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Painting a greener tomorrow.

KANSAI NEROLAC PAINTS LIMITED

89TH ANNUAL REPORT 2008-2009

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A snapshot of initiatives taken during the year 2008-09 towards the goal of "Greener tomorrow"

PRODUCT

Development of Environment friendly products

Objectives	Achievements	Evaluation
To reduce the usage of hazardous materials.	Reduction of hazardous materials usage in purchased quantities.	All architectural coatings were made lead, mercury, chromium, arsenic and antimony free.
To create awareness about Environmental friendly products among consumers.	Introduced Lead free logo in decorative products.	Lead free logo is displayed on decorative products.

PROCESS

Reduction of Environmental Burden

Objectives	Achievements	Evaluation
Energy consumption.	Decrease in power & fuel consumption by 10%.	Decrease observed in energy consumption.
Waste reduction.	Reduction in hazardous waste by 15%.	Result achieved through reduction, recycling & reuse.
Reduce water consumption.	Reduction of 10%.	Achieved in all plants through Rain Water harvesting.
Preparation of Environment Accounting.	Publish every three months.	Ongoing process.

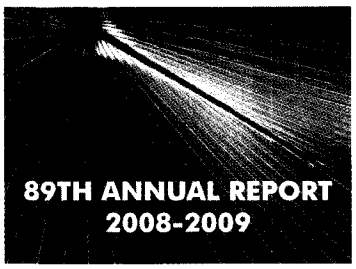
PEOPLE

Health, Safety & Environment Preservation

Objectives	Achievements	Evaluation
Employee well being.	Tracking health indicators. Compliance to OHSAS 18001 standard. Reduce VOC emission levels.	Health tracking and OHSAS standard is followed in all plants. VOC levels were observed below specified limits.
Environment Preservation.	Tree plantation and Development of parks.	Tree plantation and development of parks has been carried out near our plants.

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DIRECTORS:

- Dr. J. J. IRANI (Chairman)
- D. M. KOTHARI (Vice Chairman)
- Y. KAWAMORI
- H. M. BHARUKA (Managing Director)
- S. M. DATTA
- Y. TAJIRI
- H. ISHINO
- P. P. SHAH
- N.N. TATA
- P. D. CHAUDHARI (Wholetime Director)

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: A.F. FERGUSON & CO., MUMBAI

SOLICITORS: KANGA & CO., MUMBAI

REGISTERED OFFICE:
NEROLAC HOUSE
GANPATRAO KADAM MARG
LOWER PAREL, MUMBAI 400 013

FACTORIES:

B1, B2,
JAINPUR INDUSTRIAL ESTATE,
KANPUR DEHAT,
KANPUR,
U.P.

F/2, MIDC,
LOTE PARSHURAM,
TALUKA KHED,
DISTRICT RATNAGIRI,
MAHARASHTRA.

142,
TIRUPORUR ROAD,
PERUNGUDI,
CHENNAI,
TAMIL NADU.

36, SECTOR- 7,
HSIDC IGS,
BAWAL,
DISTRICT REWARI,
HARYANA.

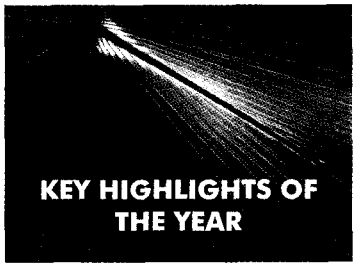
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Nerolac Beauty Flexi wins Product of the year award

Product of the Year is one of the world's largest independent surveys into product innovation. The initiative has been running globally for over 20 years, and is now in 28 countries. Product of the year empowers consumers worldwide to choose the best FMCG and durable products based on consumers' experience of products that are innovative and beneficial to them.

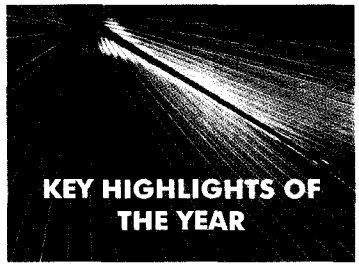
The first Indian edition of the Product of the Year awards took place in Mumbai on 17 January. The awards were announced in 26 categories. Nerolac Beauty Emulsion Beauty Flexi won in the paints category. For the next 12 months, manufacturers of the winning products can use the Product of the Year logo on their packaging, promotions and advertising.

Beauty Flexi was voted as the best product by 40,000 customers in the paint category. The award was given at a glittering function held in Mumbai and the award was received by Mr. Anuj Jain, Vice President – Marketing (Decorative Sales).



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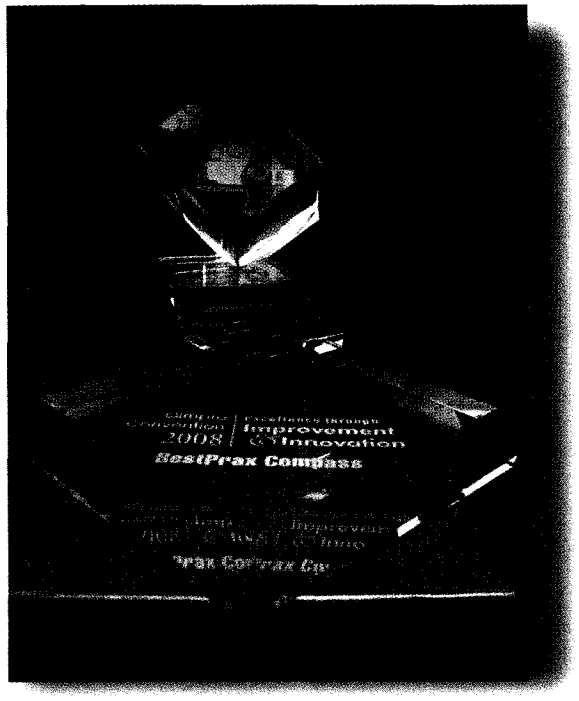
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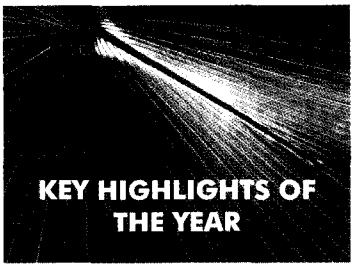
Qimpro Award for Technical Innovation

The Qimpro Convention recognizes excellence in team performance that focuses on improvement. Over the past couple of years, the convention has been expanded to include innovation as well. A two-day convention on excellence through improvement and innovation was held in the city on 7 – 8 August '08 by Qimpro Consultants, pioneers of the quality movement in India. Over 50 teams participated in the convention this year, marking the culmination of a seven-month long competitive process which began in January 2008.

It was a proud moment for Kansai Nerolac Paints Ltd., when our entry in Innovation category, bagged the first prize, the BestPrax Compass. The paper selected was on 'Three Coat-One Bake system' and presented by Mr. Ashok Shenoy, on behalf of technical department.



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Greentech Environment Excellence Award for Lote Unit

The Greentech Environmetal Award is presented to Companies/Units demonstrating the highest level of commitment to environmental management. Greentech Environmental Excellence Award serves as a catalyst to understanding the intrinsic value of environmental management in business excellence and sustainability. The award aims to provide exemplary environmental operations systems and the evidence of their impact to business vitality.

In September 2008 Lote unit was declared winner of Greentech Gold Award for Environment Excellence in chemical sector. The award presentation ceremony was held on September 5, 2008 at hotel Cidade De Goa, Goa. Mr. R. G. Puranik, Unit Head & Mr. Babaso Patil, EHS from Lote received this prestigious award.



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KANSAI NEROLAC PAINTS LIMITED

NOTICE

NOTICE is hereby given that the Eighty-ninth Annual General Meeting of the Shareholders of KANSAI NEROLAC PAINTS LIMITED will be held at the M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg, Behind Prince of Wales Museum, Kala Ghoda, Mumbai-400 001 on Monday, 29th June, 2009, at 3.30 p.m. (S.T.) to transact the following business:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2009 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 Dr. J. J. Irani, who retires by rotation and being eligible, offers himself for re-appointment.

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

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

6. To consider and, if thought fit, to pass, with or without modifications, the following Resolution as an Ordinary Resolution:

   "RESOLVED that subject to the provisions of Sections 224, 225 and other applicable provisions, if any, of the Companies Act, 1956, B S R & Co., Chartered Accountants, be and are hereby appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, in place of the retiring Auditors, A.F. Ferguson & Co., Chartered Accountants, at such remuneration as may be fixed by the Audit Committee".

For and on behalf of the Board

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

J.J. IRANI
Chairman

Dated: 30th April, 2009

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.

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ANNEXURE TO NOTICE

Explanatory statement under Section 173 of the Companies Act, 1956

Item No. 6

The retiring auditors, namely, A.F. Ferguson & Co., Chartered Accountants, have informed the Company that they are not seeking re-appointment as Statutory Auditors of the Company. In view of the above, and based on the recommendation of the Audit Committee, the Board of Directors has, at its meeting held on 30th April, 2009, proposed the appointment of B S R & Co., Chartered Accountants, as the Statutory Auditors of the Company in place of A.F. Ferguson & Co.

The Company has received special notice from some Shareholders of the Company, in terms of Section 190 read with Section 225 of the Companies Act, 1956 (the Act), signifying their intention to propose the appointment of B S R & Co. as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, in place of the retiring Auditors, A.F. Ferguson & Co.

B S R & Co. have expressed their willingness to act as Auditors of the Company, if appointed, and have further confirmed that the said appointment would be in conformity with the provisions of Section 224(1- B) of the Act.

The approval of the Shareholders is being sought for the appointment of B S R & Co. as the Statutory Auditors of the Company at such remuneration as may be fixed by the Audit Committee.

The Board commends the Resolution at Item No. 6 of the Notice for acceptance by the Shareholders.

None of the Directors of the Company 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:

None of the Directors seeking appointment/ re-appointment at this Annual General Meeting have any shareholding (own or held by/for other persons on a beneficial basis), in the Company.

Mr. Y. Kawamori and Mr. Y. Tajiri are Nominees of Kansai Paint Co, Ltd., Japan, the promoter Company. They do not hold any share in personal capacity.

For and on behalf of the Board

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

J.J. IRANI
Chairman

Dated: 30th April, 2009

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DIRECTORS REPORT

Dear Members,

Your Directors are pleased to present the 89th Annual Report and the Audited Accounts for the year ended 31st March, 2009.

Financial Highlights

	1st April, 2008 to 31st March, 2009	1st April, 2007 to 31st March, 2008
	Rs. in lacs	Rs. in lacs
Gross Sales	**166373.85**	161332.75
Net Sales/Income from operations (Net of excise and discounts)	**137451.92**	131975.01
Other Income	**2219.50**	2484.59
Profit before Interest,Depreciation,Tax and Appropriation	**17963.20**	21139.67
Interest	**183.80**	140.60
Depreciation	**3760.50**	3960.05
Profit Before Tax	**14018.90**	17039.02
Tax	**4160.00**	5060.00
Profit After Tax	**9858.90**	11979.02
Balance brought forward from previous year	**22053.93**	15055.87
Balance available for appropriations	**31912.83**	27034.89
Appropriations:		
Proposed Dividend	**3233.52**	3233.52
Additional Income-tax on Distributed Profits	**549.54**	549.54
General Reserve	**985.89**	1197.90
Balance retained in Profit and Loss Account	**27143.88**	22053.93
	31912.83	27034.89

Dividend

The Directors recommend for consideration of the Members a dividend of Rs. 12.00 per equity share of the nominal value of Rs. 10 each for the year ended 31st March, 2009 [previous year dividend of Rs. 12.00 per equity share (120%)].

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