



asianpaints

Annual Report 2009-2010

asianpaints

Asian Paints Limited, 6A, Shantinagar, Santacruz (East), Mumbai - 400 055.

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asianpaints

At Asian Paints, colours are a lot more than reds, blues and greens. Colours can create a mood either by their absence or by their abundance. Colours can invigorate people's homes and their lives itself. At Asian Paints, we celebrate colour.





Board of Directors

ASHWIN CHOKSI

Chairman

ASHWIN DANI

Vice Chairman

ABHAY VAKIL

P. M. MURTY
Managing Director & CEO

MAHENDRA CHOKSI

AMAR VAKIL

HASIT DANI*

Ms. TARJANI VAKIL

DIPANKAR BASU

MAHENDRA SHAH

DEEPAK SATWALEKAR

R.A. SHAH

DR. S. SIVARAM

S. RAMADORAI**

Audit Committee

Ms. TARJANI VAKIL

Chairperson

MAHENDRA SHAH

DIPANKAR BASU

Shareholders / Investors Grievance Committee

MAHENDRA SHAH

Chairman

ABHAY VAKIL

P. M. MURTY
MAHENDRA CHOKSI
HASIT DANI*

Remuneration Committee

DIPANKAR BASU

Chairman

Ms. TARJANI VAKIL
DEEPAK SATWALEKAR

Share Transfer Committee

ABHAY VAKIL

Chairman

ASHWIN CHOKSI
ASHWIN DANI
JAYESH MERCHANT

Auditors

SHAH & CO.

Chartered Accountants

B S R & ASSOCIATES

Chartered Accountants

Company Secretary

JAYESH MERCHANT

* Resigned w.e.f. 3rd June, 2010

** Appointed as an Additional Director w.e.f. 16th September, 2009

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Directors



ASHWIN CHOKSI



ASHWIN DANI



ABHAY VAKIL



P.M. MURTY



MAHENDRA CHOKSI



AMAR VAKIL



HASIT DANI



Ms. TARJANI VAKIL



DIPANKAR BASU



MAHENDRA SHAH



DEEPAK SATWALEKAR



R.A. SHAH



DR. S. SIVARAM



S. RAMADORAI

Chairman's Letter



Dear Shareholders,

'True success can be defined by one's ability to adapt to changing circumstances.'

The events during the past financial year have once again underlined the fact that the environment is very unpredictable and the challenge for the Company's management is to adapt to this reality. We have to develop the capability to manage the ever changing environment and have the flexibility to take advantage of the opportunities as they emerge and deal effectively with new risks. The year 2009-10 began on a somber note with the prospects for most economies looking very bleak; however, the series of aggressive measures by Governments and Central Banks across the globe led to improved financial conditions and fears of a large scale global depression abated. Although, the extent of improvement has varied across the globe, emerging

economies like India saw a smart bounce back with a surge in optimism and confidence.

Your Company has been able to respond to the challenges of this dynamic business environment, seize every opportunity and come out trumps – this is clearly reflected in our financial performance during the year.

Our Decorative business achieved remarkable growth due to strong demand witnessed across segments and geographies in the country. As demand for our products boomed especially in smaller towns, we responded effectively by gearing up the organization. During the year, we continued to focus on building strengths and capabilities for the future with renewed emphasis on customer satisfaction, product mix improvement and dealer network expansion. A lot of our energies in the recent past have been directed towards aligning our processes and people towards customer centricity and continuously upgrading our products. The emphasis has been to build a culture within the organization that strives to create an emotional connect with the consumers by understanding their ever changing needs and delivering a superior painting and decor experience.

Anticipating continued buoyancy in demand, your Company commissioned its new paint manufacturing facility at Rohtak, Haryana in April 2010, with an initial capacity of 150,000 KL per annum. Further, the capacity of the Sriperumbudur Plant in Tamil Nadu has been increased to 140,000 KL per annum. Your company has acquired land for setting up its next paint plant at Kesurdi in the Satara District of Maharashtra; the first phase of which will be commissioned by the end of 2012-13.

The business had margin expansion during the last year; indeed, margins were at an all time high. This was largely due to benign raw material prices and the appreciating Rupee. However, I must bring to your attention that since the beginning of the financial year 2010-11, we have already been witnessing a spurt in raw material prices and volatility in exchange rates. Availability of some key raw materials is also a cause of worry. Hence, our assessment is that the high margins seen in financial year 2009-10 are not sustainable going forward.

Industrial activity in the country, gripped by the slowdown in the first half, witnessed a revival in the latter part of the year and sales of our industrial coatings business also picked up. Leading this revival were the automotive and consumer durable segments which witnessed good demand. Your Company is well poised to capture the emerging opportunities that lies ahead in this segment, given the large spend on infrastructure and industrial activity that is bound to ensue in India in the coming years.

While the Indian economy fared well and quickly resumed its growth trajectory, it was a mixed bag for countries where our international subsidiaries operate. Some of those economies were still



grappling with the after-effects of the global meltdown. Defying the odds were our units in Egypt, Bangladesh and Nepal, which did exceedingly well in spite of the challenging circumstances. Some other subsidiaries faced very challenging times – notably our units in UAE and the Caribbean region. For the first time, the International Business Unit recorded a Profit Before Tax (PBT) of more than Rs. 100 crores in a calendar year. The business unit is now well positioned to capitalize on the future, having consolidated its operations after divesting its loss making units in Thailand, Malaysia, Hong Kong and China.

India is in the process of an economic transformation. It may not be a continuous and smooth surge forward, but the direction is unmistakable. The focus on infrastructure, education and healthcare would be critical in meeting the objective of equitable distribution of growth and would provide an impetus to a sustained growth trajectory. It is imperative that as a nation we recognize that we need to deal imaginatively with this as well as issues around water, energy and environmental degradation. In many parts of the country these have already reached crisis proportions.

In this regard, the role of corporates in shouldering social responsibility is also critical. Asian Paints has been committed towards undertaking initiatives in the areas of Health Care, Environment and Education as a part of its Corporate Social Responsibility (CSR) programme. We will continue to raise the bar of our CSR initiatives in an effort to give back to the society a part of what we have received in terms of support and goodwill.

As I stated earlier, today the business environment is becoming more and more complex, dynamic and uncertain. Just when the fears of global recession were receding, the fragility of the South European economies has again started raising concerns about the sustainability of the recovery process.

But these are developments that we have little control over. What we can control, are our actions. Like all well managed companies, we need to anticipate change and be flexible enough to adapt ourselves to the dynamic environment. What gives us confidence is the support of all our stakeholders, specially the ability of our immensely talented pool of people, who have time and again proved their mettle to provide us the competitive edge.

The goodwill that Asian Paints enjoys with all its stakeholders is a result of the enduring relationships that it has been able to build on the bedrock of strong values and trust. The Company's essential character revolves around values based on transparency, integrity, professionalism and accountability. Asian Paints has always followed the highest standards of corporate governance by benchmarking its practices with the best in the world. For us good governance goes beyond mere compliance to law of the land to proactively taking measures to raise existing standards. As we strive to keep pace with growth opportunities in India and abroad, you can be sure that we shall continually update and strengthen our governance structures and systems and pay particular attention to Risk Management Systems.

Asian Paints today stands in an enviable position because of its strengths built up over the decades. We will build on these strengths and continue to sustain the growth momentum by being innovative and agile, without compromising on our ethical values and social responsibilities. We are well placed to take advantage of the opportunities that the growth in the country will provide.

I conclude by thanking my colleagues on the Board for their continued support and guidance. Last but not the least, I thank you all for your continued support.

Warm regards,

Yours sincerely,

Ashwin Choksi

Ten Year Review (Standalone)

(Rs. in Crores except for per share data, number of employees and ratios)

	RESULTS FOR THE FINANCIAL YEAR	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001
Revenue Account											
Gross Sales	5,753.5	5,003.4	4,062.8	3,360.7	2,777.4	2,338.8	2,025.9	1,806.7	1,598.5	1,469.5	
Net Sales and Operating Income	5,125.1	4,270.1	3,419.1	2,821.3	2,319.2	1,954.6	1,696.1	1,535.0	1,371.4	1,233.3	
Growth Rates (%)	20.02	24.89	21.19	21.65	18.65	15.24	10.49	11.93	11.20	13.18	
Materials Cost	2,840.2	2,606.9	1,956.1	1,660.7	1,351.7	1,128.4	943.6	807.1	727.5	661.2	
% to Net Sales	55.42	61.05	57.21	58.86	58.29	57.73	55.63	52.58	53.04	53.61	
Overheads	1,274.8	1,101.8	906.0	738.8	615.5	532.3	483.0	458.8	417.7	369.9	
% to Net sales	24.87	25.80	26.52	26.19	26.54	27.24	28.47	29.89	30.46	29.99	
Operating Profit	1,153.8	621.3	616.6	462.2	387.9	325.4	291.2	281.7	240.8	211.5	
Interest Charges	13.8	10.4	8.3	6.9	3.8	2.8	5.3	8.4	14.6	22.1	
Depreciation	60.7	57.2	43.8	45.4	45.5	47.6	48.0	48.5	44.8	33.5	
Profit Before Tax and Exceptional Items	1,079.4	553.8	564.5	409.9	338.5	275.0	237.9	224.9	181.4	155.9	
% to Net Sales	21.06	12.97	16.53	14.53	14.60	14.07	14.02	14.65	13.23	12.64	
Growth Rates (%)	94.90	(1.91)	37.72	21.10	23.07	15.59	5.82	23.95	16.37	8.95	
Exceptional Items	25.46	(5.90)	-	-	(33.6)	(4.2)	(6.8)	-	-	-	
Profit Before Tax and after Exceptional Items	1,104.8	547.9	564.5	409.9	304.9	270.8	231.1	224.9	181.4	155.9	
% to Net Sales	21.56	12.83	16.53	14.53	13.15	13.85	13.62	14.65	13.23	12.64	
Profit After Tax	774.5	362.4	375.2	272.0	186.8	173.5	147.8	142.0	114.3	105.6	
Return on average net worth (RONW) (%)	56.38	35.82	44.86	39.82	31.27	31.43	29.32	32.01	27.82	27.47	
Capital Account											
Share Capital	95.9	95.9	95.9	95.9	95.9	95.9	95.9	95.9	64.2	64.2	
Reserves and Surplus	1,461.3	998.6	832.6	648.2	526.4	476.3	435.6	412.4	346.4	347.0	
Deferred Tax Liability (Net)	47.9	47.9	31.5	22.1	28.5	30.5	48.7	58.2	61.2	-	
Loan Funds	68.6	74.5	94.7	125.7	91.1	88.2	70.5	103.6	110.8	226.8	
Fixed Assets	1,088.2	711.8	539.2	346.5	324.7	319.5	344.4	366.2	389.5	380.5	
Investments	703.7	234.8	422.9	334.4	274.6	268.4	242.5	147.7	63.3	44.1	
Net Current Assets	(118.2)	270.4	92.6	211.0	142.6	113.1	63.8	124.46	129.7	213.5	
Debt-Equity Ratio	0.04:1	0.07:1	0.09:1	0.17:1	0.15:1	0.13:1	0.22:1	0.27:1	0.55:1	1.580.3	
Market Capitalisation	19,592.6	7,539.3	11,509.9	7,335.9	6,177.7	3,751.4	2,913.6	2,118.8	2,105.6		
Per Share Data											
Earnings Per Share (EPS) (Rs.)	* 80.74	* 37.78	39.1	28.4	* 19.5	* 18.1	* #15.4	#14.8	# 11.9	# 11.0	
Dividend (%)	270.0	175.0	170.0	130.0	@ 125.0	95.0	\$ 85.0	110.0	90.0	\$ 70.0	
Book Value (Rs.)	162.34	114.1	96.8	77.6	64.9	59.7	\$ 55.4	74.3	64.0	\$ 64.1	
Other Information											
Number of Employees	4,382	4,260	3,924	3,888	3,681	3,556	3,356	3,327	3,188	3,197	

* EPS calculated on Net Profit after exceptional items

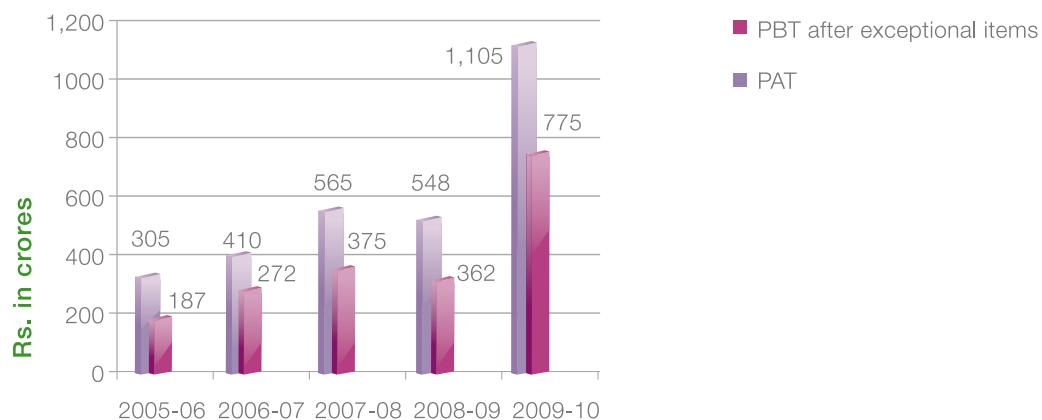
EPS is calculated after adjusting for Bonus issue and the reduction of capital on account of merger of Pentasta Investments Limited
\$ On increased capital

Performance Highlights

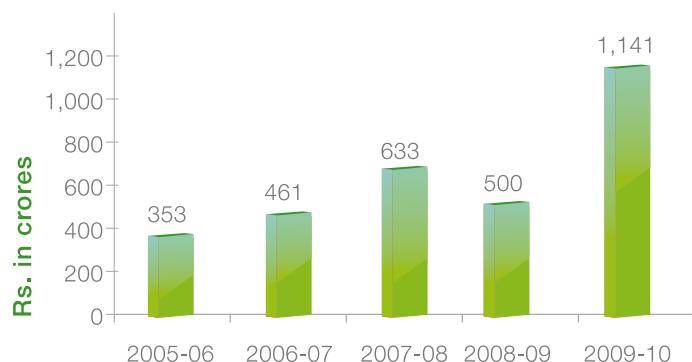
Net Sales & Operating Income, PBDIT & PBDIT Margins (%)



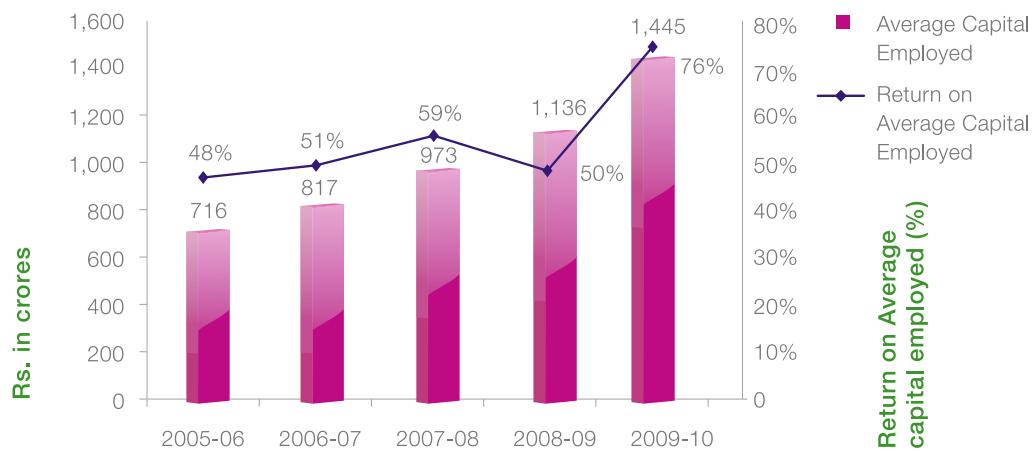
Profit Before Tax & Profit After Tax



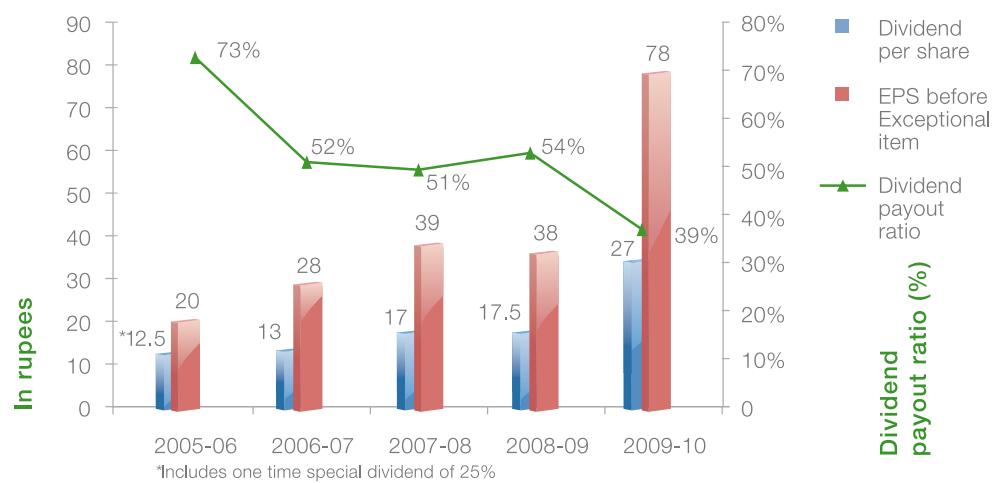
Net Cash Generated from Operations



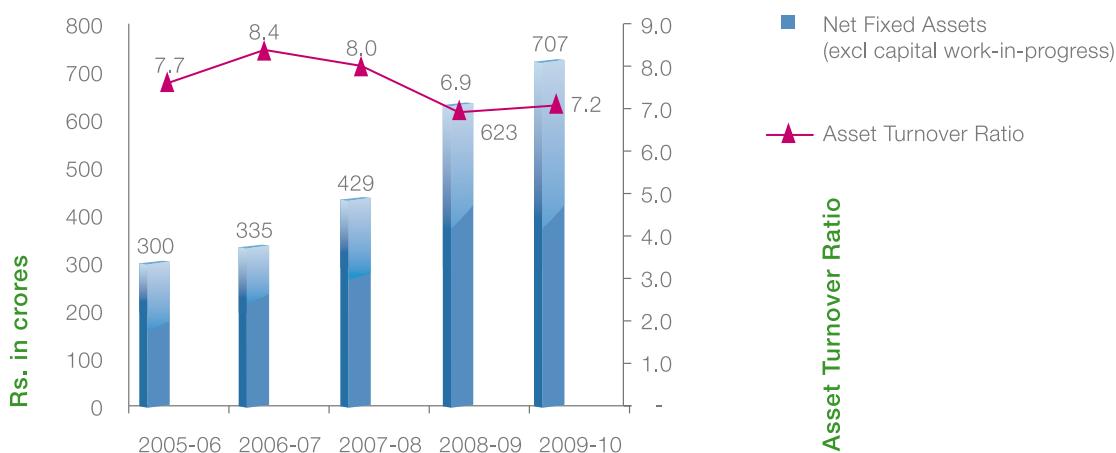
Average Capital Employed and Return on Average Capital Employed



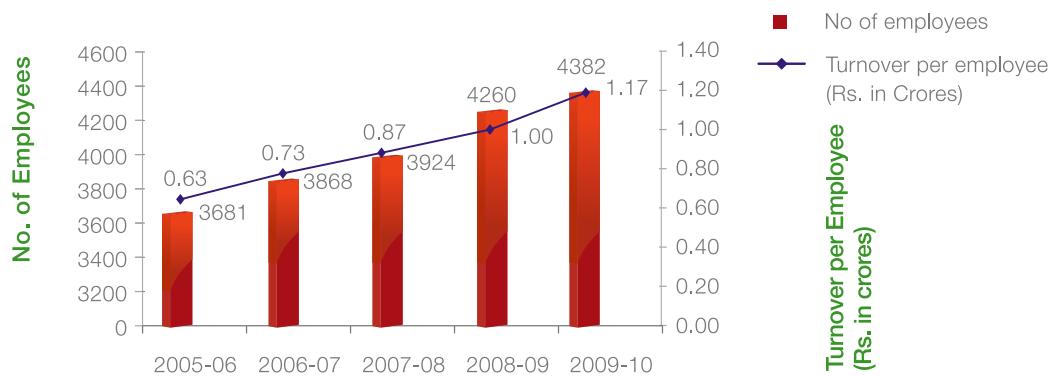
Dividend per share, Earnings per share and Dividend pay-out ratio



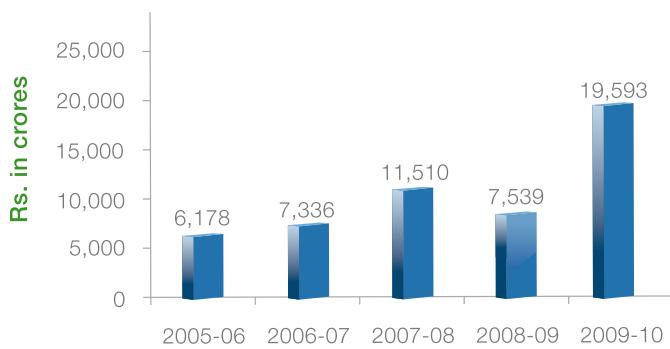
Fixed Assets and Asset Turnover Ratio



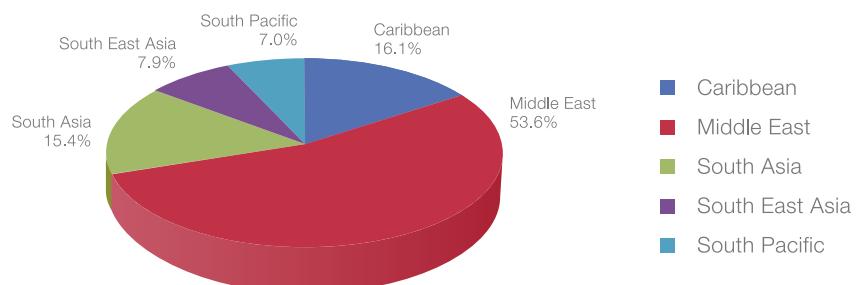
Employees at the year end and Turnover per Employee



Market Capitalisation



Percentage sales contribution of each region to overall international operations



Marketing Initiatives

Colour Next 2010

Asian Paints Colour Next 2010 is the palette of colours forecast by Asian Paints for 2010. It comprises various combinations of shades that lend a unique identity to spaces. This series of colours is the result of an extensive trend forecasting exercise spanning several months and covering various cities across India. Colour Next 2010 was launched in Mumbai in December, 2009.

The palette is categorised into five colour philosophies or design themes – Urbanite, Aura, Smart Comfort, Gallerie and Nature Networks. These are the essential building blocks, which allow the creation of diverse and eclectic moods within a space.



The Colour Signature Store, Mumbai

A company owned experiential store for our customers to see colour, touch and feel finishes and make their home painting simple and exciting.



Colour Ideas Store

Paint dealer shops which have been transformed from traditional outlets to modern retail outlets with painted panels and finishes like the Signature Store.



Royale Play and Royale Play Metallics

Four new designs Canvas, Weaving, Dapple and Crinkle and two new products Dune (a subtle rich metallic finish) and Safari (a bold and rustic African texture) have been added to the existing host of designs.



Royale and Royale Shyne with Teflon

To cater to higher sheen requirements of consumers in interiors, Asian Paints launched Royale Shyne. The other activity in the top end interior paints category was the launch of Royale and Royale Shyne with Teflon surface protector.



Premium Semi Gloss Enamel (PSGE) - Water Based Enamel

PSGE is India's first water based enamel. It has zero solvent odour, low Volatile Organic Compounds and dries quickly. Other than having all other functional properties of enamels, it is also EN71 certified which makes it a product with low metallic toxic content.



Exterior Textures – Dholpur Tex

Dholpur Tex, a textured finish which has been inspired by the stone finish of the same name has been launched recently.



Management Discussion and Analysis

The financial year 2009-10 began with several apprehensions about the global as well as the domestic macro environment. To cope with the global financial crisis, which impacted the world economy in 2008-09, central banks as well as Governments across developed and many emerging economies reacted quickly with large interest rate cuts, massive injection of liquidity and fiscal stimulus programmes. These measures helped in reducing uncertainty, increasing confidence, fostering improvement in financial conditions and allaying fears of a global depression. Whatever may be individual views on the measures taken, these have helped recovery across most parts of the world; certainly, the specter of a global depression receded fairly rapidly. While the major emerging markets bounced back quickly, even the developed world economies have seen a gradual or slow rebound from the recessionary trend seen last year. There are serious imbalances in Southern Europe that are major concerns; even so, the world is probably on course for resumption of economic growth with the pace being different from region to region. The major emerging economies of China, India and Brazil have recovered well, growing only marginally lower than earlier years. As prospects improved, commodity prices staged a comeback from lows reached earlier and the world trade is beginning to look up.

From the beginning of financial year 2009-10, an upswing in economic activity was seen. Industrial output saw a recovery with the Index of Industrial Production (IIP) registering growth of 10.4% for the period April 2009 – March 2010; significantly up from the 2.6% growth recorded in the previous year. The Rupee also saw an uptrend and appreciated from levels of Rs. 51 per USD in April, 2009 to around Rs. 45 per USD in March, 2010. The decisive mandate in the general elections also helped in bringing about political stability and removing the uncertainty that was prevalent in the country. Accordingly, the Indian economy is expected to record a GDP growth of about 7.5% in financial year 2009-10. This is in spite of poor monsoon in 2009.

Your Company has done well to seize the opportunities that this buoyant economic environment provided, especially in India and this is reflected in its financial performance during the year under review.



I. Products and markets

PAINTS

The performance of the Indian Paint Industry in 2009-10 was much better than anticipated at the beginning of the financial year. The first half of the year was better than expected and in the second half the Indian growth story was seen in all sectors of the economy. Construction activity revived and capital expenditure revived across sectors. A combination of good demand and lower than expected raw material prices helped the paint industry record excellent growth in revenues and even better growth in profits. The market for all paints produced by companies in India, both big and small, is estimated to have grown by about 18% by value over the previous year. The growth for both decorative paints and industrial paints would be high with industrial paints growing significantly in the automotive and durable segments.

DECORATIVE PAINTS

Decorative paints account for over 75% of the overall paint market in India and include wall finishes for interior and exterior use, enamels, wood finishes and ancillary products such as primers, putties, etc. Your Company has shown a robust performance this year. Demand for Decorative Paints was very good throughout the year.

The key feature of the financial year 2009-10, other than the remarkable growth, was the fact that factors like benign raw material prices and appreciating rupee resulted in expansion of margins in this segment.

Net sales grew ahead of volume sales due to lower excise duty in the year and a richer product mix. Emulsion paints for interiors have been growing much faster than distempers over the last decade. This trend continued in 2009-10. The Company's tie-up with DuPont USA to co-brand the Royale range of Emulsions with Teflon worked to its advantage with the product doing extremely well across markets. Exterior Emulsions too continued to grow much faster than the overall paint demand powered by the Company's leading brands Apex Ultima, Apex and Ace.

The Company's Signature Store "Colour with Asian Paints" at Bandra in Mumbai continued to attract a large number of consumers, who were able to experience the possibilities with colour. The store has attracted many consumers from Mumbai and other cities, professional decorators, architects and designers resulting in many leads for Home Solutions.

Your Company continued to expand its network and provide several customer friendly services so as to improve the quality of service to the end consumer. Your Company made considerable investments in upgrading the ambience of its dealers by refurbishing them with new visual branding. Your Company has begun to establish a new chain of stores called 'Colour Ideas'. These are existing dealers with whom your Company partners in making an investment to makeover the shops to offer a slice of the 'Signature Store' to consumers across the country who can thereby experience the same inspiration to experiment with colours. There are now 12 'Colour Ideas' stores across the country. These have met with a very enthusiastic response from consumers. Your Company is now in the process of further expanding this network of 'Colour Ideas' across the country.

A CRM (Customer Relationship Management) system has been deployed to improve the customer complaint-handling process to ensure that complaints are addressed and closed quickly and customer satisfaction is enhanced.

Your Company has continued to develop capability in colour and decor marketing. The colour tools introduced have proved to be popular. Training programmes for dealers have been conducted at many locations to facilitate their usage. Your Company continued to invest in the area of colour with the launch of ColourNext 2010. Several Colour Guides and Décor booklets are available to consumers at retail outlets to enable them to make an informed decision.

The expansion of the ColourWorld network continues unabated and today your Company has more than 15,000 ColourWorlds offering a wide range of products and shades to consumers even in many small towns across the length and breadth of the country. Your Company expects that within 5 years, substantial part of its sales would come from the ColourWorlds across the country.

Prices of raw materials were lower than expected in the first nine months of the year. However, there were signs of increase in raw materials prices in the last quarter. This coupled with the increase in excise duty in the budget, reduced margins. Your Company expects raw material prices to rise during the year 2010-11.



Rohtak plant



A view of tank farm and silos at the Rohtak plant

In order to build the supply chain further to cater to the growth envisaged in future, the first phase of the sixth Decorative Paint Plant at Rohtak, Haryana, has been commissioned on 12th April 2010, as scheduled, at a cost of approximately Rs. 500 crores with an initial installed capacity of 150,000 KL per annum. The capacity of this state-of-art Plant, located at the Industrial Model Town (IMT) developed by Haryana State Infrastructure and Industrial Development Corporation (HSIIDC) will be expanded in stages to 4,00,000 KL per annum. The plant has been developed in an area of 130 acres of which 43 acres is green belt. The construction of this project was started in July 2008 and was completed in 21 months.



Distribution Centre at the Sriperumbudur plant

The capacity of the Company's Sriperumbudur Plant in Tamil Nadu, has been raised to 140,000 KL per annum and emulsion making capacity in the plant was enhanced to meet the requirements fully. The Distribution Centre at Sriperumbudur Plant has been commissioned and land for the centre at Patancheru Plant has been procured. With the completion of the Distribution Centre at Patancheru Plant over the next nine months, your Company would have modernized its vast distribution system, making it possible to service its 30,000 strong distribution base more effectively, with lower levels of inventory.

Your Company has procured land for setting up a manufacturing facility for Decorative Paint in Kesurdi, Maharashtra. Necessary steps are being undertaken to obtain all the requisite approvals from the concerned authorities for setting up the Paint Plant.

INDUSTRIAL COATINGS

AUTOMOTIVE COATINGS: ASIAN PPG INDUSTRIES LIMITED

In 1997 your Company and PPG Industries Inc. formed Asian PPG Industries Limited (APPG), a 50:50 joint venture, which services the Automotive OEM, Auto Refinish and certain industrial coatings markets in India.

Domestic sales of passenger vehicles grew impressively during the year 2009-10. Automakers supported this performance by introducing new models and offering attractive pricing. Exports too complimented the domestic growth story by registering a growth of 33%. The low base effect of the previous year was also visible in the growth figures. Indian Two Wheelers Industry crossed the 10 million mark in 2009-10, on the back of upsurge in domestic demand as well as exports.

The impact of continuing efforts by customers to reduce costs in view of rising raw material costs was arrested through product development, formulation efficiency, effective sourcing, substitution and cost reduction measures. These developments have resulted in improved sales as well as bottom line performance during the year under review.

Total gross sales after discounts but before excise duty increased to Rs. 476.88 crores from Rs. 420.94 crores in the previous year - a growth of 13.3%. The profit after tax increased to Rs. 28.52 crores from Rs. 14.43 crores representing a rise of 98%. The consolidated sales were Rs. 490.39 crores and the profit after tax was Rs. 30 crores.

The sales of Faaber Paints Private Limited (FPPL), a wholly owned subsidiary of APPG, grew by 35.8% to Rs. 15.01 crores from Rs. 11.05 crores; Profit Before Tax of Rs. 2.13 crores was up from Rs. 0.28 crores in the previous year.

Your Company feels that the business will continue to see good growth and remains optimistic about the prospects of APPG's performance in future.

NON AUTO INDUSTRIAL COATINGS

The Non Auto Industrial Coatings market is serviced by your Company through its Growth Business Unit and a wholly owned subsidiary, Asian Paints Industrial Coatings Limited (APICL). Your Company is present in several major product segments in this market to harness the potential growth opportunities in these segments.



APICL - Sarigam plant

Although the Indian economy started showing signs of resurgence from the second quarter of financial year 2009-10, capital expenditure spends by corporates followed with a lag. Business from maintenance painting declined compared to the previous year and the Industrial Coatings business of your Company mirrored this industry trend. However, there has been an improvement in sales in the second half of the year in Industrial Liquid Paints.

Business from the larger projects and from engineering contractors and fabricators has been important contributor to industry growth. Pitching for business involving medium to high value protective coating products in specific projects, has been an important feature during the financial year 2009-10. Business generation efforts from OE (Original Equipment) customers manufacturing light and heavy industrial goods have shown some results in the second half of the year. There has been an intense competition for business among the major companies in the larger projects.

The profits from the Industrial Liquid Paints business were good in the year. There has been a conscious and successful effort to improve the gross contribution from the entire range of Industrial Liquid Paints by increasing the sales of higher range products. Material costs were also benign for most part of the year and tight control was exercised over costs. There has been an increase in material costs primarily in the last quarter of the year under review, which is likely to continue through the financial year 2010-11. This will impact the margins and contributions, as price increases are implemented in industrial coatings with a considerable lag.

The Industrial Paints plant at Taloja near Mumbai completed its third year of operation in February 2010, and has today developed the capability to satisfactorily manufacture the entire range of industrial products. The ISO 14001 environmental certification audit was conducted at the plant by personnel from BVQI and the plant has been awarded this certification.

ASIAN PAINTS INDUSTRIAL COATINGS LIMITED

Asian Paints Industrial Coatings Limited (APICL), the wholly owned subsidiary of the Company, is engaged in the manufacture and sale of Powder Coatings.

The size of the domestic Powder Coating market is estimated at around 38,700 MT in the financial year 2009-10. While the demand was subdued in the initial part of the financial year 2009-10, the market saw improved demand in the second half of the year, with white and brown goods leading the way. Higher focus on business from OEM manufacturers increased the Company's share of business and share of growth in these accounts. Some business was generated from emerging product technology domains such as fast cure and low bake powder coatings.

Material costs were benign, aided by the appreciation of the Rupee against the Dollar during the year.

The Powder Coating plants at Sarigam in Gujarat and Baddi in Himachal Pradesh have an integrated Quality and Environment Management System and are certified under the ISO 9000 and ISO 14001 standards. APICL also received the DSIR (Department of Scientific and Industrial Research) recognition for its Research and Development facility at Sarigam.

INTERNATIONAL OPERATIONS

The impact of the financial crisis was more marked in countries where your Company has international operations than in India. Although the situation improved as the year progressed, it severely impacted demand for paints across most markets. Despite this, the performance of the International operations has been good.

During the year, Berger International Ltd (BIL) your Company's subsidiary, has divested its stake in its subsidiaries in Malaysia, Thailand and Hong Kong after evaluating the prospects of its operations in these countries. Likewise, the subsidiary in China was divested in April 2010.

Asian Paints (International) Limited, the Mauritius based wholly owned subsidiary of your Company, bought back 4.1 mn of its shares held by your Company for a consideration of Rs.19.5 crores resulting in an exceptional income of Rs. 5.8 crores for your Company.

The focus in International Operations during the year was on realigning the portfolio by divesting identified units, strengthening the position in the market place by expanding the network, installing additional dealer tinting systems and introducing new products, managing credit risk and improving internal efficiencies in all areas including working capital, customer service level, reduction in material losses in manufacturing, implementing standard practices and enhancing overall safety standards. Material prices remained low for a greater part of the year due to the global slowdown and have started firming up towards the end of the year.

The International operations for the period January to December 2009 have earned a profit before Tax (PBT) of over Rs. 100 crores for the first time. The subsidiary in Oman declared a dividend for the first time, during the year.

The accounting year of all subsidiaries, except Asian Paints (Nepal) Pvt. Limited, which hitherto was 'January – December', has been aligned to the 'April – March' year followed by the parent Company. Consequently, the current financial year of all overseas subsidiaries is a 15 month period ended 31st March, 2010.

For the purpose of consolidation, Asian Paints (Nepal) Pvt. Limited has changed its accounting year from 14th January - 13th January to 14th March – 13th March, during the year. Accordingly, being the first year of transition, the transactions of this company for fourteen months (i.e. 14th January, 2009 to 13th March, 2010) have been included in the consolidated accounts of your Company.

During the 15 month period (January 2009 - March 2010), paints sale was Rs. 1,201 crores. For the 12 month period (January 2009 - December 2009), sale increased by 9% to Rs. 986 crores. Adjusted for exchange rate impact, the revenue growth from paint sales is flat for the period January 2009 - December 2009. New product sale in volume terms constituted approximately 2.7% of total paint sales and over 1400 dealer tinting systems have been installed so far in various subsidiaries.

Profit after tax for the overseas operations of the group during the 15 month period is Rs.116 crores. Corresponding figure for the 12 month period (January 2009 - December 2009) is Rs. 95.2 crores compared to Rs. 42.8 crores during the previous year. The divestments of subsidiaries during the year resulted in an exceptional gain of Rs. 1.2 crores.

The revenue from paint sales of BIL, a subsidiary listed on the Singapore Stock Exchange, for the 15 month period was S\$ 160 million (equivalent to Rs. 536 crores). The revenue from paint sales for the 12 month period (January 2009 - December 2009) has decreased by 13% to S\$ 135 million (equivalent to Rs. 455 crores) partly due to the divestments made during the year. BIL has earned a profit after tax for the 12 month period (January 09'- December 09') of S\$ 3.4 million (equivalent to Rs. 12 crores) as compared to S\$ 2.8 million (equivalent to Rs. 9 crores) during the previous year. The profit after tax for the 15 month period (January 2009 - March 2010) is S\$ 4.0 million (equivalent to Rs.13.5 crores).



The group, post the divestments, operates in the following geographies:

Region	Countries
Caribbean	Barbados, Jamaica, Trinidad & Tobago
Middle East	Egypt, Oman, Bahrain & UAE
South Asia	Bangladesh, Nepal & Sri Lanka
South East Asia	Singapore
South Pacific	Fiji, Solomon Islands, Samoa, Tonga & Vanuatu

The region wise performance is detailed below:

CARIBBEAN

During the 15 month period (January 2009 - March 2010), the region achieved a sale of Rs. 196 crores. The global economic meltdown had a severe impact on the Caribbean economies and hence the performance of the region was adversely affected. The revenue from paint sales has increased by 2% to Rs. 167 crores in the 12 month period (January 2009 - December 2009). Adjusted for exchange rate impact, the revenue from paint sales has decreased by 1%. PBIT (profit before interest and tax) for the region has increased by 108% to Rs. 12 crores during this period. All the subsidiaries in the region have made profit. The higher profit is due to the substantially better performance of the subsidiaries in Jamaica and Barbados.

MIDDLE EAST

During the 15 month period (January 2009 - March 2010), the region achieved a sale of Rs. 652 crores. For the 12 month period (January 2009 - December 2009), the revenue from paint sales has increased by 15% to Rs. 534 crores. Adjusted for exchange rate impact, the revenue from paint sales has increased by 3%. Although all the economies in the region have been impacted by the global recessionary trend, the impact has been most prolonged in Emirates. PBIT for the region has increased by 80% to Rs. 101 crores in the 12 month period (January 2009 - December 2009).



A view of packing floor at SCIB Chemicals, S.A.E, Egypt

The Middle East region is the largest operating region for the group outside India. The region now contributes 54% of the revenue from overseas operations. All the subsidiaries in the region have performed well. All the subsidiaries have registered good increase in profit, while the subsidiary in Egypt continues to be the biggest profit contributor in the region.

A new plant is being built in Egypt with an initial capacity of 50,000 KL per annum and will be expanded to 150,000 KL in phases. It is expected to be commissioned by July, 2010. The plant will be fully equipped to comply with all the applicable safety and environmental regulations.



SOUTH ASIA

During the 15 month period (January 2009 - March 2010), the region achieved a sale of Rs. 187 crores. For the 12 month period (January 2009 - December 2009), revenue from paint sales has increased by 28% to Rs.147 crores. Adjusted for exchange rate impact, the revenue from paint sales has increased by 18% during this period. The PBIT for the region has increased by 115% to Rs. 18 crores in this period.

All subsidiaries in the region have performed well. Expansion of the ColorWorld dealer network and increased influencer interactions through painter-dealer meets has helped all the subsidiaries to achieve healthy sales growth.

SOUTH EAST ASIA

During the year under review, the economies in the region were severely impacted by the global meltdown. The subsidiaries in China, Malaysia, Hong Kong and Thailand were divested. On account of the divestments being effected at different points of time during the year, sales figures are not comparable with those of the previous year. During the 15 month period (January 2009 - March 2010), the region achieved a sale of Rs. 96 crores.

The subsidiary in Singapore had performed well and revenue during the 15 month period (January 2009 - March 2010) was Rs. 61 crores.

For the 12 month period (January 2009 - December 2009), the sales has increased to Rs.49 crores. The subsidiary has achieved a PBIT growth of 38% over the previous year for this period.

SOUTH PACIFIC

During the 15 month period (January 2009 - March 2010), the region had a sale of Rs. 85 crores. For the 12 month period (January 2009 - December 2009), paint sales increased by 7% to Rs. 67 crores. Adjusted for exchange rate impact, the revenue from paint sales has increased by 9%. The PBIT for the region has increased by 54% to Rs. 9 crores during this period.

As mentioned in the last annual report, the management will continue to take all feasible steps to enhance the operating performance and the cash flows from the overseas subsidiaries.

OTHERS

Your Company has chemical business consisting of Phthalic Anhydride and Pentaerythritol, manufactured at Ankleshwar in Gujarat and Cuddalore in Tamil Nadu, respectively. These units were set up as backward integration initiatives in the late eighties. They are not seen as growth drivers for the Company and continue to be managed for value. During the year, 56% of Phthalic Anhydride and 52% of Pentaerythritol production was consumed in-house and the balance was sold in the open market.

The Phthalic Anhydride business showed good recovery from the steep drop in demand experienced in 2008-09 and reported good profits in 2009-10. The production and sales of Pentaerythritol was also satisfactory during the year. A Zero Discharge system and a Captive Power Plant were installed in the Pentaerythritol plant. The new captive power plant meets almost the entire power requirement of the plant, while generating all the steam required in the production process. This has led to substantial savings in the expenses earlier incurred on power drawn from the state electricity board.



II. Environment, health and safety

Environment, Health and Safety (EHS) is one of the primary focus areas for your Company. Your Company's EHS policy is to consider compliance to statutory EHS requirements as the minimum performance standard and is committed to go beyond and adopt stricter standards wherever appropriate. Your Company focuses on pollution abatement, resource optimization and waste minimization, which leads to sustainable development. Your Company also gives priority and attention to the health and safety of its employees and trains all the employees to work as per prescribed procedures designed to meet all EHS requirements of the Company. Your Company endeavors to educate its customers and the public on safe use of its products, on a continuous basis.

Due to continued focus, Sriperumbudur plant was presented with the Tamil Nadu State Safety Award by Inspectorate of Factories, Tamil Nadu for outstanding safety performance. The Research & Technology Centre of Asian Paints at Turbhe, Navi Mumbai, was certified for ISO 18001 safety standards. The plant at Bhandup, Mumbai, was formally appreciated by Mutual Aid Response Group, Mumbai sub region for doing excellent work in the area of Safety.

The Company's newly commissioned plant at Rohtak, Haryana, has been built to very exacting and contemporary environment, health and safety standards. Based on the British Safety Council safety standard, several safety features have been incorporated in the design of the plant.



Your Company has always been an environmentally conscious manufacturing Company and believed in resource conservation. After achieving 'Zero Discharge' of industrial effluent, minimization of waste through reduction at source and recycle /reuse was the key focus areas for your Company during the year 2009-10. This resulted in reduction in specific generation of effluents and solid wastes.

The Rohtak plant is designed for 'Zero Discharge' of industrial effluent. The plant has a state of the art effluent treatment system, a reverse osmosis plant and a multi-effect evaporator that allows the plant to recycle more than 99% of the effluent back into the process. The plant has provided about 43 acres of green belt and roof-top rainwater harvesting structures to harvest 35 million liters of water every year. Solar PV Panels have been installed which will light 75 LED street lights in the plant saving around 25000 units of electricity every year. Also, a solar water heating system has been installed generating 45000 liters of hot water every day for process application which is not a standard industrial practice. The administration building of the Rohtak plant has been built as per the green building standards.

Your Company's six paint plants and the two chemical plants have ISO 14001 environmental certification, with Taloja plant being the most recent among them to join the ISO 14001 certification during the year 2009-10. The Sriperumbudur plant was awarded consents for expansion by the Tamil Nadu Pollution Control Board without any increase in environmental pollution load. The Penta plant at Cuddalore became a 'Zero Discharge' facility by commissioning Reverse Osmosis unit followed by Multiple Effect Evaporator and Agitated thin-film dryer. This implies that your Company's five paint plants and one chemical plant have achieved 'Zero Industrial Discharge' capability.

The Ankleshwar Plant was honoured with Gujarat Cleaner Production Award by the Gujarat Cleaner Production Center and Department of Environment and Forest, Government of Gujarat. Ankleshwar Plant was also presented with the Award in the Chemical Sector for outstanding achievement in environmental management by Greentech Foundation, India.

III. Human resources

The employees of your Company are important and valuable assets and have contributed significantly in achieving sustained growth over the years. During the year 2009-10, significant advancements were made on multiple fronts in different Human Resources (HR) processes. To enable better interface, initiatives like introduction of HR Help Desk, Employee Self Service and e-Learning applications were done during the year.

People development has been a key element in the DNA of your Company. While each and every employee plays a part in scripting her/his 'Development', certain focused activities are also carried out to ensure synergy and growth.

e-Learning was introduced in your Company during the year 2009-10 to meet the ever growing diverse developmental needs of the organization that is spread across multiple locations. The year also saw the stabilization of the Performance Management System that was put in place during the previous year with greater ownership and competence.

During the year, the industrial relations at all the plants of your Company continued to be cordial. The year that went by has seen your Company move many notches in putting in place the basics that automatically sets your Company up for continuing and augmenting superlative people oriented action in the years to come.

IV. Corporate social responsibility

Today's business environment demands that corporates play a pivotal role in shouldering social responsibility. You will be happy to learn that in the year under review your Company executed several Corporate Social Responsibility (CSR) programmes for the benefit of the communities where your Company operates.

Your Company's CSR initiatives primarily focused on three core areas: Water Conservation, Aged Care and Education.

The Total Water Management (TWM) Centre located in the premises of the Company's manufacturing facility at Bhandup, Mumbai has been championing the issue of water conservation; informing and demonstrating techniques of water harvesting to the public at large. A large number of concerned citizens ranging from representatives of government bodies, housing societies, corporates and even school students have visited the TWM Centre to obtain a holistic perspective on water management. The Company has also organized and participated in numerous seminars to create awareness on this fast depleting natural resource.

Your Company continues to operate Mobile Medicare Units around the Patancheru (Andhra Pradesh), Kasna (Uttar Pradesh), Sriperumbudur (Tamil Nadu) and Ankleshwar (Gujarat) plants which provide health care to the elders in the villages around the plant. These units provide regular medical checkups and distribute medicines at nodal points in these villages and if required, even go to the door steps of the needy elders in the villages. In the area around the Sriperumbudur plant, this initiative is being administered in collaboration with Help Age India, an NGO. Additionally, other aids like dentures, cataract surgeries, hearing aids, wheel chairs, walking sticks etc. are also being provided to the elderly. Camps are also held to involve the elders in activities which provide them joy and a feeling of inclusion within the society.

Your Company is also actively involved in upgrading the infrastructure facilities in schools near its plants to facilitate proper and unhindered education of children staying in villages in the vicinity of the plants.



V. Information technology

During 2009-10, your Company has setup and stabilized two centralized Customer Contact Centers for improving servicing to its dealers. The contact centres have been provided with advanced telephony solutions with integration with the Company's backend applications. This has allowed your Company to standardize the order taking process and provide dealers with a uniform, agile and improved experience of interacting with the Company. This has also given the capability to improve the speed of enabling new services being offered to the dealers and end consumers.

The Rohtak plant, which was commissioned in April 2010, has been implemented using Advanced Manufacturing Execution Systems which optimizes the material flow controls used in paint manufacturing. This will improve the throughput of the plant and provide real time information visibility of operations.

As stated above, with the increasing global focus on the environment and its preservation, your Company has implemented an Environment, Health and Safety (EHS) system to streamline the processes, monitor compliance to standards and report on various control parameters.

While your Company continues to strengthen existing systems and processes to drive efficiencies, during the year under review, your Company has also invested towards building a robust infrastructure to manage structured and unstructured information in the organization. This will be implemented in phases in the next 18 months.

VI. Research & development

Your Company is executing an integrated strategy for technology development and deployment. The technology function is supporting your Company's strategy around four missions: technology development, development of substantially new products, productivity improvement and cost reduction. The focus for your Company in the financial year 2009-10 had been to exploit and leverage the results of technology development and platform programmes and set the stage for a shift towards eco friendly products. A number of those new concepts will be incorporated in products to be launched next year. This is to allow the Company to meet its mid and long term strategic goals. Those capabilities, built on the technology trends and customers requirements, made possible the development of substantially new products and productivity improvements in manufacturing. The technology group also put a renewed emphasis on rejuvenating the products portfolio in support of the joint venture. Furthermore, the integration of the overseas technical groups has continued and their support has increased to leverage the Company capabilities. The removal of lead has been extended to products sold in overseas units.



Paint Testing at R&D Centre, Turbhe, Navi Mumbai

Your Company will continue to strengthen collaboration with research organizations to accelerate progress. Some of those programmes are bearing fruits and will enhance the overall technical capabilities in the area of resins and emulsions development. The Company has been successful in increasing its presence in international forums through publications in peer review journals. The recognition of the work of its scientists has helped shape an image of the organization that attracts competent and committed scientists. Your Company scientists were recognized with the Gordon Award for their work in the area of self cleaning paints.

VII. Internal control systems and their adequacy

Your Company is committed to ensuring comprehensive internal controls across its operations to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition. Towards this end, it has deployed:

- A well-defined control structure using a mix of manual and automated control systems.
- Well-defined procedures to carry out and approve financial transactions.
- Well-defined review mechanisms at different levels in the hierarchy on all aspects of Company performance.
- Shared services model implemented for the Company with the objective of improving controls and centralizing payments.
- Independent Internal audit department continuously monitoring and reporting on the adequacy or otherwise of internal control processes across the business units.

- A risk based approach towards developing an Audit Plan for the Company and its subsidiaries which is presented to the Audit Committee for their approval and feedback.
- A blend of process audits and operational audits covering both domestic and international operations to ensure true and fair reporting and compliance with regulatory requirements as well as internal policies.
- A mechanism to bring significant observations along with any action plan identified by the management to the attention of the Audit Committee for review and guidance at periodic intervals.

VIII. Risk and outlook

The forces that are driving the current rebound are partly temporary in nature, including major fiscal stimulus and central banks' support for credit markets. A significant risk could be a premature exit from the accommodative monetary and fiscal policies currently in place. In general, the global economy still seems vulnerable with the ongoing upheaval on account of sovereign debt crisis in the European Union, a pointer to the imbalances prevalent in the world economy. If the growth trajectory achieved so far is not sustained, it could have a significant impact on sentiments and adversely impact consumer demand and consumption both in the Indian as well as the International markets. Interest rates have already started picking up across the world. This can have an adverse impact on demand, particularly in interest rate sensitive sectors like housing and automobiles. Also, if as a result of adverse geopolitical, economic or natural conditions, the economies of countries where your Company has significant presence do not perform well, the performance of the Company can get affected. These risks are continually monitored while managing the Company's overall operations.

However, the overall outlook for 2010-11 appears to be positive but nevertheless challenging. In many of the emerging and developing economies, activity is expected to be buoyant, largely driven by good internal demand as well as the upturn in demand in the advanced regions. In most of the advanced economies, the economic recovery is expected to continue, albeit at a lower rate than in the past. While there are concerns with regard to substantive reforms, infrastructural bottlenecks, insurgent activities within the country, spiralling inflation on account of the food price increases, etc. your Company believes that the economy would remain buoyant in the medium term and is optimistic that the Indian economy will be able to achieve a GDP growth in excess of 7.5%. Also, with early prediction of normal monsoon in India, your Company expects rural economy to perform well and support paint demand in rural areas. In addition, policy initiatives like increasing the slabs of income tax exemption and renewed thrust on infrastructure sector is expected to provide further support to paint demand. The progress on key reforms, especially on taxation, needs to be watched.

Your Company is optimistic about its performance in 2010-11, given that these factors augur well for demand of paints in India as well as the other International markets where your Company has presence. However, rising input prices could make the operating margins achieved in the past year unsustainable.

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 64th Annual Report of your Company and the Audited Accounts for the financial year ended 31st March, 2010.

FINANCIAL RESULTS

(Rs. in Crores)

	Asian Paints Limited			Asian Paints Limited Group Consolidated		
	2009-10	2008-09	Growth (%)	2009-10	2008-09	Growth (%)
Sales and Operating Income (Net)	5125	4270	20	6681	5464	22
Operating Profit	1154	621	86	1368	721	90
Less: Interest	14	10		28	26	
Less: Depreciation	61	57		84	75	
Profit before Tax and exceptional item	1079	554	95	1256	620	103
Less: Exceptional items	(25)	6		(1)	1	
Profit before Tax and prior period items	1105	548	102	1257	619	103
Add/(Less): Prior period items	(0)	(2)		(0)	(2)	
Profit before Tax	1105	546	102	1257	617	104
Less: Provision for Taxes	330	184		373	197	
Profit After Tax	775	362	114	884	420	111
Less: Minority interest	-	-		48	22	
Net Profit attributable to shareholders of the Company	775	362	114	836	398	110
Add: Balance brought forward from the previous year	230	200		230	200	
DISPOSABLE PROFIT	1005	562		1066	598	
That the Directors recommend for appropriation as under:						
Dividend - Interim	82	62		82	62	
- Final	177	106		177	106	
Tax on Dividend	44	28		44	29	
Transfer to General Reserve	102	136		163	171	
Balance carried forward to Balance Sheet	600	230		600	230	

STANDALONE FINANCIALS

Net sales and operating income for the standalone entity increased to Rs. 5,125 crores from Rs. 4,270 crores in the previous year – a growth of 20%. The operating profit (PBDIT) increased by 86 %, from Rs. 621 crores to Rs. 1,154 crores. The profit after tax for the current year is Rs. 775 crores as against Rs. 362 crores in the previous year, a growth of 114%.

Exceptional item of current year includes Rs. 5.77 crores being the write back of provision for diminution in the value of investments in the Company's wholly owned subsidiary Asian Paints (International) Limited, Mauritius in consequent to the buy back of 41,00,000 shares at US\$ 1 per share by Asian Paints (International) Limited.

Exceptional item of current year includes Rs. 19.69 crores being the reversal of provision made towards diminution in the value of investments in the Company's wholly owned subsidiary Asian Paints (International) Limited, Mauritius, based on management's assessment of the fair value of its investments.

CONSOLIDATED ACCOUNTS

In accordance with the Accounting Standard (AS 21) and other Accounting Standards issued by the Institute of Chartered Accountants of India as well as Clause 32 of the Listing Agreement, Consolidated Financial Statements presented by your Company include financial information of all its subsidiaries.

The Consolidated Financial Statements of your Company for the year ended 31st March, 2010 include results and financial statements of certain overseas subsidiaries of your Company for a fifteen month period from 1st January, 2009 to 31st March, 2010, in order to align the accounting year of those subsidiary Companies with your Company. Thus, these figures are not comparable with the corresponding figures for the previous year.

The Ministry of Corporate Affairs (MCA) has granted your Company, exemption under Section 212(8) of the Companies Act, 1956, from attaching the financial statements of the subsidiary companies in India and abroad, both direct and indirect, to the balance sheet of your Company for the financial year 2009-10. A statement of summarised financials of all subsidiaries of your Company, pursuant to the approval under Section 212(8) of the Companies Act, 1956, forms part of this report. Additional information in respect of the annual report and the financial statements of the subsidiary companies of your Company will be made available to members on request. The annual accounts of the subsidiary companies are open for inspection by the members at the Registered Office of the Company. The accounts of individual subsidiary companies will also be hosted on our website www.asianpaints.com

DIVIDEND

Your Company, during the financial year 2009-10, declared and paid an interim dividend of Rs.8.50 per equity share in the month of October, 2009. In addition, your Directors recommend payment of Rs. 18.50 per equity share as the final dividend for the financial year ended 31st March, 2010. If approved, the total dividend (interim and final dividend) for the financial year 2009-10 will be Rs. 27 per equity share; Rs.17.50 per equity share was paid as dividend for the previous year.

TRANSFER TO RESERVES

Your Company proposes to transfer Rs.102.19 crores to the general reserve. An amount of Rs. 600 crores is proposed to be retained in the profit and loss account.

MANAGEMENT DISCUSSION AND ANALYSIS

A detailed review of operations, performance and future outlook of your Company and its businesses is given in the Management Discussion and Analysis.

CORPORATE GOVERNANCE

Your Company is compliant with the requirements of the Clause 49 of the Listing Agreement. Necessary disclosures have been made in this regard in the Corporate Governance Report. A certificate from the Joint Statutory Auditors of your Company regarding compliance with the requirements of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this report.

SECRETARIAL AUDIT

As a good Corporate Governance practice, your Company had appointed Dr. K R Chandratre, Practicing Company Secretary to conduct Secretarial Audit pursuant to provisions of Section 383A of the Companies Act, 1956, for the financial year 2009-10. Dr. K R Chandratre has submitted the Report confirming compliance by the Company with all the applicable provisions of corporate law.

AMALGAMATION OF A WHOLLY OWNED SUBSIDIARY

As disclosed by your Company in the Annual Report for the year 2008-09, Technical Instruments Manufacturers (India) Limited (TIM), a 100% subsidiary of your Company had filed an application before the Hon'ble Bombay High Court for its merger with your Company. The Hon'ble Court sanctioned the scheme of amalgamation and passed the final order on 24th July, 2009. Accordingly, TIM has ceased to carry on any operations and has been merged with your Company effective 1st April, 2009.

FIXED DEPOSITS

Your Company has not accepted any fixed deposits during the year 2009-10 and there are no outstanding fixed deposits from the public as on 31st March, 2010.

INSURANCE

All the insurable interests of your Company including inventories, buildings, plant and machinery and liabilities under legislative enactments are adequately insured.

SALES TAX DEFERMENT BENEFIT

Your Company continues to avail sales tax deferment benefit for the expanded capacity at Kasna plant for which eligibility certificate for Rs. 38.2 crores has been received. A sum of Rs. 3.2 crores has been availed during the year 2009-10 and with this, the total amount of deferment availed upto 31st March, 2010 is Rs. 30.6 crores.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Particulars in respect of conservation of energy and technology absorption by the Company as per Section 217(1)(e) of the Companies Act, 1956, are given as Annexure to this report in Form 'A' and 'B', respectively.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Details of expenditure and earnings in foreign currencies are given under Schedule 'M' to the financial statements.

PERSONNEL

In terms of the provisions of Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975, names and other particulars of the employees are required to be set out in the annexure to this report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Annual Accounts of your Company sent to the shareholders do not contain the said annexure. Any shareholder desirous of obtaining a copy of the said annexure may write to the Company Secretary at the Registered Office of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors hereby confirm that:

- In preparation of the annual accounts, the applicable accounting standards have been followed.
- The accounting policies have been selected and applied consistently and the judgments and estimates made, are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2010 and of the profit and loss of the Company for that period.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The annual accounts have been prepared on a going concern basis.

DIRECTORS

As mentioned in the Annual Report for the year 2008-09, your Company appointed Mr. P. M. Murty as the whole-time Director with effect from 5th March, 2009 and as Managing Director & CEO of your Company with effect from 1st April, 2009. Mr. Ashwin Choksi, Mr. Ashwin Dani and Mr. Abhay Vakil, were appointed as Non-Executive Chairman, Non-Executive Vice-Chairman and Non-Executive Director, respectively, with effect from 1st April, 2009.

During the financial year 2009-10, the Board of Directors appointed Mr. S. Ramadorai as an Additional Director with effect from 16th September, 2009. Your Directors recommend the appointment of Mr. S. Ramadorai as a Director of your Company at the forthcoming Annual General Meeting.

Mr. Hasit Dani, Non-Executive Director, has resigned as a Director of the Company effective 3rd June, 2010. The Board places on record its appreciation for his contribution to the Company as a Director during his association with the Company.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Mahendra Shah, Mr. Mahendra Choksi and Ms. Tarjani Vakil are due to retire by rotation at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment. Appropriate resolutions for their reappointment are being placed before you for your approval at the ensuing Annual General Meeting. The brief resume of the aforesaid Directors and other information have been detailed in the Notice, forming part of this report. Your Directors recommend their reappointment as Directors of your Company.

AUDITORS

M/s. Shah & Co., Chartered Accountants and M/s. B S R & Associates, Chartered Accountants, Joint Auditors of your Company are due for retirement at the ensuing Annual General Meeting and are eligible for reappointment. Your Directors recommend their reappointment for the ensuing year. The Statutory Auditors of your Company have submitted a certificate to your Company that they have subjected themselves for the peer review process of the Institute of Chartered Accountants of India for the financial year 2009-10.

COST AUDITOR

The Board of Directors at their meeting held on 25th July, 2009, appointed Ms. Ketki Visariya as the Cost Auditor of the Company for the financial year 2009-10 to conduct the audit of the cost records of the Company. The Company has also received approval from the Central Government for appointing Ms. Ketki Visariya as the Cost Auditor of your Company for the financial year 2009-10.

APPRECIATION

Your Directors wish to place on record their appreciation of the contribution made by employees at all levels to the continued growth and prosperity of your Company. Your Directors also wish to place on record their appreciation for the shareholders, dealers, consumers, banks and other financial institutions for their continued support.

For and on behalf of the Board

Ashwin Choksi

Ashwin Choksi

Chairman

Mumbai

3rd June, 2010

**Annexure to Directors' Report
Form A**

Disclosure of particulars with respect to Conservation of Energy:

Particulars	2009-10	2008-09
A. Power and fuel consumption		
1 Electricity		
a. Purchased Units ('000 KWH)	30,550	30,076
Total Amount (Rs. in Crores)	14.20	14.08
Rate per unit	4.65	4.68
b. Own Generation		
Through diesel Generator		
Units ('000 KWH)	7,390	7,734
Units per ltr. of diesel oil	3.30	3.36
Cost/unit (Rs.)	10.19	10.14
Natural Gas		
Units ('000 KWH)	6,572	5,801
Units per nm ³	3.33	3.34
Cost/unit (Rs.)	4.66	3.87
2 Coal		
Quantity (in MTs)	15,688	14,783
Rs.in Crores	5.98	6.76
Average rate/MT (Rs.)	3,812	4,576
3 Diesel		
Quantity (in KL)	1,485	1,651
Rs.in Crores	5.10	6.06
Average rate/KL (Rs.)	34.34	36.72
4 Furnace Oil		
Quantity (in MTs)	978	883
Rs. in Crores	2.42	2.47
Average rate	24.71	27.94
5 Natural Gas		
Quantity (in '000 cubic m.)	3,379	2,553
Total Amount (Rs. in Crores)	4.69	2.97
Average rate	13.88	11.62

B. Consumption per unit of production

	Electricity		Furnace Oil		Natural Gas		Coal		Diesel	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Paints	98	104	2	2	5	4	-	-	4	4
Phthalic	45	113	-	-	62	55	-	-	-	-
Penta	646	966	1	0	-	-	3	3	-	-

Form B

Disclosure of particulars with respect to Technology Absorption:

Research and Development (R&D) :

1. Specific area in which R&D is carried out by the Company :

The R&D Unit of your Company is carrying out the following activities to support the business goals of your Company:

- Development of new products and processes related to surface coatings and intermediates.
- Value engineering through formulation re-engineering and identification of new and alternate raw materials.
- Upgradation of existing product and processes.
- Technology support of all overseas units.
- Optimization of products and processes to minimize waste generation and reduce environmental and safety concerns.
- Development of new application techniques for various substrates.
- Import substitution and identification of new raw material for development.
- Development of new analytical test methods, characterization techniques.
- Collaborative development with vendors, academia and institutes.
- Development of domain expertise to expedite product development.
- Research on new functional polymers, emulsions and nano technology.

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

- Development of Royale with Teflon offers an extraordinary stain resistance for interior.
- Developed new Royale Luster Emulsion which offers the customer the choice of using water based paint.
- New colored tint bases introduced in ACE to improve upon the shade offerings.
- Productivity improvement achieved in Satin range.
- Approval and commercialization of rapid recoat system comprising of 2K epoxy primer, 2K epoxy MIO intermediate and 2K polyurethane top coat for transformer application at selected OEM's.
- Development and commercialization of 2K acrylic polysiloxane top coat for infrastructure segment.
- Development of colored (red, green and blue) hot melt thermoplastic road marking paint for dedicated lanes for buses, cycle, parking bays etc.

3. Further plan of action:

Your Company considers the development of technical capabilities to sustain its competitive position in the market place of primary importance. In order to address the needs of the customers in a rapidly changing market place, your Company will continue to strengthen its technical programs and the skills of its technical personnel. Building on earlier activities that have paid off, your company will continue to develop advanced technical capabilities and technology platforms to support its product plans, improve its manufacturing and open new applications.

4. Expenditure on R & D during the year is as follows:

Particulars	2009-10 (Rs. in Crores)	2008-09
Capital	1.21	25.90
Recurring	28.43	27.46
Total	29.64	53.36
Net Sales and operating income	5,125	4,270
R & D expenditure as % of net sales and operating income	0.58%	1.25%

Technology absorption, adaptation and innovation:

All developments were done indigenously.

Foreign exchange earnings and outgo:

Your Company's exports primarily consist of Di-pentaerythritol and Monopentaerythritol to USA and Europe. The Di-pentaerythritol is used mainly as an additive in the manufacture of aviation fuel and the Monopentaerythritol is mainly used in the manufacture of explosives. The demand for your Company's products from these markets were stable during the year. During the year, your Company has also supplied small lots of these products to consumers in Taiwan and Japan.

Your Company also exports certain other items to its overseas units and licensees. Machine tinting colorants and resins form the bulk of material exported. Specific products or special products which are of low volume for domestic manufacture by the overseas units are also produced and exported to the units from India. Support is extended to overseas units through export of marketing materials and machinery parts. Export queries received in India from countries where your Company has operations is routed through respective overseas units.

For and on behalf of the Board



Ashwin Choksi

Chairman

Mumbai

3rd June, 2010

Auditors' Report to the Members of Asian Paints Limited

We have audited the attached Balance Sheet of Asian Paints Limited ('the Company') as at 31 March 2010, and also 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. We conducted our audit in accordance with auditing standards generally accepted in India.

Those 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 of our opinion.

As required by the Companies (Auditor's Report) Order, 2003, 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 to the extent applicable.

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

- (a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our 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 those books;
- (c) the Balance Sheet, Profit and Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of account;
- (d) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Act.
- (e) on the basis of the written representations received from the Directors of the Company as at 31 March 2010, and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on 31 March 2010 from being appointed as a Director in terms of 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 prescribed manner and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as on 31 March 2010;
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Shah & Co.

Chartered Accountants
Firm Registration No.: 109430W

H.N.Shah

Partner
Membership No: 08152

Mumbai

28th May, 2010

For B S R & Associates

Chartered Accountants
Firm Registration No.: 116231W

Natrajan Ramkrishna

Partner
Membership No: 32815

Annexure to the Auditors' Report - 31st March, 2010

(Referred to in our report of even date)

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
(b) The Company has a regular programme of physical verification of its fixed assets by which all the fixed assets are verified in a phased manner, over a period of 3 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 on such verification.
(c) Fixed assets disposed off during the year were not substantial and therefore do not affect the going concern assumption.
2. (a) The inventory, except goods-in-transit and stocks lying with third parties, have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. For stocks lying with third parties at the year end, written confirmations have been obtained.
(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 has maintained proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material.
3. The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register required to be maintained under Section 301 of the Companies Act, 1956.
4. 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 sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
5. (a) According to the information and explanations given to us, the particulars of all contracts and arrangements referred to in Section 301 of the Companies Act, 1956 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.
6. The company has not accepted any deposits from the public.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 in respect of paints, resins and pentaerythritol 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.
9. (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, 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 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 Companies Act, 1956 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, the following dues have not been deposited by the Company on account of disputes.

Name of the Statute	Nature of dues	Financial Year	Amount (Rs. In Crores)	Forum where dispute is pending
Sales Tax	Assessment Dues	F.Y. 1994-95 to 1995-96, F.Y.1997-98, F.Y. 1999-00 to 2006-07	11.11	First Appellate level
		F.Y. 1999-2000 to 2001-02, F.Y. 2003-04 to 2004-05	0.50	Second Appellate level
		F.Y. 1991-92, F.Y. 1993-94, F.Y.1996-97 to 1998-99, F.Y. 2000-01 to 2004-05	3.28	Tribunal
		F.Y. 1993-94, F.Y. 2000-01 to 2006-07	1.25	High court
		F.Y. 1992-93, 1993-94	0.16	Supreme Court
		Total (A)	16.30	
Central Excise Act, 1944	Dispute relating to Excise duty	F.Y. 2005-06, F.Y. 2007-08	0.05	First Appellate
		F.Y. 1992-93 to 1993-94, F.Y. 1995-96 to 1999-00, F.Y. 2000-01 to F.Y. 2003-04, F.Y. 2005-06 to F.Y. 2009-10	1.09	Tribunal
		F.Y. 1969-70 to 1972-73, F.Y. 1998-99 to 1999-00	0.09	High Court
		Total (B)	1.23	
Income Tax	IT matters under dispute	A.Y. 2006-07	5.53	First Appellate
		A.Y. 1996-97 to A.Y. 1999-00, A.Y. 2002-03 to A.Y. 2005-06	5.76	Tribunal
		Total (C)	11.29	
Grand Total (A)+(B)+(C)				28.82

10. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the current financial year and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted during the year in repayment of dues to its bankers or to any financial institution. The Company did not have any outstanding debentures or any outstanding loans from financial institutions during the year.

12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the Company is not a chit fund, nidhi, mutual benefit fund or society.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
15. The Company has given certain guarantees on behalf of its dealers and subsidiaries as mentioned in note B - 3 of Schedule M of the accounts. In our opinion and based on the information and explanations received, the terms and conditions of these guarantees are not prejudicial to the interest of the Company.
16. The Company did not have any term loans outstanding during the year.
17. 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 funds raised on short term basis have not been used for long term investment.
18. The Company has not made any preferential allotment of shares to company, firms or parties covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by public issues during the year.
21. As per the information and explanation given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

For Shah & Co.

Chartered Accountants
Firm Registration No.: 109430W

H.N.Shah

Partner
Membership No: 08152

Mumbai

28th May, 2010

For B S R & Associates

Chartered Accountants
Firm Registration No.: 116231W

Natrajan Ramkrishna

Partner
Membership No: 32815

Balance Sheet
as at 31st March, 2010

	Schedules	As at 31.03.2010	As at 31.03.2009	(Rs. in Crores)
FUNDS EMPLOYED				
Shareholders' Funds				
Share Capital	A	95.92	95.92	
Reserves and Surplus	B	1,461.30	998.55	
			1,557.22	1,094.47
Loan Funds	C			
Secured Loans		25.59	24.59	
Unsecured Loans		43.00	49.94	
			68.59	74.53
Deferred Tax Liability (Net)			47.90	47.91
(Refer Note B - 23 in Schedule 'M')				
Total			1,673.71	1,216.91
APPLICATION OF FUNDS				
Fixed Assets	D			
Gross Block		1,194.39	1,116.93	
Less : Depreciation/Amortisation		486.93	494.02	
Net Block		707.46	622.91	
Add : Capital Work in Progress		380.72	88.86	
			1,088.18	711.77
Investments	E		703.69	234.77
Current Assets, Loans and Advances	F			
Interest accrued on investments		0.16	0.16	
Inventories		763.14	546.71	
Sundry debtors		331.43	311.02	
Cash and Bank Balances		28.60	128.26	
Other Current Assets		66.55	48.30	
Loans and Advances		152.40	193.97	
			1,342.28	1,228.42
Less : Current Liabilities and Provisions	G			
Current Liabilities		1,156.27	771.90	
Provisions		304.17	186.15	
		1,460.44	958.05	
Net Current Assets			(118.16)	270.37
Total			1,673.71	1,216.91
Significant Accounting Policies and Notes to Financial Statements	M			

As per our report of even date

For Shah & Co.
Chartered Accountants
FRN: 109430W

H.N. Shah
Partner
Membership No.08152

Mumbai
28th May, 2010

For and on behalf of the Board

For B S R & Associates
Chartered Accountants
FRN: 116231W

Natrajan Ramkrishna
Partner
Membership No.32815

Tarjani Vakil

Chairperson of Audit Committee

Ashwin Choksi
Chairman

Ashwin Dani
Vice Chairman

P.M. Murty
Managing Director & CEO

Abhay Vakil
Director

Jayesh Merchant
Chief Financial Officer & Company Secretary

**Profit and Loss Account
for the year ended 31st March, 2010**

(Rs. in Crores)

	Schedules	Year 2009-2010	Year 2008-2009
INCOME			
Sales and Operating Income (Net of discounts)	H	5,528.82	4,819.13
Less: Excise duty		403.74	549.08
Sales and Operating Income (Net of excise duty)		5,125.08	4,270.05
Other income	I	143.85	60.06
		5,268.93	4,330.11
EXPENDITURE			
Material Cost	J	2,840.24	2,606.93
Employee Cost	K	260.84	238.90
Manufacturing, administrative, selling and distribution expenses	L	1,014.00	862.95
		4,115.08	3,708.78
PROFIT BEFORE INTEREST, DEPRECIATION, TAX AND EXCEPTIONAL ITEMS			
Less : Interest (Refer Note B - 16 in Schedule 'M')	D	1,153.85	621.33
Less : Depreciation/Amortisation		13.76	10.40
		60.74	57.15
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS		1,079.35	553.78
Add/(Less) : Exceptional items (Refer Note B - 20 in Schedule 'M')		25.46	(5.90)
PROFIT BEFORE TAX AND PRIOR PERIOD ITEMS			
(Less) : Prior period items (Net)		1104.81	547.88
		(0.14)	(1.95)
PROFIT BEFORE TAX		1104.67	545.93
Less : Provision for Taxation:			
Current Tax		334.01	162.80
Deferred Tax (Refer Note B - 23 in Schedule 'M')		2.45	16.39
Fringe Benefit Tax		-	6.78
(Excess) tax provision for earlier years		(6.29)	(2.40)
PROFIT AFTER TAX		774.50	362.36
Add : Balance brought forward from previous year		230.00	200.00
AMOUNT AVAILABLE FOR APPROPRIATION		1,004.50	562.36
APPROPRIATIONS			
Dividend on Equity shares:			
- Interim dividend		81.53	62.35
- Proposed Final dividend		177.45	105.51
Tax on Dividend (includes tax on proposed dividend)		43.33	28.53
Transfer to General Reserve		102.19	135.97
Balance carried to Balance Sheet		600.00	230.00
		1,004.50	562.36
Earnings per share (Rs.) Basic and diluted - Before exceptional items		78.09	38.39
Earnings per share (Rs.) Basic and diluted - After exceptional items		80.74	37.78
(Face value of Rs. 10 each)			
(Refer Note B - 27 in Schedule 'M')			
Significant Accounting Policies and Notes to Financial Statements	M		

As per our report of even date

For and on behalf of the Board

For Shah & Co.
Chartered Accountants
FRN: 109430W

For B S R & Associates
Chartered Accountants
FRN: 116231W

Ashwin Choksi
Chairman

Ashwin Dani
Vice Chairman

Abhay Vakil
Director

H.N. Shah
Partner
Membership No.08152

Natrajan Ramkrishna
Partner
Membership No.32815

Tarjani Vakil
Chairperson of
Audit Committee

P.M. Murty
Managing Director &
CEO

Jayesh Merchant
Chief Financial Officer &
Company Secretary

Mumbai
28th May, 2010

**Cash Flow Statement
for the year ended 31st March, 2010**

(Rs. in Crores)

	2009-2010	2008-2009
A. Cash Flow From Operating Activities		
Profit before tax and prior period items	1,104.81	547.88
Adjustments for :		
Depreciation/ Impairment	60.74	57.15
Interest income	(3.88)	(3.14)
Dividend income	(23.42)	(16.93)
Interest expense	13.76	10.40
Unrealised foreign exchange gain	(0.73)	(1.80)
Profit on Sale of long term investments	(63.02)	-
Profit on Sale of short term investments	-	(0.10)
Profit on Sale of assets	(7.02)	(6.08)
Exceptional items	(25.46)	5.90
Prior Period items (Net)	(0.14)	(1.95)
Operating Profit before working capital changes	1,055.64	591.33
Adjustments for :		
Trade Receivables	(20.50)	(59.10)
Other Receivables	(60.92)	4.25
Inventories	(216.43)	(7.73)
Trade and other payables	382.80	(29.13)
Cash generated from Operations	1,140.59	499.62
Income Tax paid net of refund	(293.18)	(174.41)
Net Cash generated from operating activities	847.41	325.21
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(349.81)	(238.35)
Sale of Fixed Assets	8.96	7.60
Loans to subsidiaries	(0.03)	(18.85)
Repayment of loan subsidiaries	3.45	17.85
Purchase of long term Investments	(50.01)	(2.70)
Sale of long term Investments	118.33	0.10
Interest received	3.88	3.07
Dividend received	23.42	16.93
Net Cash used in investing activities	(241.81)	(214.35)
C. Cash Flow from Financing Activities		
Proceeds from long term borrowings	3.24	4.06
Proceeds from short term borrowings	0.33	-
Repayment of long term borrowings	(9.51)	(10.66)
Repayment of short term borrowings	(0.01)	(13.59)
Interest Paid	(13.76)	(10.40)
Dividend and Dividend tax paid	(218.28)	(191.02)
Net Cash used in financing activities	(237.99)	(221.61)
D. Net Increase/(Decrease) In Cash	367.61	(110.75)
Cash and cash equivalent as at 01.04.2009 *	128.26	239.01
Less: Effect of exchange loss on cash and cash equivalents	0.32	-
Cash and cash equivalent as at 31.03.2010 *	495.55	128.26

*Cash & Cash equivalents are cash & bank balances as mentioned in Clause (IV) of Schedule 'F' and Current investments as mentioned in Schedule'E'.

As per our report of even date

For and on behalf of the Board

For Shah & Co.
Chartered Accountants
FRN: 109430W

For B S R & Associates
Chartered Accountants
FRN: 116231W

Ashwin Choksi
Chairman

Ashwin Dani
Vice Chairman

Abhay Vakil
Director

H.N. Shah
Partner
Membership No.08152

Natrajan Ramkrishna
Partner
Membership No.32815

Tarjani Vakil
Chairperson of
Audit Committee

P.M. Murty
Managing Director &
CEO

Jayesh Merchant
Chief Financial Officer &
Company Secretary

Mumbai
28th May, 2010

Schedules Forming Part of the Accounts

	(Rs. in Crores)	
	As at 31.03.2010	As at 31.03.2009
SCHEDULE A : SHARE CAPITAL		
Authorised		
9,95,00,000 (Previous year 9,95,00,000) Equity Shares of Rs.10/- each	99.50	99.50
50,000 (Previous year 50,000) 11% Redeemable Cumulative Preference shares of Rs.100/- each	0.50	0.50
	100.00	100.00
Issued, Subscribed and Paid up capital		
9,59,19,779 (Previous year 9,59,19,779) Equity Shares of Rs.10/- each fully paid:		
a) 9,39,89,940 (Previous year 9,39,89,940) Bonus Shares of Rs.10/- each fully paid up issued on capitalisation of Share premium account (Rs.2.19 crores) and General Reserves (Rs.91.80 crores)		
b) 2,94,000 (Previous year 2,94,000) shares of Rs.10/- each issued as fully paid up pursuant to the Scheme of Amalgamation of Pentasia Chemicals Ltd., without payment being received in cash.	95.92	95.92
	95.92	95.92
SCHEDULE B : RESERVES AND SURPLUS		
Capital Reserve [Rs. 5,000/- (Previous year Rs 5,000/-)]	-	-
Capital Redemption Reserve	0.50	0.50
General Reserve		
As per last Balance Sheet	768.05	632.08
Add : Transfer from Profit and Loss Account	102.19	135.97
Less: Adjustment on account of merger of Technical Instruments Manufacturers (India) Limited (Refer Note 28 in Schedule 'M')	<u>(9.44)</u>	-
	860.80	768.05
	600.00	230.00
	1,461.30	998.55

Schedules Forming Part of the Accounts

	(Rs. in Crores)	
	As at 31.03.2010	As at 31.03.2009
SCHEDULE C : SECURED AND UNSECURED LOANS		
Secured Loans		
Long Term :		
Loans		
Financial Institution (Sales tax deferment scheme - State of Uttar Pradesh) (Note No. 1)	25.26	24.59
Short Term :		
Loans from banks		
Cash Credit Accounts (Note No. 2)	0.33	-
	25.59	24.59
Unsecured Loans		
Long Term :		
Trade deposits - interest free	2.30	9.24
Sales tax deferment scheme - State of Andhra Pradesh (Note No. 3)	40.70	40.70
	43.00	49.94
Notes:		
(1) Interest free Term loan from the Pradeshiya Industrial Corporation of U.P. Limited (PICUP) under Sales Tax Deferment Scheme of Government of U.P. is secured by a first charge on the Company's immovable properties pertaining to the paint plant at Kasna and by way of hypothecation of all movable properties at the above location.	25.26	24.59
Amount repayable within one year.	4.20	2.57
(2) Secured by hypothecation of inventories, book debts and other current assets.	0.33	-
(3) Sales tax deferment - State of Andhra Pradesh represents interest free loan availed under the Sales tax deferment Scheme of the Government of Andhra Pradesh	40.70	40.70
Amount repayable within one year.	-	-

Schedules Forming Part of the Accounts

SCHEDULE D : FIXED ASSETS

	Gross Block			Depreciation/Amortisation			Impairment			(Rs. in Crores)					
	As at 01/04/09	Assets acquired on merger*	Deductions during the year adjustments	As at 31/03/10	As at 01/04/09	Assets acquired on merger*	Deductions during the year adjustments	As at 31/03/10	As at 01/04/09	Additions and/or adjustments	Deductions and/or adjustments	As at 31/03/10	As at 31/03/10	Net Block	
Tangible Assets :															
Freehold Land	90.38	-	0.50	90.88	-	-	-	-	-	-	-	90.88	90.38		
Leasehold Land	28.33	-	66.75	95.08	1.25	-	0.58	-	1.83	-	-	93.25	27.08		
Buildings	206.26	12.35	1102	0.16	229.47	46.93	1.53	6.37	0.04	54.79	-	174.68	158.33		
Plant and Machinery	575.71	-	40.01	14.49	601.23	30.68	-	39.54	13.20	329.02	7.92	0.15	7.08	265.13	
Assets given on Operating Lease - Tinting Systems	72.33	-	0.21	53.38	19.66	52.60	-	2.21	40.11	14.70	17.49	-	13.01	4.48	
Scientific Research:														2.74	
Equipment	35.22	-	1.89	0.98	36.13	11.31	-	3.66	0.04	14.93	0.48	-	0.48	20.72	
Buildings	37.02	-	0.36	37.38	0.90	-	1.24	-	2.14	-	-	-	35.24	36.12	
Furniture and Office Equipment	28.43	-	5.60	1.13	32.90	16.99	-	2.75	1.02	18.72	1.31	0.01	0.08	12.94	
Vehicles	2.62	-	0.05	1.16	1.51	1.76	-	0.26	0.87	1.15	-	-	0.36	0.86	
Leasehold Improvements	3.45	-	-	-	3.45	0.84	-	1.12	-	1.96	-	-	-	1.49	
Intangible Assets :															
Trademark	11.32	-	-	11.92	-	-	-	-	11.92	-	-	-	-	-	
Software	24.76	-	10.02	34.78	19.64	-	2.85	-	22.49	-	-	-	12.29	5.12	
Total	1,116.93	12.35	136.41	71.30	1,144.39	468.82	1.33	60.88	55.28	473.65	27.20	0.16	14.08	1328 707.46 622.91	
Previous Year	937.89	-	282.75	73.71	1,116.93	469.41	-	57.05	59.64	466.82	39.65	0.10	12.55	27.20	622.91

*Merger of the Company's wholly owned subsidiary Technical Instruments Manufacturers (India) Limited with the Company w.e.f. 01/04/2008 (Refer Note 28 in Schedule 'M')

Schedules Forming Part of the Accounts

	Nos.	Face value (Rs.)	As at 31.03.2010	As at 31.03.2009	(Rs. in Crores)
SCHEDULE E : INVESTMENTS					
Long Term Investments					
Unquoted					
(i) In Government Securities					
National Savings Certificates, Indira Vikas Patra and Defence Certificates deposited with Government authorities [Rs. 39,500/- (previous year Rs. 34,500/-)]			-	-	
(ii) Trade Investments					
(a) Patancheru Enviro-tech Ltd. 12,900 10/- 0.01 0.01					
(b) SIPCOT Common Utilities Ltd. 2,830 100/- 0.03 0.03					
(c) Bharuch Eco-Aqua Infrastructure Ltd. 4,78,270 10/- 0.48 0.48					
			0.52	0.52	
(iii) Investment in Joint Venture					
(a) Asian PPG Industries Ltd. 1,46,25,000 10/- 14.63 14.63					
(iv) Other investments					
(a) Equity shares of SKH Metals Ltd. 62,500 10/- 0.50 0.50					
(v) Investment in Mutual Funds					
(a) ICICI prudential fixed maturity plan series 51 - Plan C 50,00,000 10/- 5.00 -					
(b) Religare fixed maturity plan - series-II plan B 50,00,000 10/- 5.00 -					
			10.00	-	
(vi) Subsidiary Companies					
(a) Equity shares of Technical Instruments Manufacturers (India) Ltd. - 100/- - 18.19					
(Refer Note 28 in Schedule 'M')					
(b) Equity shares of Asian Paints Industrial Coatings Ltd. 3,04,50,000 10/- 30.45 30.45					
(c) Ordinary Shares of Asian Paints (International) Ltd., Mauritius. (2,80,45,444) 2,39,45,444 US \$ 1 132.43 132.43					
Less: Buyback of 41,00,000 shares at US \$ 1/- (Refer Note 20 (a) in Schedule 'M')		19.36			
		113.07			
Less: Provision for diminution as under :					
Opening provisions (39.50)					
Reversal of provision consequent to buyback of shares (Refer Note 20 (a) in Schedule 'M') 5.77					
Reversal of provision during the year (Refer Note 20 (b) in Schedule 'M') 19.69					
		(14.04)			
		99.03		(39.50)	
				92.93	
(d) Equity Shares of Asian Paints (Nepal) Pvt. Ltd., Nepal 10,84,770 NPR 10/- 0.12 0.12					
(e) Equity Shares of Maxbhumi Developers Ltd. 50,000 10/- 0.05 0.05					
(f) Equity Shares of Multifacet Infrastructure (India) Limited* 10,000 10/- 0.01 -					
			129.66	141.74	
Total Long Term Unquoted Investments			155.31	157.39	

* Formerly Multifacet Infrastructure (India) Pvt. Ltd.

Schedules Forming Part of the Accounts

	Nos.	Face value (Rs.)	As at 31.03.2010	As at 31.03.2009	(Rs. in Crores)
SCHEDULE E : INVESTMENTS					
Long Term Investments					
Quoted					
(i) Trade Investments					
Akzo Nobel India Ltd. (Formerly ICI (India) Ltd.) (17,50,157 equity shares sold during the year)	20,10,626	10/- (37,60,783)	41.30	77.25	
(ii) Other Investments					
Housing Development Finance Corporation Ltd.	93,000	10/-	0.12	0.12	
Apcotex Industries Ltd.	3,418	10/-	0.01	0.01	
(iii) Investment in Mutual Funds					
ICICI Prudential Fixed Maturity Plan					
Series 51 - Plan E	50,00,000	10/-	5.00	-	
KOTAK Fixed Maturity Plan Series 6 - Growth	50,00,000	10/-	5.00	-	
SUNDARAM BNP PARIBAS Fixed Term					
Plan Series Y - Growth	1,00,00,000	10/-	10.00	-	
RELIANCE Fixed Horizon Fund - XIV - Series 1 - Growth Plan	2,00,00,000	10/-	20.00	-	
Total Long Term Quoted Investments			81.43	77.38	
Total Long Term Investments			236.74	234.77	
Current Investments (Unquoted)					
Investments in Mutual Funds:					
BIRLA SUNLIFE Savings Fund - Institutional - Growth	3,33,33,364.592	10/-	58.26	-	
ICICI Prudential Flexible Income Plan Premium - Growth	28,20,799.090	10/-	48.30	-	
GFCG IDFC Money Manager Fund - TP - Super					
Institutional Plan C - Growth	5,38,18,266.852	10/-	58.75	-	
JM Money Manager Fund Super Plus Plan - Growth	3,28,75,322.973	10/-	42.68	-	
KOTAK Flexi Debt Scheme Institutional - Growth	4,75,68,403.795	10/-	53.87	-	
LIC MF Savings Plus Fund - Growth Plan	4,03,07,389.144	10/-	59.00	-	
RELIANCE Money Manager Fund - Institutional Option - Growth Plan	3,00,908.402	1,000/-	37.75	-	
RELIGARE Ultra Short Term Fund - Institutional Growth	4,20,50,552.695	10/-	53.24	-	
TATA Floater Fund - Growth	4,01,31,946.742	10/-	55.10	-	
Total Current Investments			466.95	-	
Total Investments			703.69	234.77	
Aggregate market value of Long term Quoted Investments			186.79	178.76	

Note :

1. Figures in brackets indicate that of previous year.
2. Investments in shares are fully paid up except where indicated.

Schedules Forming Part of the Accounts

3. The following investments were purchased and sold during the year.

	Nos.	Face value (Rs.)	Purchase Cost (Rs. in Crores)
Units in Mutual Funds			
(1) BIRLA SUNLIFE Cashplus - Institutional Premium - Daily Dividend - Reinvestment	45,01,22,261.588	10/-	451.00
(2) BIRLA SUNLIFE Savings Fund - Institutional - Daily Dividend - Reinvestment	26,88,94,289.709	10/-	269.08
(3) DWS Insta Cash Fund - Super Institutional Plan - Daily Dividend - Reinvestment	27,25,41,462.565	10/-	273.37
(4) DWS Ultra Short Term Fund - Institutional Daily Dividend - Reinvestment	18,17,10,926.076	10/-	182.04
(5) GCCD IDFC Cash Fund - Super Institutional Plan C - Daily Dividend	6,99,82,504.372	10/-	70.00
(6) HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Daily Dividend, Option: Reinvestment	18,54,37,943.169	10/-	186.02
(7) HDFC Liquid Fund Premium Plan - Dividend - Daily Reinvestment Option: Reinvestment	18,01,71,904.727	10/-	220.89
(8) ICICI Prudential Flexible Income Plan Premium - Daily Dividend	5,67,76,739.350	10/-	60.03
(9) ICICI Prudential Liquid Super Institutional Plan - Dividend - Daily	6,99,89,981.870	10/-	70.00
(10) ICICI Prudential Flexible Income Plan Premium - Daily Dividend	1,37,07,215.970	100/-	144.95
(11) ICICI Prudential Liquid Super Institutional Plan - Dividend - Daily	1,51,96,652.340	100/-	152.00
(12) GFCD IDFC Money Manager Fund - TP - Super Institutional Plan C - Daily Dividend 6	6,20,16,259.255	10/-	62.03
(13) JM High Liquidity Fund - Super Institutional Plan - Daily Dividend	6,98,84,809.873	10/-	70.00
(14) JM Money Manager Super Plus Plan - Daily Dividend	5,89,73,402.762	10/-	59.00
(15) KOTAK Flexi Debt Scheme Institutional - Daily Dividend	5,87,34,025.504	10/-	59.01
(16) KOTAK Liquid (Institutional Premium) - Daily Dividend	5,47,91,831.927	10/-	67.00
(17) LIC MF Liquid Fund - Dividend Plan	5,73,76,526.625	10/-	63.00
(18) LIC MF Savings Plus Fund - Daily Dividend Plan	5,90,07,970.479	10/-	59.01
(19) RELIANCE Liquidity Fund - Daily Dividend Reinvestment Option	16,79,46,836.93	10/-	168.00
(20) RELIANCE Money Manager Fund - Institutional Option - Daily Dividend Plan	10,39,217.902	1,000/-	104.04
(21) RELIGARE Liquid Fund - Super Institutional Daily Dividend	6,79,56,507.834	10/-	68.00
(22) RELIGARE Ultra Short Term Fund - Institutional Daily Dividend	6,49,04,778.271	10/-	65.01
(23) SBI - Magnum Insta Cash Fund - Daily Dividend Option	1,37,31,097.353	10/-	23.00
(24) SBI - SHF - Ultra Short Term Fund - Institutional Plan - Daily Dividend	2,29,90,972.529	10/-	23.00
(25) TATA Floater Fund - Daily Dividend	19,13,43,898.792	10/-	192.03
(26) TATA Liquid Super High Investment Fund - Daily Dividend	26,39,526.699	1,000/-	294.18
(27) TEMPLETON INDIA Treasury Management Account Super Institutional Plan - Daily Dividend Reinvestment	15,08,984.452	1,000/-	151.00
(28) TEMPLETON INDIA Ultra Short Bond Fund Super Institutional Plan - Daily Dividend Reinvestment	13,68,57,745.531	10/-	137.02
(29) UTI Liquid Cash Plan Institutional - Daily Income Option - Reinvestment	28,54,492.396	1,000/-	291.00
(30) UTI Treasury Advantage Fund - Institutional Plan (Daily Dividend Option) - Reinvestment	15,50,406.088	1,000/-	155.07

Schedules Forming Part of the Accounts

	(Rs. in Crores)	
	As at 31.03.2010	As at 31.03.2009
SCHEDULE F : CURRENT ASSETS, LOANS AND ADVANCES		
Current Assets		
(i) Interest accrued on investments	0.16	0.16
(ii) Inventories - valued and certified by the Management		
(a) Raw materials	280.10	195.08
(b) Packing materials	16.18	15.71
(c) Finished goods (including Paints purchased for resale)	408.16	281.63
(d) Work-in-process	39.51	36.25
(e) Stores, spares and consumables	17.87	16.44
(f) Other traded items	1.32	1.60
	763.14	546.71
(iii) Sundry debtors (Unsecured)		
(a) Outstanding for more than six months		
Considered good	2.43	4.87
Considered doubtful	6.92	5.90
	9.35	10.77
(b) Other debts		
Considered good	329.00	306.15
Considered doubtful	-	0.02
	329.00	306.17
Less : Provision for doubtful debts	338.35	316.94
	6.92	5.92
	331.43	311.02
(iv) Cash and Bank Balances		
(a) Cash on hand	0.12	0.08
(b) Balances with Scheduled Banks :		
(i) Current Accounts	28.46	40.28
(ii) Term Deposits	0.02	0.21
(iii) Cash Credit Accounts	-	87.69
	28.60	128.26
(v) Other Current Assets		
(a) Other Receivables	66.55	48.30
[Includes receivables from subsidiaries Rs. 12.42 Crores (Previous year Rs. 11.81 Crores)]		

Schedules Forming Part of the Accounts

(Rs. in Crores)

	As at 31.03.2010	As at 31.03.2009
Loans and Advances		
(i) Wholly owned subsidiaries		
(a) Amount due against receivables		
Asian Paints Industrial Coatings Ltd. [Maximum outstanding during the year Rs. 0.68 crores (Previous year Rs. 0.67 crores)]	0.68	0.67
Multifacet Infrastructure (India) Limited* [Maximum outstanding during the year Rs. 0.03 crores (Previous year Nil)]	0.03	-
(b) Interest bearing loan - unsecured and considered good		
Asian Paints Industrial Coatings Ltd. [Maximum outstanding during the year Rs. 3.20 crores (Previous year Rs. 12.75 crores)]	-	3.20
(c) Interest free loan - unsecured and considered good		
Technical Instruments Manufacturers (India) Ltd. [Maximum outstanding during the year Rs. NIL (Previous year Rs. 16.89 crores)] (Refer Note 28 in Schedule 'M')	-	2.22
(d) Interest free loan - unsecured and considered good	<u>13.97</u>	<u>14.22</u>
Maxbhumi Developers Limited [Maximum outstanding during the year Rs. 14.22 crores (Previous year Rs. 14.29 crores)]	14.68	20.31
(ii) Other Loans and Advances :		
Unsecured and considered good		
(a) Balances with Customs, Central Excise etc.	26.79	15.94
(b) Sundry deposits	24.31	17.27
(c) Advances/claims recoverable in cash or in kind	74.10	49.45
(d) Advances to employees	0.97	1.20
(e) Advances against capital expenditure	10.96	75.78
(f) Amount due from subsidiaries	0.59	2.26
(g) Advance payment of taxes (Net of Provision for tax of Rs. NIL [Previous year Rs. 1,154.81 crores])	<u>-</u>	<u>11.76</u>
	137.72	173.66
Unsecured and considered doubtful		
Advances/claims recoverable in cash or in kind	2.68	1.55
Less: Provision for doubtful advances/ claims recoverable in cash or in kind	<u>(2.68)</u>	<u>(1.55)</u>
	152.40	193.97
	<u>1,342.28</u>	<u>1,228.42</u>

* Formerly Multifacet Infrastructure (India) Pvt. Ltd.

Schedules Forming Part of the Accounts

	(Rs. in Crores)	
	As at 31.03.2010	As at 31.03.2009
SCHEDULE G : CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
(i) Acceptances	292.72	176.35
(ii) Sundry creditors		
- Dues to Micro and small enterprises	1.72	1.28
(Refer Note B - 18 in Schedule 'M')		
- Others	<u>569.99</u>	<u>357.23</u>
	571.71	358.51
	<u>864.43</u>	<u>534.86</u>
(iii) Investor Education and Protection Fund*		
(a) Unpaid/ Unclaimed dividend	3.41	2.86
(b) Unpaid/ Unclaimed matured deposits	-	0.01
(c) Unclaimed amount of sale proceeds of fractional coupons of bonus shares	0.04	0.04
	3.45	2.91
(iv) Other liabilities		
(a) Employees (including Rs.1.50 crores due to Managing Director Previous year Rs. 3.81 crores due to Wholetime Directors)	51.63	38.63
(b) Others (including Rs 1.89 crores due to Non Executive Directors. Previous year Rs. 0.77 crores)	<u>236.76</u>	<u>195.50</u>
	288.39	234.13
	<u>1,156.27</u>	<u>771.90</u>
Provisions		
(i) Proposed Dividend	177.45	105.51
(ii) Provision for tax on Proposed Dividend	29.47	17.93
(iii) Provision for tax (Net of advance tax) (Net of Advance Tax of Rs. 1,459.75 crores [Previous year Rs. NIL])	25.50	-
(iv) Provision for accrued leave	47.02	49.02
(v) Defined benefit obligations (Refer Note B - 26 in Schedule 'M')	15.26	12.27
(v) Other provisions (Refer note B - 22 in Schedule 'M')	9.47	1.42
	<u>304.17</u>	<u>186.15</u>
	<u>1,460.44</u>	<u>958.05</u>

* There is no amount due and outstanding to be paid to the Investor Education and Protection Fund as at 31st March, 2010. These amounts shall be paid to the Fund as and when they become due.

Schedules Forming Part of the Accounts

(Rs. in Crores)

	Year 2009-2010	Year 2008-2009
SCHEDULE H : SALES & OPERATING INCOME		
Sales :		
Home Market (Net of returns)	5,732.81	4,985.44
Exports	20.71	17.99
Turnover	<u>5,753.52</u>	<u>5,003.43</u>
Less : Discounts	247.65	208.20
Sales (Net of discounts)	<u>5,505.87</u>	<u>4,795.23</u>
Operating income:		
Processing charges	10.26	11.55
Lease Rent	0.37	0.53
Revenue from Home Solutions operations	<u>12.32</u>	<u>11.82</u>
	22.95	23.90
	<u>5,528.82</u>	<u>4,819.13</u>
SCHEDULE I : OTHER INCOME		
Interest	3.88	3.14
(TDS Rs. 0.08 crores - previous year Rs. 0.16 crores) (Refer Note B - 17 in Schedule 'M')		
Claims received	0.45	0.37
Dividends received		
(i) From subsidiary companies	1.02	0.85
[(TDS Rs. 0.07 crores - (previous year Rs. 0.04 crores)]		
(ii) Long term investments - Trade	6.02	5.05
(iii) Long term investments - Others	0.28	0.23
(iv) Short term investments	<u>16.10</u>	<u>10.80</u>
	23.42	16.93
Royalty	17.62	15.07
(TDS Rs. 1.54 crores - previous year Rs. 1.64 crores)		
Sundry balances written back (Net)	-	0.03
Reversal of provision for liabilities no longer required	1.08	3.15
Profit on sale of long term investments	63.02	-
Profit on sale of short term investments (Net)	-	0.10
Profit on sale of fixed assets (Net) (Refer Note B - 19 in Schedule 'M')	7.02	6.08
Exchange difference (Net)	5.42	-
Miscellaneous income	<u>21.94</u>	<u>15.19</u>
	<u>143.85</u>	<u>60.06</u>

Schedules Forming Part of the Accounts

	(Rs. in Crores)	
	Year 2009-2010	Year 2008-2009
SCHEDULE J : MATERIAL COST		
Raw Materials Consumed		
Opening Stock	195.08	190.82
Add : Purchases	2,446.95	2,124.19
	2,642.03	2,315.01
Less: Closing Stock	280.10	195.08
	2,361.93	2,119.93
Packing Materials Consumed		
Opening Stock	15.71	15.48
Add : Purchases	493.51	428.56
	509.22	444.04
Less : Closing Stock	16.18	15.71
	493.04	428.33
Cost of Paints purchased for resale		
Opening Stock	5.47	3.03
Add : Purchases	53.08	42.54
(Quantity MT 37,052 - Previous year 25,309 MT)	58.55	45.57
Less : Closing Stock	6.79	5.47
	51.76	40.10
Cost of other goods sold		
Opening Stock	1.60	1.76
Add : Purchases	39.07	33.54
	40.67	35.30
Less : Closing Stock	1.32	1.60
	39.35	33.70
	2,946.08	2,622.06
(Increase)/Decrease in finished goods and work in process		
Opening Stock	312.41	314.08
Closing Stock	440.88	312.41
	(128.47)	1.67
Increase/(Decrease) in Excise duty on finished goods	22.63	(16.80)
	2,840.24	2,606.93
SCHEDULE K : EMPLOYEE COST		
Salaries, wages, allowances, commission, bonus and accrued leave salary	223.11	205.80
Contribution to Defined contribution plans: Provident and other Funds	12.54	11.95
Defined Benefit Plans (Gratuity and other Plans)	11.12	9.56
(Refer Note B - 26 in Schedule 'M')		
Staff welfare expenses	14.07	11.59
(For managerial remuneration, Refer Note B - 5(b) in Schedule 'M')		
	260.84	238.90

Schedules Forming Part of the Accounts

	(Rs. in Crores)	
	Year 2009-2010	Year 2008-2009
SCHEDULE L: MANUFACTURING, ADMINISTRATIVE, SELLING AND DISTRIBUTION EXPENSES		
Stores and spares	19.11	16.75
Power and fuel	47.03	45.78
Processing charges	35.29	26.18
Repairs and Maintenance:		
Buildings	5.01	4.95
Machinery	5.91	5.57
Others	<u>17.11</u>	<u>15.86</u>
Rent	28.03	26.38
Rates and taxes	36.23	34.64
Insurance	21.76	10.84
Printing, stationery and communication expenses	3.89	3.42
Travelling expenses	22.17	21.81
Donations	29.32	28.35
Sundry balances written off (Net)	1.95	1.82
Commission to Non Executive Directors	0.49	-
Directors' sitting fees	1.89	0.87
Auditors' remuneration	0.20	0.15
Finance costs	1.08	1.01
Exchange difference (Net)	5.34	5.51
Information Technology expenses	-	12.05
Legal and professional expenses	11.10	8.70
Training and recruitment	7.92	5.21
Freight and handling charges	3.94	4.22
Advertisement and sales promotional expenses	213.93	173.94
Cash and payment performance discount	244.25	197.05
Commission on sales	234.37	199.83
Bad debts written off	0.14	0.32
Provision for doubtful debts and advances	1.17	0.79
Miscellaneous expenses	2.14	3.69
	<u>41.26</u>	<u>33.64</u>
	<u>1,014.00</u>	<u>862.95</u>

Schedules Forming Part Of the Accounts

Schedule M : Significant Accounting Policies and Notes to Financial Statements

A. Statement of Significant Accounting Policies followed in the Compilation of Accounts

1. Basis of preparation of financial statement:

(a) Basis of Accounting:

The financial statements have been prepared and presented under the historical cost convention on accrual basis of accounting to comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 and with the relevant provisions of the Companies Act, 1956.

(b) Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) in India 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.

2. Fixed Assets:

(a) Fixed assets are carried at the cost of acquisition or construction, less accumulated depreciation. The cost of fixed assets includes taxes (other than those subsequently recoverable from tax authorities), duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. Interest on borrowed funds directly attributable to the qualifying assets up to the period such assets are put to use, is included in the cost.

(b) Know-how related to plans, designs and drawings of buildings or plant and machinery is capitalised under relevant asset heads.

(c) Depreciation on all fixed assets is provided under Straight Line Method. 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 a higher rate based on the management's estimate of the useful life/remaining useful life. Pursuant to this policy, depreciation on following assets has been provided at rates which are higher than the corresponding rates prescribed in Schedule XIV.

Information Technology Assets : 4 years

Scientific Research equipment : 8 years

Furniture and Fixtures : 8 years

Office equipment and Vehicles : 5 years

For Phthalic Anhydride and Pentaerythritol plants, depreciation is provided on all eligible plant and machinery at rates applicable for continuous process plants and for other eligible plant and machinery depreciation is provided on triple shift basis.

Depreciation on tinting systems except computers leased to dealers is provided under Straight Line Method over the estimated useful life of nine years as per technical evaluation. Depreciation on computers given on lease is provided under straight line method and at rates specified under Schedule XIV to the Companies Act, 1956.

Assets costing less than Rs. 5,000 are fully charged to the profit and loss account in the year of acquisition. Leasehold land and leasehold improvements are amortised over the primary period of lease.

Purchase cost, user licence fees and consultancy fees for major software are amortised over a period of four years. Acquired Trade mark is amortised over a period of five years.

(d) At Balance Sheet date, an assessment is done to determine whether there is any indication of impairment in the carrying amount of the Company's fixed assets. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

An assessment is also done at each Balance Sheet date whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased. If any such indication exists the asset's recoverable amount is estimated. The carrying amount of the fixed asset is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss is recognised in the Profit and Loss Account.

After recognition of impairment loss or reversal of impairment loss as applicable, the depreciation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on straight line basis over its remaining useful life.

3. Revenue Recognition:

Revenue from sale of goods is recognised on transfer of all significant risks and rewards of ownership to the buyer which is on dispatch of goods. The amount recognised as sale is exclusive of sales tax/VAT and are net of returns. Sales are stated gross of excise duty as well as net of excise duty; excise duty being the amount included in the amount of gross turnover. The excise duty related to the difference between the closing stock and opening stock is recognised separately as part of 'material cost'.

Revenue from service is recognised on rendering of services to customers.

Dividend income is recognised when the right to receive payment is established.

Interest income is recognised on the time proportion basis.

4. Lease Accounting:

Assets taken on operating lease:

Lease rentals on assets taken on operating lease are recognised as expense in the Profit and Loss Account on an accrual basis over the lease term.

Assets given on operating lease:

The Company has provided tinting systems to dealers on an operating lease basis. Lease rentals are accounted on accrual basis in accordance with the respective lease agreements.

5. Inventory:

(a) Raw materials, work in progress, finished goods, packing materials, stores, spares, traded items and consumables are carried at the lower of cost and net realisable value. The comparison of cost and net realisable value is made on an item-by-item basis. Damaged, unserviceable and inert stocks are suitably depreciated.

(b) In determining cost of raw materials, packing materials, traded items, stores, spares and consumables, weighted average cost method is used. Cost of inventory comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition.

(c) Cost of finished goods and work-in-process includes the cost of raw materials, packing materials, an appropriate share of fixed and variable production overheads, excise duty as applicable and other costs incurred in bringing the inventories to their present location and condition. Fixed production overheads are allocated on the basis of normal capacity of production facilities.

6. Investments:

Long term investments are carried at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary in the opinion of the management. Current investments are carried at lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investments.

Profit and loss on sale of investments is determined on a first-in-first-out (FIFO) basis.

7. Transactions in Foreign Exchange:

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the Profit and Loss Account of the year.

Monetary assets and liabilities denominated in foreign currencies, which are outstanding as at the year end are translated at the closing exchange rate and the resultant exchange differences are recognised in the Profit and Loss Account.

The premium or discount on forward exchange contracts is recognized over the period of the contracts in the Profit and Loss Account.

8. Sundry Debtors:

Sundry debtors are stated after writing off debts considered as bad. Adequate provision is made for debts considered doubtful. Discounts due, yet to be quantified at the customer level are included under the head 'Current Liabilities and Provisions'.

9. Employee Benefits:

A. Short Term Employee Benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognised in the period in which the employee renders the related service. The Company recognises the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

B. Post-employment benefits:

(a) Defined contribution plans

Defined contribution plans are Provident Fund scheme, employee state insurance scheme and Government administered Pension Fund scheme for all employees and superannuation scheme for eligible employees. The Company's contribution to defined contribution plans are recognised in the Profit and Loss Account in the financial year to which they relate.

The Company makes specified monthly contributions towards employee provident fund to a Trust administered by the Company. The interest payable by the trust to the beneficiaries every year is being notified by the Government. The Company has an obligation to make good the shortfall, if any, between the return on investments of the trust and the notified interest rate.

(b) Defined benefit plans

(i) Defined benefit gratuity plan

The Company operates a defined benefit gratuity plan for employees. The Company contributes to a separate entity (a fund), towards meeting the Gratuity obligation.

(ii) Defined benefit pension plan

The Company operates a defined benefit pension plan for certain specified employees and is payable upon the employee satisfying certain conditions, as approved by the Board of Directors.

(iii) Defined Post Retirement Medical benefit plan

The Company operates a defined post retirement medical benefit plan for certain specified employees and is payable upon the employee satisfying certain conditions.

The cost of providing defined benefits is determined using the Projected Unit Credit method with actuarial valuations being carried out at each Balance Sheet date. Past service cost is recognised immediately to the extent that the benefits are already vested, else is amortised on a straight-line basis over the average period until the amended benefits become vested. The defined benefit obligations recognised in the Balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and as reduced by the fair value of plan assets, if applicable. Any defined benefit asset (negative defined benefit obligations resulting from this calculation) is recognised representing the unrecognised past service cost plus the present value of available refunds and reductions in future contributions to the plan.

C. Other long term employee benefits

Entitlements to annual leave and sick leave are recognised when they accrue to employees. Sick leave can only be availed while annual leave can either be availed or encashed subject to a restriction on the maximum number of accumulation of leave. The Company determines the liability for such accumulated leaves using the Projected Accrued Benefit method with actuarial valuations carried out at each Balance Sheet date.

10. Research and Development:

- (a) Capital expenditure is shown separately under respective heads of fixed assets.
- (b) Revenue expenses including depreciation are charged to Profit and Loss account under the respective heads of expenses.

11. Provision for Taxation:

Tax expense comprises of current tax (i.e. amount of tax for the period determined in accordance with the Income Tax Act, 1961) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period).

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carry forward loss under taxation laws, deferred 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 to reassess realisation.

12. Provisions and Contingencies:

The Company creates a provision when there exists a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made.

13. Earnings Per Share:

The Basic and Diluted Earnings Per Share ("EPS") is computed by dividing the net profit after tax for the year by weighted average number of equity shares outstanding during the year.

14. Proposed Dividend:

Dividend recommended by the Board of directors is provided for in the accounts, pending approval at the Annual General Meeting.

B. Notes:

	(Rs. in Crores)	
	2009-2010	2008-2009
1. Estimated amount of contracts remaining to be executed on capital account and not provided for	36.87	180.58
2. Letters of Credit and Bank guarantees issued by bankers and outstanding as on 31 st March, 2010	33.19	54.24
3. Contingent Liabilities:		
a. Guarantee given on behalf of Company's dealers in respect of loans granted to them by a bank for acquiring dealer tinting systems	11.41	21.43
b. Corporate guarantees issued by the Company to certain banks on behalf of some of its subsidiaries	128.79	102.99
c. The Company has issued letters of comfort/support to banks on behalf of some of its subsidiaries from time to time and the financial support/comfort based on such letters is limited to: The Company has also issued a letter to the board of a subsidiary informing its commitment to continue extending corporate guarantees and letters of comfort for banking facilities as included in the above for a period upto 31 st May, 2011	77.18	125.14
d. Claims against the Company not acknowledged as debts		
i. Tax matters in dispute under appeal	41.50	47.69
ii. Others	5.23	4.18
4. Auditors' remuneration :		
Statutory audit fee	0.76	0.70
Tax audit fees	0.06	0.06
Certification fees and other services	0.14	0.14
Out of pocket expenses	0.06	0.03
Cost audit fees	0.04	0.04
In addition, an associate firm of one of the joint statutory auditor's firm has been paid Rs. 0.02 crores for taxation services during the year (Previous year Rs. 0.04 crores)		
5. (a) Computation of Profit for the year ended 31st March, 2010 under section 349 of the Companies Act, 1956.		
Net Profit as per Profit and Loss Account	774.50	362.36
Add: Provision for tax (including fringe benefit tax in previous year)	327.72	167.18
Provision for deferred tax	2.45	16.39
Exceptional items (Refer Note 20 (c))	-	5.90
Less: Surplus on sale of long term investments (Net)	63.02	-
Profit on sale of assets (Net)	7.02	6.08
Exceptional items (Refer Note 20 (a) and (b))	25.46	-
Profit under Section 349 of the Companies Act, 1956	1,009.17	545.75
Add: Managerial remuneration	5.52	7.11
Profit under Section 198 of the Companies Act, 1956	1,014.69	552.86
Commission to non-executive directors :		
Subject to a ceiling of 1% of profit as computed above:	10.15	5.53
Commission actually paid	1.89	0.87
Remuneration to whole-time directors :		
Subject to a ceiling of 5% of profit as computed above:		
(Subject to a ceiling of 10% of profit in previous year)	50.73	55.29
Total Remuneration actually paid	3.43	6.09

		(Rs. in Crores)	
		2009-2010	2008-2009
(b) Details of managerial remuneration under Section 198 of the Companies Act, 1956			
Salaries and allowances		1.31	1.53
Commission to Managing Director – maximum permissible limit is 0.75% of the profit as computed under section 349, as approved by the Shareholders			
(Previous year figure indicates commission paid to Executive Directors – maximum permissible limit is 2% of the Profit as computed under section 349 in aggregate to all three executive directors as approved by the Shareholders)		1.50	3.00
Contribution to Provident and Superannuation funds		0.11	1.09
Perquisites		0.51	0.47
Sub Total		3.43	6.09
Sitting Fees to Non-executive directors		0.20	0.15
Commission to Non-executive directors		1.89	0.87
Sub Total		2.09	1.02
Grand Total		5.52	7.11

The above remuneration does not include contribution to gratuity fund and leave encashment/entitlement as this contribution is a lump sum amount based on actuarial valuation.

The Company depreciates certain fixed assets at higher rates of depreciation based on estimated useful lives which are lower or equal to the implicit estimated useful lives prescribed by Schedule XIV of the Companies Act, 1956. The above higher value of depreciation has been considered as deduction for the computation of managerial remuneration in (a) above.

6. Production:							
Items	Unit	Location	Installed Capacity ⁽¹⁾		Production		
			As at 31 st March 2010	As at 31 st March 2009	2009-2010	2008-2009	
a) Paints, enamels and varnishes	MT/KL	In-house ⁽²⁾ Contract Manufacture/ Purchase	4,44,150	4,04,150	4,11,369 ⁽⁴⁾	3,54,370 ⁽⁴⁾	
b) Synthetic Resins and Polymers (Mainly for captive consumption)	MT	In-house ⁽³⁾	-	-	1,82,059	1,41,616	
c) Phthalic Anhydride	MT	Ankleshwar	29,796	25,200	23,721 ⁽⁶⁾	19,941 ⁽⁶⁾	
d) Maleic Acid	MT	Ankleshwar	4,860	5,400	4,267	3,073	
e) Pentaerythritol	MT	Cuddalore	5,400	5,400	4,700 ⁽⁷⁾	4,500 ⁽⁷⁾	
f) Sodium Formate	MT	Cuddalore	3,300	3,240	2,406	2080	
g) Formaldehyde (100%) ⁽⁸⁾	MT	Cuddalore Purchase	8,100	8,100	4,944 1,023	5,363 -	

1. Installed capacities are as certified by the management on which auditors have relied.
2. Manufacturing plants at Mumbai, Ankleswar, Patancheru, Kasna, Siperumbudur and Taloja.
3. Manufacturing plants at Mumbai, Ankleswar, Patancheru, Kasna, Siperumbudur.
4. Includes 6,662 MT (Previous year 6,012 MT) of products processed for third party.
5. Includes 2,823 MT (Previous year 2,210 MT) of resins processed for third party.
6. Includes 13,225 MT (Previous year 10,696 MT) Phthalic Anhydride transferred to paint plants for captive consumption.
7. Includes 2,424 MT (Previous year 2,375 MT) Pentaerythritol transferred to paint plants for captive consumption.
8. Mainly for internal consumption in the manufacture of Pentaerythritol.

7. Stock and Turnover:

(Rs. in Crores)

	Unit	Opening Stock Qty.	Stock Value	Closing Stock Qty.	Stock Value	Turnover * Qty.	Turnover * Value
a. Paints, enamels and varnishes	MT/KL	41,475	278.73	55,593	399.95	5,71,975	5,603.24
		(43,127)	(279.97)	(41,475)	(278.73)	(4,91,472)	(4,864.19)
b. Phthalic Anhydride	MT	278	1.46	596	4.04	10,178	62.10
		(965)	(5.62)	(278)	(1.46)	(9,932)	(60.20)
c. Maleic Acid	MT	-	-	-	-	4,267	2.82
		-	-	-	-	(3,073)	(2.68)
d. Pentaerythritol	MT	141	1.16	361	2.82	2,056	24.71
		(108)	(0.93)	(141)	(1.16)	(2,092)	(25.91)
e. Sodium Formate	MT	9	0.02	398	1.19	2,007	5.87
		(179)	(0.34)	(9)	(0.02)	(2,245)	(5.12)
f. Formaldehyde (100%)	MT	126	0.26	245	0.16	338	0.34
		(132)	(0.30)	(126)	(0.26)	(400)	(1.49)
g. Others (Refer Note (ii) below)						54.44	
						(43.84)	
Total		281.63		408.16		5,753.52	
		(287.16)		(281.63)		(5,003.43)	

* Includes sale of materials processed outside, resale of finished paints and dealer tinting systems purchased.

(i) Figures in brackets are for the previous year.

(ii) This comprises of resins, machinery spares, stationery items, plant and machinery, dealer tinting systems and other miscellaneous items.

8. Raw materials consumed:

(Rs. in Crores)

	Unit	2009-2010		2008-2009	
		Qty.	Value	Qty.	Value
a. Pigments, Extenders, Minerals etc.	MT	2,73,222	870.67	2,30,246	691.90
b. Additives	MT	42,280	399.59	33,700	322.65
c. Solvents	MT } KL }	9,340 72,578	298.12 182.63	8,588 } 61,298 }	330.08
d. Resins	MT	37,332	182.63	32,480	187.28
e. Oils	MT	33,232	187.08	28,248	186.63
f. Ortho Xylene	MT	27,899	132.74	23,888	119.23
g. Methanol	MT	5,712	7.58	6,231	11.25
h. Acetaldehyde	MT	1,778	8.04	1,714	6.75
I Monomers	MT	22,508	172.08	17,401	160.18
j. Others	MT	21,522	103.40	20,413	103.98
Total			2,361.93		2,119.93

9. CIF value of direct imports:

(Rs. in Crores)

	2009-2010	2008-2009
a. Raw materials	475.30	380.66
b. Stores and Spares	0.38	2.85
c. Capital goods	107.61	33.00
d. Others	0.85	0.91

10. Value of imported and indigenous raw materials and spares consumed and percentage of each to total consumption:

	(Rs. in crores)	2009-2010		2008-2009	
		% to Total	(Rs. in crores)	% to Total	(Rs. in crores)
a. Raw materials:					
Direct imports	489.87	20.74	413.20	19.49	
Others (including value of consumption of imported raw materials purchased through indigenous sources)	1,872.06	79.26	1,706.73	80.51	
Total	2,361.93	100.00	2,119.93	100.00	
b. Stores and spares:					
Direct imports	0.39	2.04	3.14	18.75	
Others	18.72	97.96	13.61	81.25	
Total	19.11	100.00	16.75	100.00	

11. Net dividend remitted in foreign currency:

	2009-2010			2008-2009		
	Number of Non-resident Shareholders	Number of Equity Shares held	Dividend remitted (Rs. in crores)	Number of Non-resident Shareholders	Number of Equity Shares held	Dividend remitted (Rs. in crores)
Final Dividend 2007-2008	-	-	-	17	31,756	0.03
Interim Dividend 2008-2009	-	-	-	17	31,756	0.02
Final Dividend 2008-2009	16	28,992	0.03	-	-	-
Interim Dividend 2009-2010	16	28,992	0.02	-	-	-

12. Expenditure in foreign currency:

	(Rs. in Crores)	
	2009-2010	
	2009-2010	2008-2009
a. Annual maintenance for software	1.02	1.10
b. Professional fees	1.14	1.67
c. Shade cards and other sales promotional Items	11.56	2.92
d. Travelling and Training Expenses	9.15	10.35
e. Royalty	2.98	-
f. Others	1.26	1.23
Total	27.11	17.27

13. Earnings in foreign currency:

	(Rs. in Crores)	
	2009-2010	
	2009-2010	2008-2009
a. Export of own products at FOB value	14.81	13.53
b. Export of traded goods at FOB value	0.56	0.94
c. Royalty	14.92	12.98
d. Other receipts including recoveries from subsidiaries	4.17	1.55
Total	34.46	29.00

14. Sundry debtors include Rs. 1.84 crores (Previous year Rs. 1.01 crores) due from subsidiary companies.

15. The Company has incurred following expenditure on Research and Development:

a) Revenue Expenditure

	(Rs. in Crores)	2009-2010	2008-2009
Employee Cost	16.26	16.84	
Depreciation on Equipment and Building	5.16	4.37	
Traveling Expenditure	0.50	0.51	
Testing and Laboratory Expenditure	0.42	0.42	
Power and fuel	1.57	1.47	
Stores and Spares	0.39	0.30	
Repairs and Maintenance	0.73	0.25	
Materials Consumed	0.33	0.39	
Others	3.07	2.91	
Total	28.43	27.46	

b) Capital Expenditure

	(Rs. in Crores)	2009-2010	2008-2009
For Bhandup Research and Development facility	-	0.13	
For Turbhe Research and Development facility	1.21	25.77	
Total	1.21	25.90	

16. Interest Expense :

	(Rs. in Crores)	2009-2010	2008-2009
On Bank borrowings	0.20	0.81	
On Bill discounting	9.64	9.31	
Other Interest *	3.92	0.28	
Total	13.76	10.40	

* Note : Other interest includes interest paid Rs. 2.89 crores on account of completion/disposal of various assessments/appeals during the year (Previous year Rs. 0.01 crores).

17. Interest income includes interest received of Rs. 3.47 crores on account of completion/disposal of various assessments/appeals during the year (Previous year – Rs. 2.21 Crores).

18. There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2010. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

19. Profit on sale of fixed assets includes Rs. 6.06 crores (Previous year Rs. 6.77 crores) arising out of the sale of colour world machines on expiry of lease.

20. Exceptional Items :

- a) Exceptional item of current year includes Rs. 5.77 crores being the write back of provision for diminution in the value of investments in the Company's wholly owned subsidiary Asian Paints (International) Limited, Mauritius in consequent to the buy back of 41,00,000 shares at US\$ 1 per share by Asian Paints (International) Limited.

- b) Exceptional item of current year includes Rs. 19.69 crores being the reversal of provision made towards diminution in the value of investments in the Company's wholly owned subsidiary Asian Paints (International) Limited, Mauritius, based on management's assessment of the fair value of its investments.
- c) Exceptional item of previous year consists of provision of Rs. 5.90 Crores towards diminution in the value of the Company's long term investment in its subsidiary Asian Paints (Bangladesh) Ltd. made through its wholly owned subsidiary Asian Paints (International) Ltd. based on the management's assessment of the fair value of its investment. Deferred tax asset on the above provision was not recognized.

- 21.** The Company uses forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The Company does not enter into any derivative instruments for trading or speculative purposes.

The foreign currency exposure not hedged as at 31st March, 2010 are as under:

Currency	Payable (In millions)		Receivable (In millions)		Payable (Rs. In crores)		Receivable (Rs. In crores)	
	09-10	08-09	09-10	08-09	09-10	08-09	09-10	08-09
USD	15.71	4.76	4.11	2.96	70.57	24.13	18.47	15.01
EUR	2.00	0.49	-	-	12.14	3.30	-	-
SGD	0.24	0.55	0.97	2.20	0.79	1.85	3.13	7.33
GBP	0.30	0.04	-	-	2.07	0.29	-	-
SEK	3.08	0.10	-	-	1.91	0.07	-	-
Others	-	-	-	-	0.92	0.17	-	-
Total					88.40	29.81	21.60	22.34

- 22.** Pursuant to the Accounting Standard (AS 29) – Provisions, Contingent Liabilities and Contingent Assets, the disclosure relating to provisions made in the accounts for the year ended 31st March, 2010 is as follows:

	(Rs. in Crores)			
	Provision for Excise *		Provision for Sales tax *	
	2009-2010	2008-2009	2009-2010	2008-2009
Opening Balance	1.11	4.26	0.31	0.45
Additions	0.25	-	7.80	-
Utilisations	-	-	-	-
Reversals	-	3.15	-	0.14
Closing Balance	1.36	1.11	8.11	0.31

* Excise and sales tax provisions made towards matters disputed at various appellate levels.

23. The Company has recognized deferred tax arising on account of timing differences , being the difference between the taxable income and accounting income, that originates in one period and is capable of reversal in one or more subsequent period(s) in compliance with Accounting Standard (AS 22) – Accounting for Taxes on income.

The major components of deferred tax (liabilities)/assets arising on account of timing differences as at 31st March, 2010 are as follows :

	(Rs. in Crores)	
	As at 31.03.2010	As at 31.03.2009
Deferred tax liabilities		
Difference between the Written down value/Capital work in progress of assets as per the books of account and Income Tax Act, 1961	(70.47)	(67.94)
Total deferred tax liabilities	(70.47)	(67.94)
Deferred tax assets		
Expenses allowed for tax purpose on payment basis	17.67	15.82
Provision for doubtful debts	3.07	1.98
Voluntary Retirement scheme (VRS) expenditure debited to Profit and Loss Account but allowed in Income Tax over five years	0.46	0.75
Capital Losses carried forward under the Income Tax Act, 1961	1.37	1.48
Total deferred tax assets	22.57	20.03
Net deferred tax (liability)	(47.90)	(47.91)
Deferred tax asset of previous year	(2.72)	-
Deferred tax liability acquired on account of TIML merger (Refer note 28)	0.26	-
Deferred tax (expense) for the year	(2.45)	(16.39)

- 24.** I. Pursuant to Accounting Standard (AS-19) – Leases, the following information is given:
- a. The Company has provided tinting systems to its dealers on an operating lease basis. The lease period varies between four and ten years. Lease rentals are payable monthly by the dealers. A refundable security deposit is collected at the time of signing the agreement. The equipment shall be used only to tint products of the lessor.
 - b. Future minimum lease rentals receivable as at 31st March, 2010 as per the lease agreements:

	(Rs. in Crores)	
	2009-2010	2008-2009
i) Not later than one year	0.14	0.36
ii) Later than one year and not later than five years	0.29	0.11
iii) Later than five years	-	-
Total	0.43	0.47

The information pertaining to future minimum lease rentals receivable is based on the lease agreements entered into between the Company and the dealers and variation made thereto. Lease rentals are reviewed periodically taking into account prevailing market conditions.

- c. Total amount of contingent rents recognised as income - NIL.
- d. The initial direct cost relating to acquisition of tinting system is capitalised.
- e. The information on gross amount of leased assets, depreciation and impairment is given in Schedule 'D' to the Balance Sheet.

- II. a) The Company has taken certain assets such as cars, computers and Systems hardware on an operating lease basis. The lease rentals are payable by the company on a monthly or quarterly basis.
- b) Future minimum lease rentals payable as at 31st March, 2010 as per the lease agreements:

	(Rs. in Crores)	
	2009-2010	2008-2009
i) Not later than one year	4.04	3.09
ii) Later than one year and not later than five years	5.41	3.83
iii) Later than five years	-	-
Total	9.45	6.92

- c) Lease payments recognised in the profit and loss account for the period are Rs. 4.52 crores (Previous year Rs. 4.01 crores).

25. Pursuant to Accounting Standard (AS-27) - Financial Reporting of Interests in Joint Venture, the disclosures relating to the Joint Venture viz., Asian PPG Industries Limited (hereinafter referred to as JV) are as follows:

- a) The proportion of interest of the Company in the JV is by way of equal equity participation with PPG Industries Securities Inc., U.S.A.
- b) The aggregate amount of assets, liabilities, income and expenses related to the Company's interests in the JV as at 31st March, 2010 is as follows:

	(Rs. in Crores)	
	2009-2010	2008-2009
i) Assets	160.10	133.17
ii) Liabilities	71.85	59.92
iii) Income	231.65	191.70
iv) Expenses	216.65	184.45

- c) The Company's share of capital commitments of the JV as at 31st March, 2010 is Rs. 0.98 crores (Previous year Rs. 0.13 Crores).
- d) The Company's share of contingent liabilities of the JV as at 31st March, 2010 is Rs. 6.02 crores (Previous year Rs. 2.54 crores).
- e) No contingent liabilities and capital commitments have been incurred as at 31st March, 2010 in relation to the Company's interests in the JV along with the other venturer (Previous year Rs. Nil).

26. Employee Benefits:

- (1) Short term employee benefits:

The liability towards short term employee benefits for the year ended 31st March 2010 has been recognised in the Profit and Loss Account.

- (2) Post-employment benefits:

The following disclosures are made in accordance with AS 15 (Revised) pertaining to Defined Benefit Plans:

	(Rs. in Crores)					
	Gratuity (Funded Plan)		Pension (Unfunded Plan)		Post Retirement Medical Benefit (Unfunded Plan)	
	31.03.10	31.03.09	31.03.10	31.03.09	31.03.10	31.03.09
Amount Recognised in Balance Sheet						
Present value of funded obligations	68.50	60.64	-	-	-	-
Fair value of plan assets	(57.59)	(52.96)	-	-	-	-
Present value of unfunded obligations	-	-	3.16	3.37	1.10	1.12
Net Liability	10.91	7.68	3.16	3.37	1.10	1.12
Amounts in Balance Sheet						
Liability	10.91	7.68	3.16	3.37	1.10	1.12
Asset	-	-	-	-	-	-
Net Liability	10.91	7.68	3.16	3.37	1.10	1.12
Expense Recognised in the Statement of Profit & Loss						
Opening defined benefit obligation	-	-	-	-	-	-
less benefits paid-	-	-	-	-	-	-
Current Service cost	4.31	3.43	0.05	0.02	0.04	0.04
Interest on defined benefits obligation	4.83	4.40	0.26	0.20	0.09	0.08
Expense return on plan assets	(3.66)	(3.49)	-	-	-	-
Net actuarial losses/(gains) recognized in year	(0.53)	3.84	(0.11)	0.91	(0.12)	0.12
Past Service cost	5.96	-	-	-	-	-
Total, included in "Employee Benefit Expense"	10.91	8.18	0.20	1.13	0.01	0.24
Actual return on plan assets	4.25	5.98	-	-	-	-
Reconciliation of benefit obligations & plan assets for the Period:						
Change in defined benefit obligation						
Opening defined benefit obligation	60.65	51.73	3.37	2.41	1.12	0.91
Current service cost	4.31	3.43	0.05	0.02	0.04	0.04
Interest cost	4.83	4.40	0.26	0.20	0.09	0.08
Actuarial losses/(gain)	0.06	6.33	(0.11)	0.91	(0.12)	0.12
Past Service Cost	5.96	-	-	-	-	-
Benefits paid	(7.31)	(5.25)	(0.41)	(0.17)	(0.03)	(0.03)
Closing defined benefit obligation	68.50	60.64	3.16	3.37	1.10	1.12
Change in fair value of assets						
Opening fair value of plan assets	52.96	50.04	-	-	-	-
Expected return on plan assets	3.67	3.49	-	-	-	-
Actuarial gain / (losses)	0.59	2.49	-	-	-	-
Contributions by employer	7.68	2.19	0.41	0.17	0.03	0.03
Benefits paid	(7.31)	(5.25)	(0.41)	(0.17)	(0.03)	(0.03)
Closing fair value of plan assets	57.59	52.96	-	-	-	-

	Gratuity (Funded Plan)		Pension (Unfunded Plan)		Post Retirement Medical Benefit (Unfunded Plan)	
Assets information -	31.03.10	31.03.09	31.03.10	31.03.09	31.03.10	31.03.09
Category of assets						
Government of India Securities	49%	50%	-	-	-	-
Corporate bonds	36%	31%	-	-	-	-
Special deposit scheme	12%	14%	-	-	-	-
Equity shares of Listed Companies	0%	0%	-	-	-	-
Property	0%	0%	-	-	-	-
Insurer Managed Funds	0%	0%	-	-	-	-
Others	3%	5%	-	-	-	-
Grand Total	100%	100%	-	-	-	-
Summary of the actuarial assumptions						
Discount rate	8.30%	7.95%	8.30%	7.95%	8.30%	7.95%
Expected rate of return on assets	7.50%	7.50%	-	-	-	-
Experience Adjustments for the current and previous four periods:						
	(Rs. in Crores)					
	31.03.10	31.03.09	31.03.08	31.03.07	31.03.06	
Gratuity (Funded)						
Defined Benefit Obligation	68.50	60.64	51.73	44.20	45.71	
Plan Assets	57.59	52.96	50.04	49.99	48.03	
Surplus / (Deficit)	(10.91)	(7.68)	(1.69)	5.79	2.32	
Experience adjustment on plan liabilities	(4.73)	2.67	3.96	4.36	-	
Experience adjustment on plan assets	0.48	2.49	0.46	(0.67)	-	
Pension (Unfunded)						
Defined Benefit Obligation	3.16	3.37	2.41	2.74	2.97	
Plan Assets	-	-	-	-	-	
Surplus / (Deficit)	(3.16)	(3.37)	(2.41)	(2.74)	(2.97)	
Experience adjustment on plan liabilities	(0.05)	0.80	(0.34)	(0.19)	-	
Experience adjustment on plan assets	-	-	-	-	-	
Post Retirement Medical Benefit (Unfunded)						
Defined Benefit Obligation	1.10	1.12	0.91	0.96	-	
Plan Assets	-	-	-	-	-	
Surplus / (Deficit)	(1.10)	(1.12)	(0.91)	(0.96)	-	
Experience adjustment on plan liabilities	(0.07)	0.05	(0.11)	-	-	
Experience adjustment on plan assets	-	-	-	-	-	

Notes:-

- a) The estimates of future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.
 - b) The Company estimates that the amount to be contributed to the Gratuity fund for the financial year 2010 - 2011 will be Rs 10.91 Crores.
 - c) The guidance on implementing AS-15 (Revised) issued by Accounting Standards Board (ASB) of the Institute of Chartered Accountants of India states benefit involving employer established provident funds, which require interest shortfalls to be recompensed are to be considered as defined benefits plans. Pending the issuance of the guidance note from Actuarial Society of India, the Company's actuary has expressed an inability to reliably measure provident fund liabilities. Accordingly the company is unable to exhibit the related information.
 - d) As the government has amended the monetary ceiling for gratuity as per the Payment of Gratuity Act, 1972 from Rs. 3,50,000/- to Rs. 10,00,000/- the company has made the provisions for gratuity based on the increased limit of Rs. 10,00,000/-.
- (3) Long term employee benefits:
- The liability towards compensated absences (annual leave and sick leave) for the year ended 31st March, 2010 based on actuarial valuation carried out using the Projected Accrued Benefit Method resulted in a reduction in liability by Rs. 2.00 Crores (Previous year expense – Rs.9.71 Crores) which has been recognised in the Profit and Loss Account.

27. Earnings Per Share:

(Rs. in Crores)

	2009-2010	2008-2009
a) Basic and diluted earnings per share before exceptional item in rupees (Face value – Rs. 10/- per share)	78.09	38.39
b) Basic and diluted earnings per share after exceptional item in rupees (Face value – Rs. 10/- per share)	80.74	37.78
c) Profit after tax and prior period items but before exceptional item as per Profit and Loss Account (Rs. in Crores)	749.04	368.26
d) Profit after tax and prior period items and exceptional item as per Profit and Loss Account (Rs. in Crores)	774.50	362.36
e) Weighted average number of equity shares outstanding	9,59,19,779	9,59,19,779

28. Merger of Company's wholly owned subsidiary, Technical Instruments Manufacturers (India) Limited with Asian Paints Limited :

The Hon'ble High Court of Bombay by its order dated 24th July, 2009 sanctioned the scheme of amalgamation under Section 391 to 394 and such other applicable provisions of the Companies Act, 1956 for amalgamation of the Company's wholly owned subsidiary Technical Instruments Manufacturers (India) Ltd. (TIM) with the Company.

TIM owned the building which housed the Company's Registered Office, which it had rented to the Company.

The appointed date of amalgamation was 1st April, 2009, being the date on which all debts, liabilities, duties and obligations of TIM stand transferred to the Company.

The amalgamation has been accounted under pooling of interest method. Consequently, the General Reserves of the Company have been reduced by Rs. 9.44 Crores as under:

(Rs. in Crores)

Cost of Investment in TIM	18.19
Less: Net Assets taken over	8.75
Net reduction in General Reserves on account of merger	9.44

29. Information on related party transactions as required by Accounting Standard - 18 on Related Party Disclosures for the year ended 31st March, 2010.

Particulars	Joint Venture		Subsidiaries		Key Management Personnel ⁽¹⁾		Promoters & their relatives having Control ⁽¹⁾		Companies controlled by Directors/ Relatives		Employee benefit plans where control exists		(Rs. in Crores)	
	09-10	08-09	09-10	08-09	09-10	08-09	09-10	08-09	09-10	08-09	09-10	08-09	09-10	08-09
Sale of goods and other miscellaneous items	9.84	10.07	9.16	8.03						4.16	3.51			
Processing of goods (Income)	10.26	11.55												
Royalty Received	2.00	1.74	15.66	13.69										
Other recoveries	9.78	8.83	1.47	1.52										
Buy Back of Shares			19.36	-										
Profit on buy back of shares			0.31	-										
Interest received on loan given			0.07	0.39										
Sitting Fees Received (from subsidiaries for nominee directors)			0.25	0.22										
Other services-receipts			2.01	1.65										
Reimbursement of Expenses - received	2.29	2.49	2.06	2.40										
Dividend received	-	2.05	1.02	0.85										
Purchase of goods	0.27	0.45	0.01	0.74					142.22	125.83				
Processing of goods (Expense)					3.90						0.68	0.72		
Rent Paid						3.43	6.09	2.66 ⁽²⁾	2.05					
Remuneration								0.47 ⁽³⁾						
Retrial benefits									0.90	0.27				
Commission to Non-executive Directors									0.07	0.05				
Sitting Fees Paid to Non-executive Directors														
Reimbursement of Expenses - paid														
Donation														
Contributions during the year														
Equity contribution			0.01	15.45										
Loan given			-	18.85										
Repayment of loan given			3.45	43.00										
Purchase of assets				-	12.40									
Sale of assets	0.04	-												
Outstanding as at 31st March														
Loans:			13.97	19.64										
Amount receivables	5.62	4.53	15.68	15.82	1.50	3.81	0.90	0.59	0.21	0.11	1.56	1.45	12.70	9.33
Amount payable	-	0.02	0.20	0.10										-

1. Key management personnel and relatives of promoters who are under the employment of the company are entitled to post employment benefits and other long term employee benefits recognised as per AS-15 (Revised) Employee Benefits in the financial statements. As these employee benefits are lumpsum amounts provided on the basis of actuarial valuation, the same is not included above.
2. Remuneration paid to relatives of promoters who are under the employment of the Company pursuant to the necessary approvals from the shareholders and the Central Govt., under Section 314 of the Companies Act, 1956.
3. Apart from the retiral benefits paid to Mr. Ashwin Choksi, Mr. Ashwin Dani and Mr. Abhay Vakil during the year, the Company has also paid gratuity to them in accordance with the agreement approved by the shareholders, as their contractual terms as Executive Directors came to an end on 31st March, 2009.

Considering the financial position of the Bangladesh subsidiary, the Company had agreed to waive the charges of royalty and accordingly, no amount in respect thereof was received or accrued in the Profit and Loss Account in the previous year. In the current year, Bangladesh subsidiary has proposed to pay a nominal amount as royalty as the unit made cash profits and the same has been accrued in the Profit and Loss account.

Corporate guarantee issued by the Company on behalf of its subsidiaries amounting to Rs. 128.79 crores as at 31st March, 2010. (Previous year Rs. 102.99 crores)

The Company has issued letters of comfort/support to banks on behalf of some of its subsidiaries from time to time and the financial support/comfort based on such letters is limited to Rs. 77.18 crores as on 31st March, 2010 (Rs. 125.14 crores as on 31st March, 2009).

The Company has also issued a letter to the Board of a subsidiary informing its commitment to continue extending corporate guarantees and letters of comfort for banking facilities as included in the above for a period upto 31st May, 2011.

Asian Paints (Bangladesh) Ltd. has been unsuccessful in remitting the reimbursements and retiral benefits of employees seconded to it by its parent company, due to restrictions on foreign remittances in Bangladesh. Hence, the Company has written off the said outstandings in the Profit and Loss account in the current period.

Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year:

	(Rs. in Crores)	
	2009-10	2008-09
Sale of goods		
Asian PPG Industries Limited	9.84	10.07
Resins & Plastics Limited	4.07	3.50
Asian Paints (Nepal) Pvt. Limited	4.05	3.35
Others	5.19	4.19
	23.15	21.11
Purchase of Goods	2009-10	2008-09
Hitech Plast Limited	124.77	108.73
Others	17.73	18.29
	142.50	127.02
Royalty Received	2009-10	2008-09
SCIB Chemicals S. A. E., Egypt	7.90	5.46
Berger International Limited	3.42	4.68
Asian PPG Industries Limited	2.00	1.74
Others	4.09	3.55
	17.41	15.43
Contributions during the year	2009-10	2008-09
Asian Paints Office Provident Fund	12.61	11.55
Asian Paints Factory Employees Provident Fund	9.39	8.73
Asian Paints Management Cadres Superannuation Scheme	1.50	2.02
Asian Paints (India) Limited Employees Gratuity Fund	7.68	2.19
	31.18	24.49

(a) Joint Venture: Asian PPG Industries Ltd.

Subsidiary of Joint Venture: Faaber Paints Pvt. Ltd.

(b) Subsidiaries:

Direct Subsidiaries:

Asian Paints (Nepal) Pvt. Limited

Asian Paints (International) Limited

Asian Paints Industrial Coatings Limited

Maxbhumi Developers Limited

Multifacet Infrastructure (India) Limited*

Technical Instruments India Manufacturers (India) Limited**

* The Company acquired Multifacet Infrastructure (India) Private Limited on 27th January, 2010 which was converted to public limited w.e.f. 6th May, 2010.

** Merged on 1st April, 2009

Subsidiaries of the wholly owned subsidiary, Asian Paints (International) Limited, Mauritius:

Asian Paints (South Pacific) Holdings Limited*

Asian Paints (South Pacific) Limited

Asian Paints (Tonga) Limited

Asian Paints (S.I.) Limited

Asian Paints (Vanuatu) Limited

Asian Paints (Lanka) Limited

Asian Paints (Bangladesh) Limited

Asian Paints (Middle East) LLC.

SCIB Chemicals S.A.E., Egypt.

Berger International Limited, Singapore.

* Wound up on 4th March, 2010

Subsidiary of Asian Paints (South Pacific) Limited:

Taubmans Paints (Fiji) Limited.*

* The Company ceased trading and has transferred its assets, liabilities and business to shareholder Asian Paints (South Pacific) Limited, but it still continues to remain a separate legal entity pending legal formalities.

Subsidiary of Taubmans Paint (Fiji) Limited:

Samoa Paints Limited.

Subsidiary of Asian Paints (Lanka) Limited:

Asian Paints Distributors (Pvt.) Limited.

(The company has been wound up on 21st December, 2009)

Subsidiaries of Berger International Limited, Singapore:

Berger Paints Singapore Pte Ltd.

Berger Building Services (Singapore) Pte. Ltd.

Berger International Sdn Bhd. *

Berger Paints (Thailand) Ltd. **

Berger Paints (China) Co. Ltd. (formerly known as Berger Paints (Ningbo) Co. Ltd.) ***

Berger Paints (Hong Kong) Ltd.****

Enterprise Paints Limited.

Universal Paints Limited.

Lewis Berger (Overseas Holdings) Ltd.

* Divested on 23rd October, 2009

** Divested on 25th January, 2010

*** The company (Asian Paints Ltd.) has effectively transferred the management control over Berger Paints (China) Co. Ltd. on 31st January, 2010 by virtue of Share Purchase Agreement. The share transfer has been completed on 30th April, 2010.

**** Divested on 28th September, 2009

Subsidiary of Berger Building Services (Singapore) Pte. Ltd.:

Berger Contractor (Singapore) Pte. Ltd.

Subsidiary of Enterprise Paints Limited:

Nirvana Investments Ltd.

Subsidiary of Nirvana Investments Ltd.:

Berger Paints Emirates Ltd.

Subsidiaries of Lewis Berger (Overseas Holdings) Ltd.:

Berger Paints Jamaica Ltd.

Berger Paints Trinidad Ltd.

Berger Paints Barbados Ltd.

Subsidiary of Universal Paints Limited:

Berger Paints Bahrain W.L.L.

(c) Key managerial person:

Name of the Director Designation

P. M. Murty Managing Director and CEO (w.e.f. 1st April, 2009)

(d) Promoters and their relatives having control:

Directors:

Ashwin Choksi*	Non-Executive Chairman
Ashwin Dani*	Non-Executive Vice Chairman
Abhay Vakil*	Non-Executive Director
Mahendra Choksi	Non-Executive Director
Amar Vakil	Non-Executive Director
Hasit Dani	Non-Executive Director

* The contractual terms of Mr. Ashwin Choksi, Mr. Ashwin Dani and Mr. Abhay Vakil as Executive Directors came to an end on 31st March, 2009. With effect from 1st April, 2009, Mr. Ashwin Choksi has been appointed as Non – Executive Chairman, Mr. Ashwin Dani as Non – Executive Vice Chairman and Mr. Abhay Vakil as Non – Executive Director.

Relatives of promoters, who are under the employment of the Company:

Jalaj Dani

Manish Choksi

Nehal Vakil

Jigish Choksi (w.e.f. 1st February, 2010)

(e) Companies controlled by Directors/Relatives of Directors :

A R Intertect Design Pvt. Ltd.	Clear Plastics Limited	Ricinash Oil Mill Ltd.
Kalica Paper Industries Pvt. Ltd.	S.C. Dari Research Foundation Ltd.	Coating Specialties (India) Ltd.
Dakshina Properties Pvt. Ltd.	Navbharat Packaging Industries Ltd.	Sapan Investments Pvt. Ltd.
Dani Finlease Ltd.	Hiren Holdings Pvt. Ltd.	Elcid Investments Ltd.
Gujarat Organics Ltd.	Omega Properties Pvt. Ltd.	Pragati Chemicals Ltd.
Himanshu Holdings Pvt Ltd	Ultramarine and Pigments Ltd.	Pragati Marketing Pvt. Ltd.
Resins and Plastics Ltd.	Jalaj Trading and Investments Pvt.Ltd.	Vikatmeev Containers Ltd.
Mipat Polymers Ltd.	Jaldhar Investments and Trading Co. Pvt. Ltd.	Tru Trading and Investments Pvt. Ltd.
Castle Investment and Industries Pvt. Ltd.	Lambodar Investments and Trading Co. Ltd.	Asteroids Trading and Investments Pvt. Ltd.
Centaurus Trading and Investments Pvt. Ltd.	Lyon Investments and Industries Pvt. Ltd.	Sadavani Investments and Trading Co. Pvt. Ltd.
Rangudyan Insurance Broking Services Limited	Murahar Investments and Trading Co. Pvt. Ltd.	Satyadharma Investment and Trading Co. Pvt. Ltd.
Sudhanva Investments and Trading Co. Pvt Ltd.	Unnati Trading and Investments Pvt. Ltd.	Suprasad Investments and Trading Co. Pvt. Ltd.
Doli Trading and Investments Pvt. Ltd.	Nehal Trading and Investments Pvt. Ltd.	Suptaswar Investments and Trading Co. Ltd.
ELF Trading and Chemicals Mfg. Co. Ltd.	Suryakant Paint Accessories Private Limited	Rupen Investment and Industries Pvt. Ltd.
Geetanjali Trading and Investments Pvt. Ltd.		
Hitech Plast Ltd.		

(f) Employee Benefit Funds where control exists:

Asian Paints Office Provident Fund
Asian Paints Factory Employees' Provident Fund
Asian Paints Management Cadres' Superannuation Scheme
Asian Paints (India) Limited Employees' Gratuity Fund

(g) Other entities over which there is a significant control:

Asian Paints Charitable Trust.

30. Segment information for the year ended 31st March, 2010:

(Rs. in Crores)

	2009-2010			2008-2009		
	Paints	Others*	Total	Paints	Others*	Total
REVENUE						
Net sales						
External sales (Net)	5,035.78	89.30	5,125.08	4,184.45	85.60	4,270.05
Inter – Segment sales	-	90.41	90.41	-	83.30	83.30
Other Income	41.59	1.04	42.63	35.24	1.32	36.56
Total Revenue	5,077.37	180.75	5,258.12	4,219.69	170.22	4,389.91
RESULT						
Segment result	1,029.65	23.04	1,052.69	593.07	14.52	607.59
Unallocated expenses			(60.94)			(68.86)
Operating Profit			991.75			538.73
Interest expenses			(13.76)			(10.40)
Interest income			3.88			3.14
Dividends			23.42			16.93
Exchange difference			5.42			-
Profit/(Loss) on sale of long term Investments			63.02			-
Profit/(Loss) on sale of short term Investments			-			0.10
Profit on sale of assets			0.81			0.07
Miscellaneous income			4.67			2.96
Sundry balance written back			-			0.30
Exceptional items			25.46			(5.90)
Income taxes			(330.17)			(183.57)
Net Profit before prior period items	774.50					362.36
OTHER INFORMATION						
Segment assets	2,270.93	65.81	2,336.74	1,681.72	62.93	1,744.65
Unallocated assets			797.41			430.00
Total Assets	3,134.15					2,174.65
Segment liabilities	1,151.55	19.88	1,171.43	771.78	21.70	793.48
Unallocated liabilities			405.50			286.70
Total Liabilities	1,576.93					1,080.18
Capital expenditure	113.76	8.79	122.55	248.75	2.90	251.65
Unallocated capital expenditure			13.86			1.08
Total	136.41					252.73
Depreciation/ impairment	57.38	2.68	60.06	53.21	3.40	56.61
Unallocated depreciation/impairment			0.68			0.54
Total	60.74					57.15

* Others include Company's business units manufacturing Phthalic Anhydride and Pentaerythritol.

31. Previous year's figures have been regrouped, wherever necessary.

Signatures to Schedules A to M

As per our report of even date

For and on behalf of the Board

For Shah & Co.
Chartered Accountants
FRN: 109430W

For B S R & Associates
Chartered Accountants
FRN: 116231W

Ashwin Choksi
Chairman

Ashwin Dani
Vice Chairman

Abhay Vakil
Director

H.N. Shah
Partner
Membership No.08152

Natrajan Ramkrishna
Partner
Membership No.32815

Tarjani Vakil
Chairperson of
Audit Committee

P.M. Murty
Managing Director &
CEO

Jayesh Merchant
Chief Financial Officer &
Company Secretary

Mumbai
28th May, 2010

STATEMENT

PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956 BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration No. Balance Sheet Date

Date Month Year

II. CAPITAL RAISED DURING THE YEAR (AMOUNT RS. IN THOUSANDS)

Public Issue

Bonus Issue

Cancellation of Shares

Rights Issue

Private Placement

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT RS. IN THOUSANDS)

Total Liabilities

Total Assets

SOURCES OF FUNDS

Paid-up Capital

Secured Loans

Deferred Tax Liability

Reserves and Surplus

Unsecured Loans

APPLICATION OF FUNDS

Net Fixed Assets

Net Current Assets

Accumulated Losses

Investments

Deferred Revenue Expenditure

IV. PERFORMANCE OF COMPANY (AMOUNT RS. IN THOUSANDS)

Turnover

+ - Profit / (Loss) Before Tax

Earnings Per Share (Rs.)

Total Expenditure

+ - Profit / (Loss) After Tax

Dividend Rate (%)

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY (AS PER MONETARY TERMS)

Item Code No. (ITC Code)

Product Description

Item Code No. (ITC Code)

Product Description

Item Code No. (ITC Code)

Product Description

Auditors' Report to the Board of Directors of Asian Paints Limited

We have audited the attached Consolidated Balance Sheet of Asian Paints Limited and its subsidiaries/joint venture (collectively referred to as Asian Paints Group) as at 31st March 2010, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended (refer Note B-4 of Schedule 'M') 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.

We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with and identified financial reporting framework and are free of material misstatements. 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.

We have not audited the financial statements of subsidiaries/joint venture mentioned in Annexure to this report whose total assets and total revenues are mentioned in the annexure to this report.

These financial statements have been audited by other auditors whose reports have been furnished to us for the purpose of consolidation, and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries/joint venture, is based solely on reports of the other auditors.

The financial statements of the subsidiaries, Asian Paints Industrial Coatings Limited, Multifacet Infrastructure (India) Limited and Maxbhumi Developers Limited for the year ended 31st March 2010 have been audited by one of the joint auditors, Shah & Co. Chartered Accountants.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS 21) on Consolidated Financial Statements and (AS 27) on Financial reporting of interests in Joint Ventures issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its subsidiaries and joint venture as listed in Note B-4 of Schedule 'M' of notes on consolidated financial statement.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports/reports of other auditors as explained above, on individual audited financial statements of the Company and its aforesaid subsidiaries and joint venture, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Asian Paints group as at 31st March 2010;
- (ii) in the case of the Consolidated Profit and Loss Account, of the consolidated profit for the Asian Paints group for the year ended on that date; and
- (iii) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Asian Paints group for the year ended on that date.

For Shah & Co.

Chartered Accountants

Firm Registration Number: 109430W

H.N.Shah

Partner

Membership No: 08152

Mumbai

28th May, 2010

For B S R & Associates

Chartered Accountants

Firm Registration Number: 116231W

Natrajan Ramkrishna

Partner

Membership No: 32815

ANNEXURE

The following subsidiaries have been considered for the consolidation of Asian Paints Limited:

Name of the Company	Accounting Period (**)	Subsidiary	Total Assets	Total Revenues	(Rs. in Crores) Name of Auditor
Asian Paints (Nepal) Pvt. Limited	14 th Jan 09 -13 th Mar 10	Direct	26.44	48.66	T.R Upadhyay & Co.
Asian Paints (International) Limited – Standalone	Jan 09- Mar 10	Direct	123.67	-	Deloitte & Touche
Asian Paints Industrial Coatings Limited	Apr 09-Mar 10	Direct	52.14	66.74	Shah & Co.
Multifacet Infrastructure (India) Limited*	Apr 09-Mar 10	Direct	-	-	Shah & Co.
Maxbhumi Developers Limited	Apr 09-Mar 10	Direct	13.96	-	Shah & Co.
Asian Paints (South Pacific) Holdings Limited**	Jan 09- Mar 10	Indirect	-	-	Hawkes Law
Asian Paints (South Pacific) Limited	Jan 09- Mar 10	Indirect	38.36	74.56	ERNST & YOUNG
Asian Paints (Tonga) Limited	Jan 09- Mar 10	Indirect	2.56	3.34	ERNST & YOUNG
Asian Paints (S.I.) Limited	Jan 09- Mar 10	Indirect	5.06	11.55	ERNST & YOUNG
Asian Paints (Vanuatu) Limited	Jan 09- Mar 10	Indirect	5.77	8.99	ERNST & YOUNG
Asian Paints (Lanka) Limited	Jan 09- Mar 10	Indirect	30.77	56.10	KPMG Ford, Rhodes
Asian Paints (Bangladesh) Limited	Jan 09- Mar 10	Indirect	37.61	83.74	Rahman Rahman Huq
Asian Paints (Middle East) LLC	Jan 09- Mar 10	Indirect	30.69	61.65	BDO JAWAD HABIB
SCIB Chemicals S.A.E.	Jan 09- Mar 10	Indirect	163.91	343.37	Deloitte, Saleh Barsoum and Abdel-Aziz
Berger International Limited, Singapore	Jan 09- Mar 10	Indirect	214.59	590.10	Deloitte & Touche LLP

In accordance with the scheme of amalgamation approved by the Hon'ble High Court of Bombay, Technical Instruments Manufacturers (India) Limited, an erstwhile wholly owned direct subsidiary of Asian Paints Limited, has been amalgamated with Asian Paints Limited effective from 1st April 2009.

* The Company acquired Multifacet Infrastructure (India) Private Limited on 27th January 2010 which was converted to Public Limited Company w.e.f 6th May 2010.

** Asian Paints South Pacific (Holdings) Limited an erstwhile wholly owned direct subsidiary of Asian Paints (International) Limited has been liquidated on 4th March 2010

*** During the year, the Company has aligned the accounting year of the subsidiaries with year ends of 31st December/ 13th January to 31st March and 13th March respectively. As a result, 15 months period has been considered for consolidation purposes for those subsidiaries.

i) Subsidiary of Asian Paints (South Pacific) Limited:

Taubmans Paints (Fiji) Limited****	Jan 09- Mar 10
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****The Company has ceased trading and has transferred its assets, liabilities and business to shareholder Asian Paints (South Pacific) Limited, but it still continues to remain a separate legal entity pending legal formalities.

ii) Subsidiary of Taubmans Paint (Fiji) Limited:

Samoa Paints Limited	Jan 09- Mar 10
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iii) Subsidiary of Asian Paints Lanka Limited:

Asian Paints Distributors (Pvt.) Limited****	Jan 09- Mar 10
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****Asian Paints Distributors (Pvt.) Limited, an erstwhile wholly owned direct subsidiary of Asian Paints Lanka Limited was a dormant company without any assets. Since it has not been re-registered under the local laws of Sri Lanka, it has ceased to exist as a registered company as of 21st December, 2009

iv) Subsidiaries of Berger International Limited, Singapore

Berger Paints Singapore Pte Ltd.	Jan 09- Mar 10
Berger Building Services (Singapore) Pte. Ltd.	Jan 09- Mar 10
Berger International Sdn Bhd. (Note 1)	Jan 09- Mar 10
Berger Paints (Thailand) Ltd. (Note 1)	Jan 09- Mar 10
Berger Paints (China) Co. Ltd. (Note 1)	Jan 09- Mar 10
Berger Paints (Hong Kong) Ltd. (Note 1)	Jan 09- Mar 10
Enterprise Paints Limited	Jan 09- Mar 10
Universal Paints Limited.	Jan 09- Mar 10
Lewis Berger (Overseas Holdings) Ltd.	Jan 09- Mar 10

Note 1: The subsidiaries have been disposed off during the year.

v) Subsidiary of Berger Building Services (Singapore) Pte Ltd.

Berger Contractor (Singapore) Pte. Ltd.	Jan 09 – Mar 10
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vii) Subsidiary of Enterprise Paints Limited:

Nirvana Investments Ltd.	Jan 09 – Mar 10
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viii) Subsidiary of Nirvana Investments Ltd.

Berger Paints Emirates Ltd.	Jan 09 – Mar 10
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ix) Subsidiaries of Lewis Berger (Overseas Holdings) Ltd.:

Berger Paints Jamaica Ltd.	Jan 09 – Mar 10
Berger Paints Trinidad Ltd.	Jan 09 – Mar 10
Berger Paints Barbados Ltd.	Jan 09 – Mar 10

x) Subsidiary of Universal Paints Limited:

Berger Paints Bahrain W.L.L.,	Jan 09 – Mar 10
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Joint Venture:

The following joint venture unit between the parent company and PPG Industries Securities Inc., wherein the parent company has equal equity participation, has been considered in the consolidated financial statements:

Name of the Company	Accounting Period	Joint Venture	Proportionate share of Total Assets	Proportionate share of Total Revenues	(Rs. in Crores)	Name of Auditor
Asian PPG Industries Ltd.	Apr 09– Mar 10	Direct	160.10	228.02	Deloitte Haskins & Sells	

Subsidiary of Joint Venture:

Asian PPG Industries Ltd has a 100% stake in Faaber Paints Pvt. Ltd. The accounts of the said company are incorporated with that of the Joint Venture for the purpose of consolidation.

For Shah & Co.

Chartered Accountants
Firm Registration Number: 109430W

H.N.Shah

Partner
Membership No: 08152

Mumbai

28th May, 2010

For B S R & Associates

Chartered Accountants
Firm Registration Number: 116231W

Natrajan Ramkrishna

Partner
Membership No: 32815

Consolidated Balance Sheet
as at 31st March, 2010

(Rs. in Crores)

	Schedules	As at 31.03.2010	As at 31.03.2009
FUNDS EMPLOYED			
Shareholders' Funds			
Share Capital	A	95.92	95.92
Reserves and Surplus	B	1,614.06	1,107.25
		1,709.98	1,203.17
Loan Funds	C		
Secured Loans		63.70	103.70
Unsecured Loans		165.53	204.92
		229.23	308.62
Deferred Tax Liability (Net) (Refer Note B - 8 in Schedule 'M')		56.23	53.31
Minority Interest		94.45	75.57
Total		2,089.89	1,640.67
APPLICATION OF FUNDS			
Goodwill on consolidation		36.73	50.55
Fixed Assets	D		
Gross Block		1,500.39	1,461.41
Less: Depreciation/Amortisation		627.57	648.38
Net Block		872.82	813.03
Add : Capital Work in Progress		407.23	92.11
		1,280.05	905.14
Investments	E		
	F	624.11	78.40
Current Assets, Loans and Advances			
Interest accrued on investments		0.21	0.55
Inventories		955.88	768.95
Sundry debtors		542.52	571.92
Cash and Bank Balances		105.83	210.37
Other Current Assets		64.63	49.12
Loans and Advances		174.62	197.80
		1,843.69	1,798.71
Less : Current Liabilities and Provisions	G		
Current Liabilities		1,379.65	1,014.68
Provisions		315.04	177.45
		1,694.69	1,192.13
Net Current Assets		149.00	606.58
Total		2,089.89	1,640.67
Significant accounting policies and notes to Consolidated Financial Statements	M		

As per our report of even date

For and on behalf of the Board

For Shah & Co.
Chartered Accountants
FRN: 109430W

For B S R & Associates
Chartered Accountants
FRN: 116231W

Ashwin Choksi
Chairman

Ashwin Dani
Vice Chairman

Abhay Vakil

Director

H.N. Shah
Partner
Membership No.08152

Natrajan Ramkrishna
Partner
Membership No.32815

Tarjani Vakil
Chairperson of
Audit Committee

P.M. Murty
Managing Director &
CEO

Jayesh Merchant
Chief Financial Officer &
Company Secretary

Mumbai
28th May, 2010

**Consolidated Profit and Loss Account
for the year ended 31st March, 2010**

(Rs. in Crores)

	Schedules	Year 2009-2010	Year 2008-2009
INCOME			
Sales and operating income (Net of discounts)	H	7,106.56	6,044.51
Less: Excise duty		425.62	580.61
Sales and operating income (Net of discounts and excise duty)		6,680.94	5,463.90
Other Income	I	140.50	51.01
		6,821.44	5,514.91
EXPENDITURE			
Material Cost	J	3,757.96	3,370.64
Employee Cost	K	436.28	371.52
Manufacturing, administrative, selling and distribution expenses	L	1,259.08	1,051.67
		5,453.32	4,793.83
PROFIT BEFORE INTEREST, DEPRECIATION, TAX AND EXCEPTIONAL ITEMS			
Less : Interest		1,368.12	721.08
Less : Depreciation/Amortisation	D	28.47	26.32
Add/(Less) : Exceptional Item		83.56	74.38
(Refer note - B - 7 in Schedule 'M')		1,256.09	620.38
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS		1.15	(1.24)
Add/(Less) : Exceptional Item		1,257.24	619.14
(Refer note - B - 7 in Schedule 'M')		(0.22)	(2.27)
PROFIT BEFORE TAX AND PRIOR PERIOD ITEMS		1,257.02	616.87
(Less) : Prior period items (Net)			
PROFIT BEFORE TAX			
Less : Provision for Taxation:			
Current Tax		373.18	179.34
Deferred Tax (Refer Note B - 8 in Schedule 'M')		5.54	16.32
Fringe Benefit Tax		-	7.36
(Excess) Tax Provision for earlier years		(5.61)	(5.63)
PROFIT AFTER TAX		883.91	419.48
Less : Minority Interest		48.27	21.64
NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS		835.64	397.84
Add : Balance brought forward from previous year		230.00	200.00
AMOUNT AVAILABLE FOR APPROPRIATION		1,065.64	597.84
APPROPRIATIONS			
Dividend to shareholders of parent company:			
Equity Shares - Interim dividend		81.53	62.35
- Proposed Final dividend		177.45	105.51
Tax on Dividend (includes tax on proposed dividend)		43.33	28.88
Transfer to General Reserve		163.33	171.10
Balance carried to Balance Sheet		600.00	230.00
		1,065.64	597.84
Earnings per share (Rs.) Basic and Diluted - before exceptional item		87.00	41.61
Earnings per share (Rs.) Basic and Diluted - after exceptional item		87.12	41.48
(Face value of Rs. 10 each)			
(Refer Note B - 10 in Schedule 'M')			
Significant accounting policies and notes to Consolidated Financial Statements	M		

As per our report of even date

For and on behalf of the Board

For Shah & Co.
Chartered Accountants
FRN: 109430W

For B S R & Associates
Chartered Accountants
FRN: 116231W

Ashwin Choksi
Chairman

Ashwin Dani
Vice Chairman

Abhay Vakil
Director

H.N. Shah
Partner
Membership No.08152

Natrajan Ramkrishna
Partner
Membership No.32815

Tarjani Vakil
Chairperson of
Audit Committee

P.M. Murty
Managing Director &
CEO

Jayesh Merchant
Chief Financial Officer &
Company Secretary

Mumbai
28th May, 2010

Consolidated Cash Flow Statement
for the year ended 31st March, 2010

(Rs. in Crores)

	2009-2010	2008-2009
A. Cash Flow from Operating Activities:		
Profit before tax and prior period items	1,257.24	619.14
Adjustment for:		
Depreciation/Impairment	83.56	74.38
Impairment of Goodwill	-	1.24
Prior period item (Net)	(0.22)	(2.27)
Profit on sale of investments	(62.72)	(0.13)
Profit on disposal of subsidiaries	(1.15)	-
Gain on disposal of assets	(7.88)	(6.54)
Interest Expense	28.47	26.32
Interest Income	(11.06)	(5.69)
Dividend Income	(22.62)	(14.08)
Effect of exchange rates on translation of operating cashflows	(17.29)	32.06
Operating Profit before Working Capital changes	1,246.33	724.43
Adjustment for:		
Increase in stocks	(191.35)	(54.94)
Increase in trade and other receivables	(50.88)	(92.22)
Increase in payables and accruals	376.00	4.05
Cash generated from Operations	1,380.10	581.32
Income tax paid (net of refund)	(316.94)	(191.92)
Net cash generated from operating activities	1,063.16	389.40
B. Cash Flow from Investing Activities:		
Purchase of Fixed Assets	(395.31)	(310.05)
Proceeds from sale of Fixed Assets	12.06	21.75
Purchase of Investment	(54.36)	-
Sale of Investment	98.66	0.21
Interest received	11.40	5.23
Dividend received	22.62	14.08
Cash outflow on additional stake in subsidiary	-	(1.27)
Cash inflow arising on disposal of subsidiary	5.91	-
Net cash used in investing activities	(299.02)	(270.05)
C. Cash Flow from Financing Activities		
Repayment of Long Term Loans	(14.55)	(2.56)
Repayment of Short Term Loans	(52.97)	(1.56)
Interest paid	(28.47)	(26.32)
Dividend Paid (including dividend paid to Minority)	(235.89)	(199.93)
Net cash used in financing activities	(331.88)	(230.37)
D. Net Increase/(Decrease) in Cash and Cash Equivalents	432.26	(111.02)
Cash and Cash Equivalents as at 31st March 2009*	210.37	308.88
Net effect of changes in exchange rate on cash and cash equivalents	(5.16)	12.51
Cash and Cash Equivalents as at 31st March 2010*	637.47	210.37

As per our report of even date

For and on behalf of the Board

For Shah & Co.
Chartered Accountants
FRN: 109430W

For B S R & Associates
Chartered Accountants
FRN: 116231W

Ashwin Choksi

Ashwin Dani
Chairman
Vice Chairman

Abhay Vakil
Director

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Partner
Membership No.08152

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Tarjani Vakil
Chairperson of
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P.M. Murty
Managing Director &
CEO

Jayesh Merchant
Chief Financial Officer &
Company Secretary

Mumbai
28th May, 2010

Consolidated Schedules Forming Part of the Accounts

	(Rs. in Crores)	
	As at 31.03.2010	As at 31.03.2009
SCHEDULE A : SHARE CAPITAL		
Authorised		
9,95,00,000	(Previous year 9,95,00,000) Equity Shares of Rs.10/- each	99.50
50,000	(Previous year 50,000) 11% Redeemable Cumulative Preference shares of Rs. 100/- each	0.50
		<u>100.00</u>
Issued, Subscribed and Paid up capital		
9,59,19,779	(Previous year 9,59,19,779) Equity Shares of Rs. 10/- each fully paid up :	
a)	9,39,89,940 (Previous year 9,39,89,940) Bonus Shares of Rs. 10/- each fully paid up issued on capitalisation of securities premium account (Rs. 2.19 Crores) and General Reserves (Rs.91.80 Crores).	
b)	2,94,000 (Previous year 2,94,000)shares of Rs. 10/- each issued as fully paid up pursuant to the Scheme of Amalgamation of Pentasia Chemicals Ltd., without payments being received in cash.	
		95.92
		<u>95.92</u>
SCHEDULE B : RESERVES AND SURPLUS		
Capital Reserve on consolidation		
Capital Reserve [Rs. 5,000/-, (Previous year Rs.5,000/-)]	3.25	3.25
	<u>-</u>	<u>-</u>
Capital Redemption Reserve		
General Reserve	5.37	5.37
As per last Balance Sheet	868.33	697.23
Add: Transfer from Profit and Loss Account	163.33	171.10
Less: Goodwill of Technical Instruments Manufacturers Ltd. adjusted on account of amalgamation (Refer Note B - 4 in Schedule M)	10.94	-
	<u>1,020.72</u>	<u>868.33</u>
Foreign Currency Translation Reserve		
As per last Balance Sheet	0.30	(18.39)
Add: Currency translation (Loss) / Gain during the year	(15.09)	18.69
Less : Gain realised on disposal of subsidiaries	0.49	-
	<u>(15.28)</u>	<u>0.30</u>
Profit and Loss Account		
	600.00	230.00
	<u>1,614.06</u>	<u>1,107.25</u>

Consolidated Schedules Forming Part of the Accounts

	(Rs. in Crores)	
	As at 31.03.2010	As at 31.03.2009
SCHEDULE C : SECURED AND UNSECURED LOANS		
Secured Loans		
Long Term :		
Financial institutions (Note 1 & 2)	25.89	28.34
Banks (Note 3)	-	4.81
Finance Lease liability (Note 3)	0.37	0.58
Short Term :		
Financial institutions (Note 2)	2.38	2.14
Cash Credit Accounts / Loans from banks (Note 3)	34.84	67.54
Finance Lease liability (Note 3)	0.22	0.29
	63.70	103.70
Unsecured Loans		
Long Term :		
Trade Deposits	2.39	9.32
Sales tax deferment scheme - State of Andhra Pradesh (Note 4)	40.70	40.70
Short Term :		
Loan from banks	122.44	154.90
	165.53	204.92
Notes:		
(1) Interest free term loan from the Pradeshiya Industrial Corporation of U.P. Ltd. (PICUP) under Sales Tax Deferment Scheme of U.P. is secured by a first charge of the parent company's immovable properties pertaining to the paint plant at Kasna and by way of hypothecation of all movable properties at the above location	25.26	24.59
(2) Loan availed from Polaris International Industrial Parks SAE secured by way of hypothecation of immovable property	3.01	5.89
(3) Secured by fixed/floating charge on the inventories, book debts, term deposits or fixed assets of the group	35.43	73.22
(4) Interest free loan availed under the sales tax deferment Scheme of the Government of Andhra Pradesh by parent company.	40.70	40.70

Consolidated Schedules Forming Part of the Accounts

SCHEDULE D : FIXED ASSETS

Particulars	Gross Block			Depreciation / Amortisation			Impairment			(Rs. in Crores)										
	As at 01.04.09	Translation Difference	Additions during the year	Disposal of Subsidiaries	As at 31.03.10	As at 01.04.09	Translation Difference	Disposal of Subsidiaries	As at 31.03.10	As at 01.04.09	Translation Difference	Disposal of Subsidiaries	As at 31.03.10	As at 31.03.09						
Tangible Assets:																				
Freehold Land	121.85	(135)	0.57	0.01	-	121.06	-	-	-	-	-	-	-	121.06	121.85					
Leased Land	30.83	(320)	67.82	-	-	98.45	1.61	0.01	0.59	-	2.19	-	-	-	96.26	29.22				
Buildings	270.62	(305)	14.71	0.16	-	282.12	55.93	0.59	7.99	0.04	63.29	-	-	-	218.83	214.69				
Leased Buildings	35.36	(176)	1.85	-	2.78	33.17	25.29	1.50	1.08	-	0.80	24.07	1.94	0.04	1.98	9.10	8.63			
Plant and Machinery	720.76	(748)	50.66	18.13	-	729.81	379.22	(4.89)	523.66	14.97	14.04	398.08	8.34	(0.02)	0.57	1.02	0.04	7.83	323.90	333.20
Assets given under operating lease	76.84	(0.37)	0.85	53.38	-	23.84	53.49	0.11	2.62	40.11	-	15.89	17.49	-	13.01	-	4.48	3.57	5.86	
Scientific Research	35.22	-	1.89	0.98	-	36.13	11.31	-	3.66	0.04	-	14.93	0.48	-	-	-	0.48	20.72	23.43	
- Equipment	37.02	-	0.36	-	37.38	0.90	-	1.24	-	2.14	-	-	-	-	-	-	-	35.24	36.12	
- Buildings	66.58	(2.72)	8.18	2.64	-	65.93	42.97	(1.79)	6.28	2.36	3.01	42.09	1.53	-	0.01	0.08	-	1.26	22.58	22.28
Furniture and Office Equipment	10.69	(0.70)	0.94	2.45	0.11	8.37	7.40	(0.48)	1.37	1.95	0.09	6.25	0.03	-	0.03	-	-	2.12	3.26	
Vehicles:	2.48	(0.07)	0.34	0.38	1.01	1.36	1.81	0.66	0.28	0.34	0.87	0.83	-	-	-	-	-	0.53	0.67	
- Owned	3.46	-	-	-	-	3.45	0.84	-	1.12	-	-	1.96	-	-	-	-	-	1.49	2.61	
Intangible Assets:	22.23	-	-	-	-	22.23	16.96	-	0.74	-	17.70	-	-	-	-	-	-	4.53	5.27	
- Trademark	25.98	(0.08)	10.10	-	-	36.00	20.27	(0.65)	3.10	-	23.32	-	-	-	-	-	-	12.68	5.71	
- Software	1.00	(0.05)	0.04	-	-	0.99	0.58	0.60	0.05	-	0.60	0.19	(0.01)	-	-	-	0.18	0.21	0.23	
- Others	1,461.41	(1739)	158.31	78.13	23.27	1,560.39	618.58	9.40	82.98	59.81	18.81	617.34	29.90	0.01	0.58	14.14	2.02	14.23	672.82	613.03
Total	1,461.41	(1739)	158.31	78.13	23.27	1,560.39	618.58	9.40	82.98	59.81	18.81	617.34	29.90	0.01	0.58	14.14	2.02	14.23	672.82	613.03
Previous Year	1,211.22	35.73	312.71	88.25	-	1,461.41	591.80	23.14	74.19	70.55	-	618.58	41.86	0.30	0.13	12.49	-	29.60	813.03	
Capital WP	92.18	(153)	409.55	92.61	0.06	402.23	-	-	-	-	-	0.07	(0.01)	-	-	0.06	-	407.23	92.11	
Previous Year	114.18	0.50	92.17	114.67	-	92.18	-	-	-	-	-	0.01	0.06	-	-	0.07	92.11	-	-	

Consolidated Schedules Forming Part of the Accounts

	Nos.	Face value	As at 31.03.2010	As at 31.03.2009	(Rs. in Crores)
SCHEDULE E : INVESTMENTS					
Long Term Investments					
Unquoted					
(i) In Government Securities					
National Savings Certificates, Indira Vikas Patra and Defence Certificates deposited with Government authorities					
[Rs. 39,500/- (previous year Rs. 34,500/-)]			-	-	
(ii) Trade Investments (Fully paid Equity shares)					
(a) Patancheru Enviro-tech Ltd.	12,900	Rs. 10/-	0.01	0.01	
(b) SIPCOT Common Utilities Ltd.	2,830	Rs. 100/-	0.03	0.03	
(c) Bharuch Eco-Acqua Infrastructure Ltd.	4,78,270	Rs. 10/-	0.48	0.48	
(d) Danish for Wood	2,500	EGP 10	0.02		
Less: Provision for diminution in the value of investments			(0.02)	-	
(e) Middle East Company for Sealants & Adhesives, Egypt	50	EGP 100	-		
(Rs. 41,203/- Previous year Rs. 43,561/-)					
Less: Provision for diminution in the value of investments			-	-	
(Rs. 41,203/- Previous year Rs. 43,561/-)					
(f) Master Builders Technologies for trading, Egypt	50	EGP 100	-	-	
(Rs. 41,203/- Previous year Rs. 43,561/-)					
			0.52	0.52	
(iii) Other Investments					
(a) Equity shares of SKH Metals Ltd.	62,500	Rs. 10/-	0.50	0.50	
(iv) Investment in Mutual Funds					
(a) ICICI Prudential Fixed Maturity Plan Series 51 - Plan C	50,00,000	Rs. 10/-	5.00	-	
(b) RELIGARE Fixed Maturity Plan - Series-II Plan B	50,00,000	Rs. 10/-	5.00	-	
			10.00	-	
Total Long Term Unquoted Investments			11.02	1.02	
Quoted					
(i) Trade Investments					
Akzo Nobel India Ltd. (Formerly ICI (India) Ltd.)	20,10,626	Rs. 10/-	41.30	77.25	
(17,50,157 equity shares sold during the year)	(37,60,783)				
(ii) Other Investments					
Housing Development Finance Corporation Ltd.	93,000	Rs. 10/-	0.12	0.12	
Apcotex Industries Ltd.	3,418	Rs. 10/-	0.01	0.01	
Pan United Corp	7,000		0.02	-	
(iii) Investment in Mutual Funds					
ICICI Prudential Fixed Maturity Plan Series 51 - Plan E	50,00,000	Rs. 10/-	5.00	-	
KOTAK Fixed Maturity Plan Series 6 - Growth	50,00,000	Rs. 10/-	5.00	-	
SUNDARAM BNP PARIBAS Fixed Term Plan Series Y - Growth	1,00,00,000	Rs. 10/-	10.00	-	
RELIANCE Fixed Horizon Fund - XIV - Series 1 - Growth Plan	2,00,00,000	Rs. 10/-	20.00	-	
Total Long Term Quoted Investments			81.45	77.38	
Total Long Term Investments			92.47	78.40	

Consolidated Schedules Forming Part of the Accounts

	Nos.	Face value	As at 31.03.2010	As at 31.03.2009	(Rs. in Crores)
Current Investments (Unquoted)					
BIRLA SUNLIFE Savings Fund - Institutional - Growth	3,33,33,364.592	Rs.10/-	58.26	-	
ICICI Prudential Flexible Income Plan Premium - Growth	28,20,799.090	Rs.10/-	48.30	-	
GFCG IDFC Money Manager Fund - TP - Super					
Institutional Plan C - Growth	5,38,18,266.852	Rs. 10/-	58.75	-	
JM Money Manager Fund Super Plus Plan - Growth	3,28,75,322.973	Rs.10/-	42.68	-	
KOTAK Flexi Debt Scheme Institutional - Growth	4,75,68,403.795	Rs.10/-	53.87	-	
LIC MF Savings Plus Fund - Growth Plan	4,03,07,389.144	Rs.10/-	59.00	-	
LIC MF Savings Plus Fund - Dividend	46,48,028.427	Rs.10/-	4.64	-	
RELIANCE Money Manager Fund - Institutional					
Option - Growth Plan	3,00,908.402	Rs.1000/-	37.75	-	
RELIGARE Ultra Short Term Fund - Institutional Growth	4,20,50,552.695	Rs.10/-	53.24	-	
TATA Floater Fund - Growth	4,01,31,946.742	Rs.10/-	55.10	-	
Treasury bill - National Societe General Bank			60.05	-	
Total Current Investments			531.64	-	
Total Investments			624.11	78.40	
Aggregate market value of Long term Quoted Investments :			186.80	178.76	

Note :

1. Figures in brackets indicate that of previous year.
2. Investments in shares are fully paid - up except where indicated.

Consolidated Schedules Forming Part of the Accounts

	(Rs. in Crores)	
	As at 31.03.2010	As at 31.03.2009
SCHEDULE F : CURRENT ASSETS, LOANS AND ADVANCES		
Current Assets		
(i) Interest accrued on investments	0.21	0.55
(ii) Inventories - valued and certified by the Management		
(a) Raw materials	379.47	317.59
(b) Packing materials	23.45	24.67
(c) Finished goods (including Paints purchased for resale)	490.21	367.70
(d) Work-in-process	42.97	40.30
(e) Stores, spares and consumables	18.46	17.09
(f) Other traded items	1.32	1.60
	955.88	768.95
(iii) Sundry debtors (Unsecured)		
(a) Outstanding for more than six months		
Considered good	12.77	25.86
Considered doubtful	30.61	31.01
	43.38	56.87
(b) Other debts		
Considered good	529.75	546.06
Considered doubtful	0.01	0.02
	529.76	546.08
Less : Provision for doubtful debts		
	573.14	602.95
	30.62	31.03
	542.52	571.92
(iv) Cash and Bank Balances		
(a) Cash on hand	0.79	0.10
(b) Balances with Banks:		
(i) Current Accounts	88.24	116.25
(ii) Term Deposits	12.94	3.53
(iii) Cash Credit Accounts	3.86	90.49
	105.83	210.37
(v) Other Current Assets		
Employee Benefit Asset (Refer Note B-9 in Schedule 'M')	-	1.01
Other Receivables	64.63	48.11
	64.63	49.12
Loans And Advances		
Unsecured and considered good		
(a) Balances with Customs, Central Excise, etc.	28.61	16.30
(b) Sundry deposits	28.04	21.88
(c) Advances/claims recoverable in cash or in kind	103.12	68.75
(d) Advances to employees	2.81	3.17
(e) Advances against capital expenditure	12.04	78.01
(f) Advance Payment of taxes (Net of Provision for Tax of Rs. NIL [Previous Year Rs. 1,167.54 Crores])	-	9.69
	174.62	197.80
Unsecured and considered doubtful		
Advances/claims recoverable in cash or in kind	2.68	1.55
Less: Provision for doubtful advances/claims recoverable in cash or in kind	2.68	-
	1,843.69	1,798.71

Consolidated Schedules Forming Part of the Accounts

	(Rs. in Crores)	
	As at 31.03.2010	As at 31.03.2009
SCHEDULE G: CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
(i) Acceptances	298.77	179.54
(ii) Sundry creditors		
- Trade	599.38	441.64
- Others	<u>118.94</u>	<u>112.51</u>
	<u>718.32</u>	<u>554.15</u>
	1,017.09	733.69
(iii) Investor Education and Protection Fund*		
(a) Unpaid/Unclaimed dividend	3.41	2.86
(b) Unpaid/Unclaimed matured deposits	-	0.01
(c) Unclaimed amount of sale proceeds of fractional coupons of bonus shares	<u>0.04</u>	<u>0.04</u>
	3.45	2.91
(iv) Other liabilities	<u>359.11</u>	<u>278.08</u>
	1,379.65	1,014.68
Provisions		
(i) Proposed Dividend	177.45	105.51
(ii) Provision for tax on Proposed Dividend	29.47	17.93
(iii) Defined benefit obligations (Refer Note B - 9 in Schedule 'M')	3.90	-
(iv) Provision for accrued leave	51.36	51.21
(v) Provision for Tax (Net of Advance Tax) (Net of Advance Tax of Rs.1,495.24 Crores [Previous year Rs. NIL])	41.95	-
(vi) Other provisions (Refer Note B-13 in Schedule 'M')	<u>10.91</u>	<u>2.80</u>
	315.04	177.45
	<u>1,694.69</u>	<u>1,192.13</u>

* There is no amount due and outstanding to be paid to the Investor Education and Protection Fund as at 31st March, 2010. These amounts shall be paid to the Fund as and when they become due.

Consolidated Schedules Forming Part of the Accounts

	(Rs. in Crores)	
	Year 2009-2010	Year 2008-2009
SCHEDULE H : SALES AND OPERATING INCOME		
Revenue from Sales (Net of returns)	7,314.47	6,229.78
Less: Discounts	284.39	255.07
Sales (Net of discounts)	7,030.08	5,974.71
Operating Income :		
Processing charges	10.44	11.56
Lease Rent	5.10	1.20
Revenue from Home Solutions operations	12.32	11.82
Revenue from painting and related services	48.62	45.22
	7,106.56	6,044.51
SCHEDULE I : OTHER INCOME		
Interest received	11.06	5.69
Claims received	0.57	1.32
Dividends	22.62	14.08
Royalty	2.35	2.55
Sundry balances written back (Net)	1.19	0.41
Reversal of provision for liabilities no longer required	1.08	3.15
Profit on sale of short term investments (Net)	-	0.13
Profit on sale of long term investments (Net)	62.72	-
Profit on sale of assets (Net) - (Refer Note B - 12 in Schedule 'M')	7.88	6.54
Exchange difference (Net)	7.90	-
Miscellaneous income	23.13	17.14
	140.50	51.01

Consolidated Schedules Forming Part of the Accounts

	(Rs. in Crores)	
	Year 2009-2010	Year 2008-2009
SCHEDULE J : MATERIAL COST		
Raw Materials consumed		
Opening Stock	317.59	281.55
Add: Purchases	3,151.23	2,766.72
	3,468.82	3,048.27
Less: Closing Stock	379.47	317.59
	3,089.35	2,730.68
Packing Materials Consumed		
Opening Stock	24.67	19.77
Add: Purchases	630.89	536.95
	655.56	556.72
Less: Closing Stock	23.45	24.67
	632.11	532.05
Cost of Paints purchased for resale		
Opening Stock	18.87	13.26
Add: Purchases	94.50	106.86
	113.37	120.12
Less: Closing Stock	23.88	18.87
	89.49	101.25
Cost of other goods sold		
Opening Stock	1.60	1.76
Add: Purchases	43.52	33.84
	45.12	35.60
Less: Closing Stock	1.32	1.60
	43.80	34.00
(Increase)/Decrease in finished goods and work-in-process		
Opening Stock	389.13	380.59
Closing Stock	509.30	389.13
	(120.17)	(8.54)
Increase/(Decrease) in Excise duty on finished goods	23.38	(18.80)
	3,757.96	3,370.64
SCHEDULE K : EMPLOYEE COST		
Salaries, wages, allowances, commission, bonus and accrued leave salary	378.65	321.42
Contribution to Defined contribution plans: Provident and other funds	18.77	16.05
Defined Benefit Plans (Gratuity and other Plans) (Refer Note B - 9 in Schedule 'M')	13.26	10.25
Staff Welfare expenses	25.60	23.80
	436.28	371.52

Consolidated Schedules Forming Part of the Accounts

	Year 2009-2010	Year 2008-2009	(Rs. in Crores)
SCHEDULE L : MANUFACTURING, ADMINISTRATIVE, SELLING AND DISTRIBUTION EXPENSES			
Stores and spares	22.99	26.44	
Power and fuel	56.48	54.01	
Processing charges	43.96	34.77	
Repairs and Maintenance:			
Buildings	6.44	5.59	
Machinery	10.96	9.26	
Others	<u>24.22</u>	<u>19.92</u>	
Rent	41.62	34.77	
Rates and taxes	50.44	41.33	
Insurance	27.13	15.99	
Printing, stationery and communication expenses	7.66	6.27	
Travelling expenses	30.32	28.64	
Donations	43.35	41.36	
Commission to Non Executive Directors	2.29	1.93	
Directors' sitting fees	1.89	0.87	
Auditors' remuneration	0.20	0.15	
Finance Costs	3.55	3.30	
Exchange difference (Net)	8.28	6.14	
Information Technology expenses	-	22.24	
Legal and professional expenses	11.71	9.93	
Training and recruitment	14.30	8.29	
Freight and handling charges	5.69	4.73	
Advertisement and sales promotional expenses	251.84	201.19	
Cash and payment performance discount	299.41	239.02	
Commission on sales	247.40	203.78	
Bad debts written off	2.06	2.17	
Provision for doubtful debts and advances	11.16	5.07	
Miscellaneous expenses	0.72	3.42	
	<u>74.63</u>	<u>55.86</u>	
	<u>1,259.08</u>	<u>1,051.67</u>	

Consolidated Schedules Forming Part of the Accounts

SCHEDULE M: Significant Accounting Policies and Notes to Consolidated Financial Statements

A. Statement of Significant Accounting Policies Followed In The Compilation of Accounts

1) Basis for preparation of consolidated financial statements

(a) Basis of Preparation:

The financial statements have been prepared and presented under the historical cost convention on accrual basis of accounting to comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 and with the relevant provisions of the Companies Act, 1956.

(b) Use of estimates:

The preparation of consolidated financial statements in conformity with generally accepted accounting principles (GAAP) in India 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.

2) Fixed Assets

(a) Fixed assets are carried at the cost of acquisition or construction, less accumulated depreciation and impairment. The cost of fixed assets includes taxes (other than those subsequently recoverable from tax authorities), duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. Interest on borrowed funds directly attributable to the qualifying assets up to the period such assets are put to use, is included in the cost.

(b) Know-how related to plans, designs and drawings of buildings or plant and machinery is capitalised under relevant asset heads.

(c) Depreciation on fixed assets is provided under Written Down Value / Straight Line Method as the case may be and at rates permissible under applicable local laws or at such rates so as to write off the value of assets over their useful life.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Leasehold improvements are amortised over the primary period of lease.

Intangible assets are capitalised and amortised over their estimated useful life.

(d) At balance sheet date, an assessment is done to determine whether there is any indication of impairment of the carrying amount of the Group's fixed assets. If any such indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of asset exceeds its recoverable amount.

An assessment is also done at each balance sheet date whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased. If any such indication exists the asset's recoverable amount is estimated. The carrying amount of the fixed asset is increased to the revised estimate of its recoverable amount but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss is recognised in the Profit and Loss Account.

After recognition of an impairment loss or reversal of an impairment loss as applicable, the depreciation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), over its remaining useful life.

3) Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets and liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the business combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised in goodwill is not reversed in a subsequent period.

4) Revenue Recognition

Revenue from sale of goods is recognised on transfer of all significant risks and rewards of ownership to the buyer which is on dispatch of goods. The amount recognised as sale is exclusive of sales tax / VAT. Sales are stated gross of excise duty as well as net of excise duty; excise duty being the amount included in the amount of gross turnover. The excise duty related to the difference between the closing stock and opening stock is recognised separately as part of 'material cost'.

Revenue from rendering of services is recognised by reference to the stage of completion of the transaction at the Balance Sheet date determined by services performed to date as a percentage of total services.

Revenue from processing services is recognised on rendition of services.

Dividend income is recognised when the right to receive payment is established.

Interest income is recognised on the time proportion basis.

5) Lease Accounting**Assets taken on lease:**

In respect of operating leases, lease rentals are recognised as an expense in the Profit & Loss Account on an accrual basis over the lease term.

In respect of assets obtained on finance leases, assets are recognised at their fair value at the date of acquisition or if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation. The excess of lease payments over the recorded lease obligations are treated as finance charges which are allocated to each lease term so as to produce a constant rate of charge on the remaining balance of the obligations. The assets are depreciated as owned depreciable assets.

Assets given on lease:

In respect of assets provided on finance leases, amounts due from lessees are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

In respect of assets given on operating lease, lease rentals are accounted on accrual basis in accordance with the respective lease agreements.

6) Inventory

- a) Raw materials, work in progress, finished goods, packing materials, stores, spares, traded items and consumables are carried at the lower of cost and net realisable value. The comparison of cost and net realisable value is made on an item-by-item basis. Damaged, unserviceable and inert stocks are suitably depreciated.

- b) In determining cost of raw materials, packing materials, traded items, stores, spares and consumables, weighted average cost method is used. Cost of inventory comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition.
- c) Cost of finished goods and work-in-process includes the cost of raw materials, packing materials, an appropriate share of fixed and variable production overheads, excise duty as applicable and other cost incurred in bringing the inventories to their present location and condition. Fixed production overheads are allocated on the basis of normal capacity of production facilities.

7) Investments

Long term investments are carried at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary in the opinion of the management. Current investments are carried at lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investments.

Profit and loss on sale of investments is determined on a first in first out (FIFO) basis.

8) Transactions and translations in foreign currency

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the Profit and loss account of the year.

Monetary assets and liabilities denominated in foreign currencies, which are outstanding as at the year end are translated at the closing exchange rate and the resultant exchange differences are recognised in the Profit and loss account.

The premium or discount on forward exchange contracts is recognized over the period of the contracts in the profit and loss account.

In translating the financial statements of foreign entities for incorporation in the consolidated financial statements, the assets and liabilities are translated at the exchange rate prevailing at the balance sheet date of respective subsidiaries, and the income and expense items are translated at the average rates of exchange for the year. The effect on changes in exchange rates between the balance sheet date of the subsidiary and the balance sheet date of the parent company is accounted where appropriate. The resulting exchange differences are classified as foreign currency translation reserve

9) Sundry Debtors

Sundry debtors are stated after writing off debts considered as bad. Adequate provision is made for debts considered doubtful. Discounts due, yet to be quantified at the customer level are included under the head 'Current Liabilities and Provisions'.

10) Employee Benefits

A. Short Term Employee Benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognised in the period in which the employee renders the related service. The Group recognises the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

B. Post-employment benefits:

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the parent and its subsidiary companies pay fixed contributions into separate entities (funds) or to financial institutions or state managed retirement benefit schemes. The group's contributions to defined contribution plans are recognised in the Profit and Loss Account in the financial year to which they relate.

The parent company and its Indian subsidiaries/Joint Venture operate defined contribution plans pertaining to Provident Fund schemes, Employee State Insurance Scheme and Government administered Pension Fund Scheme for all employees and the parent company operates a Superannuation scheme for eligible employees.

(b) Defined benefit plans

(i) Defined benefit Gratuity and Pension plans (Funded)

The parent company, its Indian subsidiaries/Joint Venture and some of its foreign subsidiaries operate a defined benefit gratuity and pension plan for employees. The contribution is paid to a separate entity (a fund) or to a financial institution, towards meeting the Gratuity and Pension obligation.

(ii) Defined benefit Pension and Leaving Indemnity plan (Unfunded)

The parent company and some of its foreign subsidiaries operates a defined benefit pension and leaving indemnity plan for certain specified employees and is payable upon the employee satisfying certain conditions.

(iii) Defined Post Retirement Medical benefit plan (Unfunded)

The parent company and some of its foreign subsidiaries operates a defined post retirement medical benefit plan for certain specified employees and is payable upon the employee satisfying certain conditions.

The cost of providing defined benefits is determined using the Projected Unit Credit Method with actuarial valuations being carried out at each balance sheet date. Past service cost is recognised immediately to the extent that the benefits are already vested, else is amortised on a straight-line basis over the average period until the amended benefits become vested.

In case of certain foreign subsidiaries, liabilities have been provided on an estimated basis.

The defined benefit obligations recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and as reduced by the fair value of plan assets, if applicable. Any defined benefit asset (negative defined benefit obligations resulting from this calculation) is recognised representing the unrecognised past service cost plus the present value of available refunds and reductions in future contributions to the plan.

C. Other long term employee benefits

Entitlements to annual leave and sick leave are recognised when they accrue to employees. Sick leave can only be availed while annual leave can either be availed or encashed subject to a restriction on the maximum number of accumulation of leaves. The parent company and its Indian subsidiaries and joint venture determine the liability for such accumulated leave using the Projected Accrued Benefit Method with actuarial valuations being carried out at each balance sheet date.

11) Research and Development

- a) Capital expenditure is shown separately under respective heads of fixed assets.
- b) Revenue expenses including depreciation are charged to Profit and Loss account under the respective heads of expenses.

12) Provision for taxation

Tax expense comprises of current tax (i.e. amount of tax for the period determined in accordance with applicable taxation laws), and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period).

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carry forward loss under applicable taxation laws, deferred 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 to reassess realisation.

13) Provisions and Contingencies

The Group creates a provision when there exists a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made.

14) Earnings Per Share

The basic and diluted earnings per share ("EPS") is computed by dividing the net profit after tax for the year by weighted average number of equity shares outstanding during the year.

15) Proposed Dividend

Dividend recommended by the Board of directors is provided for in the accounts, pending approval at the Annual General Meeting.

B. NOTES:

	(Rs in crores)	
	2009-10	2008-09
1. Estimated amount of contracts remaining to be executed on capital account and not provided for.	60.30	187.24
2. Letters of credit and bank guarantees issued by bankers and outstanding as at Balance Sheet date.	47.75	57.42
3. Contingent Liabilities:		
(i) Guarantees given –		
(a) to a bank on behalf of parent Company's dealers in respect of loans granted to them by a bank for acquiring dealer tinting systems	11.41	21.43
(b) to others	18.41	15.91
(ii) Claims against the Company not acknowledged as debts		
(a) Tax matters in dispute under appeal	51.32	52.04
(b) Others	7.50	4.29
(iii) Berger International Limited and its subsidiary, Berger Paints Trinidad Limited, are engaged in litigation initiated by its former Regional Managing Director. The Company upon discontinuing his services has paid him compensation as per his contract of employment and the same has been charged to income statement. This matter is subject to Trinidad and Tobago's High Court Action No.3085 of 2003. Based on the information presently available, the likely outcome of this trial cannot be determined with any reasonable certainty. Therefore, no further provision has been made in these financial statements for this matter.		

4. Details of Subsidiaries and Joint Venture:

Subsidiaries:

The subsidiary companies considered in the consolidated financial statements are:

Direct Subsidiaries:

Name of the Company	Country of Incorporation	% of Holding as on 31st March 2010	Accounting period **
Asian Paints (Nepal) Pvt. Limited	Nepal	51.00%	14th Jan 2009- 13th Mar 2010
Asian Paints (International) Limited	Mauritius	100.00%	1st Jan 2009 – 31st Mar 2010
Asian Paints Industrial Coatings Limited	India	100.00%	1st Apr 2009 – 31st Mar 2010
Multifacet Infrastructure (India) Limited*	India	100.00%	1st Apr 2009 – 31st Mar 2010
Maxbhumi Developers Limited	India	100.00%	1st Apr 2009 – 31st Mar 2010

Pursuant to a Scheme of Amalgamation approved by the Hon'ble High Court of Bombay, Technical Instruments Manufacturers (India) Limited, an erstwhile wholly owned direct subsidiary of Asian Paints Limited has been amalgamated with Asian Paints Limited with effect from 1st April, 2009. Consequently, the goodwill on consolidation of Rs 10.94 Crores has been adjusted to General Reserves during the year.

*The Company acquired Multifacet Infrastructure (India) Private Limited on 27th January, 2010 which was converted to Public Limited Company w.e.f. 6th May, 2010.

Indirect Subsidiaries:

Name of the Company	Country of Incorporation	% of Holding as on 31st March 2010	Accounting period **
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i) Subsidiaries of the wholly owned subsidiary, Asian Paints (International) Limited, Mauritius.

Asian Paints (South Pacific) Limited	Fiji Islands	51.30%	1st Jan 2009 – 31st Mar 2010
Asian Paints (Tonga) Limited	Kingdom of Tonga	100.00%	1st Jan 2009 – 31st Mar 2010
Asian Paints (S.I.) Limited	Solomon Islands	75.00%	1st Jan 2009 – 31st Mar 2010
Asian Paints (Vanuatu) Limited	Republic of Vanuatu	60.00%	1st Jan 2009 – 31st Mar 2010
Asian Paints (Lanka) Limited	Sri Lanka	98.74%	1st Jan 2009 – 31st Mar 2010
Asian Paints (Bangladesh) Limited	Bangladesh	89.78%	1st Jan 2009 – 31st Mar 2010
Asian Paints (Middle East) LLC	Sultanate of Oman	49.00%	1st Jan 2009 – 31st Mar 2010
SCIB Chemicals S.A.E.	Egypt	60.00%	1st Jan 2009 – 31st Mar 2010
Berger International Limited	Singapore	50.10%	1st Jan 2009 – 31st Mar 2010

Asian Paints South Pacific (Holdings) Ltd an erstwhile wholly owned direct subsidiary of Asian Paints (International) Ltd has been liquidated on 4th March, 2010

ii) Subsidiary of Asian Paints (South Pacific) Limited:

Taubmans Paints (Fiji) Limited	Fiji Island	100.00%	1st Jan 2009 – 31st Mar 2010
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Taubmans Paints (Fiji) Limited has ceased trading and has transferred its assets, liabilities and business to shareholder Asian Paints (South Pacific) Limited, the merger/liquidation is pending subject to legal formalities.

iii) Subsidiary of Taubmans Paints (Fiji) Limited:

Samoa Paints Limited	Samoa	80.00%	1st Jan 2009 – 31st Mar 2010
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iv) Subsidiary of Asian Paints (Lanka) Limited:

Asian Paints Distributors (Pvt.) Limited, an erstwhile wholly owned direct subsidiary of Asian Paints (Lanka) Ltd was a dormant company without any assets. The Company has ceased to exist as a registered company as of 21st December, 2009.

v) Subsidiaries of Berger International Limited, Singapore

Berger Paints Singapore Pte Limited	Singapore	100.00%	1st Jan 09 – 31st Mar 10
Berger Building Services (Singapore) Pte. Limited	Singapore	100.00%	1st Jan 09 – 31st Mar 10
Enterprise Paints Limited	Isle of Man, U.K.	100.00%	1st Jan 09 – 31st Mar 10
Universal Paints Limited	Isle of Man, U.K.	100.00%	1st Jan 09 – 31st Mar 10
Lewis Berger (Overseas Holdings) Limited	U.K.	100.00%	1st Jan 09 – 31st Mar 10

Following subsidiaries of Berger International Ltd, Singapore have been disposed off during the year –

Name of the Company	Country of Incorporation	% of Holding on the date of disposal	Date of Disposal	Accounting period **
Berger Paints (Hong Kong) Ltd	Hong Kong	100.00%	28th Sep 2009	1st Jan 09 – 28th Sep 09
Berger International Sdn Bhd	Malaysia	100.00%	23rd Oct 2009	1st Jan 09 – 23rd Oct 09
Berger Paints (Thailand) Limited	Thailand	88.60%	25th Jan 2010	1st Jan 09 – 25th Jan 10
Berger Paints (China) Co. Ltd	China	100.00%	31st Jan 2010	1st Jan 09 – 31st Jan 10

Name of the Company	Country of Incorporation	% of Holding as on 31st March 2010	Accounting period **
vi) Subsidiary of Berger Building Services (Singapore) Pte Ltd.			
Berger Contractor (Singapore) Pte. Limited	Singapore	100.00%	1st Jan 2009 – 31st Mar 2010
vii) Subsidiary of Enterprise Paints Limited			
Nirvana Investments Limited	Isle of Man, U.K.	100.00%	1st Jan 2009 – 31st Mar 2010
viii) Subsidiary of Nirvana Investments Ltd			
Berger Paints Emirates Limited	U.A.E.	100.00%	1st Jan 2009 – 31st Mar 2010
ix) Subsidiaries of Lewis Berger (Overseas Holdings) Ltd.			
Berger Paints Jamaica Limited	Jamaica	51.00%	1st Jan 2009 – 31st Mar 2010
Berger Paints Trinidad Limited	Trinidad	70.00%	1st Jan 2009 – 31st Mar 2010
Berger Paints Barbados Limited	Barbados	100.00%	1st Jan 2009 – 31st Mar 2010
x) Subsidiary of Universal Paints Limited:			
Berger Paints Bahrain W.L.L.	Bahrain	100.00%	1st Jan 2009 – 31st Mar 2010
xii) Joint Venture:			
Asian PPG Industries Limited, a joint venture between the parent company and PPG IndustriesSecurities Inc., U.S.A., wherein the parent company has 50% equity participation.			
xiii) Direct subsidiary of the Joint Venture:			
Faaber Paints Pvt Limited	India	100.00%	1st Apr 2009 – 31st Mar 2010
** To align the accounting period with the Parent company, the overseas subsidiaries of the Company (except Asian Paints (Nepal) Pvt. Ltd.) have changed their accounting year from January - December to April - March during the year. Accordingly, being the first year of transition, the financial results of all overseas companies for fifteen months (i.e. January 2009 to March 2010) have been included in the consolidated accounts.			
For the purpose of consolidation, Asian Paints (Nepal) Pvt. Ltd., has changed its accounting year from 14 th January - 13 th January to 14 th March -13 th March during the year. Accordingly, being the first year of transition, the financial results of this company for fourteen months (i.e. 14 th January, 2009 to 13 th March, 2010) have been included in the consolidated accounts.			
Consequently, the net sales and operating income (net of discounts) is higher by Rs. 225.91crores, Profit before tax is higher by Rs. 30.88 crores and Profit attributable to shareholders of the group for the year ended 31 st March, 2010 is higher by Rs. 14.43 crores due to inclusion of financial results for additional three months of overseas subsidiaries in the consolidated accounts.			
5. Principles of consolidation:			
(i) The consolidated financial statements of Asian Paints Limited together with audited financial statements of its subsidiaries and joint venture as described in note no. 4 have been considered for the purpose of consolidation.			
(ii) The financial statements of the parent company and its subsidiaries and joint venture as described in note no. 4 have been combined to the extent possible on a line by line basis by adding together like items of assets, liabilities, income and expenses. The results of subsidiaries acquired or disposed off during the year are included in the consolidated profit and loss account from the effective date of acquisition or upto the effective date of disposal, as appropriate. All significant intra group balances and transactions have been eliminated on consolidation. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the parent company and its share in the post – acquisition increase in the relevant reserves of the subsidiaries/joint venture.			
(iii) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the parent company's financial statements.			
(iv) Minority interest in the net income and net assets of the consolidated financial statements are computed and shown separately. Losses applicable to minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the group.			
(v) The unamortized carrying value of goodwill is tested for impairment as at each balance sheet date.			

6. Pursuant to Accounting Standard (AS 27) - Financial Reporting of Interests in Joint Venture, the audited consolidated financial statements of Asian PPG Industries Limited (hereinafter referred to as JV), the Joint Venture between the parent company and PPG Industries Securities Inc., U.S.A. have been consolidated using proportionate consolidation method.
- The parent company's share of each of the assets, liabilities, income and expenses of JV has been included in the consolidated financial statements.
 - The aggregate amounts of assets, liabilities, income and expenses related to the Company's interest in the JV as at 31st March, 2010 is as follows -

(Rs. In crores)

	2009-2010	2008-2009
(1) Assets	160.10	133.17
(2) Liabilities	71.85	59.92
(3) Income	231.65	191.70
(4) Expenses	216.62	184.45

- The parent company's share of capital commitments in the JV as at 31st March, 2010 is Rs. 0.98 Crores. (Previous year Rs. 0.13 Crores).
- The parent company's share of contingent liabilities of the JV as at 31st March, 2010 is Rs. 6.02 Crores (Previous year Rs. 2.54 crores).
- No contingent liabilities and capital commitments have been incurred as at 31st March, 2010 in relation to the parent company's interests in the JV along with the other venture. (Previous year Rs. Nil).

7. During the year, the group disposed off its entire stake in the subsidiaries, Berger Paints (Hong Kong) Ltd; Berger International Sdn. Bhd, Malaysia; Berger Paints (Thailand) Limited and Berger Paints (China) Co. Ltd. on 28th September 2009, 23rd October 2009, 25th January 2010 and 31st January 2010 respectively.

The effect of disposal of subsidiaries on the financial position and results as included in the consolidated financial statements for the year ended 31st March 2010 are given below:

(Rs in crores)

	As at date of disposal	As at 31st March, 2009
Cash & Cash Equivalents	2.01	2.73
Inventories	4.42	7.66
Trade Receivables	10.46	22.72
Other Receivables & Prepayments	1.82	1.50
Fixed Assets	2.44	3.74
Overdraft & Loans	(0.17)	(51.93)
Trade payables, other payables, accrued liabilities & provisions	(13.07)	(26.09)
Finance Leases	(0.15)	(0.19)
Net Assets	7.76	(39.86)
Net Assets Disposed	7.76	
Foreign Exchange Translation Reserve	(0.99)	
Gain on disposal (accounted as exceptional item)	1.15	
Total Consideration	7.92	
Satisfied by:		
Cash consideration	7.92	
Net Cash inflow on disposal		
Cash consideration	7.92	
Cash disposed off	(2.01)	
Net cash inflow	5.91	

The exceptional item in previous year comprises a provision for impairment Rs. 1.24 crores recognized in the goodwill of Asian Paints (Bangladesh) Ltd. held through the wholly owned subsidiary Asian Paints (International) Ltd. Deferred tax asset on the above provision was not recognized.

- 8.** The group has recognised deferred tax arising on account of timing differences, being the difference between the taxable income and accounting income, that originates in one period and is capable of reversal in one or more subsequent periods in compliance with the applicable Accounting Standard (AS 22) –Accounting for Taxes on Income.

The major components of Deferred tax (liabilities)/ assets arising on account of timing differences as at 31st March, 2010 are as follows:

	(Rs in Crores)	
	As at 31 st March, 2010	As at 31 st March, 2009
Deferred Tax Liabilities		
Difference between the Written Down Value of assets as per books of accounts and Income Tax	(80.05)	(75.48)
Unremitted income	(1.31)	(1.43)
Retirement Benefit Plans	(4.90)	(5.37)
Preconstruction interest capitalized	-	(0.68)
Others	(0.78)	(1.52)
Total Deferred Tax Liabilities	(87.04)	(84.47)
Deferred Tax Assets		
Expenses allowed for tax purpose on payment basis	17.81	16.06
Provision for doubtful debts	4.23	3.01
Expenditure debited to Profit and Loss Account but allowed in Income tax over a longer period	4.94	4.51
Losses carried forward under Income Tax	3.83	7.57
Total Deferred Tax Assets	30.81	31.16
Net Deferred Tax (liability)	(56.23)	(53.31)
Foreign Exchange Fluctuation Gain / (Loss)	0.54	(0.68)
Over provision of deferred tax	2.08	2.77
Deferred tax (expense) for the year	(5.54)	(16.32)

9. Employee Benefits:

- (1) Short term employee benefits:

The liability towards short term employee benefits for the year ended 31st March 2010 has been recognised in the Profit & Loss Account.

- (2) Post-employment benefits: The following disclosures are made in accordance with AS 15 (Revised) pertaining to Defined Benefit Plans:

	(Rs. in Crores)			
	Gratuity and (Funded)	Pension	Pension, Leaving Indemnity and Medical Plan (Unfunded)	
	31.03.10	31.03.09	31.03.10	31.03.09
Amount Recognised in Balance Sheet				
Present value of funded obligations	120.46	115.05	-	-
Fair value of plan assets	(126.29)	(125.30)	-	-
Present value of unfunded obligations	-	-	15.18	13.16
Amount not recognised as Assets because of the limitation as per AS-15 (Revised) & unrecognised actuarial gains/Losses	(2.78)	(3.65)	(2.76)	(0.38)
Net Liability/(Asset)	(8.61)	(13.90)	12.42	12.78
Amounts in Balance Sheet				
Liability	11.02	7.67	12.42	12.78
Assets	(19.63)	(21.57)	-	-
Net Liability/(Asset)	(8.61)	(13.90)	12.42	12.78
Expense Recognised in the Profit & Loss Account				
Current Service Cost	6.73	5.25	0.83	0.60
Interest on Defined Benefit Obligation	11.46	9.00	1.45	1.00
Expected Return on Plan Assets	(12.80)	(10.78)	0.05	-
Net Actuarial Losses/(Gains) Recognized in Year	(0.12)	3.61	(0.23)	1.06
Past Service Cost	5.97	-	-	-
Adjustment for current year unutilised asset	(0.08)	0.50	-	-
Total, Included in "Employee Benefit Expense"	11.16	7.58	2.10	2.66
Actual return on plan assets	12.29	6.59	-	-
Movement in the asset recognised in the Balance Sheet :				
Opening Net (Asset)/Liability	(13.90)	(15.16)	12.78	9.72
Currency translation difference	2.60	(3.45)	(1.31)	1.16
Total charge as above	11.16	7.58	2.10	2.66
Contribution	(8.47)	(2.87)	(1.15)	(0.76)
Closing Net (Asset)/Liability	(8.61)	(13.90)	12.42	12.78
Reconciliation of Benefit Obligations & Plan Assets for the Period				
Change in Defined Benefit Obligation				
Opening Defined Benefit Obligation	115.05	95.09	12.78	10.04
Current Service Cost	6.73	5.44	0.83	0.60
Interest Cost	11.46	9.00	1.45	1.00
Actuarial Losses/(Gain)	(1.46)	4.37	2.48	1.06
Past Service Cost	5.97	-	-	-
Exchange Difference on Foreign Plan	(7.06)	8.73	(3.94)	0.84
Member Contributions	0.95	-	-	-
Benefits Paid	(11.18)	(7.58)	(1.18)	(0.76)
Closing Defined Benefit Obligation as at 31st March, 2010	120.46	115.05	12.42	12.78

		(Rs. in Crores)			
		Gratuity and Pension (Funded)		Pension, Leaving Indemnity and Medical Plan (Unfunded)	
		31.03.10	31.03.09	31.03.10	31.03.09
Change in Fair Value of Assets					
Opening Fair Value of Plan Assets		125.30	111.27	-	-
Expected Return on Plan Assets		12.81	10.78	-	-
Actuarial Gain / (Losses)		(0.52)	(4.47)	-	-
Contributions by Employer		8.47	2.87	1.18	0.76
Exchange Difference on Foreign Plan		(9.50)	12.43	-	-
Member Contributions		0.91	-	-	-
Benefits paid		(11.18)	(7.58)	(1.18)	(0.76)
Closing Fair Value of Plan Assets as at 31st March, 2010		126.29	125.30	-	-
Summary of the Actuarial Assumptions					
Discount Rate		4.5%-11.5%	7.5%-16.0%	4.5%-11.5%	7.5%-16.0%
Expected Rate of Return on Assets		6.5%-9.0%	4.5%-14.5%	6.5%-9.0%	7.5%-14.5%
Experience Adjustments for the current and previous four periods					
		31.03.10	31.03.09	31.03.08	31.03.07
Gratuity and Pension (Funded)		31.03.10	31.03.09	31.03.08	31.03.07
Defined Benefit Obligation		120.46	115.05	95.09	89.20
Plan Assets		126.29	125.30	111.27	116.12
Surplus		5.83	10.25	16.18	26.92
Experience adjustment on plan liabilities		(2.17)	4.74	1.85	6.26
Experience adjustment on plan assets		(0.62)	(4.47)	1.48	(0.63)
		31.03.10	31.03.09	31.03.08	31.03.07
Pension and Medical (Unfunded)		31.03.10	31.03.09	31.03.08	31.03.07
Defined Benefit Obligation		15.18	13.16	10.05	11.05
(Deficit)		(15.18)	(13.16)	(10.05)	(11.05)
Experience adjustment on Plan Liabilities		(2.38)	0.88	(0.60)	0.58
		31.03.10	31.03.09	31.03.08	31.03.07

Notes :-

- a) The estimates of future salary increases, considered in actuarial valuation, take into account the inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.
- b) The Group estimates that the amount to be contributed to the gratuity fund for the financial year 2010-11 will be Rs. 12.07 crores.
- c) The guidance on implementing AS-15 (Revised) issued by Accounting Standards Board (ASB) of the Institute of Chartered Accountants of India states that benefits involving employer established provident funds, which require interest shortfalls to be recompensed are to be considered as defined benefits plans. Pending the issuance of the guidance note from Actuarial Society of India, the parent company's actuary has expressed an inability to reliably measure provident fund liabilities. Accordingly the parent company is unable to exhibit the related information.
- d) As the government has amended the monetary ceiling for gratuity as per the Payment of Gratuity Act, 1972 from Rs 3,50,000/- to Rs. 10,00,000/-, the parent company has made the provisions for gratuity based on the increased limit of Rs. 10,00,000/-.

10. Earnings per share:

	2009-2010	2008-2009
Basic and diluted earnings per share before exceptional item in rupees (face value - Rs.10/- per share)	87.00	41.61
Basic and diluted earnings per share attributable to shareholders in rupees (face value - Rs.10/- per share)	87.12	41.48
Profit attributable to shareholders before exceptional item as per Profit & Loss Account. (Rs. in crores)	834.49	399.08
Profit attributable to shareholders as per Profit & Loss Account. (Rs. in crores)	835.64	397.84
Weighted average number of equity shares outstanding	9,59,19,779	9,59,19,779

11. Pursuant to the Accounting Standard (AS-19) – Leases, the following information is given:

- I. (a) The parent company has provided tinting systems to its dealers on an operating lease basis. The lease period varies between four to ten years. The lease rentals are payable monthly by the dealers. A refundable security deposit is collected at the time of signing the agreement. The equipment shall be used only to tint the products of the lessor.
- (b) Certain subsidiaries provide tinting systems to their dealers on an operating lease basis. The lease normally ranges for a 5 year period. A security deposit is collected at the time of signing the agreement.
- (c) Future minimum lease rentals receivable as at 31st March, 2010 as per the lease agreements:

(Rs in Crores)

	2009-2010	2008-2009
Not later than one year	0.37	0.74
Later than one year and not later than five years	0.28	0.37
Later than five years	-	-
Total	0.65	1.11

The information pertaining to future minimum lease rentals receivable is based on the lease agreements entered into between the respective companies and the dealers and variation made thereto. The lease rentals are reviewed periodically taking into account prevailing market conditions.

- (d) Total amount of contingent rents recognised as income – Rs. NIL.
- (e) The initial direct cost relating to acquisition of tinting system is capitalised
- (f) The information on gross amount of leased assets, depreciation and impairment is given in Schedule 'D' to the Balance Sheet.
- II. (a) The parent company has taken cars, computers and other systems hardware on an operating lease basis. The lease rentals are payable by the parent company on a monthly and quarterly basis.
- (b) In addition, the Joint Venture has entered into an arrangement to obtain computer equipments, mixing racks, cars etc, on non-cancellable operating lease for tenure ranging from twenty four months to forty eight months. As per the lease agreement the Joint Venture does not have an option to purchase the assets.
- (c) In addition, certain overseas subsidiaries have also taken certain assets on operating lease.
- (d) Future minimum lease rentals payable as at 31st March 2010 as per the lease agreements:

	(Rs in Crores)	
	2009-2010	2008-2009
i) Not later than one year	7.61	9.31
ii) Later than one year and not later than five years	10.48	14.65
iii) Later than five years	1.11	4.60
Total	19.20	28.56

- (e) Lease payments recognised in the profit and loss account for the period is Rs. 13.31 crores (Previous year Rs. 10.32 crores).
 - (f) Total amount of contingent rents recognised as expense – Rs. NIL;
- III. a) Certain subsidiaries have taken property, plant and equipment on finance lease which effectively transferred to the respective subsidiaries substantially all of the risks and benefits incidental to the ownership.
- b) Future minimum lease rentals payable as at 31st March 2010 as per the lease agreements:

	2009-10			2008-09		
	Minimum lease payments	Finance charge allocated to future periods	Present value	Minimum lease payments	Finance charge allocated to future periods	Present value
i) Not later than one year	0.26	0.04	0.22	0.37	0.08	0.29
ii) Later than one year and not later than five years	0.37	0.05	0.32	0.68	0.10	0.58
iii) Later than five years	0.06	0.01	0.05	-	-	-
Total	0.69	0.10	0.59	1.05	0.18	0.87

- c) The information on gross amount of leased assets, depreciation and impairment is given in Schedule 'D' to the Balance Sheet.
- IV. a) Certain subsidiaries have leased certain of its plant and equipment on finance lease which effectively transferred substantially all of the risks and benefits incidental to the ownership.
- b) Future minimum lease rentals receivable as at 31st March, 2010 as per the lease agreements:

	2009-10			2008-09		
	Minimum lease payments	Unearned finance Income	Present value	Minimum lease payments	Unearned finance Income	Present value
i) Not later than one year	0.89	0.36	0.53	0.32	0.16	0.16
ii) Later than one year and not later than five years	0.31	0.08	0.23	0.12	0.04	0.08
iii) Later than five years	-	-	-	-	-	-
Total	1.20	0.44	0.76	0.44	0.20	0.24

12. Profit on sale of asset includes Rs. 6.06 crores (Previous year Rs. 6.77 crores) arising out of sale of colourworld machines on expiry of lease.

13. Pursuant to the Accounting Standard (AS 29) – Provisions, Contingent Liabilities and Contingent Assets, the disclosure relating to provisions made in the accounts for the year ended 31st March, 2010 is as follows:

(Rs. in Crores)

	Provision for Excise ⁽¹⁾		Provision for Sales Tax ⁽¹⁾		Provision for Warranties ⁽²⁾	
	2009 – 10	2008 - 09	2009 – 10	2008 - 09	2009 – 10	2008 - 09
Opening Balance	1.11	4.26	0.31	0.45	1.38	1.04
Additions	0.25	-	7.80	-	0.48	0.32
Utilisations	-	-	-	-	(0.20)	(0.25)
Reversals	-	(3.15)	-	(0.14)	(0.14)	-
Currency translation	-	-	-	-	(0.08)	0.27
Closing Balance	1.36	1.11	8.11	0.31	1.44	1.38

(1) Excise and Sales Tax provision is made towards matters disputed at various appellate levels.

(2) Provision for warranties represents management's best estimate of the liability for warranties granted on paints by some of the subsidiaries based on past experience of claims.

Dispute with a Customer

As at 31st March 2010, a suit has been filed in the High Court of Singapore by a customer against Berger Paints Singapore Pte Ltd, a subsidiary of the company, in relation to paint products. The subsidiary is defending the claim and hearing is scheduled to commence on 28th June 2010. Details of the subsidiary's defence and treatment of the claim are not disclosed as this may prejudice the subsidiary's position in the case.

14. Information on related party transactions as required by Accounting Standard (AS) – 18 for the year ended 31st March, 2010:

(Rs. in Crores)

Particulars	Key Management Personnel [^]	Companies Controlled by Directors/Relatives		Employee benefit Plans Where Control Exists		Promoters & their Relatives having Control [^]		Others	
		2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Sale of goods				4.35	3.51				
Purchase of goods				152.52	131.36				
Processing of goods (Expense)				0.68	0.72				
Other recoveries				0.16	0.52				
Remuneration	10.11	12.44						2.66	2.05
Commission to Non-executive Directors								0.90	0.27
Sitting Fees Paid to Non-executive Directors								0.07	0.05
Other services				0.91	0.84				
Retiral Benefits								0.47	-
Donation									
Purchase of Asset				0.15	-				
Contributions during the year						31.18	24.49		
Outatanding as at 31st March									
Amount receivables				0.21	1.65				
Amount payable	1.50	3.81	2.33	1.48	12.70	9.33	0.90	0.59	

[^] Key management personnel and relatives of promoters who are under the employment of the company are entitled to post employment benefits and other long term employee benefits recognised as per AS-15 (Revised) Employee Benefits in the financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above.

1. Key managerial person :

Mr. P M Murty	Managing Director and CEO (w.e.f 1st April, 2009)
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2. Directors / Key Management personnel of subsidiaries / joint venture:

Mr. Jagdish Acharya, Mr. Vivek Subramanian, Mr. I. K. Jaiswal, Mr. R. V. Ramanujam, Mr. Jaideep Nandi, Mr. Warren McDonald

3. Promotors and their Relatives having control:

Directors:	Designation:
Ashwin Choksi *	Non-Executive Chairman
Ashwin Dani *	Non-Executive Vice Chairman
Abhay Vakil *	Non-Executive Director
Mahendra Choksi	Non-Executive Director
Amar Vakil	Non-Executive Director
Hasit Dani	Non-Executive Director

* The contractual terms of Mr. Ashwin Choksi, Mr. Ashwin Dani and Mr. Abhay Vakil as Executive Directors came to an end on 31st March, 2009. With effect from 1st April, 2009, Mr. Ashwin Choksi has been appointed as Non – Executive Chairman, Mr. Ashwin Dani as Non – Executive Vice Chairman and Mr. Abhay Vakil as Non – Executive Director

Relatives of promoters who are under the employment of the Company:

Jalaj Dani **
 Manish Choksi***
 Nehal Vakil
 Jigish Choksi (w.e.f. 1st February, 2010)

** Mr. Jalaj Dani, a relative of parent Company's Non-Executive Vice Chairman is also the Chairman of Berger International Limited and Director on most of the subsidiary companies.

*** Mr. Manish Choksi, a relative of parent Company's Non Executive Director is also on the Board of a Subsidiary Company and a Joint Venture.

4. a) Companies over which the Directors have significant influence or control :

AR Intertect Design Pvt. Ltd.	Jalaj Trading and Investments Pvt.Ltd.	Rupen Investments and Industries Pvt. Ltd.
Rangudyan Insurance Broking Services Limited	Jaldhar Investments and Trading Co. Pvt. Ltd.	S.C. Dani Research Foundation Ltd.
Asteroids Trading and Investments Pvt. Ltd.	Jatayu Investments Ltd.	Sadavani Investments and Trading Co. Pvt. Ltd.
Castle Investments and Industries Pvt. Ltd.	Kalica Paper Industries Pvt. Ltd.	Sapan Investments Pvt. Ltd.
Centaurus Trading and Investments Pvt. Ltd.	Lambodar Investments & Trading Co. Ltd.	Satyadharma Investments & Trading Co. Pvt. Ltd.
Clear Plastics Limited	Lyon Investments and Industries Pvt. Ltd.	Sudhanva Investments and Trading Co. Pvt. Ltd.
Coating Specialties (India) Ltd.	Mipak Polymers Ltd.	Suprasad Investments & Trading Co. Ltd.
Dakshina Properties Pvt. Ltd.	Murahar Investments and Trading Co. Ltd.	Suptaswar Investments and Trading Co. Ltd.
Dani Finlease Ltd.	Navbharat Packaging Industries Ltd.	Tru Trading and Investments Pvt. Ltd.
Doli Trading and Investments Pvt. Ltd.	Nehal Trading and Investments Pvt. Ltd.	Ultramarine & Pigments Ltd.
Elcid Investments Ltd.	Omega Properties Pvt. Ltd.	Unnati Trading and Investments Pvt. Ltd.
ELF Trading and Chemical Mfg. Co. Ltd.	Pragati Chemicals Ltd.	Vikatnev Containers Ltd.
Geetanjali Trading & Investments Pvt. Ltd.	Pragati Marketing Pvt. Ltd.	Hiren Holdings Pvt. Ltd.
Gujarat Organics Ltd.	Resins and Plastics Ltd.	
Himanshu Holdings Pvt Ltd	Ricinash Oil Mill Ltd.	
Hitech Plast Ltd.	Suryakant Paint Accessories Private Limited	

b) Associates, promoters and affiliates of subsidiary companies / joint venture:

LKP Hardware, Solomon Islands	PPG Industries Securities Inc.
Sultan Bin Sulayem, UAE	PPG Industries Inc.
ABM Santo	PPG India Private Ltd
Asset Management Unit	Ariza Holdings Limited
Port Vila Hardware	AI - Hassan Group, Oman
Aladdin Investments Limited	

5. Employee Benefit Funds where control exists:

- Asian Paints Office Provident Fund
 Asian Paints Factory Employees' Provident Fund
 Asian Paints Management Cadres' Superannuation Scheme
 Asian Paints (India) Limited Employees' Gratuity Fund

6. Other entities over which there is a significant control:

- Asian Paints Charitable Trust

15. Segment Information for the year ended 31st March, 2010:

- (i) Primary segment information :
 Business segment :

	2009-10			2008-09			(Rs. in Crores)
	PAINTS	Others*	TOTAL	PAINTS	Others*	TOTAL	
REVENUE							
External Sales (Net)	6,591.64	89.30	6,680.94	5,378.30	85.60	5,463.90	
Inter-Segment Sales		90.41	90.41			83.30	83.30
Other Income	37.58	1.04	38.62	26.75	1.32	28.07	
Total Revenue	6,629.22	180.75	6,809.97	5,405.05	170.22	5,575.27	
RESULT							
Segment result	1,220.49	23.04	1,243.53	677.41	14.52	691.93	
Unallocated expenses			(61.07)			(70.43)	
Operating Profit			1,182.46			621.50	
Interest Expenses			(28.47)			(26.32)	
Interest Income			11.06			5.69	
Dividends			22.62			14.08	
Profit on sale of investments			62.72			0.13	
Profit on sale of fixed assets			0.81			0.07	
Profit on sale of Subsidiaries			1.15			-	
Impairment of Goodwill			-			(1.24)	
Miscellaneous Income			4.67			2.96	
Income taxes			(373.11)			(197.39)	
Profit after tax			883.91			419.48	
OTHER INFORMATION							
Segment assets	2,925.06	65.81	2,990.87	2,400.69	62.38	2,463.07	
Unallocated assets			793.71			369.73	
Total assets			3,784.58			2,832.80	
Segment liabilities	1,391.17	19.88	1,411.05	1,009.43	21.15	1,030.58	
Unallocated liabilities			663.55			599.05	
Total liabilities			2,074.60			1,629.63	
Capital expenditure	135.59	8.79	144.38	298.54	2.90	301.44	
Unallocated capital expenditure			13.93			11.27	
Total			158.31			312.71	
Depreciation/Impairment	80.20	2.68	82.88	70.24	3.40	73.64	
Unallocated depreciation/Impairment			0.68			0.74	
Total			83.56			74.38	

* Others include Company's business units manufacturing Phthalic Anhydride and Pentaerythritol.

(ii) Secondary segment information :

Geographical Segment:

(Rs. in Crores)

	2009-10			2008-09		
	Domestic Operations	International Operations	TOTAL	Domestic Operations	International Operations	TOTAL
Segment revenue	5,532.15	1,277.82	6,809.97	4,618.27	957.00	5,575.27
Carrying cost of segment assets	3,185.91	598.67	3,784.58	2,185.35	647.45	2,832.80
Additions to fixed and intangible assets	141.82	16.49	158.31	270.27	42.44	312.71

16. The current year's results are not comparable with the previous year due to inclusion of financial results of 15 (fifteen) months of overseas subsidiaries as against 12 (twelve) months in the last year (Refer Note no. 4 above)

17. Previous year's figures have been regrouped, wherever necessary.

As per our report of even date

For and on behalf of the Board

For Shah & Co.
Chartered Accountants
FRN: 109430W

For B S R & Associates
Chartered Accountants
FRN: 116231W

Ashwin Choksi
Chairman

Ashwin Dani
Vice Chairman

Abhay Vakil
Director

H.N. Shah
Partner
Membership No.08152

Natrajan Ramkrishna
Partner
Membership No.32815

Tarjani Vakil
Chairperson of
Audit Committee

P.M. Murty
Managing Director &
CEO

Jayesh Merchant
Chief Financial Officer &
Company Secretary

Mumbai
28th May, 2010

SUMMARY OF FINANCIAL STATEMENTS OF SUBSIDIARY COMPANIES PURSUANT TO THE APPROVAL UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956

(Rs. in crores)

Subsidiary Name	Currency	Exchange Rate	Accounting Period	Capital		Reserves		Total Liabilities		Share Capital (Other than disclosed)		Turnover		PBT		Tax provision		PAT		Dividends		Proposed Paid		
				Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period			
Asian Paints Bangladesh Ltd	Taka	0.66	0.77	Jan '09-Mar '10	Jan '08-Dec '09	28.17	30.44	(14.1)	(0.17)	27.78	26.59	30.05	-	-	80.31	69.49	5.38	(0.45)	21.15	(0.21)	3.23	(0.66)		
Asian Paints International Ltd	US \$	45.03	32.77	Jan '09-Mar '10	Jan '08-Dec '09	11.53	15.02	6.67	(4.72)	12.53	12.53	30.55	36.21	-	-	57.18	50.03	8.01	5.52	(0.57)	(0.22)	45.87	(0.77)	
Asian Paints Middle East LLC	Other OR	117.41	135.91	Jan '09-Mar '10	Jan '08-Dec '09	8.45	4.23	12.59	12.59	12.59	12.59	30.55	36.21	-	-	-	-	-	-	-	-	-	-	
Asian Paints Metal Paints Ltd	Naira	0.44	0.65	Jan '09-Mar '10	Jan '08-Dec '09	1.37	12.64	8.46	14.43	29.42	23.27	-	-	-	-	-	-	-	-	-	-	-		
Asian Paints S.L.Ltd	S \$	6.06	7.49	Jan '09-Mar '10	Jan '08-Dec '09	6.88	8.64	2.19	1.19	9.55	10.31	1.34	1.65	10.32	9.72	2.02	1.09	0.01	(0.17)	2.63	1.52	2.64	0.71	
Asian Paints (Malaysia) Ltd	F \$	23.48	23.34	Jan '09-Mar '10	Jan '08-Dec '09	1.12	1.39	20.86	25.49	13.40	36.37	10.18	1.77	21.4	18.38	49.42	5.14	1.49	(0.58)	2.42	1.38	3.90	-	
Asian Paints (South Africa) Ltd	R \$	23.88	25.57	Jan '09-Mar '10	Jan '08-Dec '09	0.31	0.31	5.89	1.29	5.56	0.76	0.65	0.65	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.91	-	
Asian Paints (Venezuela) Ltd	Venu	0.47	0.47	Jan '09-Mar '10	Jan '08-Dec '09	1.46	1.47	3.44	4.67	0.87	0.86	5.77	7.00	0.01	0.01	8.87	7.61	2.42	2.32	3.61	0.77	-	-	
Asian Paints Industrial Coatings Ltd	INR	1.00	1.00	Apr '09-Mar '10	Apr '08-Mar '09	30.45	30.45	6.59	1.57	15.54	13.24	62.58	45.26	-	-	65.74	59.96	8.24	(1.95)	(32.22)	0.45	5.02	(1.54)	
Asian Paints Larkspur Ltd	SLRs	0.40	0.46	Jan '09-Mar '10	Jan '08-Dec '09	1.82	22.04	(4.68)	8.11	17.21	18.86	31.48	32.78	-	-	52.19	45.15	3.61	(1.49)	1.06	2.12	2.63	-	
Asian Paints South Pacific Holdings Ltd	NZD	45.43	52.17	Jan '09-Mar '10	Jan '08-Dec '09	0.01	1.33	-	7.14	-	8.48	-	-	-	-	-	-	-	-	-	-	-		
Burger Building Services & Equipment Pte Ltd	SGS	32.20	34.32	Jan '09-Mar '10	Jan '08-Dec '09	3.22	3.43	(3.26)	3.47	0.08	0.07	0.03	0.03	-	-	-	-	-	-	-	-	-		
Burger Building Services (Singapore) Pte Ltd	SGS	32.20	34.32	Jan '09-Mar '10	Jan '08-Dec '09	1.49	15.44	(4.57)	(0.53)	0.08	0.09	-	-	-	-	-	-	-	-	-	-	-		
Burger International Ltd	SGS	15.01	15.01	Jan '09-Mar '10	Jan '08-Dec '09	11.83	128.13	(107.08)	(15.53)	14.08	119.13	105.33	132.06	-	-	-	-	-	-	-	-	-		
Burger International Sri Lanka Ltd	LKR	1.50	1.50	Jan '09-Mar '10	Jan '08-Dec '09	3.11	50.35	(49.84)	50.58	9.06	9.06	9.06	9.06	-	-	11.36	20.09	8.66	(0.69)	(0.69)	1.28	(30.62)	(17.21)	
Burger International Sri Lanka Ltd	LKR	1.50	1.50	Jan '09-Mar '10	Jan '08-Dec '09	3.11	50.35	(49.84)	50.58	9.06	9.06	9.06	9.06	-	-	11.36	20.09	8.66	(0.69)	(0.69)	1.28	(30.62)	(17.21)	
Burger Parts (Azerbaijan) Ltd	H \$	5.60	7.49	Jan '09-Mar '10	Jan '08-Dec '09	0.09	1.14	(0.76)	(0.51)	1.03	1.01	0.53	0.53	-	-	1.59	4.79	0.06	(0.05)	-	-	-	-	
Burger Parts (China) Ltd	CNY	6.61	7.64	Jan '09-Mar '10	Jan '08-Dec '09	0.08	44.74	(0.03)	(0.18)	4.68	2.00	2.05	2.07	10.74	-	-	3.67	21.05	6.13	(0.22)	-	-	-	-
Burger Parts (Thailand) Ltd	THB	1.40	1.48	Jan '09-Mar '10	Jan '08-Dec '09	3.71	12.21	(53.97)	(53.99)	5.59	31.63	8.73	12.45	-	-	1.88	21.83	6.65	(0.77)	-	-	-	-	
Burger Parts (UAE) WLL	BHD	20.03	18.81	Jan '09-Mar '10	Jan '08-Dec '09	5.02	5.80	22.56	24.93	13.01	17.67	38.40	38.40	-	-	7.15	70.45	11.80	9.79	11.80	9.79	10.80	6.04	
Burger Parts Europe Ltd	BHD	22.84	26.76	Jan '09-Mar '10	Jan '08-Dec '09	4.31	5.03	5.03	11.90	8.70	13.84	23.91	30.87	-	-	43.41	41.92	2.67	1.10	(0.34)	0.84	2.33	2.04	
Burger Parts Europe Ltd	AED	12.26	14.21	Jan '09-Mar '10	Jan '08-Dec '09	1.21	1.42	4.53	6.40	6.67	10.78	72.47	102.70	-	-	17.46	21.90	10.05	5.67	-	-	-	-	
Burger Parts Samoa Ltd	Jamian's	0.51	0.81	Jan '09-Mar '10	Jan '08-Dec '09	1.29	1.29	10.25	16.10	17.94	26.37	41.46	60.17	-	-	8.07	90.73	4.90	1.32	(1.10)	0.96	1.05	-	
Burger Parts Singapore Pte Ltd	SGS	22.20	34.32	Jan '09-Mar '10	Jan '08-Dec '09	4.68	4.62	6.01	6.02	61.58	15.19	15.88	24.96	34.21	0.01	85.81	72.05	2.18	2.59	0.38	1.59	2.17	0.03	
Burger Parts (UAE) Ltd	Emiratis	7.24	8.96	Jan '09-Mar '10	Jan '08-Dec '09	4.27	5.05	14.22	18.42	9.69	22.15	28.28	30.06	-	-	46.38	47.95	0.48	1.99	(0.02)	(0.02)	1.31	0.37	
Entertech Pte Ltd	SGP	67.67	74.16	Jan '09-Mar '10	Jan '08-Dec '09	1.08	(14.76)	4.60	14.37	15.69	0.61	21.37	-	-	-	-	-	(18.96)	5.70	-	-	(18.96)	5.70	
Levi's Paints (Malta) Ltd	EUR	67.87	74.16	Jan '09-Mar '10	Jan '08-Dec '09	1.29	1.29	21.69	13.87	15.07	18.75	0.18	0.00	27.34	32.22	-	-	-	-	-	-	-	-	
Muthum Devegowda Limited	INR	1.00	1.00	April '09-Mar '10	April '08-Mar '09	0.05	0.05	0.05	0.05	15.90	14.22	13.96	14.21	-	-	-	-	-	-	-	-	-		
Nutanri Industries Ltd	SGP	74.16	74.16	Jan '09-Mar '10	Jan '08-Dec '09	0.05	0.05	0.05	0.05	0.05	0.06	0.69	0.69	-	-	-	-	-	-	-	-	-		
Santex Paints Ltd	INR	18.75	18.75	Jan '09-Mar '10	Jan '08-Dec '09	0.16	0.16	2.02	2.10	1.03	0.08	0.37	0.37	-	-	4.94	23.53	0.77	0.03	0.22	0.05	0.05	0.57	
Soham Paints Ltd	EGP	8.24	9.32	Jan '09-Mar '10	Jan '08-Dec '09	1.48	16.8	94.86	48.16	7.19	16.21	171.57	130.04	0.00	0.00	33.25	25.61	90.67	46.60	16.62	(0.22)	36.39	29.67	
Tubman Paints Ltd	EGP	67.87	74.16	Jan '09-Mar '10	Jan '08-Dec '09	0.08	0.08	0.08	0.08	0.22	0.27	0.69	0.69	-	-	-	-	-	-	-	-	0.17		
Universal Paints Ltd	EGP	67.87	74.16	Jan '09-Mar '10	Jan '08-Dec '09	2.91	3.18	24.00	-	-	-	34.51	27.18	-	-	-	-	-	-	-	9.65	5.79		
Mulset Infrastructure India Ltd	INR	1.00	NA	Jan '09-Mar '10	NA	NA	NA	NA	NA	NA	NA	NA	NA	-	-	0.03	-	-	-	0.03	-	-		

Note - Indemnity equivalent of the figure given in foreign currency translated at the exchange rate as at 31.03.2010 or current period end 31.03.2009 for previous period

Report On Corporate Governance

Company's philosophy on Corporate Governance:

Corporate Governance is an integral element in today's business environment. It is a pre-requisite for attaining sustainable growth in the competitive and volatile world. Corporate Governance for your Company is fairness, accountability, disclosures and transparency.

The governance practices followed by your Company have played a vital role in its journey of continued success. All the procedures, policies and practices followed by the Company are based on sound governance principles. Comprehensive disclosures, structured accountability in exercise of powers, adhering to international standards and commitment in compliance with regulations and statutes in letter as well as spirit have enabled your Company to enhance shareholder value.

During the year, the Ministry of Corporate Affairs, Government of India, published the Corporate Governance Voluntary Guidelines, 2009. These guidelines broadly outline a framework for corporate sector on important parameters like appointment of directors (including independent directors), guiding principles to remunerate directors, responsibilities of the Board, risk management, the enhanced role of Audit Committee, rotation of audit partners and firms and conduct of secretarial audit. These guidelines are receiving attention of the Board of Directors of your Company.

Your Company has complied with all the regulations as stipulated by the Securities Exchange Board of India (SEBI) in the Listing Agreement. This chapter, along with chapters on Management Discussion and Analysis and General Shareholders' Information, constitutes Asian Paints' compliance with Clause 49 of the Listing Agreement.

Board of Directors:

Composition:

As on 31st March, 2010, the Board of the Directors comprised of fourteen (14) Directors of which six (6) were Non-Executive Directors, seven (7) were Non-Executive / Independent Directors and one was Managing Director & CEO of the Company.

As mentioned in the Annual Report for the year 2008-09, your Company appointed Mr. P M Murty as the whole-time Director with effect from 5th March, 2009 and Managing Director & CEO of your Company with effect from 1st April, 2009. Mr. Ashwin Choksi, Mr. Ashwin Dani and Mr. Abhay Vakil, were appointed as Non-Executive Chairman, Non-Executive Vice-Chairman and Non-Executive Director, respectively, with effect from 1st April, 2009.

The Board of Directors at their meeting held on 16th September, 2009, appointed Mr. S Ramadorai as an Additional Director of your Company with effect from 16th September, 2009.

Mr. Hasit Dani, Non-Executive Director of the Company has resigned as a Director with effect from 3rd June, 2010. Accordingly, as on 3rd June, 2010, the Board of Directors comprise of thirteen (13) Directors of which five (5) are Non-Executive Directors, seven (7) are Non-Executive/ Independent Directors and one is Managing Director & CEO of the Company.

All the Directors of the Company, except the Managing Director & CEO, are liable to retire by rotation; of which one third retire every year and are eligible for re-election. The details of the Directors being appointed and re-appointed on retirement by rotation at the ensuing Annual General Meeting, as required pursuant to Clause 49(V)(G) of the Listing Agreement, are mentioned in the Notice to the Annual General Meeting, forming part of the Report.

Number of Board Meetings:

During the financial year ended 31st March, 2010, eight (8) meetings of the Board of Directors were held on the following days and the maximum time gap between two (2) meetings did not exceed four (4) months:

Sr. No.	Date(s) on which the meeting(s) were held.	Sr. No.	Date(s) on which the meeting(s) were held.
1.	12 th May, 2009	5.	22 nd October, 2009
2.	25 th June, 2009	6.	25 th November, 2009
3.	25 th July, 2009	7.	22 nd January, 2010
4.	16 th September, 2009	8.	27 th March, 2010

The Board of Directors at the beginning of each financial year decide on a tentative schedule of the dates for the Board Meetings proposed to be convened for declaration of the quarterly, half-yearly and annual results of the Company. Additional meetings of the Board of Directors are convened as and when necessitated, by giving appropriate notice. In case, matters of urgent nature arise, resolutions are passed by circulation.

The details of the composition, nature of Directorship, the number of meetings attended and the directorships in other companies of the Directors of the Company are as follows:

Name of the Director	Nature of Directorship	Date of joining the Board	Attendance		Directorship in other Companies (*)	Membership and Chairmanship Of the Committees of the Board of other Companies (**)	
			At the Board Meetings	At the last AGM		Committee Member	Committee Chairman
Ashwin Choksi	Non-Executive Chairman/ Promoter	18.10.1970	8	Yes	-	-	-
Ashwin Dani	Non-Executive Vice Chairman/ Promoter	18.10.1970	8	Yes	6	3	2
Abhay Vakil	Non-Executive Director/ Promoter	01.03.1983	7	Yes	2	1	1
P. M. Murty	Managing Director and CEO	05.03.2009	8	Yes	-	-	-
Mahendra Choksi	Non-Executive/ Promoter	27.11.1992	7	Yes	2	-	-
Amar Vakil	Non-Executive/ Promoter	01.10.1995	8	No	3	-	-
Hasit Dani [§]	Non-Executive/ Promoter	23.07.2001	8	Yes	4	-	-
Tarjani Vakil	Non Executive/ Independent	01.12.1998	8	Yes	6	6	3
Dipankar Basu	Non-Executive/ Independent	15.04.2000	8	Yes	8	4	3
Deepak Satwalekar	Non-Executive/ Independent	30.05.2000	8	Yes	7	4	2
R. A. Shah	Non-Executive/ Independent	07.04.2001	8	Yes	14	10	5
S. Sivaram	Non-Executive/ Independent	07.04.2001	4	Yes	2	1	-
Mahendra Shah	Non-Executive/ Independent	06.06.2001	8	Yes	3	-	-
S. Ramadorai [◎]	Non-Executive / Independent	16.09.2009	4	Not Applicable	12	7	3

Notes:

* Excludes directorship in Asian Paints Limited. Also excludes directorship in Private Limited Companies, Foreign Companies and Alternate Directorships. As per the disclosure(s) received from the Directors, the Directors do not hold directorship in more than 15 Companies.

** For the purpose of considering the limit of the Committee Memberships and Chairmanships of a Director, the Audit Committee and the Shareholders' Grievance Committee of public limited companies have been considered. As per disclosure(s) received from the Directors, the Directors do not hold Memberships in more than 10 Committees and Chairmanship in more than 5 Committees.

§ Mr. Hasit Dani has resigned as a Director with effect from 3rd June, 2010.

◎ Mr. S Ramadorai was appointed as an Additional Director by the Board of Directors of the Company with effect from 16th September, 2009.

Board Procedures:

Before each meeting, the Company sends to the Board of Directors, Agenda for the meeting, along with comprehensive notes and information which is material for facilitating effective discussion and decision making at their meetings. The Senior Management of the Company, which includes the Managing Director & CEO, Business Unit heads and Functional heads of the Company, make presentations to the Board of Directors giving details of business strategy, performance, progress and other important developments within the organization on a periodical basis. The minutes of the proceedings of the Board of Directors are noted and the draft minutes are circulated to the members of the Board for their perusal. The Board has access to all the information of the Company including following information as specified in Annexure IA to the Clause 49 of the Listing Agreement:

- Annual budgets, operating plans and budgets and capital budgets,
- Quarterly, half yearly and annual results of the Company and its operating divisions or business segments along with the consolidated results of the group,
- Minutes of meetings of the Audit committee and other committee(s) of the Board,
- Information on recruitment and remuneration of senior officers just below the Board level,

- Materially important show cause, demand, prosecution and penalty notices,
- Fatal or serious accidents or dangerous occurrences,
- Any materially significant effluent or pollution problems,
- Any materially relevant defaults in financial obligations to and by the Company or substantial non-payment for goods sold by the Company,
- Any issue which involves possible public or product liability claims of a substantial nature,
- Details of any joint venture or collaboration agreement,
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property,
- Significant labour problems and their proposed solutions,
- Significant initiatives and developments on the human resource and industrial relations fronts,
- Sale of a material nature of investments, subsidiaries and assets, which are not in the normal course of business,
- Investment of funds of the Company,
- Quarterly details of foreign exchange exposure and the steps taken by management to limit the risks of adverse exchange rate movement,
- Status on legal cases,
- Proposals for investments, divestments, loans, guarantees, mergers and acquisitions,
- Approval of related party transactions,
- Compliance reports of all laws applicable to the Company,
- Minutes of the meetings of the Board of Directors of subsidiary companies including international subsidiaries,
- Risk management reports and presentations made by the senior management,
- Disclosures made by the senior management personnel as to all material financial and commercial transactions, where they have personal interest; and
- All other information which is relevant for decision-making by the Board.

Committees of the Board:

The Board of Directors of your Company has constituted four Committees namely: Audit Committee, Remuneration Committee, Shareholders / Investors Grievance Committee and Share Transfer Committee. The terms of reference of these Committees detailing their scope of work are determined by the Board from time to time. The minutes of the meetings of Audit Committee, Remuneration Committee and Shareholders/Investors Grievance Committee are placed before the Board of Directors for their perusal. The details as to the composition, terms of reference, number of meetings and attendance, etc., of these Committees are provided hereunder:

Audit Committee:

The Audit Committee comprises of three (3) Independent Directors. The members of the Audit Committee are Ms. Tarjani Vakil (Chairperson), Mr. Mahendra Shah and Mr. Dipankar Basu, all of whom are financially literate.

The details as to the date(s) on which the meetings were held and attendance of the members of the Committee during the financial year ended 31st March, 2010 are as follows:

Sr. No.	Date(s) on which the meeting(s) were held.	Sr. No.	Date(s) on which the meeting(s) were held.
1.	27 th April, 2009	5.	22 nd October, 2009
2.	9 th May, 2009	6.	21 st January, 2010
3.	24 th July, 2009	7.	26 th March, 2010
4.	16 th September, 2009		

Sr. No.	Name	Meeting details	
		Held during the year	Attended
1.	Tarjani Vakil (Chairperson)	7	7
2.	Mahendra Shah	7	7
3.	Dipankar Basu	7	7

The role of the Audit Committee inter-alia includes the following:

1. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are accurate, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor, fixing of audit fees and approving payments for any other service.
3. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report as per Section 217(2AA) of the Companies Act, 1956;
 - b. Changes in the Accounting policies and practices and the reasons for the same, major accounting entries and significant adjustments made in the financial statements arising out of audit findings;
 - c. Compliance with listing and other legal requirements relating to financial statements;
 - d. Disclosure of any related party transactions; and
 - e. Qualifications in the draft audit report, if any.
4. Reviewing with management quarterly, half-yearly, nine-months and annual financial statements, standalone as well as consolidated before submission to the Board for approval.
5. Reviewing with the management performance of statutory and internal auditors.
6. Reviewing the adequacy of internal audit systems and the internal audit department including the structure, staffing, reporting structure and frequency of internal audit.
7. Discussion with the internal auditors on any significant findings and follow up thereon.
8. Reviewing the internal investigations by the internal auditors into matters where there is a suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board.
9. Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
10. Reviewing reports furnished by the internal auditors and statutory auditors and ensuring suitable follow up thereon.
11. Looking into reasons for substantial defaults in payment to the depositors, debenture holders, shareholders and creditors, if any.
12. Reviewing the appointment and terms of remuneration of the Chief Internal Auditor of the Company.
13. Reviewing the Company's financial and risk management policies.
14. Reviewing with the management and the Statutory Auditors anticipated changes in the Accounting Standards.

The Committee also reviews the Management Discussion and Analysis of the financial condition and results of operations, statements of significant related party transactions, the financial statements and investments made by the unlisted subsidiary companies and any other matter which may be a part of its terms of reference or referred to by the Board of Directors.

The Managing Director & CEO, Chief Financial Officer & Company Secretary, General Manager – Accounts and Taxation, Statutory Auditor(s) and Chief Internal Auditor are invitees to the meetings of the Audit Committee. The Chief Financial Officer & Company Secretary acts as Secretary to the Committee.

The composition, procedures, role, powers and the terms of reference of the Audit Committee are as stipulated in Section 292A of the Companies Act, 1956 and the Clause 49 of the Listing Agreement.

Remuneration Committee:

Composition and terms of reference:

The Remuneration Committee of the Board of Directors of the Company consists of three (3) Independent Directors. The Committee's terms of reference includes reviewing and recommending to the Board, the salary, commission, other benefits, service agreements and employment conditions of the Whole-time and the Managing Director and to approve the selection, appointment and remuneration of relatives of Directors for holding an office of profit pursuant to Section 314 of the Companies Act, 1956.

The details as to the composition of the Remuneration Committee, dates on which the meetings were held and the attendance of the members of the Committee during the financial year ended 31st March, 2010 are as follows:

Sr. No.	Date(s) on which the meeting(s) were held during the financial year 2009-2010	Sr. No.	Date(s) on which the meeting(s) were held during the financial year 2009-2010
1.	27 th April, 2009	3.	5 th January, 2010
2.	13 th July, 2009	4.	22 nd January, 2010
Sr. No.	Name	Meeting details	
		Held during the year	Attended
1.	Dipankar Basu (Chairman)	4	4
2.	Tarjani Vakil	4	4
3.	Deepak Satwalekar	4	4

Mr. Jayesh Merchant, Chief Financial Officer & Company Secretary acts as the Secretary to the Committee.

Remuneration Policy:

The Remuneration Policy of your Company is a comprehensive policy which is competitive, in consonance with the industry practices and rewards good performance of the employees of the Company. The policy ensures equity, fairness and consistency in rewarding the employees on the basis of performance against set objectives.

The Company has in place Performance Focused Management System which aims at focusing and aligning the performance of the individual employees to the organisational objectives. The system involves a comprehensive process which includes different stages like goal setting exercise, performance review, ratings and rewards. It ensures that all employees know what is expected of them in their job, and are able to measure their performance. It provides a framework which assists employees to develop their capabilities

Details of the remuneration paid to the Directors of the Company are as follows:

Managing Director:

The Remuneration Committee comprising of Independent Directors decides the remuneration payable to the Managing Director & CEO of the Company. Mr. P M Murty, was appointed by the Board of Directors as the Whole-time Director with effect from 5th March, 2009 and Managing Director & CEO of the Company with effect from 1st April, 2009. The shareholders at the Annual General Meeting held on 26th June, 2009, also approved the appointment of Mr. P M Murty and the terms and conditions including remuneration.

The remuneration payable to Mr. P M Murty is commensurate with the responsibility conferred on him by the Board and in conformity with the industry standards. His remuneration structure comprises of salary, perquisites, commission, etc., as per his contract with the Company. No severance is payable to him on termination of employment.

Non-Executive Directors:

The Non-Executive Directors play a primary role in bringing objectivity to the Board processes in the general interest of the Company and thereby benefit the shareholders and other stakeholders. Their independent judgement guides the Board in strategic thinking and enables effective decision making. The Company pays Non-Executive Directors commission on the basis of their commitment towards attending the meetings of the Board and devoting time and attention to the affairs of the Company.

The commission paid to the Non-Executive Directors of the Company is within the limits set under Section 309 of the Companies Act, 1956 and the limits approved by the shareholders. The commission payable is determined as a percentage to the profits (as determined under Section 349 and 350 of the Companies Act, 1956) of the Company. Apart from commission the Non-Executive Directors are also paid sitting fees of Rs. 15,000/- (Rupees Fifteen Thousand Only) per meeting, for attending the meeting(s) of the Board of Directors and Committees thereof, except the Share Transfer Committee. The Company has not granted any Stock Options to any of its Directors.

During the financial year 2009-10, Mr. Ashwin Choksi, Non-Executive Chairman, Mr. Ashwin Dani, Non-Executive Vice-Chairman and Mr. Abhay Vakil, Non-Executive Director were paid retiral benefits which included pension and leave encashment. The Company has also paid gratuity to them in accordance with the agreements approved by the shareholders, as their contractual terms as Executive Directors came to an end on 31st March, 2009.

Details about Remuneration paid to the Directors in 2009-10 are as follows:

This table also signifies the relationship of the Directors with each other as required to be disclosed in terms of the amendment to Clause 49 of the Listing Agreement:

(In Rupees)

Name of the Director	Relationship with each other	Salary	HRA	Perquisites*	Sitting Fees	Commission	Total
Ashwin Choksi	Brother of Mahendra Choksi	-	-	15,81,945	1,20,000	20,00,000	37,01,945
Ashwin Dani	Father of Hasit Dani	-	-	15,81,945	1,20,000	14,00,000	31,01,945
Abhay Vakil	Brother of Amar Vakil	-	-	15,81,945	1,05,000	14,00,000	30,86,945
P M Murty	Not related to any of the Directors	90,00,000	40,95,000	60,98,515	-	1,50,00,000	3,41,93,515
Mahendra Choksi	Brother of Ashwin Choksi	-	-	-	1,20,000	14,00,000	15,20,000
Amar Vakil	Brother of Abhay Vakil	-	-	-	1,20,000	14,00,000	15,20,000
Hasit Dani §	Son of Ashwin Dani	-	-	-	1,35,000	14,00,000	15,35,000
Tarjani Vakil	**	-	-	-	2,85,000	18,00,000	20,85,000
Dipankar Basu	**	-	-	-	2,85,000	16,00,000	18,85,000
Deepak Satwalekar	**	-	-	-	1,80,000	14,00,000	15,80,000
R.A. Shah	**	-	-	-	1,20,000	14,00,000	15,20,000
S. Sivaram	**	-	-	-	60,000	14,00,000	14,60,000
Mahendra Shah	**	-	-	-	2,40,000	16,00,000	18,40,000
S Ramadorai @	**	-	-	-	60,000	7,00,000	7,60,000

Notes:

* Perquisites for Mr. P. M. Murty include Company's contribution to provident and superannuation fund, medical and leave travel allowance, special allowance etc., as well as monetary value of perquisites as per Income Tax rules and in accordance with Mr. P. M. Murty's contract of employment with the Company. Perquisites in case of Mr. Ashwin Choksi, Mr. Ashwin Dani and Mr. Abhay Vakil, Non-Executive Directors include retiral benefits like pension and leave encashment as per their contracts entered with the Company in their erstwhile capacity as Executive Directors which ended on 31st March, 2009.

** There is no relationship between any of the Independent Directors

§ Mr. Hasit Dani has resigned as a Director with effect from 3rd June, 2010.

@ The commission is paid to Shri Mr. S Ramadorai on a proportionate basis after his appointment as an additional Director with effect from 16th September, 2009.

Directors with materially significant, pecuniary or business relationship with the Company:

The transactions with related parties are furnished under Schedule 'M' of the Notes to the Accounts as stipulated under Accounting Standard 18 (AS-18). Apart from the aforesaid related party transactions, there are no transactions of material nature with the Directors or their relatives etc., which may have a potential conflict with the interest of the Company. Disclosures to this effect have also been received from the Directors and the Senior Managerial Personnel of the Company. The Register of Contracts required to be maintained under Section 301 of the Companies Act, 1956, containing the contracts in which the Directors are concerned and interested is placed at the meeting of Board of Directors of the Company for their approval and noting, on a periodical basis.

No pecuniary or business relationship exists between the Non-Executive Directors and the Company, except for the commission payable to them annually. Mr. R. A. Shah, Independent Director of the Company, is a senior partner of M/s. Crawford Bayley & Co., Solicitors & Advocates, of the Company, which renders professional services to the Company. The quantum of fees paid to M/s. Crawford Bayley & Co, is an insignificant portion of their total revenue, thus, M/s. Crawford Bayley & Co, is not to be construed to have any material association with the Company.

Employees holding an office or place of profit in the Company pursuant to Section 314 of the Companies Act, 1956, who are relatives of the Directors:

Mr. Jalaj Dani, son of Mr. Ashwin Dani, Vice Chairman, holds the position of President – International Business Unit and had earned gross remuneration of Rs. 1,23,76,346/- (Rupees One Crore Twenty Three Lacs Seventy Six Thousand Three Hundred and Forty Six Only) during the financial year 2009-10.

Mr. Manish Choksi, son of Mr. Mahendra Choksi, Director, holds the position of Chief – Corporate Strategy & CIO and had drawn a gross remuneration of Rs. 1,23,27,153/- (Rupees One Crore Twenty Three Lacs Twenty Seven Thousand One Hundred and Fifty Three Only) during the financial year 2009-10.

Ms. Nehal Vakil, daughter of Mr. Abhay Vakil, Director, holds the position of Manager – Business Process Renovation and had drawn a gross remuneration of Rs.18,19,872/- (Rupees Eighteen Lacs Nineteen Thousand Eight Hundred and Seventy Two Only) during the financial year 2009-10.

Mr. Jigish Choksi son of Mr. Shailesh Choksi (brother of Mr. Ashwin Choksi, Chairman and Mr. Mahendra Choksi, Director) was appointed as an Executive Trainee – Marketing with effect from 1st February, 2010, by the Remuneration Committee and the Board of Directors at their meetings held on 22nd January, 2010, subject to the approval of the shareholders.

The Board of Directors at their meeting held on 3rd June, 2010, on recommendation of the Remuneration Committee appointed Mr. Varun Vakil (son of Mr. Amar Vakil, Director and nephew of Mr. Abhay Vakil) Director, as a Management Trainee – Marketing, with effect from 1st July, 2010, pursuant to Section 314(1B) of the Companies Act, 1956, subject to the approval of the shareholders and the Central Government.

The appointment and the terms and conditions including remuneration of Mr. Jalaj Dani, Mr. Manish Choksi and Ms. Nehal Vakil were approved by the shareholders at the Annual General Meeting held on 24th June, 2008. The Company had made application(s) to the Central Government under Section 314 and other applicable provisions of the Companies Act, 1956, for payment of remuneration to Mr. Jalaj Dani, Mr. Manish Choksi and Ms. Nehal Vakil for which approvals were received from Ministry of Corporate Affairs.

In case of Mr. Jigish Choksi no such approval is required as the total remuneration paid to him is within the limits mentioned under Section 314 (1B) of the Companies Act, 1956. However approval of the shareholders is sought at the forthcoming Annual General Meeting, pursuant to Section 314(1) of the Companies Act, 1956.

In case of Mr. Varun Vakil, approval is required from the shareholders and the Central Government as the monthly remuneration proposed to be paid to him exceeds Rs. 50,000 per month, in accordance with Section 314(1B) of the Companies Act, 1956. Approval of the shareholders for the aforesaid, is also, sought at the forthcoming Annual General Meeting.

The shareholding of the Non-executive/Independent Directors of the Company as on 31st March, 2010 is as follows:

Name of the Director	Nature of Directorship	No of shares held*	Percentage to the paid up capital
Ashwin Choksi	Non-executive/Promoter	88,570	0.09
Ashwin Dani	Non-executive/Promoter	5,56,677	0.58
Abhay Vakil	Non-executive/Promoter	16,10,977	1.68
Mahendra Choksi	Non-executive/Promoter	2,28,218	0.24
Amar Vakil	Non-executive/Promoter	14,09,641	1.47
Hasit Dani \$	Non-executive/Promoter	5,29,480	0.55
Tarjani Vakil	Non-executive/Independent	-	-
Dipankar Basu	Non-executive/Independent	-	-
Deepak Satwalekar	Non-executive/Independent	-	-
R. A. Shah	Non-executive/Independent	1,809	-
S. Sivaram	Non-executive/Independent	-	-
Mahendra Shah	Non-executive/Independent	-	-
S Ramadorai	Non-executive/Independent	-	-
Total		44,25,372	4.61

Notes:

* As per the declarations made to the Company by the Directors as to the shares held in their own name or held jointly as the first holder or held on beneficial basis as the first holder.

\$ Mr. Hasit Dani has resigned as a Director with effect from 3rd June, 2010.

Mr. P M Murty, Managing Director & CEO held 2,877 equity shares of the Company as on 31st March, 2010.

Shareholders/Investors Grievance Committee:

The Board of Directors of the Company has constituted the Shareholders/Investors Grievance Committee which is chaired by a Non Executive Director/ Independent Director to specifically look into the redressal of shareholders complaints. During the financial year 2009-10, the members of the Committee comprised of Mr. Mahendra Shah (Chairman), Mr. Abhay Vakil, Mr. P M Murty, Mr. Mahendra Choksi and Mr. Hasit Dani (resigned with effect from 3rd June, 2010).

During the financial year 2009-10, the Committee met once on 21st January, 2010 to deliberate on various matters mentioned below. The meeting was attended by all the members of the Shareholders/Investors Grievance Committee except Mr. Abhay Vakil.

The terms of reference of the Committee include the following:

1. To specifically look into complaints received from the shareholders of the Company,
2. To oversee the performance of the Registrar and Transfer Agent of the Company and
3. To recommend measures for overall improvement in the quality of services to the investors.

Mr. Jayesh Merchant, Chief Financial Officer & Company Secretary is the Compliance Officer of the Company as per the Listing Agreement.

Details pertaining to the number of complaints received and resolved and the status thereof during the financial year ended 31st March, 2010 are given as follows:

Nature of Complaints	Received during the year	Replied during the year
Non receipt Share Certificate(s) lodged for transfer	3	3
Non receipt of Dividend warrants	3	3
Non receipt Share Certificate(s) lodged with a request for splitting the share certificates / for non-receipt of Bonus share certificates	2	2
Letters received from Stock Exchange(s), SEBI and Depositories	4	4
Others/miscellaneous	9	9
Total	21	21

All the complaints received during the financial year ended 31st March, 2010, were duly addressed and no complaints are pending for redressal on that date except where they are constrained by dispute or legal impediments or due to incomplete or non submission of documents by the shareholders. Certain Court cases are pending in the Courts/Consumer Forums, relating to disputes over the titles to the shares of the Company in which either the Company has been made a party or necessary intimation thereof has been received by the Company. The Company shall comply with the decrees or orders of the Hon'ble Courts pertaining to these cases as and when the same are received by the Company.

Share Transfer Committee:

During the financial year 2009-10, the Share Transfer Committee, comprised of three (3) Non-Executive Directors and the Chief Financial Officer & Company Secretary. It is constituted to monitor, supervise and approve the requests received from the shareholders of the Company and others, for transfers, transmissions, deletion, etc, handled by the Company in co-ordination with Sharepro Services (India) Private Limited, the Company's Registrar and Transfer Agent.

The Share Transfer Committee has been delegated powers to administer the following:

1. To effect transfer of shares;
2. To effect transmission or deletion of shares;
3. To issue duplicate share certificates, issue of certificates on receipt of requests for consolidation or split of share certificates;
4. To approve the register of members as on the record date(s) and/or book closure dates for receiving dividends and other corporate benefits;
5. To review correspondence with the shareholders and take appropriate decisions in that regard; and
6. To redress complaints from shareholders from time to time.

The Committee, in accordance with Clause 49 (IV) (G), attends to the share transfer and other formalities once in a fortnight and has met 26 times during the financial year 2009-10.

Subsidiary Companies:

Your Company does not have a material non-listed Indian subsidiary company, whose turnover or net worth exceeds 20% of the consolidated turnover or networth respectively, of the Company and its subsidiaries in the immediately preceding accounting year, in terms of Clause 49 (III) of the Listing Agreement.

The Audit Committee reviews the financial statements including investments by the unlisted subsidiary companies of the Company. Also, copies of the minutes of the subsidiary companies of the Company are placed before the Board of the Company on a periodical basis.

CEO /CFO Certification:

As required by Clause 49(V) of the Listing Agreement, the CEO/CFO Certificate signed by Mr. P. M. Murty, Managing Director & CEO and Mr. Jayesh Merchant, Chief Financial Officer & Company Secretary was placed before the Board of Directors at their meeting held on 28th May, 2010.

General Body Meetings:

The venue and the time of the last three Annual General Meetings of the Company are as follows:

Year	Location	Meeting Date	Time	No of special resolutions set out at the AGM
2008-2009	Patkar Hall, Nathibai Thackersey Road, New Marine Lines, Mumbai 400020	26th June, 2009	3.00 p.m.	1
2007-2008	Patkar Hall, Nathibai Thackersey Road, New Marine Lines, Mumbai 400020	24th June, 2008	3.00 p.m.	4
2006-2007	Yashwantrao Chavan Pratishthan Auditorium Y.B Chavan Centre, General Jagannath Bhosle Marg, Next to Sachivalaya Gymkhana, Mumbai 400021	26th June, 2007	3.00 p.m.	2

All special resolutions set out in the notices for the Annual General Meetings were passed by the shareholders at the respective meetings with requisite majority.

Postal Ballot:

The Company sought approval of the Members, through Postal Ballot as per Section 192A of the Companies Act, 1956 for passing a Special Resolution on 7th August, 2009, under Section 163 for shifting the Statutory records and documents maintained under Section 150, 151 and 159 and other related records pertaining to the period post the year 2003, to the new Registered Office of the Company's Registrar and Transfer Agent, Sharepro Services (India) Private Limited situated at 13AB, Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai- 400 072 or its any other office.

Mr. H N Shah, Senior Partner, Shah & Co., Chartered Accountants, was appointed as the Scrutinizer for conducting the Postal Ballot process. The details of the voting pattern are as under:

Particulars	No. of Postal Ballot Forms	No. of votes cast	% of the total votes cast
In favour of the resolution	2,469	5,72,01,258	99.98
Against the resolution	42	13,503	0.02
Total	2,511	5,72,14,761	100.00

Number of invalid Ballots received was 59. The Special Resolution under Section 163 of the Companies Act, 1956, was approved with requisite majority of the members of the Company.

Procedure for the Postal Ballot Process:

After receiving the approval of the Board of Directors, notice of the Postal Ballot, text of the Resolution and Explanatory statement, Postal Ballot Form and self-addressed postage pre-paid envelopes are sent to the shareholders to enable them to consider and vote for or against the proposal within a period of 30 days from the date of dispatch. The calendar of events containing the activity chart is filed with the Registrar of Companies within 7 days of the passing of the Resolution by the Board of Directors of the Company. After the last date for receipt of the ballots, the Scrutinizer after due verification, submits the results to the Chairman of the Board of Directors of the Company. Thereafter, the Chairman declares the result of the Postal Ballot. The same is published in the Newspapers and displayed on the website and the Notice Board at the registered office of the Company.

Disclosures:

1. Disclosures on materially significant related party transactions:

Your Company has not entered into any transaction of a material nature except transactions with related parties which are furnished under Schedule 'M' of the Notes to the Accounts as stipulated under Accounting Standard 18 (AS-18), with the Promoters, Directors or the Management, their subsidiaries or relatives, etc. All transactions were carried out on an arms-length basis and were not prejudicial to the interest of the Company.

2. Details of non-compliance(s) by the company:

The Company has complied with all the requirements of the Stock Exchange(s) and the Securities Exchange Board of India on matters related to capital markets or any other matter, as may be applicable from time to time. There were no penalties imposed or strictures passed against the Company by the statutory authorities in this regard.

3. Disclosure of Accounting Treatment:

The Company follows Accounting Standards prescribed by the Companies Accounting Standard Rules, 2006 and relevant provisions of the Companies Act, 1956 and in preparation of financial statements; the Company has not adopted a treatment different from that prescribed in the Accounting Standards.

The company has carried out an impact assessment study of International Financial Reporting Standards (IFRS) implications and is gearing up to become IFRS compliant. The company will be ready to implement the standards when IFRS becomes mandatory in April 2011.

4. Details of compliance with mandatory and non-mandatory requirements of Clause 49 of the Listing Agreement:

Your Company has complied with all the mandatory requirements of the revised Clause 49 of the Listing Agreement. Following is the status of the compliance with the non-mandatory requirements of Clause 49 of the Listing Agreement:

- a) Tenure of Independent Directors:

There is no fixed or specific tenure for the Independent Directors of the Company.

- b) Remuneration Committee:

The Board of Directors have constituted a Remuneration Committee comprising of Independent Directors. The Remuneration Committee determines and recommends to the Board the remuneration payable to the Directors in whole-time employment including the Managing Director of the Company and recommends the selection, appointment and remuneration of relatives of Directors for holding an office of profit pursuant to Section 314 of the Companies Act, 1956. The Chairman of the Committee was present at the Annual General Meeting of the Company held on 26th June, 2009.

- c) Shareholder's Rights:

Half-yearly results of the Company are sent to all shareholders of the Company.

- d) Audit Qualifications:

During the year under review, there was no audit qualification in the Company's financial statements. The Company continues to adopt best practices to ensure a regime of unqualified financial statements.

- e) Training of Board Members:

The Managing Director & CEO and other senior management personnel of the Company make presentations to the Board Members on a periodical basis, briefing them on the operations of the Company, plans, strategy, risks involved, new initiatives, etc. and seek their opinions and suggestions on the same. Also, the Directors are briefed on their specific responsibilities and duties that may arise from time to time. Any new Director who joins the Board is presented with a brief background of the Company and is informed of the important policies of the Company including the Code of Conduct for the Directors and Senior Management and the Code of Conduct for Prevention of Insider Trading.

- f) Mechanism for evaluating Non-Executive Board Members:

The Company does not have a formal mechanism for evaluation of the performance of the Non-Executive members of the Board. However, the commission paid to them is based on their overall performance and their commitment towards attending the meetings of the Board and devoting time and attention to the affairs of the Company.

- g) Whistle Blower Policy:

The Board of Directors of the Company at their meeting held on 25th June, 2009 approved and adopted the Whistle Blower Policy of the Company with an objective to establish a formal mechanism to provide protection to the employees of the Company from unethical work practices and irregularities. In accordance with the Policy, a Whistle Committee has been constituted comprising of the Managing Director & CEO, the Compliance Officer, i.e., the Chief Financial Officer & Company Secretary and the Vice-President – Human Resources. The employees can make Protected Disclosures to the Whistle Committee regarding any malpractices or event or activity that may have occurred in the organization and which may be considered as unethical or fraudulent. The employees may, where the matters are of grave nature, make Protected Disclosures directly to the Chairperson of the Audit Committee of the Board of Directors of the Company.

The Policy ensures that no personnel or employee of the Company is denied access to the Chairperson or any other member of the Audit Committee.

5. Risk management:

The Company has constituted a Risk Council comprising of Business Unit heads and other functional heads of the Company including the Chief Financial Officer & Company Secretary and the Chief Internal Auditor of the Company. The Risk Council meets on a periodical basis to review the risk management framework and discusses the mitigation plans. The Risk Council has laid down procedure for risk assessment and minimization which are presented to the Audit Committee and the Board of Directors on a periodical basis.

6. Code of Conduct for the Board of Directors and Senior Management Personnel:

Your Company has adopted a Code of Conduct for all the Board members and Senior Management Personnel of the Company in accordance with the requirement under Clause 49(l)(D) of the Listing Agreement. The Code of Conduct has been posted on the website of the Company. All the Board members and the Senior Management Personnel have affirmed their compliance with the said Code of Conduct for the financial year ended 31st March, 2010. The declaration to this effect signed by Mr. P. M. Murty, Managing Director & CEO of the Company forms part of the report.

7. Code of Conduct for Prevention of Insider Trading:

The Board of Directors at their meeting held on 25th June, 2009 adopted a New Code of Conduct for Prevention of Insider Trading in accordance with the Securities Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2008. Mr. Jayesh Merchant, Chief Financial Officer & Company Secretary is the Compliance Officer. All the Directors, Senior Management Personnel and such other designated employees of the Company, who are expected to have access to unpublished price sensitive information relating to the Company, are covered under the said code. The Directors, their relatives, Senior Management Personnel, designated employees etc. are restricted in dealing in the shares of the Company while in possession of unpublished price sensitive information about the Company as well as during certain periods known as "Quiet Period". All the Directors, senior management personnel and other designated employees of the Company are restricted from entering into opposite transaction, i.e., buy or sell any number of shares during the next six months following the prior transaction and they also are restricted from taking any position in derivative transactions in the shares of the Company at any time, as per the SEBI (Prohibition of Insider Trading) Amendment Regulations, 2008.

8. Management Discussion and Analysis:

This annual report has a detailed section on Management Discussion and Analysis.

Means of communication:

- (a) Quarterly/ Half-yearly/ Nine-months and Annual Financial Results of the Company are published in the all India editions of Business Standard and Mumbai editions of Free Press Journal and Navshakti.
- (b) The results of the Company are also posted up on the Company's corporate website: www.asianpaints.com. The Company's official news releases and presentations made to the institutional investors and analysts are also available on the Company's website.
- (c) All important information pertaining to the Company is also mentioned in the Annual Report of the Company which is circulated to the members and others entitled thereto for each financial year.

Your Company provides necessary information to the Stock Exchanges in terms of the Listing Agreement and other rules and regulations issued by Securities Exchange Board of India.

CERTIFICATE BY THE JOINT STATUTORY AUDITORS AS TO COMPLIANCE OF THE CONDITIONS OF CORPORATE GOVERNANCE

The certificate by the Joint Statutory Auditors of the Company as to the compliance of the conditions of Corporate Governance pursuant to Clause 49(VII)(1) of the Listing Agreement is given below:

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE TO THE MEMBERS OF ASIAN PAINTS LIMITED

We have examined the compliance of conditions of Corporate Governance by Asian Paints Limited ('the Company') for the year ended 31st March 2010 as stipulated in Clause 49 of the Listing Agreement of the Company entered into with the stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's 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, and the representations made by the directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investors Grievance Committee.

We further 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 Shah & Co.

Chartered Accountants

Firm Registration Number: 109430W

For B S R & Associates

Chartered Accountants

Firm Registration Number: 116231W

H.N.Shah

Partner

Membership No: 08152

Natrajan Ramkrishna

Partner

Membership No: 32815

Mumbai

3rd June, 2010

ANNEXURE TO REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED 31st MARCH, 2010

DECLARATION OF COMPLIANCE WITH THE CODE OF CONDUCT

I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management Personnel, affirmation(s) that they have complied with the Code of Conduct for Board Members and Senior Management Personnel for the financial year ended 31st March, 2010.

P M Murty

Managing Director & CEO

Mumbai

3rd June, 2010

General Shareholder Information

Annual General Meeting:

Date	Friday, 16 th July, 2010
Venue	Yashwantrao Chavan Pratisthan Auditorium Y.B Chavan Centre, General Jagannath Bhosle Marg, Next to Sachivalaya Gymkhana, Mumbai 400021
Time	3.00 p.m.

Financial calendar:

Financial year: 1st April to 31st March

For the year ended 31st March, 2010, results were announced on:

25 th July, 2009	First Quarter
22 nd October, 2009	Half Yearly
22 nd January, 2010	Third Quarter and Nine Months
28 th May, 2010	Fourth Quarter and Annual

For the year ending 31st March 2011, results will be announced as per the tentative schedule below:

On or around 27 th July, 2010	First Quarter
On or around 27 th October, 2010	Half Yearly
On or around 24 th January, 2011	Third Quarter and Nine Months
On or around 10 th May, 2011	Fourth Quarter and Annual

Book Closure:

The dates of book closure are from 3rd July, 2010 to 16th July, 2010, inclusive of both days.

Dividend:

An interim dividend of Rs. 8.50/- (Rupees Eight and Fifty Paise only) per equity share of Rs 10 each was declared on 22nd October, 2009 and paid on 30th October, 2009. A final dividend of Rs.18.50/- (Rupees Eighteen and Fifty Paise Only) per share has been recommended on 28th May, 2010 and subject to the approval from the shareholders at the ensuing Annual General Meeting, will be paid after 16th July, 2010 as follows:

1. to those members whose names appear on the Company's register of members, after giving effect to all valid share transfers in physical form lodged on or before 2nd July, 2010; and
2. in respect of shares held in electronic form, to those members whose names appear in the statement of beneficial ownership furnished by NSDL and CDSL as at the closing hours of 2nd July, 2010.

The details of dividend declared and paid by the Company for the last five years, are as below:

Year	Percentage (%)	Rs. Per share	Proportion to capital (Rs. in crores)
2003-2004	85	8.5	81.5
2004-2005	95	9.5	91.1
2005-2006	125	12.5	119.9
2006-2007	130	13.0	124.7
2007-2008	170	17.0	163.1
2008-2009	175	17.5	167.9
2009-2010 (Interim)	85	8.5	81.53

Listing:

The Company's shares are listed on:

- Bombay Stock Exchange Limited (BSE)
Phiroze Jeejeebhoy Towers, 25th Floor, Dalal Street, Mumbai 400 001
- National Stock Exchange of India Limited (NSE)
Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai 400 051

The Company has paid the listing fees for the financial year 2010-11 to the Stock Exchange(s) on which Company's shares are listed. The Company has also paid custodial fees for the year 2010-11 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The International Security Identification Number (ISIN) allocated to the Company by NSDL and CDSL is INE021A01018.

The stock exchange codes assigned to your Company's shares at these stock exchanges are as follows:

Stock Exchange	Code
BSE	500820
NSE	ASIANPAINT

Stock Price Data:

The monthly high and low prices and volumes of your Company's shares at Bombay Stock Exchange Limited (BSE) and National Stock Exchange (NSE) for the year ended 31st March, 2010 are given as follows:

Month	BSE			NSE		
	High (Rupees)	Low (Rupees)	Volume (No. of Shares)	High (Rupees)	Low (Rupees)	Volume (No. of Shares)
2009						
April	950.00	770.00	240603	948.00	765.05	456067
May	1190.00	863.00	345590	1174.80	880.00	723239
June	1199.95	1050.60	348340	1196.30	1049.60	320890
July	1420.00	1110.00	340844	1422.00	1102.00	731920
August	1448.00	1296.25	782752	1447.95	1100.00	587880
September	1440.00	1335.10	84961	1429.95	1335.00	812185
October	1715.00	1375.00	252289	1722.90	1380.00	762230
November	1733.80	1615.00	209176	1739.75	1615.00	985972
December	1811.00	1660.55	148556	1820.00	1560.00	546566
2010						
January	1926.00	1730.00	202201	1928.00	1711.60	648536
February	2024.00	1715.20	233043	2031.00	1712.15	1050572
March	2090.00	1818.50	499591	2090.00	1756.00	1279247

Note: High and low are in rupees per traded share. Volume is the total monthly volume of trade in Asian Paints shares on BSE & NSE.

The Chart below shows the comparison of your Company's share price movement on BSE vis-à-vis the movement of the BSE SENSEX for the year 2009-10:



The performance of the Company's share price as at the beginning and end of the financial year 2009-10 is given as follows:

Name of the Stock Exchange	BSE	NSE
Price as on 1 st April, 2009	788.65	786.05
Price as on 31 st March, 2010	2,042.60	2,038.85
Change in value	1,253.95	1,252.80
% Change	159.0%	159.3%

Share transfer system:

The applications and requests received by your Company for transfer of shares held in physical form are processed and the share certificates for the same are sent to the transferee within the stipulated period under the Companies Act, 1956 and the Listing Agreement. A summary of all the transfers, transmissions, deletion requests, etc., approved by the Share Transfer Committee is placed before the Board of Directors from time to time for their review. The Committee ordinarily meets once every fortnight.

Distribution of Shareholder holdings:

The distribution pattern of shareholding of your Company as on 31st March, 2010 by ownership and size class, respectively, is as follows:

Category of shareholder	Total No. of shares	Percentage of total no. of shares
(A) Shareholding of Promoter and Promoter Group		
(a) Individuals/Hindu Undivided Family	9562695	9.97
(b) Bodies Corporate	37663969	39.27
(c) Trust	1241806	1.29
Total Shareholding of Promoter and Promoter Group (A)	48468470	50.53
(B) Public shareholding		
1) Institutions		
(a) Mutual Funds / UTI	2557783	2.67
(b) Financial Institutions/Banks	8524	0.01
(c) Insurance Companies	9417888	9.82
(d) Foreign Institutional Investors	14753360	15.38
Sub-Total (B) (1)	26737555	27.88
2) Non-Institutions		
(a) Bodies Corporate	5495141	5.73
(b) Individuals		
i) Individual shareholders holding nominal share Capital up to Rs.1 lakh	12462582	12.99
ii) Individual shareholders holding nominal share capital in excess of Rs.1lakh	1057753	1.10
(c) Individual (Non-Resident individuals)	1699278	1.77
Sub-Total (B) (2)	20713754	21.59
Total Public Shareholding (B)=(B)(1)+(B)(2)	47451309	49.47
Total (A)+(B)	95919779	100.00

**Distribution of shareholding of the Company by number of shares held as on 31st March, 2010
is as follows:**

	Shareholders		Amount	
	Number	% to Total	In Rupees	% to Total
Upto - 500	40620	84.12	45710430	4.77
501 - 1000	4818	9.98	38220180	3.99
1001 - 2000	1434	2.97	21101450	2.20
2001 - 3000	440	0.91	11065390	1.15
3001 - 4000	194	0.40	6853940	0.71
4001 - 5000	166	0.34	7553490	0.79
5001 - 10000	223	0.46	16318160	1.70
10001 & above	395	0.82	812374750	84.69
Total	48290	100.00	959197790	100.00

Details about Company's dematerialised shares:

Number of shares	% of total shares	Number of shareholders	% of total shareholders
81900722	85.58%	35119	72.73%

Shareholders, who still continue to hold shares in physical form are requested to dematerialise their shares at the earliest and avail of the various benefits of dealing in securities in electronic/ dematerialised form. For any clarification, assistance or information, please contact the Registrar and Transfer Agent of the Company. The shareholders have the option to hold Company's shares in demat form through the National Securities Depository Limited (NSDL) or Central Depository Securities Limited (CDSL).

Break up of shares in physical and demat form as on 31st March, 2010 is as follows:

	No. of Shares	Percentage of shares %
Physical Segment	14019057	14.61
Demat Segment		
NSDL	80628665	84.06
CDSL	1272057	1.33
Total	95919779	100.00

Outstanding GDRs/ADRs/Warrants/Convertible Instruments and their impact on equity:

The Company does not have any outstanding GDRs/ADRs/Warrants/Convertible Instruments as on 31st March, 2010.

Details of public funding obtained in the last three years:

Your Company has not obtained any public funding in the last three years.

Other Information:

Corporate Identification Number (CIN No.): L24220MH1945PLC004598

Secretarial Audit for Capital Reconciliation:

As stipulated by the Securities and Exchange Board of India, a qualified Practicing Company Secretary carries out the Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges and is also placed before the Board of Directors. The audit, *inter alia*, confirms that the total listed and paid up capital of the Company is in agreement with the aggregate of the total number of shares in dematerialised form (held with NSDL and CDSL) and total number of shares in physical form.

Electronic Clearing System for dividend:

ECS credit has been moved completely to National Electronic Clearing System (NECS) platform through core banking system effective September 30, 2009. Accordingly, dividend will be credited to the shareholders' bank account through NECS where complete core banking details are available with the Company. In the event any branch of a bank has not migrated to core banking system, or where core banking account is not furnished by the shareholder to the Depository/ Company as the case may be, the Company will print details available in its records on the dividend warrants to be issued to the shareholders.

This service not only provides instantaneous credit to the shareholders account and protects against fraudulent interception and encashment of dividend warrants but also eliminates dependence on the postal system, loss/damage of dividend warrants in transit and correspondence relating to revalidation/issue of duplicate warrants.

Shareholders holding shares in physical form:

Investors who would like to avail this facility and are holding shares in physical form may send in their ECS Mandate Form, duly filled in to the Company's Registrar and Transfer Agent, Sharepro Services (India) Private Limited, 13 AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange, Lane, Off Andheri-Kurla Road, Sakinaka, Andheri (E), Mumbai – 400 072 or Sharepro Services (India) Private Limited, 912, Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai 400 021.

Shareholders holding shares in electronic/demat form:

Investors holding shares in demat or electronic form may check the details on record with the concerned Depository Participant (DP). Pursuant to the Depository Regulations, the Company is obliged to pay dividend on dematerialised shares as per the details furnished by the concerned DP. The Company or the Registrar and Transfer Agent cannot make any change in such records received from the Depository.

Nomination facility:

Pursuant to the provision of Section 109A of the Companies Act, 1956, members are entitled to make a nomination in respect of the shares held by them. Members holding shares in physical form and desirous of making a nomination are requested to send in their requests in Form 2B to the Company's Registrar and Transfer Agent, Sharepro Services (India) Private Limited, 13 AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange, Lane, Off Andheri-Kurla Road, Sakinaka, Andheri (E), Mumbai – 400 072 or Sharepro Services (India) Private Limited, 912, Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai 400 021. Members holding shares in electronic form are requested to give the nomination request to their respective Depository Participants directly.

Consolidation of Folios:

Members holding shares of the Company in physical form through multiple folios are requested to consolidate their shareholding into single folio, by sending their original share certificates along with a request letter to consolidate their shareholding into a single folio, to the Registrar & Transfer Agent of the Company.

Unpaid/Unclaimed dividend:

In terms of Sections 205A and 205C of the Companies Act, 1956, the Company is required to transfer the amount of dividend remaining unclaimed for a period of seven years from the date of transfer to the unpaid dividend account to the Investor Education and Protection Fund (IEPF). Shareholders are requested to ensure that they claim the dividend(s) from the Company before transfer to the IEPF.

Due dates for transfer of dividend unclaimed to IEPF are as follows:

Financial Year	Type	Unclaimed dividend amount as on 31.3.2010 (in Rupees)	Due Date for transfer to IEPF
2002-2003	Final	1522625	17.08.2010
2003-2004	Interim	1014425	29.11.2010
	Final	1313280.8	27.07.2011
2004-2005	Interim	1328184	26.11.2011
	Final	1723219.5	26.07.2012
2005-2006	Interim	1519547	25.11.2012
	Final	2324010	25.07.2013
2006-2007	1st Interim	1730957	29.11.2013
	2nd Interim	2009132	12.04.2014
	Final	442281	25.07.2014
2007-2008	Interim	2284426	18.11.2014
	Final	3889568	23.07.2015
2008-2009	Interim	3001715.56	23.11.2015
	Final	5364711	25.07.2016
2009-2010	Interim	4704554	21.11.2016

General Do's and Don'ts

- Shareholders/ Beneficial holders should quote their Folio No./ DP Id and Client Id, as the case may be, in all the correspondences with the Company.
- Shareholders/ Beneficial holders should mention their Contact nos. / Fax nos. and email Id.
- Investors are requested to furnish self-attested copy of their PAN card, at the time of submitting the physical share certificate(s) for transfer, transmission, deletion or any other request, to the Company. The Securities and Exchange Board of India (SEBI), vide its Circular No. MRD/DoP/Cir-05/2009 dated 20th May, 2009, and SEBI/MRD/Dop/SE/RTA/Cir-08/2010, dated January 07, 2010 has made it mandatory for the transferee(s) to furnish the copy of the PAN Card to the Company for registration of physical transfer of shares and for transmission, deletion and transposition of shares in physical form.
- Shareholders are requested to maintain a record of their specimen signature before lodgment of shares with the Company to obviate possibility of difference in signature at a later date.
- Investors holding shares in dematerialised form should send all the communications related to change in address or change in bank details to their Depository Participant.

Registrar & Transfer Agent

Sharepro Services (India) Pvt. Ltd. is the Registrar & Transfer Agent of the Company.

Shareholders, beneficial owners and depository participants (DPs) are requested to send/deliver the documents/correspondence relating to the Company's share transfer activity etc. to Sharepro Services (India) Pvt. Ltd., Registrar and Transfer Agent of the Company at the following addresses:

Sharepro Services (India) Pvt. Ltd.

Unit: **Asian Paints Limited**

13 AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Off. Andheri-Kurla Road, Sakinaka, Andheri (E), Mumbai – 400 072

Tel. No. 67720300/67720400/28511872 • Fax No. 2859 1568 • Email: sharepro@vsnl.com

Sharepro Services (India) Pvt. Ltd.

Unit: Asian Paints Limited
912, Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai 400 021
Tel. No: 2288 1568, 2288 1569, 2282 5163, 2288 4527 • Fax No. 2282 5484
Email: sharepro_services@roltanet.com

For the benefit of shareholders, documents will continue to be accepted at the following registered office of the Company:

Asian Paints Limited

6A, Shantinagar, Santacruz (E) Mumbai - 400 055
Email: investor.relations@asianpaints.com
Tel No.: 022-39818000 • Fax No.: 022-39818888
Members are requested to quote their e-mail address, telephone number and full address for prompt reply to their communication.
Website (www.asianpaints.com)

E-mail ID for Investor's Grievances:

The e-mail address for investor grievance is:
investor.relations@asianpaints.com

The above exclusive e-mail id is disclosed by the Company on its websites and all the various materials, correspondence, publications and communication to the shareholders at large.

Plant locations

Paint Plants:

Lal Bahadur Shastri Marg, Bhandup, Mumbai 400 078, Maharashtra
Plot No. 2602, GIDC Industrial Area, Ankleshwar 393 002, Gujarat
Plot Nos. 50-55, Industrial Development Area, Phase II, Patancheru 502 309, Dist. Medak, Andhra Pradesh
A-1, UPSIDC Industrial Area, Kasna - II, Kasna Village, Tehsil Sikandarabad, Dist. Bulandshahr 203 207, Uttar Pradesh
SIPCOT Industrial Park, Plot No. E6-F13, Siperumbudur 602 105, Kancheepuram District, Tamil Nadu
Plot No 1, IMT, Sector 30 B, PO Kherisadhi Village, Rohtak 124 027, Haryana

Taloja Plant (Industrial Paints):

Plot no.3/2, MIDC, Taloja, Raigad 410 208, Maharashtra

Phthalic Plant:

Plot No.2702, GIDC Industrial Area, Ankleshwar 393 002, Gujarat

Penta Plant:

B5-B10, Sipcot Industrial Complex, Cuddalore 607 005, Tamil Nadu

Address for Correspondence:

Registered Office:

Asian Paints Limited
6A, Shantinagar, Santacruz (East), Mumbai 400 055
Tel: +91-(0) 22-3981 8000 • Fax: +91-(0) 22-3981 8888

NOTICE

NOTICE is hereby given that the **SIXTY-FOURTH ANNUAL GENERAL MEETING OF ASIAN PAINTS LIMITED** will be held at Yashwantrao Chavan Pratishthan Auditorium Y.B Chavan Centre, General Jagannath Bhosle Marg, Next to Sachivalaya Gymkhana, Mumbai 400021, on Friday the 16th, July, 2010 at 3.00 p.m. to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the annual accounts for the year ended 31st March, 2010 together with the Reports of the Board of Directors and Auditors' thereon.
2. To consider and declare payment of final dividend and confirm the interim dividend of Rs. 8.50 per equity share, declared and paid during the financial year ended 31st March, 2010.
3. To appoint a Director in place of Mr. Mahendra Shah, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Mahendra Choksi, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint a Director in place of Ms. Tarjani Vakil, who retires by rotation and, being eligible, offers herself for reappointment.
6. To appoint the Auditors of the Company and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT M/s. Shah & Co, Chartered Accountants (Registration Number 109430W) and M/s. B S R & Associates, (Registration Number 116231W) Chartered Accountants, be and are hereby appointed as Joint Statutory 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 on such remuneration as shall be fixed by the Board of Directors."

Special Business:

7. To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Mr. S Ramadorai who was appointed as an Additional Director by the Board of Directors of the Company on 16th September, 2009, pursuant to Section 260 of the Companies Act, 1956 and Article 118 of the Articles of Association of the Company, in respect of whom the Company has received notice under Section 257 of the Companies Act, 1956 and who is eligible for appointment as a Director of the Company, be and is hereby appointed as a Director on the Board of Directors of the Company."

8. To consider and if thought fit, to pass with or without modifications, the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956 and rules and regulations thereunder, or any statutory modification(s) or any amendment or substitution or re-enactment thereof, consent of the Company be and is hereby accorded to appointment of Mr. Jigish Choksi (a relative of Company's Directors, Mr. Ashwin Choksi and Mr. Mahendra Choksi) to hold and continue to hold an office or place of profit in the Company as Executive – Marketing, for a monthly salary of Rs. 14,000/- (Rupees Fourteen Thousand Only) and other allowances, perquisites, benefits, and other amenities, as may be applicable to the Company's Executives in the same grade, with effect from 1st February, 2010."

RESOLVED FURTHER THAT the Board be and is hereby authorised to settle any question, difficulty or doubt, that may arise in giving effect to this resolution, do all such acts, deeds, matters and things and sign and execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for matters concerned therewith or incidental thereto."

9. To consider and if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956 and rules and regulations thereunder, or any statutory modification or any amendment or substitution or re-enactment thereof and subject to the approval of the Central Government, consent of the Company be and is hereby accorded for appointment of Mr. Varun Vakil (a relative of Company's Directors Mr. Abhay Vakil and Mr. Amar Vakil) to hold and continue to hold an office or place of profit with the Company as a Management Trainee - Marketing, on a monthly salary of Rs. 31,000 (Rupees Thirty One Thousand Only) and other allowances, perquisites, benefits and amenities as applicable to the Company's Managers in the same grade, with effect from 1st July, 2010."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to make and submit applications to the Central Government or any other statutory authority as may be required, settle any question, difficulty or doubt, that may arise in giving effect to this resolution, do all such acts, deeds, matters and things and sign and execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for matters concerned therewith or incidental thereto."

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING MAY APPOINT A PROXY TO ATTEND AND ON A POLL, VOTE INSTEAD OF HIMSELF/HERSELF. A Proxy need not be a member of the Company. Proxies in order to be effective must be received by the company at its registered office not later than forty-eight hours before the commencement of the meeting. Proxies submitted on behalf of the Limited Companies, Societies, etc., must be supported by an appropriate resolution/authority, as applicable.
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business to be transacted at the Annual General Meeting as set out in the Notice is annexed hereto.
3. The documents referred to in the proposed resolutions are available for inspection at the Registered Office of the Company during working hours between 11.00 a.m. to 1.00 p.m. on all days except Saturdays, Sundays and Public Holidays till the conclusion of the Annual General Meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 3rd July, 2010 to 16th July, 2010 (both days inclusive).
5. Dividend recommended by Directors, if approved by the Members at the Annual General Meeting, will be paid after 16th July, 2010 to those members whose names appear on the Register of Members as on 2nd July, 2010. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as at the close of 2nd July, 2010, as per the details furnished by National Securities Depository Limited (NSDL)/Central Depository Services (India) Limited (CDSL) for the purpose as on that date.
6. The Company is presently using National ECS (NECS) for dividend remittance. Members holding shares in physical form are requested to notify/send the following to the Company's Registrar and Transfer Agent at: Sharepro Services (India) Pvt. Ltd., Unit: Asian Paints Limited, 912, Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai 400 021 or Sharepro Services (India) Pvt. Ltd., 13AB Samhita Warehousing Complex, Second Floor, Sakinaka, Telephone Exchange Lane, Off Andheri- Kurla Road, Sakinaka, Andheri (East), Mumbai 400072 at the earliest but not later than 2nd July, 2009.
 - Any change in their address/mandate/bank details; and
 - Particulars of their bank account, in case the same have not been sent earlier.

7. Members holding shares in the electronic form are requested to inform any changes in address/bank mandate directly to their respective Depository Participants. The address/bank mandate as furnished to the Company by the respective Depositories viz., NSDL and CDSL will be printed on the dividend warrants.
8. Members desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 109A of the Companies Act, 1956, are requested to fill up the form annexed as a part of the Annual Report and send the same to the office of the Registrar and Transfer Agent of the Company.
9. Members are requested to hand over the enclosed Attendance Slip, duly signed in accordance with their specimen signature(s) registered with the Company for admission to the meeting hall. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID Numbers for identification.
10. Corporate Members are requested to send to the Company's Registrar & Transfer Agent, a duly certified copy of the Board Resolution authorising their representative to attend and vote at the Annual General Meeting.

14. Information required under Clause 49 IV G of the Listing Agreement (relating to Corporate Governance) with respect to the Director being appointed and Directors retiring by rotation and being eligible seeking re-appointment is as under:

	Mr. Mahendra Shah	Mr. Mahendra Choksi	Ms. Tarjani Vakil	Mr. S Ramadorai
Profile of the Director	<p>Mr. Mahendra Shah is a B.E. (Electrical Engineering) from Mumbai University and has completed M.E. (Industrial Engineering) from New York University, U.S.A. He was the Managing Director of The Indian Card Clothing Company Limited (an Indo-English joint-venture) for over 15 years and has had successful associations with companies such as Suessian Asia Limited (Managing Director) and Texmatic India Limited (Director). Mr. Shah has proven entrepreneurial skills and business expertise.</p>	<p>Mr. Mahendra Choksi has considerable knowledge and experience in the Chemical industry, particularly in 'Synthetic Resins'. Mr. Mahendra Choksi was Director-Production & Process Engineering till 1.3.1973 in Asian Paints Limited. He joined the Board in 1992 and prior to becoming a Director on the Board of Asian Paints Limited, he was holding the position of Managing Director in Resins and Plastics Limited till 31.8.2002.</p>	<p>Ms. Tarjani Vakil has contributed immensely for almost 40 years in the field of Development Banking. She retired in October 1996 as Chairperson and Managing Director of Export – Import Bank of India ('EXIM Bank'). Ms. Vakil was actively involved in extensive interaction with multilateral agencies for initiation of an informed annual dialogue among heads of Export Credit Agencies in Asia and Australia. Ms. Vakil has been a member consultant for carrying a study of the feasibility for establishment of an Export Credit Guarantee facility for GCC Countries for establishment of an Export – Import Bank of Malaysia and other developing countries of Asia and Africa. Ms. Vakil has won several awards including Mahila Shironmani, CEO of the Year, Woman of the Year, etc. She was also ranked as the highest woman official in Banking in Asia and named in the 50 world – class women executives in the 1996 Survey conducted by KPMG Peat Marwick, USA. After retirement, Ms. Vakil, is serving as a Director on a number of Body Corporate(s).</p>	<p>Mr. S. Ramadorai, holds a Bachelors Degree in Physics from Delhi University, a B.E. degree in Electronics and Telecommunications from the Indian Institute of Science, Bangalore and also a Masters degree in Computer Science from the University of California –UCLA, (USA). As the managing Director of Tata Consultancy Services Limited, he was instrumental in building TCS to be a global software and services company. He is now the Non-Executive Vice Chairman of TCS. In recognition of his commitment and dedication he was awarded the Padma Bhushan by the President of India. In April 2009, he was awarded the CBE (Commander of the Order of the British Empire) by Her Majesty Queen Elizabeth II for his contribution to Indo-British economic relations</p>

	Mr. Mahendra Shah	Mr. Mahendra Choksi	Ms. Tarjani Vakil	Mr. S Ramadorai
Date of joining the Board	6th June, 2001	27th November, 1992	1st December, 1998	16th September, 2009
Directorships and Committee Memberships in other Companies*	<ul style="list-style-type: none"> • The Indian Card Clothing Co. Limited • ICC International Agencies Limited • Tech-Knit Limited 	<ul style="list-style-type: none"> • Ultramarine And Pigments Limited • ELF Trading And Chemicals Manufacturing Limited 	<ul style="list-style-type: none"> • Alkyl Amines Chemical Limited • Mahindra Intertrade Limited <i>Chairperson – Audit Committee</i> • Oracle Financial Services Software Limited <i>Member – Audit Committee</i> • Aditya Birla Nuvo Limited <i>Chairperson - Audit Committee</i> • Idea Cellular Limited <i>Member – Audit Committee</i> • Birla Sun Life Insurance Co. Limited <i>Member – Audit Committee</i> 	<ul style="list-style-type: none"> • Tata Industries Limited • Tata Consultancy Services Limited <i>Member- Investor Grievance Committee</i> • Tata Elxsi Limited <i>Member - Audit Committee</i> • Tata Technologies Limited <i>Chairman - Audit Committee</i> • CMC Limited • Hindustan Unilever Limited <i>Member - Audit Committee</i> • Piramal Healthcare Limited • Tata Teleservices (Maharashtra) Limited <i>Member - Audit Committee</i> • Tata Communications Limited • Computational Research Laboratories Limited <i>Chairman-Audit Committee</i> • Tata Advanced Systems Limited <i>Chairman - Audit Committee</i> • Bombay Stock Exchange Limited
No. of shares held in their own name	Nil	228,218	Nil	Nil

*Directorships and Committee membership in Asian Paints Limited and its Committees is not included in the aforesaid disclosure. Also, Directorships in Private Limited Companies, Foreign Companies and Section 25 Companies and their Committee memberships are excluded. Membership and Chairmanship of Audit Committees and Investor Grievance Committees of only public Companies have been included in the aforesaid table.

The Board of Directors recommend the re-appointment of Mr. Mahendra Shah, Mr. Mahendra Choksi and Ms. Tarjani Vakil, as Directors of the Company. Except, Mr. Mahendra Shah, none of the Directors of the Company may be deemed to be concerned or interested in his re-appointment as Directors of the Company. Except, Mr. Mahendra Choksi and Mr. Ashwin Choksi, no other Director of the Company is concerned or interested in Mr. Mahendra Choksi's re-appointment as a Director. Except, Ms. Tarjani Vakil no other Director of the Company is concerned or interested in Ms. Tarjani Vakil's re-appointment as a Director.

The Board of Directors also recommend appointment of Mr. S Ramadorai, as a Director of the Company. Except, Mr. S Ramadorai, none of the other Directors of the Company may be deemed to be concerned or interested in his appointment.

For Asian Paints Limited

Jayesh Merchant
Chief Financial Officer &
Company Secretary

Registered Office:

6A, Shantinagar,
SantaCruz (East),
Mumbai 400 055
3rd June, 2010

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT: (Pursuant to Section 173(2) of the Companies Act, 1956)

Item No.7:

The Board of Directors at their meeting held on 16th September, 2009, appointed Mr. S Ramadorai as an Additional Director with effect from 16th September, 2009, pursuant to Section 260 of the Companies Act, 1956 and Article 118 of the Articles of Association of the Company. Mr. S. Ramadorai holds office upto the date of the ensuing Annual General Meeting. The Company has received notices pursuant to Section 257 of the Companies Act, 1956, from the members proposing the appointment of Mr. S Ramadorai as the Director of the Company, along with the required deposit amount.

Mr. S. Ramadorai (65) holds a Bachelors Degree in Physics from Delhi University, a B.E. degree in Electronics and Telecommunications from the Indian Institute of Science, Bangalore and also a Masters degree in Computer Science from the University of California –UCLA, (USA). As the Managing Director of Tata Consultancy Services Limited (TCS), he was instrumental in building TCS to be a global software and services company. He is now the Non-Executive Vice Chairman of TCS. He serves as a Director on the Board of several Tata Companies and other Companies including Hindustan Unilever Limited, Piramal Healthcare Limited and Bombay Stock Exchange Limited. In recognition of his commitment and dedication he was awarded the Padma Bhushan by the President of India. In April 2009, he was awarded the CBE (Commander of the Order of the British Empire) by Her Majesty Queen Elizabeth II for his contribution to Indo-British economic relations. His appointment as the Director of the Company will be beneficial to the Company and to its shareholders. He does not hold any shares in the Company.

The Board of Directors propose the appointment of Mr. S Ramadorai as the Director and recommend the resolution as set out in item no. 7 for the approval of the shareholders at the ensuing Annual General Meeting.

Except Mr. S Ramadorai, no other Director of the Company may be deemed to be concerned or interested in the Ordinary Resolution at Item No. 7 of this Notice, except as a member, if any of the Company.

Item No. 8:

Mr. Jigish Choksi has completed (relative of Mr. Ashwin Choksi, Chairman and Mr. Mahendra Choksi, Director of the Company) Business Administration - Management in May 2009 from the Rochester Institute of Technology, Rochester, New York.

The Board of Directors of the Company at its meeting held on 22nd January, 2010, had approved, subject to the approval of the shareholders of the Company, the appointment of Mr. Jigish Choksi (relative of Mr. Ashwin Choksi, Chairman and Mr. Mahendra Choksi, Director of the Company) as an Executive Trainee with the Marketing Department of the Company with effect from 1st February, 2010, on the following remuneration structure:

Particulars	Amount in Rs.	
	Per month	Per annum
Basic Salary	14,000	1,68,000
Flexible Grade Allowance	-	3,00,000
Performance Incentive	-	80,000
Medical reimbursement	-	15,000
Telephone reimbursement	1,000	12,000
Provident Fund Contribution	1,680	20,160
Total		5,95,160

In terms of Section 314(1)(b) of the Companies Act, 1956, appointment of a relative of the Directors of a Company shall not hold any office or place of profit in that Company unless the same is approved by the shareholders by a Special Resolution at their meeting. Approval of the Central Government shall not be required for appointment of Mr. Jigish Choksi, under Section 314(B) of the Companies Act, 1956 and Directors Relatives (Office or Place of Profit) Rules, 2003, as the monthly remuneration payable to him does not exceed Rs.50,000/- (Rupees Fifty Thousand Only) per month.

Accordingly, approval of the shareholders is sought under Section 314 and any other applicable provisions, if any, of the Companies Act, 1956, for appointment of Mr. Jigish Choksi to hold an office or place of profit as a Executive Trainee - Marketing, with effect from 1st February, 2010.

Your Directors recommend the Special Resolution set out in the notice under Item No.8 for approval of the shareholders.

Except Mr. Ashwin Choksi, Chairman and Mr. Mahendra Choksi, Director, no other Directors of the Company may be deemed to be interested or concerned in the Special Resolution under Item No.8, except as a member, if any, of the Company.

asianpaints

Item No.9:

The Board of Directors of the Company on recommendation of the Remuneration Committee, at its meeting held on 3rd June, 2010, appointed Mr. Varun Vakil (a relative of Mr. Abhay Vakil and Mr. Amar Vakil, Directors of the Company) to hold an office or place or profit with the Company as a Management Trainee with the Marketing Department, subject to approval of the shareholders and the Central Government.

Mr. Varun Vakil has completed Bachelor of Arts in Supply Chain Management in August 2006 from Michigan State University, East Lansing, MI. He has also completed his Masters of Business Administration (MBA) from Babson College, F.W. Olin Graduate School of Business, Wellesley, MA, in May 2010, with specialization in Global Management and Marketing.

The details of the salary, allowances, perquisites, benefits and amenities proposed to be paid to him with effect from 1st July, 2010, as applicable to employees in the same grade are as follows:

a. Remuneration Structure

(Rupees)

Particulars	Proposed Remuneration
Basic Salary (Per month)	31,000
Flexible Grade Allowance (Per annum)	5,20,000
Performance Incentive (Per annum)	*2,25,000
Medical Reimbursement (Per annum)	15,000
Provident Fund Contribution (Per month)	As per the rules of the Company

*Not exceeding Rs.2,25,000/- per annum.

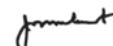
- b. Increment: On the basic salary on annual basis not exceeding 20% of the basic salary.
- c. Perquisites: As per the rules of the Company payable in his grade but not lower than as stated above and at the discretion of the Board of Directors of the Company.
- d. Performance Incentive: As per the rules of the Company payable in his grade but subject to the ceiling as stated above.

It may be noted that, since the remuneration payable to Mr. Varun Vakil would exceed the monetary ceiling prescribed under Section 314 (1B) of the Companies Act 1956, if approved by the shareholders, it would be necessary to obtain the approval of the Central Government. Necessary application under Section 314 (1B) and other applicable provisions, if any, of the Companies Act, 1956 for obtaining the approval of the Central Government will be preferred after obtaining consent of the shareholders.

Accordingly, your Directors recommend the Special Resolution as set out under Item No. 9 in the Notice for approval of the shareholders, pursuant to Section 314 and other applicable provisions, if any, of the Companies Act, 1956.

Except Mr. Abhay Vakil and Mr. Amar Vakil, no other Director of the Company may be deemed to be concerned or interested in the Special Resolution at Item No. 9 of this Notice, except as a member, if any of the Company.

For Asian Paints Limited



Jayesh Merchant

Chief Financial Officer &
Company Secretary

Registered Office:

6A, Shantinagar,
SantaCruz (East),
Mumbai 400 055
3rd June, 2010

**Asian Paints Limited**

Registered Office: 6A, Shantinagar, Santacruz (East), Mumbai 400 055.

ATTENDANCE SLIP

(To be presented at the entrance)

DP ID _____

Folio No./Client ID _____

I/We hereby record my/our presence at the 64th ANNUAL GENERAL MEETING at Yashwantrao Chavan Pratisthan Auditorium, Y. B. Chavan Centre, General Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai 400 021 on 16th July, 2010 at 3.00 p.m.

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE AUDITORIUM. JOINT SHAREHOLDER(S) MAY OBTAIN ADDITIONAL SLIP AT THE VENUE OF THE MEETING.

Name of the Shareholder/Proxyholder

Signature of the Shareholder/Proxyholder

**Asian Paints Limited**

Registered Office: 6A, Shantinagar, Santacruz (East), Mumbai 400 055.

PROXY FORM

I/We _____ of _____

(Full Address)

in the district of _____ being, a Member/Members of ASIAN PAINTS LIMITED hereby appoint _____

(Name in Blocks)

of _____ in the district of (or failing
(Address))

him/her) _____ of _____ (Address)

(Name in Blocks)

in the district of (or failing him/her) _____

in the district of _____ as my/our Proxy to attend and vote for me/us and on my/our behalf at the 64th Annual General Meeting of the Company to be held on 16th July, 2010 at 3.00 p.m. and at any adjournment thereof.

AS WITNESS my hand / our hands this _____ day of _____ 2010.

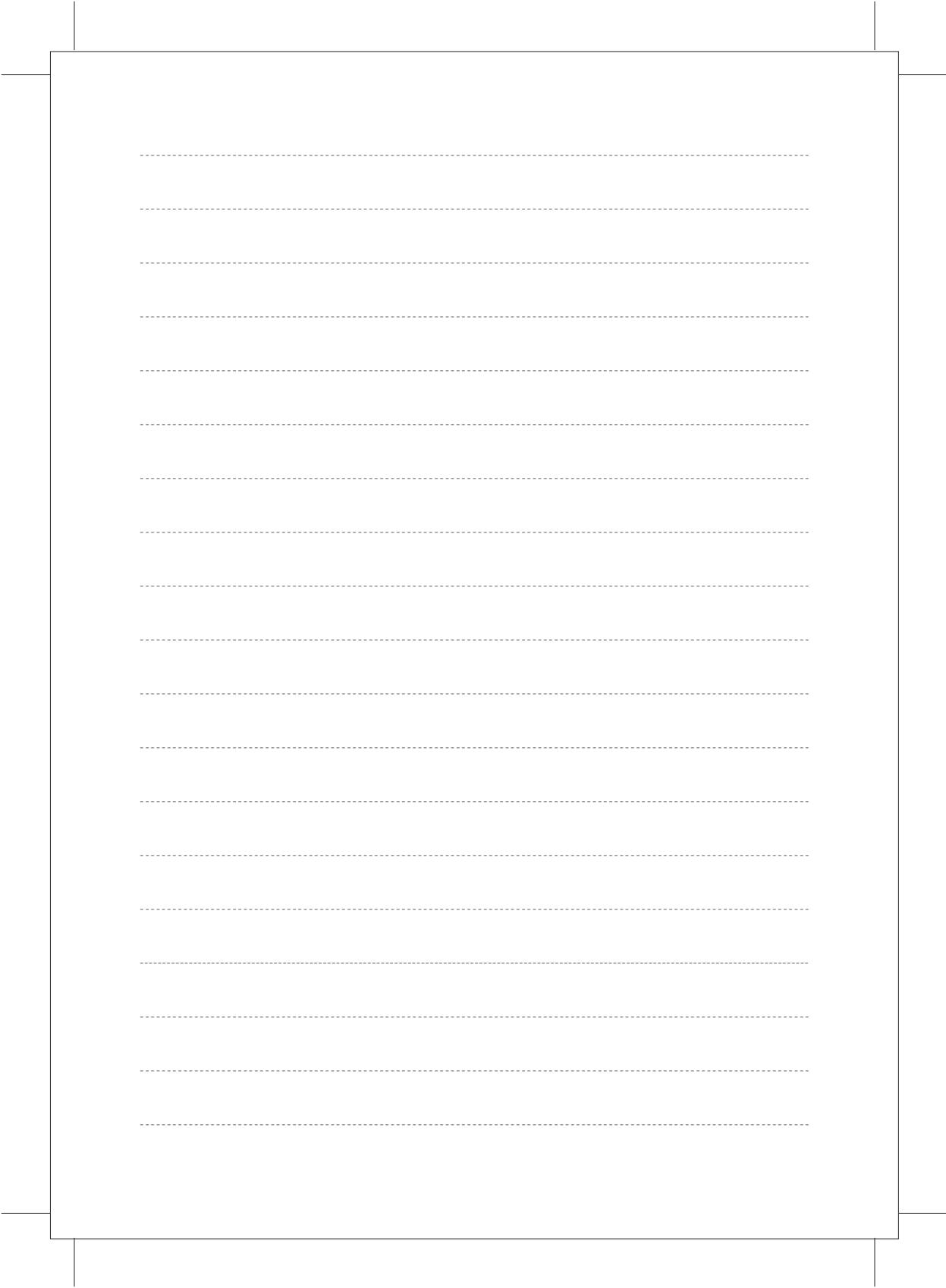
(Date)

(Month)

Signature _____

Affix 15 Paise Revenue Stamp

- Note:
1. The Proxy need not be a member of the Company.
 2. The Proxy in order to be effective must be duly signed and deposited at the Registered Office of the Company at 6A, Shantinagar, Santacruz (East), Mumbai 400 055 not less than 48 hours before the time of holding the meeting.



*Don't just paint
your walls. Style them.*



Designs from our Wall Fashion Signature Styles, Royale Play Metallics and Kids' World.