

B S R & Co. LLP

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Review report**To the Board of Directors of
Kansai Nerolac Paints Limited**

We have reviewed the accompanying statement of unaudited financial results ('the Statement') of Kansai Nerolac Paints Limited ('the Company') for the quarter ended 30 September 2013 and year to date results for the period 1 April 2013 to 30 September 2013, 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. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

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


Vijay Bhatt
Partner

Membership No: 036647

Mumbai
1 November 2013

KANSAI NEROLAC PAINTS LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE QUARTER
ENDED 30TH SEPTEMBER 2013

PART I

		For the quarter ended			For the half year ended		Rs. in Million
Particulars		30.09.2013	30.06.2013	30.09.2012	30.09.2013	30.09.2012	For the year ended
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	31.03.2013
		(Audited)					
	Gross sales / Income	9400	9356	8087	18756	16560	33756
1.	Income from operations						
a.	Net sales / Income from operations (Net of excise and discounts)	7810	7898	6794	15708	14002	28395
b.	Other operating income	107	21	29	128	56	171
	Total Income from operations (net)	7917	7919	6823	15836	14058	28566
2.	Expenses						
a.	Cost of materials consumed	4995	4864	4619	9859	9193	18986
b.	Purchase of stock-in-trade	362	260	243	622	468	1023
c.	Changes in inventories of finished goods, work-in-progress and stock-in-trade	(106)	117	(248)	11	(220)	(582)
d.	Employee benefits expense	376	316	293	692	586	1181
e.	Depreciation and amortisation expense	161	153	161	314	317	471
f.	Other expenses	1373	1348	1127	2721	2273	4597
	Total expenses	7161	7058	6195	14219	12617	25676
3.	Profit from operations before other income, finance costs and exceptional items (1-2)	756	861	628	1617	1441	2890
4.	Other income	14	37	35	51	102	163
5.	Profit from ordinary activities before finance costs and exceptional items (3+4)	770	898	663	1668	1543	3053
6.	Finance costs	3	-	-	3	-	-
7.	Profit from ordinary activities after finance costs but before exceptional items (5-6)	767	898	663	1665	1543	3053
8.	Exceptional item						
	Excess depreciation reversal in respect of earlier years (refer note 2)	-	-	-	-	-	1149
9.	Profit from ordinary activities before tax (7+8)	767	898	663	1665	1543	4202
10.	Tax expense						
a.	Current tax	156	238	159	394	362	747
b.	Deferred tax	94	51	30	145	74	533
	Total tax expense	250	289	189	539	436	1280
11.	Net Profit from ordinary activities after tax (9-10)	517	609	474	1126	1107	2922
12.	Extraordinary items (net of tax expense)	-	-	-	-	-	-
13.	Net Profit for the period (11-12)	517	609	474	1126	1107	2922
14.	Paid up Equity Share Capital (Face value of Rs.10 each)	539	539	539	539	539	539
15.	Reserves excluding Revaluation Reserves as per balance sheet						12320
16.	Earnings per share [before exceptional items (net of tax)] (of Rs. 10 each) (not annualised)						
a.	Basic	9.59	11.30	8.80	20.89	20.55	39.80
b.	Diluted	9.59	11.30	8.80	20.89	20.55	39.80
17.	Earnings per share (before extraordinary items) (of Rs. 10 each) (not annualised)						
a.	Basic	9.59	11.30	8.80	20.89	20.55	54.22
b.	Diluted	9.59	11.30	8.80	20.89	20.55	54.22
18.	Earnings per share (after extraordinary items) (of Rs. 10 each) (not annualised)						
a.	Basic	9.59	11.30	8.80	20.89	20.55	54.22
b.	Diluted	9.59	11.30	8.80	20.89	20.55	54.22

KANSAI NEROLAC PAINTS LIMITED

PART II

		For the quarter ended			For the half year ended		For the year ended
		30.09.2013	30.06.2013	30.09.2012	30.09.2013	30.09.2012	31.03.2013
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
A	PARTICULARS OF SHAREHOLDING						
1.	Public Shareholding						
	- Number of Shares	16562212	16562212	16562212	16562212	16562212	16562212
	- Percentage of Shareholding	30.73	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	Nil
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	Nil	Nil	Nil	Nil	Nil	Nil
	- Percentage of shares (as a % of the total share capital of the company)	Nil	Nil	Nil	Nil	Nil	Nil
b.	Non-encumbered						
	- Number of shares	37329760	37329760	37329760	37329760	37329760	37329760
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100	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	69.27

	Particulars	Quarter ended
		30.09.2013
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 30th SEPTEMBER 2013

Rs in Million

	Particulars	Unaudited	Audited
		As at	As at
		30.09.2013	31.03.2013
A	Equity and Liabilities		
1.	Shareholders' Funds		
	(a) Share Capital	539	539
	(b) Reserves and Surplus	13446	12320
	Sub-total - Shareholders' funds	13985	12859
2.	Non-current liabilities		
	(a) Long-term borrowings	517	605
	(b) Deferred Tax Liabilities (Net)	576	431
	(c) Long-term provisions	304	385
	Sub-total - Non-current liabilities	1397	1421
3.	Current liabilities		
	(a) Short-term borrowing	740	-
	(b) Trade payables	3815	3894
	(c) Other current liabilities	2350	1648
	(d) Short-term provisions	159	800
	Sub-total - Current liabilities	7064	6342
	TOTAL - EQUITY AND LIABILITIES	22446	20622
B	ASSETS		
1.	Non-current assets		
	(a) Fixed assets	9498	8980
	(b) Non-current investments	481	481
	(c) Long-term loans and advances	455	442
	Sub-total - Non-current assets	10434	9903
2.	Current assets		
	(a) Current investments	364	125
	(b) Inventories	5313	5341
	(c) Trade receivables	5057	4200
	(d) Cash and cash equivalents	505	600
	(e) Short-term loans and advances	205	193
	(f) Other current assets	568	260
	Sub-total - Current assets	12012	10719
	TOTAL - ASSETS	22446	20622

Notes:

1. The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 1st November 2013. These results have been subjected to "limited review" by the statutory auditors of the Company.
2. During the quarter ended 31 March 2013, the Company has 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. Had the Company reported results for the quarter and half year ended 30th September 2012 based on Straight Line method of depreciation:

Rs in Million

	Particulars	Quarter ended 30.09.2012	Half Year ended 30.09.2012
1.	Depreciation charge would have been lower by	50.73	95.00
2.	Deferred tax expense would have been higher by	16.46	30.82
3.	Net profit for the quarter would have been higher by	34.27	64.18

3. During the quarter, the Company has closed its manufacturing activities at its factory in Perungudi, Tamil Nadu and settled the liabilities including voluntary retirement payments.
4. 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.

For KANSAL NEROLAC PAINTS LIMITED



Place: Mumbai
Date: 1st November, 2013

H. M. BHARUKA
MANAGING DIRECTOR

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