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Auditor's Report on the financial results of Kansai Nerolac Paints Limited pursuant to Clause 41 of Listing Agreement

To Board of Directors of Kansai Nerolac Paints Limited

We have audited the accompanying annual financial results of Kansai Nerolac Paints Limited ('the Company') for the year ended 31 March 2014, attached herewith, being submitted by the Company pursuant to the requirement of Clause 41 of the Listing Agreement except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us. Attention is drawn to the fact that the figures for the quarter ended 31 March 2014 and the corresponding quarter ended in the previous year as reported in these financial results are the balancing figures between audited figures in respect of the full financial year and the published year to date figures up to the end of the third quarter of the relevant financial year except for the effect of the adjustments arising pursuant to change in accounting policy made by the Company with respect to method of depreciation for the quarter ended 31 March 2013. Also the figures up to the end of the third quarter had only been reviewed and not subjected to audit.

Management's Responsibility for the Financial Results

These financial results have been prepared on the basis of the annual financial statements and reviewed quarterly financial results up to the end of the third quarter. Management is responsible for the preparation of these financial results that give a true and fair view of the net profit and other financial information in accordance with the recognition and measurement principles laid down in the Companies (Accounting Standards) Rules, 2006 as per Section 211(3C) of the Companies Act, 1956 and other accounting principles generally accepted in India and in compliance with Clause 41 of the Listing Agreement.

This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial results based on our audit of the annual financial results. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.



Auditor's Report on the financial results of Kansai Nerolac Paints Limited pursuant to Clause 41 of Listing Agreement (Continued)

Kansai Nerolac Paints Limited

Opinion

In our opinion and to the best of our information and according to the explanations given to us these financial results:

- (i) are presented in accordance with the requirements of clause 41 of the Listing Agreement in this regard; and
- (ii) give a true and fair view of the net profit and other financial information for the year ended 31 March 2014.

Further, we also report that we have, on the basis of the books of account and other records and information and explanations given to us by the management, also verified the number of shares as well as percentage of shareholdings in respect of aggregate amount of public shareholdings, as furnished by the Company in terms of clause 35 of the Listing Agreement and found the same to be correct.

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



Sadashiv Shetty
Partner

Membership No: 048648

Mumbai
30 April 2014

KANSAI NEROLAC PAINTS LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2014

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Rs. in Million

PART I

	Particulars	Standalone					Consolidated	
		For the quarter ended			For the year ended		For the year ended	
		31.03.2014	31.12.2013	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
	Gross sales / Income	8865	9769	8091	37390	33756	37690	33871
1.	Income from operations							
a.	Net sales / Income from operations (Net of excise and discounts)	7437	8216	6757	31361	28395	31651	28500
b.	Other operating income	30	25	85	183	171	180	170
	Total Income from operations (net)	7467	8241	6842	31544	28566	31831	28670
2.	Expenses							
a.	Cost of materials consumed	5421	5571	4953	20851	18986	20998	19072
b.	Purchase of stock-in-trade	366	307	236	1295	1023	1295	1023
c.	Changes in inventories of finished goods, work-in-progress and stock-in-trade	(652)	(166)	(499)	(807)	(582)	(804)	(614)
d.	Employee benefits expense	334	333	292	1359	1181	1383	1192
e.	Depreciation and amortisation expense	170	166	129	650	471	655	474
f.	Other expenses	1179	1324	1103	5224	4597	5286	4620
	Total expenses	6818	7535	6214	28572	25676	28813	25767
3.	Profit from operations before other income, finance costs and exceptional items (1-2)	649	706	628	2972	2890	3018	2903
4.	Other income	24	28	33	103	163	98	162
5.	Profit from ordinary activities before finance costs and exceptional items (3+4)	673	734	661	3075	3053	3116	3065
6.	Finance costs	1	1	-	5	-	18	7
7.	Profit from ordinary activities after finance costs but before exceptional items (5-6)	672	733	661	3070	3053	3098	3058
8.	Exceptional item							
	Excess depreciation reversal in respect of earlier years (refer note 2)	-	-	1149	-	1149	-	1160
9.	Profit from ordinary activities before tax (7+8)	672	733	1810	3070	4202	3098	4218
10.	Tax expense							
a.	Current tax	181	201	213	776	747	783	748
b.	Deferred tax	42	41	370	228	533	228	534
	Total tax expense	223	242	583	1004	1280	1011	1282
11.	Net Profit from ordinary activities after tax (9-10)	449	491	1227	2066	2922	2087	2936
12.	Extraordinary items (net of tax expense)	-	-	-	-	-	-	-
13.	Net Profit for the period (11-12)	449	491	1227	2066	2922	2087	2936
14.	Minority Interest	-	-	-	-	-	7	5
15.	Net Profit after Minority Interest (13-14)	449	491	1227	2066	2922	2080	2931
16.	Paid up Equity Share Capital (Face value of Rs.10 each)	539	539	539	539	539	539	539
17.	Reserves excluding Revaluation Reserves as per balance sheet				13693	12321	13718	12331
18.	Earnings per share [before exceptional items (net of tax)] (of Rs. 10 each) (not annualised)							
a.	Basic	8.33	9.11	8.35	38.33	39.80	38.59	39.84
b.	Diluted	8.33	9.11	8.35	38.33	39.80	38.59	39.84
19.	Earnings per share (before extraordinary items) (of Rs. 10 each) (not annualised)							
a.	Basic	8.33	9.11	22.77	38.33	54.22	38.59	54.39
b.	Diluted	8.33	9.11	22.77	38.33	54.22	38.59	54.39
20.	Earnings per share (after extraordinary items) (of Rs. 10 each) (not annualised)							
a.	Basic	8.33	9.11	22.77	38.33	54.22	38.59	54.39
b.	Diluted	8.33	9.11	22.77	38.33	54.22	38.59	54.39

PART II

		For the quarter ended			For the year ended	
		31.03.2014	31.12.2013	31.03.2013	31.03.2014	31.03.2013
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
A	PARTICULARS OF SHAREHOLDING					
1.	Public Shareholding					
	- Number of Shares	16562212	16562212	16562212	16562212	16562212
	- Percentage of Shareholding	30.73	30.73	30.73	30.73	30.73
2.	Promoters and promoter group shareholding					
a.	Pledged / Encumbered					
	- Number of shares	Nil	Nil	Nil	Nil	Nil
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	Nil	Nil	Nil	Nil	Nil
	- Percentage of shares (as a % of the total share capital of the company)	Nil	Nil	Nil	Nil	Nil
b.	Non-encumbered					
	- Number of shares	37329760	37329760	37329760	37329760	37329760
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100	100	100	100	100
	- Percentage of shares (as a % of the total share capital of the company)	69.27	69.27	69.27	69.27	69.27

	Particulars	Quarter ended
		31.03.2014
B	INVESTOR COMPLAINTS	
	Pending at the beginning of the quarter	Nil
	Received during the quarter	Nil
	Disposed of during the quarter	Nil
	Remaining unresolved at the end of the quarter	Nil

KANSAI NEROLAC PAINTS LIMITED
STATEMENT OF ASSETS AND LIABILITIES AS AT 31ST MARCH 2014

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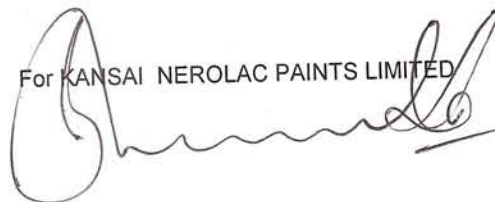
Rs in Million

	Particulars	Standalone (Audited)		Consolidated (Audited)	
		As at	As at	As at	As at
		31.03.2014	31.03.2013	31.03.2014	31.03.2013
A	Equity and Liabilities				
1.	Shareholders' Funds				
	(a) Share Capital	539	539	539	539
	(b) Reserves and Surplus	13693	12320	13718	12331
	Sub-total - Shareholders' funds	14232	12859	14257	12870
2.	Minority Interest	-	-	38	31
3.	Non-current liabilities				
	(a) Long-term borrowings	517	605	571	667
	(b) Deferred Tax Liabilities (Net)	658	431	661	433
	(c) Long-term provisions	288	385	288	385
	Sub-total - Non-current liabilities	1463	1421	1520	1485
4.	Current liabilities				
	(a) Short-term borrowing	-	-	48	81
	(b) Trade payables	4408	3894	4427	3926
	(c) Other current liabilities	1663	1648	1714	1672
	(d) Short-term provisions	785	800	791	801
	Sub-total - Current liabilities	6856	6342	6980	6480
	TOTAL - EQUITY AND LIABILITIES	22551	20622	22795	20866
B	ASSETS				
1.	Non-current assets				
	(a) Goodwill	-	-	23	23
	(a) Fixed assets	9577	8980	9675	9076
	(b) Non-current investments	331	481	252	402
	(c) Long-term loans and advances	402	442	337	379
	Sub-total - Non-current assets	10310	9903	10287	9880
2.	Current assets				
	(a) Current investments	234	125	234	125
	(b) Inventories	6456	5341	6583	5483
	(c) Trade receivables	4548	4200	4683	4305
	(d) Cash and cash equivalents	549	600	553	614
	(e) Short-term loans and advances	255	193	261	199
	(f) Other current assets	199	260	194	260
	Sub-total - Current assets	12241	10719	12508	10986
	TOTAL - ASSETS	22551	20622	22795	20866

Notes:

1. The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 30th April, 2014. The statutory auditors have expressed an unqualified opinion. The audit report has been filed with stock exchange and is available on the company's website.
2. During the quarter ended 31 March 2013, the Company had retrospectively changed its method of providing depreciation on its fixed assets from the 'Written Down Value' to the 'Straight Line' method. Accordingly, excess depreciation charged for earlier years upto 31st March, 2012 aggregating Rs. 1,149 million was written back and recognized as an exceptional item in the results for the quarter ended and the year ended 31st March, 2013.
3. Figures for the quarter ended 31 March 2014 and the corresponding quarter ended in the previous year as reported in these financial results are the balancing figures between audited figures in respect of the full financial year and the published year to date figures up to the end of the third quarter of the relevant financial year. Also the figures up to the end of the third quarter had only been reviewed and not subjected to audit.
4. During the year, the Company has closed its manufacturing activities at its factory in Perungudi, Tamil Nadu and settled the liabilities including voluntary retirement payments.
5. As the Company's business activity falls within a single 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 (Accounting Standards) Rules, 2006, are not applicable.
6. The Directors have recommended a dividend of 110% (Rs 11 per share) compared to 110% (Rs. 11 per share) last year.

For KANSAI NEROLAC PAINTS LIMITED



H. M. BHARUKA
MANAGING DIRECTOR

Place: Mumbai
Date: 30th April, 2014

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