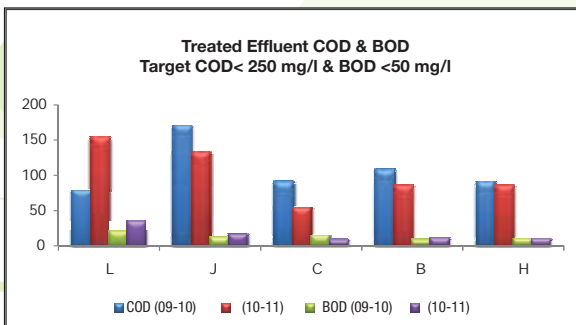
L: Lote, B: Bawal, J: Jainpur, C: Chennai, H: Hosur

Water:



Water is precious resource and drinking water is essential to sustain life. KNPL lays emphasis on water resources used for production and other processes and conserve this resource by reducing both water use and any residual impact from water discharge. Water conservation measures resulted into savings. 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.

Treated Water

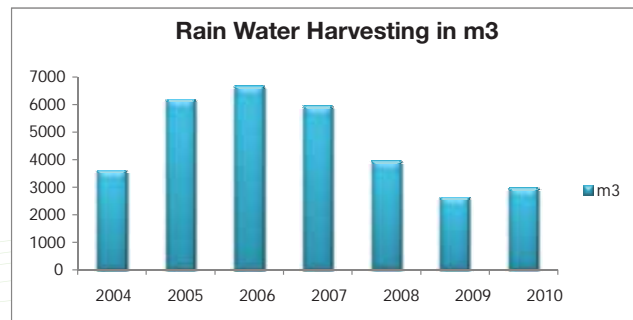


Plant wise COD & BOD values, on average for treated wastewater have been expressed in the graph. All plants meet the specified parameters.

Rainwater Harvesting

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
2010	2964	0.64
Total	31849	6.95

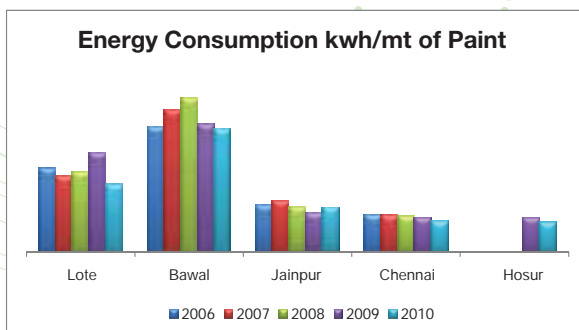
Rainwater Harvesting project at Lote had been commissioned in 2004. It has given us the expected collection of rainwater in last year too. Rainwater collected was used for domestic and agricultural use. The total quantity collected & transferred during FY 2010 was 3928 m3. In Chennai & other plants the RW collection is used for increasing the ground water level.



Waste Reduction:

Efforts are continuously on to reduce the waste by reuse & recycle activities in all the plants. Overall hazardous 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.

Energy Conservation:



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 maintaining overall power savings in all the plants.

ENVIRONMENTALLY FRIENDLY TECHNOLOGIES:

Architectural Coatings:

- **Reduction in VOC of architectural paint formulations**

The following product categories have been modified for nearing to Zero VOC (VOC below 10.00 gm/L):

- Premium Exterior emulsion paint
- Mid Segment Exterior emulsion paint
- Premium Interior emulsion paint

- **Low VOC Low odour Premium quality architectural paint**

An ultra luxury premium quality emulsion paint has been launched which has markedly low odour & low VOC as compared to conventional premium quality emulsion paints.

Automotive & Industrial Coatings:

- **Top Coats for Commercial Vehicles**

Selected top coats for heavy and light commercial vehicles reformulated to replace Lead based pigments by non leaded pigments.

- **Energy Efficient Process Modifications**

The manufacturing process of automotive coatings has been modified and made more energy efficient. The dispersion process used has been modified using simple & energy efficient machines. Processing time reduction has saved energy consumption.

OCCUPATIONAL SAFETY & HEALTH:

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 & 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 own actions is the key to go towards safety accomplishment. Our focused efforts in EHS resulted in sustaining zero lost

time injury however reducing number of minor injuries need more attention by the concerned in all plants. We believe in health and safety education, which goes beyond work and helps people to live safer life.

All the plants EHS personnel conduct regular safety inspections, earthing audits, 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 any emergency. As a regular activity, there is a quarterly review checks that help monitor EHS performance, interaction and exchange of ideas within the units.

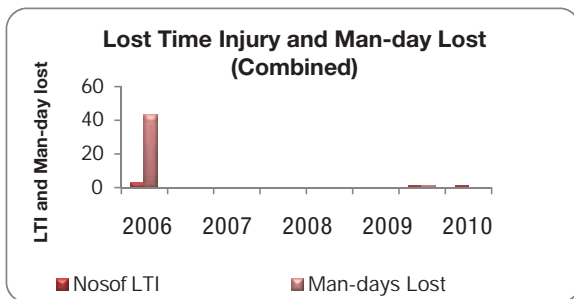
MAIN ACTIVITIES IN 2010-2011

- RC meet at BASF Turbhe
- Earth Day celebrated-April 22, planted 100 trees in all plants
- Safety Audit by Mr Murata san & Nagashima san every alternate month at Lote & Bawal
- HAZOP at Bawal, Lote & Jainpur -May 12-15, Jan 31-Feb 3
- Fire Risk assessment at Lote on May 31-June 1 & Bawal on April 19-20
- Hazard Identification & Risk Assessment Lote April 29-31 & Bawal on May 10-12.
- Vibration Survey at Lote on April 12-13, Bawal on June 14-15
- Ventilation survey at Bawal- June 16-17
- World Environment Day -June 5
- BSC audit at Lote & Bawal- June 24-26, June 28-30
- Bayer, Mahindra, TKML, TACO, TVS & Maruti audits: Oct 18, April 10, Feb 10, Dec. 21, Oct 21
- Compatibility study of RM: June 28
- Zero discharge adequacy study for Hosur by Anna university: June 5
- SHE review meeting at HO–August 13, Jan 24
- KPJ safety meeting by Murata san at HO –July 18
- Zero discharge project completion Bawal Oct 28
- Solvent based phase II consent for Hosur -Jan 15
- Golden Peacock Eco Innovative Award receiving function at Mumbai–Jan 30
- ISO 14001& OHSAS 18001 recertification audit by BV at Lote–Jan5-7, Bawal, Aug 31-Sept 2, Jainpur- Mar 4-6.
- GHG accounting take off meeting: Nov 11
- KPJ safety Audit by Makino san Dec14-25
- National Safety Day – March 04
- Care & SHE Bulletins 08 times & news letter ten times
- Guest lectures on Health & Hygiene, Energy Conservation- 4 times

SAFETY PERFORMANCE:

The safety statistics mentioned below indicate the progress made from FY 2003 to 2010 and focus attention on what more we can do to facilitate improvement.

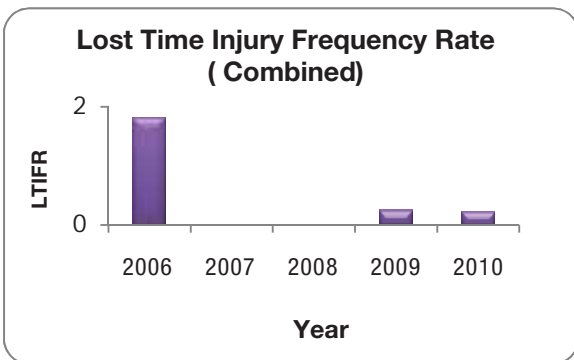
KNP Group Employees Reportable Injuries:



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

There was one lost time injury in the year 2010 against 1 of earlier year, which indicates we need to improve our safety performance.

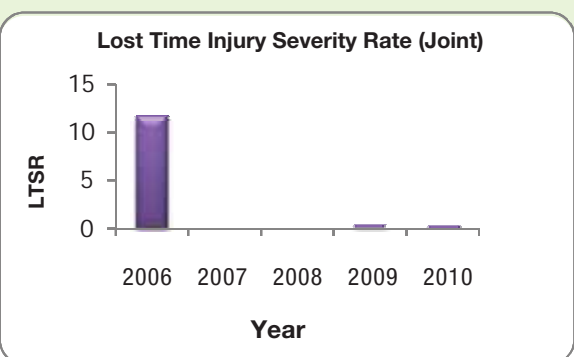
Lost Time Injury Frequency Rate:



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

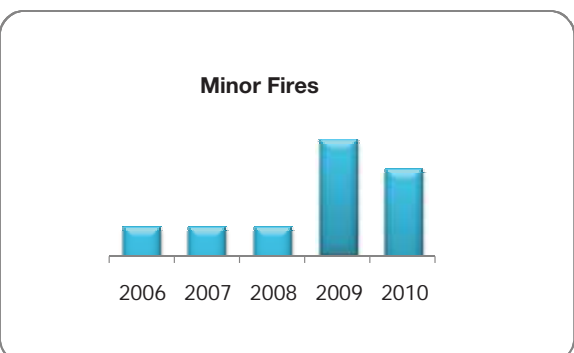
The lost time injury frequency rate was 0.22 against 0.24 of earlier year. There is scope for further improvement.

Severity Rate:



Lost Time Injury Severity rate: It indicates the man-days lost per million man-hours worked.

There was no loss of work day hence lost time injury severity rate was 0.22 against 0.24 in 2009. Efforts are on to maintain zero lost time 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 plant.

OCCUPATIONAL HEALTH AND PROVISION OF HEALTH CARE

KNPL has supported health programmes for its employees at all sites. The objective of 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.



Health education programme at Lote:
Community Involvement

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 Hosur & Bawal. 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 free diabetes & asthma check up camps and educative programmes in the field of employee health & welfare.



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 the part of the emergency handling arrangements and 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, weekly demonstration on how to use FE to each section was arranged. Wet drills and checking fire hydrant pressure has been conducted at regular frequency. Observations were discussed at the end of the drill for further improvement & readiness in any eventuality.



Fire drills at Lote.



Fire drills at Jainpur plant.



Makino san inspecting fire drill at Jainpur plant



Lote employees taking safety oath



Hosur Plant employees preparing safety posters/drawings



Mr. N. Dorai GM engineering addressing at Hosur on National Safety Day

National Safety Day:

National Safety Day was celebrated on March 4 in all plants by hoisting of 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 & 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 Japanese team participated in the celebration by hoisting the flag and giving safety talk to the gathering.

SUSTAINABILITY AT KNPL

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 Fluro 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 400Kgs 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.

GREEN INITIATIVES BY KNPL

- Use of Natural Light & Natural ventilation
- Alternate Energy: Biofuel based boiler to reduce CO₂ emission
- Solar energy based street lights, battery charging
- Launch of Lead free paint reduced environmental pollution
- Launch of Low Voc and no smell ECO clean
- 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

FUTURE PLANS TOWARDS THE ENVIRONMENT/HEALTH/SAFETY

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 10%
- To reduce energy use by 10 %
- To achieve complete prevention of lost time accidents.
- To reduce carbon emission by minimum 10%.

To prevent environment /safety/ health problems in handling

- Provide Guidelines on Warehousing Safety at all depot locations
- To ensure product labelling as per international standards on containers

System to enhance awareness and cooperation for environment and safety issues

- Emphasis on safety education and training
- Emphasis on GHG accounting, Carbon & Water foot printing



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