CELEBRATING 90 YEARS

90 years: A growth story.

Partnering our stakeholders for a brighter future

KANSAI NEROLAC PAINTS LIMITED

90TH ANNUAL REPORT 2010

One word remains inseparable from business: Growth!

KNP over the last 9 decades.....

Kansai Nerolac Paints began its journey in the paint industry as Gahagan Paints and Varnish Co. Ltd. in 1920. In 1968 it became a public limited company as Goodlass Nerolac Paints Ltd. In 1983, it entered into a technical collaboration with Kansai Paints Japan. Kansai Paints subsequently acquired an equity stake in 1986. In 1999, Kansai paints, Japan acquired a majority stake in Goodlass Nerolac Paints Ltd. In 2006, it changed its name to Kansai Nerolac Paints Ltd.

Today, Kansai Nerolac is a subsidiary of Kansai Paints Ltd., Japan with a turnover of over 1972 crores. Over the last 9 decades, due to the valuable contribution and faith of all stakeholders, the company has grown from strength to strength and from a single location unit at Lower Parel, Mumbai to 5 state of the art manufacturing facilities spread over India and around 70 Sales Offices and Depots. It does cutting edge research as it has a state of the art R&D facility at its HO at Mumbai. Over the years customers, consumers and trade partners have recognized the Nerolac brand as being a trusted brand of choice.

Kansai Nerolac is India's second largest paint company and a leader in the Industrial Coating segment. It was the first company in the paint industry to offer customers a complete system of paints. Over the years it has worked hard to repose the faith and trust of its customers by bringing to the Indian market world class coating solutions and products to meet the needs of the consumer both in the Industrial and Decorative segment. Some of the notable contributions are bringing sophisticated Automotive Coatings to India in the 80's, the system for bumper painting in the 90's, and in this decade products like 3C-1B system for Automotive paints, Acrylic CED, lead free decorative paints. It has also pioneered numerous value addition initiatives at various customer lines in the form of paint consumption and overall saving to customers over the years.

Kansai Nerolac takes great pride in being a professional organization. It has consistently made a number of strategic investments over the years in people, processes, facilities and systems which ensures that company retains its leadership position in the future also. These have helped KNP in being a profitable company over the years. Recognizing the power of Information Technology, KNP has taken many pioneering initiatives of using IT as a key differentiator along with its product technology to offer significant value to its customers. It is known for its transparency and trust in creating long standing and fruitful partnerships with its vendors and suppliers. It has now embarked on an Industry changing initiative to change the retail experience and make consumers involved in the buying process through the opening of Impressions Style Zone and Nerolac Color Stylers in India.

Kansai has always believed in giving back to society and its stakeholders. It has consistently rewarded its shareholders with good dividends over the years. It has undertaken innovative programmes to create value and a long lasting relationship with key influencers like painters, contractors and architects. It also considers itself as a responsible corporate citizen and has taken a number of pro-active initiatives in the areas of Environment and Social Responsibility.

The efforts of Kansai Nerolac has been recognized over the years in the form of numerous awards like The Best managed company and in the field of corporate Governance, IT, advertising, R&D, Products, customer Awards amongst others.

As we enter the next decade of our existence, we are confident, that in partnership with our stakeholders we will continue on the path of growth and make a difference.

DIRECTORS

Dr. J. J. IRANI (Chairman)

D. M. KOTHARI (Vice Chairman)

H. M. BHARUKA (Managing Director)

S. M. DATTA

Y. TAJIRI

H. ISHINO

P. P. SHAH

N.N. TATA

P. D. CHAUDHARI (Wholetime Director)

Y. TAKAHASHI

COMPANY SECRETARY

G.T. GOVINDARAJAN

BANKERS

- UNION BANK OF INDIA
- STANDARD CHARTERED BANK
- BANK OF TOKYO – MITSUBISHI UFJ, LTD.
- HDFC BANK LTD.
- BNP PARIBAS

AUDITORS

B S R & CO., MUMBAI

SOLICITORS

KANGA & CO., MUMBAI

REGISTERED OFFICE

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

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KEY HIGHLIGHTS OF THE YEAR

- Nerolac Excel Total wins Product of the year Award'09

- Golden Peacock innovative Product / Service Award

- Frost & Sullivan's 'Silver Certificate Merit Award' for Jainpur Plant

KANSAI NEROLAC PAINTS LIMITED

NOTICE

NOTICE is hereby given that the Ninetieth Annual General Meeting of the Shareholders of KANSAI NEROLAC PAINTS LIMITED will be held at the Walchand Hirachand Hall, 4th Floor, Indian Merchants' Chamber, IMC Building, IMC Marg, Churchgate, Mumbai - 400 020 on Thursday, 17th June, 2010 at 3.30 p.m. (S.T.) to transact the following business:

1. To receive, consider and adopt the Balance Sheet as on 31st March, 2010 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors' and the Auditors' thereon.

2. To declare a dividend.

3. To appoint a Director in place of Mr. D. M. Kothari, who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint a Director in place of Mr. S. M. Datta, who retires by rotation and being eligible, offers himself for re-appointment.

5. To appoint a Director in place of Mr. P. P. Shah, who retires by rotation and being eligible, offers himself for re-appointment.

6. To appoint a Director in place of Mr. Yoshikazu Takahashi, who was appointed as an Additional Director of the Company pursuant to Article 113 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting by reason of Section 260 of the Companies Act, 1956, but being eligible, offers himself for re-appointment and in respect of whom the Company has received a notice in writing from some Shareholders proposing his candidature for the office of Director.

7. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company, and to authorise the Audit Committee to fix their remuneration.

Registered Office:
"Nerolac House",
Ganpatrao Kadam Marg,
Lower Parel,
Mumbai - 400 013.

Dated: 3rd May, 2010

For and on behalf of the Board

J. J. IRANI
Chairman

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. The instrument appointing a proxy, in order to be effective, must be duly filled, stamped and signed and must reach the Company at its registered office not less than forty-eight hours before the commencement of the meeting.

2. An explanatory Statement pursuant to Section 173 of the Companies Act, 1956, relating to Item No.6 of the Notice is annexed hereto.

Annexure to Notice

Explanatory statement under Section 173 of the Companies Act, 1956

Item No. 6

Mr. Yoshikazu Takahashi was appointed as an Additional Director of the Company on 26th March, 2010. Pursuant to Section 260 of the Companies Act, 1956, (the "Act") read with Article 113 of the Articles of Association of the Company, Mr. Takahashi holds office only upto the date of the forthcoming Annual General Meeting.

Notice in writing has been received from some Shareholders of the Company, pursuant to Section 257 of the Act, signifying their intention to propose Mr. Takahashi as a candidate for the office of Director. As required by Section 257 of the Act, the Shareholders giving notice have deposited a sum of Rs. 500 with the Company which shall be refunded if Mr. Takahashi is elected as a Director.

Mr. Takahashi, aged 57, is a graduate from Hitotsubashi University and has expertise in the field of Automotive Business Marketing, Dealer Development, Logistics, Corporate Strategy and Planning and General Administration. Mr. Takahashi has had a varied experience working abroad in a number of countries. He joined Kansai Paint Co. Ltd., Japan at the Osaka Head Office in February 2009 and is Senior Manager at their International Business Division. The services of Mr. Takahashi will be very useful to the Company. The Directors, therefore, recommend that he be appointed as a Director of the Company.

Mr. Takahashi is interested in the Resolution at Item No.6 of the accompanying Notice since it relates to his own appointment.

Mr. H. Ishino and Mr. Y. Tajiri, Directors of the Company, are nominees of Kansai Paint Co. Ltd., Japan and accordingly, may be deemed to be concerned or interested in the Resolution at Item No.6 of the Notice. None of the other Directors' is in anyway concerned or interested in the Resolution.

Disclosure in terms of Clause 49(IV)(E)(v) of the Listing Agreement with the BSE and the NSE:

Name of Director seeking appointment/ re-appointment	Shares held as on 31.3.2010 (Own or held by/ for other persons on a beneficial basis)
(1) Mr. D.M. Kothari	1485
(2) Mr. S.M. Datta	Nil
(3) Mr. P.P. Shah	Nil
(4) Mr. Y. Takahashi	Nil*

* Mr. Y. Takahashi is a Nominee of Kansai Paint Co. Ltd., Japan, the promoter Company. He does not hold any share in his personal capacity.

Registered Office:
"Nerolac House",
Ganpatrao Kadam Marg,
Lower Parel,
Mumbai - 400 013.

Dated: 3rd May, 2010

For and on behalf of the Board

J. J. IRANI
Chairman

Directors' Report

Dear Members,

Your Directors' are pleased to present the 90th Annual Report and the Audited Accounts for the year ended 31st March, 2010.

1. Financial Highlights

	1st April, 2009 to 31st March, 2010 Rs. in lacs	1st April, 2008 to 31st March, 2009 Rs. in lacs
Gross Sales	197170.53	166373.85
Net Sales / Income from operations (Net of excise and discounts)	170638.36	137451.92
Other Income	2038.21	2219.50
Profit before Interest, Depreciation, Tax and Appropriation	28406.91	17963.20
Interest	119.99	183.80
Depreciation	4425.98	3760.50
Profit Before Tax	23860.94	14018.90
Tax	7310.89	4160.00
Profit After Tax	16550.05	9858.90
Balance brought forward from previous year	27143.88	22053.93
Balance available for appropriations	43693.93	31912.83
Appropriations:		
Proposed Dividend	4041.89	3233.52
Tax on Proposed Dividend	671.31	549.54
General Reserve	1660.00	985.89
Balance retained in Profit and Loss Account	37320.73	27143.88
	43693.93	31912.83

2. Dividend

The Directors' recommend for consideration of the Members a dividend of Rs. 15.00 (150%) per equity share of the nominal value of Rs. 10 each for the year ended 31st March, 2010 as against Rs. 12.00 per equity share (120%) paid last year.

3. Bonus Shares

The Directors' have recommended, subject to the approval of the Shareholders and such other approvals as may be required, an issue of Bonus Shares in the proportion of one New Equity Share for every one Equity Share held on a Record Date to be advised later. The approval of the Shareholders for the proposed issue of Bonus Shares is being sought by means of postal ballot.

4. New manufacturing facility at Hosur

During the last quarter of the year, commercial production commenced at the Company's green-field state-of-the-art paint manufacturing facility at Hosur.

Hosur manufacturing facility

5. Management Discussion & Analysis

KANSAI NEROLAC
transform

(A) About the Company

Kansai Nerolac Paints Ltd. (KNPL), a subsidiary of Kansai Paint, Japan was established in the year 1920. It is the second largest coating company in India and the market leader in Industrial Coatings. In the 90th year in the paint business, Nerolac is a well known brand with a strong recall proposition.

The journey through these 9 decades has been momentous for KNPL. From its humble beginnings in 1920, it has grown to be a leader in the Paint Industry thanks to the support and patronage of its shareholders, customers, vendors and employees.

Over the last 9 decades, KNPL has been a front runner in the paint industry bringing in numerous innovations and technologies to the Indian market that have added significant value to its esteemed customers and has also ensured technology leadership within the Industry. KNPL has numerous firsts to its credit, like the introduction of Automotive Coatings in India, introduction of bumper coatings for the automotive industry as well as numerous innovations in automotive coatings which have contributed to the aesthetic appeal and technology offering to consumers. In decorative also Nerolac has often taken the lead in bringing new consumer products and concepts to the market over the years.

KNPL operates through 69 sales locations and 5 factories. KNPL's manufacturing operations are spread across India at state of the art factories located in Bawal in Haryana, Lote in Maharashtra, Jainpur in UP, Chennai

in Tamil Nadu and a new one at Hosur in Tamil Nadu. The proximity of the plants to its customers' plants has offered logistic advantage and enabled high service levels. For the Industrial Coatings, it has a wide range of products in the Automotive, Powder, General Industrial High performance Coatings and Pretreatment Chemicals domain. For the Decorative business, it has been known for its innovative products and services.

With a strong commitment to innovation, style and consumers' needs, KNPL has embarked on several initiatives like introduction of lead free (no lead added) paints, opening of Colour Stylers and Impressions Style Zone outlets.

KNPL has also invested in IT interventions involving a slew of product implementations across the entire value chain of the organization. These will be enablers for effective and speedier transactions to various stake holders.

Over the years, the organization has been credited with numerous awards in the field of Corporate Governance, Environment, Products, Information technology and overall management.

(B) Industry Progress

The year 2009-10 began against the background of the slow down. While initially there was a lot of skepticism on the recovery, with time those doubts evaporated and we saw the Indian economy do really well.

The industry is estimated to have grown around 15 % with all players recording good growths. The size of the industry is estimated at Rs. 21,000 crores as on Mar 2010 wherein

the organized sector accounts for 65% while the remaining is with the unorganized sector.

Kansai Nerolac, had taken a series of steps in the previous year much before the recession effect started and that helped KNPL to take full benefit of the recovery in the Indian economy. It has been able to increase its presence in the decorative sector and consolidate its leadership in the industrial, automotive and powder coatings.

Towards the end of the last financial year we have seen a gradual rise in raw material costs. In addition there has been a tightening of liquidity through the gradual withdrawal of the stimulus package. With this, the outlook for the near term future remains cautiously optimistic.

Over the long term, industry is expected to do well with many positive factors like internal demand, favorable demographics and expected good monsoon which should see the GDP grow at 8 % +. The just released figures for the twelfth five year plan also envisage good investments and as such the long term story for the Industry appears favorable.

Corporate website

(C) Marketing Initiatives

KNPL has been at the forefront in introducing new products and technologies in the paints industry. The organization has been proactively involved in eliminating use of hazardous materials in paints and making the products Environment friendly through the Lead Free (no lead added) Campaigns and launch of Eco friendly products. KNPL has been the pioneers in introducing the lead free (no lead added) campaigns.

Impressions Style Zone

A number of campaigns were done in the current year. The 'Impressions' television campaign, aired on all leading channels, with the base line of 'Apke Rang, Apki Pehchan' aimed at rediscovering oneself through the process of painting. Similarly, the Ad campaign for Nerolac Excel Total, started on leading television channels focuses on 'anti peel' property of the paint that ensures that the paint bonds strongly with the walls and doesn't peel off, irrespective of weather conditions. Awareness Campaigns through Beauty TVC Advertisement have focused on the economy range of products with aesthetic results. The tag line of the advertisement, 'Beauty kare hairan, jeb par bhi asaan' suggests that the product is economical and value for money. With the Beauty Ad campaign, the Nerolac jingle was also introduced to drive recall.

For the consumers of the present times, it is important to make the process of buying paint an involved experience wherein they can touch and feel the products. These aspects have been catered by the opening of the Nerolac Colour Stylers in a few select zones wherein these are formed on shop-in-shop model, opened by the combined effort of the dealers and KNPL.

Excel Total TVC

Considering the current trend of the customers being engaged while buying paints, Impression Style zone outlets have been launched. These shops provide end to end solution, beginning from helping the consumers to choose the right kind of paint and finishes to how the products will look in their living space. The company believes that the Impression Style zone is a game changer from the Industry perspective, once again outlining KNPL's leadership role.

In the industrial business, both in the Automotive and Non Automotive Coatings the organization has done well and the prospects are huge.

Paint India Exhibition 2010

KNPL participated in various exhibitions and trade fairs related to the Industrial business both in the Automotive and Non Automotive space of Industrial Coatings. KNPL has continued to work with its customers in offering greater value addition through the launch of new products, technologies and value engineering. KNPL has also been awarded approvals at various agencies like Nuclear Power, Thermal Power for its High Performance coatings.

Several CED lines awarded this year to Nerolac indicate that KNPL's position is further strengthened in the industrial sector.

(D) Opportunities and Threats

Auto Expo Exhibition 2010

Some of the global economies are yet to revive from the slowdown and uncertainty still persists due to inflation, withdrawal of the stimulus packages and raising of interest rates. KNPL is cautious and is geared to take the challenge.

It continues to identify the gaps in the consumers' needs and the products available. It aims to increase the brand portfolio so that all the requirements of the Decorative and Industrial customers are

catered effectively. Growth plans have been devised balanced with investments in production capacity enhancements, introduction of new products, services and people development initiatives.

Environmental legislations are also a threat wherein KNPL is prepared to face the challenge through introduction of Eco friendly products.

The industry is also witnessing an influx of foreign players in various segments of the market. The company is striding ahead to provide value additions, customer responsiveness and satisfaction for higher performance and retention of market share.

KNPL, in the backdrop of the emerging favorable market conditions is geared to meet the challenges and sustain the leadership in the industrial sector and gain higher market share in the decorative sector.

KNP High Performance Coating sites

(E) Segment wise Performance

The company has only one segment of activity named paints, in accordance with the definition of "Segment" as per the Accounting Standard 17 issued by the Institute of Chartered Accountants of India. The performance of the company is discussed separately in this Report.

(F) Risks and Concerns

KNPL has earmarked function wise risk areas along with its probability and severity of the effects. A detailed Enterprise Risk Management (ERM) Framework is in place wherein the risks are identified and the ways in which they can be mitigated have been highlighted. An internal process has been set up in which the Risk Committee periodically meets for monitoring the framework, projects identified for extenuating risks and the status of actionables.

The fluctuations in the global economy, rising petroleum prices and its derivatives, political instability, crop failures, natural calamities, may affect business. Therefore the business cannot be risk free and it has to be prepared to face them with an action plan.

Proper inventory planning, maintaining the quality of stock, productivity, overhead control and working capital management are some of the focus areas. Technology definitely is the cutting edge for the organization wherein it has the advantage of launching innovative products at competitive prices, thereby improving the sales figures. KNPL has also leveraged technology to bring in enhancements in processes, products and people productivity.

KNPL has also stepped up its initiative of further strengthening its brand equity amongst consumers through a slew of activities in the media as well as through launch of superior innovative products, service backup, retail concept and strong distribution network as mechanism geared to protect the organization.

NEROLAC

LEAD FREE PAINTS

(G) Research and Development

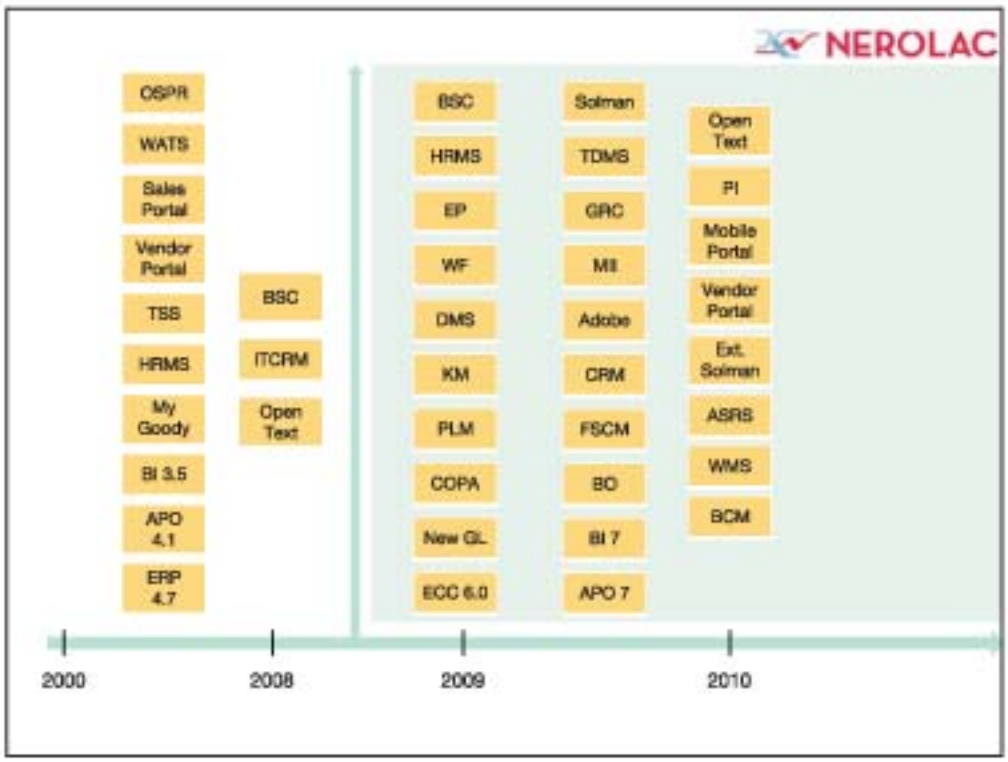
Research and Development department of the company is focused on the product innovations, quality enhancements and value addition for all segments of consumers. There is continued vigor in ensuring formulation optimization, standardization of raw materials, optimization of processes and value engineering support to the esteemed customers. Break through innovations have been achieved in:

- Making all the decorative range of products lead free (no lead added).
- Patent Certification for 'A Bird Repellant Polymeric Composition and method of manufacturing the same' introduced under the trade name of "Bird Go"
- Rapgard Transit Protection film
- Hygiene Coatings

The innovations offered are indicative of the crucial role R&D function has played in maintaining the leadership role in the industrial / auto coatings and creating pathways for decorative sector. This has been done, with the focus on the environment friendly product requirements of customers.

(H) Information Technology

During the year, KNPL has embarked on a defining IT initiative. This initiative involves a complete business process transformation through the implementation of many new IT packages from SAP.



The initiative involved using IT to create value in various processes in the domain of Customer interaction, Sales Team Interaction, Product development, financial supply chain, Manufacturing, vendor management, Supply Chain, Warehousing and distribution, Knowledge Management, Document management, Process Monitoring and Control and Governance. In addition, KNPL has also upgraded its core IT systems of ERP, Supply Chain and Data warehousing. KNPL has also used this opportunity to automate reporting and enable faster and qualitative decision making through the implementation of dashboards. These initiatives we believe are path breaking and are capable of giving KNPL an edge in the market place.

KNPL has also done a complete technology refresh of its core IT infrastructure of servers, storage, databases, network and security. It has used this opportunity to implement many contemporary IT technologies like Green IT, Virtualization amongst others.

KNPL has ensured through these initiatives that the risk of technology obsolescence is minimized and a long term sustainable road map for various business applications which are of strategic nature is in place.

(I) Human Resources

KNPL values the people as the key pillars of strength. The organization is vibrant with the average age of the employees being 34 and has been actively investing in people related processes and systems.
With a view towards developing future leaders, KNPL has strengthened its Talent Management program.

There has been a strong focus on competency enhancement at the grass root level. Special attention was given to Skill Development for Operators and Officers in the plants and as planned, operators have been promoted to the officer cadre. In order to develop the career and competencies of its sales team KNPL has institutionalized various HR initiatives.

In order to promote a healthy work life balance, numerous welfare activities have been conducted.

Industrial relations remained cordial. Employee Strength is 2148 as on 31st March 2010.

Training Program

Diwali celebration at H.O.

(J) Awards & Recognition

Asia Manufacturing Excellence Award for Jainpur plant

MSIL overall vendor performance award

TATA MOTORS vendor meet

KNPL takes pride in the recognition it has received in various fields. The Awards given by the External Agencies are:

- Golden Peacock Innovative Product / Service Award
- Lote Plant was awarded with Golden Peacock Environment Management GOLD Award
- Nerolac Excel Total won Product of the Year Award in the paints category
- A "Silver Certificate of Merit" was awarded to Jainpur Plant by Frost & Sullivan for Asia Manufacturing Excellence Award(AMEA)
- Readers Digest Award

Some of the Awards by our Customers:

- "Best Delivery Performance Award to Bawal Plant for the year 2009 by Whirlpool India
- MSIL awarded "Overall Vendor Performance Award" during the Annual Suppliers Meet
- Award of Excellence was presented to KNPL in recognition of outstanding performance by Krishna Group of Companies (M/s Krishna Maruti / SKH Metals) during their Vendor Performance

(K) Community Development

As a part of the Corporate Social Responsibility(CSR) initiative, KNPL is committed to rendering support to communities around locations. Kansai Nerolac is a Socially Active Corporate Citizen, wherein the employees volunteer for the activities wherever possible. Several initiatives have been undertaken this year under the domains of Health, Education, Community Development and Environment.

Under the Health domain, AIDS Awareness Program has been conducted at Bawal. Free Eye Camp at Perungudi was well appreciated wherein over three hundred villagers benefited. Similar Health Check-up Camp was carried out at Jainpur where Medical Consultation & Advice by Specialists Doctors were provided. Pathology Tests were also done for the villagers and poor people who were not able to afford Medical Services and were also not aware about the diseases.
KNPL in association with NGOs and local Administration participated in health awareness rallies like the AIDS Awareness one conducted at Rewari, near Bawal plant. Slogan and Poster competition, conducted on the day led to greater awareness of the disease.

Health Camp

The health awareness programs have not been limited to just factories. They have been carried out at the depots as well.

For community development, the company provided Hand Pumps in nearby villages of Jainpur factory. The aim was to provide a solution to the persistent 'water scarcity' issues at villages. Initiatives like Distribution

of blankets for the old and bags for the school children were aimed at helping the needy. Similar activities of providing drinking water facilities and creating the infrastructure for basic facilities like toilets, overhead tanks and taps were initiated at Hosur plant.

Besides, Nerolac has also supported various organizations and activities like providing financial assistance to Senior Citizens' Settlement foundation, Hemophilia Society, Thallasemic Children Welfare Society, Shanmukhananda Jasubhai RK Shah Medical Center.

As a part of Environmental awareness, Energy Conservation Day has been celebrated to spread awareness.

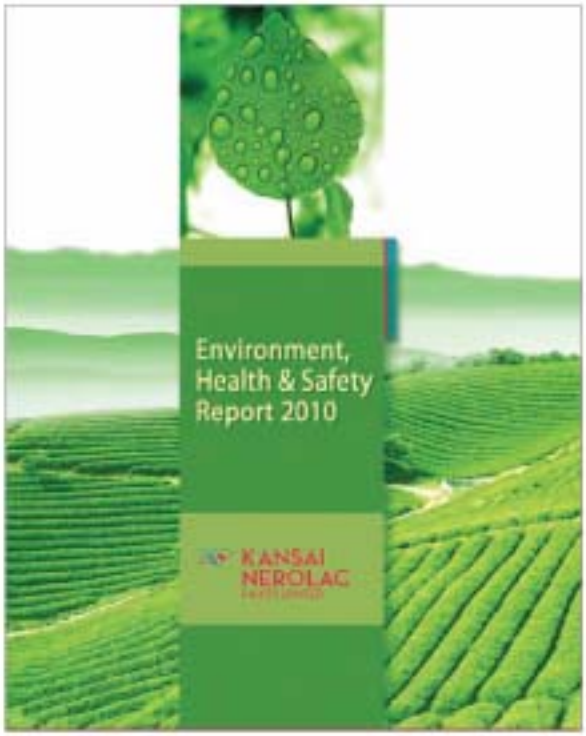
The work done by the Company in the area of Corporate Social Responsibility(CSR) is separately published as the Corporate Social Responsibility Report.

Distribution of blankets at
Dewan Village near Jainpur

(L) Environmental and Industrial Safety

As a responsible corporate citizen, KNPL gives high priority to health and safety of its employees with due importance to conservation of the environment and its correlation with achieving business goals.

In order to improve activities for environment and safety, KNPL carries out internal audits at the plants selecting areas for improvement and creating new measures. Recertification audits have been conducted at Lote plant along with the ISO 14001 & OHSAS 18001 surveillance.



ENCON Week celebrated at corporate office and plants reiterate the relevance of energy conservation and its benefits for environmental safety. Employee involvement was evident in the participation for the competitions of poster making and 'Best out of the Waste', and suggestions given by them for energy conservation.

Release of CARE bulletins focus on educating the employees on environmental hazards and the steps that can be taken for its prevention.

KNPL implemented various measures in order to reduce the usage of pollutants. The environmental initiatives of 2009 were formulated with the aim of protecting the environment and causing minimal impact to the environment from the medium and long term viewpoint.

The detailed work done by the company in the area of Environment, Health and Safety is published as the Environmental Report annually.

(M) Internal Control Systems and their adequacy

KNPL has adequate internal control measures to ensure that all transactions are under the purview of Corporate Governance. They are well documented, authorized and reported and are within the laid down policies and procedures.

All business transactions are conducted using the SAP ERP system. In order to ensure that its business processes and systems are operating in the manner intended, the Company has these audited by the Internal Auditor as per the Internal Audit Plan in addition to the statutory audits. Compliance towards J-SOX audits has also been initiated.

The recommendations arising out of the various audits are taken on board at the Audit Committee meetings of the board and are tracked and reported for implementation.

The well defined organization structure with limited authorizations, KRAs at all levels, annual business plans for every function and monitoring of statutory compliances through individual BSCs are indicative of the laid down internal control systems.

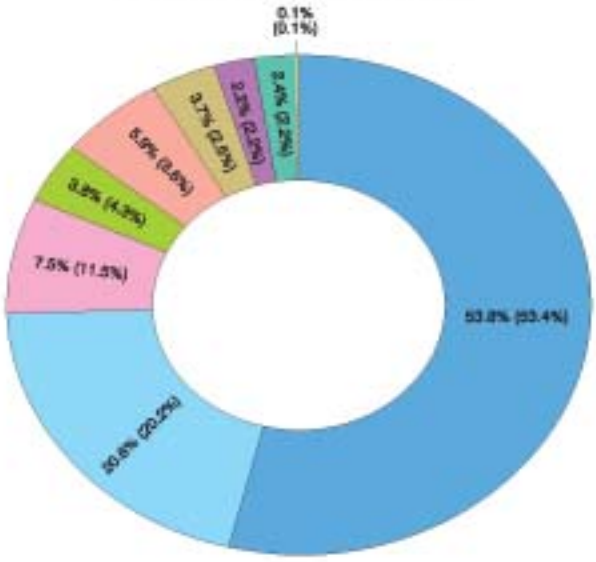
(N) Affirmative Action

The company has adopted a Code of Conduct for affirmative action for the purpose of providing employment opportunities for the socially disadvantaged.

(O) Financials

Gross sales for the year aggregated to Rs. 1972 crores reflecting a growth of 18.5% over the previous year. Sales net of excise duty grew by 24%.

DISTRIBUTION OF INCOME



2009-10

- Materials
- Operating and Other Expenses & Rebates, Discounts, Allowances
- Excise Duty
- Manpower Cost
- Retained Earnings
- Corporate Tax
- Depreciation
- Dividend*
- Interest Paid

Previous year 2008-09 percentage figures are stated in brackets.
* Dividend includes Tax on Proposed Dividend.

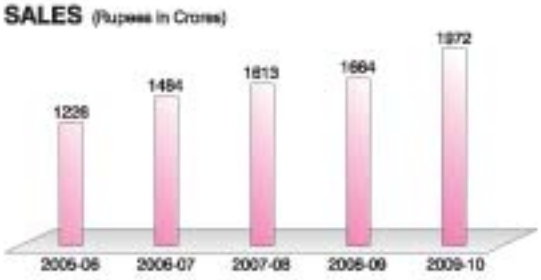
The Company had undertaken a lot of initiatives during the slow down to reduce procurement cost and reduce operational costs. These initiatives helped the Company in the current year to keep the operational costs under control and improve the bottom line.

Depreciation is higher due to commissioning of the plant at Hosur and CED project at Bawal. Current year's depreciation is at Rs. 44.26 crores as compared to Rs. 37.61 crores of the previous year.

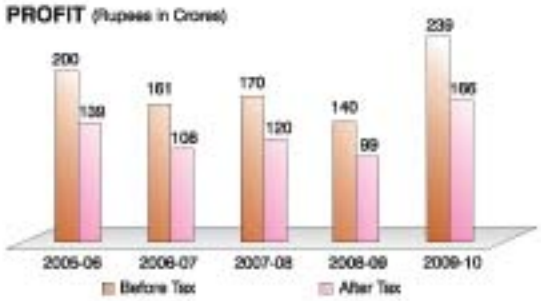
Interest was lower at Rs. 1.2 crores as compared to Rs. 1.84 crores of the previous year due to effective cash management.

Profit Before Tax is higher at Rs. 238.61 crores as compared to Rs. 140.19 crores of the previous year reflecting a growth of 70.2%. This good improvement in the bottom line was mainly due to robust sales growth and effective cost management.

SALES (Rupees in Crores)

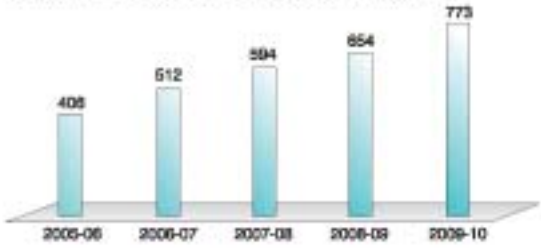


PROFIT (Rupees in Crores)

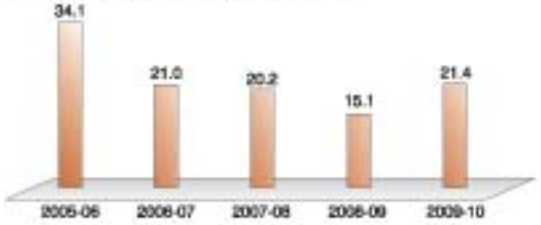


PROFITABILITY (%)

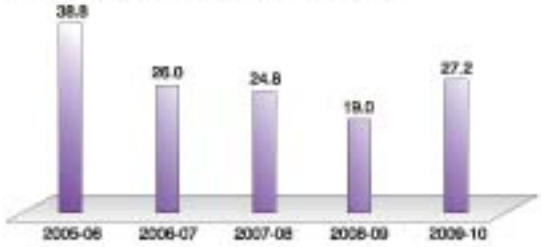
SHAREHOLDERS' FUNDS (Rupees in Crores)



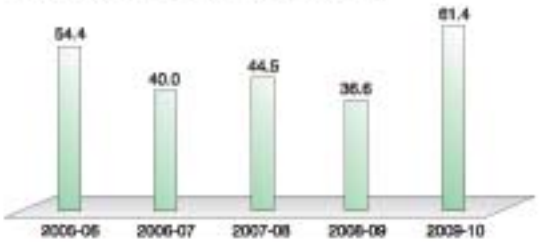
RETURN ON NET WORTH (%)
(Profit After Tax divided by Shareholders' Funds)



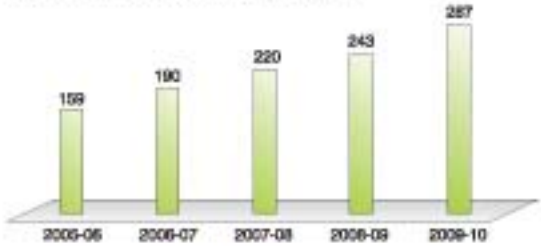
RETURN ON CAPITAL EMPLOYED (%)



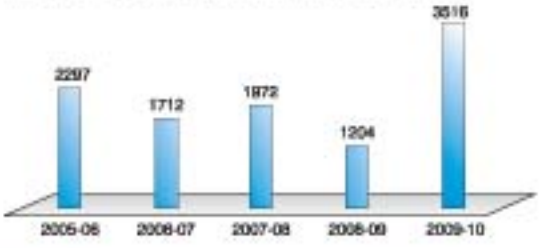
EARNINGS PER SHARE (EPS) (Rupees)



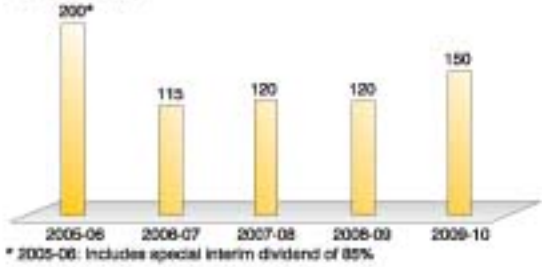
BOOK VALUE PER SHARE (Rupees)



MARKET CAPITALISATION (Rupees in Crores)



DIVIDEND (%)



* 2005-06: Includes special interim dividend of 85%

Ratios for 2005-06 include extraordinary profit from sale of investments in an associate company.

Cautionary Statement:

Statements in this Management Discussion and Analysis Report describing the Company's objective, estimates and expectations may be "forward looking statements" within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.

6. Fixed Deposits

The Company has not accepted any Fixed Deposits (FD) during the year. Deposits aggregating to Rs. 1.75 lacs, due for re-payment have not been claimed by the FD holders as on 31st March, 2010. Barring these, the Company has refunded all the deposits, which were due for payment as on 31st March, 2010. During the year, unclaimed deposits amounting to Rs. 0.20 lac were transferred to the credit of the Investor Education and Protection Fund (IEPF) as required under Section 205C of the Companies Act, 1956.

7. Unclaimed Dividend

During the year, dividend amounting to Rs. 1,21,955 lacs that had not been claimed by the shareholders for the year ended 31st March, 2002, was transferred to the credit of Investor Education and Protection Fund as required under Section 205A read with Section 205C of the Companies Act, 1956. As on 31st March, 2010, dividend amounting to Rs. 43.90 lacs has not been claimed by shareholders of the Company. Shareholders are required to lodge their claims with the Registrars, Sharepro Services (India) Pvt. Ltd., for unclaimed dividend.

8. Collaboration

The Directors' record their appreciation for the contribution made and support provided by Kansai Paint Co. Ltd., Japan (Kansai). Kansai continues to provide support on process design, quality improvement, world class technology which has helped the Company in maintaining market leadership in the industrial business including automotive coatings, by servicing existing customers better and adding new lines. Kansai also provides technology for manufacture of architectural coatings.

The Company also has Technical Assistance Agreement with Oshima Kogyo Co. Ltd., Japan, for manufacturing heat resistance coatings and with PPG International Performance Coatings & Finishes, USA (formerly Ameron International Performance coatings and Finishes) for High Performance coatings. The Directors record their appreciation for the co-operation from these collaborators.

9. Auditors' Report

The Auditors' Report is clean and there are no qualifications in their Report.

10. Directors

In accordance with the Articles of Association of the Company, Mr. D. M. Kothari, Mr. S. M. Datta and Mr. P. P. Shah retire by rotation and being eligible, offer themselves for re-appointment.

Mr. Y. Kawamori, a nominee of Kansai Paint Co. Ltd., Japan, on the Board, resigned from the Directorship with effect from 26th March, 2010. The Directors have placed on record their sincere appreciation for the very valuable contribution made by Mr. Kawamori during his tenure as a Director. With effect from 26th March, 2010, Mr. Y. Takahashi, a nominee of Kansai Paint Co. Ltd., Japan, has been appointed as an Additional Director on the Board. Mr. Takahashi holds office upto the date of the Annual General Meeting, but being eligible, offers himself for re-appointment.

None of the Directors of the Company is disqualified under Section 274(1)(g) of the Companies Act, 1956. As required by law, this position is also reflected in the Auditors' Report.

11. Corporate Governance

As required by the existing Clause 49 VII of the Listing Agreements entered into with the Stock Exchanges, a detailed report on Corporate Governance is given as a part of the Annual Report. The Company is in full compliance with the requirements and disclosures that have to be made in this regard. The Auditors' Certificate of the compliance with Corporate Governance requirements by the Company is attached to the Report on Corporate Governance.

The Company is in compliance with the Secretarial Standards issued by the Institute of Company Secretaries of India.

12. General Shareholder Information

General Shareholder Information is given in Item No. 9 of the Report on Corporate Governance forming part of the Annual Report.

13. Particulars regarding Employees

Particulars of Employees as required under Section 217(2A) of the Companies Act, 1956, and the Companies (Particulars of Employees) Rules, 1975, as amended, forms part of this Report. As per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to the shareholders excluding the statement of particulars of employees under Section 217(2A) of the Companies Act, 1956. Any shareholder interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the Company.

14. Directors' Responsibility Statement

As stipulated under the provisions contained in Section 217(2AA) of the Companies Act, 1956, the Directors hereby confirm as under:

(i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with the explanation relating to material departures;

(ii) that the Directors' have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

(iii) that the Directors have taken proper care of the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) that the Directors' have prepared the annual accounts on a going concern basis.

In accordance with the Corporate Governance Voluntary Guidelines, 2009 issued by the Ministry of Corporate Affairs, Government of India, it is hereby confirmed that proper systems are in place to ensure compliance of all laws applicable to the Company.

15. Energy, Technology Absorption & Foreign Exchange

Statement giving the particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under the Companies (Disclosures of particulars in report of the Board of Directors) Rules, 1988, is annexed.

16. Auditors

The Company Auditors, M/s BSR & Co. Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment.

17. Acknowledgements

Your Directors' wish to express their grateful appreciation for the co-operation and support received from customers, parent company, collaborators, vendors, shareholders, financial institutions, banks, regulatory authorities and the society at large.

Deep appreciation is also recorded for the dedicated efforts and contribution of the employees at all levels, as without their focus, commitment and hard work, the Company's consistent growth would not have been possible, despite the challenging environment.

For and on behalf of the Board

J. J. Irani
Chairman
Mumbai, 3rd May, 2010.

ANNEXURE TO DIRECTORS' REPORT

FORM A

(1) Disclosure of Particulars with respect of Conservation of Energy

A. POWER AND FUEL CONSUMPTION	2009-2010	2008-2009
(1) ELECTRICITY		
(a) Purchased		
Units ('000KWH)	**20147**	16010
Total Amount (Rs. in lacs)	**956.23**	761.77
Rate/Unit (Rs.)	**4.75**	4.76
(b) Own Generation		
Through Diesel Generator		
Units ('000KWH)	**6578**	4422
Units per litre of Diesel oil	**3.40**	3.24
Cost/Unit (Rs.)(of diesel oil only)	**10.09**	10.82
(2) LIGHT DIESEL OIL AND HIGH SPEED DIESEL		
Quantity (KL)	**2376**	1835
Total Amount (Rs. in lacs)	**813.65**	601.26
Average Rate (Rs.)	**34.24**	36.60
(3) STEAM		
Quantity (MT)	**5342**	—
Total Amount (Rs. in lacs)	**98.29**	—
Average Rate (Rs.)	**1.84**	—

B. CONSUMPTION PER UNIT OF PRODUCTION

	ELECTRICITY (KWH/TONNE)		LIGHT DIESEL OIL HIGH SPEED DIESEL (LT/TONNE)		STEAM (KG/TONNE)	
	2009-2010	2008-2009	**2009-2010**	2008-2009	**2009-2010**	2008-2009
Paints, Varnishes, Enamels and Powder Coatings (including Synthetic Resins for captive use)	**131**	127	**12**	11	**26**	—

FORM B

(2) Disclosure of Particulars with respect to Technology Absorption

I. RESEARCH AND DEVELOPMENT (R & D)

1. Specific areas in which R & D carried out by the Company:
   - — Development of new coatings / paints
   - — Quality upgradation of existing products
   - — Development of resins and polymers for paints
   - — Value engineering
   - — Process development
   - — Import substitution

2. Benefits derived as a result of R & D:

   Patents received

   The following products have been developed & commercialized

   - — "A Bird Repellent Polymeric Composition And Method Of Manufacturing The Same" (Patent No. 237307). This is a product which drives away birds, without causing them any harm.

— "Modified Resin From Cashew Nut Shell Liquid And Method Of Manufacturing The Same" (Patent No. 239152) —This resin can be used in economical Air drying or Force drying.

— "Novel Aqueous Polyurethane Acrylic Hybrid Resin Dispersion". (Patent No. 239611). This PU dispersion is useful in Water borne wood finishes.

Eco-friendly products

— The premium & mid segment architectural Emulsion paints have been made Ammonia free.

— The following product categories have been made low VOC, to meet the GS-11 VOC Standards:

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

The following products have been developed & commercialized

— High Solid Basecoats for passenger cars.

— Lead free painting system for two wheelers.

— Low bake primers for passenger cars.

— Pearl White coating system for two wheelers.

— Single component common basecoat for two wheelers.

— Low bake Poly Urethane Clear coats for two wheelers.

3. Further Plan of Action:

Development of the following :

— Water based primer for wood, concrete & metal, having excellent anticorrosive properties.

— Premium Matt Emulsion Paint with excellent scratch & stain resistance.

— Long Life Exterior durable paint.

— High solid 3-Wet base coat.

— Common base coat for automobile body & bumper.

— Mar resistant clear coat for four wheelers.

4. Expenditure on R & D:

(Rs. in lacs)

	2009-2010	2008-2009
(a) Capital	**72.91**	73.82
(b) Recurring	**1146.85**	1154.07
(c) Total	**1219.76**	1227.89
(d) Total R & D Expenditure as percentage of total turnover	**0.62**	0.74

II. A. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Kansai Paint Co. Ltd., Japan.

— Resins for Cathodic Electrodeposition primers have been successfully localized at the plant.

2. Oshima Kogyo Company Ltd., Japan.

— Heat resistant paint for motor cycle engines & Primers & Topcoats for Mufflers — Commercialized.

3. PPG International Performance Coatings and Finishes, USA. (Ameron)

— Range of High Performance coating products for Thermal Power Plants have been commercialized

— High performance coatings are being used for servicing petrochemical & power sectors.

B. FOREIGN EXCHANGE EARNINGS AND OUTGO

Details of expenditure in foreign exchange and earnings in foreign exchange are given in Notes No. II (13) and II (14) respectively in Schedule 'R' of the audited accounts of the Company.

For and on behalf of the Board

J. J. IRANI
Chairman

Mumbai, 3rd May, 2010

REPORT ON CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement, a Report on Corporate Governance is given below:

1. Company's philosophy on Code of Governance

The Company believes in abiding by the Code of Corporate Governance so as to be a responsible corporate citizen and to serve the best interests of all the stakeholders, viz., the employees, shareholders, customers, vendors and the society at large. The Company seeks to achieve this goal by being transparent in its business dealings, by disclosure of all relevant information in an easily understood manner, and by being fair to all stakeholders, by ensuring that the Company's activities are managed by a professionally competent and independent Board of Directors.

2. Board of Directors

The strength of the Board as on 31st March, 2010 is ten Directors. The Board comprises Executive and Non-Executive Directors. The Managing Director and a Whole-time Director are the two Executive Directors. There are eight Non-Executive Directors, of which five Directors, including the Chairman, are Independent Directors. The number of Independent Directors on the Board is in conformity with the requirement of Clause 49 (I) (A) of the Listing Agreement. Three Non-Executive Directors namely, Mr. Y. Tajiri, Mr. H. Ishino and Mr. Y. Takahashi are nominees of Kansai Paint Co. Ltd., Japan, promoter company.

Four Board Meetings were held during the year ended 31st March, 2010, i.e. on 30th April, 2009, 28th July, 2009, 27th October, 2009 and 27th January, 2010.

Name of the Director	Category of Directorship	No. of Board Meetings Attended	Attendance at the last AGM
Dr. J.J. Irani	Chairman (Non-Executive and Independent Director)	4	Yes
Mr. D.M. Kothari	Vice Chairman (Non-Executive and Independent Director)	3	Yes
Mr. Y. Kawamori (upto 26th March, 2010)	Non-Executive Director	Nil	No
Mr. H.M. Bharuka	Managing Director	4	Yes
Mr. S.M. Datta	Non-Executive and Independent Director	3	Yes
Mr. Y. Tajiri	Non-Executive Director	Nil	No
Mr. H. Ishino	Non-Executive Director	3	Yes
Mr. Pradip P. Shah	Non-Executive and Independent Director	3	Yes
Mr. Noel N. Tata	Non-Executive and Independent Director	4	Yes
Mr. Pravin D. Chaudhari	Whole-time Director	4	Yes
Mr. Y. Takahashi (appointed with effect from 26th March, 2010)	Non-Executive Director	N.A.	N.A.

Certificates have also been obtained from the Independent Directors confirming their position as Independent Directors on the Board of the Company in accordance with the Voluntary Guidelines on Corporate Governance issued by the Ministry of Corporate Affairs, Government of India.

Number of Board of Directors or Board Committees other than Kansai Nerolac Paints Limited in which the Director is a Chairman/Member (excluding private companies, foreign companies and companies registered under Section 25 of the Companies Act, 1956) is as follows:

Name of the Director	No. of Directorships	No. of Audit Committees and Shareholders/Investors Grievance Committees* in which Chairman/Member	
		Chairman	Member
Dr. J.J. Irani	9	Nil	1
Mr. D.M. Kothari	1	Nil	Nil
Mr. H.M. Bharuka	1	Nil	Nil
Mr. S.M. Datta	14	2	4
Mr. Y. Tajiri	Nil	Nil	Nil
Mr. H. Ishino	Nil	Nil	Nil
Mr. Pradip P. Shah	14	2	5
Mr. Noel N. Tata	7	1	Nil
Mr. Pravin D. Chaudhari	Nil	Nil	Nil
Mr. Y. Takahashi	Nil	Nil	Nil

* Per Sub-clause (I)(C) of the revised Clause 49 of the Listing Agreement.

The number of directorships and the positions held on Board Committees by the directors are in conformity with the limits on the number of Directorships and Board Committee positions as laid down in the Companies Act and the Listing Agreement.

Orientation of newly elected directors and updation strategy

Newly elected directors are given a presentation on the functioning of the Company. Every quarter, reports of the various departments of the Company are circulated among all the directors. These reports give specific particulars of the respective departments. Apart from this, the directors are intimated of the changes as and when they happen. All the functional heads are present at the Audit Committee Meeting of the Company held every quarter. Presentations are also made to the Board of Directors by the functional heads. This ensures that the functional heads can apprise all the directors about the developments in their specific areas.

Access to Information

The Vice Chairman of the Company, who is an independent director, has been provided an office at the Corporate Head Office of the Company. He has direct access to the officials of the Company, without the involvement of the CEO. Directors, including independent directors, visit the various manufacturing locations of the Company. They are not necessarily accompanied by the Managing Director. The purpose is to ensure that the independent directors have free and independent access to the Company's officials and records, so that they can form an independent opinion about the state of affairs of the Company.

Apart from this, reports of the audit carried out by the internal auditors and the statutory auditors are circulated to all the directors. Independent audits are also carried out by the parent company, Kansai Paint's auditors.

Monthly Performance Report is also forwarded to the Chairman updating him with the performance on various parameters.

It is ensured that the Board receives qualitative and quantitative information in line with the best management practices adopted.

Code of Conduct for Board of Directors and Senior Management

The Company has adopted a Code of Conduct for Board of Directors and Senior Management (the Code). The Code has been communicated to the Directors and the members of the Senior Management. The Code has also been posted on the Company's website www.nerolac.com. All Board members and senior management have confirmed compliance with the Code for the year ended 31st March, 2010. The Annual Report contains a declaration to this effect signed by the Managing Director who is the Chief Executive Officer.

3. Audit Committee

The Audit Committee of the Company has such powers as are detailed under Section 292 A of the Companies Act, 1956, and also Clause 49 of the Listing Agreement.

The responsibilities of the Audit Committee include, inter-alia, overseeing the financial reporting process to ensure proper disclosure of financial statements, recommending appointment/removal of external auditors and fixing their remuneration, reviewing the quarterly and annual financial statements before submission to the Board, reviewing the adequacy of the internal audit function including the structure and staffing of the internal audit department, ensuring compliance of internal control systems, reviewing findings of internal investigations, discussing the nature and scope of audit with statutory auditors, reviewing the Company's financial and risk management policies and looking into reasons of substantial defaults, if any, of non payment to stakeholders, reviewing the functioning of the Whistle Blower mechanism and a mandatory review of Management Discussion and analysis of financial condition and results of operations, statement of significant related party transactions submitted by management, management letters/letters of internal control weaknesses issued by the statutory auditors, internal audit reports relating to internal control weaknesses, the appointment, removal and terms of remuneration of the internal auditor and the approval of appointment of CFO.

The members of the Audit Committee are Mr. Pradip P. Shah, Dr. J.J. Irani and Mr. D.M. Kothari.

All the members of the Audit Committee are Non-Executive and Independent Directors. All the members possess sound knowledge of accounts, audit, finance, etc.

Mr. Pradip P. Shah is the Chairman of the Audit Committee.

Mr. G.T. Govindarajan, Company Secretary acts as the Secretary to the Audit Committee.

There were four meetings of the Audit Committee during the year ended 31st March, 2010, i.e. on 30th April, 2009, 28th July, 2009, 27th October, 2009 and 27th January, 2010.

Name of the Director	Number of Audit Committee Meetings attended during the year ended 31st March, 2010
Mr. P. P. Shah	4
Dr. J.J. Irani	4
Mr. D.M. Kothari	3

Besides this, another meeting of the Audit Committee was held on 3rd May, 2010 at which meeting the Audited Annual Accounts for the year ended 31st March, 2010, were placed before the Committee for consideration.

The Internal Auditor and the representatives of the Statutory Auditors also attended the Audit Committee meetings, besides the executives invited by the Audit Committee to be present thereat.

4. Remuneration Committee

The Remuneration Committee decides the remuneration for the Whole-time Directors. The members of the Remuneration Committee are Dr. J.J. Irani and Mr. D.M. Kothari.

Both the members of the Remuneration Committee are Non-Executive Directors. Dr. J.J. Irani, an Independent Director, is the Chairman of the Remuneration Committee.

During the year, the Remuneration Committee held one meeting. Dr. J.J. Irani and Mr. D.M. Kothari attended the meeting.

Remuneration Policy and Remuneration to Directors:

Whole-time Directors:

- The remuneration paid to Whole-time Directors is subject to the limits laid down under Sections 198 and 309 and Schedule XIII to the Companies Act, 1956 and in accordance with the terms of appointment approved by the Shareholders of the Company. The remuneration of the Whole-time Directors is determined by the Remuneration Committee based on factors such as the Company's performance and performance/ track record of the Whole-time Directors. The remuneration consists of Salary, Commission, Company's contribution to Provident Fund and Superannuation Fund, House Rent Allowance (HRA), Leave Travel Allowance (LTA) and other perquisites and allowances in accordance with the rules of the Company, applicable from time to time.

- The Whole-time Directors are not paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.

- The Agreement with the Whole-time Director is for a period not exceeding five years at a time. In the event that there is no breach of the terms of the Agreement by the Whole-time Director, but the Company exercises the discretion to terminate his services during the term of his Agreement, without assigning any reason therefor, then and in the event, the Whole-time Director shall be paid a compensation of a sum equivalent to monthly average of the total annual remuneration actually earned by the Whole-time Director in the year immediately preceding the year in which such termination takes place multiplied by number of months comprised in the remainder of the term of his Agreement as has remained unexpired.

- Presently, the Company does not have a scheme for grant of stock options either to the Whole-time Directors or employees.

The details of remuneration (including perquisites and allowances) paid during the year ended 31st March, 2010 are as follows:

(Rs. in lacs)

Break-up of Remuneration	**Mr. H. M. Bharuka (Managing Director)**	**Mr. P. D. Chaudhari (Whole-time Director)**
Fixed Component		
Salary	42.00	19.20
Company's contribution to Provident Fund and Superannuation Fund	11.34	5.19
HRA, LTA and other perquisites	52.50	24.00
	105.84	48.39
Variable Component		
Commission	105.00	24.75
Company's contribution to Provident Fund and Superannuation Fund (on Commission)	28.35	6.68
	133.35	31.43
Total	**239.19**	**79.82**

Note:

Remuneration excludes provision for commission and related contribution to Provident Fund and Superannuation Fund thereon for the current year but includes commission and such related contribution thereon for the previous year paid in the current year, where the Director was a Whole-time Director during the previous year ended 31st March, 2009.

Non-Executive Directors

The Non-Executive Directors are paid commission within the ceiling of 1% of net profits of the Company as specified in Section 309 (4) of the Companies Act in accordance with the approval granted by the Shareholders for payment of commission to the Non-Executive Directors. The commission payable to Non-Executive Directors is decided by the Board, based on a number of factors including number of Board and Committee meetings attended, individual contribution thereat etc.

The Non – Executive Directors are also paid sitting fees for attending the meetings of the Board or Committee thereof within the limits prescribed under the Companies Act as approved by the Shareholders of the Company.

The details of payments made to Non-Executive Directors during the year ended 31st March, 2010 are as under:

(Rs. in lacs)

Name of the Director	Sitting Fees			Commission@	Total
	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting		
Dr. J.J. Irani	0.40	0.40	0.10	15.00	15.90
Mr. D.M. Kothari	0.30	030	0.10	20.00	20.70
Mr. S.M. Datta	0.30	–	–	10.00	10.30
Mr. P.P. Shah	0.30	0.40	–	12.50	13.20
Mr. Noel N. Tata	0.40	–	–	10.00	10.40

@ Commission paid during the year 2009-10 was for the year ended 31st March, 2009.

Disclosure of shareholding of Non-Executive Directors as required under Clause 49 (IV)(E)(iv):

Name of the Director	Shares held as on 31.3.2010 (Own or held by /for other persons on a beneficial basis)
Dr. J.J. Irani	Nil
Mr. D.M. Kothari #	1485
Mr. S.M. Datta #	Nil
Mr. Y. Tajiri	Nil**
Mr. H. Ishino	Nil**
Mr. P.P. Shah #	Nil
Mr. Noel N. Tata	Nil
Mr. Y. Takahashi #	Nil**

** Nominee Director of Kansai Paint Co. Ltd., Japan. No share held in personal capacity.

Director seeking re-appointment at this Annual General Meeting.

In terms of clause 49(IV)(G)(ia) of the Listing Agreement, none of the Directors are related to each other.

Notes on Directors seeking appointment/re-appointment as required under Clause 49 IV(G)(i) of the Listing Agreement entered into with the BSE and the NSE.

Mr. D.M. Kothari

Mr. D.M. Kothari is a qualified Chartered Accountant by profession and is an authority on the Indian Paints Industry.

Mr. Kothari had been in the whole-time employment of the Company for a period of 29 years, till his retirement on 30th April, 1990. During his employment with the Company, Mr. Kothari had an extremely successful tenure as the Managing Director of the Company for a period of 15 years, from 1st April, 1975 to 30th April, 1990, that witnessed the spectacular growth in turnover of the Company by over ten times from about Rs. 14 crores in 1975 to Rs. 147 crores in 1990. During his tenure as the Managing Director, the Company entered into technical and financial collaboration with Kansai Paint Co. Ltd., Japan, which laid the foundation for the Company to be the undisputed leader in the industrial paints business and paved the way for the Company to attaining greater heights. Subsequent to his retirement as the Managing Director, Mr. Kothari was appointed as a Non-Executive Director designated as the Vice-Chairman of the Company from 1st May, 1990, which position he continues to hold on the Board of Directors of the Company.

Mr. Kothari has also been the president/member of several leading trade Associations such as the Indian Paints Association, The Chemicals & Allied Products Export Promotion Council (CAPEXIL), The Indian Chemicals Manufacturers Association (ICMA), The Bombay Chamber of Commerce and Industry (BCCI) and The Federation of Indian Export Organization (FIEO).

Mr. Kothari is Chairman/member of the Board of Directors of the following companies (excluding private companies, foreign companies and companies registered under Section 25 of the Companies Act, 1956):

Chairman of the Board of Directors of Nipa Chemicals Ltd.

Mr. Kothari hold 1485 equity shares in the Company.

Mr. S.M. Datta

Mr. S.M. Datta is a Non-Executive Director on the Board of the Company. He is a reputed management expert and is on the Board of Directors of a number of leading companies.

Mr. Datta graduated with Honours in Chemistry, Presidency College, Kolkata and obtained a Post- graduate Degree in Science & Technology from the Kolkata University. Mr. Datta is a Chartered Engineer, Fellow, Institution of Engineers, Fellow, Indian Institute of Chemical Engineers, Member, Society of Chemical Industry (London) and Honorary Fellow of All India Management Association.

Mr. Datta was the chairman of Hindustan Lever Limited (HLL) as well as of the Unilever Group Companies in India and Nepal from 1990 to 1996.

Mr. Datta is a Past President of Associated Chambers of Commerce and Industry and the Council of EU Chambers of Commerce in India, a past president of Bombay Chamber of Commerce & Industry, Indian Chemical Manufacturers Association and Bombay First.

Mr. Datta is Chairman/member of the Board of Directors of the following companies (excluding private companies, foreign companies and companies registered under Section 25 of the Companies Act, 1956):

Chairman of Castrol India Ltd., Philips Electronics India Ltd., IL & FS Investment Managers Ltd., BOC India Ltd., Tata Trustee Co. Ltd., Transport Corp. of India Ltd., and member of the Board of Directors of Peerless General Finance & Investment Co. Ltd., Peerless Hospitex Hospital & Research Centre Ltd., Peerless Hotels Ltd., Zodiac Clothing Company Ltd., Atul Ltd., Bhoruka Power Corporation Ltd., Deutsche Postbank Home Finance Ltd. and Rabo India Finance Ltd.

Mr. Datta is the Chairman of the following Board Committees (other than that of Kansai Nerolac Paints Limited) as required for the purposes of the Listing Agreement:

Audit Committee of BOC India Ltd.

Shareholders/Investors Grievances Committee of Castrol India Ltd.

Mr. Datta is a member of the following Board Committees (other than that of Kansai Nerolac Paints Limited) as required for the purposes of the Listing Agreement:

Audit Committee of Transport Corporation of India Ltd., Peerless General Finance & Investment Co. Ltd., Rabo India Finance Ltd.

Shareholders/Investors Grievance Committee of IL & FS Investment Managers Ltd.

Mr. Datta does not hold any shares in the Company.

Mr. Pradip P. Shah

Mr. Pradip P. Shah is a qualified Cost Accountant and ranked first in India in the Chartered Accountancy examinations. Mr. Shah also holds an MBA from Harvard Business School.

He was the founder Managing Director of The Credit Rating Information Services of India Limited (CRISIL), India's first and largest credit rating agency. Prior to founding CRISIL, Mr. Shah assisted in founding Housing Development Finance Corporation (HDFC) in 1977. Mr. Shah also served as a consultant to USAID, the World Bank and the Asian Development Bank.

Mr. Shah started IndAsia, a corporate finance and private equity advisory business in April 1998. Prior to starting IndAsia, he helped establish the Indocean Fund in 1994.

Mr. Shah has written a number of articles and given talks in India and abroad on credit rating, housing finance, capital markets, venture capital and other subjects.

Mr. Shah is Chairman/member of the Board of Directors of the following Companies (excluding private companies, foreign companies and companies registered under Section 25 of the Companies Act, 1956):

Chairman of Shah Foods Limited, Sonata Software Limited, Wyeth Limited and member of Board of Directors of Asset Reconstruction Company (India) Limited, BASF India Limited, Godrej & Boyce Mfg. Limited, Grindwell Norton Ltd., KSB Pumps Ltd., Mukand Limited, Pfizer Ltd., Patni Computer Systems Ltd., Panasonic Energy India Company Limited, Tata Investment Corporation Limited and Wartsila India Limited.

Mr. Shah is Chairman of the following Board Committees (other than that of Kansai Nerolac Paints Limited) as required for the purpose of Clause 49 of the Listing Agreement:

Audit Committee of Patni Computer System Limited and Wartsila India Limited.

Mr. Shah is a member of the following Board Committees (other than that of Kansai Nerolac Paints Limited) as required for the purposes of the Listing Agreement:

Audit Committee of BASF India Limited, Panasonic Battery India Co. Limited, Pfizer Limited and Sonata Software Limited.

Shareholders/Investors Grievance Committee of Pfizer Limited.

Mr. Shah does not hold any shares in the Company.

Mr. Y. Takahashi

Mr. Yoshikazu Takahashi is a Non-Executive Director on the Board of the Company.

Mr. Takahashi is a graduate from Hitotsubashi University and has expertise in the field of Automotive Business Marketing, Dealer Development, Logistics, Corporate Strategy and Planning and General Administration.

Mr. Takahashi has had a varied experience working abroad in a number of countries. He joined Kansai Paint Co. Ltd., Japan at the Osaka Head Office in February, 2009 and is Senior Manager at their International Business Division.

Mr. Takahashi does not hold any shares in the Company.

5. Shareholders/Investors Grievance Committee

(i) The Members of the Shareholders'/Investors' Grievance Committee are Mr. D.M. Kothari and Mr. H.M. Bharuka. Mr. D.M. Kothari, a non-executive independent director, is the Chairman of the Shareholders'/Investors' Grievance Committee.

(ii) Mr. G.T. Govindarajan, Company Secretary, is the Compliance Officer.

(iii) A summary of various complaints received and cleared by the Company during the year is given below:

Nature of Complaint	Received	Cleared
Non-receipt of Dividend Warrant	2	2
Non-receipt of share certificates	1	1
SEBI/Stock Exchange Letter/ROC	Nil	Nil
Miscellaneous	2	2
Total	5	5

(iv) Normally all complaints/queries are disposed off within one week of receipt of the complaint/query. The Company had no complaint pending at the close of the financial year.

6. General Body Meetings:

(i) The last three Annual General Meetings (AGM) of the Company were held as under:

	Date and Time	Venue
89th AGM:	29th June, 2009, at 3.30 p.m.	M.C. Ghia Hall, Mumbai 400 001
88th AGM:	24th June, 2008, at 3.30 p.m.	Walchand Hirachand Hall, Mumbai-400 020.
87th AGM:	29th June, 2007, at 3.30 p.m.	Walchand Hirachand Hall, Mumbai-400 020.

(ii) One Special Resolution was passed at the 88th Annual General Meeting.

(iii) No Special Resolution was passed last year through postal ballot.

(iv) No Resolution, requiring Postal Ballot as required by the Companies (passing of the resolution by postal ballot) Rules, 2001, has been placed for Shareholders' approval at this Annual General Meeting.

(v) A Special Resolution for alteration of the Articles of Association of the Company for increasing the Authorised Share Capital from Rs. 30 crores to Rs. 60 crores is proposed to be conducted through postal ballot, in accordance with the procedure prescribed under the Companies (passing of the resolution by postal ballot) Rules, 2001.

7. Disclosures:

(i) Materially significant related party transactions that may have potential conflict with the interests of the Company at large: None.

(ii) Non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years: Nil.

(iii) Whistle Blower Policy:

The internal auditors of the Company have been provided with a separate e-mail address. They are also stationed at the Head Office of the Company as the Company has provided the auditors with a separate office. Any employee of the organization can contact the auditor on the mail or personally. The Company's portal provides a very effective means for the employees to communicate freely with the Managing Director. The Company's employees can also directly meet the Managing Director and express their grievances/concerns. There are safeguards to ensure that all employee concerns receive due consideration.

The Code of Conduct for the Board of Directors and Senior Management states that Directors and Senior Managers of the Company shall endeavour to promote ethical behaviour and to provide an opportunity to

employees to report violation of laws, rules, regulations or codes of conduct and policy directives adopted by the Company to the appropriate personnel without fear of retaliation of any kind for reports made by the employees in good faith.

No personnel has been denied access to the Audit Committee.

(iv) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause:

All the mandatory requirements have been complied with as stated in this report on Corporate Governance.

The non-mandatory requirements as stipulated in Annexure ID of clause 49 of the Listing Agreement on the Code of Corporate Governance have been adopted to the extent and in the manner as stated under the appropriate headings in the Report of Corporate Governance.

CEO/CFO Certification:

A certification from the CEO and the CFO in terms of Clause 49(V) of the Listing Agreement was placed before the Board Meeting held on 3rd May, 2010 to approve the Audited Annual Accounts for the year ended 31st March, 2010.

8. Means of Communication

(i) Quarterly Results:
The quarterly results are published in accordance with the requirements of the Listing Agreement of the BSE and the NSE.

(ii) Newspaper in which results are normally published:
The Economic Times and The Maharashtra Times. Results could also get published in any other reputed newspaper such as the Financial Express/ Loksatta or the Business Standard/Sakal.

(iii) Any website, where displayed:
www.nerolac.com

(iv) Whether it also displays official news releases; and presentation made to institutional investors or to the analysts:

Relevant information is displayed in the web site.

As the financial results of the Company are published in the Newspapers and press release issued in newspapers and also displayed on the Company's website, a separate half yearly declaration of financial performance is not sent to each household of shareholders.

9. General Shareholder Information

(i) AGM: Date, Time and Venue:

17th June, 2010 at 3.30 p.m. at Walchand Hirachand Hall, 4th Floor, Indian Merchants' Chamber, IMC Building, IMC Marg, Churchgate, Mumbai – 400 020.

(ii) Financial Calendar: : April – March

– Financial reporting for the quarter ending 30th June, 2010	:	End July, 2010
– Financial reporting for the quarter ending 30th September, 2010	:	End October, 2010
– Financial reporting for the quarter ending 31st December, 2010	:	End January, 2011
– Financial reporting for the year ending 31st March, 2011	:	End April, 2011
– Annual General Meeting for the year ending 31st March, 2011	:	End June, 2011

(iii) Dates of Book Closure:

Friday, May 14, 2010 for the purpose of the Annual General Meeting and Dividend.

(iv) Dividend Payment Date:

On or after 22nd June, 2010. Dividend, when declared, will be payable on or after 22nd June, 2010 to those members whose names are registered as such in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company on or before 10th June, 2010 and to the Beneficiary holders as per the beneficiary list as on 10th June, 2010 provided by the NSDL and CDSL.

(v) Listing of Stock Exchanges:

The Company's Equity shares are listed on the BSE and the NSE.

(vi) Stock Code:

Stock Exchange	Code
BSE	500165
NSE	KANSAINER

Demat – ISIN Number for NSDL & CDSL : INE531A01016

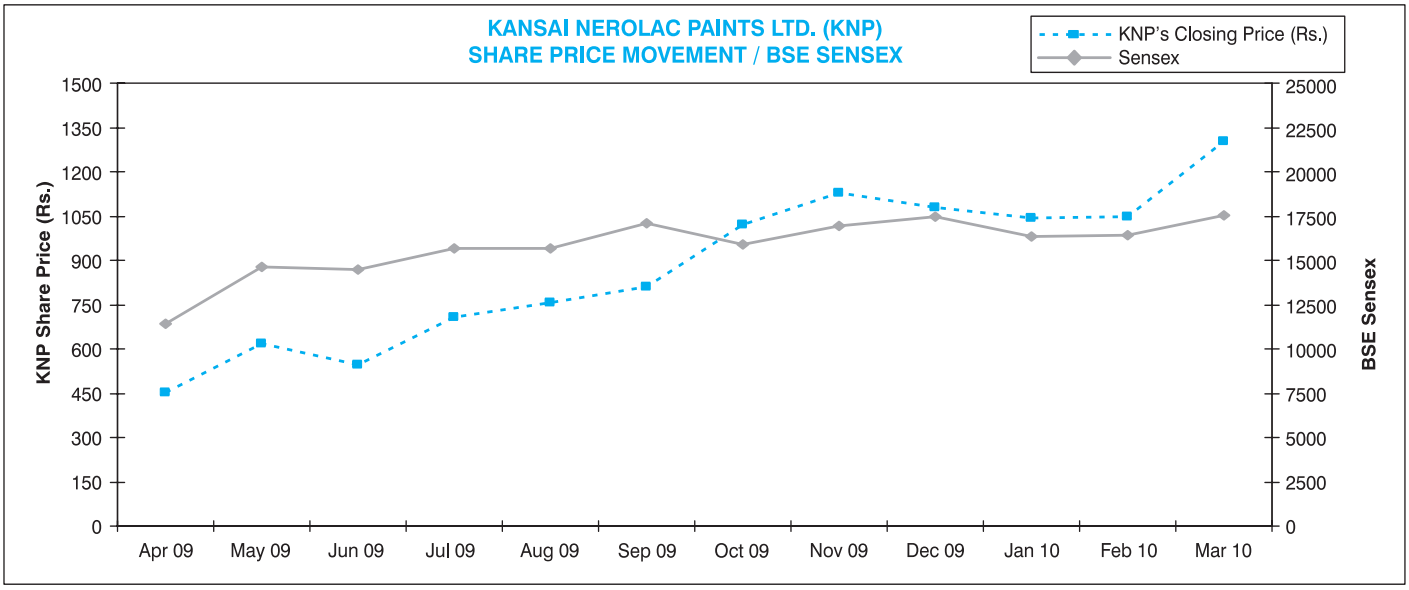
(vii) Market Price Data: High, Low during each month in last financial year and performance in comparison to broad based indices such as BSE Sensex, CRISIL index etc.

High/Low of market price of the Company's shares traded on the BSE during the year ended 31st March, 2010 is furnished below:

Month	High (Rs.)	Low (Rs.)
April 2009	509.35	442.00
May 2009	657.80	410.00
June 2009	730.25	525.00
July 2009	724.00	501.25
August 2009	797.90	646.00
September 2009	850.00	755.10
October 2009	1041.00	795.00
November 2009	1321.00	953.15
December 2009	1123.00	1030.00
January 2010	1165.00	997.50
February 2010	1135.00	1000.00
March 2010	1395.55	1054.00

(viii) Stock Performance

Month	KNP's Closing price on BSE (Rs.)	Sensex
April 2009	452.45	11403.25
May 2009	617.00	14625.25
June 2009	548.10	14493.84
July 2009	707.45	15670.31
August 2009	756.95	15666.64
September 2009	808.80	17126.84
October 2009	1021.70	15896.28
November 2009	1126.30	16926.22
December 2009	1077.90	17464.81
January 2010	1045.25	16357.96
February 2010	1050.00	16429.55
March 2010	1304.90	17527.77



(ix) Registrar and Transfer Agents:

Sharepro Services (India) Pvt. Ltd.

Office:

Samhita Complex, Plot No.13AB, Off Andheri-Kurla Road, Sakinaka, Mumbai-400 072
Tel. No.: 67720300, 67720400
Fax No.: 28508927, 28591568

Investor Relation Centre:

912, Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai-400 021.
Tel. No.: 67720700/0709
Fax No.: 22825484
E-mail: sharepro@shareproservices.com

(x) Share Transfer System:

After consideration by the Shareholders/Investors Grievance Committee, the Share Transfers in physical form are registered and returned within a period of 15 days from the date of receipt in case the documents are complete in all respects. The particulars of movement of shares in the dematerialised mode are also placed before the Shareholders/Investors Grievance Committee.

(xi) Distribution of Shareholding as on 31st March, 2010:

No. of Equity Shares held	No. of folios	% to number of folios	No. of shares	% to number of shares
Upto 500	7631	86.51	7,11,985	2.64
501 to 1000	604	6.85	4,44,032	1.65
1001 to 2000	367	4.16	5,33,071	1.98
2001 to 3000	85	0.96	2,08,643	0.77
3001 to 4000	47	0.53	1,63,664	0.61
4001 to 5000	15	0.17	67,784	0.25
5001 to 10000	36	0.41	2,55,474	0.95
10001 and above	36	0.41	2,45,61,333	91.15
Grand Total	**8821**	**100.00**	**2,69,45,986**	**100.00**

Geographical Distribution of Shareholders as on 31st March, 2010

Location	No. of Folios	% to number of folios	No. of shares	% to number of shares
OUTSIDE INDIA				
Foreign Collaborator (Kansai Paint Co. Ltd., Japan)	1	0.01	1,86,64,880	69.27
FIIs, NRIs, OCBs	162	1.84	12,60,200	4.67
IN INDIA				
Mumbai	3875	43.92	52,35,996	19.43
Ahmedabad	491	5.56	92,280	0.34
Delhi	451	5.11	7,61,188	2.83
Chennai	323	3.66	50,987	0.19
Kolkata	381	4.32	2,32,886	0.86
Pune	364	4.13	1,15,195	0.43
Bengaluru	344	3.90	86,595	0.32
Surat	157	1.80	23,873	0.09
Hyderabad	155	1.76	36,763	0.14
Baroda	125	1.42	22,665	0.08
Others	1992	22.57	3,62,478	1.35
TOTAL	**8821**	**100.00**	**2,69,45,986**	**100.00**

Categories of shareholders as on 31st March, 2010

	Category	No. of Shares held	Percentage of Shareholding
A.	**Promoter's Holding**		
1.	Promoters		
	Indian Promoters	NIL	NIL
	Foreign Promoters (Kansai Paint Co. Ltd., Japan)	1,86,64,880	69.27
2.	Persons acting in concert	NIL	NIL
	Sub-Total	**1,86,64,880**	**69.27**
B.	**Non-Promoters' Holding**		
3.	Institutional Investors		
a.	Mutual Funds and UTI	1,88,658	0.70
b.	Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/ Non-Government Institutions)	12,74,139	4.73
C.	**Foreign Institutional Investors (FIIs)**	12,28,985	4.56
	Sub-Total	**26,91,782**	**9.99**
4.	Others		
	Private Corporate Bodies	30,89,792	11.47
	Indian Public	24,65, 892	9.15
	NRIs/OCBs	31,215	0.11
	Any Other (Trust)	2,425	0.01
	Sub-Total	**55,89,324**	**20.74**
	Grand Total	**2,69,45,986**	**100.00**

(xii) Dematerialisation of Shareholding:

98.14% of the paid-up share capital had been dematerialised, as at 31st March, 2010.

(xiii) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments:

Not Issued.

(xiv) Plant Locations:

The Company's plants, which are operative, are located at:

1. Lote Parshuram, Ratnagiri, Maharashtra.
2. Jainpur, Kanpur Dehat, UP
3. Perungudi, Chennai
4. Bawal, Haryana
5. Hosur, Tamil Nadu

(xv) Address for Correspondence:

Sharepro Services (India) Pvt. Ltd.

Office:
Samhita Complex,
Plot No.13AB,
Off Andheri-Kurla Road,
Sakinaka, Mumbai-400 072

Tel. No.: 67720300, 67720400
Fax No.:28508927, 28591568

Investor Relation Centre:

912, Raheja Centre,
Free Press Journal Road,
Nariman Point,
Mumbai-400 021.

Tel. No.: 67720700/0709
Fax No.: 22825484
E-mail: sharepro@shareproservices.com

Shareholders can also contact the Secretarial Department at the Registered Office of the Company at

Nerolac House,
Ganpatrao Kadam Marg,
Lower Parel,
Mumbai-400 013.
Tel. No. 24992796, 24992807

E-mail ID for Investor Grievances:

The Company has created an E-mail ID for redressal of Investor Complaints named investor@nerolac.com

(xvi) Other Information

Unclaimed Dividend:

Pursuant to Section 205 A of the Companies Act, 1956, all unclaimed dividends upto 56th Dividend for the year ended 31st March, 1994 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed the dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, Maharashtra, Mumbai, by submitting an application in Form No. II to the aforesaid authority.

Pursuant to Section 205 A read with 205 C of the Companies Act, 1956, unclaimed dividends for the year ended 31st March, 1995 to 31st March, 2002 have been transferred to the Investor Education and Protection Fund.

Shareholders are requested to encash their dividend warrants immediately on receipt as dividends remaining unclaimed for seven years are to be transferred to the Investor Education and Protection Fund and the Shareholders will not be able to claim any unpaid dividend from the said Fund or from the Company thereafter.

For and on behalf of the Board

J.J. IRANI
Chairman

Mumbai, 3rd May, 2010

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for Board of Directors and Senior Management for the year ended 31st March, 2010.

For Kansai Nerolac Paints Limited

H.M. BHARUKA
Managing Director

Mumbai, 3rd May, 2010

Certificate of Compliance with the Corporate Governance requirements under Clause 49 of the Listing Agreement

To the Members of Kansai Nerolac Paints Limited.

We have examined the compliance of conditions of corporate governance by Kansai Nerolac Paints Limited ("the Company") for the year ended on 31 March 2010, as stipulated in Clause 49 of the Listing Agreements entered into by the Company with Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For B S R & Co.
Chartered Accountants
Firm's Registration No: 101248W

VIJAY MATHUR
Partner
Membership No: 046476

Mumbai, 3rd May, 2010

AUDITORS' REPORT TO THE MEMBERS OF KANSAI NEROLAC PAINTS LIMITED

1. We have audited the attached Balance Sheet of Kansai Nerolac Paints Limited ('the Company') as at 31st March, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 ('the Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that:

   (a) we have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purposes of audit;

   (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of these books;

   (c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;

   (e) on the basis of written representations received from the directors of the Company as at 31st March, 2010 and taken on record by the board of directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director of the Company under clause (g) of sub-section (1) of Section 274 of the Act; and

   (f) in our opinion and to the best of our information and according to the explanations given to us, the said financial statements give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

      i. in case of the balance sheet, of the state of affairs of the Company as at 31st March, 2010;

      ii. in case of the profit and loss account, of the profit of the Company for the year ended on that date; and

      iii. in case of the cash flow statement, of the cash flows of the Company for the year ended on that date.

For B S R & CO.
Chartered Accountants
Firm's Registration No.: 101248W

VIJAY MATHUR
Partner
Membership No.: 046476

Mumbai: 3rd May, 2010

ANNEXURE TO AUDITORS' REPORT – 31 MARCH, 2010
TO THE MEMBERS OF KANSAI NEROLAC PAINTS LIMITED

With reference to the Annexure referred to in our report of even date, we report that:

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed in respect of assets verified during the year.

(c) Fixed assets disposed of during the year were not substantial, and do not affect the going concern assumption.

ii. (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.

(b) The procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.

iii. The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under Section 301 of the Act.

iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control system in respect of these areas.

v. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.

(b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of Rs. 5 lakh with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time, except for transactions which are for the Company's specialised requirements for which suitable alternative sources are not available to obtain comparable quotations. However, on the basis of information and explanations provided, the same appear reasonable.

vi. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A, Section 58AA or other relevant provisions of the Act and the rules framed there under/ the directives issued by the Reserve Bank of India (as applicable) with regard to deposits accepted from the public. Accordingly, there have been no proceedings before the Company Law Board or National Company Law Tribunal (as applicable) or Reserve Bank of India or any Court or any other Tribunal in this matter and no order has been passed by any of the aforesaid authorities.

vii. In our opinion, the Company has an internal audit system commensurate with the size and the nature of its business.

viii. We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 209(1)(d) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

ix. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident fund, Income-tax, Sales-tax, Wealth tax, Service tax, Customs duty, Investor Education and Protection fund, Employees' State Insurance, Cess, Excise duty and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Income tax, Sales tax,

Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues were in arrears as at 31st March, 2010 for a period of more than six months from the date they became payable.

There were no dues on account of Cess under Section 441A of the Act, since the date from which the aforesaid section comes into force has not yet been notified by the Central Government.

(b) According to the information and explanations given to us, there are no dues of Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty and Cess which have not been deposited with the appropriate authorities on account of any dispute, except as stated below:

(Rs. in lacs)

Name of the Statute / Nature of dues	Period to which the amount relates	Forum where dispute is pending		
		Commissionarate	Appellate Authorities & Tribunal	Total Amount
Various State Sales Tax Acts and	1980-81	0.33	—	0.33
Central Sales Tax Act, 1956 /	1991-92	1.25	—	1.25
Tax, Penalty and Interest	1995-96 to 2009-10	59.51	55.68	115.19
The Central Excise Act, 1944 /	1990-91	8.05	—	8.05
Tax, Penalty and Interest	1993-94 to 2003-04	151.08	44.78	195.86

x. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.

xi. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers and financial institutions. The Company did not have any outstanding dues to any debenture holders during the year.

xii. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii. The Company is not a chit fund / nidhi / mutual benefit fund / society.

xiv. The Company is not dealing or trading in shares, securities, debentures and other investments.

xv. In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the Company.

xvi. The Company did not have any term loans outstanding during the year.

xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.

xviii. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Act.

xix. The Company did not have any outstanding debentures during the year.

xx. The Company has not raised any money by public issues during the year.

xxi. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For B S R & CO.
Chartered Accountants
Firm's Registration No.: 101248W

VIJAY MATHUR
Partner
Membership No.: 046476

Mumbai: 3rd May, 2010

KANSAI NEROLAC PAINTS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	As at 31st March, 2010		As at 31st March, 2009	
I. SOURCES OF FUNDS		**Rs. in lacs**	**Rs. in lacs**	Rs. in lacs	Rs. in lacs
1. Shareholders' Funds:					
a. Share Capital	A	**2694.60**		2694.60	
b. Reserves and Surplus	B	**74587.10**		62750.25	
			77281.70		65444.85
2. Loan Funds:					
a. Secured Loans	C	**3353.28**		1608.29	
b. Unsecured Loans	D	**7645.19**		7754.33	
			10998.47		9362.62
TOTAL			**88280.17**		74807.47
II. APPLICATION OF FUNDS					
1. Fixed Assets:	E				
a. Gross Block		**63767.44**		54198.44	
b. Less: Depreciation and Amortisation		**34735.42**		30336.45	
c. Net Block		**29032.02**		23861.99	
d. Less: Provision for write down in value of fixed assets [Refer Note II(3) on Schedule 'R']		**99.46**		118.45	
		28932.56		23743.54	
e. Capital Work-in-Progress at cost		**969.52**		3094.36	
f. Advances for Capital Expenditure		**673.31**		468.04	
		1642.83		3562.40	
			30575.39		27305.94
2. Investments	F		**40153.72**		29442.55
3. Deferred tax asset (Net) [Refer Note II(24) on Schedule 'R']			**1152.30**		1059.57
4. Current Assets, Loans and Advances:					
a. Inventories	G	**24744.44**		17063.39	
b. Sundry Debtors	H	**23236.62**		20957.29	
c. Cash and Bank Balances	I	**4108.25**		7616.39	
d. Loans and Advances	J	**4109.30**		4170.70	
		56198.61		49807.77	
5. Less: Current Liabilities and Provisions:					
a. Liabilities	K	**30432.44**		24423.49	
b. Provisions	L	**9367.41**		8384.87	
		39799.85		32808.36	
Net Current Assets			**16398.76**		16999.41
TOTAL			**88280.17**		74807.47
Notes to the Accounts	R				

As per our report attached

For B S R & Co.
Chartered Accountants
Firm's Registration No. 101248W

VIJAY MATHUR
Partner
Membership No. 046476

G. T. GOVINDARAJAN
Company Secretary

P. D. PAI
CFO

Mumbai: 3rd May, 2010

For and on behalf of the Board of Directors

J. J. IRANI	*Chairman*
D. M. KOTHARI	*Vice Chairman*
H. M. BHARUKA	*Managing Director*
S. M. DATTA	*Director*
N. N. TATA	*Director*
P. P. SHAH	*Director*
P. D. CHAUDHARI	*Wholetime Director*

KANSAI NEROLAC PAINTS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

		Schedule	Year ended 31st March, 2010		Year ended 31st March, 2009	
			Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs
I.	**INCOME**					
	a. Sales [Per Note II(18) on Schedule 'R']		**185613.14**		156776.73	
	Less: Excise Duty		**14974.78**		19324.81	
	Net Sales			**170638.36**		137451.92
	b. Other Income	M		**2038.21**		2219.50
				172676.57		139671.42
II.	**EXPENDITURE**					
	a. Cost of Materials / Products	N	**107182.23**		89958.28	
	b. Employees' Remuneration and Benefits	O	**7504.89**		7330.30	
	c. Operating and Other Expenses	P	**29582.54**		24419.64	
	d. Interest and Finance Charges (Other than on Fixed Loans)		**119.99**		183.80	
				144389.65		121892.02
III.	**PROFIT BEFORE DEPRECIATION AND TAXATION**			**28286.92**		17779.40
	Depreciation and Amortisation	E		**4425.98**		3760.50
IV.	**PROFIT BEFORE TAXATION**			**23860.94**		14018.90
V.	**PROVISION FOR TAXATION**					
	a. Current Tax		**7488.86**		4060.45	
	b. Deferred Tax Credit [Refer Note II(24) on Schedule 'R']		**(92.72)**		(20.45)	
	c. Fringe Benefit Tax		**—**		120.00	
	d. Short / (Excess) Tax provision for earlier year		**(85.25)**		—	
				7310.89		4160.00
VI.	**PROFIT AFTER TAX**			**16550.05**		9858.90
	Add: Balance brought forward			**27143.88**		22053.93
VII.	**BALANCE AVAILABLE FOR APPROPRIATIONS**			**43693.93**		31912.83
	Less: Appropriations:					
	a. Proposed Dividend		**4041.89**		3233.52	
	b. Tax on Proposed Dividend		**671.31**		549.54	
	c. General Reserve		**1660.00**		985.89	
				6373.20		4768.95
VIII.	**BALANCE CARRIED TO BALANCE SHEET**			**37320.73**		27143.88
	NOTES TO THE ACCOUNTS	R				
	Basic, as well as diluted, earnings per Equity Share (Nominal Value per Equity Share: Rs. 10) [Refer Note II(23) on Schedule 'R']			**Rs. 61.42**		Rs. 36.59

As per our report attached

For B S R & Co.
Chartered Accountants
Firm's Registration No. 101248W

VIJAY MATHUR
Partner
Membership No. 046476

G. T. GOVINDARAJAN
Company Secretary

P. D. PAI
CFO

Mumbai: 3rd May, 2010

For and on behalf of the Board of Directors

J. J. IRANI	*Chairman*
D. M. KOTHARI	*Vice Chairman*
H. M. BHARUKA	*Managing Director*
S. M. DATTA	*Director*
N. N. TATA	*Director*
P. P. SHAH	*Director*
P. D. CHAUDHARI	*Wholetime Director*

KANSAI NEROLAC PAINTS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	2009-2010		2008-2009	
	Rs. in Lacs	**Rs. in Lacs**	Rs. in Lacs	Rs. in Lacs
CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax		**23860.94**		14018.90
Adjustments for:				
Depreciation and amortisation	**4425.98**		3760.50	
Foreign exchange loss / (gain) unrealised	**(63.84)**		46.10	
Loss on sale / write off of fixed assets	**1.17**		19.28	
Provision for write down in value of fixed assets written back	**(18.99)**		(22.86)	
Profit on sale of fixed assets	**(0.43)**		(1.86)	
Loss on sale / redemption of investments	**2.04**		29.20	
Profit on sale / redemption of investments	**(421.62)**		(395.04)	
Interest and finance charges	**119.99**		183.80	
Interest income	**(277.79)**		(271.01)	
Dividend income	**(1215.93)**		(1334.15)	
		2550.58		2013.96
Operating profit before working capital changes		**26411.52**		16032.86
(Increase) / Decrease in trade and other receivables	**(2149.55)**		1019.57	
(Increase) / Decrease in inventories	**(7681.05)**		277.72	
(Increase) / Decrease in trade payables	**6168.81**		7316.18	
		(3661.79)		8613.48
Cash generated from operations		**22749.73**		24646.33
Direct taxes paid (net of refunds)		**(7703.47)**		(4185.06)
Net cash from operating activities		**15046.26**		20461.27
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets (Including adjustments on account of capital work-in-progress and capital advances)		**(7569.90)**		(7470.19)*
[*net of Rs. 931 lacs being claim received from the insurance company as reimbursement for replacement / reinstatement of damaged property]				
Proceeds from sale of fixed assets		**0.55**		3.15
Purchase of investments		**(289157.35)**		(91585.64)
Proceeds from sale / redemption of investments		**278865.76**		85722.93
Interest received		**355.67**		220.27
Dividend received		**1215.93**		1334.15
Net cash used in investing activities		**(16289.34)**		(11775.33)
CASH FLOW FROM FINANCING ACTIVITIES				
Repayment of borrowings		**(390.59)**		(512.62)
(Increase) / Decrease in cash credit from banks		**2026.24**		79.27
Interest and finance charges paid		**(120.41)**		(184.13)
Dividend paid		**(3230.76)**		(3240.07)
Additional Income-tax on distributed profits		**(549.54)**		(549.54)
Net cash used in financing activities		**(2265.06)**		(4407.09)
Net Increase / (Decrease) in cash and cash equivalents		**(3508.14)**		4278.86

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)

	2009-2010		2008-2009	
	Rs. in Lacs	**Rs. in Lacs**	Rs. in Lacs	Rs. in Lacs
Cash and Cash equivalents at beginning of the year, the components being:				
Cash on hand	**4.69**		4.92	
Balances with banks on current, margin and fixed deposit accounts	**7611.70**		3332.62	
		7616.39		3337.54
Cash and Cash equivalents at end of the year the components being:				
Cash on hand	**10.80**		4.69	
Balances with banks on current, margin and fixed deposit accounts	**4097.45**		7611.70	
		4108.25		7616.39
Net Increase / (Decrease) as disclosed above		**(3508.14)**		4278.85

Notes: 1. Figures in brackets are outflows / deductions.

2. Previous year's figures have been regrouped and rearranged wherever necessary.

As per our report attached

For B S R & Co.
Chartered Accountants
Firm's Registration No. 101248W

VIJAY MATHUR
Partner
Membership No. 046476

Mumbai: 3rd May, 2010

G. T. GOVINDARAJAN
Company Secretary

P. D. PAI
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For and on behalf of the Board of Directors

J. J. IRANI	*Chairman*
D. M. KOTHARI	*Vice Chairman*
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S. M. DATTA	*Director*
N. N. TATA	*Director*
P. P. SHAH	*Director*
P. D. CHAUDHARI	*Wholetime Director*

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

SCHEDULE: A

	As at 31st March, 2010	As at 31st March, 2009
	Rs. in lacs	Rs. in lacs
SHARE CAPITAL		
Authorised:		
3,00,00,000 (2008-2009 3,00,00,000) Equity Shares of Rs. 10 each	**3000.00**	3000.00
Issued, Subscribed and Paid-up:		
2,69,45,986 (2008-2009 2,69,45,986) Equity Shares of Rs. 10 each fully paid-up	**2694.60**	2694.60
[Of the above:		
a. 14,81,820 Equity shares of Rs. 10 each are allotted as fully paid-up pursuant to contracts / arrangements for consideration other than cash;		
b. 14,38,320 Equity shares of Rs. 10 each fully paid-up are allotted to the shareholders of the erstwhile Polycoat Powders Limited pursuant to the scheme of amalgamation sanctioned by the High Court of judicature at Bombay, for consideration other than cash; and		
c. 1,56,19,316 Equity shares of Rs. 10 each are allotted as fully paid-up by way of Bonus Shares by capitalisation of Share Premium, Profits and Reserves].		
1,86,64,880 (2008-2009 1,86,64,880) Equity shares are held by the holding company Kansai Paints Co. Ltd., Japan		
TOTAL	**2694.60**	2694.60

SCHEDULE: B

	As at 31st March, 2010		As at 31st March, 2009	
	Rs. in lacs	**Rs. in lacs**	Rs. in lacs	Rs. in lacs
RESERVES AND SURPLUS				
Capital Reserve:				
As per last Balance Sheet		**30.37**		30.37
Share Premium Account:				
As per last Balance Sheet		**3950.14**		3950.14
General Reserve:				
As per last Balance Sheet	**31625.86**		30639.97	
Add: Transfer from Profit and Loss Account	**1660.00**		985.89	
		33285.86		31625.86
Surplus being balance in Profit and Loss Account		**37320.73**		27143.88
TOTAL		**74587.10**		62750.25

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

SCHEDULE: C

	As at 31st March, 2010	As at 31st March, 2009
	Rs. in lacs	Rs. in lacs
SECURED LOANS		
Sales tax deferral, secured by a charge on the fixed assets of the factory at Jainpur [Including Rs. 422.08 lacs (2008-2009 Rs. 281.25 lacs) due within one year]	**1143.48**	1424.73
Cash credit from banks, secured by hypothecation of stocks and book debts	**2209.80**	183.56
TOTAL	**3353.28**	1608.29

SCHEDULE: D

	As at 31st March, 2010	As at 31st March, 2009
	Rs. in lacs	Rs. in lacs
UNSECURED LOANS		
Sales Tax Deferral [Including Rs. 185.58 lacs (2008-2009 Rs. 109.14 lacs) due within one year]	**7645.19**	7754.33
TOTAL	**7645.19**	7754.33

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE: E
FIXED ASSETS

Rs. in lacs

DESCRIPTION	COST				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at 31st March, 2009	Additions during the year	Deductions during the year	As at 31st March, 2010	As at 31st March, 2009	Additions during the year	Deductions during the year	As at 31st March, 2010	As at 31st March, 2010	As at 31st March, 2009
I. Tangible assets:										
1. Freehold Land	**909.09**	—	—	**909.09**	—	—	—	—	**909.09**	909.09
2. Leasehold Land [Refer Note I(v)(b) on Schedule 'R']	**2025.79**	**209.74**	—	**2235.53**	—	**62.87**	—	**62.87**	**2172.66**	2025.79
3. Buildings	**13156.61**	**3889.74**	—	**17046.35**	**5373.39**	**774.13**	—	**6147.52**	**10898.83**	7783.22
4. Building for Scientific Research	**44.76**	—	—	**44.76**	**43.10**	**0.17**	—	**43.27**	**1.49**	1.66
5. Plant and Machinery	**19203.29**	**2918.90**	—	**22122.19**	**11150.42**	**1718.36**	—	**12868.78**	**9253.41**	8052.87
6. Plant and Machinery for Scientific Research	**1321.94**	**72.91**	—	**1394.85**	**824.68**	**79.70**	—	**904.38**	**490.47**	497.26
7. Laboratory Equipment	**793.29**	**57.90**	**0.10**	**851.09**	**387.62**	**59.37**	**0.06**	**446.93**	**404.16**	405.67
8. Furniture, Fittings and Equipment	**2968.78**	**468.33**	**28.17**	**3408.94**	**2287.49**	**244.49**	**26.92**	**2505.06**	**903.88**	681.29
9. Furniture, Fittings and Equipment for Scientific Research	**36.84**	—	—	**36.84**	**34.57**	**0.33**	—	**34.90**	**1.94**	2.27
10. Electrical Installation	**2826.96**	**441.63**	**0.03**	**3268.56**	**1345.41**	**232.92**	**0.03**	**1578.30**	**1690.26**	1481.55
11. Electrical Installation for Scientific Research	**4.09**	—	—	**4.09**	**4.09**	—	—	**4.09**	—	—
12. Vehicles	**73.19**	**13.58**	—	**86.77**	**45.52**	**7.84**	—	**53.36**	**33.41**	27.67
13. Assets given on Operating Lease – Colour Dispensers	**10833.81**	**1303.71**	—	**12137.52**	**8840.16**	**1190.59**	—	**10030.75**	**2106.77**	1993.65
TOTAL TANGIBLE ASSETS	**54198.44**	**9376.44**	**28.30**	**63546.58**	**30336.45**	**4370.77**	**27.01**	**34680.21**	**28866.37**	23861.99
Previous year	48014.72	7712.31	1528.59*	54198.44	27152.97	3760.50	577.02	30336.45	23861.99	
II. Intangible assets:										
Software	—	**220.86**	—	**220.86**	—	**55.21**	—	**55.21**	**165.65**	—
TOTAL INTANGIBLE ASSETS	—	**220.86**	—	**220.86**	—	**55.21**	—	**55.21**	**165.65**	—
Previous year	—	—	—	—	—	—	—	—	—	—
TOTAL	**54198.44**	**9597.30**	**28.30**	**63767.44**	**30336.45**	**4425.98**	**27.01**	**34735.42**	**29032.02**	23861.99
Previous year	48014.72	7712.31	1528.59*	54198.44	27152.97	3760.50	577.02	30336.45		
Less: Provision for write down in value of fixed assets									**99.46**	118.45
								Sub-total...	**28932.56**	23743.54
Capital Work-in-Progress at Cost									**969.52**	3094.36
Advances for Capital Expenditure									**673.31**	468.04
								Total...	**30575.39**	27305.94

Note: * Includes Rs. 300 lacs for buildings and Rs. 631 lacs for plant and machinery being claim received from the insurance company as reimbursement for replacement or reinstatement of the damaged property

(a) Buildings include Rs. 0.20 lac (2008-2009 Rs. 0.20 lac) representing value of fully paid shares in co-operative societies.

(b) No borrowing costs are eligible for capitalisation during the year (2008-2009 Nil)

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

SCHEDULE: F

	As at 31st March, 2010		As at 31st March, 2009	
	Rs. in lacs	**Rs. in lacs**	Rs. in lacs	Rs. in lacs
INVESTMENTS				
Long Term Investments (At cost, fully paid-up)				
A. Government Securities (Unquoted):				
National Savings Certificate VIII Issue	**0.01**		0.01	
		0.01		0.01
B. Trade (Unquoted) – Equity Shares:				
Associate Company				
Nipa Chemicals Limited				
3,67,500 Equity Shares of Rs. 10 each	**35.86**		35.86	
		35.86		35.86
C. Other than Trade (Unquoted unless otherwise stated):				
(i) Shares, Debentures and Bonds				
(a) Equity Shares:				
National Thermal Power Corporation Limited (Quoted)				
40,524 Equity Shares of Rs. 10 each	**25.12**		25.12	
Equity Shares.....	**25.12**		25.12	
(b) Debentures and Bonds:				
1. India Infrastructure Finance Company Limited (Quoted)				
1,500, 6.85% Tax-Free Bonds of Rs. 1,00,000 each	**1500.00**		1500.00	
2. Indian Railways Finance Corporation (Quoted)				
1,000, 6.30% Tax-Free Bonds of Rs. 1,00,000 each (Subscribed during the year).....	**1000.00**		—	
3. Nuclear Power Corporation of India Limited				
500, 8.20% Tax-Free Bonds of Rs. 1,00,000 each (Redeemed during the year)	**—**		500.00	
4. Unit Trust of India (Quoted)				
5,47,085, 6.6% UTI-I ARS Tax-Free Bonds of Rs. 100 each (Redeemed during the year)	**—**		547.08	
Debentures and Bonds.....	**2500.00**		2547.08	
(ii) Mutual Funds				
(a) Dividend Option:				
EDIRD ICICI Prudential Equity & Derivatives Fund – Income Optimiser – Retail				
18,74,414 Units (and 246 fractions) of Rs. 10 each ...	**200.00**		200.00	
Mutual Fund (Dividend Option) ...	**200.00**		200.00	
(b) Growth Option:				
1. B895IG Birla FTP – Institutional – Series AK				
None Units of Rs. 10 each				
(20,00,000 Units of Rs. 10 sold during the year)	**—**		200.00	
2. Birla Sunlife Short Term Opportunities Fund – Institutional				
3,48,39,865 Units (and 572 fractions) of Rs. 10 each (Purchased during the year).....	**3644.57**		—	
3. Birla Sunlife Floating Rate Fund-Long Term – Institutional				
74,20,907 Units (and 277 fractions) of Rs. 10 each (Purchased during the year).....	**802.70**		—	
4. B896IG Birla FTP – Institutional – Series AL				
None Units of Rs. 10 each				
(35,00,000 Units of Rs. 10 sold during the year)	**—**		350.00	

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

SCHEDULE: F *(contd.)*

	As at 31st March, 2010		As at 31st March, 2009	
	Rs. in lacs	**Rs. in lacs**	Rs. in lacs	Rs. in lacs
Long Term Investments (At cost, fully paid-up) (contd.)				
C. Other than Trade (Unquoted unless otherwise stated) (contd.)				
(ii) Mutual Funds (contd.)				
(b) Growth Option (contd.) :				
5. B897IG Birla FTP – Institutional – Series AM None Units of Rs. 10 each (20,00,000 Units of Rs. 10 sold during the year)	**—**		200.00	
6. DSP Blackrock Fixed Maturity Plan – 13M Series 2 20,00,000 Units of Rs. 10 each (Purchased during the year)	**200.00**		—	
7. 5219 / HDFC FMP 13M March 2008 (VII) (2) – Wholesale None Units of Rs. 10 each (20,00,000 Units of Rs. 10 sold during the year)	**—**		200.00	
8. 5385 / HDFC FMP 370D March 2008 (VII) (2) – Wholesale None Units of Rs. 10 each (20,00,000 Units of Rs. 10 sold during the year)	**—**		200.00	
9. 84 ICICI Prudential MIP – Cumulative 24,19,090 Units (and 424 fractions) of Rs. 10 each [2,24,892 Units (and 951 fractions) partly sold during the year]	**289.91**		316.86	
10. 1140 ICICI Prudential FMP Series 41 – Fourteen Months Plan Institutional Cumulative None Units of Rs. 10 each (45,00,000 Units of Rs. 10 sold during the year)	**—**		450.00	
11. JM – Arbitrage Advantage Fund 28,26,734 Units (and 256 fractions) of Rs. 10 each	**300.00**		300.00	
12. Kotak Twin Advantage Series 2 None Units of Rs. 10 each (25,00,000 Units of Rs. 10 sold during the year)	**—**		250.00	
13. Reliance Regular Savings Fund-Debt Plan – Institutional 1,13,36,904 Units (and 626 fractions) of Rs. 10 each (Purchased during the year)	**1400.00**		—	
14. Reliance Fixed Horizon Fund – XIII – Series 1 50,00,000 Units of Rs. 10 each (Purchased during the year)	**500.00**		—	
15. Tata Fixed Investment Plan 1 Scheme A – Institutional None Units of Rs. 10 each (40,00,000 Units of Rs. 10 sold during the year)	**—**		400.00	
16. UTI Fixed Term Income Fund – IV – III (08-14 Months) – Institutional None Units of Rs. 10 each (30,00,000 Units of Rs. 10 sold during the year)	**—**		300.00	
17. UTI Fixed Term Income Fund Series – III Plan 20 – Institutional None Units of Rs. 10 each (10,00,000 Units of Rs. 10 sold during the year)	**—**		100.00	
Mutual Fund (Growth Option).....	**7137.18**		3266.86	
Mutual Fund (Total).....	**7337.18**		3466.86	
Other than Trade (Total).....		**9862.30**		6039.06
Long Term Investments (Total).....		**9898.17**		6074.93

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

SCHEDULE: F *(contd.)*

	As at 31st March, 2010		As at 31st March, 2009	
	Rs. in lacs	**Rs. in lacs**	Rs. in lacs	Rs. in lacs
Current Investments (At lower of cost and market value)				
(i) Mutual Funds				
(a) Dividend Option:				
1. B304QD BSL Medium Term Plan – Institutional – Quarterly None Units of Rs. 10 each (1,30,00,000 Units of Rs. 10 sold during the year)	**—**		1300.00	
2. Birla Sunlife Interval Income Fund – Institutional – Quarterly-Series 1 1,00,01,319 Units (and 649 fractions) of Rs. 10 each (Purchased during the year).....	**1000.13**		—	
3. Birla Sunlife Interval Income Fund – Institutional – Quarterly-Series 2 1,00,00,805 Units (and 429 fractions) of Rs. 10 each (Purchased during the year).....	**1000.08**		—	
4. DSP Blackrock Strategic Bond Fund – Institutional Plan – Weekly None Units of Rs. 1000 each [766 Units (and 523 fractions) purchased during the year and 1,01,664 Units (and 154 fractions) sold during the year]	**—**		1012.73	
5. Fidelity Ultra Short Term Debt Fund Super Institutional None Units of Rs. 10 each [2,08,30,908 Units (and 808 fractions) purchased during the year and 3,28,39,171 Units (and 265 fractions) sold during the year]	**—**		1201.13	
6. JP Morgan India Short Term Income Fund 1,00,00,000 Units of Rs. 10 each (Purchased during the year)	**1000.00**		—	
7. Kotak Quarterly Interval Plan Series 4 50,00,000 Units of Rs. 10 each (Purchased during the year)	**500.00**		—	
8. 2031 / HDFC Cash Management Fund – Treasury Advantage Plan – Wholesale – Daily None Units of Rs. 10 each [4,94,18,362 Units (and 331 fractions) purchased during the year and 5,24,09,872 Units (and 319 fractions) sold during the year]	**—**		300.09	
9. FDRF ICICI Prudential Floating Rate Plan D None Units of Rs. 10 each [1,839 Units (and 802 fractions) purchased during the year and 34,53,810 Units (and 526 fractions) sold during the year].....	**—**		345.82	
10. ICICI Prudential Medium Term Plan Premium Plus 68,55,214 Units (and 114 fractions) of Rs. 10 each (Purchased during the year).....	**686.49**		—	
11. IDFC Fixed Maturity Plan – Half Yearly Series 9 – Plan A 1,00,48,800 Units (and 461 fractions) of Rs. 10 each (Purchased during the year).....	**1004.88**		—	
12. LIC MF Interval Fund – Quarterly Plan – Series 2 Quarterly 1,00,00,000 Units of Rs. 10 each (Purchased during the year)	**1000.00**		—	

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

SCHEDULE: F *(contd.)*

	As at 31st March, 2010		As at 31st March, 2009	
	Rs. in lacs	**Rs. in lacs**	Rs. in lacs	Rs. in lacs
Current Investments (At lower of cost and fair value) (contd.)				
(i) Mutual Funds (contd.)				
(a) Dividend Option (contd.) :				
13. Reliance Quarterly Interval Fund – Series III – Institutional 99,96,801 Units (and 025 fractions) of Rs. 10 each (Purchased during the year).....	**1000.00**		—	
14. Religare Active Income Fund 90,05,872 Units (and 176 fractions) of Rs. 10 each (Purchased during the year).....	**900.68**		—	
15. Religare Credit Opportunities Fund – Institutional Monthly 1,85,62,137 Units (and 743 fractions) of Rs. 10 each (Purchased during the year).....	**1863.23**		—	
16. Tata Fixed Income Portfolio Fund Scheme C3 Institutional Half Year 50,00,410 Units (and 129 fractions) of Rs. 10 each (Purchased during the year).....	**500.04**		—	
17. UTI Fixed Income Interval Fund – Series II – Quarterly Interval Plan V – Institutional 1,00,57,970 Units (and 461 fractions) of Rs. 10 each (Purchased during the year).....	**1005.80**		—	
18. UTI Fixed Income Interval Fund – Series II – Quarterly Interval Plan VI – Institutional 90,05,236 Units (and 74 fractions) of Rs. 10 each (Purchased during the year).....	**900.52**		—	
19. UTI Fixed Income Interval Fund – Quarterly Plan Series – III – Institutional 1,00,00,822 Units (and 753 fractions) of Rs. 10 each (Purchased during the year).....	**1000.08**		—	
Mutual Fund (Dividend Option).....	**13361.93**		4159.77	
(b) Growth Options:				
1. B332G Birla Sun Life Savings Fund Institutional None Units of Rs. 10 each (56,12,139 Units (and 095 fractions) of Rs. 10 sold during the year)	**—**		933.51	
2. B85IG Birla Sun Life Short Term Fund – Institutional 27,43,187 Units (and 561 fractions) of Rs. 10 each [27,43,187 Units (and 561 fractions) purchased during the year and 1,61,74,098 Units (and 391 fractions) sold during the year]	**300.04**		1687.93	
3. DSP Blackrock Floating Rate Fund – Regular Plan 6,75,668Units (and 763 fractions) of Rs. 10 each (Purchased during the year).....	**100.01**		—	
4. Fidelity Ultra Short Term Debt Fund – Institutional 17,39,784 Units (and 790 fractions) of Rs. 10 each (Purchased during the year).....	**200.02**		—	
5. 2032 / HDFC Cash Management Fund – Treasury Advantage Plan – Wholesale None Units of Rs. 10 each (1,35,03,462 Units (and 226 fractions) of Rs. 10 sold during the year)	**—**		2594.66	
6. ICICI Prudential Banking And PSU Debt Fund 2,98,40,147 Units (and 993 fractions) of Rs. 10 each (Purchased during the year).....	**3015.38**		—	

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

SCHEDULE: F *(contd.)*

	As at 31st March, 2010		As at 31st March, 2009	
	Rs. in lacs	**Rs. in lacs**	Rs. in lacs	Rs. in lacs
Current Investments (At lower of cost and fair value) (contd.)				
(i) Mutual Funds (contd.)				
(b) Growth Options (contd.) :				
7. ICICI Prudential Ultra Short Term Plan Super Premium 1,03,50,219 Units (and 726 fractions) of Rs. 10 each (Purchased during the year).....	**1069.29**		—	
8. FRDG ICICI Prudential Floating Rate Plan D None Units of Rs. 10 each [4,06,91,028 Units (and 906 fractions) of Rs. 10 sold during the year]	**—**		5292.84	
9. IDFC Money Manager Fund – Investment Plan – Institutional Plan B – Growth 1,04,75,034 Units (and 304 fractions) of Rs. 10 each (Purchased during the year).....	**1501.05**		—	
10. GFCG IDFC Money Manager Fund – Treasury Plan – Super Institutional Plan C None Units of Rs. 10 each (67,34,679 Units (and 350 fractions) of Rs. 10 sold during the year)	**—**		700.14	
11. JP Morgan India Treasury Fund – Super Institutional 16,67,422 Units (and 404 fractions) of Rs. 10 each (Purchased during the year).....	**200.02**		—	
12. Kotak Quarterly Interval Plan Series 3 85,02,217 Units (and 883 fractions) of Rs. 10 each (Purchased during the year).....	**1004.80**		—	
13. Kotak Quarterly Interval Plan Series 6 87,13,986 Units (and 786 fractions) of Rs. 10 each (Purchased during the year).....	**1006.09**		—	
14. Kotak Quarterly Interval Plan Series 7 91,15,707 Units (and 022 fractions) of Rs. 10 each (Purchased during the year).....	**1004.76**		—	
15. LIC MF Savings Plus Fund 4,84,60,055 Units (and 429 fractions) of Rs. 10 each (Purchased during the year).....	**7091.94**		—	
16. Reliance Medium Term Fund – Retail None Units of Rs. 10 each (2,20,34,541 Units (and 788 fractions) of Rs. 10 sold during the year)	**—**		4003.48	
17. TFLG Tata Floater Fund None Units of Rs. 10 each (3,05,58,564 Units (and 748 fractions) of Rs. 10 sold during the year)	**—**		3995.29	
18. Tata Treasury Manager Ship Growth 38,232 Units (and 861 fractions) of Rs. 1000 each (Purchased during the year).....	**400.22**		—	
Mutual Fund (Growth Option).	**16893.62**		19207.85	
Current Investment (Total).....		**30255.55**		23367.62
Total.....		**40153.72**		29442.55
Aggregate amount of quoted investments [Market value Rs. 2583.88 lacs (2008-2009 Rs. 2124.62 lacs) includes Rs. 2500.00 lacs (2008-2009 Rs. 1500.00 lacs) where cost has been considered as market value in absence of transactions during the year].....		**2525.12**		2072.20
Aggregate amount of unquoted investments.....		**37628.60**		27370.35
		40153.72		29442.55

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

SCHEDULE: F *(contd.)*

Investments purchased and sold during the year other than shown above:

(Unquoted, fully paid up)

	Cost of Acquisition Rs. in lacs
Birla Sunlife Cash Plus – Institutional Premium – (Dividend Option) [13,67,47,080 Units and (945) fraction of Rs. 10 each]	13701.37
Birla Sunlife Enhanced Arbitrage Fund – Institutional (Dividend Option) [50,34,993 Units and (070) fraction of Rs. 10 each]	504.99
Birla Sunlife Floating Rate Fund – Long Term – Institutional (Dividend Option) [80,02,080 Units and (492) fraction of Rs. 10 each]	801.94
Birla Sunlife Savings Fund – Institutional (Dividend Option) [9,26,82,467 Units and (369) fraction of Rs. 10 each]	9274.55
Birla Sunlife Short Term Fund – Institutional (Dividend Option) [4,21,25,502 Units and (941) fraction of Rs. 10 each]	4214.87
Birla Sunlife Short Term Opportunities Fund – Institutional (Dividend Option) [3,64,38,711 Units and (619) fraction of Rs. 10 each]	3644.22
DSP Blackrock Cash Manager Fund – Regular Plan (Dividend Option) [30,002 Units and (209) fraction of Rs. 1000 each]	300.02
DSP Blackrock Liquidity Fund – Institutional Plan (Dividend Option) [9,997 Units and (886) fraction of Rs. 1000 each]	100.01
DSP Blackrock Liquidity Fund – Regular Plan (Dividend Option) [19,98,159 Units and (988) fraction of Rs. 1000 each]	200.02
DSP Blackrock Short Term Fund (Dividend Option) [29,60,968 Units and (240) fraction of Rs. 10 each]	301.49
DSP Blackrock Stratrgic Bond Fund – Institutional Plan (Dividend Option) [30,119 Units and (405) fraction of Rs. 1000 each]	301.84
DWS Cash Opportunities Fund – Institutional Plan (Dividend Option) [1,30,78,063 Units and (748) fraction of Rs. 1000 each]	1310.98
DWS Insta Cash Plus Fund – Institutional Plan (Dividend Option) [1,29,34,207 Units and (955) fraction of Rs. 10 each]	1300.09
Fidelity Cash Fund (Super Institutional) (Dividend Option) [2,24,32,510 Units and (102) fraction of Rs. 10 each]	2250.18
HDFC Cash Management Fund – Savings Plan (Dividend Option) [1,73,95,237 Units and (585) fraction of Rs. 10 each]	1850.23
HDFC Floating Rate Income Fund – Short Term Plan – Wholesale (Dividend Option) [1,49,90,662 Units and (627) fraction of Rs. 10 each]	1511.19
ICICI Prudential Banking and PSU Debt Fund (Dividend Option) [3,00,70,172 Units and (862) fraction of Rs. 10 each]	3011.46
ICICI Prudential Flexible Income Plan Premium (Dividend Option) [48,06,122 Units and (746) fraction of Rs. 100 each]	5082.47
ICICI Prudential Flexible Income Plan Premium (Dividend Option) [9,42,49,000 Units and (910) fraction of Rs. 10 each]	9965.42
ICICI Prudential Floating Rate Plan D (Dividend Option) [49,42,620 Units and (617) fraction of Rs. 10 each]	494.37
ICICI Prudential Floating Rate Plan D (Dividend Option) [5,81,43,644 Units and (092) fraction of Rs. 10 each]	5815.58
ICICI Prudential Ultra Short Term Plan Super Premium (Dividend Option) [8,06,11,397 Units and (846) fraction of Rs. 10 each]	8076.87
ICICI Prudential Ultra Short Term Plan Premium Plus (Dividend Option) [1,00,17,492 Units and (011) fraction of Rs. 10 each]	1002.26
ICICI Prudential Institutional Liquid Plan – Super Institutional (Dividend Option) [6,32,95,593 Units and (803) fraction of Rs. 10 each]	6330.76
IDFC Cash Fund – Super Institutional Plan C (Dividend Option) [16,04,80,109 Units and (345) fraction of Rs. 10 each]	16052.02

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

SCHEDULE: F *(contd.)*

Investments purchased and sold during the year other than shown above:

(Unquoted, fully paid up)

	Cost of Acquisition Rs. in lacs
IDFC Money Manager Fund – TP – Super Institutional Plan C (Dividend Option) [16,74,79,084 Units and (445) fraction of Rs. 10 each]	16750.42
JP Morgan India Liquid Fund – Super Institutional (Dividend Option) [3,64,74,223 Units and (773) fraction of Rs. 10 each]	3650.30
Kotak Flexi Debt Scheme Institutional (Dividend Option) [12,30,04,506 Units and (370) fraction of Rs. 10 each]	12358.88
Kotak Floater Long Term (Dividend Option) [12,70,61,731 Units and (015) fraction of Rs. 10 each]	12807.57
Kotak Liquid (Institutional Premium) (Dividend Option) [6,78,83,406 Units and (676) fraction of Rs. 10 each]	8300.85
Kotak Quarterly Interval Plan Series 3 (Dividend Option) [1,00,40,776 Units and (757) fraction of Rs. 10 each]	1004.08
Kotak Quarterly Interval Plan Series 6 (Dividend Option) [1,00,55,176 Units and (274) fraction of Rs. 10 each]	1005.52
Kotak Quarterly Interval Plan Series 7 (Dividend Option) [1,00,41,079 Units and (050) fraction of Rs. 10 each]	1004.11
LIC MF Floating Rate – Short Term Plan (Dividend Option) [12,11,90,006 Units and (126) fraction of Rs. 10 each]	12119.00
LIC MF Income Plus Fund (Dividend Option) [3,02,09,007 Units and (303) fraction of Rs. 10 each]	3020.90
LIC MF Liquid Fund (Dividend Option) [7,28,66,559 Units and (854) fraction of Rs. 10 each]	8000.82
LIC MF Savings Plus Fund (Dividend Option) [17,16,08,048 Units and (737) fraction of Rs. 10 each]	17160.80
Reliance Liquid Fund – Treasury Plan – Institutional Option (Dividend Option) [2,01,51,734 Units and (990) fraction of Rs. 10 each]	3080.64
Reliance Medium Term Fund (Dividend Option) [7,07,95,323 Units and (434) fraction of Rs. 10 each]	12102.81
Reliance Money Manager Fund – Institutional Option (Dividend Option) [10,48,540 Units and (546) fraction of Rs. 1000 each]	10497.32
Religare Liquid Fund – Institutional (Dividend Option) [2,74,84,499 Units and (814) fraction of Rs. 10 each]	2750.21
TATA Floater Fund (Dividend Option) [5,63,31,501 Units and (196) fraction of Rs. 10 each]	5653.20
TATA Liquid Super High Investment Fund (Dividend Option) [3,99,347 Units and (204) fraction of Rs. 1000 each]	4450.80
TATA Treasury Manager Ship (Dividend Option) [4,82,578 Units and (600) fraction of Rs. 1000 each]	4875.58
UTI Floating Rate Fund – Short Term Plan – Institutional (Dividend Option) [4,84,118 Units and (191) fraction of Rs. 1000 each]	4844.83
UTI Money Market Mutual Fund – Institutional (Dividend Option) [1,49,85,283 Units and (278) fraction of Rs. 10 each]	1500.12
UTI Money Market Mutual Fund – Institutional (Dividend Option) [2,89,045 Units and (360) fraction of Rs. 1000 each]	2900.24
UTI Treasury Advantage Fund – Institutional (Dividend Option) [45,815 Units and (472) fraction of Rs. 1000 each]	459.05
UTI Treasury Advantage Fund – Institutional Plan (Dividend Option) [3,95,644 Units and (258) fraction of Rs. 1000 each]	3957.29

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

SCHEDULE: G

	As at 31st March, 2010	As at 31st March, 2009
	Rs. in lacs	Rs. in lacs
INVENTORIES		
Stores and Spare Parts	**196.12**	198.35
Stock-in-Trade		
Raw Materials [Including in-transit Rs. 113.30 Lacs (2008-2009 Rs. 176.12 lacs]	**8067.06**	5160.53
Packing Materials	**403.88**	358.83
Stock-in-Process	**2021.82**	1419.36
Finished Products	**14055.56**	9926.32
TOTAL	**24744.44**	17063.39

SCHEDULE: H

	As at 31st March, 2010		As at 31st March, 2009	
	Rs. in lacs	**Rs. in lacs**	Rs. in lacs	Rs. in lacs
SUNDRY DEBTORS				
(Considered good)				
Debts outstanding for a period exceeding six months:				
Secured	**—**		0.48	
Unsecured	**242.25**		546.71	
		242.25		547.19
Other Debts:				
Secured	**1.08**		1.04	
Unsecured	**22993.29**		20409.06	
		22994.37		20410.10
TOTAL		**23236.62**		20957.29

SCHEDULE: I

	As at 31st March, 2010		As at 31st March, 2009	
	Rs. in lacs	**Rs. in lacs**	Rs. in lacs	Rs. in lacs
CASH AND BANK BALANCES				
Cash on hand		**10.80**		4.69
With Scheduled Banks:				
On Current Account [Refer Note II(4) on Schedule 'R']	**4097.45**		3286.66	
On Fixed Deposit Account	**—**		4325.04	
		4097.45		7611.70
TOTAL		**4108.25**		7616.39

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

SCHEDULE: J

	As at 31st March, 2010 Rs. in lacs	As at 31st March, 2009 Rs. in lacs
LOANS AND ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received [Refer Note II(5) on Schedule 'R']	**1573.23**	1252.78
Advance Payment of Tax Net of Provisions (other than deferred tax and fringe benefit tax)	**2020.30**	1874.04
Advance Payment of Fringe Benefit Tax Net of Provisions	**42.39**	42.39
Balance with Central Excise, Customs, Port Trust etc.	**473.38**	1001.49
TOTAL.....	**4109.30**	4170.70

SCHEDULE: K

	As at 31st March, 2010 Rs. in lacs	As at 31st March, 2009 Rs. in lacs
CURRENT LIABILITIES		
Acceptances	**982.25**	1378.72
Sundry Creditors [Refer Notes II(6) and II(7) on Schedule 'R']	**29404.40**	23001.12
Unclaimed Dividend	**43.90**	41.14
Unclaimed Fixed Deposits	**1.75**	1.95
Unclaimed Interest on Fixed Deposits	**0.14**	0.56
TOTAL.....	**30432.44***	24423.49*

* There is no amount due and outstanding to be credited to Investor Education and Protection Fund.

SCHEDULE: L

	As at 31st March, 2010 Rs. in lacs	As at 31st March, 2009 Rs. in lacs
PROVISIONS		
Taxation Net of Advances (other than deferred tax and fringe benefit tax)	**1335.01**	1488.59
Fringe Benefit Tax Net of Advances	**36.11**	36.11
Proposed Dividend	**4041.89**	3233.52
Provision for Tax on Proposed Dividend	**671.31**	549.54
Indirect Taxes [Refer Note II(25)(a) on Schedule 'R']	**2663.58**	2663.58
Provision for Warranties [Refer Note II(25)(b) on Schedule 'R']	**150.00**	60.00
Provision for Compensated Absences	**469.51**	353.53
TOTAL	**9367.41**	8384.87

SCHEDULE ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE: M

OTHER INCOME	**Year ended 31st March, 2010**		Year ended 31st March, 2009	
	Rs. in lacs	**Rs. in lacs**	Rs. in lacs	Rs. in lacs
Income from Investments:				
Dividend from Trade Investments (Long Term)		**47.78**		51.45
Dividend from other than Trade Investments:				
Long term	**40.86**		242.94	
Current	**1127.29**		1039.76	
		1168.15		1282.70
Interest on other than Trade Investments [Tax deducted at source Rs. 1.23 lac (2008-2009 Rs. 1.23 lacs)]		**156.05**		78.96
Interest on deposits, advances and others (Gross) [Tax deducted at source Rs. 30.10 lac (2008-2009 Rs. 26.72 lacs)]		**121.74**		192.05
Profit on Sale of Fixed Assets		**0.43**		1.86
Profit on Sale / Redemption of Investments:				
Long Term [including Rs. Nil [2008-2009 Rs. 180.58 lacs] on sale of investments in a subsidiary company]	**268.11**		380.32	
Current	**153.51**		14.72	
		421.62		395.04
Provision for write down in value of Fixed Assets written back consequent to charge on account of depreciation [Refer Note II(3) on Schedule 'R']		**18.99**		22.86
Insurance and Other Claims		**57.65**		37.10
Sales Tax Refunds		**9.01**		3.42
Interest on Income-tax Refund		**—**		83.30
Lease Rentals		**20.76**		33.01
Miscellaneous Income		**16.03**		37.75
TOTAL		**2038.21**		2219.50

SCHEDULE ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE: N

COST OF MATERIALS / PRODUCTS

	Year ended 31st March, 2010		Year ended 31st March, 2009	
	Rs. in lacs	**Rs. in lacs**	Rs. in lacs	Rs. in lacs
Raw Materials Consumed:				
Opening Stock	**5160.53**		5211.90	
Add: Purchases	**96510.26**		76894.35	
	101670.79		82106.25	
Less: Sales	**37.23**		82.25	
	101633.56		82024.00	
Less: Closing Stock	**8067.06**		5160.53	
		93566.50		76863.47
Packing Materials Consumed:				
Opening Stock	**358.83**		359.14	
Add: Purchases	**13370.09**		11109.03	
	13728.92		11468.17	
Less: Closing Stock	**403.88**		358.83	
		13325.04		11109.34
Adjustment for Stock:				
Opening Stock:				
Stock-in-Process	**1419.36**		1337.98	
Finished Products	**9926.32**		10237.56	
	11345.68		11575.54	
Add: Purchase of Finished Products	**4297.86**		2574.23	
	15643.54		14149.77	
Less: Closing Stock:				
Stock-in-Process	**2021.82**		1419.36	
Finished Products	**14055.56**		9926.32	
	16077.38		11345.68	
		(433.84)		2804.09
Excise duty related to the difference between the closing stock and opening stock		**724.53**		(818.62)
TOTAL		**107182.23***		89958.28*

* Includes Rs. 181.97 lacs (2008-2009 Rs. 175.61 lacs) expenditure incurred on Research and Development

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE: O

	Year ended 31st March, 2010	Year ended 31st March, 2009
	Rs. in lacs	Rs. in lacs
EMPLOYEES' REMUNERATION AND BENEFITS		
Salaries, Wages, Bonus, Commission and Other Related Expenses	**7109.14**	6609.82
Company's Contribution to Provident Fund and Other Funds [Refer Notes II (26)(b)(iii) and (iv) on Schedule 'R']	**89.75**	326.38
Workmen and Staff Welfare Expenses	**306.00**	394.10
TOTAL	**7504.89***	7330.30*

* Includes Rs. 693.85 lacs (2008-2009 Rs. 709.87 lacs) expenditure incurred on Research and Development

SCHEDULE: P

	Year ended 31st March, 2010		Year ended 31st March, 2009	
	Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs
OPERATING AND OTHER EXPENSES				
Stores and Spare Parts Consumed		**1011.85**		947.50
Power and Fuel		**2615.75**		2126.07
Processing Charges		**657.51**		524.23
Repairs and Maintenance:				
Plant and Machinery	**363.53**		256.40	
Buildings	**45.63**		43.44	
Others	**172.16**		101.32	
		581.32		401.16
Consignment, Freight and Forwarding Charges		**7434.16**		6386.26
Advertising and Selling Expenses		**6796.39**		4665.03
Provision for Warranties		**90.00**		80.00
Rent		**659.17**		616.60
Rates and Taxes		**81.77**		74.87
Water Charges		**44.96**		32.34
Surcharge on Sales Tax		**172.33**		74.58
Insurance		**149.15**		107.74
Commission to Non-Wholetime Directors [Refer Note II(10) on Schedule 'R']		**100.00**		80.00
Directors Sitting Fees		**2.30**		3.40
Cash Discount		**4015.84**		3483.85
Donations		**25.00**		25.00
Travelling and Conveyance Expenses		**1184.80**		1334.81
Loss on Sale of Investments:				
Long Term	**0.41**		10.85	
Current	**1.63**		18.35	
		2.04		29.20
Loss on Sale / Write off of Fixed Assets		**1.17**		19.28
Bad Debts		**133.86**		120.44
Lease Rentals		**44.00**		42.51
I. T. Related Expenses		**683.06**		365.46
Royalty		**814.13**		678.04
Miscellaneous		**2281.98**		2201.27
TOTAL		**29582.54***		24419.64*

* Includes Rs. 190.83 lacs (2008-2009 Rs. 194.58 lacs) expenditure incurred on Research and Development

COMPUTATION OF NET PROFITS IN ACCORDANCE WITH SECTION 309 (5) READ WITH SECTION 349 OF THE COMPANIES ACT, 1956 FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE: Q

	Year ended 31st March, 2010		Year ended 31st March, 2009	
	Rs. in lacs	**Rs. in lacs**	Rs. in lacs	Rs. in lacs
Profit after Tax as per Profit and Loss Account.....		**16550.05**		9858.90
Add: Directors' Remuneration [Inclusive of Directors' commission Rs. 160.56 lacs (2008-2009 Rs. 129.75 lacs)].....	**358.14**		312.20	
Commission to Non-Wholetime Directors.....	**100.00**		80.00	
Directors' sitting fees.....	**2.30**		3.40	
Loss on Sale of Investments:	**2.04**		29.20	
Provision for Taxation.....	**7310.89**		4160.00	
		7773.37		4584.80
		24323.42		14443.70
Less: Profit on sale / redemption of Investments:	**421.62**		395.04	
Provision for write down in value of fixed assets written back consequent to charge on account of depreciation.....	**18.99**		22.86	
		440.61		417.90
		23882.81		14025.80
(a) Commission to Wholetime Directors restricted to amount provided.....		**160.56**		129.75
(b) Commission to Non-Wholetime Directors, @ 1% of net profits, restricted to amount provided [Refer Note II(10) on Schedule 'R']		**100.00**		80.00
TOTAL.....		**260.56**		209.75

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE : R

NOTES TO THE ACCOUNTS

I. SIGNIFICANT ACCOUNTING POLICIES

(i) BASIS OF ACCOUNTING

The financial statements are prepared under historical cost convention on an accrual basis and are in accordance with the requirements of the Companies Act, 1956, and comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the said Act.

(ii) USE OF ESTIMATES

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) in India, which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of financial statements and the reported amount of revenue and expenses during the reporting period. Actual results could defer from those estimates. Any revision to accounting estimates is recognised prospectively in current and future period.

(iii) FIXED ASSETS

Fixed assets are stated at their original cost of acquisition and installation, less accumulated depreciation and impairment losses if any. Cost comprises of the purchase price and any other directly attributable cost of bringing the asset to its working condition for its intended use.

(iv) BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition of qualifying assets are capitalised for the period until the asset is ready for its intended use. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred.

(v) DEPRECIATION

(a) Depreciation is provided on the written down value method at the rates prescribed in Schedule XIV to the Companies Act, 1956. The rates of depreciation prescribed in schedule XIV to the Companies Act, 1956 are considered as the minimum rates. If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that envisaged in the aforesaid schedule, depreciation is provided at the higher rate based on the mangement's estimates of the useful life / remaining useful life. Pursuant to this policy, in respect of colour dispensers the rate of depreciation applied is 45 per cent, which management considers as being representative of the useful economic life of such assets.

(b) Leasehold land and leasehold improvements are amortised over the primary period of lease.

(c) Purchase cost and user licence fees for major software are amortised over a period of three years.

(vi) IMPAIRMENT

The carrying amount of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. Impairment loss is provided to the extent the carrying amount of assets exceed their recoverable amount. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal. If at the balance sheet date there is an indication that the previously assessed impairment loss no longer exist, the recoverable amount is reassessed and the asset is reflected at recoverable amount subject to maximum of depreciable historical cost.

(vii) INVESTMENTS

(a) Long term investments are stated at cost. A provision for diminution is made to recognise a decline, other than temporary, in the value of long term investments. The determination for dimunition is done separately for each individual investment.

(b) Current investments, consist of investments in mutual funds, are stated at lower of cost and fair value where net asset value declared by the respective funds is considered as fair value.

(c) Profit or loss on sale of investments is determined on the basis of weighted average carrying amount of investments disposed off.

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE : R (contd.)

NOTES TO THE ACCOUNTS (contd.)

I. SIGNIFICANT ACCOUNTING POLICIES (contd.)

(viii) INVENTORIES

(a) Stores and spare parts are valued at cost less amounts written down.

(b) Stock-in-trade comprising of raw materials (including in-transit), packing materials, stock-in-process and finished goods are valued at the lower of cost and net realisable value after making such provisions as required on account of damaged, unserviceable, inert and obsolete stocks. The comparision of the cost and net realisable value is made on item by item basis.

(c) Cost has been arrived at on the basis of weighted average method.

(d) The net realisable value of stock-in-process is determined with reference to the selling prices of related finished goods. Raw materials and other supplies held for use in production of inventories are not written down below cost except in cases where material prices have declined and it is estimated that the cost of finished products will exceed their net realisable value. In such cases, the material are valued at replacement cost.

(ix) REVENUE RECOGNITION

(a) Sales are recognised in accordance with Accounting Standard-9 viz. when the seller has transferred to the buyer, the property in the goods, for a price, or significant risk and rewards of ownership have been transferred to the buyer.

(b) Sales are inclusive of excise duty, processing charges, sale of scrap and income from services and are net of trade discount and product rebate.

(c) Dividend income is accounted when the right to receive payment is established and known.

(d) Interest income is recognised on the time proportion basis.

(x) EMPLOYEE BENEFITS

(a) Short term employee benefits:

Short term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

(b) Post-employment benefits:

1. Provident and Family Pension Fund

The eligible employees of the Company are entitled to receive post employment benefits in respect of provident and family pension fund, in which both the employees and the Company make monthly contributions at a specified percentage of the employees' eligible salary (currently 12% of employees' eligible salary).

The contributions are made to the provident fund managed by the trust set up by the Company or to the Regional Provident Fund Commissioner (RPFC) which are charged to the profit and loss account as incurred.

In respect of contribution to RPFC, the Company has no further obligations beyond making the contribution, and hence, such employee benefit plan is classified as Defined Contribution Plan.

In respect of contribution to the trust set up by the Company, since the Company is obligated to meet interest shortfall, if any, with respect to covered employees, such employee benefit plan is classified as Defined Benefit Plan in accordance with the Guidance on implementing Accounting Standard (AS)-15 (Revised) on Employee Benefits.

2. Superannuation

The eligible employees of the Company are entitled to receive post employment benefits in respect of superannuation fund in which the Company makes annual contribution at a specified percentage of the employees' eligible salary (currently 15% of employees' eligible salary). The contributions are made to the Life Insurance Corporation of India (LIC). Superannuation is classified as Defined Contribution Plan as the Company has no further obligations beyond making the contribution. The Company's contribution to Defined Contribution Plan is charged to profit and loss account as incurred.

3. Gratuity

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. The Company has obtained insurance policies with the Life Insurance Corporation of India (LIC) and makes an annual contribution to LIC for amounts notified by LIC. The Company accounts for gratuity benefits payable in future based on an independent external actuarial valuation carried out at the end of the year. Actuarial gains and losses are recognised in the profit and loss account.

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE : R (contd.)

NOTES TO THE ACCOUNTS (contd.)

I. SIGNIFICANT ACCOUNTING POLICIES (contd.)

(x) EMPLOYEE BENEFITS (contd.)

(c) Other long-term employee benefits – compensated absences:

The Company provides for encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The Company makes provision for compensated absences based on an independent actuarial valuation carried out at the end of the year. Actuarial gains and losses are recognised in the profit and loss account.

(xi) RESEARCH AND DEVELOPMENT

Capital expenditure on Research and Development is treated in the same way as expenditure on fixed assets. Revenue expenditure on Research and Development is charged to the Profit and Loss Account in the year in which it is incurred.

(xii) FOREIGN CURRENCY TRANSACTIONS

(a) Transactions in foreign currencies are recorded at the exchange rate that approximates the actual rate at the date of the transaction. In respect of monetary assets and liabilities denominated in foreign currencies, exchange differences arising out of settlement are recognised in the profit and loss account. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the exchange rates on that date, the resultant exchange differences are recognised in the profit and loss account.

(b) Premiums or discounts arising at the inception of the forward foreign exchange contracts, other than contracts to hedge a firm commitment or a highly probable forecast transaction, are amortised and recognised in the Profit and Loss Account over the period of the contract. Such forward foreign exchange contract outstanding as at the Balance Sheet date are converted at the exchange rates prevailing on that date. Exchange differences are recognised in the Profit and Loss Account.

(xiii) ACCOUNTING FOR DERIVATIVES

Forward contracts to which Accounting Standard (AS) 11 - 'The Effect of Change in Foreign Exchange Rates' is applicable,the policy as stated in Note (xii) (b) above is followed. In respect of forward contracts outstanding as at the balance sheet date to which the aforesaid accounting standard is not applicable are marked to market.

(xiv) TAXATION

Tax expense comprises current, deferred and fringe benefit tax. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. Deferred tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rate and tax laws enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised in future; however, where there is unabsorbed depreciation or carry forward of losses, deffered tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

(xv) PROVISIONS AND CONTINGENT LIABILITIES

(a) A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present values and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

(b) Contingent liabilities are disclosed in respect of possible obligations that have arisen from past events and the existance of which will be confirmed only by the occurance or non-occurance of future events not wholly within the control of the Company.

(c) When there is an obligation in respect of which the likelyhood of outflow of resources is remote, no provision or disclosure is made.

(xvi) LEASES

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments / receipts are recognised as an expense / income in the Profit and Loss Account on a straight-line basis over the lease term.

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE : R (contd.)

NOTES TO THE ACCOUNTS (contd.)

II. OTHER NOTES

		31st March, 2010 Rs. in lacs	31st March, 2009 Rs. in lacs
1.	Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances)	**2019.11**	175.43
2.	Guarantee issued in favour of an associate company in respect of funded and non-funded facilities provided by banks	**110.00**	110.00
3.	The fixed assets at the Company's pigment manufacturing unit at Kavesar and paint manufacturing units at Lower Parel and at Vatva, have been retired from active use. Accordingly, the fixed assets (other than freehold land) at those manufacturing units had been written down to Rs. 22.20 lacs on the basis of valuation reports [balance provision for write down in value of fixed assets as at the end of the year Rs. 99.46 lacs (2008-2009 Rs. 118.45 lacs)]. During the year, an amount of Rs. 18.99 lacs (2008-2009 Rs. 22.86 lacs) has been written back consequent to charge on account of depreciation of an equal amount.		
4.	Cash and Bank balances with Scheduled Banks on Current Account include amounts held in foreign currency	**70.05**	0.05
5.	Advances recoverable in cash or in kind include interest accrued on investment..	**7.24**	28.30
6.	There are no amounts due to the suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006; this information takes into account only those suppliers who have responded to the enquiries made by the Company for this purpose	**—**	—
7.	Sundry Creditors include overdrawn bank balances in the ordinary course of business	**28.55**	1.82
8.	Revenue expenditure on Research and Development charged to the Profit and Loss Account is [Including depreciation Rs. 80.20 lacs (2008-2009 Rs.74.01 lacs)]	**1146.85**	1154.07
9.	The amount of exchange differences (net) credited / (debited) to the Profit and Loss Account is	**513.04**	133.96
10.	Managerial Remuneration to the Managing Director and a Wholetime Director [inclusive of contribution to provident and other funds Rs. 59.88 lacs (2008-2009 Rs.50.83 lacs), perquisites and other allowances Rs. 76.50 (2008-2009 Rs. 52.50), commission Rs.160.56 lacs (2008-2009 Rs. 129.75 lacs) as per Schedule 'Q']	**358.14**	312.20
	(The above do not include contribution to Gratuity Fund and provision for compensated absences as such contribution / provision is made on a global basis).		
	Commission to Non-Wholetime Directors as per Schedule 'Q'	**100.00**	80.00
	Directors' sitting fees	**2.30**	3.40

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE : R (contd.)

NOTES TO THE ACCOUNTS (contd.)

II. OTHER NOTES (contd.)

		31st March, 2010 Rs. in lacs	31st March, 2009 Rs. in lacs
11.	Auditors' remuneration excluding service tax		
	Audit fee	**15.25**	15.25
	Report under Section 44AB of the Income-tax Act, 1961	**3.50**	3.50
	Company law matters	**0.18**	0.18
	Other services	**13.32**	15.20
	Out-of-pocket expenses	**0.77**	0.55
12.	Remittance in foreign currency on account of dividend to a non-resident shareholder:		
	Final Dividend on 1,86,64,880 Equity Shares for 2008-2009 (1,78,95,400 Equity Shares for 2007-2008)	**2240.00**	2147.45
13.	(i) Value of imports calculated on C.I.F. basis (excluding value of imported items locally purchased):		
	(a) Raw Materials	**27125.47**	16871.12
	(b) Stores and Spares	**75.73**	308.00
	(c) Finished Products	**1003.26**	183.65
	(d) Capital Goods	**75.78**	417.25
	(ii) Expenditure in foreign currencies:		
	(a) Foreign Travel	**6.05**	10.66
	(b) Royalties (net of tax)	**694.08**	578.56
	(c) Professional and Technical Fees (net of tax)	**319.59**	309.51
	(d) Others (net of tax)	**36.26**	41.25
14.	Earnings in foreign exchange:		
	(i) FOB Value of exports	**69.59**	415.94
	(ii) Recovery of freight, insurance and other charges on exports	**3.12**	21.84
	(iii) Professional fees	**N.A.**	81.67
15.	The Company has made monthly payments aggregating Rs. 9.30 lacs (2008-2009 Rs. 9.72 lacs) and payments in respect of medical reimbursement aggregating Rs. 0.10 lac (2008-2009 Rs. 0.10 lac) towards post retirement arrangements to former Wholetime Directors.		

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE : R (contd.)

NOTES TO THE ACCOUNTS (contd.)

II. OTHER NOTES (contd.)

	31st March, 2010		31st March, 2009	
	Quantity MT	**Value Rs. in lacs**	Quantity MT	Value Rs. in lacs
16. Raw Materials Consumed:				
(i) Pigments, Extenders and Resins	**89948**	**48688.24**	69836	33108.69
(ii) Organic Acids and Anhydrides	**8561**	**5861.29**	6879	4931.35
(iii) Solvents, Oils and Fatty Acids	**60790**	**32038.12**	45075	26777.73
(iv) Others		**6978.85**		12045.70
		93566.50		76863.47
of which:	**%**		%	
Imported	**36**	**33972.18**	31	23932.54
Indigenous	**64**	**59594.32**	69	52930.93
	100	**93566.50**	100	76863.47
17. Stores and Spares Consumed:	**%**		%	
Imported	**10**	**97.26**	36	339.40
Indigenous	**90**	**914.59**	64	608.10
	100	**1011.85**	100	947.50

18. Quantitative information with regard to the goods manufactured / traded by the Company is as follows:

Products	Unit	Installed capacity per annum Quantity	Production Quantity	Opening Stock Quantity	Opening Stock Value Rs. in lacs	Purchases Quantity	Purchases Value Rs. in lacs	Closing Stock Quantity	Closing Stock Value Rs. in lacs	Sales Quantity	Sales Value Rs. in lacs
Paints, Varnishes, Enamels and Powder Coatings	MT	**208420** (185620)	**163368** (128001)	**15481** (12813)	**9926.32** (10237.56)	**20407** (11840)	**4297.86** (2574.23)	**20660** (15481)	**14055.56** (9926.32)	**193052** (157024)	**196147.48** (165467.41)
Synthetic Resins	MT	**79380** (73200)	**40699** (32640)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)
Pretreatment Chemicals	MT	**2400*** (2400)*	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)
Processing Charges											**96.65** (70.08)
Others (Including Sale of Scrap and Agency Commission)											**926.40** (836.36)
Total					**9926.32** (10237.56)		**4297.86** (2574.23)		**14055.56** (9926.32)		**197170.53** (166373.85)
Less: Rebates, Discounts, Allowances, etc.											**11557.39** (9597.12)
										TOTAL	**185613.14** (156776.73)

* used for processing goods on behalf of an associate company

(a) Figures in brackets are in respect of the previous year.

(b) Installed capacity has been certified by the Works Manager and accepted by the Auditors without verification, being a technical matter.

(c) Production does not include goods processed outside. Sales, opening stock and closing stock include goods processed and purchased from outside. The closing stock is after adjustments for obsolescence and shortages. Closing stock figures, if derived from opening stock plus production / purchases and less sales would therefore be different.

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE : R (contd.)

NOTES TO THE ACCOUNTS (contd.)

II. OTHER NOTES (contd.)

18. Quantitative information with regard to the goods manufactured / traded by the Company is as follows (contd.):

(d) Production includes captive consumption:

		Captive Consumption	
	Unit	**2009-2010**	2008-2009
(i) Paints, Varnishes, Enamels and Powder Coatings	MT	**934**	647
(ii) Synthetic Resins	MT	**40699**	32640

19. As the Company's business activity falls within a single business segment viz. 'Paints' and the sales substantially being in the domestic market, the disclosure requirements of Accounting Standard – 17 "Segment Reporting", notified under the Companies Act, 1956 is not applicable.

20. Related party disclosures

(i) (a) Names of related parties and nature of related party relationship where control exists are as under:

Holding Company	:	Kansai Paint Co., Ltd., Japan
Subsidiary Company	:	Kansai Coatings Malaysia SDN. BHD. (Upto 30th June, 2008)

(b) Names of other related parties and nature of relationship where there are transactions with related parties:

Fellow Subsidiary Companies	:	PT. Kansai Paint Indonesia
		Kansai Paint Philippines Inc
		Chongqing Kansai Paint Co., Ltd.
		Kansai Resin (Thailand) Co. Ltd.
		Kansai Coatings Malaysia SDN. BHD. (w.e.f. 1st July, 2008)
Associate – company in which the Company has substantial interest (i.e. more than 20% in voting power)	:	Nipa Chemicals Limited
Key management personnel	:	Mr. H. M. Bharuka, Managing Director
		Mr. P. D. Chaudhari, Wholetime Director (w.e.f. 1st May, 2008)

Disclosure of transactions with these parties has been included in Note II (20)(ii) below.

(ii) Transactions with related parties

Nature of Transaction	Holding Company	Subsidiary Company	Fellow Subsidiary Companies	Associate	Key Management Personnel	Total
	Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs
Royalty paid						
– Kansai Paint Co., Ltd., Japan	**719.71**	**N.A.**	**N.A.**	**N.A.**	**N.A.**	**719.71**
	(547.75)	(N.A.)	(N.A.)	(N.A.)	(N.A.)	(547.75)
Dividend paid						
– Kansai Paint Co., Ltd., Japan	**2240.00**	**N.A.**	**N.A.**	**N.A.**	**N.A.**	**2240.00**
	(2147.45)	(N.A.)	(N.A.)	(N.A.)	(N.A.)	(2147.45)
Technical fees including reimbursement of expenses						
– Kansai Paint Co., Ltd., Japan	**311.28**	**N.A.**	**N.A.**	**N.A.**	**N.A.**	**311.28**
	(245.12)	(N.A.)	(N.A.)	(N.A.)	(N.A.)	(245.12)

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE : R (contd.)

NOTES TO THE ACCOUNTS (contd.)

II. OTHER NOTES (contd.)

20. Related party disclosures (contd.)

(ii) Transactions with related parties (contd.)

Nature of Transaction	Holding Company Rs. in lacs	Subsidiary Company Rs. in lacs	Fellow Subsidiary Companies Rs. in lacs	Associate Rs. in lacs	Key Management Personnel Rs. in lacs	Total Rs. in lacs
Dividend received						
– Nipa Chemicals Limited	**N.A.** (N.A.)	**N.A.** (N.A.)	**N.A.** (N.A.)	**47.78** (51.45)	**N.A.** (N.A.)	**47.78** (51.45)
Sale of goods						
– PT. Kansai Paint Indonesia	**N.A.** (N.A.)	**N.A.** (N.A.)	**N.A.** (307.39)	**N.A.** (N.A.)	**N.A.** (N.A.)	**—** (307.39)
– Kansai Paint Philippines Inc	**N.A.** (N.A.)	**N.A.** (N.A.)	**62.23** (43.67)	**N.A.** (N.A.)	**N.A.** (N.A.)	**62.23** (43.67)
– Chongqing Kansai Paint Co. Ltd.	**N.A.** (N.A.)	**N.A.** (N.A.)	**N.A.** (21.58)	**N.A.** (N.A.)	**N.A.** (N.A.)	**—** (21.58)
– Nipa Chemicals Limited	**N.A.** (N.A.)	**N.A.** (N.A.)	**N.A.** (N.A.)	**0.79** (2.24)	**N.A.** (N.A.)	**0.79** (2.24)
Purchase of goods						
– Kansai Resin (Thailand) Co. Ltd.	**N.A.** (N.A.)	**N.A.** (N.A.)	**356.82** (125.81)	**N.A.** (N.A.)	**N.A.** (N.A.)	**356.82** (125.81)
Processing Charges Paid						
– Nipa Chemicals Limited	**N.A.** (N.A.)	**N.A.** (N.A.)	**N.A.** (N.A.)	**192.43** (62.19)	**N.A.** (N.A.)	**192.43** (62.19)
Interest received						
– Nipa Chemicals Limited	**N.A.** (N.A.)	**N.A.** (N.A.)	**N.A.** (N.A.)	**6.20** (5.46)	**N.A.** (N.A.)	**6.20** (5.46)
Agency Commission received						
– Nipa Chemicals Limited	**N.A.** (N.A.)	**N.A.** (N.A.)	**N.A.** (N.A.)	**266.46** (210.30)	**N.A.** (N.A.)	**266.46** (210.30)
Professional Fees received						
– Kansai Coatings Malaysia SDN. BHD.	**N.A.** (N.A.)	**N.A.** (81.67)	**N.A.** (N.A.)	**N.A.** (N.A.)	**N.A.** (N.A.)	**—** (81.67)
Processing Charges received						
– Nipa Chemicals Limited	**N.A.** (N.A.)	**N.A.** (N.A.)	**N.A.** (N.A.)	**96.65** (70.08)	**N.A.** (N.A.)	**96.65** (70.08)
Reimbursement of Expenses						
– Kansai Coatings Malaysia SDN. BHD.	**N.A.** (N.A.)	**N.A.** (N.A.)	**4.73** (N.A.)	**N.A.** (N.A.)	**N.A.** (N.A.)	**4.73** (—)
Remuneration*						
– Mr. H. M. Bharuka, Managing Director	**N.A.** (N.A.)	**N.A.** (N.A.)	**N.A.** (N.A.)	**N.A.** (N.A.)	**239.19** (201.09)	**239.19** (201.09)
– Mr. P. D. Chaudhari, Wholetime Director	**N.A.** (N.A.)	**N.A.** (N.A.)	**N.A.** (N.A.)	**N.A.** (N.A.)	**79.82** (41.58)	**79.82** (41.58)

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE : R (contd.)

NOTES TO THE ACCOUNTS (contd.)

II. OTHER NOTES (contd.)

20. Related party disclosures (contd.)

(ii) Transactions with related parties (contd.)

Nature of Transaction	Holding Company	Subsidiary Company	Fellow Subsidiary Companies	Associate	Key Management Personnel	Total
	Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs
Corporate Guarantee given						
– Nipa Chemicals Limited	**N.A.**	**N.A.**	**N.A.**	**110.00**	**N.A.**	**110.00**
	(N.A.)	(N.A.)	(N.A.)	(110.00)	(N.A.)	(110.00)
Payable as at year end						
– Kansai Paint Co. Ltd., Japan	**262.67**	**N.A.**	**N.A.**	**N.A.**	**N.A.**	**262.67**
	(190.54)	(N.A.)	(N.A.)	(N.A.)	(N.A.)	(190.54)
– Nipa Chemicals Limited	**N.A.**	**N.A.**	**N.A.**	**228.45**	**N.A.**	**228.45**
	(N.A.)	(N.A.)	(N.A.)	(194.71)	(N.A.)	(194.71)
– Kansai Resin (Thailand) Co. Ltd.	**N.A.**	**N.A.**	**28.10**	**N.A.**	**N.A.**	**28.10**
	(N.A.)	(N.A.)	(50.10)	(N.A.)	(N.A.)	(50.10)

Figures in the brackets are the corresponding figures in respect of the previous year.

* excludes commission and related contribution to Provident Fund and Superannuation Fund thereon for the year but includes commission and such related contribution thereon for the previous year paid in the current year.

Note: No amounts pertaining to related parties have been provided for as doubtful debts. Also no amounts have been written off or written back during the year.

21. Vehicles for use by employees are obtained on operating lease for a lease term of three to five years.

	Year ended 31st March, 2010 Rs. in lacs	Year ended 31st March, 2009 Rs. in lacs
(a) Lease payments recognised in the Profit and Loss Account	**32.02**	38.68
(b) Future minimum aggregate lease payments under non-cancellable operating leases for each of the following periods:		
(i) Not later than one year	**24.38**	33.82
(ii) Later than one year and not later than five years	**23.05**	51.00
(iii) Later than five years	**—**	—

22. The Company has given on lease, Colour Dispenser to its dealers. The particulars in respect of such leases are as follows:

(a) (i) The gross carrying amount and the accumulated depreciation at the balance sheet date are Rs.12137.52 lacs (2008-2009 Rs. 10833.81 lacs) and Rs. 10030.75 lacs (2008-2009 Rs. 8840.16 lacs) respectively.

(ii) Depreciation recognised in the profit and loss account is Rs.1190.59 lacs (2008-2009 Rs. 1100.88 lacs).

(b) The minimum aggregate lease payments to be received in future after considering amounts waived as at the year end [Refer Note II(22)(c) below] is as follows:

	Year ended 31st March, 2010 Rs. in lacs	Year ended 31st March, 2009 Rs. in lacs
(i) Not later than one year	**—**	30.10
(ii) Later than one year and not later than five years	**—**	65.30
(iii) Later than five years	**—**	—

(c) The lease agreements are for a period upto seven years. However, the corresponding lease rentals may be receivable for a shorter period.

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE : R (contd.)

NOTES TO THE ACCOUNTS (contd.)

II. OTHER NOTES (contd.)

23. Values used in calculating Earnings Per Share:

	Year ended 31st March, 2010 Rs. in lacs	Year ended 31st March, 2009 Rs. in lacs
(a) Numerator: Profit after tax (Rs. in lacs)	**16550.05**	9858.90
(b) Denominator: Weighted average number of Equity Shares	**26945986**	26945986
(c) Basic and diluted earnings per Equity Share Rs.	**61.42**	36.59

24. Deferred taxes:

Nature of timing difference	Deferred Tax Asset / (Liability) as at 31st March, 2009	**(Charge) / Credit for the year**	**Deferred Tax Asset / (Liability) as at 31st March, 2010**
	Rs. in lacs	**Rs. in lacs**	**Rs. in lacs**
(a) Deferred tax assets			
— Items covered under Section 43B	1066.30	**83.91**	**1150.21**
— Provision for diminution in value of fixed assets	40.26	**(6.45)**	**33.81**
— Voluntary Retirement Compensation	70.65	**(3.78)**	**66.87**
— Amalgamation expenses	21.61	**(7.64)**	**13.97**
Sub-total	1198.82	**66.04**	**1264.86**
(b) Deferred tax liabilities			
— Depreciation	(139.25)	**26.69**	**(112.56)**
(c) Net amount	1059.57	**92.73**	**1152.30**

25. (a) Provision for indirect taxes:

Description	**31st March, 2010 Rs. in lacs**	31st March, 2009 Rs. in lacs
Opening Balance	**2663.58**	2663.58
Add: Provision during the year	**—**	—
Less: Utilization / Settlement / Reversal	**—**	—
Closing Balance	**2663.58**	2663.58

With restructuring of the production facilities, the timing of the outflow of provision Rs. 2663.58 lacs (2008-2009 Rs. 2663.58 lacs) recognised in respect of matters relating to indirect taxes is dependent on the outcome of the settlement with the appropriate authorities.

(b) Provision for warranty:

Description	**31st March, 2010 Rs. in lacs**	31st March, 2009 Rs. in lacs
Opening Balance	**60.00**	45.00
Add: Provision during the year	**90.00**	80.00
Less: Utilization / Settlement	**—**	65.00
Less: Reversal	**—**	—
Closing Balance	**150.00**	60.00

The Company is selling certain products with a warranty of four / seven years. Accordingly, provision has been recognised on the basis of management's expectation of warranty claims on such products.

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE : R (contd.)

NOTES TO THE ACCOUNTS (contd.)

II. OTHER NOTES (contd.)

26. Employee Benefits

A. Defined Contribution Plan

Contribution to defined contribution plan, recognised in the statement of Profit and Loss Account under Company's Contribution to Provident Fund and Other Funds in Schedule O for the year are as under:

	31st March, 2010 Rs. in lacs	31st March, 2009 Rs. in lacs
Employer's contribution to Regional Provident Fund Commissioner	**49.32**	44.91
Employer's contribution to Family Pension Fund	**102.32**	98.46
Employer's contribution to Superannuation Fund	**66.09**	56.99

B. Defined Benefit Plan

(a) Contribution to provident fund managed by the trust set up by the Company:

According to the management, the actuary has opined that actuarial valuation cannot be applied to reliably measure provident fund liabilities in respect of fund managed by the trust set up by the Company in the absence of guidance from the Actuarial Society of India. Accordingly, the Company is currently not in a position to provide other related disclosures as required by Accounting Standard (AS) 15 (Revised) on Employee Benefits notified by the Companies (Accounting Standards) Rules, 2006 read with the Guidance issued by the Accounting Standards Board of the Institute of Chartered Accountants of India. Having regards to the assets of the fund and the return on investments, the entity does not expect any deficiency in the foreseeable future. Accordingly, no provision is required towards the guarantee given for notified interest rates. During the year, the Company has contributed Rs. 103.89 lacs (2008-09: Rs. 94.10 lacs) to the Provident Fund Trust.

The major category of plan assets in which the contributions are invested by Provident Fund trust are as under:

	31st March, 2010	31st March, 2009
	% of each to total plan assets	
Bonds and Securities of Central Government	**8.30**	8.30
Bonds and Securities of State Government	**7.87**	8.81
Bonds and Securities of Public Sector Undertakings	**17.46**	17.26
Special Deposits with Banks	**66.37**	65.63

(b) Gratuity (Funded)

	31st March, 2010 Rs. in lacs	31st March, 2009 Rs. in lacs
i. Reconciliation of opening and closing balances of Defined Benefit Obligation		
Present value of Defined Benefit Obligation as at the beginning of the year	**1190.01**	1291.85
Interest Cost	**98.18**	100.76
Current Service Cost	**104.83**	80.15
Benefits paid	**(91.09)**	(225.71)
Net Actuarial (Gain) / Loss	**(286.66)**	(57.04)
Present value of Defined Benefit Obligation as at the end of the year	**1015.27**	1190.01

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE : R (contd.)

NOTES TO THE ACCOUNTS (contd.)

II. OTHER NOTES (contd.)

26. Employee Benefits (contd.)

(b) Gratuity (Funded)

		31st March, 2010 Rs. in lacs	31st March, 2009 Rs. in lacs
ii.	Reconciliation of fair value of Plan Assets		
	Fair value of Plan Assets as at the beginning of the year.....	**1196.00**	1290.05
	Expected return on Plan Assets.....	**113.49**	97.40
	Net Actuarial Gain / (Loss)	**47.99**	33.41
	Employer's Contribution	**1.11**	0.85
	Benefits paid.....	**(91.09)**	(225.71)
	Fair value of Plan Assets as at the end of the year	**1267.50**	1196.00
	The Company expects to contribute Rs. 70.00 lacs to its Defined Benefit Gratuity plan during the annual period beginning after the balance sheet date.		
	The major categories of Plan Assets as a percentage of the fair value of total Plan Assets are as follows:		
	Funds maintained with Life Insurance Corporation of India	**100%**	100%
	Note: The Company is unable to obtain the details of major category of plan assets from the insurance company (Life Insurance Corporation of India) and hence the disclosure thereof is not made.		
iii.	Net assets / (liabilities) recognised in the Balance Sheet		
	Present value of Defined Benefit Obligation.....	**(1015.27)**	(1190.01)
	Fair value of Plan Assets.....	**1267.50**	1196.00
	Net asset / (liability) recognised in Balance Sheet	**252.23**	5.99

		31st March, 2010 Rs. in lacs	31st March, 2009 Rs. in lacs
iv.	Components of Employer's Expenses		
	Current Service Cost.....	**104.83**	80.15
	Interest Cost.....	**98.18**	100.76
	Expected return on Plan Assets.....	**(113.49)**	(97.40)
	Net Actuarial (Gain) / Loss	**(334.65)**	(90.45)
	Total expenses / (income) recognised in the Profit and Loss account in Schedule O under:	**(245.13)**	(6.94)
		Company's Contribution to Provident Fund and Other Funds	
	Actual return on Plan Assets.....	**113.49**	130.81
v.	Actuarial Assumptions		
	Mortality Table	LIC (1994-96) (Ultimate)	
	Discount rate	**8.25%**	7.80%
	Expected rate of return on Plan Assets.....	**7.55%**	7.55%
	Salary escalation.....	**8.00%**	7.00%

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE : R (contd.)

NOTES TO THE ACCOUNTS (contd.)

II. OTHER NOTES (contd.)

26. Employee Benefits (contd.)

vi. a. The estimates of rate of escalation in salary considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

b. The discounting rate is considered based on market yield on government bonds having currency and terms consistent with the currency and terms of the post-employment benefit obligations.

c. Expected rate of return on assets is determined based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

vii. The above information is certified by the actuary.

viii. Net Assets / (Liabilities) recognised in the Balance Sheet as at respective year ends and experience adjustments:

Particulars	Gratuity (Funded)		
	31st March, 2010 Rs. in lacs	31st March, 2009 Rs. in lacs	31st March, 2008 Rs. in lacs
1. Present Value of Defined Benefit Obligation	**1015.27**	1190.01	1291.85
2. Fair Value of Plan Assets	**1267.50**	1196.00	1290.05
3. Funded Status [Surplus / (Deficit)]	**252.23**	5.99	(1.80)
4. Net Asset / (Liability)	**252.23**	5.99	(1.80)
5. Experience adjustment arising on:			
a. Plan Liabilities [Loss / (Gain)]	**(286.66)**	(57.04)	29.43
b. Plan Assets [Loss / (Gain)]	**(47.99)**	(33.41)	—

Accounting Standard (AS) 15 (Revised) Employee Benefits notified by the Companies (Accounting Standards) Rules, 2006 requires the disclosures of the above information for the past four years; however the information is available only for past two years since the date of implementing the standard.

27. Derivatives Instruments:

A. The following are the outstanding Forward Foreign Exchange Contracts entered into by the Company:

(i) As on 31st March, 2010

Currency	**Amount in Foreign currency**	**Buy / Sell**	**Cross Currency**
USD	2.00 lacs	Buy	INR
JPY	621.61 lacs	Buy	USD

(ii) As on 31st March, 2009

USD	39.56 lacs	Buy	INR
JPY	900.00 lacs	Buy	USD

These Forward Foreign Exchange Contracts are entered into for hedging purposes and not for speculation purposes.

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE : R (contd.)

NOTES TO THE ACCOUNTS (contd.)

II. OTHER NOTES (contd.)

27. Derivatives Instruments (contd.)

B. The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

(a)	Amounts payable in foreign currency	Euro 0.68 lac [2008-2009 – Euro 1.96 lacs] GBP 0.79 lac [2008-2009 – GBP Nil lac] JPY 423.45 lacs [2008-2009 – JPY 116.39 lacs] USD 45.45 lacs [2008-2009 – USD 1.15 lacs] CHF 0.04 lac [2008-2009 – CHF Nil]
(b)	Advance payment in foreign currency for supplies	CHF 0.68 lac [2008-2009 – CHF 0.15 lac] Euro 0.50 lac [2008-2009 – Euro 0.95 lac] GBP 0.11 lac [2008-2009 – GBP 0.01 lac] JPY 146.82 lacs [2008-2009 – JPY 6.06 lacs] SGD Nil [2008-2009 – SGD 0.13 lac] USD 3.04 lacs [2008-2009 – USD 1.76 lacs]

28. Prior year's figures were audited by a firm of chartered accountants other than B S R & Co, which have been regrouped and rearranged wherever necessary to confirm to current year's classification.

For and on behalf of the Board of Directors

J. J. IRANI	*Chairman*
D. M. KOTHARI	*Vice Chairman*
H. M. BHARUKA	*Managing Director*
S. M. DATTA	*Director*
P. P. SHAH	*Director*
N. N. TATA	*Director*
P. D. CHAUDHARI	*Wholetime Director*

Mumbai: 3rd May, 2010

G. T. GOVINDARAJAN
Company Secretary

P. D. PAI
CFO

Balance Sheet Abstract and Company's General Business Profile for the year ended 31st March, 2010

I. Registration Details

State Code: 11

Registration No.: 11-825

Balance Sheet Date: 31 (Date) 03 (Month) 2010 (Year)

II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue	Rights Issue
NIL	NIL
Bonus Issue	**Private Placement**
NIL	NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	Total Assets
8828017	8828017

Sources of Funds

Paid-up Capital	Reserves & Surplus
269460	74587100
Secured Loans	**Unsecured Loans**
335328	764519

Application of Funds

Net Fixed Assets	Investments
3057539	4015372
Net Current Assets	**Deferred Tax Asset (net)**
1639876	115230
Accumulated Losses	**Misc. Expenditure**
NIL	NIL

IV. Performance of the Company (Amount in Rs. Thousands)

Turnover	Total Expenditure
17267657	14881563
+ – Profit/Loss Before Tax	+ – Profit/Loss After Tax
✓ 2386094	✓ 1655005

(Please tick Appropriate box + for Profit, – for Loss)

Earnings Per Share in (Rs.)	Dividend Rate (%)
61.42	150

V. Generic Names of Three Principal Products / Services of Company

Item Code No. (ITC Codes)	32089003
Product Description:	PAINTS
Item Code No. (ITC Codes)	– – – – – – – –
Product Description:	– – – – – – – –
Item Code No. (ITC Codes)	– – – – – – – –
Product Description:	– – – – – – – –

For and on behalf of the Board of Directors

J. J. IRANI	*Chairman*
D. M. KOTHARI	*Vice Chairman*
H. M. BHARUKA	*Managing Director*
S. M. DATTA	*Director*
P. P. SHAH	*Director*
N. N. TATA	*Director*
P. D. CHAUDHARI	*Wholetime Director*

Mumbai: 3rd May, 2010

G. T. GOVINDARAJAN *Company Secretary*

P. D. PAI *CFO*

SUMMARISED BALANCE SHEET

Rs. in lacs

Year	Subscribed Capital	Reserves and Surplus	Borrowings	Current Liabilities and Provisions	Total	Gross Block	Total Depre-ciation	Net Block	Invest-ments	Current Assets	Loans and Advances	Cash and Bank Balances
1995-96	1072.85	5556.63	6646.44	6803.75	20079.67	5436.19	2148.65	3287.54	1302.33	11051.15	3018.48	1420.17
1996-97	1351.65$	10631.72	5572.17	8567.08	26122.62	7552.93	2548.93	5004.00	1600.77	11672.99	6429.74	1415.12
1997-98	1530.17£	13758.97	6564.69	7867.26	29721.09	10000.33	2894.29	7106.04	4804.58	12565.37	4541.12	703.98
1998-99	1530.46£	15195.96	7314.62	8719.15	32760.19	11650.99	3843.21	7807.78	3642.99	15035.58	5134.34	1139.50
1999-2000	1530.46	17077.58	5375.84	10624.74	34608.62	13066.71	4869.41	8197.30	3838.33	17429.39	4152.80	990.80
2000-2001	1530.46	18227.78	8213.66	11354.93	39326.83	16595.05	6876.92	9718.13	3106.60	20203.94	4858.09	1440.07
2001-2002	1530.46	19299.88	6579.18	13279.24	40688.76	18342.02	9332.82	9009.20	6115.52	19098.56	5441.64	1023.84
2002-2003	1530.46	21325.10	7075.75	16165.87	46097.18	21462.50	12336.84	9125.66	9774.72	22296.95	4421.14	478.71
2003-2004	1530.46	24963.05	7041.79	18753.75	52289.05	25366.13	14514.55	10851.58	13039.76	21893.32	4633.61	1870.78
2004-2005	2550.77@	29788.85	8714.14	22230.65	63284.41	32251.47	16162.66	16088.81	17912.49	21939.81	6018.89	1324.41
2005-2006	2550.77	38054.52	10977.49	22974.97	74557.75	37162.12	19377.10	17785.02	16393.49	32215.97	6584.65	1578.62
2006-2007	2694.60*	48478.45	10999.69	19637.67	81810.41	44121.09	23375.64	20745.45	15482.25	37511.21	5922.23	2149.27
2007-2008	2694.60*	56674.41	9795.37	25259.49	94423.87	50536.96	27152.97	23383.99	23214.00	38634.41	5853.93	3337.54
2008-2009	2694.60	62750.25	9362.62	32808.36	107615.83	57642.39	30336.45	27305.94	29442.55	38020.68	5230.27	7616.39
2009-2010	**2694.60**	**74587.10**	**10998.47**	**39799.85**	**128080.02**	**65310.81**	**34735.42**	**30575.39**	**40153.72**	**47981.06**	**5261.60**	**4108.25**

@ After Bonus Issue in the ratio 2:3 in 2004-05.

$ After Private Placement and Rights Issue Allotment (Rights issue in the ratio of 1:3 in 1996-97).

£ After Rights Issue — Final Call.

* Consequent to the amalgamation of Polycoat Powders Limited with the Company.

Notes: Upto 2001-2002 Reserves and Surplus includes Revaluation Reserve on account of revaluation of certain fixed assets.
From 2000-2001 Loans and Advances include Deferred Tax Asset (Net).

SUMMARISED PROFIT AND LOSS ACCOUNT

Rs. in lacs

Year	Cost of Materials/ Products	Employees' Remune-ration and Benefits	Operating and Other Expenses	Interest	Depre-ciation	Taxation	Profit after Taxation	Sales and Other Income # (Net)	Dividend	Dividend per share (Rupees)	Earnings Per Share (Rupees)	Net Worth per share (Rupees)
1995-96	19764.79	1881.24	6559.84	914.93	436.14	1060.00	1750.19	32367.13	536.42	5.00	16.31	61.79
1996-97	22671.48	2503.41	8071.99	812.36	386.09	1420.00	2425.50	38290.83	733.16	6.00	19.85$	88.66
1997-98	23867.87	2850.17	9033.64	800.17	331.58	1200.00	3120.81	41204.24	954.04	6.50	21.27$	99.90##
1998-99	26528.04	3425.27	10668.89	995.94	941.56	850.00	2552.98	45962.68	994.80	6.50	16.68	109.29
1999-2000	32080.00	3478.87	11675.06	809.20	1213.61	1230.00	2998.37	53485.11	994.80	6.50	19.59	121.58
2000-2001	34280.65	4049.67	13529.56	637.25	2007.87	1050.00	2257.84	57812.84	994.80	6.50	14.75	129.10
2001-2002	36039.90	4501.80	12696.08	372.93	2467.23	1000.00	2735.51	59813.45	1147.85	7.50	17.87	136.11
2002-2003	38877.67	5770.93	13385.95	164.70	2414.22	1625.00	3983.81	66222.28	1377.41	9.00	26.03	149.34
2003-2004	45676.41	5250.69	14885.64	131.97	2204.17	3080.00	5796.14	77025.02	1913.08	12.50	37.87	173.11
2004-2005	53154.61	4930.48	16118.43	76.81	2070.03	4530.00	9195.80	90076.16	2933.38	11.50	36.05†	126.78†
2005-2006	61095.62	5591.77	18556.41	78.02	3177.60	6100.70	13858.95	108459.07	5101.53*	20.00 *	54.40	159.19
2006-2007	77832.90	5956.90	21304.54	96.15	3355.74	5330.74	10765.90	124642.87	3098.79	11.50	39.95	189.91@
2007-2008	83731.71	6913.05	22675.17	140.60	3960.05	5060.00	11979.02	134459.60	3233.52	12.00	44.46	220.33
2008-2009	89958.28	7330.30	24419.64	183.80	3760.50	4160.00	9858.90	139671.42	3233.52	12.00	36.59	242.87
2009-2010	**107182.23**	**7504.89**	**29582.54**	**119.99**	**4425.98**	**7310.89**	**16550.05**	**172676.57**	**4041.89**	**15.00**	61.42	286.80

Net of Rebates & Excise Duty.

$ On Equated Capital.

Calculated on paid-up Capital in Rupees.

† Consequent to the Bonus Issue in 2004-2005.

* Includes Special Interim Dividend of Rs. 8.50 per share.

@ Calculated on number of shares post amalgamation of Polycoat Powders Ltd. with the Company.

Note: Upto 2001-2002 Net Worth per share includes Revaluation Reserve.

Notes

NO ADDED LEAD, MERCURY, CHROMIUM, ARSENIC & ANTIMONY

NEROLAC

LEAD FREE PAINTS

KANSAI NEROLAC

transform

A Subsidiary of Kansai Paint Co. Ltd., Japan

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

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